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EUROPEAN
UNION SERIES

DEVELOPMENT POLICY OF THE EUROPEAN UNION

Martin Holland and
Mathew Doidge



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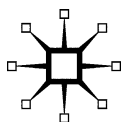
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Development Policy of the European Union

**Martin Holland
and
Mathew Doidge**

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Preface

This has been without any doubt a difficult book to write. Not only is the topic vast and complex, but the parameters within which the EU has operated its policy with the developing world have undergone radical and seemingly continual reform over the last decade. This book addresses all these significant changes, including the progressive implementation of the Cotonou Economic Partnership Agreements since 2000, the Everything But Arms initiative of 2001, the 2005 'European Consensus on Development' as well as the most recent EU perspectives on achieving the Millennium Development Goals. We hope the analysis will remain both provocative and relevant for years to come, even if the policy details continue to change in the future. The analysis poses a number of simple but related questions. First, can the EU demonstrate a distinct development policy separate and superior to that of the member states? Second, how far have traditional development policy assumptions been replaced by a global liberalized agenda based on free trade? Third, how successfully has the EU linked development policy with its foreign policy activities under the 2009 Lisbon Treaty? And lastly, what is the impact of external relations – particularly development policy – on the integration process per se?

This book was conceived as a replacement volume for my 2002 book *The European Union and the Third World*, but it has taken much longer to conceptualize and execute than I ever anticipated and would most likely never have been completed without the contribution of my co-author, Mathew Doidge. Institutionally, the support provided by the National Centre for Research on Europe at the University of Canterbury, New Zealand, has been greatly appreciated. The insights and questions raised by graduate students across Asia, America and the Pacific have added to the richness and contemporary relevance of this book and I am eternally indebted to all of you who have studied with me in New Zealand, Thailand, Malaysia and the USA.

Dudley House, Christchurch

MARTIN HOLLAND

Authors' Notes

Throughout this book, it can safely be assumed that one euro equals one ECU and/or EUA.

For simplicity's sake the term 'European Union' (EU) rather than 'European Community' (EC) is often used to describe actions that pre-dated the 1993 Maastricht Treaty.

List of Abbreviations

ACP	African, Caribbean and Pacific countries
AEMM	ASEAN–EC Ministerial Meeting
ALA	Asia–Latin America Regulation
APEC	Asia–Pacific Economic Cooperation
APRIS	ASEAN Programme for Regional Integration Support
ASEAN	Association of Southeast Asian Nations
ASEM	Asia–Europe Meeting
BRICS	Brazil, Russia, India, China and South Africa
CAN	Andean Community
CAP	Common Agricultural Policy
CEEC	Central and Eastern European Countries
CFSP	Common Foreign and Security Policy
CI	(ECHO) Crisis Index
CIDA	Canadian International Development Agency
COREPER	Committee of Permanent Representatives
CSDP	Common Security and Defence Policy
DAC	Development Assistance Committee (of the OECD)
DCI	Financing Instrument for Development Cooperation
DEVE	Development Committee of the European Parliament
DFID	(UK) Department for International Development
DG	(Commission) Directorate-General
DG-DEV	Directorate-General for Development
DG-DEVCO	Directorate-General for Development and Cooperation – EuropeAid
EAMA	Associated African States and Madagascar
EBA	Everything But Arms
EC	European Community
ECHO	DG Humanitarian Aid and Civil Protection (after the Lisbon Treaty; formerly the European Community Humanitarian Aid Office)

ECU	European Currency Unit
EDF	European Development Fund
EEAS	European External Action Service
EEC	European Economic Community
EIB	European Investment Bank
EMU	Economic and Monetary Union
ENPI	European Neighbourhood and Partnership Instrument
EP	European Parliament
EPA	Economic Partnership Agreement
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
EU12	The 12 EU member states that joined in the 2004 and 2007 enlargements
EU15	The 15 EU member states that joined prior to the 2004 enlargement
EUA	European Units of Account
EU-LAC	EU-Latin American and Caribbean
FAC	Foreign Affairs Council
FCA	(ECHO) Forgotten Crisis Assessment
FDI	foreign direct investment
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNA	(ECHO) Global Needs Assessment
GNI	gross national income
GSP	Generalized System of Preferences
HAC	Humanitarian Aid Committee
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
LAC	Latin America and Caribbean
LDC	Least Developed Country
MDGs	Millennium Development Goals
MERCOSUR	Common Market of the South (Mercado Común del Sur)
MFN	Most Favoured Nation
NGO	Non-Governmental Organization
NIC	newly industrialized country
NIEO	New International Economic Order

OCT	(French) Overseas Collectivities/Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PAIRCA	Programme of Support to Central American Integration
PPP	purchasing power parity
RELEX	Directorate-General for External Relations
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SCR	Common Service for External Relations (Service Commun Relex)
SEM	Single European Market
SOM	Senior Officials Meeting
STABEX	Stabilization of Export Earnings Scheme
SYSMIN	Stabilization Scheme for Mineral Products
TAO	Technical Assistance Office
TEC	Treaty Establishing the European Community
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UK	United Kingdom
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USA	United States of America
USAID	United States Agency for International Development
VI	(ECHO) Vulnerability Index
WHO	World Health Organization
WTO	World Trade Organization

Introduction

The study of European Union (EU) development policy presents something of a paradox. Development policy constitutes an area where the EU can rightly claim to be an international leader with significant influence shaping global agendas: and yet academic studies devoted to development policy are few, especially in comparison with the ever-expanding literature on Europe's Common Foreign and Security Policy (CFSP). This book begins to redress this imbalance by providing both a comprehensive and a contemporary analysis of EU development policy. Whilst Europe's formal relations with the developing world are as old as the integration process itself, the shape and the content of those relations have altered significantly since the signing of the Treaty of Rome in 1957. Successive enlargements, differential rates of global development, the collapse of communist ideology in Central and Eastern Europe, the reorganization of international trade under the auspices of the World Trade Organization (WTO) have all contributed to reshaping the EU's external relations with the developing world. Most recently, the Millennium Development Goals (MDGs) and the introduction of the Lisbon Treaty have begun to redefine fundamentally both Europe's development objectives and its implementation mechanisms. This book examines these changes from both an empirical and a conceptual perspective: significantly, EU development policy is categorized as an aspect of Europe's broader role as an emerging international actor and is addressed within the wider context of Europe's integration process. It is argued that contemporary theories of integration provide the appropriate tools for understanding not just the EU's internal dynamics, but its external relations as well.

Overview

While the EU developmental framework is considered in greater detail in subsequent chapters, what follows is a brief introductory overview of the evolution of the Union's external relations with the

developing world. As already noted, a European development policy dates back to the Treaty of Rome of 1957, though no such element was initially conceived by the six founding member states, despite ongoing ties of four of the six to their colonial and ex-colonial possessions. As Hewitt and Whiteman (2004: 134) acknowledge, ‘that the new democratic Europe should have colonial entanglements associated with the past era of aggressive nationalism, least of all by the Dutch (who had already lost Indonesia) and by the newly democratic Germans who saw empire as one more trapping of the Wilhelmine and Prussian past’, had not been envisaged until, at the eleventh hour, French negotiators put the issue on the table. Confronted, in the wake of the Second World War, with its increasing inability to fund the heavy costs of its colonial possessions, France saw the new European architecture as a solution to its problems. Thus, in a somewhat cynical ploy to disburse the costs (particularly to Bonn) of maintaining its political influence in its colonial territories, the French government made its signing of the Treaty and thus continuing participation in the integration process conditional upon the establishment of an institutionalized and treaty-based relationship between the Community and the developing world (essentially francophone Africa). This relationship was to involve reciprocal trade access to the European Community (EC) and the establishment of a European Development Fund (EDF) to which Germany and France were each to provide one-third. As a consequence, Article 3(k) was inserted into the Treaty of Rome, stipulating ‘the association of the overseas countries and territories in order to increase trade and to promote jointly economic and social development’.

While the EDF budget line has remained the foundation for cooperation with the former colonies, the framework within which it is couched has undergone considerable evolution over time (see Chapter 2). Following the conclusion of the Treaty of Rome, relations with the developing world as outlined in Article 3(k) were formally realized with the conclusion of the 1963 Yaoundé Agreement between the EC and the 18 Associated African States and Madagascar (known under the French acronym EAMA). Clearly, the EAMA represented a very narrow definition of the developing world, the first iteration of a European approach that has placed a premium on historical ties. In 1971, with the introduction of the Generalized System of Preferences (GSP) offering non-reciprocal market access to a range of developing countries, the

European development approach began to shift from this narrow francophone African focus of the EAMA to one somewhat more global in nature. This was reinforced when in 1973 the United Kingdom joined the Community, bringing its own set of ties with the developing world and requiring an expansion in the architecture of EC development policy. The product was the 1975 Lomé Convention to replace Yaoundé, and a new grouping – the African, Caribbean and Pacific (ACP) states – to replace the EAMA. The Lomé Convention remained the framework of cooperation with the ACP until the Cotonou Agreement entered into force in 2003, a replacement necessitated by the apparent failure of Lomé to alter fundamentally the circumstances of the states of Africa, the Caribbean and the Pacific, and by the renewed emphasis of the WTO on the principle of reciprocity in international trade, a principle of which Lomé was in clear violation.

While the development relationship with what are now the 79 states of the ACP can be traced as far back as the Treaty of Rome, developing countries outside of this framework found it much more difficult to access European aid (with South Africa joining the ACP in 1998, and being covered only in a qualified fashion by the Cotonou Agreement, we will for simplicity's sake hereafter restrict the definition of the ACP to 78 states).

The states of Latin America and Asia in particular have historically been a low priority for EU development assistance (see Chapters 5 and 6), and it was not until 1974 that a specific financing instrument – the Asia–Latin America (ALA) Regulation – was put in place to assist them. The ALA was essentially an ad hoc innovation, resembling a collection of leftovers not included within the ACP. In 2006 the regulation was bundled with a range of other geographic and thematic instruments into the new Financing Instrument for Development Cooperation (DCI) covering 47 states in Asia, Latin America, the Middle East and South Africa. At a very basic level, relations with these non-ACP states have always followed a markedly different path. An emphasis on liberalization and reciprocity in market access, for example, has been a clear characteristic since the outset, though it was not until the Cotonou Agreement that this was to surface in relations with the ACP.

The ad hoc nature of early development policy evolution, most clearly embodied through the method of its inclusion in the Treaty of Rome, was reflected in the institutional structures for its administration (see Chapter 4). Aside from the problems of policy

fragmentation – which up until the second Barroso Commission saw the Directorate-General (DG) for Trade responsible for trade and commercial policy, DG External Relations responsible for relations (including development) with Asia and Latin America, and DG Development responsible for the ACP – specific structures for the implementation of the development programme were also somewhat lacking. The administration of EDF and ALA assistance remained the responsibility of DG staff, who increasingly contracted it out via a series of Technical Assistance Offices (TAOs). It was not until 1992 that the first dedicated structures for the administration of assistance began to emerge, with the establishment of ECHO – the European Community Humanitarian Aid Office (now DG Humanitarian Aid and Civil Protection) – a response to increased demand for humanitarian assistance and the global ambitions of Europe. Notwithstanding the emergence of ECHO, these structures remained particularly weak and became the target of increased criticism throughout the 1990s, culminating in a series of critical reports from a Committee of Independent Experts and the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC). The initial response was to establish a new grouping to coordinate assistance – the Common Service for External Relations (again usually known by its French acronym, SCR: Service Commun Relex) – which became operational in 1998. Nevertheless ongoing problems necessitated another rethink only a few years later, and the EuropeAid Cooperation Office was established in 2001, which for the next decade remained the primary structure responsible for the administration of development assistance.

What can be seen from the above, therefore, is a process of evolution (often ad hoc) in the development architecture of the EU. In order to contextualize development policy, the EU's global engagement with the developing world is best described as a policy patchwork (albeit one with trade liberalization an increasingly common thread). Separate regimes exist for relations with the ACP states, Latin America, Central America, China, India and the Association of Southeast Asian Nations (ASEAN) – a dialogue which is itself further refined through the partially overlapping Asia–Europe Meeting (ASEM) process (see Chapter 6). Additionally, the EU also has special relationships with a multitude of member state overseas departments and territories. However, the most structured and historically important relationship has always been with the ACP

states through the Lomé Convention and subsequently the Cotonou Agreement. A consequence of seeing past EU development policy primarily through the Lomé prism has seen the EU interact in a geographically specific way, rather than globally. For decades, the developing world was defined as principally those former member state colonies in Africa, the Caribbean and the Pacific and dealt with under the Lomé framework; only this relationship was historical, institutionalized, comprehensive and based on the principle of non-reciprocity. In contrast, relations with the Indian subcontinent, Asia and Latin America have been comparatively new incremental initiatives, fragmented and generally more limited in scope.

Such a dichotomy (based on past practice rather than development criteria) was always difficult to sustain, and became increasingly indefensible. The collapse of communism in Central and Eastern Europe further complicated this untenable position: throughout the 1990s development aid was increasingly shifted in favour of these emerging democratic European states. Europe's traditional definition of development needs were proving inadequate, raising the need for a radical reconceptualization and a more coordinated, consistent and complementary approach. Consequently, a more inclusive definition of the developing world was needed that recognized regional disparities while seeking common approaches to common problems. Geography and history were no longer sufficient, and in the last decade the EU has fundamentally reviewed its network of relations with regions of its traditional partners in the developing world in an attempt to produce a new policy paradigm that was consistent, comprehensive and common in origin, approach and criteria. Formally, if somewhat belatedly, this motivation reflected the treaty obligations of the 1993 Treaty on European Union (TEU) and which have been reasserted again under the 2009 Lisbon Treaty. Specifically:

Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by the Member States, shall foster:

- the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- the smooth and gradual integration of the developing countries into the world economy;
- the campaign against poverty in the developing countries.

The principles of coordination, coherence and complementarity that guided the EU's external and foreign policies were also to be reflected in development policy. The first decade of the twenty-first century witnessed Europe's relations with the developing world coming under greater scrutiny with past practices being challenged both externally and internally. Simultaneously, it became increasingly unfashionable for states and international organizations to follow traditional development strategies because of their modest successes over the second half of the twentieth century (see Chapter 1). With more immediate priority given to the transitional economies of the Central and Eastern European Countries (CEECs) at the expense of the non-European developing world, a reconceptualization of development strategy was needed. These historical trends were given additional institutional authority with the implementation of the Lisbon Treaty on 1 December 2009 whereby development policy has become increasingly incorporated within the EU's emerging global foreign policy agenda.

Institutional and external contexts

It became commonplace to underline the complications introduced by the pillared approach to EU policy-making under the 1993 Maastricht Treaty. The TEU's intergovernmental compromise, which introduced the idea of policy pillars that distinguished between competences and decision-making methods according to policy sector, undoubtedly reduced the ability and perception of the EU to act as a single actor. The cordoning and sanitization of 'foreign policy' as a pillar II intergovernmental competence under CFSP excessively narrowed the domain of EU foreign policy action. In almost every instance, pillar I Community competences were required to implement CFSP in practice. This consequence was nowhere more clearly evident than in relations with the developing world, which illustrated both the impracticality of this segmentation, as well as the policy contradictions that could result. Of course, at the time this policy apartheid was necessary for reasons related to intra-European debates on integration, and the price in terms of a diluted EU external presence was one that a majority of member states were willing to pay. For third countries the notion that Europe's relations with the South (particular through Lomé) constituted something other than foreign policy was absurd. But it was an absurdity that the EU insisted on preserving for some 16

years until the eventual introduction of the Lisbon Treaty in 2009 saw a ubiquitous rather than divided policy-making framework re-emerge.

The CFSP's joint actions and common positions – and since 2003 the more than two dozen Common Security and Defence Policy (CSDP) missions that have been undertaken – inevitably compromised the TEU's policy pillars, especially where pillar I trade relations between the EU and the developing world became CFSP tools. The range of CFSP joint actions, common positions and decisions associated with developing countries has been consistently high, constituting the major EU foreign policy focus after the Balkans and Eastern Europe. For example, in 1998 Africa accounted for six of the 22 common positions taken by the EU, and Asia a further five: three of the EU's 20 joint actions related to Africa (Allen and Smith 1999: 89). More recently, half of all CSDP missions undertaken up until 2010 (both military and civilian in nature) had been carried out in either Africa (covering Guinea-Bissau, Somalia, Darfur, Chad and the Democratic Republic of Congo) or Asia (Afghanistan and Aceh) – a clear recognition that the securitization of development had become a well-established phenomenon prior to the Lisbon Treaty initiatives. Fortunately – for both EU policy-makers as well as third countries – EU foreign affairs appear finally to be organized in a streamlined and coherent manner and the traditional problems of coordination between CFSP objectives and those conducted by the EU under pillar I are no longer evident. While historically there is no doubt that the existence of the CFSP both complemented and complicated EU development policy, it is still too early to judge conclusively whether the Lisbon Treaty has provided the effective panacea that was so widely sought.

The collapse of the Berlin Wall did more to redefine the context of the EU's development policy than any other contemporary event. The East, not the South, became the principal focus of EU development assistance throughout the 1990s. This new geopolitical context also cast a shadow in the form of enlargement. Between 2004 and 2007 the EU expanded to include 12 new members – the vast majority of which were comparatively poor by EU standards (despite the development assistance they received during the 1990s) and none had any tradition of being aid donors. Rather than increasing the EU's capacity to meet its stated 0.7 per cent ODA (Official Development Assistance) target as well as the MDGs by 2015, enlargement has caused some to question the

continued willingness or ability of the EU to even maintain its traditional development support, let alone increase it to these new levels. Consequently, whilst at one level the negotiations for enlarging the EU were a strictly intra-EU issue, their implications continue to affect existing and future relations with the developing world. Any further enlargement to embrace the Balkans, Iceland or Turkey can only exacerbate the tension between global development as a priority and the counter-view that charity is first needed closer to home.

It will be interesting to see how the new institutional architecture of the Lisbon Treaty impacts upon the EU's development policy – both in direct and indirect ways (see Chapter 4 for institutional details). The early indications suggest that the new High Representative for Foreign Affairs has a clear ambition to draw development policy increasingly into her sphere in order to align better the various parts of EU foreign policy-making; how this evolves over the first five years of the Treaty's implementation will provide an important guideline, as will her role in balancing the Commission's and Council's overlapping involvement in development policy. More speculatively, an increased emphasis on enhanced cooperation as a decision-making style could see the EU adopting differentiated layers of relationships with the developing world. No longer may it be necessary for the EU27 to find a consensus to formulate policy: an inner core group of states may prefer to extend their joint activity to introduce a more extensive collective European policy. Of course, no such policy can contradict the existing *acquis* but undoubtedly this flexibility can be regarded as a potential policy vanguard and as such it can implicitly set the future policy direction of the EU as a whole. Potentially, enhanced cooperation can create path-dependency by creating a new level of collective policy for the core group of states that can ultimately lead to a new collective future policy status quo for all member states. This tendency can be applied – at least in theory – to initiatives in development policy. As past and more recent enlargements have shown, eastern, northern and southern EU states have quite substantially different development policy perspectives: it is not beyond the realms of possibility that the four member states who by 2010 had achieved the 0.7 per cent aid commitment could use enhanced cooperation to advance collective development policy, for example. Such possibilities do influence the context of EU decision-making; the use of consensus as a policy brake, if not redundant as a threat, is no longer an absolute veto.

Turning from the internal European contexts that help to shape development perspectives, there are three important external arenas that have constrained EU policy: the WTO; global debt-reduction initiatives; and the 2008 global financial crisis. The continuing Doha Development Round as well as the failed 1999 Seattle WTO meeting illustrate both the interrelated nature of the EU and WTO agendas and the importance (and difficulty) of incorporating development concerns as a central feature of global liberalization. Simply, whatever independent initiatives the EU may wish to make in development policy, these need to be both compatible with WTO rules and consistent with developing country aspirations. As the seemingly unending banana saga of the late 1990s illustrated, the global context of WTO institutions is a clear and legitimate constraint on EU policy formation. Similarly, the G7 initiative of 1998–99 on global debt reduction for developing countries helped to shape the emergence of a common EU stance and eventual action on the issue. Conversely, however, the global financial crisis put into stark relief the EU's priority of self-interest when balanced against assisting developing countries to cope with the crisis. With commendable frankness, the EU response was clear – no additional financial resources would be made available within the development policy framework. Rather, the more effective use of existing commitments was the new ambition. Thus institutional frameworks and unanticipated events outside the EU have had – and will continue to have – an impact on the direction and application of EU development policy.

Other examples could be added to this list of external and internal agents – the global consensus on poverty, environmental sustainability and climate change, and women's development in particular. However, the important point, at least from the perspective of this text, is that clearly context does matter. Despite being the world's largest trader and having experienced some 60 years of collective action the EU cannot act in a fully autonomous manner but is, like all international actors, constrained by a multiple series of contexts, both intra-European and global. Europe's development policy does not operate in a vacuum. Policy choices are constrained by these varied contexts within which the EU operates. This general conclusion has significant policy implications and in this section we have sought to outline a number of particular contexts that have influenced the EU's relationship with the developing world.

The focus of this book

The purpose of this text is to explore the mosaic of relations that characterize EU–developing world relations (historically, institutionally and in terms of contemporary policies) and to provide a comprehensive overview that respects the uniqueness of each policy sector yet demonstrates, where appropriate, the commonalities within the EU’s global relations. This tension has been the hallmark of EU–developing world relations to date, notwithstanding the post-2000 reforms and the 2009 Lisbon Treaty which were in part designed to address the issue of differentiation.

An aspect of integration?

The EU policy-making process is the organizational principle around which this book is constructed. In particular, the link between internal EU integration and external relations is emphasized. The debates pertaining to a deeper Union and the integration process are not confined purely to Europe’s own Single Market and Economic and Monetary Union (EMU) programmes; they influence and help direct the policies adopted towards the external world. At a theoretical level, this analysis suggests that there is an implied ‘spillover’ from the level of political and economic integration within the EU into the area of development policy. Collective external action is dependent on the political will of the EU’s decision-making elite without whose agreement policy reformulation is impossible given its still pervasive intergovernmental character. We do not attempt to provide a detailed description of each EU–developing country bilateral relationship, or even an exhaustive account of the various treaties and agreements. Rather, we offer a thematic analysis and overview that locates development policy within the wider integration debate (as discussed in Chapter 1). Where specific examples and cases are discussed in various chapters, these are by way of illustration of more general issues.

A case for subsidiarity?

A fundamental question posed in this analysis is to what extent there should be an EU development policy. What can the EU do better – in terms of global development – than the member states individually? Can a more effective development policy be conducted

bilaterally between member states and third countries directly than can be achieved 'collectively' at the EU level? Given the miniscule development aid contributions made by all of the post-2004 new member states, increased veracity has been given to those who argue that development may be better delivered bilaterally than through the imperfect mechanism of the EU. Simply, if provocatively, is development policy a case for subsidiarity?

The concept of subsidiarity introduced in the Maastricht Treaty has traditionally (and legally) been confined to discussions of intra-EU policy competences. Subsidiarity is interpreted legally as a requirement that EU policy only be implemented where there is a clear advantage over the bilateral implementation of that policy by individual member states. Brussels has to demonstrate that things can be done better collectively than by the individual governments acting separately. Within the EU's internal policies this concept has been problematic enough: in external relations, both intergovernmental and Community, the difficulties are magnified.

However, the principle (in a general if not precise legal sense) is relevant to the current external relations debate. The onus is on the EU to demonstrate that the EU is better at conducting and delivering development policy to the developing world than are the member states. If this cannot be demonstrated a renationalization of development policy could emerge, a tendency consistent with the general intergovernmental interpretation of subsidiarity. The challenge, then, is to what extent can the EU demonstrate both a *distinct* development role for itself as well as a *superior* one to that of the member states?

Whilst development policy may well continue to be an area of mixed competences and commitments between the member states and the EU, the clear trend has been towards enhancing the role of the Union. And yet to avoid duplication the EU needs to establish a distinct role in development policy separate from that already conducted by the member states. There seems little point in Europe running an additional programme that duplicates the existing activities of the EU27 merely for the sake of it. Member states can choose whether to commit their resources bilaterally or through the EU system: what clear advantages can the EU route offer? Historically, what has been lacking is a coherent and accepted yardstick to determine those aspects of development cooperation that are best done bilaterally by member states, and those that are better done collectively at the EU level.

In many respects the EU makes a unique contribution to global development. First, under the Lomé Convention the EU sought to introduce a greater degree of equality and partnership into the development relationship in contrast to typical traditional bilateral arrangements. Second, thanks to pressure from the European Parliament, Europe initiated policy and led the debate on a number of new development issues, such as women and development, reproductive healthcare, AIDS, environmental sustainability and refugees. Third, a bottom-up philosophy tended to emphasize cooperation with Non-Governmental Organizations (NGOs) as the appropriate deliverer of development assistance. Overall, it can be argued that collective EU development policy adds value if only by virtue of its coordination role and the scale of assistance, particularly in areas such as emergency food aid and through Lomé and Cotonou financing. Historically, however, ambiguity rather than clarity has surrounded the nature of Europe's distinctive development role and what policy elements were best coordinated at an EU level. Only after 2000 did the Commission finally begin to address this fundamental concern.

Whilst, since Maastricht, the EU's treaties have listed distinctive features of EU development policy, these were not exclusive domains: however, they do provide a guide to the future EU-member state division of development policy sectors. Various proposals to define and specify a distinct EU role have been tabled. For example, the EU could focus primarily on poverty alleviation (as now required by the Lisbon Treaty and the MDGs). This radical approach would see EU assistance focus on the least developed countries (utilizing the Everything But Arms – EBA – initiative), leaving bilateral member-state relations to cover the other developing countries. Such a division runs counter to 25 years of Lomé relations that grouped all types of developing countries together under a single framework. As the Cotonou Partnership Agreement has illustrated, any dismantling of the ACP framework should anticipate resistance and require significant member-state cooperation and goodwill in order to placate anxieties and cover any potential omissions. Obviously this touches on the sensitive issue of balance in Commission–Council relations.

Intergovernmental agendas suggest that neither the extension of EU policy competences nor a redistribution of competences between the Union and its member states will be easily achieved. Other suggestions have called for the EU to act as the 'wholesaler' of devel-

opment assistance (providing the structure for development) with member states acting as ‘retailers’ in the local markets (actually implementing specific programmes on the ground). Another proposal – and one where the EU’s claim to a distinctive role may be the strongest – emphasizes political conditionality (‘democracy and the rule of law ... human rights and fundamental freedoms’) as an appropriate EU-level policy competence. Thus whatever bilateral relations might exist, these would be governed by common EU-level definitions of human rights and democratic conditionality. In practice, such an overarching EU role has begun to emerge especially in the context of the adoption of the MDGs. Of course, an unintended consequence of the national financial constraints that have confronted member states since 2008 may be enhanced EU-level activity and rationalization to the benefit of developing countries in the second decade of the twenty-first century. Cynics have already noted, however, that it may be easier for the EU to achieve finally its 0.7 per cent ODA target by simply maintaining existing aid levels in a sinking GDP (gross domestic product) environment. These and related themes are explored in greater detail in the following chapters.

Related to the question of subsidiarity is an additional and fundamental question – does the EU need a development policy? Is any such policy merely an optional policy choice within the process of integration, or does it represent a core function? We cannot take as given the necessity of a development policy beyond the technical framework established by the Common Commercial Policy. However, there are a number of altruistic as well as self-interested reasons that suggest that a development policy is not optional but fundamental to the process of European integration and the EU’s global role as defined by the Lisbon Treaty.

Among the motivations based on self-interest is the one to avoid intra-European social destabilization resulting from increased illegal immigration and refugee crises. Whilst a Europe just for Europeans is not the policy of the EU, improving the living standards in the developing world serves to reduce the economic attraction of migration to Europe. The maintenance of resource supplies remains vital to Europe’s economic growth, and China’s expansion into Africa in the last five years has again underlined the EU’s resource dependency. Similarly, while the collapse of the Soviet Union initially presented an opening up of markets and resources in the former Soviet sphere, the EU’s continued reliance on Russian

energy has underlined the necessity for the EU to continue to look to developing countries for resources and raw materials. A further motivation can be found in the EU's support for the exploitation of export markets and the general promotion of global free trade. As is discussed elsewhere throughout this book, the EU is committed to integrating the developing world into the global trading system, though on the basis of free trade, despite the scepticism held by many in the developing world. Lastly, the EU has long held a desire to emerge as a global actor – both economic as well as political – with some believing that the new provisions for foreign affairs in the Lisbon Treaty finally provide the structural capacity to realize this ambition. The development agenda creates the potential for Europe to play such a political foreign affairs role through its economic power as the world's largest trader and ODA provider.

More altruistically, the EU's development policy expresses its belief in democracy. The pervasive application of conditionality concerning human rights, good governance and democracy should not be simply dismissed as the imposition of European values on reluctant developing states. Often, developing countries welcome this conditionality as it can help them safeguard and extend democratic practices domestically. Similarly, EU policy encourages and supports regional integration for the developing world. Under the past Lomé umbrella, as well as the current Cotonou framework, provisions and funding for the promotion of regional integration projects have been designated. Obviously, as the world's most advanced form of law-based regional cooperation, the EU has a philosophical commitment to integration; however, it would be somewhat churlish to regard this as a selfish motivation. The rationale is primarily altruistic: regionalization is seen as a core element of development. Finally, there is the assumption (already touched on) that Europe's own internal integration should not be considered in isolation and the necessary link with external relations acknowledged. What happens within the EU integration process has fundamental repercussions for the developing world – economically, socially and environmentally. The consequences of a failed Single Market or Monetary Union would not be confined to Europe: they would impact directly on the fragile economies of the developing world, evidence of which has already been apparent in the wake of the 2008 financial crisis. Global development, whether in Africa, Asia or Latin America, is therefore inextricably linked to the internal success of European integration.