Centre for Europe, University of Warsaw

Introduction to European Studies:

A New Approach to Uniting Europe

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Table of Contents

Part VII. Society and Culture in the European Union

From the Editors

Today, European Studies as broadly understood have become an important discipline within the humanities and social sciences. The reason for this is, first of all, the contemporary significance of the issues covered by European Studies, that is the processes of European integration and the functioning of Europe both politically and as a specific cultural area. These issues generate a great deal of interest owing to Europe's fluid position in the contemporary world. While not without objective limitations, it remains one of the key actors in the international arena and its influence still extends to all corners of the world.

At the same time, European Studies are one of the most interesting disciplines at they are in a state of constant development, still searching for its own field and research matter as well as its own methodology and research instruments. As demonstrated in this book, these complex issues often give rise to doubt and controversy. Hence the attempts to analyse them are both fascinating and important, and have attracted the interest of a growing number of academics all over the world, and within the last 25 years increasingly often of Polish scholars as well.

These Polish scholars include the research staff of the Centre for Europe of the University of Warsaw, one of the oldest academic units of this profile in Poland. Not long ago, we celebrated the 20th anniversary of the establishment of the Centre. Although 20 years might not seem impressive compared to similar centres operating in the Western part of Europe, we have to take into account the specificity of the Polish context, which is dealt with in the first group of texts in this book. This is a time for a reflection, summing up the achievements made in various disciplines and emphasising that in the two decades of our operation we have come a very long way.

The Centre for Europe started as a unit of the University of Warsaw established to promote knowledge and information about European integration. This task was realised in the form of trainings, conferences, seminars, exhibitions, etc. Over time, our scope of activity was considerably broadened and, what's more important, gradually became ever more academic. Presently, the Centre has attained the status of an autonomous, full-fledged organisational unit functioning as a faculty of the University of Warsaw.

Our intensive activity includes didactics in the form of both undergraduate and graduate programmes in European Studies (*europeistyka*), as well as academic research. The results of our research are presented at various scientific conferences in Poland and abroad, as well as in numerous publications. We still play an important role as a centre spreading information and knowledge, e.g. through our highly esteemed library, which also plays the role of European Documentation Centre.

We also have our own Publishing Programme, under which we issue two academic periodicals: the Polish quarterly "Studia Europejskie" and the English-language "Yearbook of Polish European Studies". Furthermore, we publish various books in Polish and in foreign languages in the form of academic textbooks, studies and monographs, including the present work. While not wishing to engage in self-praise, we nonetheless should point out that our activity has been appreciated by external entities, which is shown, for instance, by the fact that the Centre for Europe has been placed in the highest category in the official ranking of academic units compiled by the Polish Ministry of Science and Higher Education.

We also try to perceive our activity in the broader perspective, not only as the functioning of a single institution. The two decades of the Centre's existence is an important symbol of the transformations taking place in Poland and in Polish science. The launching of studies on European issues was only possible because of the general democratic transformations taking place in Poland, and its opening up to the world, especially to Europe. Our activity constitutes proof that Polish academic science has made the adjustments necessary to meet the requirements of modernity and that it continues to focus on the important challenges accompanying the rapid changes taking place in the world.

We would like our anniversary to constitute a symbol of the increasingly close ties between Poland and the European Union, of which Poles remain enthusiastic proponents, even despite the current problems facing the EU. At the same time, we desire ever fuller and closer cooperation with our EU partners, as we consider this an important element in furthering the development of Polish science. We hope that the Centre for Europe will continue to contribute to this development, which is one of the aims underlying this publication.

This book is the result of an international research project conducted by the Centre for Europe, University of Warsaw, in cooperation with Ukrainian universities, in particular with the Institute of European Integration and Faculty of International Relations at the Ivan Franko National University of Lviv. The project was co-financed by the Minister of Foreign Affairs of the Republic of Poland under the cyclical programme 'Cooperation in the Field of Public Diplomacy 2012'. One of the key goals of this undertaking was to prepare a book containing a methodological and factual introduction to European Studies. Our publication is not aimed at presenting the achievements of Polish scholars in this discipline, but at facilitating university education and academic research in this field.

Hence we are not trying to devise a full compendium of knowledge about the various aspects of the phenomena and processes of European integration, or to put it broadly – Europe treated as a specific civilisational area. As the title suggests, in this work we try to outline the most important notions which, in our opinion, European Studies should be dealing with. We know that the issues in question are interdisciplinary, hence the authors approach them from various perspectives: political science, law, economics, social studies, cultural studies.

The publication consists of seven parts, comprising a total of 33 chapters. They correspond to individual groups of notions and concern the following problems: the methodology of conducting research under broadly-defined European Studies; the genesis and course of the integration processes in Europe; the functioning of EU law and the EU institutional system; the principles and mechanisms of European economic cooperation; the analysis of the selected key policies implemented by the EU; issues related to EU foreign policy and its significance in the contemporary world; and social issues and the role of culture in Europe. Apart from focusing on the contemporary context of these problems, we also take into account their historical background and future prospects.

The authors of this publication are mainly members of the research staff of the Centre for Europe, University of Warsaw, who have devised the concept of the work and wrote the majority of its chapters. In this endeavour, they enjoyed ample and invaluable support from researchers from other Polish and foreign universities, especially from the Institute of International Relations and the Faculty of Management at the University of Warsaw, as well as the Warsaw School of Economics, the University of Warmia and Mazury in Olsztyn, the Kozminski University in Warsaw, the National University of Lviv, and the University of Latvia in Riga. Herewith we would like to express our thanks to all those who contributed to the content of this book, as well as to those who helped us in terms of organisation and funding – in particular the Polish Ministry of Foreign Affairs and the University of Warsaw.

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The European Union and Asia, Latin America and Sub-Saharan Africa – Different Regions, Particular Policies

Introduction

Since 2008, there has been an intensification of structural changes in the world economy, involving especially quick economic advancement of some non-European state subjects, including the largest among them, identified with the group of BRICS (Brazil, Russia, India, China and South Africa). This process has resulted in a new balance of power in the international economic order (with obvious impact in political order as well). This paper focuses on the relations between the EU and these emerging economies of Asia, Latin America and Africa. It is divided into subject areas which present the internal and external factors determining the character of cooperation between the EU and selected areas of the region known, until recently, as South, which should be defined since 2008 as emerging markets. It presents the main dimensions of these relations and their current status. Attention was drawn to the problems and challenges facing the EU in its relations with non-European countries on the international stage, particularly in the context of the increasing globalisation of economic processes.

The paper consists of four parts: The first part, devoted to China, was written by Bogdan Góralczyk; the second, focusing on India, was prepared by Jakub Zajączkowski; the third and fourth part, both written by Kamil Zajączkowski, deal with Latin America and Sub-Saharan Africa respectively.

1. EU – China relations: equal partners or different potentials?

Formal diplomatic relations with the People's Republic of China (PRC) were established by the Communities already in 1975, that is towards the very end of the 'Mao Zedong era' (1949–76). Initiated by Deng Xiaoping in late 1978, the pro-market reforms and the opening up to the world (*kaifang*) naturally resulted in the two partners' increased interest in each other, although this was much more true for individual large European states, such as Germany, France, Italy, or the UK, than for the Community as a whole. Only after the Treaty of Maastricht and the establishment of the European Union (EU), the relations became more formalised and intensive; even more so, as starting with 1992 – with the famous Deng Xiaoping's Southern Tour and a new reforming impulse, which was essentially his political testament, in which he drew the right conclusions for China after the fall of the Soviet Union and the collapse of the Cold War order – the PRC entered a new stage of reforms. Now it plunged itself into globalisation, opened up to the world even further and entered the world markets, which at that time were already almost exclusively capitalistic. With this, even though the EU was still a relatively incomplete entity, it became of interest to China, while European companies and capital became interested in the PRC to a much greater extent than before.

Dense network of mutual relations

Due to the above factors, already in the mid-1990s there was talk about a strategic partnership, which, however, was formalised only in 2004. The EU presented the first programme document, or a strategy towards the PRC, in the form of "A Long-term Policy for China-Europe Relations", already three years after its establishment, that is in 1995. In this document the EU went beyond the previous EEC-China Trade and Economic Cooperation Agreement (in force since 1985), inflexible in both form and content. The two parties became aware that this time the goal was to establish much more complex and multidimensional relations, beyond a simple trade exchange. The subsequent EU Strategic Papers of 1998, 2001 and 2003 only confirmed this tendency. The network and density of mutual relations was growing rapidly, as proven, among others, by the launching, already in June 1992, of a bilateral political dialogue (even despite the negative repercussions of the events in Tiananmen Square in spring 1989), which was soon (April 1998) raised to the rank of annual summits of the leaders of both sides, organised interchangeably in the EU and China (the most recent, 16th summit, was held in Beijing on 21 November 2013).

In 2003, China finally presented its Policy Paper regarding the relations with the EU. The paper stated that the relations were now better than ever before and that there were neither any noteworthy differences in the bilateral dialogue nor any sources of military threat, which bids well for the future of these relations. This strategy was supplemented and extended several times by China, but its core and meaning has remained the same: the EU is a good, profitable and useful partner for the quickly developing China.

The positive attitudes of the two partners, the quickly developing trade exchange and any other mutual turnover, as well as China's accession to the WTO in late 2001 were what led the two parties, already in the mid-2000s, to speaking about closer partnership and comprehensive partnership. On this basis, three parallel solutions and mechanisms have been introduced:

- On 20 December 2005, in London, the bilateral EU-China Strategic Dialogue was initiated. Its agenda and scope of participation exceeded the annual leader summits, but nonetheless the latter were not suspended. So far, three such meetings were held, the latest one on 9–10 July 2012;
- Following this, the construction of an entire network of strategic sector dialogues was initiated (for example: in May 2006 on regional cooperation, in December 2006 on macroeconomic dialogue, in November 2007 on climate protection; also, the earlier dialogue, conducted since 1995, on human rights was extended to include round tables on the development of the civil society). In total, there are now more than 50 of these regularly held sector dialogues and they concern not only the economy and trade, but also issues such as global challenges, modern technologies, including alternative energy sources, as well as cultural, student and tourist exchange;
- The entirety of the relations definitely went beyond the initially promoted and still most important issues, namely the economic and trade-related ones, and the relations were divided into three pillars: political dialogue, economic and sector dialogue, people to people dialogue, with special emphasis on human rights on the EU's part.

Economy-based strategic partnership

This way the two parties are heading from an initial constructive engagement to the implementation of a comprehensive strategic partnership. The latter one has been mentioned by the two parties for several years now, but they have still not produced the actual document to confirm it. It is clear that the visible dynamism of development in this regard was halted by the crisis in the world markets in 2009, which has had a serious impact on both partners and has noticeably changed their roles: the EU, and the entire West, is following the USA into crisis, while in the same period, the PRC rises to become the indisputably most important emerging market, increasingly confident in its ever more important role and increasingly more assertive in the international arena.

China's international position has undergone a particularly dramatic change in the last three decades and, as we now know, China's share in world economy and trade soared as well. According to calculations made by Justin Yifu Lin, Chief Economist and Senior Vice President of the World Bank in 2008–2012, between 1979 and 2009 Chinese exports grew on average by 16 per cent annually. While on the eve of its own reforms China provided only 0.8 per cent of the global trade in goods, in 2012 its share already exceeded 10 per cent. The WTO data shows, in turn, that in 2009 China's share in world exports was 12.7 per cent (after the USA with 16.2 per cent) and in world imports – 10.5 per cent (after the EU with 17.4 per cent and the USA with 16.7 per cent). The crisis in the global markets has weakened these tendencies to a certain extent (see Chart 1), but in the context of the deep collapse of the Western markets, China's position has relatively improved, which allowed it to become the largest exporter in the world in 2010 and the largest country trading in the world in early 2013. In other words, the 2008 crisis has decidedly strengthened China's position, but it has also caused a heated internal debate on how to react to this new situation: whether to keep focusing on internal transformation or, perhaps, take a greater responsibility for global issues. It seems that there is no agreement in this matter and that the previous consensus regarding Deng Xiaoping's directive from the early 1990s to stick to the ancient formula of *taoguang yanghui*, i.e. slowly gather strength and hide own potentials, is no longer as eagerly pursued by the Chinese leaders and elites as it used to be.

Table 1. Dynamics of China's merchandise global trade: 2000–2012 (billion USD)

2000	24.1
2001	22.6
2002	30.4
2003	25.6
2004	32.0
2005	101.9
2006	177.6
2007	262.2
2008	297.4
2009	198.2
2010	184.5
2011	157.9
2012	232.8

Source: Economist Intelligence Unit; W.M. Morrisom, *China's Economic Rise, History, Trends, Challenges, and Implications for the United States,* Congressional Research Service, Washington D.C., 13 July 2013, p. 21.

Of course, such processes and phenomena affect the positions of both sides. The EU and the other partners simply cannot fail to notice China's quickly growing role in the world economy and trade, and constantly strive after the best possible access to the Chinese huge, dynamic and highly profitable market. China, in turn, cares about the access to the EU as the largest and most modern market in the world next to the USA.

Since that moment, the bilateral relations between the EU and the PRC have exhibited new phenomena, such as China putting emphasis on the dialogue with the individual EU Member States, starting with the most important one, with Germany, as well as a visibly increased presence of China in Europe – previously either purely nominal or barely noticeable – due to the country's growing power. China's involvement in Europe concerns three dimensions at once:

- through purchase of bonds, starting with those issued by EU Member States struggling with economic problems or heavily indebted, such as Greece, Portugal, Spain, or even Italy;
- entering the European market with own direct investments, including fusions and takeovers, such as the well-known purchases of Volvo and the port in Pireus, or the less well-known transactions, for example, in the German market (takeover of the chemical concern Putzmeister by Sany and of the electronics company Medion by Lenovo), the British market (takeover of Emerald Energy by Snochem), the Hungarian market (the chemical conglomerate BorsodChem), the Bulgarian market (construction of an automobile factory and nuclear power plant – project Selene), and the Polish market (Huta Stalowa Wola);
- participation in European public procurement in order to take over the individual sectors, at least as subcontractors (as e.g. in Poland in the case of the Kozienice Power Station).

There is no doubt that the entire EU–PRC partnership is still based on trade exchange and economic cooperation. This is confirmed by the state of the mutual exchange as in mid-2013, as it shows that the EU is still China's most important trade partner, outstripping both the USA and Japan, while China is the most important partner of the EU in terms of imports and the second most important partner, after the USA, in terms of exports. Altogether, this constitutes the most dense network of trade relations in the world, which in 2011 – according to the Eurostat – generated EUR 136.2 billion in exports (20 per cent more than in 2010) and EUR 292.5 billion in imports (3 per cent more than in 2010). As we can see, the mutual trade is constantly growing. While in 2004–2008 it virtually doubled, it has slowed down thereafter, but the growth rate still remains generally a two-digit value. The principal flaw of and a serious problem in these relations – just as it is the case with the China–USA trade – is invariably the huge trade deficit on the EU's part, which has recently exceeded the amount of EUR 150 billion per annum.

Table 2. EU – China trade (billion euro)

	2001	2005	2007	2010	2011	2012
Imports	82	160	229	282.5	292.5	289.9
Exports	31	52	72	113.4	136.2	143.8
Balance	–51	–108	–157	–169.1	–156.3	–146.1

Source: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113366.pdf (last visited 30.07.2013).

Another sign of the key importance of economy in the mutual relations is the third plane of top-level cooperation – next to the annual summits and the strategic dialogue – namely The EU-China High Level Economic and Trade Dialogue, launched in Beijing in April 2008. It proves that the cooperation is constantly deepened and broadened, as can be seen not only in trade, but also in the exchange of services (according to the Eurostat: EU services exports to China in 2011 amounted to EUR 25.1 billion, while EU services imports from China the same year amounted to EUR 17.5 billion), another proof for this being the level of mutual investments, which used to be unidirectional – from the EU to China – but after 2010 has gradually become bidirectional. So far, however, the volume of the two directions is not equal (in 2011, EU investments in the PRC amounted to EUR 17.7 billion, while Chinese investments in the EU, almost non-existent until recently, amounted to EUR 3.1 billion), although this may change in the future.

Strategic interests – not entirely similar

Although they are partners, the EU and the PRC are very different. The EU is a highly unique entity, complex, still nascent, and constitutes the first ever attempt to create a supranational structure. As such, it is ‘a post-modernist’ entity, while China, although communist in name, remains a traditionalistic state, deeply attached – and recently ever more deeply – to its long civilisational tradition, which greatly differs from the tradition of the Western world. The EU has no choice, it has to look into the future, but China prefers looking into the past, especially its own past. The EU has no common national goals, while China looks at the world primarily from the angle of its own national interest. As they are very different, they also perceive each other in a different way and even though they constantly keep emphasising their similarities, they also formulate goals and interests differently.

It seems that from the point of view of the EU, the most important issues in the relations with China are as follows:

- constant deepening and broadening the dialogue, both the bilateral one and the one concerning the most important global problems and challenges (non-proliferation of nuclear weapons, terrorism, cyber-terrorism, climate change, environmental pollution, etc.), as especially after the 2008 breakthrough it is becoming more and more obvious that none of these issues can be solved globally without the participation of the emerging markets, and particularly China. In other words, the essential goal is to finally follow up on the appeal voiced by the former head of the World Bank, Robert Zoellick, who stated that China should become a ‘responsible stakeholder’ in the international arena and accept its share of responsibility for global issues;
- supporting the Chinese process of transformation and change, and, as far as possible, influencing it so that the country keeps heading towards the

rule of law and respect for human rights, as defined in the EU and generally in the West (that is respecting individual rights, and not solely collective rights, as it is usual in the Chinese tradition, which additionally puts emphasis on social rights and living conditions and not on individual freedoms);

- supporting the process of integrating the Chinese economy with the world economy, which is a necessity in an age of communicating vessels and supranational markets (financial and capital). After 2008 it became clear that without China's participation, dealing with the global crisis (of the capitalist economy) would be much more difficult;
- promoting the EU's own soft power and positive image, which is a particularly demanding task considering the crisis in the euro area and in many individual Member States, mainly those located in the Mediterranean Basin (the PIIGS).

It is only natural that China perceives Europe in a different way. From its point of view, the most important goals regarding the EU and its Member States are as follows:

- to remain the most important trade and economic partner, and – in the context of the consequences of the 2008 crisis and the uncertainty regarding the future of European integration – to maintain the dialogue with the individual Member States and sign agreements on strategic dialogue and partnership with the most important ones among them, such as Germany. In a sense, this resembles more and more the 'divide and rule' strategy, although in this case it is probably more adequate to speak about the ancient Chinese formula *yi yi zhi yi* (using barbarians to control barbarians);
- to take advantage of European solutions in the field of governance, law and social reforms (with special emphasis, as has been shown recently, on an in-depth analysis of the Scandinavian development model and the Scandinavian social solutions);
- to use own reserves – instead of only entering the European markets and attracting investments from Europe, as it has been so far (these reserves are indeed huge: in mid-2013 China's foreign exchange reserves were estimated to amount to USD 3.5 trillion) – to enter the highly developed European markets and, among others, thus take advantage of advanced technology (which will, naturally, only deepen the already burning issue of ownership rights, weighting on the mutual relations); in this context, we should note that the Chinese public discourse after 2010 and the debate conducted ever since on the Chinese model of development (*Zhongguo moshi*) have been putting ever more emphasis on the development of an 'innovative society', including alternative energy sources (solar panels, wind turbines, biomass, etc.), 'green economy', or even 'coal-less economy', among others;

- to maintain the scientific exchange – very profitable to China – as well as cultural and tourist exchange;
- to conduct a strategic dialogue with the EU in the context of multilateralism in international relations, a concept strongly favoured by China, which immediately after 2008 took the form of nearly undermining the USA's dominant role in world politics and strategy and the American dollar's dominance in world finance. In time, this trend turned into promoting various formats of cooperation – not necessarily with Western participation and often even against Western interests (e.g. the Shanghai Cooperation Organisation, BRICS, the G-20, or the CAFTA – a free trade area between China and the ASEAN). A favourable or at least neutral position of the EU regarding these and similar initiatives would be welcome for China;
- to promote the image of China as an increasingly open state and society, one that is undergoing rapid changes and which is, consequently, modern, as well as to continue conducting a 'Charm Offensive' (a handy term coined by Joshua Kurlantzick) to keep changing China's image in the global arena, so far the country has been perceived mostly as a threat by the West (this is not always the case in other regions). The goal is to have China perceived not only as a huge market, but also a country of new possibilities and new opportunities in many different fields.

There are, of course, difficult and unsolved problems in the mutual relations as well. These include the EU embargo on military equipment, introduced shortly after the events in the Tiananmen Square, the 'market' status of the Chinese economy, ownership rights and copyright, the persisting problem of completely different interpretations of human rights, including such issues as Tibet, Xinjiang, or the imprisonment of Liu Xiaobo, winner of the Nobel Peace Prize, for his views (essentially largely coincident with the Western system of values). To top it all up, there is the fundamental and principal misunderstanding – the systems of values, so different in the EU and the PRC. Both sides, quite understandably, insist on sticking to their respective ones.

China – the decisive market among emerging markets

'Once a large but distant trade partner, China is now also a powerful actor within Europe itself', wrote the experts of the European Council on Foreign Relations, Francis Godement and Jonas Parello-Plesner. In addition, they presented some rather apocalyptic visions of the 'Chinese threat,' which could be a cathartic experience for European elites (including the Polish ones), still not sufficiently aware of the fact that the 2008 crisis and its long-term consequences have resulted in a considerable reorientation of the Chinese strategy towards Europe. Former fake merchandise, short-lived gym shoes or faulty electronics equipment, considered by many Westerners as – by definition – not much more than junk, was in time replaced by gadgets and functional technology of constantly improving qual-

ity, which was followed by Chinese banks and capital coming to Europe as well. Now this is an entirely different presence than what it used to be.

Regarding this new and unprecedented challenge (which could be a threat, but could also prove to be a new opportunity), Europe's answer seems especially bland and weak. Only Germany has its own strategy towards China. As a result, only Germany enjoys a relatively balanced trade exchange with China. All the remaining Member States and the EU as a whole suffer considerable deficits (in the case of Poland, the ratio is 1:11). If Europe wants to be an equal partner to the increasingly assertive China, it has to emanate an aura of unity, instead of signing individual agreements and contracts. Only by coordinating activities and deepening integration instead of fragmentation and renationalisation – as many European politicians would have it (to mention only the 'True Finns' of Timo Soini, as well as Geert Widlers, Jean-Marie Le Pen, or Viktor Orbán) – will we have a chance to maintain an equal partnership with the ever more powerful China.

Will China really continue to grow, if we consider that it has been slowing down recently and that other emerging markets either have trouble (India, Indonesia) or even seem undermined (Turkey, Brazil, Egypt)? In the light of the long-term tendencies and processes very well described in the well-known studies by Angus Maddison, the question is formulated incorrectly. Not so long ago, before the Napoleonic Wars, China and India were responsible for approximately the half of the world's GDP. Then they became either dependent colonies (India) or internally destabilised (China), which resulted in the fact that in the mid-20th century, after World War II, they became virtually marginalised. Now they are returning to their due place in the international arena – as they themselves believe. Even if presently they are experiencing a slowdown, according to all predictions the PRC could overtake the USA already in the early 2020s and become the first economy in the world (we should also note that China entered the 21st century as the sixth economy in the world and in 2010 it became the second one, after the USA, or the third one, if we count the EU as a single body).

What is more, China has already announced that in 2013 and 2014 it would implement a new reform package, which will address such issues as economy based on internal consumption and a rich internal market and not only exports, as it has been so far. According to the principles of this package, China is to become a country of sustainable development, 'green economy', caring for the environment and the climate, and its own increasingly wealthy society (the package includes the goal of doubling per capita income between 2012 and 2020) is to be both innovative and composed of a large middle class (which already exceeds 300 million people). Of course, we cannot be sure how many of these goals will actually be achieved – and how soon, but it is good to be aware of them and keep an eye out for any news from the Chinese internal arena. It is no longer completely unimportant to us, which is already a new development, for if China manages to succeed with its reform projects, it will become an even greater challenge to us than before and we will have a much greater deficit in the relations with that country than just the one in trade. Should they fail to succeed, however, which is a possibility – due to the serious social tensions in the country, as well as problems related to the political reforms and the rule of law – China will nonetheless remain important to us, since even now it has much influence in the world. Whatever the outcome of the reforms, we, the members of the European Union, need to speak with a single voice and pursue a common strategy towards China. As we do not have any such strategy, our negotiating position is ever worse. So far, or at least until roughly 2010, we were equal partners. If we fail to do our homework, soon we, the Europeans, could become supplicants humbly asking for China's attention. Do we really want that?

2. Evolution of the relations between India and the European Union around the beginning of the 21st century

India and the European Union – the nature and character of cooperation: towards multidimensional cooperation

Around the beginning of the 21st century, the relations between India and the European Union have been experiencing a growing importance of the economic factor, as well as the opening of new areas of cooperation. In the 1990s, in addition to further strengthening their economic relations, the EU and India decided to expand them to include political relations as well. The similarities in their visions of the future world were conducive to this. For the essence and the nature of these relations should be seen in the context of the transformation of the international order and the shared vision of the world.[1]

At the same time, due to the Chinese factor (the rise of China's power) and economic considerations, in the 1990s and at the beginning of the 21st century we have been observing the deepening of the cooperation between the EU and India. Since the signing of the Cooperation Agreement of 20 December 1993, India has been developing both economic and political relations with the European Union.[2] The first summit meeting of the EU and India was held on 28 June 2000, in Lisbon. At the next summits (23 November 2001 in New Delhi, 10 October 2002 in Copenhagen and 29 November 2003 in New Delhi), representatives of both sides discussed matters such as: security in the South Asia and Southeast Asia regions, combating terrorism, and strengthening economic and cultural cooperation.[3] In 2004, at the Haag Summit, the EU and India decided to establish a Strategic Partnership. At the sixth summit in 2005, in New Delhi, they signed an Action Plan, which outlined the schedule and areas of cooperation under the Strategic Part-

[1] J.N. Dixit, *Cooperation with Europe: Market and More*, "Indian Express", 10.07.2000.

[2] B. Vivekanandan, *India and Europe in the 1990s* in: *Indian Foreign Policy in the 1990s*, K.R. Pillali (ed.), New Delhi 1997, pp. 61–70.

[3] http://europa.eu.int/comm/external_relations/india/intro/summ_index.htm (last visited 22.07.2013).

nership.[4] The next two summits – the seventh, in October 2006, and the eighth, on 30 October 2007, confirmed the intention of the EU and India to strengthen mutual cooperation, also in the strategic dimension. The summits that followed were held in: 2008 (Marseilles), 2009 (New Delhi), 2010 (Brussels) and 2012 (New Delhi). At the 2012 summit, apart from the standard topics – i.e. negotiations on a free trade agreement and strategic cooperation – the participants talked about preventing cyber-terrorism and about space cooperation. Further institutionalisation of the India–EU relations took place with the establishment of a common consultation mechanism at the level of foreign affairs ministers (2011) and the initiation of the India–EU Dialogue on security and the India–EU Joint Working Group on Counter-Terrorism (2012).

India and the European Union have been stressing the role of common values, which was reflected in the Lisbon Declaration of 2000. Furthermore, they have been highlighting the need to deal with new challenges and risks, such as terrorism. Another document confirming the importance of India to the EU was the first Security Strategy in history, adopted by the EU on 12 December 2003. It stated that the EU should further develop the strategic partnership with India. In the communication issued in June 2004 entitled "An EU-India Strategic Partnership", it was stressed that the relations between the EU and India, based on common values, should develop on four planes: cooperation in international forums, conflict prevention, combating terrorism, non-proliferation of weapons of mass destruction; enhanced commercial and economic interaction, in particular through sectoral dialogue and dialogue; development cooperation and cooperation in the area of culture and science. In response to the communication, India issued a document – first ever of that kind – containing its strategy towards the EU. It stated that strategic partnership should be based on common values and mutual benefits, that it should concern the situation in South Asia and Afghanistan and that terrorism and weapon of mass destruction (WMD) are a common threat to India and the EU.

In 2004, at the fifth EU–India summit, the Indian Prime Minister described his country and the EU as 'natural partners', and a British MP added that they are natural partners, as they both believe in a multipolar world and are trying to build it. Ch. Patten, former European Commissioner for External Relations, said that the common values were the basis of EU–India relations at the beginning of the 21st century. In his opinion, the decision on launching the strategic partnership was not the result of strengthening economic and trade cooperation, but a reflection of the shared common values. He also added that India and the EU would be the guarantors of stability in the world. Shyam Saran, former Secretary of State

[4] *Political Declaration on the India-EU Strategic Partnership,* Brussels 2005, http://europa.eu/rapid/press-release_PRES-05-224_en.htm (last visited 22.07.2013); *The India-EU Strategic Partnership. Joint Action Plan,* New Delhi 2005, http://commerce.nic.in/India-EU-jap.pdf (last visited 22.07.2013).

in the Indian Foreign Ministry, stressed that India and the EU were important poles in this multipolar world.

In the matters of common values and risks (terrorism, WMD), there was a consensus among the political elites in India and the European Union, as shown by statements of Indian politicians and documents adopted by the government in New Delhi, both the one formed by the Bharatiya Janata Party (BJP) and the one formed by the Indian National Congress after 2004. In 2000, B. Mishra, adviser for national security, said that the Indian vision of the international order is no different than the European one, for both are rooted in pluralism and cooperation. Another event that served the purpose of building a multipolar world and realising common aspirations was the decision taken at the 6th ASEM (The Asia–Europe Meeting) Summit, a political and intercivilisational dialogue forum between the EU countries and 13 Asian countries. The decision concerned including India in the ASEM. In this context, we have to emphasise that both India and the EU support the process of integration in East Asia. We should also stress that, according to studies, business elites in India perceive the EU as model of integration and point out that the EU overcomes many differences by using instruments of economic integration. The EU law and structural funds are also perceived as positive elements.

While political elites focus on common values, human rights organisations, social organisations and academic teachers in India point to the positive role of the EU in the promotion of human rights, as well as social and development issues. The EU is seen as an important actor in areas such as: environment protection and food issues (India was positively assessed as the opponent of genetically modified food – GMO). According to S. Fioramonti, issues such as: the Union's humanitarian activities, its aid policy, support for democratisation (e.g. in Nepal), using diplomatic and trade instruments in external policy instead of military ones, were what has created a positive image of the EU in India.

Despite the development of political relations at the beginning of 21st century, what is still the most characteristic of the relations between New Delhi and Brussels is economisation. Although the Cold War has ended, the main dimension of cooperation is still trade. From 2000 to 2013, the trade between the EU and India increased by 80 per cent. The economic dimension is therefore the main catalyst of mutual relations. The value of trade rose from EUR 28.6 billion in 2003 to EUR 79.9 billion in 2011. In 2012, it was EUR 76 billion. Trade in services also substantially increased: from EUR 5.2 billion in 2002 to EUR 17.9 billion in 2010. In 2012, it reached EUR 22.5 billion. The EU is also an important investor in India. The investments tripled in 2003–2010: from EUR 759 million in 2003 to EUR 3 billion in 2010.[5] The dynamism of growth and investment in India was boosted by the elimination of restrictions in trade in cotton and in the telecom-

[5] http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111515.pdf (last visited 22.07.2013).

munications sector. Furthermore, some phytosanitary regulations were made less strict. Since 2007, India has been negotiating a free trade area with the EU. At the same time, it should be stressed that, for India, the EU is the largest trade partner, while India is the ninth trade partner of the EU (in 2000, it was on the 17th place).

Table 3. India's international trade 2010–2011 (main directions)

Country/Region	Export		Import	
	billion USD	%	billion USD	%
EU	46.8	18.6	44.5	12.1
ASEAN	19.1	10.3	30.6	8.2
USA	25.1	10.4	20.05	5.6
China	19.6	7.8	43.5	11.5
Japan	5.1	2.1	8.6	2.6
South Korea	4.1	1.6	10.4	2.9
West Asia and North Africa (WANA)*	56.7	22.6	105.6	28.0
South Asia	12.8	5.1	2.1	0.6
Total	251.1	100.0	369.7	100.0

* UAE, Saudi Arabia, Iran, Egypt, Kuwait

Source: *Economic Survey*, 2010-11, Ministry of Commerce and Industry, Government of India, http://commerce.nic.in/eidb/default.asp (last visited 26.07.2013).

Table 4. India's main trade partners in 2010–2011 (million USD)

Rank	Country	Export	Import	Total trade
1.	UAE	34 349.10	32 753.16	67 102.26
2.	PRC	19 615.85	43 479.76	63 095.61
3.	USA	25 548.40	20 050.72	45 599.12
4.	Saudi Arabia	5 227.19	20 385.28	25 612.46
5.	Switzerland	677.56	24 802.00	25 479.55
6.	Hong Kong	10 329.65	9 415.40	19 745.06
7.	Germany	6 758.84	11 891.37	18 650.20
8.	Singapore	10 302.71	7 139.31	17 442.02
9.	Indonesia	6 245.33	9 918.63	16 163.96
10.	Belgium	6 296.21	8 609.82	14 906.02

Source: Ministry of Commerce and Industry, Government of India (last visited 26.07.2013).

India is strengthening its cooperation with the EU also in other areas. In particular space cooperation is developing fast at the beginning of the 21st century. In 2006, a memorandum on India's participation in the European Galileo programme was signed. India works with the EU in the areas of technology and science as well. The EU supports the involvement of India in the International Thermonuclear Experimental Reactor (ITER) project. The EU and India intensely strengthen their cooperation in science and education – Indian universities take part in Erasmus Mundus programmes. The EU has launched the EU–India Study Centres Programme, under which new European centres were established in India and Indian centres were in Europe (for example the Centre for Contemporary India Research and Studies at the Institute of International Relations, University of Warsaw).

At the same time, in recent years the role of the Hindi diaspora has been growing in countries such as: the UK, France or the Netherlands. New Delhi has been trying, since the beginning of the 21st century, to use the diaspora more effectively than ever before for economic and cultural promotion of India abroad. By improving its economic condition, India has become more active in foreign direct investment. In 2006, India was as the third largest foreign investor in the UK.

In this context, we should stress that since the 1990s, and especially since 2000, the exports of foreign investments have become an essential instrument of Indian foreign policy. What distinguishes it is a dynamic growth of investment to developed countries. In the 1980s, the value of these investments was only around USD 36 million, in the first half of the 1990s – USD 1.6 billion, and in 2000–2007 – over USD 15 billion. In 1990–1999, the main target of Indian investments was the European Union (over 30 per cent), followed by East Asia (14 per cent) and North America (11.5 per cent). The trend was maintained in 2000–2013. The major targets of Indian investments are particularly the UK and the Netherlands.[6]

Limitations and challenges to the India–EU cooperation

Despite their mutual declarations on strategic partnership, India and the European Union have not been treating each other as key political partners. The documents in question are mostly declarative. Indian researchers and politicians admit that there is more that divides the EU and India than unites them, for example, the method of fighting terrorism, the issue of Kashmir and the perception of international order, the issue of the international nuclear regime.[7] The EU and India differ in their approach to social standards as well. Brussels presses New Delhi to sign the ILO Convention on the Rights of the Child. These substantial differences between the Indian and European visions of international order were

[6] J.P. Pradham, *Emerging Multinationals: A Comparison of Chinese and Indian Outward Foreign Direct Investment*, "International Journal of Institutions and Economics" no. 1/2011, pp. 113–148.

[7] "The Hindu", 11.10.2002.

also mentioned by the then President of the European Parliament, J. Borrell, in his article titled *Giving Substance to EU–India Relations*.[8]

The main source of limitations in the EU–India relations is the fact that the European Union is not seen as a uniform whole. In fact, political and business elites perceive the EU through its individual Member States, and not as a single political organism. The shortcomings mentioned most often are the lack of an actual common foreign policy and the Union's institutional problems. India remains sceptical as regards the EU's capabilities in political and security matters, while some Indian researchers predict an economic crisis of the EU. The majority of the Indian society is not aware of the mechanics of the EU and its activities on a global scale. According to R.K. Jain, there is a huge deficit of EU-related information in India.

At the same time, the media and the political elites are much more interested in the strategy of the USA, as noted by the then President of the European Commission, Romano Prodi, who, when commenting on the lack of interest for the European Union in India, expressed his regret that India and Indians still perceived the USA as the most important and significant partner in almost all aspects of cooperation. He added that this negatively affected the perception of the European Union by the Indians. In this context, the American factor and the strengthening strategic cooperation between the USA and India effectively shape the Indian perception of the EU. As pointed out by an Indian expert – and stressed by the Europeans – India likes the EU, but loves the USA, although it is a difficult love.

At the same time, at the beginning of the 21st century India was strengthening its political relations with the USA. The key common point was the similar perception of international order represented by the USA led by G.W. Bush and India led by the nationalist BJP government. It was shown, for example by India's position on the conflict in Iraq expressed in 2002–2003, which was closer to the United States than to Western Europe. Unilateralism, emphasis upon military force, the concept of preventive attack made Indian and American visions of international order *'seem more and more akin'*.[9]

As pointed out by K. Sridharan, the development of closer relations between the USA and India was also possible due to the determination of A.B. Vajpayee's government to establish a strategic partnership with Washington.[10] C. Raja Mohan said that at the beginning of the 21st century that *'India formulated a new paradigm in its relations with the USA, as manifested by India's position assumed to the war in Iraq and to American National Missile Defence (NMD) programme'*.[11]

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[8] J. Borrell, *Giving Substance to EU-India Relations*, "The EurAsia Bulletin" September-October 2006.

[9] C. Raja Mohan, *India and the U.S.-European Divide*, "The Hindu", 26.09.2002.

[10] K. Sridharan, *Explaining the Phenomenon of Change in Indian Foreign Policy Under the National Democratic Alliance Government*, "Contemporary South Asia" no. 1/2006, pp. 75–91.

[11] C. Raja Mohan, *Crossing the Rubicon. The Shaping of India's New Foreign Policy*, New Delhi 2006, p. 34.

To sum up, India does not treat the EU as its principal political partner. That role is attributed to the United States.[12] The situation did not change even after the Indian National Congress took over in India in 2004. This is manifested, among other things, by the agreement on military cooperation, signed in June 2005; the programme entitled "Next Steps in the Strategic Partnership", concerning four areas: civil nuclear and space technologies, trade in IT and defence cooperation, implemented since 2004; and the agreement between India and the USA of 2 March 2006 on civil aspects of cooperation in the field of nuclear energy.

Most experts agree that the India–USA relations will become even closer. A. Gupta argues that both share *'interests that are complementary to one another'* – especially in the long run.[13] In this context, we have to add that the Europeans do not perceive India as a potential counterbalance for the growing power of China. On the other hand, India believes that while emphasising the importance of democracy and human rights, the EU strengthens its relations with China, and treats Beijing much more seriously than New Delhi. Indians stress that the EU's strategy towards Asia (of 1994 and 2001) focuses on relations with China and points to Beijing as the main power in Asia.

Another factor that has negatively affected the extent of the relations between India and the EU and caused a greater interest in the USA than in any other country was the evolution of the Indian strategic thought. It should be stressed that in the recent years (roughly since 2003), Indian researchers have been increasingly emphasising the importance of force in international relations and considering the possibility of a preventive strike as one of the instruments for achieving its goals in foreign policy. In the dispute between Europe and the USA about the methods of solving the Iraq crisis in 2002 and 2003, they expressed support for the unilateral actions undertaken by Washington.[14]

India's neo-realist approach to international relations made the differences between it and the EU grow even further, for example in nuclear policy. Another example is the way the threats to security are perceived by both sides. India has mostly focused on traditional threats, such as: territorial integrity, separatist movements and border protection, while the EU has been paying more attention to non-traditional threats: immigration, organised crime. In the broader perspective, India is said to be more concentrated on hard power, while the EU – on soft power. India and the EU have also differed in the approach to the Pakistan issue, in particular until 2001, when the EU called India to settle the dispute with

[12] Idem, *India, Europe and the United States* in: *India and the European Union in the 21st Century*, R.K. Jain (ed.), New Delhi 2002, pp. 60–61.

[13] A. Gupta, *The U.S.-India Relationship: Strategic Partnership or Complementary Interests?*, Carlisle, Pa. 2005, pp. 44–45, http://www.carlisle.army.mil/sei (last visited 24.07.2013).

[14] G. Kanwal, *Coercive Force and National Security in the Indian Context*, "India Quarterly" no. 1/2006, p. 26; K. Sridharan, *Explaining the Phenomenon of Change in Indian Foreign Policy under the National Democratic Alliance Government*, "Contemporary South Asia" no. 1/2006, p. 87.

Pakistan peacefully, without looking at the problem from the angle of combating terrorism. However, even after 2001, the EU has been avoiding explicit support for India in the conflict with Pakistan.

Apart from the political dimension, there have also been substantial differences in the economic sphere. The EU has been criticised by the Indian government and business elites for its Common Agricultural Policy, agricultural subsidies, commercial policy, and lack of understanding for the needs and interests of developing countries during negotiations in the WTO. Regarding trade relations between India and the EU, it has also been observed that the most important trade partner for the EU in Asia is China, as proved by the increase of trade between the EU and the PRC by 150 per cent in 2000–2012 and by China being generally the second most important partner of the EU. Problems in the economic sphere are particularly evident in the context of the free trade area negotiations, which have been going on since 2007. The greatest differences exist in agriculture and social issues. In addition, the EU–India relations are still negatively affected by India's restrictive industrial policy.

India – EU: towards new partnership?

At the turn of the centuries, India and the European Union managed to extend their cooperation from purely economic to political relations. India treated the relations with the EU as multidimensional, not solely economic, as in the times of the Cold War. At the same time, the political cooperation between the two sides has been gradually institutionalised, for example through the EU–India summits. Furthermore, the trade between India and the EU has grown substantially and a strategic partnership was established in 2004. India has perceived the EU through the transformation of the international order, focusing on such elements as democracy and multipolarity.

However, India has not been treating the European Union as the priority partner, and the decision to launch the strategic partnership has remained largely declarative instead of shaping India's international strategy in the post-Cold War period. The differences were particularly evident in the approach to such issues as: the use of force in international relations, unilateralism and international nuclear regimes. Tensions and conflicts have existed also in the economic sphere, in issues such as agricultural subsidies and the protection of intellectual property. Thus, the relations between India and the EU have been called *'full of differences and tensions'*.[15] At the same time, at the beginning of the 21st century, we are facing a deficit of information about the EU in India. The Indian society as well as the Indian political and business elites perceive the EU through its individual major countries rather than as a single entity. Consequently, India focuses much more on strengthening the relations with individual countries (especially France

[15] H. Kapur, *The Uneasy India-EU Relationship*, "The EurAsia Bulletin" November–December 2006.

and the UK) than with the EU as a whole. Although it paid attention to the shared values, at the beginning of 21st century India in fact did not see the EU as a strategic partner. For example, during the celebration of independence in 2005 (a year after concluding the strategic partnership agreement with the EU), the Prime Minister of India did not mention the EU among India's strategic partners.[16]

Despite these problems, India and the EU continue to work together in the economic and political sphere. Both are aware that the problems mentioned above are not only challenges for their mutual relations but also indicate the need to redefine these relations to take into account the political aspirations of both India and the EU.[17] This awareness is expressed in the European Commission report of 2007 entitled *The European Union and India: A Strategic Partnership for the 21st Century* (India and the EU are called *'strategic partners in the global village'*),[18] which speaks about the substantial evolution of the India–EU relations after the Cold War and underlines the need to make them more dynamic. Another document highlighting the importance of these relations is the European Commission report of 1 August 2013 entitled *The EU's bilateral trade and investment agreements – where are we?* It stresses that, in the nearest future, 90 per cent of the world demand will come from outside the EU, therefore the EU should aim to conclude free trade agreements, including the one with India, as soon as possible.[19]

3. The European Union's policy towards Latin America

Towards strategic partnership

It was not until the 1990s that significant progress and revitalization took place in the relations between Europe and Latin America (LA). In the early 21st century, the European Union took measures to prevent political and economic domination of the United States in the region (cf. the signing of the North American Free Trade Agreement on 1 January 1994 between the US, Canada and

[16] *The Indian Prime Minister's 2005 Independence Day Address*, http:// www.pmindia.nic.in/speeches.htm (last visited 25.07.2013).

[17] On the India–EU relations, see further: L. Foramonti, *Diffrent Facets of a Strategic Partnership: How the EU is Viewed by Political and Business Elites, Civil Society and the Press in India*, "European Foreign Affairs Review" no. 4/2007, pp. 349–362; K. Lisbonne de Vergeron, *Contemporary Indian Views of the European Union*, London 2006; R.K. Jain, *India, the European Union and Asia Regionalism*, Paper presented at the EUSA-AP Conference on Multilateralism and regionalism in Europe and Asia-Pacific, Tokyo, December, 8–10, 2005; R.K. Jain, *India and the European Union – Building a Strategic Partnership* in: *India's New Dynamics in Foreign Policy*, S.K. Mitra, B. Hill (eds.), Munich 2006, pp. 83–93.

[18] *The European Union and India: A Strategic Partnership for the 21st Century*, European Commission, Brussels 2007.

[19] *The EU's bilateral trade and investment agreements – where are we?*, Press Release, Brussels, 1 August 2013, MEMO/13/734, http://europa.eu/rapid/press-release_MEMO-13-734_en.htm (last visited 7.08.2013).

Mexico) in order to secure its economic and political interests in Latin America. At the same time, since the 1990s, there has been an ongoing democratisation process in Latin America and the strengthening of economic cooperation between the countries of the region in various integration groups. A new concept of EU policy towards Latin America and the Caribbean was adopted in October 1994 by the General Affairs and External Relations Council, and approved later that year by the European Council in Essen.

The relations between the EU and Latin American countries function on two levels. On the one hand, through a whole sequence of dialogues on the subregional level and with the individual countries (we shall discuss this further in this text). On the other hand, the early 21st century has seen a high-level institutionalisation of inter-regional dialogue. On 28–29 June 1999, the first summit between the EU and the countries of Latin America and the Caribbean (LAC) was held in Rio de Janeiro. The participants issued the Declaration of Rio de Janeiro, consisting of 69 points and specifying the objectives of the proclaimed Strategic Partnership (which was to be based on three dimensions: political, economic and cultural, educational, scientific). Successive EU–LAC summits were held in Madrid in 2002, in Guadalajara (Mexico) in 2004 and in Vienna in May 2006, in Lima in May 2008, in Madrid in May 2010.[20] The Community of Latin American and Caribbean States (CELAC) is a new framework for political coordination among the 33 LAC countries, 17 from LA and 16 Caribbean. It was formally established at a regional summit in December 2011. The CELAC has become the EU's counterpart for the bi-regional partnership process, including at summit level. The summit which took place in Santiago de Chile on 26 and 27 January 2013 was therefore the 7th EU–LAC summit and the 1st EU–CELAC summit.[21] During the meeting, the leaders adopted a political Declaration and Action Plan for 2012–2015.

Latin American countries as emerging markets and the role of the EU – an outline

Since 2004, the LAC countries have again been exhibiting (after the period of prosperity in the first half of the 1990s) a stable and systematic economic growth. In 2004–2007, it was 5.5 per cent GDP on average, in 2008 – 4.5 per cent. The Latin American and the Caribbean economies have shown tremendous resilience in coping with the deep global economic and financial crisis of 2008–2009 and they have recovered much more vigorously than the European Union and the United States. After a period of a slight recession in 2009, the region's

[20] Comp. K. Zajączkowski, *Ameryka Łacińska w polityce Unii Europejskiej (Latin America in the Policy of the EU)* in: *Ameryka Łacińska we współczesnym świecie* (*Latin America in the Modern World*), M.F. Gawrycki (ed.), Warszawa 2006.

[21] *EU-Community of Latin American and Caribbean States (CELAC) Summit. Santiago de Chile, 26–27 January 2013. EU relations with Latin America and the Caribbean*, Press Release, Brussels, 18 January 2013, MEMO/13/15.

GDP grew by 6 per cent in 2010 and is forecast to expand by a further 3.9 per cent in 2012–2015.[22]

The region's seven leading exporters and importers – Brazil, Mexico, Argentina, Chile, Colombia, the Bolivarian Republic of Venezuela, and Peru – generated 85 per cent of the region's total trade in 2012.

The European Union is Latin America and the Caribbean's second most important trading partner, after the USA, with a market share of 14 per cent in both total exports and total imports, and the first trade partner for the Mercosur. However, according to the report of the Economic Commission for Latin America and the Caribbean (ECLAC), there is a noticeable negative trend for the EU. *'Since the 1980s, the European Union has steadily lost importance both as a destination for Latin American exports and as a source of its imports. Whereas in the 1980s and 1990s the European Union lost its share to the United States, in the first decade of the twenty-first century both the European Union and the United States lost market share to China'*.[23]

EU-27 international trade in goods with the Community of Latin American and Caribbean States has been characterised by steady growth between 2003 and 2008, a decline in 2009 and a strong recovery since then. It has almost doubled since 2000, which shows its scale and importance. EU-27 exports to CELAC in 2012 reached EUR 118 billion, including 110.3 to Latin America and 7.7 to the Caribbean. The imports in 2012 was EUR 115.2 billion, including 109.9 to Latin America and 5.3 to the Caribbean respectively. In the same year, CELAC accounted for 6.5 per cent of EU-27 exports and imports – around 6.3 per cent for LA and 0.4 per cent for the Caribbean.[24] Germany is the largest trading partner of CELAC amongst the EU-27 Member States.[25] Brazil, Mexico, Argentina

[22] The region's robust resistance to the external turbulence partly reflects the reforms implemented over the last two decades, which have resulted in greater fiscal and monetary prudence and stricter financial supervision. *Latin America and the Caribbean and the European Union: Striving for a renewed partnership*, Economic Commission for Latin America and the Caribbean (ECLAC), Santiago de Chile, February 2012, p. 7, 13; *World Economic Outlook 2013. Hopes, Realities and Risk*, IMF, Washington 2013, p. 60.

[23] Most projections expect China to grow in its relative importance as an export destination. China is likely to surpass the European Union already in 2014 to become the region's second largest export market. A similar pattern is predicted for imports, where China is expected to overtake the European Union in 2015. *Latin America and the Caribbean and the European Union: Striving...*, op.cit., pp. 29–31.

[24] *Caribbean ACP Countries. EU bilateral trade and trade with the world*, DG Trade. Statistics, 23 May 2013, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113476.pdf (last visited 28.07.2013); *Latin American Countries. EU bilateral trade and trade with the world*, DG Trade. Statistics, 23 May 2013, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113483.pdf (last visited 28.07.2013).

[25] Among the EU-27 Member States, Germany was by far the largest exporter to CELAC in the first nine months of 2012 (28 per cent of the total EU export to CELAC), followed by Italy (12 per cent), Spain (12 per cent) and France (11 per cent). The Netherlands was the largest importer (20 per cent), followed by Spain (18 per cent), Germany (16 per cent), the United

and Chile are the largest trading partners of the EU-27 amongst CELAC countries.[26]

In 2011, the EU-27 exported EUR 37.7 billion worth of services to CELAC, while imports amounted to EUR 24.9 billion. The LAC accounted for nearly 6 per cent of the EU-27's total trade in services in 2011. Among the members of the CELAC, and as for trade in goods, Brazil, Mexico, Argentina and Chile were the largest traders in services with the EU-27 in 2011.[27]

The EU remains the leading foreign investor in the CELAC countries, with total FDI amounting to EUR 385 billion in 2010. This represents 43 per cent of the region's total FDI. The EU FDI in CELAC countries is higher than the EU FDI in Russia, China and India combined. The FDI from the EU is also highly diversified, ranging from sectors with a traditional European presence, such as commerce and tourism, to new sectors, including construction and finance.[28]

Subregional cooperation and cooperation with selected countries

The European Union has concluded many agreements with individual countries and groups of countries in the region, including Association Agreements with Chile and Mexico, Strategic Partnerships with Brazil and Mexico, Association Agreement with Central America, as well as a Trade Agreement with Peru and Colombia and the EU–CARIFORUM Economic Partnership Agreement.

Mercosur

Mercosur[29] is the most important political and economic partner of the EU in the region. The EU signed an Interregional Framework Cooperation Agreement with Mercosur in Madrid on 15 December 1995 (it entered into force in its entirety on 1 July 1999). The factor which determined the process of institutionalisation of mutual relations is that this group puts together the two strongest Latin American economies – Brazil and Argentina – and that the main aim of Mercosur is the development of regional integration processes.

In 2000, the EU and Mercosur launched negotiations on an association agreement (broken off in 2004 and resumed in 2010). However, the efforts to liberalise

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Kingdom (11 per cent). *EU-Community of Latin American and Caribbean States (CELAC) summit. EU-27 trade in goods with CELAC in balance in the first nine months of 2012. CELAC accounts for nearly 7 % of EU-27 trade in goods*, Eurostat Newsrelease, 25 January 2013, STAT/13/14.

[26] The share of Brazil, Mexico, Argentina, and Chile in total EU trade in goods in 2012 was 2.2, 1.4, 0.5, and 0.5 per cent respectively. *Latin American Countries. EU bilateral trade...*, op.cit.

[27] *EU-Community of Latin American and Caribbean States (CELAC) summit. EU-27...*, op.cit.

[28] *EU-Community of Latin American and Caribbean States (CELAC) Summit. Santiago...*, op.cit.

[29] Mercosur was founded in 1991 by Argentina, Brazil, Paraguay and Uruguay, by signing the Treaty of Asuncion. The Protocol of Ouro Preto of 1994 sanctioned Mercosur as a subject of international law. Venezuela is a full member since July 2012.

trade between these two groups of countries run into many obstacles. This is mainly due to the fact that for some EU Member States creating a free trade area with Mercosur would equal agreeing to a reform of the Common Agricultural Policy. Latin American countries demand access to the European market for their agricultural products and reducing agricultural subsidies in the EU. The EU, on the other hand, expects liberalisation of services and opening LA markets for industrial goods, as well as adopting EU standards in areas such as rules of origin, intellectual property, public procurement, or competition policy.[30] Mercosur itself is not without fault, due to its structural weakness and internal rivalry between its member countries. At the same time, we should stress that it would be a great breakthrough if the EU and Mercosur reached an agreement, regardless of the eventual extent of bilateral liberalisation of trade after negotiations. For the Latin American countries, such an agreement would mean greater independence from the United States. Moreover, after signing an agreement with Mercosur, the EU would have free trade areas negotiated with all the largest Latin American economies and would therefore be able to play a greater role in the region, which is traditionally considered a US sphere of influence.

Today, Mercosur is responsible for the majority of EU trade with Latin American countries (around 43 per cent). It is the EU's eighth most important trading partner, accounting for 3 per cent of the EU's total trade. The EU is Mercosur's first trading partner, accounting for 20 per cent of its total trade. The trade in goods between the two regions in 2012 was EUR 99.46 billion (the data does not include Venezuela).[31] The EU is also a major exporter of commercial services to Mercosur as well as the biggest foreign investor in the region, with a stock of foreign direct investment that has steadily increased over the past years and that amounted to EUR 236 billion in 2010, as compared to EUR 130 billion in 2000.[32] At the same time, it is emphasised that China shows an increasing interest in cooperation with Mercosur, which may negatively affect the EU's position in the region. In January 2012, the then Prime Minister of China Wen Jiabao proposed a free trade agreement between China and Mercosur. But most analysts see little chance that it will emerge anytime soon. In 2011, China's exports to Mercosur amounted to USD 48.45 billion, 34 per cent more than in the previous year, while

[30] B. Znojek, *Negocjacje UE-Mercosur. Bliżej umowy stowarzyszeniowej* (*EU-Mercosur Negotiations. Approaching an Association Agreement*), "Biuletyn PISM" no. 34(783)/2011; V. Bulmer-Thomas, *The European Union and Mercosur: Prospects for Free Trade Agreement*, "Journal of Inter American and World Affairs" January 2000, pp. 1–22.

[31] Mercour's biggest exports to the EU consist of agricultural products (48 per cent of total exports) while the EU mostly exports manufactured products to Mercosur and notably machinery and transport equipment (49 per cent of total exports) and chemicals (21 per cent of total exports). See: http://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/ (last visited 28.06.2013); *Latin American Countries. EU bilateral trade...*, op.cit.

[32] http://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/ (last visited 28.06.2013).

imports from Mercosur reached USD 51.03 billion. Beijing wishes to double this trade volume by 2016.[33] Latin American leaders express their willingness to cooperate with both sides, which is understandable in the context of their efforts to maximise political and economic gains of Mercosur.[34]

Brazil

Brazil is the main member of Mercosur, both in the political and in the economic dimension. It generates 75 per cent of trade between Mercosur and the EU and is the EU's strategic partner in the region. The institutional basis is governed by the EC–Brazil Framework Co-operation Agreement (1992) and the Agreement on scientific and technological cooperation (2004). The EU and Brazil established a Strategic Partnership in July 2007 in Lisbon. There are annual summits under this cooperation.[35] At the 2nd summit, held in Rio de Janeiro in 2008, the two parties adopted the first Joint Action Plan (JAP), which was implemented from 2009 to 2011. The second JAP, covering the three-year period 2012–2014, was endorsed by EU and Brazilian leaders at the 5th summit, in 2011. Some 30 dialogue areas are set in the JAP, including in matters such as: effective multilateralism, cooperation on human rights, climate change, sustainable energy, the fight against poverty, Latin America's stability and prosperity. The EU and Brazil stress their mutual strategic relations, in particular in the context of the development of the new international order after 2008.[36]

Brazil's trade with the EU accounts for 37 per cent of the EU's total trade with the Latin American region (in 2012). Brazil is the 8th biggest trading partner of the EU (not counting Mercosur), the trade volume between the two sides in 2012 reached EUR 76.7 billion, which is 2.2 per cent of total EU trade. As regards investments, Brazil holds 43 per cent of the entire EU investment stocks in Latin America. The EU is Brazil's first trading partner, accounting for 21.7 per cent of its total trade (in 2012). Brazil is the single biggest exporter of agricultural products to the EU. The EU's exports to Brazil consist mainly of manufactured products, such as machinery, transport equipment and chemicals.[37] Brazil is the EU's

[33] N. Ramos, *Experts sceptical about a China-Mercosur trade deal*, AFP, 26 June 2012.

[34] *Mercosur looks to enhance economic ties with China, EU*, 8 December 2012, http://www.chinadaily.com.cn/business/2012-12/08/content_15998241.htm (last visited 28.06.2013).

[35] http://eeas.europa.eu/brazil/index_en.htm (last visited 29.06.2013).

[36] *Karel De Gucht European Commissioner for Trade Brazil and the European Union: Allies in a Changing World International Conference: Strategic challenges in the EU-Brazil Relationship*, Press Release, Brussels, 7 May 2012, SPEECH 12/333.

[37] Among the EU-27 Member States, Germany was by far the largest exporter to Brazil in the first nine months of 2012 (30 per cent of EU exports of goods), followed by France (13 per cent), Italy (12 per cent). The Netherlands was the largest importer (22 per cent of EU imports), followed by Germany (18 per cent), France (10 per cent), *EU-Brazil Summit. A surplus of 1.0 billion euro in EU-27 trade in goods with Brazil in the first nine months of 2012. An EU-27 surplus of 4.3 billion in trade in services in 2011*, Eurostat Newsrelease, 18 January 2013, STAT/13/10.

biggest FDI recipient in Latin America (followed by: Mexico, Argentina and Chile).

Mexico and Chile

The Association Agreement with Mexico, which included a comprehensive Free Trade Agreement, was signed on 8 December 1997 (and entered into force in October 2000 in the part related to trade in goods and in 2001 in the one related to trade in services) and Chile, in 2002 (the FTA entered into force in February 2003). The deepened and more advanced political and economic dialogue between the EU and Mexico and Chile results from several factors. Mexico is a member of NAFTA, which combines the policies and economy of Mexico, the United States and Canada, and therefore it can be an intermediary in the relations between the EU and NAFTA. The EU also acknowledges the role that Mexico can play in representing the EU's interests in other regional and international forums of cooperation, such as: the Asia–Pacific Economic Cooperation Forum (APEC) or, since 1994, the OECD. Mexico is also a party to many free trade agreements in Latin America, in which the EU also sees some potential benefits.[38] The reasons for the EU's interest in Chile are largely similar to that for its interest in Mexico. Moreover the EU has signed association agreements with Mexico and Chile, as the economies of these countries are complementary, at least to a large extent, to the EU economy. The EU expects increased interest of Mexican exporters in the European market as an alternative to NAFTA and hopes that other Latin American countries will follow.[39] The EU also sees Mexico as a key ally in the fight to counter the risks of protectionism in Latin America and globally, especially in the context of the G-20's commitments to fight protectionism and to pursue an open trade regime.

The EU and Mexico established a Strategic Partnership in 2008, with regular consultations and summits held every two years. The EU is Mexico's second biggest export market after the USA and its third largest source of imports after the United States and China. The EU's key imports from Mexico are mineral products, machinery and electric equipment, transport equipment and optic photo precision instruments. Key EU exports to Mexico include machinery and electric equipment, transport equipment, chemical products, and mineral products.[40] We should notice the systematic growth in trade between these partners. Total bilateral trade has doubled since 2000. As regards trade in goods, in 2012 EU exports

[38] In 1991, Mexico signed a Free Trade Agreement with Chile; in 1994 – with Columbia, Venezuela, Bolivia and Costa Rica. J. Starzyk, *Wspólna Polityka Zagraniczna i Bezpieczeństwa Unii Europejskiej* (*European Union's Foreign and Security Policy*), Warszawa 2001, p. 257.

[39] The entry into force of the NAFTA agreement on 1 January 1994 caused European goods to be discriminated against at the Mexican market. Consequently, the EU had to sign an agreement with Mexico in order to avoid being entirely pushed out of the market.

[40] http://ec.europa.eu/trade/policy/countries-and-regions/countries/mexico/ (last visited 29.06.2013).

to Mexico stood at EUR 27.9 billion, while the EU imports from Mexico amounted to EUR 19.3 billion. Similarly, bilateral trade in services totalled EUR 8.2 billion (2010).[41]

To Chile, the EU is the second trade partner, with 15.4 per cent of Chile's total bilateral exchanges, behind China (20 per cent) but ahead of the US (15.3 per cent). The past decade has seen sustained growth in EU–Chile trade flows. They showed a positive annual average growth of 13 per cent between 2003 and 2012, with total trade in goods doubling from EUR 7.7 billion to EUR 18.12 billion.[42]

Andean Community, Central America, Caribbean countries

Mexico, Chile and Mercosur were not the only parties with whom the EU launched negotiations in Latin America in the 1990s. There was also the Andean Community (Bolivia, Ecuador, Columbia, Peru; in April 2006 the president of Venezuela announced that his country was withdrawing from the structures of the Andean Community).[43] The EU is the second largest trading partner of the Andean region after the US, while the Andean countries generate 0.8 per cent of total EU trade (2012). There are three essential reasons for the EU's interest in maintaining economic relations with the Andean Community. First of all, the Andean countries are among the main exporters of oil, which helps the EU diversify its supply sources. Secondly, the Andean countries are the largest producer of drugs, in particular of cocaine, in the world. Thus, special emphasis has been placed on the special dialogue between the two regions on combating the drugs business, negatively affecting e.g. the economic development of the USA. The basic instrument for supporting the Andean countries by the EU in their fight against illegal cultivation are *GSP-Drogas* – trade preferences introduced on 13 November 1990 for four countries of the region (Venezuela was the beneficiary of the system from 1995 to 2006). The aim of *GSP-Drogas* is to help the Andean countries export alternative products, i.e. such that can be cultivated in place of coca leaves, and to support industrialisation. Under the *GSP-Drogas* preferences over 80 per cent of products from the Andean Community are covered by customs reliefs.

In 2007, the EU launched talks with each individual country of the Community regarding Association Agreements. In June 2012, the EU signed a comprehensive Free Trade Agreement with Peru (the FTA entered into force on 1 March 2013) and Colombia (the FTA entered into force on 1 August 2013).

[41] *Factsheet: EU-Mexico Summit (Los Cabos, Mexico, 17 June 2012)*, Press Releases, Brussels, 13 June 2012, MEMO/12/430; *Latin American Countries. EU bilateral trade*..., op.cit.

[42] http://www.eeas.europa.eu/chile/index_en.htm (last visited 30.06.2013).

[43] Political dialogue between the EU and the Andean Community took place on the basis of the Joint Rome Declaration, signed on 30 June 1996. On 15 December 2003, in Rome, they signed the Agreement on Political Dialogue and Cooperation, which lists 43 areas of cooperation. It was also a confirmation that the main goal of the agreement was to pave the way for a future association agreement.

The European Union also continues to work with Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) as part of the San José process, initiated in 1984. The cooperation has become especially intensive since 1996, when the civil war in Guatemala finally ended after 30 years. The two regions concluded the 1993 EU–Central America Framework Cooperation Agreement and the Political Dialogue and Cooperation Agreement signed in 2003. In June 2007, negotiations were launched for an Association Agreement between the EU and Central America (CA). The Agreement was signed in Honduras in June 2012 and was approved by the European Parliament on 11 December 2012. The trade provisions of the agreement apply with Honduras, Nicaragua and Panama since 1 August 2013, with Costa Rica and El Salvador since 1 October 2013 and with Guatemala since 1 December 2013.This agreement opens up markets on both sides, helping to establish a stable business and investment environment. In 2012, the EU was Central America's second trade partner after the US (and intra-regional trade), representing 9.6 per cent of the trade flows. Central American countries account for 0.4 per cent of EU's total trade. In 2012, bilateral trade in goods between Central America and the European Union was worth EUR 14.9 billion.[44]

Sixteen Caribbean countries are members of the African, Caribbean and Pacific (ACP) Group of States and of the CARIFORUM group. Fifteen of them (except for Cuba) signed the Economic Partnership Agreement (EPA) with the EU in 2008. The EU is CARIFORUM's second largest trading partner, after the US. In 2012, trade between the two regions reached over EUR 13 billion euro.[45]

4. The European Union's policy towards countries of Sub-Saharan Africa

The relations of both the European Community and the European Union with the Sub-Saharan countries[46] have undergone an evolution over the years. Further in this article, we will discuss the political and economic cooperation between the regions as well as the legal and institutional framework regulating the relations between them. The question of development aid, which is essential for mutual relations (the EU and its Member States jointly are the largest provider of development aid to Africa), and the mechanisms of granting this aid by the EU will be described in the next article in the present volume.

[44] *Comprehensive Association Agreement between Central America and the European Union*, Press Release, Brussels, 29 June 2012, MEMO/12/505; *EU Trade deal with Honduras, Nicaragua and Panama becomes operational*, Press Release, Brussels, 31 July 2013, IP/13/758; http://trade.ec.europa.eu/doclib/press/index.cfm?id=815 (last visited 30.06.2013).

[45] *Caribbean ACP Countries. EU bilateral trade*..., op.cit.

[46] By Sub-Saharan African states we mean the 48 African states belonging to the African, Caribbean and Pacific Group of States (South Sudan is not yet a full member of the ACP Group of States). North African countries include: Algeria, Egypt, Libya, Morocco, and Tunisia.

Institutionalisation process – from the Treaty of Rome to the Cotonou Agreement and EU–Africa summits

The earliest institutional relations between the European Community and a group of Sub-Saharan African states were established already in the Treaty of Rome in 1957. The provisions of Articles 131–136 of the Treaty stipulated for the association of overseas countries and territories with the Community. After most colonial countries gained independence, the European Community's relations with the countries of Sub-Saharan Africa were transformed into contractual relations, as manifested by the Yaoundé Conventions of 1963 and 1969,[47] followed by the Lomé I (1975), Lomé II (1979), Lomé III (1984) and Lomé IV (1989) Conventions. Apart from Sub-Saharan African states, signatories of the Lomé Conventions also included some Caribbean and Pacific countries, so that all of them began to be regarded as a uniform group – the African, Caribbean and Pacific (ACP) Group of States.[48]

As a result of changes occurring in the international balance of power, the gradual decline of the bipolar world order and deep transformations in international economic relations, since the mid-1990s efforts have been undertaken to redefine the model of relations between the EU and the ACP countries. Following 18 months of negotiation, on 23 June 2000 the Partnership Agreement between 77 members of the African, Caribbean and Pacific Group of States[49] and

[47] The Yaoundé Conventions (of 1963 and 1969) were concluded with eighteen African countries (including Madagascar). That group of countries has been called the Association of African and Malagasy States (AAMS). K. Zajączkowski, *The Relations Between the European Union and the Countries of Sub-Saharan Africa Following the End of the Cold War*, "Hemispheres. Studies on Cultures and Societies" no. 20/2005, p. 94; *Convention of Association between the European Economic Community and the African and Malagasy States associated with that Community and annexed documents. Signed in Yaounde on 29 July 1969,* http://aei.pitt.edu/4218/1/4218.pdf (last visited 10.07.2013).

[48] The African, Caribbean and Pacific Group of States was formed in 1975 under the so-called Georgetown Agreement. The document was signed by representatives of 46 countries. At present (as of 30 July 2013) the ACP Group consist of 79 States (48 countries from Sub-Saharan Africa, 16 from the Caribbean and 15 from the Pacific). The 80th member will be the Republic of South Sudan – for the time being, South Sudan has been granted observer status in the ACP Group of States since 20 November 2012. It should also be mentioned that despite having many things in common, the ACP countries have never formed a monolith.

[49] Cuba is not a signatory of the ACP–EC Partnership Agreement. Somalia has signed the Partnership but has not ratified it. Since the signing of the Partnership Agreement, the group of signatories has expanded. Timor-Leste became an ACP Member State in 2003, shortly after its independence, and ratified the ACP–EC Partnership Agreement on 19 December 2005. Somalia's political transformation has influenced the decision of the country as regards the EU. On February 2013, Somalia presented a request for accession in accordance with Article 94 of the ACP–EC Partnership Agreement and a request for observer status enabling it to participate in the joint institutions set up by that Agreement, until the accession procedure is completed. The ACP–EU Council of Ministers approved this request in Brussels in June 2013. The Republic of South Sudan made the same request a bit earlier, on 20 March 2012. It was approved by the ACP–EU Council of Ministers in Vanuatu in June 2012. South Sudan has been granted observer status in the Partnership since 20 November 2012. *More than €31 billion for EU cooperation with the African,*

the European Community and its Member States was signed in Cotonou (Benin).[50] It was concluded for 20 years – from March 2000 to February 2020. Although the Agreement formally entered into force after the process of ratification, on 1.04.2003, it was agreed that it would in fact be valid from 1 March 2000.[51] It was revised in 2005 in Luxembourg and in 2010 in Ouagadougou.[52]

The Cotonou Agreement focuses upon three areas: economic, development and political. In line with the basic arrangement, its objective is to reduce poverty and to ensure social and economic development of the ACP countries.

The EU showed its deep interest in cooperation with Africa by the first Africa−Europe (EU) summit held in Cairo on 3−4 April 2000. It was agreed there that the two groups of countries would build a global dialogue based on strategic and interregional partnership consisting of many dimensions of mutual relations.[53] The second Africa−EU summit took place on December 2007 in Lisbon and included the establishment of the Strategic Partnership and the adoption of the Joint Africa–EU Strategy (JAES). The JAES defines eight specific areas of cooperation: 1. Peace and Security; 2. Democratic Governance and Human Rights; 3. Trade, Regional Integration and Infrastructure; 4. Millennium Development Goals (MDGs); 5. Energy; 6. Climate Change and Environment; 7. Migration, Mobility and Employment; 8. Science, Information Society and Space. The third Africa−EU summit was held in November 2010 in Tripoli. The leaders renewed their commitments, calling for reinforced cooperation in the eight priority areas and the setting up of support mechanisms to facilitate the process.[54] The next Africa−EU summit will be held in Brussels in 2014.[55]

Caribbean and Pacific countries – Somalia accede to the Cotonou Agreement, 17 June, 2013, http://www.africa-eu-partnership.org/newsroom/all-news/more-eu31-billion-eu-cooperation-african-caribbean-and-pacific-countries-somalia (last visited 10.07.2013); http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:150:0026:01:EN:HTML (last visited 10.07.2013); http://ec.europa.eu/development/icenter/repository/summary_tl_csp10_en.pdf (last visited 10.07.2013).

[50] *Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000*, OJ L 317, 15.12.2000; B. Martenczuk, *From Lomé to Cotonou: The ACP–EC Partnership Agreement in Legal Perspective*, "European Foreign Affairs Review" no. 4/2000, pp. 25–39.

[51] The retroactive date was set in order to ensure continuity with the previous agreements (Article 95 of the Cotonou Agreement).

[52] The Agreement (Article 95) provide for the option of revision every five years.

[53] Declaration of Cairo in: *Africa-Europe Summit Under the Aegis of the OAU and the EU Cairo, 3–4 April 2000*, Press Release, Brussels, 7 April 2000, PRES/00/901.

[54] *Key facts on the Joint Africa-EU Strategy*, Press Release, Brussels, 23 April 2013, MEMO/13/367.

[55] According to the experts from the European Centre for Development Policy Management, *'the 2014 Africa–EU Summit could potentially be a turning point in the relations between the two continents. In addition to resolving the various strategy issues raised above and breathing new life into the JAES, EU and African leaders should ideally use the Summit to agree on joint action on specific global issues such as climate change or the post-2015 global development framework'*.

Political dimension

The EU uses a broad range of political instruments towards Sub-Saharan Africa, including: summit meetings, dialogue and consultations, declarations, common positions, election assistance, diplomatic and economic sanctions, civil and military crisis response operations.

The Africa–EU summits mentioned in the previous section are the highest-level form of political cooperation with the entire continent. They play an important role in defining the aims of future mutual cooperation.

The European Union, in accordance with the political commitments of its dialogue with Sub-Saharan Africa, has taken action aimed at strengthening democracy in Africa. In the years 2000–2013 (until 30 July 2013) the EU dispatched a total of 111 EU Election Observation Missions (EU EOMs), half of which were sent to Africa. They assess matters such as: the right to participate in governing through periodic, universal and equal elections; the right to secret ballot; free expression of the voters' will.[56] In 2013, EOMs were sent to Mali and Kenya.

Within the framework of the Common Foreign and Security Policy (CFSP), the European Union applies political and economic sanctions (restrictive measures) to those countries, in which principles of democracy and rule of law are seriously infringed upon or in which there are violations of international law or human rights. In 2013, more than a dozen countries around the world were under EU sanctions, including 11 Sub-Saharan ones, among them: Democratic Republic of Congo, Côte d'Ivoire, Republic of Guinea, Guinea-Bissau, and Zimbabwe.[57] An important aspect of EU activities in the context of restoring peace in Sub-Saharan Africa is the financing of mine clearing projects, for example in Angola, and educational actions for juvenile guerrilla fighters and preventing them from being conscripted into regular military units. In accordance with Article 8 of the Cotonou Agreement, the EU conducts regular dialogue with the ACP countries on human rights, including the issue of torture.

Some obstacles in the political dialogue between the EU and Sub-Saharan states may appear during the implementation of Article 96 of the Cotonou Agreement, referring to the consultation procedure and 'appropriate measures' taken against the countries that do not respect human rights, democratic principles and the rule of law, and therefore, in practice allowing sanctions consistent with

See: *EU–Africa relations: what's in store for 2013?*, European Centre for Development Policy Management, http://www.ecdpm-talkingpoints.org/eu-africa-relations-whats-in-store-for-2013/ (last visited 15.07.2013).

[56] The basic source of financing the EU Election Observation Missions is the European Instrument for Democracy and Human Rights (EIDHR). In order to avoid duplication, the EU does not deploy observation missions in the countries belonging to the OSCE, as it is already done by the OSCE itself, http://eeas.europa.eu/eueom/faq/index_en.htm (last visited 15.07.2013).

[57] European Union, *Restrictive measures (sanctions) in force*, updated on 5 June 2013, http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf (last visited 15.07.2013).

international law. Understanding the principles of sovereignty and cultural differences by the parties to the Agreement may prove to be a problem.

The European Union is striving to be a comprehensive actor, taking actions in all stages of international crises in Africa. The EU executes its tasks through, among others, civilian and military missions and operations under the Common Security and Defence Policy (CSDP). In the recent years, the EU has exhibited particular activity in this respect in the DRC, Sahel and Horn of Africa, which is related with the risks and challenges appearing in these regions, negatively affecting not only the regions but international security as well.

So far (as of 30 September 2013), the EU has executed the following civilian missions in Africa: EUPOL KINSHASA in the DRC (2005–2007); EUSEC RD CONGO (2005–2013); EUPOL RD CONGO (2007–2013); EU SSR Guinea-Bissau (2008–2010); EUCAP SAHEL Niger (2012–2014); EUCAP NESTOR (2012–2014) – mission in order to enhance the maritime capacities of four countries: Somalia, Djibouti, Kenya and the Seychelles in the Horn of Africa and the Western Indian Ocean; EUAVSEC (2012–2014) – the EU Aviation Security Mission in South Sudan.

So far (as of 30 September 2013), the EU has executed the following military missions in Africa: ARTEMIS in the DRC (12 June 2003 – 1 September 2003); EUFOR RD Congo (30 July 2006 – 30 November 2006); EUFOR Tchad/RCA (2008–2009); EU NAVFOR – Atalanta (2008–2014) – the first ever naval operation conducted by the EU; European Union Training Mission (EUTM) Somalia (2010–2015); EUTM Mali (2013–2014).

The Artemis operation is considered successful, *'a military operation of a new type in Africa'* while R. Kuźniar calls it *'lightning-fast and bold (...), a fully successful operation, whose scale, speed and efficiency surprised observers and politicians in Washington'*.[58] At the same time, the role and importance of the EU's civil and military missions should not be overestimated. They are *ad hoc* operations and they only support UN forces or forces of regional organisations (e.g. African Union) and subregional organisations (e.g. ECOWAS).

At the turn of the century, the EU was also involved in the support of preventive diplomacy and improving Africa's capability to conduct peacekeeping operations.[59]

The authorities in Brussels believe the African Union (AU) to be the main organisation in terms of peace, stability and safety in Africa. Its role in EU policies was shown by the appointment of the EU Special Representative for the AU by the Council on 6 December 2007 (K. Vervaeke; on 1 November 2011 the role was taken over by Gary Quince). In June 2002, the European Union allocated

[58] R. Kuźniar, *Europejska Strategia Bezpieczeństwa* (*European Security Strategy*), "Polska w Europie" no. 2/2004, p. 14.

[59] G.R. Olsen, *Promoting Democracy, Preventing Conflict: The European Union and Africa*, "International Politics" no. 3/2002, vol. 39, pp. 311–328.

EUR 10 million for the development and functioning of the Peace and Security Council of the African Union and EUR 2 million for the process of institutionalisation of the AU. In November 2003, the EU allocated EUR 25 million for the development of the AU's first peacekeeping mission – the African Mission in Burundi (AMIB), involving 2700 soldiers from South Africa, Ethiopia and Mozambique. Since 2004, the EU has been systematically supporting the AU and other subregional organisations in Africa through the African Peace Facility (APF). During the AU mission in Sudan under the code name AMIS, from spring 2004 to 31 December 2007, the EU contribution was over EUR 305 million (through the APF), while for the AU mission in the Comoros in 2006 and 2008 (AMISEC) the EU contributed EUR 8.5 million through the APF.

The European Union also stresses the role of the other subregional structures in Africa. It supports their structures and institutions financially and politically; it backed the ECOWAS actions in Liberia, Sierra Leone and Guinea Bissau, IGAD in Somalia and Sudan and SADC in the DRC and Burundi. The most recent activities supported by the EU are: the African Union Mission in Somalia (AMISOM),[60] the Mission for Consolidation of Peace in the Central African Republic (MICOPAX) and its successor, the UA mission – African-led International Support Mission in the Central African Republic (AFISM-CAR, Fr. MICSA),[61] as well as the AFISMA mission in Mali in 2013.[62]

One of the most important tools in shaping the African prevention and collective security system is the African Peace Facility, established under the decision of the ACP–EU Council of Ministers of 11 December 2003, in force since

[60] The EU is one of the biggest donors to the AMISOM, mandated by the UN Security Council, which was launched in January 2007 to create the necessary conditions for reconstruction, reconciliation and the sustainable development of Somalia. From 2007 to the end of 2013, the total committed APF contribution to AMISOM amounted to over EUR 560 million. *New EU support to continue improving security in Somalia*, Press Release, Brussels, 19 March 2013, IP/13/241; *African Peace Facility. Annual Report 2012*, European Commission, Brussels 2013, p. 19.

[61] From 12 July 2008, the MICOPAX was the responsibility of the Economic Community of Central African States (ECCAS). It succeeded the FOMUC operation established on 25 October 2002. Since 1 November 2004, the peace support operations in the CAR have been financed from the African Peace Facility to an amount of almost EUR 102 million. The transfer of authority between MICOPAX and the AFISM-CAR took place on 19 December 2013. The EU financial support for AFISM-CAR comes from the APF and amounts to EUR 75 million (as of 31 January 2014) *African Peace Facility. Annual Report 2012...*, op.cit., pp. 21–23.

[62] The African-led International Support Mission to Mali (AFISMA) is an Economic Community of West African States (ECOWAS) organized military mission sent to support the government of Mali against Islamist rebels. The mission was launched in early January 2013. In accordance with the United Nations Security Council Resolution 2100 (April 2013), on 1 July 2013 AFISMA transferred its authority to the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). The EU's financial support (EUR 50 million) for AFISMA came from the African Peace Facility. *The EU confirms its pledge of € 50 million to support an African-led peace operation (AFISMA)*, Press Release, Brussels, 29 January 2013, SPEECH/13/70.

2004. Through this instrument, the EU supports the AU and other African regional organisations in finding 'African solutions to African problems'. From the moment of establishing the APF until mid-2013, the EU has committed more than EUR 1.1 billion to it.[63] APF is part of the European Development Fund.

In the context of risk management, the EU uses the Instrument for Stability (IfS), established in November 2006 (in force since 1 January 2007). It is one of the key European Union instruments for external assistance. The IfS had a budget of EUR 2062 million for 2007–2013 in current prices. In the new financial perspective 2014–2020, the allocation for the Instrument contributing to Stability and Peace (IfSP) is EUR 2339 million in current prices (2075.1 million in 2011 prices). It has been re-named from its earlier title Instrument for Stability and streamlined to better contribute to a comprehensive EU approach to conflict prevention and peace-building, crisis response and security threats.[64] Funds not subject to programming are allocated to responding to conflicts and crises around the world. The programmable funds concentrate on capacity building: early warning systems, conflict prevention, crisis preparedness and peace building and on tackling global and transregional threats to international peace and security. Although the IfS does not focus solely on African problems, in the period 2007–2013 around one-third of the IfS funds went to Africa – to the DRC, the Central African Republic, Chad, Somalia and Mali, among others.

The EU perceives the cooperation of African countries on the regional level as one of the methods for improving security in Africa. According to M.W. Solarz, *'the African peacekeeping forces and regional security institutions may ultimately become an effective way for the Western countries to withdraw from direct participation in African civil wars. At the same time, a more indirect participation of the EU in Africa will let it retain influence on the continent, minimising own costs'*.[65]

Countries of Sub-Saharan Africa as emerging markets: challenges and opportunities

Since the first decade of the 21st century, African countries have been experiencing a stable and systematic economic growth (the average growth in 2002–2008 was 5.6 per cent).[66] Despite many unsolved development problems, Africa

[63] *Key facts on the Joint Africa-EU Strategy*, Press Release, Brussels, 23 April 2013, MEMO/13/367; *African Peace Facility. Annual Report 2012...*, op.cit., pp. 6–14.

[64] *Multiannual Financial Framework (2014–2020) – List of programmes*, Council of the European Union, 8288/13, Brussels, 9 April 2013, http://register.consilium.europa.eu/pdf/en/13/st08/st08288.en13.pdf (last visited 10.07.2013); http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0566+0+DOC+XML+V0//EN (last visited 14.12.2013).

[65] M.W. Solarz, *Francja wobec Afryki subsaharyjskiej. Pozimnowojenne wyzwania i odpowiedzi* (*France's Policy towards Sub-Saharan Africa. Post-Cold War Challenges and Answers*), Warszawa 2004, p. 291.

[66] *African Economic Outlook 2011. Africa and its Emerging Partners,* African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), Paris 2011, p. 21.

is becoming an attractive partner in global economy, especially the Sub-Saharan part – according to the IMF, the average growth in this part of the world in 2004–2008 was 6.4 per cent;[67] after a decline to 2.8 per cent in 2009, the region has again been showing high economic growth. The Sub-Saharan region's economic outlook shows its healthy resilience to internal (Arab Spring) and external shocks (global economic crisis) and its role as a growth pole in global economy.[68] The growing importance of Africa in international economic relations is confirmed by data and analyses of the World Bank, the IMF, annual reports of the African Economic Outlook (AEO) and the UN Economic Commission for Africa (UNECA) and the Ernst&Young report.[69] According to the African Economic Outlook 2013, the economic growth in Africa in 2012 was 6.6 per cent – 5.2 per cent for Sub-Saharan Africa and as much as 9.5 per cent for the northern part of the continent.[70] The report also predicts that Africa's economy will grow by 4.8 per cent in 2013 and accelerate further to 5.3 per cent in 2014. For Sub-Saharan Africa the following figures are expected: in 2013 – 5.4 per cent, in 2014 – 5.8 per cent. For North Africa:[71] in 2013 – 3.9 per cent, in 2014 – 4.3 per cent.[72]

In the last 15 years, Africa's global trade has increased. According to the UNCTAD report, lately *'African merchandise trade has been rising faster than those of the developed and developing economies'*.[73] The level of African merchandise trade (exports and imports) with the world rose from USD 251 billion in 1996 to USD 1 151 billion in 2011. In 2011, exports and imports for Africa totalled USD 582 billion and 569 billion respectively. Despite its fast growth in merchandise trade, Africa accounts for only about 3 per cent of world trade.

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[67] *Regional Economic Outlook. Sub-Saharan Africa. Building Momentum in a Multi-Speed World*, International Monetary Fund, Washington 2013, p. 2; *World Economic Outlook 2013*..., op.cit., pp. 67–69.

[68] *African Economic Outlook 2012. Promoting Youth Employment. Pocket Edition*, African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), Paris 2012, pp. 11, 16; *Regional Economic Outlook. Sub-Saharan Africa. Building*..., op.cit., p. 2;

[69] *Ernst & Young's attractiveness surveys. Africa 2013. Getting down to business*, 2013.

[70] In 2012, Africa's growth was mainly due to the rebound of oil production in Libya. Excluding Libya, Africa's growth was 4.2 per cent in 2012. *African Economic Outlook 2013. Structural Transformation and Natural Resources. Pocket Edition*, African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), Paris 2013, pp. 7, 10.

[71] In the statistical data quoted in the African Economic Outlook (AEO), North Africa is considered to consist of: Algeria, Egypt, Libya, Mauritania, Morocco, and Tunisia. The report of 2012 and 2013 takes into account 53 of 54 African countries, excluding Somalia.

[72] The data is based on the assumption that the situation in North Africa will stabilise. According to the AEO of 2013: *'Two years after the revolutions in Tunisia, Egypt and Libya, political stability in the region remains elusive and social tensions linger on'*, which is proved, for example, by the events of June/July 2013 in Egypt. *African Economic Outlook 2013*..., op.cit., p. 9.

[73] *Economic Development in Africa Report 2013. Intra-African Trade: Unlocking Private Sector Dynamism*, United Nations Conference on Trade And Development, New York and Geneva 2013, pp. 8–10.

However, economists highlight the dynamics of trade and Africa's significant potential in this respect (for example, the dynamically developing middle class).[74]

Africa is also exhibiting a substantial FDI growth. According to the African Economic Outlook, in 2001 the FDI in Africa was USD 20 billion in current prices, and it rose to USD 50 billion in 2012.[75] It is estimated that in 2013 the FDI level will be similar to that of 2008 – around USD 57 billion.[76] Although Africa enjoys only around 3.7 per cent of all global FDI inflows, the annual UNCTAD report of 2013 calls Africa *'a bright spot for FDI'*.[77] The Sub-Saharan region is particularly attractive to investors. The FDI inflows to Sub-Saharan Africa increased from around USD 27 billion in 2007 to USD 38.5 billion in 2012.[78] It is worth stressing that not so long ago, in 2006, over 50 per cent of all FDI inflows to Africa went to North Africa, and since 2007 a gradual change of the trend to Sub-Saharan Africa has been observed. According to the authors of the report titled *Africa–Europe on the Global Chessboard: The New Opening*: *'Sub-Saharan Africa now offers the greatest overall investment potential of all frontier markets, beating East and South Asia, Eastern Europe, and Latin America'*.[79]

This dynamism of the African economy determines the trade relations with the EU as well. From 2004, the value of the EU's trade in goods with Africa rose substantially, but the economic crisis abruptly ended this trend. Since 2010, we have been again observing an increase in trade. In 2011, it reached the record value of EUR 285.7 billion (export – 136.2; import – 149.5).[80] Estimations for 2012 indicate another record in mutual trade – EUR 336 billion, of which 173 billion was achieved by the 48 ACP countries (South Sudan was not yet taken into account) and EUR 163 billion by the 5 countries of North Africa.[81] To illustrate the

[74] *African Economic Outlook 2012...*, op.cit., p. 12; *Economic Report on Africa 2013. Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation*, United Nations Economic Commission for Africa, Addis Ababa 2013, p. 47.

[75] In 2012, the recipients of the highest FDI inflows in Africa were: Nigeria (ca. USD 7 billion), Mozambique (over USD 5 billion), South Africa (USD 4.6 billion), the DRC and Ghana (over USD 3 billion). *The World Investment Report 2013: Global Value Chains: Investment and Trade for Development*, United Nations Conference on Trade and Development, New York and Geneva 2013, pp. 39–41.

[76] *African Economic Outlook 2013...*, op.cit., p. 12

[77] *The World Investment Report 2013...*, op.cit., pp. XVI, 38.

[78] The WIR defines North Africa as: Algeria, Egypt, Libya, Morocco, Sudan, and Tunisia. *The World Investment Report 2013...*, op.cit., pp. 39–40, 213.

[79] *Africa-Europe on the Global Chessboard: The New Opening*, Central and Eastern Europe Development Institute (CEED Institute), Warsaw 2013, p. 28.

[80] *International trade and foreign direct investment. 2013 edition*, Eurostat, Luxembourg 2013, p. 13.

[81] Eurostat defines North African countries as: Algeria, Egypt, Libya, Morocco, and Tunisia. *ACP. EU bilateral rrade and trade with the world*, DG Trade. Statistics, 23 May 2013, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113340.pdf (last visited 10.07.2013); *African ACP Countries. EU bilateral trade and trade with the world*, DG Trade. Statistics, 23 May 2013, http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147192.pdf (last visited

difference, in 2000 the trade volume was EUR 151.4 billion, and in the peak period before the 2008 crisis – EUR 277.1 billion.[82] The five North African countries and South Africa and Nigeria are the key African partners of the EU. They generate around EUR 250 billion of the trade volume with the EU. In terms of EU-27 imports, the main African partners in 2012, were Nigeria, Libya and Algeria (each of them generates 1.8 per cent of total extra EU-27 imports), followed by South Africa (1.1). South Africa led the ranking of EU-27 exports to Africa (1.6 per cent of total extra EU-27 exports), and was followed by Algeria (1.2), Morocco (1.0), Egypt (0.9), Nigeria and Tunisia (0.7).[83] Most of the trade with Africa is generated by several EU Member States. They are, in the order of trade volume: France, Italy, Germany, Spain, the Netherlands, the United Kingdom, and Belgium.[84] Machinery and vehicles accounted for 40 per cent of EU-27 exports to Africa, while energy made up nearly 60 per cent of EU-27 imports. At the detailed level, the main EU-27 exports included petrol, medicine and cereals, while the main imports from Africa included oil, gas and diamonds.[85] In Africa, the main destinations for outward stocks of EU-27 FDI are South Africa, followed by Nigeria (before the beginning of the Arab Spring Egypt was the third largest recipient of European FDI).[86] South Africa remained among the top ten partners for outward stocks of the EU-27 FDI. France and the UK accounted for most of the total EU FDI in Africa and a vast majority (over 50 per cent) of FDI inflows to Africa is of European origin.[87]

African countries also influence the economic relations between the EU and the ACP countries. In 2012, the volume of trade with the ACP reached EUR 185.84 billion, of which approximately EUR 173 billion (ca. 90 per cent) was generated by the African members of the ACP. The top ten ACP trading partners are African countries. South Africa, Nigeria and, to a lesser extent, Angola account for more than 60 per cent of the total EU-27 trade in goods with the ACP countries.[88] Due to the essentially African character of the ACP group, the trade structure of the EU–ACP exchange is identical to the trade structure of Africa in

10.07.2013); *Caribbean ACP Countries. EU bilateral trade...*, op.cit.; *Pacific ACP Countries. EU bilateral trade and trade with the world*, DG Trade. Statistics, 23 May 2013, http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147359.pdf (last visited 10.07.2013).

[82] *EU-Africa Summit. Revival of EU-27 trade in goods with Africa in the first nine months of 2010. Africa accounts for 9 per cent of EU-27 trade*, Eurostat Newsrelease, 26 November 2010, STAT/10/178.

[83] *ACP. EU bilateral trade...*, op.cit.

[84] Por. *EU-Africa Summit. Revival...*, op.cit.

[85] *The European Union and the African Union. A statistical portrait. 2012 Edition*, Eurostat, Luxembourg 2012, p. 14.

[86] *International trade and foreign direct investment...*, op.cit., p. 68.

[87] *EU-27 and Africa: selected indicators, comparisons and trends – 2009–2010*, Statistics in focus 19/2012, Eurostat.

[88] *ACP. EU bilateral trade...*, op.cit.; por.: *EU–27 trade in goods with ACP countries: a continued small trade surplus in 2010*, Statistics in focus 20/2011, Eurostat.

general. However, we should also stress the increased role and importance of the United Kingdom. It has the highest share in trade with the ACP (in particular with North Africa) among the EU members, next to France and Germany.[89]

As regards trade relations, we can observe the following trends:

1) The EU is already Africa's biggest trading partner, accounting for about 35 per cent of imports and exports (in goods). The United States was overtaken by China in 2009 as Africa's major trading partner, both these countries, however, remain behind the level of trade volumes with the EU total.[90] If we count only the Sub-Saharan countries, Europe's share in their trade is around 25 per cent on average (China – 14 per cent, US – 12 per cent).[91]
2) At the same time, we should emphasise the increasing diversification of African trade. Back in the 1960s and for a long time afterwards, the Community's share was 2/3, but today the role of China and countries of the South is growing. One of the reports has a very convincing and much-telling chapter title: *'Europe is taking a nap, while others are waking up'*.[92] On the other hand, according to the OECD, the members of this organisation still dominate African trade and continue growing, although less rapidly than the other emerging partners.[93] Africa's trade volumes with its emerging partners have doubled in nominal value over the decade. According to the AEO of 2013: *'the emerging economies are steadily eating into the lion's share of the African export market held by Europe and the United States'*.[94] The emerging economies took 8 per cent of Africa's exports in 2000. This had mushroomed to 22 per cent in 2011. The European Union and the United States saw their share of Africa's exports fall – from 47 per cent in 2000 to 33per cent in 2011 in the case of Europe and from 17 per cent to 10 per cent for the United States. China increased its share of African exports from 3.2 per cent in 2000 to 13 per cent in 2011; India from 2.8 to 6 per cent; Brazil from 2 to 3 per cent.[95] The EU's share in Africa's imports in 2011 was around 34 per cent, as compared to around 42 per cent in 2001. The American share remains at around 8–10 per cent. Imports from China rose three-fold from 3 to 10 per cent and that from India doubled from 1 to 2 per

[89] *Trade between EU and West Africa, 2000–2010*, Statistics in focus 5/2012, Eurostat.

[90] *Lamy urges EU to forge closer trade ties with Africa*, 23 May 2013, http://www.euractiv.com/development-policy/lamy-urges-eu-forge-closer-trade-news-519961 (last visited 10.07.2013); http://www.oecd-ilibrary.org/sites/factbook-2011-en/04/01/05/index.html?itemId=/content/chapter/factbook-2011-37-en (last visited 11.07.2013).

[91] *Africa-Europe on the Global Chessboard...*, op.cit., p. 46.

[92] Ibidem, pp. 38, 45.

[93]http://www.oecd-ilibrary.org/sites/factbook-2011en/04/01/05/index.html?itemId=/content/chapter/factbook-2011-37-en (last visited 11.07.2013); por.: *The Economic Development in Africa Report 2010. South-South Cooperation: Africa and the New Form of Development Partnership*, United Nations Conference on Trade and Development, New York and Geneva 2010.

[94] *African Economic Outlook 2013...*, op.cit., p. 14.

[95] Ibidem, p. 14.

cent.[96] Africa's bilateral trade with China almost doubled over the last years, from USD 91 billion in 2009 to USD 166 billion in 2011. In 2012, China's trade with Africa hit USD 220 billion.[97]

3) In terms of foreign direct investment (FDI), the European Union and the United States still dominate FDI to African countries, accounting for about 60 per cent of FDI flows – 41 per cent and over 20 per cent respectively. However, the share of non-OECD countries has risen. In this context, the BRICS countries are becoming significant investors in Africa – in 2010 the share of BRICS in FDI inward stock to Africa reached 14 per cent and their share in inflows reached 25 per cent. As the UNCTAD special report puts it: *'This trend is likely to be reinforced in the future'*.[98] In 2011, four of the BRICS countries – South Africa, China, India, and the Russian Federation – have grown to rank among the top investing countries in Africa on FDI stock and flows.[99] Among the BRICS countries, China is particularly active, with 1/3 BRICS FDI in Africa. In 2011, Chinese FDI inflows to Africa reached over USD 3.2 billion. By the end of 2011, Chinese investment stock in Africa exceeded USD 16 billion.[100]
4) From the European perspective, Africa accounted for around 1/8 of EU-27 value of imports and exports in 2011 (approx. 12–13 per cent).[101] This amount was generated mainly by North African countries, South Africa and Nigeria. Taking into account only the African ACP countries, they had a relatively small share (just 5 per cent) of total extra EU-27 trade in goods.

Despite the declarations adopted by the EU in its economic relations with Africa, we should stress that there are challenges and problems which essentially affect the trade between Europe and Africa.

For Sub-Saharan countries, the sale of their agricultural products in EU markets remains an important question, which the Cotonou Agreement failed to solve. This would require reducing export subsidies and eliminating barriers to imports in EU countries. In Africa, agriculture generates the most jobs, while in the EU it is the most protected sector. Over half of EU budgetary funds are spent on

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[96] *Report on International and Intra-African Trade*, UN Economic Commission for Africa (UNECA), Addis Ababa, Ethiopia, 7 September 2012, E/ECA/CTRCI/8/3, p. 12; *Economic Report on Africa 2013. Making...*, op.cit., p. 48.

[97] R. Emmott, *Europe holds out hope of Africa trade deals by 2014*, Reuters, 27 September 2012, http://www.reuters.com/article/2012/09/27/ozatp-eu-africa-trade-idAFJOE88Q02C20120927 (last visited 29.06.2013); K. Ighobor, *China in the heart of Africa. Opportunities and pitfalls in a rapidly expanding relationship*, Africa Renewal, January 2013, http://www.un.org/africarenewal/magazine/january-2013/china-heart-africa (last visited 11.07.2013).

[98] *The Rise of BRICS FDI and Africa,* Global Investment Trends Monitor. Special Edition, United Nations Conference on Trade and Development, 25 March 2013, p. 6.

[99] Top 6 investors in Africa in 2011 a) on FDI flows are: France, United States, Malaysia, China, India, Germany; b) on FDI stock are: France, United States, United Kingdom, Malaysia, South Africa, China. Ibidem, p. 7; cf. also: *The World Investment Report 2013...*, op.cit., p. 40.

[100] *The Rise of BRICS FDI...*, op.cit., pp. 7–8.

[101] *The European Union and the African Union. A statistical...*, op.cit., p. 14.

agriculture. The World Bank estimates that subsidies in developed countries cause an annual decrease of the GDP of the South by ca. USD 32 billion.

The Cotonou Agreement provides for Economic Partnership Agreements (EPAs) that will set up an entirely new framework for trade and investment flows between the EU and the contracting ACP states. They were essentially meant to be free trade agreements, in accordance with the aims of the EU, helping developing countries fully integrate with the global economy. The EPAs negotiations were commenced in Brussels in September 2002.[102] Under the Cotonou Agreement, the ACP states which would fail to negotiate an EPA by 2007 would lose the preferences given to them by the Lomé conventions and would only remain the beneficiaries of the GSP system.[103] Only fifteen Caribbean countries which are parties to the ACP–EC Cotonou Partnership Agreement (Cuba is not a party to the Agreement) signed a comprehensive EU–CARIFORUM Economic Partnership Agreement. They conclude the EPA in December 2007, and the next one was signed in October 2008 (Haiti signed it on 11 December 2009) and approved by the EP in March 2009. The other regional groups did not decide to conclude comprehensive EPAs. As a temporary solution, the EU initiated the conclusion of Interim Economic Partnership Agreements, concerning, for example, trade exchange. The interim agreements were signed with 21 ACP countries.[104] As a result, the 36 ACP countries that managed to negotiate comprehensive or interim EPAs by the end of 2007 are covered by the duty/quota free access system to the European market, in accordance with the Market Access Regulation (MAR) adopted by the Council on 20 December 2007.[105] The ACP countries that failed to conclude the EPAs and that are not beneficiaries of the 'Everything But Arms' arrangement (EBA),[106] have been exporting to the EU market under the GSP rules since 1 January 2008.

[102] The first phase included problems and issues characteristic of the entire ACP group. The second one concerned issues specific for the individual regional groups within the ACP. The ACP EPA group divided themselves into seven regions: five in Africa, one in the Caribbean (CARIFORUM group) and one in the Pacific. The African ones are: Eastern African Community (EAC), Eastern and Southern Africa (ESA), West Africa, Central Africa, Southern African Development Community (SADC).

[103] The EU's Generalised System of Preferences (GSP) allows developing country exporters to pay lower duties on their exports to the EU. The current GSP will terminate at the end of 2013. The new system will be put in place in January 2014. http://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/index_en.htm (last visited 12.07. 2013).

[104] *EU's first Economic Partnership Agreement with an African region goes live*, Press Release, Brussels, 14 May 2012; *European Parliament backs EU's first Economic Partnership Agreement with Africa,* Brussels, 17 January 2013, http://trade.ec.europa.eu/doclib/press/index.cfm?id=863; *Overview of EPA*, European Commission, 5 July 2013, http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf (last visited 12.07.2013).

[105] http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_785_en.htm (last visited 12.07.2013).

[106] 'Everything But Arms' arrangement (EBA) was set up in 2001 to give all LDCs full duty free and quota-free access to the EU for all their exports with the exception of arms and armaments. There are currently 49 beneficiaries under this arrangement (October 2013). *Everything But Arms (EBA) – Who benefits?*, http://trade.ec.europa.eu/doclib/docs/2013/april/tradoc_150983.pdf (last visited 12.07.2013).

On 30 September 2011, the European Commission adopted a proposal amending the MAR. It provides that unless one of the countries covered by it ratifies and implements the EPAs by January 2014, they will lose the duty/quota free access of their goods to the European market. In the end, the European Parliament agreed on 17 April 2013 to extend the deadline by nine months until 1 October 2014. So far, 15 African countries, one Caribbean and one Pacific country have concluded negotiations with the EU but have not ratified their respective agreements (only Madagascar, Mauritius, the Seychelles, and Zimbabwe managed to fulfil this condition). The 17 countries are Botswana, Burundi, Cameroon, the Comoros, Fiji, Ghana, Haiti, Ivory Coast, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Swaziland, Tanzania, Uganda and Zambia.[107] The impact of being removed from the Market Access Regulation would be different for each country. Nine of them – Burundi, Comoros, Haiti, Lesotho, Mozambique, Rwanda, Tanzania, Uganda and Zambia – are LDCs. These countries can benefit from the European Union's 'Everything But Arms' (EBA) scheme. Six are low income or lower middle income countries (Cameroon, Fiji, Ghana, Ivory Coast, Kenya, and Swaziland) that could benefit from the Generalised System of Preferences regime, meaning that their main exports will be taxed when entering the European market. Botswana and Namibia are upper middle income countries and, under the new EU's Generalised System of Preferences which will apply from 2014, they would no longer qualify for the GSP. They will therefore revert to the higher, normal level of tariffs on their exports to the EU. According to the estimates for Namibia, this means an average of 19.5 per cent duties on its exports (almost EUR 60 million, as the EU is Namibia's main export market outside Southern Africa and accounts for about 30 per cent of Namibia's exports).[108]

Since the beginning, the EPAs have given rise to many doubts. The question is, whether the countries of Sub-Saharan Africa that decide to sign the agreements and fulfil the conditions required by the EU will be sufficiently prepared for the strong global competition. African countries have to be ready for huge costs of restructuring and modernising many sectors of their economies. Another question that comes to mind is whether they can afford this. African countries fear these processes. They stress that they lack funds for creating new industries in the place of the liquidated ones[109] and that partners should be

[107] *Extended access to EU markets for ACP exporters*, 25 April 2013, http://brussels.cta.int/index.php?option=com_k2&view=item&id=7668:extended-access-to-eu-markets-for-acp-exporters (last visited 12.07.2013).

[108] *EU wants to force ACP countries to sign EPAs*, http://www.aefjn.org/index.php/352/articles/european-commission-wants-to-force-acp-countries-to-sign-epas.html (last visited 12.07. 2013).

[109] African countries quote the example of liberalisation of the textile industry, as a result of which 8 factories in Lesotho have been closed since May 2004, with 12 thousand workers generating 20 per cent of the country's textile goods; in Namibia, 1600 workers were laid off in 2005. M. Meyn, *The Impact of EU Free Trade Agreements on Economic Development and Regional Integration in Southern Africa. The Example of EU-SACU Trade Relations*, Frankfurt am Main 2006, p. 204.

equal in developing economic development strategies.[110] As bilateral agreements between the EU and individual countries of the region, the EPAs may indeed help liberalise trade between the North and the South, but at the same time may lead to the neglect of economic cooperation between non-European states (South–South).[111]

South Africa – the most important partner in Africa

South Africa (SA) is one of the most important countries at the African continent. It is the only African member of the G-20 and the BRICS; in 2011–2012 it was a non-permanent member of the UN Security Council; it is also one of the most important trade and political partners of the EU in Africa (in economic terms, in 2012, it was the second trade partner after Algeria and the first one in Sub-Saharan Africa).

A strong relationship has evolved between the European Union and South Africa since 1994, when South Africa held its first universal elections in 1994. Both parties signed the Trade, Development and Cooperation Agreement (TDCA) in 1999, which constitutes the legal basis for the overall relations between SA and the EU. The significance of South Africa for the EU was consolidated with the establishment of a Strategic Partnership in 2007. Since 2008, EU–South Africa summits are held annually (first in Bordeaux in 2008; the most recent, 6th summit, was held in Pretoria, on 18 July 2013). In addition, 2012 marks the fifteenth anniversary of the entry into force of the EU–South Africa agreement on science and technology[112].

The EU is the most important trading partner of South Africa and South Africa's main destination for exports, with a share of 17.6 per cent of the total country's exports in 2012. The EU is also the main source of South Africa's imports, with a share of 24.4 per cent of the total country's imports in 2012[113]. South Africa's exports to the EU are growing and the composition of these exports is becoming more diverse. The EU is the largest importer of manufactured goods

[110] *European Union Trade Politics and Development. 'Everything but Arms' unravelled*, G. Faber, J. Orbie (eds.), London–New York 2007; D. Kohnert, *EU-Africa Economic Relations: Continuing Dominance, Traded for Aid?*, "MPRA Paper" no. 9434/2008, p. 16.

[111] Intra-African trade, which remains very low – representing 11.3 per cent of African trade with the world – is still a problem, compared with the share of intra-European trade is more than 70 per cent, while shares of intra-Asian and intra-North American trade are around 50 per cent, and the share of intra-South American trade is above 25 per cent. *Economic Development in Africa Report 2013...*, op.cit., pp. 2, 11–13.

[112] South Africa was the fifth most active third country partner in FP7 (EU Research framework programme 2007–2013), after Russia, the US, China and India. *EU strategic partnership with South Africa*, Press Release, Brussels, 17 September 2012, MEMO/12/677.

[113] It should be stressed, however, that the EU share in South Africa's foreign trade has fallen, as compared to 2010. At the same time, the importance of the countries of the South, i.e. the emerging markets, in South Africa's trade policy, has been rising. Ibidem; *EU-South Africa relations*, Press Release, Brussels, 16 July 2013, MEMO/13/686.

from South Africa. In contrast, South Africa's exports to BRIC countries are mostly dominated by raw materials[114].

Since 2004, total trade between South African and the EU has increased by 128 per cent. After the decline in EU-27 trade in goods with South Africa observed in 2009, both exports and imports recovered in 2010–2012. EU–South Africa trade in goods represented EUR 47.1 billion in 2012, topping the pre-crisis totals of 2008. EU–South Africa trade in services amounted to EUR 11.6 billion in 2011. South Africa was the EU's 17th largest trading partner (in goods) in 2012 (Algeria was 13th)[115].

Among the EU-27 Member States, Germany was the largest exporter of goods to South Africa in 2012 (33 per cent of EU-27 exports), followed by the United Kingdom (16 per cent), the Netherlands (9 per cent) and France (7 per cent). The United Kingdom was the largest importer of goods (36 per cent of EU-27 imports), followed by Germany (20 per cent), the Netherlands (11 per cent) and Belgium (9 per cent)[116].

Bilateral foreign direct investment has grown five-fold since 2004, with the EU providing over three quarters of foreign direct investment inflow to South Africa. However, EU-27 foreign direct investments in South Africa stood at EUR 1.5 billion in 2011, compared with EUR 7.1 billion in 2010 and EUR 10.8 billion in 2009[117]. This abrupt fall was caused mainly by the global crisis, the problems in the euro area, as well as South Africa's internal problems (e.g. economic slowdown as compared to other emerging African economies, and growing social problems – as shown by miners' strikes in 2012/2013). It seems, however, that in the next years South Africa will return to the levels from former years.

The EU is by far the most important donor in South Africa. Together, the EU and its member countries provide roughly 70 per cent of all external assistance funds (not only development assistance) given to South Africa – which accounts for 1.3 per cent of its budget and 0.3 per cent of South African GDP. EU's development cooperation with South Africa is financed from the EU budget (EU's Development Cooperation Instrument). The EU's annual financial commitments in the framework of development cooperation to South Africa have averaged EUR 125 million since 1995. The sum allocated for 2007–2013 was EUR 980 million. In 2014–2020 the EU intends to focus its development funding on the world's poorest countries, so the EU institutions are currently debating whether upper middle-income countries like South Africa should

[114] *EU–South Africa relations*, op.cit.

[115] *EU-South Africa Summit. EU27 surplus in international trade in goods with South Africa up to 6 billion euro in 2012*, Eurostat Newsrelease, STAT/13/108; 15/07/2013; *South Africa. EU bilateral trade and trade with the world*, DG Trade. Statistics, 5 July 2013, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113447.pdf (last visited 14.07.2013).

[116] *EU – South Africa Summit. EU27 surplus...*, op.cit.

[117] Ibidem.

continue to receive funding after 2013. A decision is expected before the end of 2013.

Towards an actual partnership between EU and Sub-Saharan Africa?

In the recent years, Sub-Saharan Africa has been exhibiting a considerable dynamism of growth and economic change. That Africa is not only a region of poverty, but much rather of a huge potential and economic opportunities, is proven by the headlines of newspapers and magazines. *The Economist* of 13 May 2000 titled its front page 'The hopeless continent' referring to Africa, while the issue of 3 December 2011 was already titled 'Africa rising'. At the same time, Africa is becoming an increasingly important political partner, who aspires to having real influence on the shape of the contemporary world. On the other hand, weakened by the economic crisis, the EU is trying to find a new political and economic identity, and Africa, with its huge and largely unused potential, seems the perfect strategic partner for Europe.

In the early years of the second decade of the 21st century, the relations between the European Union and Sub-Saharan Africa have been increasingly intensive. The crowning achievement was the conclusion of the Strategic Partnership in 2007. It seems however, that the most important developments are yet to come. The coming years will show whether the Strategic Partnership is honest and essential to the shaping of the mutual relations, or just a couple of pages with little actual meaning and value for either party. We could say that after a period of institutionalisation of the relations between the EU and Africa (The Cotonou Agreement, EU–Africa summits), now the time has come for actual implementation of the provisions, promises and decisions.

The European Union and Africa face many challenges and tasks – ranging from economic ones (the issue of agricultural subsidies, future EPA agreements, promotion of African commodities in European markets, European products in the African markets in the context of the Chinese expansion), to political (stabilisation, consolidating state institutions, the issue of terrorism) and global (fulfilment of development goals after 2015, climate negotiations, a new distribution of power in the economic order after 2008).

One of the analyses mentioned before defined the challenges facing the EU and Africa in the following words: *'As Chinese, Indian, Brazilian and US interest in Africa grows, both Africans and Europeans need to rethink their relationship that has for so long been taken for granted (...). As both sides prepare for the next summit between the leaders of the two continents in early 2014, the intercontinental relationship clearly needs an overhaul. A new vision is also needed as the end of the Cotonou Agreement approaches in 2020'*.[118]

[118] *EU-Africa relations: what's in store...*, op.cit.

Conlusions

Nowadays, we are witnessing the development of a new international order. Although its precise framework and characteristics have not yet been specified, it is still certain that it will differ considerably from what we had in the last two decades. Even now we can see a significant fall of the Western domination in world economy in relation to selected emerging markets – as evidenced by their ever greater share in global trade, investments, production, and GDP. Consequently, the West is 'fading' and the emerging markets are becoming ever stronger (especially in economic terms). The world is becoming multipolar. Western domination is no longer self-evident. A historical process is taking place of transition to a new multipolar structure of international relations, in which the economic potentials will probably be distributed more evenly between several centres, with no clear domination of the West (the EU and the USA). This was already pointed out by Zbigniew Brzeziński in *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* and later restated in his latest book *Strategic Vision: America and the Crisis of Global Power*. The thesis is also confirmed by analytical and strategic centres based in the USA.[119] In this context, it seems highly justified that the EU is developing and consolidating relations with non-European developing countries, particularly China, India and selected countries of Latin America and Sub-Saharan Africa.

These regions exhibit a considerable economic growth and have a huge potential (although we also have to note that they are facing serious problems and challenges). They differ from the others not only in that they have a higher growth rate, but mainly in that most of these countries are developing along non-Euro-Atlantic paths. It would seem that the European slowdown will be accompanied by a further growth of emerging economies. Furthermore, next to China and India, the political significance of which has already considerably grown in the last two decades, other countries of the South, such as Brazil, South Africa or Nigeria, will be playing a greater role as well.

The changes which have been taking place in the world make it necessary to search for new principles and forms of legal, political and economic relations between the European Union and the countries of the South.

In the early 21st century, the relations between the European Union and the countries of the South are characterised by complexity and a multi-layered structure, as well as considerable intensification, which is a consequence of the processes of globalisation and internationalisation of contemporary international relations.

[119] *Study Predicts Future for U.S. as No. 2 Economy, but Energy Independent*, http://www.nytimes.com/2012/12/11/world/china-to-be-no-1-economy-before-2030-study-says.html?_r=0 (last visited 29.06.2013).

At the same time, the dynamism and scale of changes in global politics and economy require that a broader field of cooperation between the EU and the South be delimited. Thus, Europe faces not only the challenge of developing the vision of what Europe is to be in a decade, but also the challenges of effectively using the mechanisms available under the EU's external policy and of optimising the action strategy towards new emerging markets. This strategy should put more emphasis on the multidimensional nature of the future actions and take into account the dynamically changing international environment. The goal of the actions undertaken by the EU and the countries of the South in the form of summits, meetings, documents, etc., is facing up to these challenges and the problems they entail. Only the future, however, will show whether the interests of the regions converge and coincide. This will largely depend on the good will of the partners, especially the EU. The EU's relations with the world, including Asia, Latin America and Sub-Saharan Africa, should involve greater determination of Brussels and the internal problems of the EU may not directly influence the EU's external relations.

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Kamil Zajączkowski

European Union's Development Assistance – Framework, Priorities and Directions

Introduction

Development assistance is one of the key areas of the European Union's external relations. Since their establishment, the European Communities/European Union have been supporting the development of many regions of the world – initially Africa, the Caribbean and the Pacific, and later all the developing countries. As the provider of the largest assistance in the world, financing more than 50 per cent of global Official Development Assistance (ODA), the European Union and its Member States confirm their long-term dedication to combating poverty, which is the main objective of the European development policy. Furthermore, the EU as a whole, that is the European Commission and the Member States, is the largest single provider of humanitarian aid in the world and accounts for almost half the total financial outlays on this aid.

The significance of the development policy has increased under the Treaty of Lisbon. At the same time, development assistance is an important element through which the EU is expanding on its role as an active entity in the international arena. A characteristic feature of the EU is that it plays the role of a so called civilian power, as it interacts with the international environment principally through economic, financial and political instruments, and not military ones.[1] One of them is development assistance, which belongs to the economic instruments of foreign policy[2] and constitutes the so called *soft power*

[1] Cf.: D. Milczarek, *The International Role of the European Union As a "Civilian Power"*, "The Polish Foreign Affairs Digest" no. 4/2003.

[2] O. Stokke notes that: '*The aid policy is part of the foreign policy of a donor country*'. O. Stokke, *The Changing International and Conceptual Environments of Development Co-operation* in: *Perspectives on European Development Co-operation. Policy and performance of individual donor countries and the EU*, P. Hoebink, O. Stokke (eds.), London-New York 2005, pp. 33, 53.

of the EU.[3] It would be unjustified to claim that EU development assistance is functioning independently of any political and economic goals and that it is only driven by motives related to the desire to mitigate the dissonance resulting from the existence of poverty and underdevelopment. G.R. Olsen notes that *'it is increasingly inappropriate to see the aid policy of the European Union in isolation from its other external activities'*.[4] He stresses that especially after the end of the Cold War, we have been discovering numerous evidence supporting the thesis that development assistance is an integral component of the political and economic relations between the EU and the developing countries. Consequently, instruments of development assistance used by the EU are one of the elements defining its external actions and one of the main factors shaping its position in the world. As P. Hoebink and O. Stokke note, especially after the establishment of the common foreign policy under the Treaty of Maastricht, the political significance of development assistance has been increasing.[5] Other EU documents prove this as well (e.g. the Conclusions of the EU summit in Seville of June 2002 or Article 58 of the European Consensus on Development) and point to the important role of development assistance as an important instrument in the totality of EU foreign policy.[6]

The aim of this paper is to present the principles, goals and mechanisms of providing development assistance by the EU. It characterises the main instruments and areas of EU humanitarian and development assistance.

Development assistance and humanitarian aid – definitions

By development assistance we understand the transfer of goods and services with good prices and financial resources in the form of long-term loans with lower interest than those offered in the private capital market,[7] debt reliefs, providing technical assistance through free or partially paid provision of technology and management techniques, financing training programmes, granting scholarships. Development assistance is a manifestation of international solidarity, the willingness to equalise civilisational opportunities, and to improve international security. It implies unilateral actions of the donors aimed at changing the situation of the beneficiaries.

[3] J. Nye, *Bound to Lead: The Changing Nature of American Power*, New York 1990; R. Morgan, *High Politics, Low Politics. Towards a Foreign Policy for Western Europe*, London 1973; S. Ostry, *Governments and Corporations in a Shrinking World. Trade and Innovation Policies in the United States, Europe and Japan*, London–New York 1990, pp. 17–52.

[4] G.R. Olsen, *The European Union's Development Policy: Shifting Priorities in a Rapidly Changing World* in: P. Hoebink, O. Stokke (eds.), *Perspectives...*, op.cit., p. 573.

[5] P. Hoebink, O. Stokke, *Introduction: European Development Co-operation at the Beginning of a New Millenium* in: P. Hoebink, O. Stokke (eds.), *Perspectives...*, op.cit., p. 18.

[6] G.R. Olsen, *The European Union's Development Policy...*, op.cit., p. 602.

[7] R. Cassen et al., *Does Aid Work? Report to an Intergovernmental Task Force*, Oxford 1986, p. 2.

Development assistance and foreign aid are not identical notions. In the formal sense, it is assumed that development assistance is a subcategory of foreign aid. It is associated with specific objectives in the form of actions aimed at socio-economic development in countries receiving the assistance. Foreign aid, in turn, is a broader category, comprising actions which exceed supporting development in the classical meaning or play a protecting role in relation to development. This term is relatively frequently used in the Anglo-Saxon countries.[8]

For statistical purposes, as well as for a better systematisation, the definition of development assistance devised by the Development Assistance Committee of the OECD (DAC OECD) is commonly applied. In its definition, the Committee complemented the term 'development assistance' with the word 'official' in order to emphasise that what is meant are government transfers.[9] Consequently, in the OECD nomenclature, the aid provided by the donor state is considered Official Development Assistance if and when it meets all three of the following criteria:

- it is provided by official state institutions of the donor country (including local self-government institutions) or by international organisations,[10]
- it supports economic development and serves the improvement of prosperity in developing countries,
- it is concessional in character, which means that it has a grant element of at least 25 per cent of assistance must be non-returnable (calculated against a notional reference rate of 10 per cent per annum).[11]

The DAC compiles a List of ODA Recipients which shows all countries and territories eligible for Official Development Assistance (ODA). The DAC revises the list every three years. Countries that have exceeded the high-income threshold for three consecutive years at the time of the review are removed.[12] It should be noted that development assistance does not only come down to financial aid, but it also includes scientific and technical cooperation, as well as the exchange of experience. Development assistance can be provided directly (bilateral assistance) or indirectly, through international organisations (multilateral assistance).

[8] In practice, however, there is no common agreement in this regard. These terms are often used as and considered synonyms. R.C. Riddell notes that in more than 80 per cent definitions of foreign aid, it is used as a synonym of development assistance. R.C. Riddell, *Does Foreign Aid Really Work?*, Oxford 2007, p. 21; cf.: D. Kopiński, *Pomoc rozwojowa. Teoria i praktyka* (*Development Assistance. Theory and Practice*), Warszawa 2011, p. 14; O. Stokke, *The Changing...*, op.cit., p. 32.

[9] The definition of ODA was established in 1969 and it was made more specific in 1972.

[10] The application of this definition results in omitting the entire sector on non-governmental aid, thus limiting development assistance to a specific part of public aid.

[11] *Is it ODA? – Factsheet*, OECD, November 2008, http://www.oecd.org/dataoecd/21/21/34086975.pdf (last visited 10.04.2013).

[12] The most recent revision of the list by the DAC in line with this review process took place in October 2011. The next one will take place in the second half of 2014, http://www.oecd.org/development/stats/49483614.pdf (last visited 10.04.2013).

In accordance with the current interpretation of the DAC OECD, Official Development Assistance does not include the following expenses:

- on military aid, including the supply of military equipment and military services, remission of loans taken for military purposes, anti-terrorist operations;[13]
- related to peacekeeping actions;
- on trainings of police forces related to performing paramilitary functions, such as combating insurrectionist movements (regular police trainings are qualified as ODA) and on police services provided by donor states in relation to controlling social unrest;
- on implementation of socio-cultural programmes taking the form of one-time events or promoting the donors;
- related to aid provided to refugees, as long as they concern a stay in the donor country no longer than 12 months;
- related to military applications of nuclear power (peaceful application, or the so called civilian purposes, are qualified as ODA);
- on research not directly related to the problems of developing countries.[14]

A notion broader than 'development assistance' is 'development cooperation'. It can be identified as a comprehensive and long-term cooperation aimed at eliminating differences in the level of development between the countries and regions of the world. By definition, development cooperation involves both a developed country and a developing country, and the partners strive for maintaining equality between each other. Consequently, this term implies minimisation or elimination of the asymmetry between the two groups.[15] 'Development policy', in turn, denotes an overall concept of supporting the development of less developed countries and regions, executed through a series of related undertakings. Therefore, it differs from development cooperation, as it is unilateral.[16]

In its documents and on its official websites, the European Union uses all of the aforementioned terms. Through taking this approach, the EU seeks to recon-

[13] Except for the costs related to performing duties and actions under humanitarian aid and development assistance by the donor's armed forces.

[14] *Is it ODA?...*, op.cit.

[15] P. Bagiński, *Polityka współpracy rozwojowej Unii Europejskiej w kontekście polskiej prezydencji w Radzie UE w 2011 roku. Przewodnik dla posłów i senatorów* (*The European Union Development Cooperation Policy in the Context of Polish Presidency in the EU in 2011. A Guide for Members of Parliament and Senators*), Warszawa 2011, p. 18; ibidem, *Europejska polityka rozwojowa. Organizacja pomocy Unii Europejskiej dla krajów rozwijających się* (*European Development Policy. Organisation of EU Aid for Developing Countries*), Warszawa 2009, p. 14; U. Triulzi, P. Montalbano, *Development Cooperation Policy: A Time Inconsistency Approach*, Eldis Document Store 2000, http://www.eldis.org/fulltext/TriulziMont albano.pdf (last visited 20.02.2013), p. 4; J.S. Sewell, *The Changing Definition of Development and Development Cooperation*, http://pdf.usaid.gov/pdf_docs/PCAAA960.pdf (last visited 20.02.2013).

[16] P. Bagiński, *Polityka*..., op.cit., p. 18.

cile its essential arguments with maintaining a certain degree of political correctness. At the same time, the use of the term 'development co-operation policy' by the EU is an attempt to combine all these notions in one.[17]

The term 'humanitarian aid' is used when aid is provided by several types of entities: states, international organisations and individuals provide relief to people suffering from disasters and armed conflicts, often with no intermediary role played by the governments of beneficiary countries. This is direct, short-term aid, provided on an *ad hoc* basis in reply to emergency situations.[18] Its objectives include avoiding depopulation of areas struck by wars and disasters and preventing a further worsening of the situation in a given region and, in consequence, in broader international relations.[19]

In the present chapter, the operative definition is the notion of 'development assistance', complemented with the OECD definition.

Legal and institutional framework of the Community/EU development policy

From Maastricht to Lisbon

Until the adoption of the Maastricht Treaty, Community activity in the area of development aid had no real basis in the Treaty provisions, mainly due to the lack of agreement between the Member States regarding full inclusion of that area into the scope of Community competence. During the negotiations over the Single European Act (SEA), the government of the Netherlands proposed the inclusion of provisions on development policy in the Treaty, claiming that in both the legal and physical sense, the Community measures in this field constitute a separate area of activity, independent of the Common Commercial Policy (CCP). The proposal was not accepted. Without explicit Treaty competence for actions in the field of development cooperation, the Communities were taking measures under the available Treaty legal base in the form of bilateral and multilateral agreements (principally with African countries, and then with the African, Caribbean and Pacific Group of States – ACP group).

One consequence of the Treaty of Maastricht was that development cooperation was singled out as an independent Treaty policy – as stated in Title XVII 'Development cooperation' (Title XX of the amended version of the Treaty Establishing the European Community – TEC). In Article 130u TEU (177 TEC), the following objectives of cooperation in the area of development were defined:

- sustainable social and economic development of the developing countries, and more particularly the most disadvantaged among them;

[17] Ibidem, p. 18.

[18] It is usually assumed that the time frame of humanitarian aid does not exceed one year from the occurrence of the given event.

[19] G. Michałowska, *Pomoc humanitarna dla państw Afryki* (*Humanitarian Aid for Countries of Africa*), "Stosunki Międzynarodowe" no. 1–2/2003, vol. 27, p. 83.

- smooth and gradual integration of the developing countries into the world economy;
- campaign against poverty in the developing countries.[20]

In the Treaty of Amsterdam, the legislative procedure called cooperation procedure, involving the Council and the Parliament and concerning the measures adopted by the Council when fulfilling the goals of development cooperation, was replaced with the so called codecision procedure, regulated by Article 251 TEC. This procedure has remained the applicable legislative procedure until now – Article 294 TFEU.[21]

In the 1990s, on the initiative of the UN and the OECD, the approach to the issue of international development cooperation was revised. The new approach mainly resulted in a series of international conferences held under UN leadership.[22] In addition, in 1996 the OECD came up with the so-called new strategy for development cooperation, known as the partnership strategy.[23] This led to the adoption, in 2000, of the Millennium Declaration and the formulation of the Millennium Development Goals (MDGs).[24] These documents favoured redefinition of the very concept of development (described as human development), according to which economic growth as such was insufficient and it was equally important to take other aspects of human development into account as well, such as health care, provision of food, education and the natural environment.

The changing international environment and the striving after tighter coordination and cooperation between the Member States and the Community institutions were among the key reasons for the decision to adopt a document regulating the EU development cooperation in the mid-2000s. A common position of the

[20] *Traktat ustanawiający Wspólnotę Europejską* (*The Treaty Establishing the European Community*) in: *Polska w Unii Europejskiej. Wybór dokumentów* (*Poland in the European Union. Selected Documents*), J. Barcz, A. Michoński (eds.), Warszawa 2003, pp. 468–469.

[21] The Treaty of Nice has not introduced any changes, neither formal nor material, to the wording of Title XX TEC. For more see: P. Dąbrowska-Kłosińska, *Tytuł III, Współpraca z państwami trzecimi i pomoc humanitarna (komentarz do art. 208-211)* (*Title III, Cooperation with Third Countries and Humanitarian Aid – Comments to Artiles 208–211*) in: *Traktat o funkcjonowaniu Unii Europejskiej. Komentarz* (*Treaty on the Functioning of the European Union. A Commentary*), vol. II, A. Wróbel (ed.), Warszawa 2012, pp. 1465–1466.

[22] During the United Nations Conference on Environment and Development (known as the Earth Summit) in 1992 in Rio de Janeiro, the so-called Rio Declaration was adopted, concerning efforts to be undertaken for sustainable development. In 1994 the UN Secretary-General B. Boutros-Ghali presented a document entitled An Agenda for Development (supplementing the Agenda for Peace published in that same year).

[23] *Shaping the 21st Century: The Contribution of Development Co-operation*, OECD, Paris 1996.

[24] The Millennium Summit committed UN members to achieve the following eight Millennium Development Goals: (1) to eliminate extreme poverty and hunger, (2) to ensure universal education at elementary level, (3) to promote gender equality and social advancement of women, (4) to control children mortality, (5) to improve health care for mothers, (6) to control the dissemination of HIV/AIDS, malaria and other diseases, (7) to use sustainable methods of natural resource management and (8) to create a global partnership for development.

Council, the EP and the Commission titled the European Consensus on Development was approved on 20 December 2005. The Consensus constitutes a programme of implementing the development policy as a part of the EU foreign policy and the external relations of the EU.[25] It is composed of two parts. The first part ('The European Union vision of Development') contains the common values, objectives, principles and commitments of all the participants of the EU aid system. It was assumed that the principal goal of EU development cooperation is elimination of poverty in the context of sustainable development, including the efforts to reach the MDGs. The second part of the Consensus ('The European Community Development Policy') contains provisions concerning the allocation of aid, the priority sectors of Community activity, strengthening the horizontal issues, as well as reforms of the management of development assistance. The importance of the European Consensus on Development is shown by the fact that this document is the first one to define aid activities on the Community level. It is a way to inform the world about the EU's determination to reach the MDGs.

The entry into force of the Treaty of Lisbon (1 December 2009) strengthened development-related issues on the EU level. As regards structural aspects, the Treaty introduced a new Part Five to the TFEU – 'The Union's External Action', which consolidates all the past provisions regulating the external actions, e.g. the CCP, the EU's international agreements, membership in international organisations. The Treaty of Lisbon placed development cooperation within the framework of external actions of the EU. Consequently, development and eliminating poverty will be treated as one of the goals of the EU's international activity, and not only of its development policy.[26] The objective specified in Article 21(2)(d) TEU is of particular importance. It states that while performing its external actions, the EU will *'foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty'*. The only objective specified *expressis verbis* in Article 208(1) TFEU is *'the reduction and, in the long term, the eradication of poverty'*. Apart from this objective, Article 208 TFUE does not lists any separate goals nor does it repeat

[25] Until 2005, the most important document defining EU strategy towards development cooperation was the joint position of the Council and the Commission on the development policy of 10 November 2000. It was the first attempt to approach the Community aid programme strategically and to adjust it to the conditions of international development cooperation at the beginning of the new century. However, according to P. Bagiński, it was purely declarative and did not sufficiently translate into the principles of distributing the aid funds between specific partner countries and fields and into the process of managing Community aid. Furthermore, an important argument for updating this position was the fact that there was no mention of the MDGs adopted two months earlier. Joint statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus', OJ C 46, 24.2.2006; P. Bagiński, *Europejska polityka*..., op.cit., pp. 57–59.

[26] Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, OJ C 326, 26.10.2012.

the content of the TEU. This is surely meant to emphasise the importance of this aim as the overriding principle in the EU development policy.[27]

Towards changes

The entry into force of the Treaty of Lisbon and the decade of implementing the Millennium Development Goals ending in 2010 result in the fact that a discussion was started in the EU on the results of the EU policy regarding global development.

It should be noted that the MDGs virtually determine the EU development policy. In the Communication of 24 June 2008, the EU Council stressed that *'missing the Millennium Development Goals would be a disaster for developing countries, a failure for Europe and a potential threat to global stability'*.[28] In reaction to the global economic crisis and its implications for the developing countries, in May 2009 the EU Council issued Conclusions in which it maintained its millennium commitments.[29]

On 21 April 2010, the European Commissioner for Development, Andris Piebalgs, presented a twelve-point action plan for reducing poverty and reaching the remaining MDGs. During its meeting on 14 June 2010, the Foreign Affairs Council voiced a positive opinion of this plan. It provides for, among others: conducting coordinated aid activity aimed at improving the effectiveness of development assistance, relocating funds to countries which have the most trouble reaching the MDGs, focusing on results in the most important sectors (education, healthcare, food safety).[30]

On 10 November 2010, the European Commission published a Green Paper titled "EU development policy in support of inclusive growth and sustainable development. Increasing the impact of EU development policy". It stressed that progress in reaching the MDGs will not be possible without quicker and more just economic development. *'Aid is not a panacea and is one of several financial flows towards developing countries. It must tackle the roots of poverty rather than its*

[27] M. Broberg, *Something Old, Something New, Something Borrowed, Something Blue – EU Development Cooperation After Lisbon*, http://www.uaces.org/pdf/papers/1102/broberg.pdf (last visited 18.02.2013).

[28] Council of the European Union, "The EU as Global Partner for pro-poor and pro-growth development – EU Agenda for Action on MDGs", Brussels, 24.06.2008, doc. 11096/08, p. 4; http://ec.europa.eu/development/icenter/repository/citizen-summary-DEV-2008-00064-03-02-EN.pdf (last visited 20.04.2013).

[29] Council Conclusions on Supporting developing countries in coping with the crisis, 2943rd External Relations Council Meeting, Brussels, 18.05.2009, doc. 10018/09.

[30] Council Conclusions on the Millennium Development Goals for the United Nations High-Level Plenary meeting in New York and beyond – Supporting the achievement of the Millennium Development Goals by 2015, Brussels, 15.06.2010, doc. 11080/10; Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions, "A twelve-point EU action plan in support of the Millennium Development Goals", Brussels, 21.04.2010, COM (2010) 159 final; *Getting the Millennium Development Goals back on track: a twelve points EU action plan*, Brussels, 21 April 2010, MEMO/10/147.

symptoms, and primarily be a catalyst of developing countries' capacity to generate inclusive growth [...]*'*.[31]

As a consequence of all these events, on 13 October 2011 the Commission issued a Communication concerning a reform of the EU development policy titled "Increasing the impact of EU Development Policy: an Agenda for Change".[32] The document heralds changes in the development policy which are to allow the EU to keep playing the leading role in international cooperation for development until and after 2015. The Agenda for Change holds that *'difficult economic and budgetary times make it even more critical to ensure that aid is spent effectively, delivers the best possible results and is used to leverage further financing for development'*.[33] According to the Agenda for Change, the supreme goal of EU aid and external actions is reducing and eliminating poverty. At the same time, the role of political issues (human rights and democracy) and of providing aid where it is most needed were stressed. In this context, it was pointed out that the EU should particularly support the development of countries neighbouring on the EU and Sub-Saharan Africa.[34]

However, the reform of the development policy does not mean that it will be completely communitarised. The hypothesis that the EU aid policy will be heading towards passing the entirety of competences to the EU level seems incorrect. One has to remember that the EU ODA is mostly provided through bilateral channels, that is directly to the developing countries. Furthermore, it is used by states as one of the elements of their external policy. Therefore, it is rather hard to imagine a situation where the Member States would reduce their powers to the role of donors or executors of EU policy. We should also point out the fact that the EU competence to perform the development policy is shared with the Member States. Article 4(4) TFEU states that: *'In the areas of development cooperation and humanitarian aid, the Union shall have competence to carry out activities and conduct a common policy; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs'*. The wording of in the Treaty determines the special character of this competence.[35] Furthermore, after the Treaty of Lisbon, Article 208(1) TFEU states that *'the Union's development cooperation policy and that of the Member States complement and reinforce each other'*. Thus, the competences of states and of the EU are neither equal nor equivalent and exercising the competence by the EU does not prevent the states from exercising their competence, because the EU's competences regarding

[31] Green Paper, "EU development policy in support of inclusive growth and sustainable development. Increasing the impact of EU development policy", Brussels, 10.11.2010, COM (2010) 629 final, p. 4.

[32] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Increasing the impact of EU Development Policy: an Agenda for Change", Brussels, 13.10.2011, COM (2011) 637 final.

[33] Ibidem, p. 4.

[34] Ibidem, pp. 4–5.

[35] For more see: P. Dąbrowska-Kłosińska, op.cit., p. 1483.

development cooperation are not meant to replace the actions of the Member States, but rather to ensure coexistence of parallel competences, as results from the previously cited Article 4(4) TFEU.[36]

The '4 Cs'

The principles of complementarity,[37] coordination,[38] coherence[39] added to the Treaty of Maastricht and consistency,[40] included in the provisions of the Treaty of Amsterdam, determine the EU development policy. These principles, referred to as the '4 Cs', have become particularly important in the context of reaching the MDGs and the EU's international commitments concerning global development. In the European Consensus, it was considered necessary to improve the procedures and instruments of the development policy on all levels, which gave the political impetus and legitimisation to intensifying the actions concerning the implementation of the '4 Cs'.

In its Conclusions of May 2005, the Council of the EU highlighted twelve thematic areas important from the point of view of coherence of the development policy.[41] They were also listed in the European Consensus (Point 35) and in the Communications of the Commission of October 2005[42] and of September 2009.[43]

[36] Ibidem, p. 1484.

[37] It consists in donor states undertaking actions which bring the greatest added value in relation to what the other Member States are doing.

[38] This is to limit the risk of the EU donors undertaking overlapping actions in developing countries.

[39] Coherence refers to the positive synergy between the development policy of the EU and the Member States and their activity in other fields which can affect the developing countries, such as trade policy, agricultural policy, environment protection policy. It is in this context that the notion of ensuring Policy Coherence for Development (PCD) appears. P. Bagiński, *Spójność polityki na rzecz rozwoju jako element reformy światowego systemu pomocowego* (*Coherence of Policy for Development as an Element of the Reform of the Global Aid System*) in: *Wyzwania międzynarodowej współpracy na rzecz rozwoju* (*Challenges of International Cooperation for Development*), K. Czaplicka (ed.), Warszawa 2008, p. 72; *Policy Coherence: Vital for Global Development*, "OECD Observer" 2003, July, p. 5.

[40] The essence of this principle is the definition of the relation between development policy and the CFSP.

[41] These areas are: trade, the environment, climate change, security, agriculture, fishing, the social dimension of globalisation, employment and decent work, migration, research and innovation, the information society, transportation, energy. Conclusions of the Council and the Representatives of the Governments of the Member States Meeting within the Council, "Millennium Development Goals: EU Contribution to the Review of the MDGs at the UN 2005 High Level Event", Brussels, 24.05.2005, doc. 9266/05, p. 9.

[42] Communication from the Commission to the Council and the European Parliament, "Accelerating progress towards attaining the Millennium Development Goals – Financing for Development and Aid Effectiveness", Brussels, 12.4.2005, COM (2005) 133 final.

[43] Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, "Policy Coherence for Development - Establishing the policy framework for a whole–of–the-Union approach", Brussels, 15.09.2009, COM (2009) 458 final.

Furthermore, the Conclusions of the Council of May 2005 pointed out the need to publish biennial reports concerning the progress in the implementation of coherence in the indicated areas (the first one was published by the Commission in 2007).

In February 2007, the European Commission adopted, and then in May 2007 the Council accepted the document titled "EU Code of Conduct on Complementarity and Division of Labour in Development Policy".[44] In the absence of an internationally recognised definition of complementarity, it is defined as the optimum division of work between various entities in order to better use the human and financial resources. The Code is voluntary and in principle, it is meant to organise the relations between the aid institutions of the individual EU donors.

The provisions of the Treaty of Lisbon stressed the importance of the principles of coherence, complementarity and coordination. Under the provisions of previous Treaties, complementarity was only one-sided – which meant that the Community development policy was complementing the development policies of the individual Member States.[45] After the Treaty of Lisbon, Article 208(1) TFEU states that *'the Union's development cooperation policy and that of the Member States complement and reinforce each other'*. Apart from underlining the equality of the actions undertaken by the EU and by the Member States, this expression should also be understood as a kind of obligation of the EU and the Member States to make sure that their actions under the said policy will be complementary and coherent and that they will not be contradictory or exclude each other.[46] Article 210(1) TFEU states that *'in order to promote the complementarity and efficiency of their action, the Union and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences'*. This provision is chiefly aimed at improving the EU's external coherence.

In his book published in the mid-1990s, reviewing the issue of EU development policy, economics scholar Enzo R. Grilli summed up the European Communities' efforts in this field as follows: *'Despite the progress achieved* (such as Communitarisation of the development policy in the Treaty of Maastricht – note by K.Z.), *genuine Europeisation of development aid is still not in sight. It has not yet become multilateral, and the forms and practice of development aid among the European Community members are far from uniform'*.[47] Although two decades

[44] Conclusions of the Council and of the Representatives of the Governments of the Member States meeting within the Council, "EU Code of Conduct on Complementarity and Division of Labour in Development Policy", Brussels, 15.05.2007, doc. 9558/07.

[45] The Treaty of Maastricht (Article 177 TEC) confirmed the subordinate character of the European Community development policy in relation to the policies of the EU Member States. It was secondary to the programmes of the individual Member States. P. Bagiński, *Europejska*..., op.cit., p. 56

[46] P. Dąbrowska-Kłosińska, op.cit., p. 1484.

[47] E. Grilli, *The European Community and the Developing Countries*, Cambridge 1993, p. 10.

have passed since these observations were made, they well illustrate the present evolutionary stage of EU development policy. Despite the actions undertaken by the EU and its commitments, we should note the existence of the so called '4 Cs' deficit in EU development policy.[48]

Despite appropriate provisions in the treaties, EU Member States are highly sceptical about fostering closer coordination of their development policies. Individual Member States clearly intend to take advantage of their involvement in the European Union's development policy to enhance their political position in relations with developing countries, in particular the 'emerging markets'.

EU Member States differ on matters of aid and its nature (should it be untied or tied), priorities (France allocates considerable sums for science and education, Spain for infrastructure) as well as directions and concepts of development policy. It is also important that coordination of policies within the respective donor countries be ensured at government administration level, true to the saying that 'policy coherence starts at home'.

The practice of recent years has shown that EU development assistance is based on the principle of 27(28)+1, with the European Commission filling up the gaps or outright overlapping the role and initiatives of individual EU Member States. Differences of opinions are also rife within EU institutions themselves. This leads to the disintegration of EU development policy strategy and impairs its effectiveness.

The European Union's declared aspirations to promote the development of the countries of the South and their real policies are incoherent. The functioning of the Common Agricultural Policy is a case in point. The EU subsidises each kilogram of beef sold in Western Africa to the tune of 2 to 4 euro. The economic consequences of doing so are grave for countries such as Niger, Burkina Faso and Mali. At the same time the EU provides these very countries with technical and financial aid to support the local meat market.

Note should also be taken of the lack of coordination and links between the various programmes of combating poverty. Too many aid donors go to the same countries and to the same sectors. Working in Mozambique, for example, are 27 donors helping to combat HIV. It has, therefore, been recommended by the European Commission that EU donating countries reduce the number of active donors by 2010 down to three per sector.[49] Some countries, notably Central African Republic and Somalia, have felt the 'Donor Fatigue Syndrome', that is donors leaving them almost entirely to cater for themselves. Clearly, EU development policy has its 'darlings' and 'orphans'. The particular EU member countries and

[48] P. Bagiński, *Spójność polityki na rzecz rozwoju*..., op.cit., p.72.

[49] The Dutch, in order to improve coordination between various development programmes, reduced the number of priority countries (from over 70 to 20) through the use of three selection criteria: the level of poverty, macroeconomic figures and efficiency of management. *EU Aid: Genuine Leadership or Misleading Figures*, NGO Report, Concord, April 2006, Brussels 2006, p. 23.

bodies commit themselves usually in countries where prospects are auspicious and ignore those which are apparently unpromising.

Non-governmental organisations, as well as the European Commission itself – in a Communication of March 2006 – point out that the European Union and the Member States should not take any funds from the budget of cooperation for development and submit as cooperation for development such initiatives as: remitting debts, expenditure on education related to the stay of foreign students from ACP countries at European universities (in the EU), expenditure related to the settling of refugees in EU Member States. At present, these constitute 1/3 of the EU's development assistance for Africa. An NGO activist described this situation as follows: *'the money is not moving 5000 kilometres from Denmark to Africa, but 500 metres from the Ministry of Foreign Affairs to the Treasury'*.[50]

Although the TEU and EU documents highlight the need for closer cooperation on matters related to the EU development policy, the present situation is far from perfect in this respect. It is not easy to conduct a common (not only by name) development policy with respect to developing countries. Complementarity still remains a political catch-phrase rather than a fact.

The European Union and the problems of development in the international forum

The actions undertaken by the EU to increase the effectiveness of development assistance should be discussed in the context of the High Level Forum on Aid Effectiveness and the documents adopted there: the Rome Declaration on Harmonisation of 2003, the Paris Declaration on Aid Effectiveness of 2005, the Accra Agenda for Action of 2008, and the Busan Partnership for Effective Development Cooperation of 2011.

The principal commitments of the EU and most Member States (except for Hungary and the Baltic countries) were specified in the Paris Declaration, during the 2nd Forum, held between 28 February and 2 March 2005. Donors from the entire world and the recipient countries (91 representatives of governments and 26 largest non-governmental organisations) came to an understanding and adopted the key principles concerning the effectiveness of aid. These are: the developing countries' ownership of the development processes, managing for results, harmonisation, mutual accountability, alignment (including development partnership).[51] The negative evaluation of the implementation of the Paris Declaration was addressed by the EU at the 3rd Forum in Accra on 2–4 September 2008, among others.[52]

[50] Ibidem, p. 7.

[51] Paris Declaration On Aid Effectiveness – Ownership, Harmonisation, Alignment, Results and Mutual Accountability, High Level Forum, Paris, 28 February–2 March 2005.

[52] *Aid Effectiveness 2005–10: Progress in implementing the Paris Declaration*, OECD, Paris, 2011.

The position of the EU at the 4th Forum in Busan was characterised by a comprehensive approach. It stressed the need to undertake actions which would constitute a turning point in the context of increasing the effectiveness of development assistance. It was also emphasised that aid is only one of many instruments which can be the catalyst for development transformations (next to trade, foreign direct investments, etc.).[53] However, the conference in Busan (29 November–1 December 2011) has not brought about any breakthrough decisions regarding development assistance. In the Busan Partnership Agreement the EU managed to emphasise the importance of transparency of aid (harmonisation), the inseparable connection between development and democracy, and the principle of untying aid. In accordance with the position of the EU (and the expectations of the African countries), the Busan Agreement obligates the donors of aid to use the national systems of the beneficiary countries as the basis solution. It also confirms the principles of effective aid included in the Paris Declaration. Furthermore, the important role of the new (non-traditional) donors, including in particular the emerging markets, was also emphasised. However, China and the other countries of the South do not want to make any binding commitments regarding aid.[54] The EU has also failed to fulfil another key objective, namely to adopt global standards of providing aid (opposition of the new donors, especially China). What is more, the framework for an effective role of the private sector in providing aid has not been defined.[55] One of the analyses prepared by the non-governmental organisation Eurodad has a much telling title, very relevant in this context, namely: *Busan Partnership for Effective Development Cooperation: Some progress, no clear commitments, no thanks to the EU*.[56] The analysis points out the fact that in contrast to the previous meetings in which the EU played the role of the leader, at the Forum in Busan the leading role belonged to the emerging economies, especially China. This undoubtedly reflects the changes that are taking place in the international order at the beginning of the second decade of the 21st century. Furthermore, the period in which the decisions of Busan were discussed is a period of crisis in the euro area and of plans to save it. This explains, to some extent, why the EU was representing this particular position at the conference.

The European Union has been systematically confirming its millennium commitments concerning development in the UN, at summits dedicated to this issue. So far, they took place in 2005 (The Global MDGs Summit), in 2008 (UN High

[53] Council Conlusions, "EU Common Position for the Fourth High Level Forum on Aid Effectiveness (Busan, 29 November – 1 December 2011)", 3124th Foreign Affairs Development Council meeting, Brussels, 14 November 2011.

[54] China and the countries considered emerging markets are in favour of provisions defining South–South cooperation as complementary and not as a substitute of North–South cooperation.

[55] P. Kugiel, *Skuteczność pomocy w międzynarodowej współpracy rozwojowej po Forum w Pusan* (*Effectiveness of Aid in International Development Cooperation after the Forum in Busan*), "Biuletyn PISM" no. 2(867)/2012.

[56] B. Ellmers, *Busan Partnership for Effective Development Cooperation: Some progress, no clear commitments, no thanks to the EU*, Eurodad, 7 December 2011.

Level Event on the Millennium Development Goals), in 2010 (UN High Level Summit on the Millennium Development Goals), and in 2013.

At the summit in 2008, the President of the Commission declared not only *'more aid'*, but also *'more effective aid'*.[57] The effectiveness of aid and the progress in reaching the development goals were issues discussed at the next UN summit concerning the MDGs in 2010. A few days before the summit, the President of the Commission said that there was no reason for self-satisfaction and that the EU had to gear up to reach the development goals within five years.[58] The EU declared that it would, among others, publish a list of priority countries in terms of needs concerning the reaching of the MDGs.[59] Between 15 June 2012 and 15 September 2012, the Commission conducted a public consultation titled "Towards a Post-2015 Development Framework". They constituted one of the forms of the EU's preparations for the UN summit in 2013 concerning the MDGs, as well as global development in the post-MDGs period. This was also the aim of two European Reports on Development titled: *Development in a Changing World: Elements for a Post-2015 Global Agenda*, published in May 2012 and *Post-2015: Global Action for an Inclusive and Sustainable Future*, published in April 2013.[60] The Reports present the main development challenges for the next 15 years and are an attempt to answer the question how the EU can contribute to limiting poverty. In 2012, the UN secretary General Ban Ki-Moon established the High Level Panel on post-2015 development agenda (composed of 27 members) – in which Commissioner Piebalgs was involved.[61] The results of work of this panel were published in the report presented at the end of May 2013. The report points out main goals: to eradicate poverty within a generation and ensure a sustainable development for all by 2030. It also recommends that a new Global Partnership be established, which should include all players – governments at all levels, the private sector, civil society and citizens.[62]

[57] *José Manuel Durão Barroso President of the European Commission Address to the Opening Session of the United Nations High Level Event on Millennium Development Goals New York, 25 September 2008*, Press Release, Brussels, 25 September 2010, SPEECH/08/462.

[58] *President Barroso at the UN High Level Summit on Millennium Development Goals to push for a global commitment and shared responsibility in the fight against poverty*, Press Release, Brussels, 16 September 2010, IP/10/1137.

[59] Council Conclusions on the Millennium Development Goals for the United Nations High-Level Plenary meeting..., op.cit.

[60] *Commission welcomes new report on Post-2015 Development priorities*, Press Release, Brussels, 9 April 2013, IP/13/308.

[61] The Panel is co-chaired by David Cameron, UK Prime Minister, Ellen Johnson Sirleaf, President of Liberia, and Susilo Bambang Yudhoyono, President of Indonesia. The first meeting of the Panel was held in September 2012 during the United Nations General Assembly. *Commissioner Piebalgs appointed as a member of the High level Panel on post-2015 development agenda*, Press Release, Brussels, 31 July 2012, IP/12/875.

[62] *EU Commissioner Piebalgs commends an „ambitious and inspiring" final report of the UN High Level Panel on the post-2015 development agenda*, Press Release, Brussels, 31 May 2013, MEMO/13/477; http://www.post2015hlp.org/featured/high-level-panel-releases-recommendations-for-worlds-next-development-agenda/ (last visited 31.05.2013).

In autumn 2013, a UN General Assembly special event took stock of the efforts made towards achieving the MDGs, discuss ways to accelerate progress before 2015, and start exchanging on what could follow after that date. At the same time, at the Rio+20 Conference in June 2012, the international community agreed to step up action on key sustainability challenges and started the process for the formulation of Sustainable Development Goals (SDGs), which will replace the MDGs. A report on SDGs is due to be presented to the UN General Assembly by September 2014. The Communication "A Decent Life for All: Ending poverty and giving the world a sustainable future", presented in February 2013 by the European Commission, calls for these two processes to converge as soon as possible and be integrated into a single framework after 2015.[63]

The positions of the EU prepared for the UN summits and the Forum have the nature of political declarations and confirm the commitments and actions already taken by the EU. First of all, they are to show the EU as a global donor and one of the most important players in the field of international development cooperation.

EU development assistance – volume, trends and scope

The EU and its Member States collectively are the world largest donor, providing more than half of Official Development Assistance. While attempting an analysis of the numerical data illustrating the extent and scope of EU development assistance, we should take into account several important premises:

- The value of Official Development Assistance granted by the Development Assistance Committee of the OECD (DAC OECD) takes into account the assistance provided by members of the Committee. This paper presents data as of the end of 2012, and thus takes into account the assistance provided by the 15 countries of the 'old' EU which at that time were members of the Committee in this regard. In mid-2013, the number of EU countries being members of DAC OECD increased.[64]
- The data of the DAC OECD and the EU concerning development assistance of the Member States (EU-15 or EU-27(28)) does not take into

[63] *EU to take leading role in global fight against poverty and strive for sustainable development*, Press Release, Brussels, 27 February 2013, IP/13/166; Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Decent Life for All: Ending poverty and giving the world a sustainable future", Brussels, 27.2.2013, COM (2013) 92 final.

[64] The DAC OECD is currently composed of 28 members: Australia, Austria, Belgium, Canada, Czech Republic (joined May 2013) Denmark, Finland, France, Greece, Germany, Iceland (joined March 2013), Ireland, Italy, Japan, Slovak Republic (joined September 2013), South Korea, Luxembourg, the Netherlands, New Zealand, Norway, Poland (joined October 2013), Portugal, Spain, Sweden, Switzerland, the United Kingdom, the USA, the European Commission (since 1961).

account the aid provided by EU institutions which takes the form of funds from the national budgets of the Member States, as they are already counted into the development assistance of the individual Member States as multilateral aid.

- Using the term 'EU institutions', both the DAC OECD data and the EU data mainly refer to the European Commission as an executive body. Pursuant to the Treaties, it fulfils specific coordinative functions regarding development cooperation. At the same time, the European Commission is a unique institution in the context of the international community of donors. On the one hand, it performs the role of a multilateral organisation (it collects funds from the Member States), and on the other hand, it is a donor of development assistance (it provides funds to other multilateral organisations). Although in many cases the EC is treated as a bilateral donor of aid, the DAC OECD classifies the Commission's aid as multilateral aid.[65]
- The EU presents its data in Euro values, while the DAC OECD uses US dollars (USD).[66]
- To present the results of development assistance, the EU uses values in nominal terms (in current prices). The DAC OECD presents data both in nominal and in real terms (in constant prices), but it calculates changes only in constant prices, taking into account exchange rates.

The Official Development Assistance (ODA) of the DAC OECD members counted in current prices amounted to USD 133.7 billion in 2011 and USD 125.6 billion in 2012. This constitutes, respectively, 0.31 per cent and 0.29 per cent of the GNI of the members of the DAC OECD. Again in current prices, the 'old' EU-15 provided total assistance of USD 72.08 billion in 2011 and USD 63.7 billion in 2012.[67] The new EU Member States, which are not members of the DAC OECD, allocated more than USD 1 billion to this goal. In total, the entire European Union (i.e. the 27 Member States and the European Commission) spent USD 70.8 billion (EUR 53.5 billion) on Official Development Assistance in 2010,

[65] For more see: R.C. Riddell, op.cit., p. 77.

[66] As a result, when the value of the euro increases in relation to the dollar the same amount in euro converted into dollars will be higher. This was the case between 2010 and 2011. The DAC OECD data in USD in current prices showed an increase of ODA in the EU-27 countries (from USD 70.8 to 73.4 billion), while according to EU data, conveyed in euros, it showed a decrease (from EUR 53.5 to 52.8 billion). This difference, resulting from the exchange rate, affects both the general statistics and the statistics of individual Member States. *Publication of preliminary data on Official Development Assistance, 2011*, Press Release, Brussels, 4 April 2012, MEMO/12/243; *'In times of crisis, the EU must not forget the poorest in the world', says Commissioner Piebalgs. EU confirms its position as the world's largest aid donor in 2011*, Press Release, Brussels, 4 April 2012, IP/12/348.

[67] *Aid to poor countries slips further as governments tighten budgets*, OECD, 3 April 2013; *Statistics on resource flows to developing countries*, Table 1 – DAC Members' Net Official Development Assistance in 2011, OECD, (updated on 20 December 2012).

USD 73.4 billion (i.e. EUR 52.8 billion) in 2011, and USD 65 billion (EUR 50.5 billion) in 2012.[68]

The data for the years 2010–2012 showed that with the global economic crisis the ODA is falling. In 2011, there was a visible decrease of ODA of the DAC members in real values – in comparison to 2010 of 2.3 per cent. This is also true of the 'old' EU-15. In real values, their assistance fell by 3.1 per cent.[69] Development aid of the DAC members fell by 4 per cent in real terms in 2012 compared to 2011. Since the peak year 2010 the ODA has fallen by -6.0% in real terms. The continuing financial crisis and euro zone turmoil has led several governments to tighten their budgets, which has had a direct impact on development aid. In 2012, only four Member States increased (Austria, Latvia, Luxembourg, Poland) and seven maintained their ODA levels, while 16 Member States reduced their effort.[70]

Africa, including Sub-Saharan Africa, is the largest recipient if development assistance provided by the DAC OECD members. In 2011, total development assistance (bilateral and multilateral) for Africa amounted to USD 50.51 billion in current prices, of which a significant majority went to Sub-Saharan Africa (USD 28.90 billion bilateral and USD 16.28 billion multilateral). In comparison, in 2011 Asia received USD 31.36 billion.[71] But the crisis has not entirely spared Africa. In 2012, bilateral aid to Sub-Saharan Africa was USD 26.2 billion, representing a fall of -7.9 per cent in real terms compared to 2011. Aid to the African continent fell by -9.9 per cent to USD 28.9 billion, following exceptional support to some countries in North Africa after the Arab Spring in 2011.

The EU as a whole (i.e. the EC and the Member States) is the largest donor in Africa, providing more than half the general development assistance for this continent. In 2011, official EU development assistance for Africa amounted to EUR 25.3 billion (approx. USD 33.40 billion), which was a significant portion (45 per cent) of total EU development assistance.[72] Similarly as in the case of total

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[68] *Publication of preliminary data on Official Development Assistance, 2012*, Press Release, Brussels, 3 April 2013, MEMO/13/299; *The European Commission calls on Member States to fulfil their commitments towards the world's poorest*, Press Release, Brussels, 3 April 2013, IP/13/299.

[69] In 2011, the greatest reduction in ODA expenditure was recorder by: Spain (–32.7 per cent) and Greece (–39.3 per cent). The ODA expenditure also fell significantly in Austria (–14.3 per cent) and in Belgium (–13.3 per cent). The countries which increased their ODA budgets included: Germany (+5.9 per cent), Sweden (+10.5 per cent) and Italy (+33 per cent). This considerable increase in Italy was determined by subsidies for remission of loans and by the increase of the number of refugees from North Africa. *Aid to developing countries decreases*, OECD, 4 April 2012; *Development Aid at a Glance. Statistics by Region. Africa. 2012 Edition*, OECD, Paris 2012, p. 4.

[70] *Aid to poor...*, op.cit.

[71] *Statistics on resource flows to developing countries*, Table 1 – DAC..., op.cit.

[72] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Improving EU support to developing countries in mobilising Financing for Development", Brussels, 9.7.2012, COM (2012) 366, p. 9.

ODA, a great majority of EU aid provided to Africa goes to the Sub-Saharan region (more than 90 per cent).

The largest donors, by volume, (including aid to Africa) were the United States, the United Kingdom, Germany, France and Japan. For most countries of the EU-15, Africa is a priority target of their bilateral development policy – as proven by the average share of the aid they provide to Africa in their total aid budgets in the years 2008–2010. In this classification, the first place goes to Ireland – 81 per cent of its entire bilateral ODA in 2008–2012 went to Africa – followed by Belgium (77 per cent), Portugal (73 per cent), France (63 per cent), the Netherlands and Denmark (61 per cent each), Luxembourg (55 per cent), Finland (53 per cent), the United Kingdom and Sweden (52 per cent each).[73]

The European Commission, in turn, is the largest donor of multilateral development assistance, including aid to Africa, among international institutions, such as regional banks and UN agencies. In current prices, it provided aid amounting to USD 5.47 billion in 2011 (including USD 4.4 billion to Sub-Saharan Africa). Next to the Commission, the second largest donor of multilateral assistance to Africa is the International Development Association (IDA).[74]

Supporting the fulfilment of the Millennium Development Goals (MDGs), the European Union adopted the commitments agreed upon at the summit of the European Council in Göteborg on 15–16 June 2001 and concerning reaching the UN target for Official Development Assistance at the level of 0.7 per cent GNI by 2015. They were confirmed in the Conclusions of the Council of the EU of 24 May 2005[75] and in the European Consensus on Development (Point 23). At the same time, the EU set the thresholds for the ODA/GNI ratio – taking into account the differences between the old and the new Member States. For each of the old EU countries, the ODA/GNI target was no less than 0.51 per cent in 2010 and 0.7 per cent GNI in 2015. For the countries newly accepted to the EU, due to their lower level of economic development, these values were lower and amounted to 0.17 per cent until 2010 and 0.33 per cent GNI until 2015. Collectively, the EU pledged to reach the target of 0.56 per cent GNI by 2010 and 0.7 per cent GNI by 2015.

In 2012, the share of ODA in the total GNI of all the EU Member States was 0.39 per cent, in 2011 it was 0.42 per cent, and in 2010 it was 0.44 per cent. There are considerable disproportions between the old and the new Member States.

In 2011, the old EU-15 countries were spending a total of 0.44 per cent GNI on development assistance in the world (USA 0.20 per cent, Japan 0.18 per cent). In 2012, the ratio fell to 0.41 per cent. The target level of 0.7 per cent GNI was reached in 2012 by Luxembourg (1 per cent), Sweden (0.99 per cent), Denmark

[73] *1. Key facts about the strategic partnership between EU and Africa/ 2. Key facts about our cooperation with Africa*, Brussels, 25 January 2013, MEMO/13/35.

[74] *Development Aid at a Glance...*, op.cit., p. 6; *Statistics on resource flows to developing countries*, Aid (ODA) disbursements to countries and regions [DAC2a], OECD.

[75] Conclusions of the Council and the Representatives of the Governments of the Member States Meeting within the Council, "Millennium Development Goals: EU Contribution...", op.cit.

(0.84 per cent), and the Netherlands (0.71 per cent). Among the countries of the EU-15, Portugal, Italy, Greece, and Spain spend the least (in relation to their GNI) on development assistance – respectively: 0.27 per cent, 0.13 per cent (in 2011 it was still 0.20 per cent), 0.13 per cent, 0.15 per cent. The considerable decrease in, Spain was caused by the country's difficult economic situation, as in 2010 it provided as much as 0.43 per cent.

Among the new EU members, Malta and Cyprus were the only ones to reach the interim target in 2010, with Cyprus' aid amounting to 0.23 per cent GNI and Malta's to 0.18 per cent GNI. But whereas Malta reached 0.23 per cent GNI in 2012, the development assistance granted by Cyprus in the same year fell to 0.12 per cent.[76]

In the aforementioned Conclusions of the Council of the EU of May 2005 and the European Consensus (Point 23), as well as in the context of the agreements of the G8 summit in Gleneagles in 2005, the European Union committed itself to increase the financial assistance for Africa and to allocate to the assistance for Africa at least 50 per cent of the new funds by which the EU development aid was to be increased by 2010 and by 2015 (as a result of adopting relevant ODA/GNI targets).[77] Since 2005, collective aid to Africa increased by EUR 6.2 billion in constant prices (of 2004), which constituted 28 per cent of the total amount of the increased EU ODA funds in 2004–2011. Among the EU Member States, in 2009 and 2010 only Belgium, Denmark, Finland, Luxembourg and Portugal spent more than half of the additional funds on help to Africa.[78]

The data for 2011 and 2012 show that both the countries of the old EU-15 and the new Member States have problems with reaching the target level of development assistance of 0.7 per cent GNI. The threat of failing to reach the target level seems even more real if one takes into account the fact that the decreases in 2011 and 2012 break the trend and return the EU ODA to the levels below 2008. Even five years before 2015, the European Commission believed that if equal burden sharing was observed in the EU, the goal of 0.7 per cent GNI would still be possible to achieve.[79] At the same time, in its report of 2010, the Commission stressed that a sudden one-time increase of aid to 0.7 per cent GNI in 2015 – only to show that the objective has been achieved – is not a desirable solution, as the idea

[76] *Publication of preliminary data on Official Development Assistance, 2012*, op.cit.

[77] In the Conclusions of the Council of the EU of May 2005, paragraph 22 points to Sub-Saharan Africa. Point 23 of the Consensus mentions Africa. Conclusions of the Council and the Representatives of the Governments of the Member States Meeting within the Council, "Millennium Development Goals: EU Contribution…", op.cit., paragraph 22; *'The European Consensus'*, OJ C 46, op.cit., p. 5.

[78] *Financing for Development – Annual Progress Report 2010. Getting back on track to Reach the EU 2015 target on ODA spending?*, Brussels, 21.4.2010, SEC(2010) 420 final; Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Improving EU support...", op.cit., p. 9.

[79] *Financing for Development – Annual Progress Report 2010. Getting back...*, op.cit.

behind this target is to gradually increase funds and create suitable mechanisms financing development cooperation.[80] In the context of the crisis in the euro area, optimism is dwindling. The European Commission estimated that without additional efforts of the Member States, in 2015 the total EU aid account for 0.45 per cent GNI. In order to reach the target 0.7 per cent ODA/GNI, by 2015 additional funds of approximately EUR 46 billion would have to be mobilised.[81] The decrease of EU development assistance in 2012 was commented rather dramatically by the Development Commissioner Andris Piebalgs who said: *'The EU is still the leading donor, but we are not moving in the direction of reaching our collective target of providing 0.7% of the EU Gross National Income (GNI) for development purposes'*.[82]

Attempting to reach the accepted financial commitments and aware of the challenges related to this, the European Union stresses the need for greater focus on obtaining external funds for development goals, for instance by supporting the tax systems in the developing countries (e.g. combating corruption), increasing the influence of private funds on development and intensification of work on innovative and long-lasting mechanisms of financing development on the global level.

Decision-making and division of competences regarding the provision of EU development assistance

EU development assistance is executed in two ways. It is either granted directly by the individual Member States under bilateral agreements with the recipient countries (bilateral aid, not financed from EU funds) or through the European Commission (to a minimal extent by the EIB) and financed from EU funds. The aid provided directly by the EU Member States constitutes the majority of aid. Consequently, the EU development policy conducted through the European Commission (and the EIB) complements the activity of the Member States in the bilateral dimension (this is true of the countries of the old EU-15; in the case of the new members, the proportion is inversed – the aid provided through the European Commission constitutes a considerable majority of total aid).

The main source of EU development assistance is the EU budget and the European Development Fund (EDF), from which approximately 75 and 20 per cent of all EU funds come. The rest is provided by the European Investment Bank.

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[80] Ibidem.

[81] Council Conclusions, "Annual Report 2012 to the European Council on EU Development Aid Targets", Brussels, 14 May 2012, doc. 9372/12.

[82] *The European Commission calls on EU Member States to fulfil...*, op.cit.

The European Development Fund was established in 1958 under the Implementing Convention annexed to the Treaty establishing the European Economic Community of 1957. Initially, the Fund was an instrument of providing technical and financial aid to the African countries. Presently, it supports the development of countries of the ACP group (except for South Africa) and the Overseas Countries and Territories (OCTs).[83] The European Development Fund does not constitute a part of the general EU budget and is not financed from it. It is subject to separate financial regulations. The EDF's resources come from contributions of the EU Member States and reflect their share in the GNI, as well as their historical relations with the ACP countries.

The EU development assistance for the ACP countries is provided by the EDF in two forms: non-repayable grants (donations), which constitute a vast majority of the aid, and loans under the Investment Facility. The former are administered and managed by the European Commission, while the latter by the European Investment Bank.

The EDF's size and the division of competences between the Member States are negotiated periodically. Each edition of the EDF is established for a period of approximately five years. Since the commencement of the first partnership agreement with the African countries in 1963, the EDF cycles have usually coincided with the cycles of the partnership agreements. Under the 10th EDF, the European Union set a total aid amount for 2008–2013 of EUR 22.7 billion in current prices.

At the meeting of heads of state or government held on 8 February 2013, the decreased total EU budget for 2014–2020 was agreed, under which the amount of EUR 30.5 billion in current prices was allocated to the EDF, that is EUR 26.9 billion in prices of 2011. This was a very considerable decrease compared with the initial proposal of the Commission (EUR 30.3 billion in prices of 2011).[84]

[83] OCTs are territories which have a special relation to one of the following four EU Member States: the United Kingdom, France, the Netherlands, Denmark. They have been associated with the European Community (and then with the EU) since its very beginning. The aim of the association is to support their economic and social development. The British OCTs are: Anguilla, Bermuda, Cayman Islands, Falkland Islands, South Georgia and South Sandwich Islands, Montserrat, Pitcairn, Saint Helena, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands. The French OCTs are: Mayotte, New Caledonia, French Polynesia, St. Pierre and Miquelon, French Southern and Antarctic Territories, Wallis and Futuna Islands. The Dutch OCTs are: Aruba, the territories of the former Netherlands Antilles – Curação, Sint Maarten, Bonaire, Saba and Sint Eustatius. The Danish OCT is Greenland. Since 2012, the new 26th territory subject to the OCTs statute is the French Saint Barthelemy (St. Barth). http://ec.europa.eu/europeaid/where/octs_and_greenland/index_en.htm (last visited 20.04.2013).

[84] Communication from the Commission to the European Parliament and the Council, "Preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014–2020 period (11th European Development Fund)", Brussels, 7.12.2011, COM (2011) 837 final, pp. 10–11.

Table 1. Financing by the European Development Fund

1.	EDF:	1959–1964	
2.	EDF:	1964–1970	(Yaoundé Convention I)
3.	EDF:	1970–1975	(Yaoundé Convention II)
4.	EDF:	1975–1980	(Lomé Convention I)
5.	EDF:	1980–1985	(Lomé Convention II)
6.	EDF:	1985–1990	(Lomé Convention III)
7.	EDF:	1990–1995	(Lomé Convention IV)
8.	EDF:	1995–2000	(Lomé Convention IV and its revision IV a)
9.	EDF:	2000–2007	(Cotonou Agreement)
10.	EDF:	2008–2013	(revised Cotonou Agreement)
11.	EDF:	2014-2020	(revised Cotonou Agreement)

Source: http://europa.eu/legislation_summaries/development/overseas_countries_territories/r12102_en.htm (last visited 20.04.2013).

The 11th edition of the EDF will be the last one remaining outside the general EU budget. From 2021 on, the EDF will be included in the EU budget. In the Commission Communication "A Budget for Europe 2020" it was stressed that in the current circumstances, the proposed inclusion of the EDF in the EU (budgetisation of the EDF) would not be a wise move.[85] The decision-makers were concerned that in the context of the global crisis, reductions of budget expenses could be introduced. The EDF was to be included in the budget from 2021 on, at the end of the 2014–2020 financial framework, and was to coincide with the expiry of the Cotonou Agreement. It was very unusual of the Commission to take such a position, as in the past it always explicitly supported the inclusion of the EDF in the EU budget, which in the Commission's opinion would increase its supervision over the EDF, allow for greater freedom in allocating the funds for aid and improve transparency of the EU expenses.[86]

Article 209(3) TFEU codifies the practice of the EIB's functioning in the system of EU development assistance, which has existed since the first Yaoundé Convention concluded in 1963. Presently, the EIB manages and administers the

[85] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "A Budget for Europe 2020", Part I, Brussels, 29.6.2011, COM (2011) 500 final, p. 24.

[86] Already in 1973, and then in 1979, the European Commission proposed including the EDF in the general budget. In both cases, the proposal was rejected. In the following years, the Commission repeated its recommendations concerning the inclusion of the EDF in the EU budget many times.

Investment Facility and the loans from its own funds. The Investment Facility is a renewable fund, established under the Cotonou Agreement, financed by the EU Member States under the EDF. Its aim is to support investments of enterprises, private or public, conducting business activity, including investments in profit-making economic and technological infrastructure of importance to the private sector. Low-interest loans from the EIB's own funds are, in turn, meant mainly for financing projects in the countries in which the economies are ready to use them properly (another important aspect is the credibility of governments, which have to start repaying the loans at a certain point – although under preferential conditions). They usually concern the energy sector, restructuring of the industry, development of tourism, modernisation of transport. The EIB loans are usually given for a period of less than 25 years. Since 1 November 2011, amended provisions governing the EIB's granting of loans outside the EU have been in force. Their goal is to facilitate the loan procedure and to improve the EIB's ability to react to global challenges, such as climate change or development-related problems. The amended mandate of the EIB provides for closer cooperation of the Bank with the European External Action Service and the European Commission in order to fulfil the objectives of EU policy, including the development policy[87].

Within the framework of the EU budget, we should distinguish the EU external action instruments. In the 2007–2013 financial framework, funds for these instruments were included in section (heading 4) 'EU as a global partner'. The amount of EUR 55.9 billion was allocated to this section, which was 5.7 per cent of the total expenditure from the EU budget. These funds were used not only to finance aid for developing countries, but also for those which apply for membership in the EU, as well as to finance aid offered under the neighbourhood policy.

As a result of the budget reform under the financial framework 2007–2013, in place of the existing 35 external action instruments financed from the EU budget, only nine were left, classified as geographic or thematic. This resulted in the establishment of a simplified system in which one financing instrument replaces a whole series of instruments – so that all actions of the EU can be endorsed on the basis of the same principles and in a simpler decision-making process. Two concerned specific geographical regions, one was both geographic and thematic, while the remaining six were thematic.[88] The 10th instrument, not financed from the EU budget, was the aforementioned EDF.

[87] *EIB and European Commission welcome adoption of new mandate for lending outside the EU*, 13 October 2011, http://www.eib.org/about/press/2011/2011-146-eib-and-european-commission-welcome-adoption-of-new-mandate-for-lending-outside-the-eu.htm (last visited 20.04.2013).

[88] The thematic ones were: European Instrument for Democracy & Human Rights (EIDHR), Instrument for Stability, Instrument for Nuclear Safety Cooperation, humanitarian aid, macroeconomic aid, Instrument for Cooperation with Industrialised and other High-Income Countries and Territories; Development Cooperation Instrument (thematic and geographic); and the geographic ones were: European Neighbourhood and Partnership Instrument, Pre-accession Instrument.

It should be stressed that not all funds provided by the EU through external instruments meet the criteria of Official Development Assistance. Therefore, some of them cannot be considered 'development assistance', but rather a different form of aid. The principal tools for financing development policy by the European Commission in the years 2007–2013 were the EDF, and within the EU budget – the Development Cooperation Instrument (DCI). The instrument for humanitarian aid meets the ODA criteria, but it is meant to focus on *ad hoc* aid and not long-term development goals.

The proposals of the European Commission highlight 9 out of 11 instruments concerning the EU's external relations which are to be accessible in the new financial framework 2014–2020 (including one which would have to be funded outside the EU budget, as it was in the previous framework – the EDF), divided into geographic and thematic instruments. These are:

- Pre-accession Instrument (IPA),
- European Neighbourhood Instrument (ENI),
- Development Cooperation Instrument (DCI),
- Partnership Instrument (PI),
- Instrument for Stability (IfS);the final name of this instrument, approved by the Council, is the Instrument contributing to Stability and Peace (IfSP),
- European Instrument for Democracy & Human Rights (EIDHR),
- Instrument for Nuclear Safety Cooperation,
- Instrument for Greenland,
- European Development Fund.[89]

Although not presented in detail in the Commission's documents, the instruments of humanitarian aid and macroeconomic aid were specified for financing under the EU budget.

In consequence of the political agreement reached at the European Council meeting of 8 February 2013, the form of future instruments was agreed upon and a decision was made on the reduction of funds spent on external actions financed from the EU budget for 2014–2020 (heading 4 – 'Global Europe') – in the end, the amount of EUR 66.2 billion in current prices was set, that is EUR 58.7 billion in the prices of 2011. This implied a great reduction – of more than 15 per cent – in comparison with the initial proposal of the Commission (EUR 70 billion in prices of 2011). The reduction seems rather justified from the point of view of the interests of the individual Member States. Cuts in this particular section seemed inevitable, given the adamant position of the proponents of maintaining the level of expenditure on the CAP and the cohesion policy on the one hand, and of the representatives of countries (particularly Germany and the United Kingdom)

Communication from the Commission to the Council and the European Parliament, "External Actions through Thematic Programmes under the Future Financial Perspectives 2007–2013", Brussels, 3.8.2005, COM (2005) 324 final.

[89] Joint Communication to the European Parliament and the Council, "Global Europe: A New Approach to financing EU external action", Brussels, 7.12.2011, COM (2011) 865 final, pp. 9–12.

Table 2. The EU's multiannual financial framework (MFF) 2014–2020 and 2007–2013 – comparative table (in 2011 prices)

	New MFF 2014–2020	Last MFF 2007–2013	Comparison 2014-2020 and 2007–2013	
Commitment appropriations	EUR million	EUR million	EUR	%
1. Smart and Inclusive Growth	450 763	446 310	+4.5 bn	+1.0
2. Sustainable Growth: Natural Resources	373 179	420 682	−47.5 bn	−11.3
3. Security and Citizenship	15 686	12 366	+3.3 bn	+26.8
4. Global Europe	58 704	56 815	+1.9 bn	+3.3
5. Administration	61 629	57 082	+4.5 bn	+8.0
6. Compensations	27 000	n/a	+0.0027 bn	n/a
Total commitment appropriations	959 988	994 176	–35.2 bn	−3.7
Outside the MFF				
Emergency Aid Reserve	1 960	1 697	+0.3 bn	+15.5
European Globalisation Fund	1 050	3 573	−2.5 bn	−70.6
Solidarity Fund	3 500	7 146	−3.6 bn	−51.0
Flexibility Instrument	3 300	1 429	+1.9 bn	+130.9
European Development Fund	26.984	26 826	+0.2 bn	+0.6
Total Outside	36 794	40 670	−3.9 bn	−9.5
Total MFF + Outside	996 782	1 035 031	−38.2 bn	−3.7

Source: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/139831.pdf (last visited 10.12.2013).

demanding a significant decrease of the EU budget on the other hand. On 2 December 2013 the Council adopted the regulation on the multiannual financial framework (MFF) for 2014–2020 after the European Parliament gave its consent to it on 19 November 2013. The funding confirms the earlier political agreement of the European Council of February 2013.

The most important financial instruments of the development policy executed by the EU under the financial framework 2014–2020 will remain the EDF and the Development Cooperation Instrument (DCI).

As in the previous framework, the DCI comes in two forms – as a geographical and thematic instrument. As a geographical instrument, the DCI still concerns countries other than the ACP, that is Asian countries, Latin American, Middle Eastern, and exceptionally South Africa.[90] At the same time, under the financial framework 2007–2013, the DCI included a programme concerning restructuring of the

[90] At the same time, the number of countries covered by the geographic instrument DCI was reduced, which is to allow for a higher concentration of the DCI in the countries which need it the most. Some of the countries so far covered by the DCI were included in the new Partnership Instrument. This concerns 17 Upper Middle Income Countries – (Argentina, Brazil, Chile, China, Columbia, Costa Rica, Ecuador, Kazakhstan, Iran, Malesia, Maldives, Mexico, Panama, Peru, Thailand, Venezuela and Uruguay) and two Lower Middle Income Countries – the GDP of which exceeds 1 per cent of the global GDP (India, Indonesia). Ibidem, p. 11.

sugar industry in 18 ACP countries and five thematic budget lines, from which actions in the given field could be financed in the developing countries, including the ACP countries. The lines were as follows: investing in people; environment and sustainable management of natural resources; non-state actors and local authorities; food security; migration and asylum. Under the financial framework 2014–2020, the number of thematic budget lines was reduced to two – the first one is the programme 'Global public goods and challenges', which covers such issues as: climate change and the natural environment (no less than 25 per cent of the programme's funds will be allocated to these objectives), energy, social development and social integration (at least 20 per cent of the programme's funds will be allocated to these objectives), food security, sustainable agriculture and migrations. The second thematic programme is titled 'Civil society organisations and local authorities'. Its aim is to strengthen these entities in terms of involvement in the strategies and processes for development.[91] The agreed budget for the new DCI is EUR 19 662 million in current prices (EUR 17 390 million in 2011 prices).

An important event in the relations between the EU and Africa was the establishment of the 'Pan-African programme' under the DCI aimed at supporting the implementation of the Joint Africa–EU Strategy (JAES). The primary aim of the programme is to fund transregional and continental undertakings.

The main body charged with managing the current affairs of the EU programme of development assistance, its programming and implementation, is the European Commission, and within it the DG Development and Cooperation – EuropeAid (DG DEVCO). Article 210(2) TFEU provides for a special role of the EC in the implementation of the development policy, namely the coordination of aid initiatives undertaken by the EU and the Member States. Until the entry into force of the Treaty of Lisbon, there functioned the EuropeAid Cooperation Office (established on 1 January 2001). It was a separate DG of the European Commission. The Office was responsible for all the phases of the cycles of aid operations, i.e. identification, formulation, financing, implementation, and evaluation. With the entry into force of the Treaty of Lisbon, the Office was merged with the DG for Development and Relations with African, Caribbean and Pacific States, of which the new DG Development and Cooperation – EuropeAid (DG DEVCO) – emerged on 3 January 2011. On 15 February 2012, the Scientific Advisory Board for EU Development was appointed at the European Commission. The Board is composed of eight members who are academic authorities in the field of development economy and is to constitute an advisory body providing advice on the future of the EU development policy in the context of post-millennial order. The Board is headed by the Commissioner for Development.[92]

[91] *The Multiannual Financial Framework: The Proposals on External Action Instruments*, Brussels, 7 December 2011, MEMO/11/878; Joint Communication to the European Parliament and the Council, "Global Europe...", op.cit., p. 10.

[92] *Commission joins up with top academics in fight against poverty*, Press Release, Brussels, 15 February 2012, IP/12/136.

The issues of development cooperation have also been included in the scope of activity of the European External Action Service (EEAS), established under the Treaty of Lisbon. The Service will be involved in programming and allocation of funds, among others. Pursuant to the Treaty of Lisbon, the High Representative of the Union for Foreign Affairs and Security Policy will represent the EU externally, will coordinate all its actions, including the development policy, and will chair the meetings of the Foreign Affairs Council.

On January 2012 the working arrangements for cooperation between the EEAS and DEVCO were signed. According to this arrangements, *'under the 11th EDF, the EEAS will be responsible for strategic planning of geographic programming for individual countries and regions. DEVCO will implement these programmes and retain funding control. DEVCO will also be responsible for thematic programming and implementation under the DCI, with the EEAS having oversight. The EEAS will do the planning in agreement with the Commission and DEVCO. Decisions emerging from this process are to be submitted jointly by the Commissioner for Development, Andris Piebalgs and the HR/VP, Catherine Ashton for adoption by the Commission. It is the Commissioner for Development who has the final responsibility in both the thematic and geographic programming'*.[93]

EU humanitarian aid

The European Union as a whole, i.e. the European Commission and the Member States, are the largest provider of humanitarian aid in the world contributing almost half the global funds for this aid. Between 1992 and 2004, the main body coordinating the EU humanitarian aid was the European Community Humanitarian Aid Office (ECHO),[94] which in 2004 was transformed into the Directorate General for Humanitarian Aid (DG ECHO) and in 2010 into the Directorate General for Humanitarian Aid and Civil Protection, which also uses the abbreviation DG ECHO. The new Directorate General additionally supervised civil protection in order to ensure better coordination and capability to react to catastrophes in the EU and beyond. In 2010, Kristalina Georgieva was appointed the first European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response (before that, these issues belonged to the competences of the European Commissioner for Development and Humanitarian Aid).

[93] J. Mosley, A. Soliman, A. Vines, *The EU Strategic Framework for the Horn of Africa: A Critical Assessment of Impacts and Opportunities*, European Parliament, Directorate-General for External Policies of the Union, Policy Department, September 2012, http://www.chathamhouse.org/sites/default/files/public/Research/Africa/0912ep_report.pdf (last visited 18.04.2013); S. Lightfoot, B. Szent-Ivanyi, *The Lisbon Treaty, the External Action Service and Development Policy* in: *Europe in the World. Can EU Foreign Policy Make an Impact?*, A. Hug (ed.), London 2013, pp. 26–29, http://fpc.org.uk/fsblob/1535.pdf (last visited 10.08.2013).

[94] Until the 1990s, the Communities had not been providing any coordinated humanitarian aid. It was dealt with by various departments of the European Commission, depending on the tasks assigned to them.

The main tasks of the EU related to humanitarian aid are set by a regulation of the Council of 20 June 1996.[95] Pursuant to this regulation, the ECHO is responsible for: providing humanitarian aid to victims of conflicts, natural disasters, and catastrophes caused by human activity in third countries; limiting and preventing suffering, as well as guarding justice and dignity of people affected by humanitarian crises.[96]

Acknowledging the increasingly more difficult conditions of conducing humanitarian activities and striving after a more effective and coordinated approach, on 17 December 2007 the European Parliament, the Council and the Commission signed the European Consensus on Humanitarian Aid.[97]

EU humanitarian aid is based on the principles of humanitarianism, neutrality, impartiality, independence, which are the foundation of the European Consensus of Humanitarian Aid. The obligation to observe these principles is also included in the Treaty of Lisbon (Article 214 TFEU).[98]

Under the Treaty of Lisbon, humanitarian aid, next to development aid, is provided in accordance with the principles and objectives of EU external actions. The activities of the Member States and of the European Union concerning humanitarian aid should complement each other. In its Article 214(5), the Treaty of Lisbon has established the European Voluntary Humanitarian Aid Corps. In September 2012, the European Commission presented a plan of developing and establishing the institutional foundations of the Corps. The plan provides for, among others, training of more than 20 thousand volunteers in the period 2014–2020.[99]

The Commission is not executing programmes of humanitarian aid on its own. It is fulfilling its mission to finance the EU humanitarian aid through entities which have signed a Framework Partnership Agreement (FPA), such as intergovernmental and non-governmental organisations (e.g. those acting under the Red Cross) or a Financial and Administrative Framework Agreement (FAFA) in the case of UN agencies. Overall, the European Commission's aid is provided through more than 200 organisations – 14 specialised UN agencies, 191 non-governmental organisations and 3 intergovernmental organisations (International Committee of the Red Cross/Red Crescent, International Federation of the Red Cross/Red Crescent, International Organisation for Migration).

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[95] Humanitarian aid was not explicitly mentioned in the EU Treaties. However, relevant provisions of the Treaties (Article 130 of the Treaty of Maastricht (Article 179 TEC)) allowed for the adoption of the Council Regulation of 20 June 1996.

[96] Council Regulation no. 1257/96 of 20 June 1996 Concerning Humanitarian Aid, OJ L 163, 2.7.1996.

[97] European Consensus on Humanitarian Aid. Adopted by the Council, the European Parliament and the Commission on 18 December 2007, OJ C 25, 30.1.2008; Commission Staff Working Paper, "European Consensus on Humanitarian Aid – Action Plan", Brussels, 29.5.2008, SEC(2008)1991.

[98] Consolidated versions of the Treaty on European Union and the Treaty on the Functioning..., op.cit.

[99] *EU Aid Volunteers: Commission proposes new global humanitarian initiative*, Brussels, Press Release, Brussels, 19 September 2012, IP/12/980.

DG ECHO provides financial aid to victims of conflicts and natural disasters in third countries on the basis of the Global Needs Assessment. The Assessment consists in ordering the third countries according the their general vulnerability (vulnerability index) and taking into account whether they are undergoing a humanitarian crisis (crisis index). Following this methodology, in the strategy for 2013 the Commission selected 68 priority countries/territories, of which 15 were considered 'extremely and very vulnerable' to a humanitarian crisis.[100]

Similarly as in the case of development assistance, the humanitarian aid distributed by the European Commission under the ECHO is complementary to the actions of the EU Member States. The assistance is non-returnable. The main source of ECHO funding is the EU budget. Should the ECHO exceed the funds allocated to it in the budget for the given year, it may use the Commission's Emergency Aid Reserve.

The ECHO budget is being systematically increased and for more than five years has amounted to approximately EUR 1 billion – in 2012, the total amount of ECHO aid was EUR 1334 million in commitments, and was provided in more than 90 non-EU countries and 122 million people. In 2012, the division of funds between the ECHO's partners was as follows: 47 per cent of funds was given to non-governmental organisations, 44 per cent to UN agencies and 9 per cent to international organisations.[101]

According to the geographical criterion, the recipients of aid under the ECHO in 2011 were countries of Sub-Saharan Africa[102] (EUR 681 million – i.e. 51 per cent of the ECHO budget at completion), then Middle East and the Mediterranean region (EUR 265 million – 20 per cent), Asia and Pacific region (EUR 198 million – 15 per cent), as well as the countries of Latin America and the Caribbean (EUR 68 million – 5 per cent).[103]

A comparative analysis of the division of decisions concerning the financing under ECHO in 2003–2013 according to the geographical criterion shows that the relative share of funds for Sub-Saharan Africa is constantly increasing; except for 2005, when the tendency was reversed and when a significant share of funds was allocated to Asia in relation to the two main crises in that part of the world: the tsunami and the earthquake in Kashmir.

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[100] Commission Staff Working Paper, "General Guidelines on Operational Priorities for Humanitarian Aid in 2013", 27.11.2012, SWD(2012) 405 final, p. 6.

[101] Report from the Commission to the European Parliament and the Council, *Annual Report on the European Union's Humanitarian Aid and Civil Protection Policies and their Implementation in 2012*, Brussels, 25.9.2012, COM (2013) 658 final, pp. 2, 12–13.

[102] The statistics use the name Africa, although it refers only to countries to the south of Sahara. Countries of Northern Africa are included in the category of Mediterranean states.

[103] Report from the Commission to the European Parliament and the Council, *Annual Report on the European Union's Humanitarian Aid…*, op.cit; *DG ECHO – Geographical breakdown of commitments 2005-2012. Budget implementation by Region and Country*, http://ec.europa.eu/echo/files/funding/figures/budget_implementation/AnnexIII.pdf (last visted 20.10.2013).

The role of Sub-Saharan Africa in EU humanitarian aid is emphasised by the fact that on 26 December 2005, the anniversary of the tragic events related to the tsunami in South-East Asia, the European Commission decided to assign EUR 167.5 million under humanitarian aid to 10 African countries suffering from various natural disasters. Louis Michel, who was the Commissioner for Development and Humanitarian Aid at that time, noted: *'Today we remember the victims of the tsunami in South East Asia. But millions of vulnerable people in Africa are exposed to natural disasters like droughts, floods and insect infestations as well as armed conflicts* [...] *These are silent tsunamis. Many of these catastrophes do not hit the headlines in the western media but they still lead to great suffering'*.[104]

Africa is also the largest recipient of humanitarian aid provided directly by the EU Member States. In 2011, the value of bilateral assistance for Africa amounted to EUR 708.2 million, while Asia received EUR 231.1 million, the Middle East, Mediterranean, Europe and Caucasus – EUR 233.8 million.[105]

According to the thematic criterion, EU humanitarian aid under the ECHO, including aid provided to Sub-Saharan Africa, focuses on three main issues: food and nutrition; water, sanitation and hygiene (WASH);[106] health and medical aid.

The European Commission is one of the largest donors of humanitarian aid in the form of food. In 2011, the Commission provided EUR 509 million under the ECHO to this aim (through 57 partner organisations from 47 countries). In 2012, the amount was EUR 515 million.[107] In 2011, there was a humanitarian crisis in the Horn of Africa. The combination of high food prices and drought resulted in a sudden drop in the levels of food security and nutrition in the region. In the second half of 2011, the crisis affected more than 13 million people. In response, the Commission allocated more than EUR 181 million for aid. In 2012, the Commission provided aid to the region amounting to EUR 162 million. In total, including bilateral aid provided by the EU Member States, from 2011 to mid-2013 the EU provided humanitarian aid amounting to over EUR 1 billion. These funds were mainly spent on ensuring food security, as well as on medical aid, water, sanitation and hygiene.[108]

[104] *Africa's 'silent tsunamis': Commission adopts humanitarian aid decisions worth €165.7 million*, Press Release, Brussels, 26 December 2005, IP/05/1711.

[105] Commission Staff Working Paper, Accompanying the document, "Report from the Commission to the European Parliament and the Council, Annual Report on the European Union's Humanitarian Aid and Civil Protection Policies and their Implementation in 2011", Brussels, 6.9.2012, SWD(2012) 254 final, p. 72.

[106] *Water, sanitation and hygiene (WASH)*, European Commission, Humanitarian Aid and Civil Protection, 13.03.2012.

[107] *ECHO Factsheet Humanitarian Food Assistance*, European Commission, August 2013.

[108] *ECHO Factsheet Horn of Africa*, European Commission, August 2013; *Joint Statement by Commissioner Kristalina Georgieva and Commissioner Andris Piebalgs on the Horn of Africa, a year after the declaration of famine*, Press Release, Brussels, 20 July 2012, MEMO/12/589; *Disaster resilience in the Horn of Africa to be strengthened further with new aid injection from the European Commission*, Press Release, Brussels, 31 July 2012, IP/12/864.

Another humanitarian challenge to the EU is the situation in the Sahel region. Apart from development assistance (EUR 164.5 million in 2012), the EU actively supports the region with short-term aid. Similarly as the Horn of Africa, the Sahel region suffered in late 2011 a sudden drop in the level of food security and nutrition. This phenomenon was further intensified by the outbreak of the conflict in Mali in January 2012. In total, more than 18 million people were considered under threat of food insecurity in nine countries of West Africa. Under the ECHO, in 2012 the EU provided the Sahel region with EUR 173 million in food aid (in 2011, the amount was more than three times lower, i.e. EUR 56.2 million).[109]

The EU provides funds for food aid mainly through the World Food Programme (WFP). Furthermore, the EU cooperates with the International Red Cross and the European non-governmental organisations in matter related to food aid. On 27 June 2011, the European Commission, as well as the WFP, FAO, and the International Fund for Agricultural Development (IFAD) signed the Statement of Intent on Programmatic Cooperation on Food Security and Nutrition.[110] On 1 August 2012, the European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, Kristalina Georgieva, signed the Food Assistance Convention in the name of the EU. It is an international agreement between 35 countries (27 EU Member States, as well as Argentina, Australia, Canada, Croatia, Japan, Norway, Switzerland and the USA) and the EU concerning the principles of providing humanitarian food aid by the principal donors. The convention entered into force on 1 January 2013,[111] replacing the Food Aid Convention, which was concluded in 1967 and amended in 1999.[112]

An essential part of Community humanitarian aid for Sub-Saharan Africa (approximately 1/3) is medical aid, that is provision of medicines, medicaments, medical equipment, as well as medical personnel.[113]

Furthermore, the Commission is one of the largest providers of humanitarian aid concerning WASH. On average, it allocates between 12 and 15 per cent of the ECHO budget to these issues (in 2011, it was 14 per cent), which in total is approximately 32–46 per cent of the global contribution. In some cases, in relation to individual events/disasters this percentage is higher – due to the special role of ensuring drinking water and sanitary facilities during draughts and floods.[114]

Under the ECHO, two special programmes are executed. The first one concerns the so called 'forgotten crises'. This expression refers to situations in which,

[109] *2012 Sahel Food & Nutrition Crisis: ECHO's response at a glance*, European Commission, February 2013; *Factsheet, The European Union and the Sahel*, Brussels, 16 January 2013.

[110] *ECHO Factsheet Humanitarian Food Assistance*, European Commission, August 2012.

[111] *Statement by EU Commissioner Kristalina Georgieva on the signature of the new Food Assistance Convention*, Press Release, Brussels, 1 August 2012, MEMO/12/614.

[112] http://www.foodassistanceconvention.org; http://www.foodaidconvention.org (last visited 18.07.2013).

[113] http://ec.europa.eu/echo/policies/sectoral/health_en.htm (last visited 18.07.2013).

[114] http://ec.europa.eu/echo/policies/sectoral/wash_en.htm (last visited 23.07.2013); *Water, sanitation and hygiene (WASH)*, op.cit.

after an initial euphoria, donors and mass media pay little attention to the considerable humanitarian needs, which translates into low level of aid.[115] In 2012, the ECHO set itself a goal of spending 15 per cent of its funds on these crises.

The second programme is the Disaster Prevention and Preparedness Programme (DIPECHO). It was established in 1996 (in operation since 1998) and deals with disaster preparedness in regions at risk of natural disasters. Its creators assumed that although many disasters cannot be prevented, one can prepare for them to a certain extent in order to limit their human and material effects.[116] Initially, the main regions of activity were the Caribbean, Central America and South-East Asia, to which South Asia and South America were later added, and in 2003 also Central Asia and South Caucaus. In 2009, under the DIPECHO programme, a new action plan was launched in South-East Africa and the region of the Indian Ocean and the Pacific. In 1998–2011, EUR 255 million was spent on the actions conducted under the programme.[117]

A special role in the execution of humanitarian aid in Africa is played by the humanitarian air service ECHO Flight. This system was established by the European Commission in May 1994. Its goal is to support the humanitarian actions undertaken by various organisations in areas of the Horn of Africa and the African Great Lakes Region which are not easily accessible. Air service operates from Nairobi, Goma and Bunia. In 2012, the Commission spent EUR 10.7 million on maintaining the air service, which transported a total of 19 thousand people.[118]

The subject of the debate on EU humanitarian aid is the issue of developing a suitable strategy of cohesion between short-term humanitarian aid, rebuilding after the humanitarian disaster and long-term development, which is described by the term 'Linking relief, rehabilitation and development' (LRRD).[119] At the EU level, the communications issued in 1996 and 2001 stressed that there is a need to eliminate the so called grey zone which often exists between the actions connected with humanitarian aid and those connected with development assistance. At the same time, it was stressed that there was a close correlation between these policies. In 2007, a list of pilot countries was created in which the LRRD concept was to be implemented. Among the Sub-Saharan countries, the countries listed were Kenia, Liberia, Mauretania, and Uganda.

[115] Every year, the DG ECHO publishes a list of countries and regions considered 'forgotten crises'.

[116] The DIPECHO programme emerged in response to a UN appeal for greater interest in preventing the effects of natural disasters in developing countries, as it is estimated that the countries of the South account for approx. 97 per cent of all casualties of natural disasters.

[117] http://ec.europa.eu/echo/policies/prevention_preparedness/dipecho_en.htm (last visited 18.07.2013); G. Michałowska, *Problemy ochrony praw człowieka w Afryce (Problems with human rights protection in Africa)*, Warszawa 2008, p. 414.

[118] http://ec.europa.eu/echo/aid/sub_saharian/echo-flight_en.htm (last visited 18.07.2013).

[119] The concept of the LRRD is not a new one. Its origins lie in the 1980s, when during a food crisis in Africa, researchers and representatives of humanitarian organisations discovered the existence of a gap (the so called grey zone) between humanitarian aid and development aid.

Conclusions

The determination and consistency with which the EU and its Member States keep declaring that they will reach the millennium financial commitments should be discussed in the context of the EU's striving after maintaining the leading role and position in international development cooperation. It shows the importance of global development in the EU policy, despite the pressure to reduce aid-related expenditure resulting from the economic crisis in the world and in the euro area. At the same time, the European Union actively participates in the debate on the post-2015 framework. The voice and position of the EU in this debate reflect its ambition and aspirations as the provider of more than a half of Official Development Assistance and a global actor who has interests and objectives in the modern world. However, we should also remember that the new architecture of development cooperation will require a compromise, both of the traditional donors, including the EU, and of the new players, that is the emerging markets. The Rio +20 Conference, the Busan Forum and the debates in the UN prove that all parties agree on the main objective – the elimination or, at least, significant reduction of poverty. Nevertheless, the countries of the North, understood as the EU and the USA, and of the South differ in the choice of preferred methods. The position and place of the EU in the post-2015 global system of development assistance depends, to a considerable degree, on the EU's strength and cohesion.

The initiatives taken by the EU are meant to result in better coordination of the actions of the Commission and the Member States, making them more effective, as well as in optimum usage of the limited funds. Europe faces the challenge of devising the target vision of the EU's global development aid. Catherine Ashton said: *'with these new external instruments the EU will also be much better placed to promote its own core values and interests, like human rights, democracy and the rule of law, but also to contribute to fighting poverty, preserving peace and resolving conflicts across the world'*.[120] However, what really matters is not the declarative approval of the new instruments, but their actual implementation in the various fields of EU aid policy. At the same time, the EU should emphasise to a greater extent the multidimensional aspect of its actions and take into account the dynamically changing international reality. The lack of flexibility and progress in implementing the '4 Cs' will have an adverse impact on the position and role of the EU in the global system of development assistance, and it will have negative effects in international relations as well. As it has been already noted in the text, the use of instruments related to development assistance is one of the characteristics of external relations of the EU and one of the fundamental factors shaping its position in the world.

[120] *The Multiannual Financial Framework: The Proposals...*, op.cit.; http://ec.europa.eu/commission_2010-2014/piebalgs/headlines/news/2011/12/20111207_en.htm (last visited 5.07.2013).

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