

## **Enlargement, coherence and development policy**

Pablo Aguiar Molina

The European Union is immersed in a process of change. In the next few years the nowadays fifteen member states will probably be increased to twenty-five or even more states. This will be the most important enlargement of the EU since its foundation as never before such a great number of countries expected to become members.

The first two sections of this chapter will be dedicated to the possible impact of enlargement on developing countries (Section 2) and the consequences for the European Union's development co-operation policy (Section 3). Taking into account the issue studied has not yet happened these two sections will inevitably have an element of conjecture. Only the passage of time will show whether the forecast is right or wrong.

The question of coherence has emerged strongly during the last decade. Since the adoption of the Maastricht Treaty, the first time a multilateral donor included the issue of coherence in its development co-operation policy, many countries have adopted this principle. Regardless of the changes enlargement will bring to the EU's development co-operation policy (DCP) coherence will remain a difficult objective to reach, moreso when the number of member states is increased. The next section will try to assess what is meant by policy coherence, what consequences has for development co-operation policy and what are the commitments of the European Union to this area. Despite the numerous donor's commitments to coherence, the concept, and its use in policy analysis, has rarely been examined. Though the chapter will concentrate mainly on the most visible dimension of policy coherence, that which evaluates the impact of different policies, a brief analysis of the rest of dimensions will be developed. Finally we will consider what are the potential consequences of the enlargement on the coherence of development co-operation policy.

The European Union's DCP is highly regionalised, the diverse groups of countries (ACP, CEECs, NIS, Mediterranean and ALA) receive a different degree of aid

and commercial preferences. Co-operation with the ACP group (Africa, Caribbean and Pacific) is the longest lasting and deepest relation the EU has kept with any group of countries to date. In fact co-operation with ACP is the most important one in qualitative and quantitative terms and has traditionally been considered the model of the Union's DCP. Section five focuses on coherence between development co-operation policy and other EU policies, followed by an analysis of three selected cases from the ACP, (Vanuatu, Senegal and Dominican Republic), each belonging to a different area of this group. The cases analysed will briefly expose different policies that have had a negative impact on the economic and social development of these countries.

Section six will provide a general summary of points and conclusions.

### **Consequences of enlargement on development**

Considering the potential impact of the Eastern enlargement on developing countries there are at least two general observations that should be taken into account. One has to do with trading issues and is certainly positive for developing countries. The other is related to political matters and may not be so welcome by developing world.

On the positive side evidence show that CEECs and most developing countries are not trade competitors. If we take a look at the ten major products the CEECs export to the European Union<sup>1</sup> we observe that none of these products form part of the traditional exports of most developing countries (raw materials, agriculture). If we take into account the three countries under consideration in Section 5 two of the principal products exported to the EU by CEECs<sup>2</sup> form part of their importing basket.<sup>3</sup> Another positive trading consideration is the fact that many of the candidates have no exclusive preferential trading arrangements for developing countries. Whenever enlargement takes place products from Asia, Africa or Latin America will have much better access to CEECs.

On the negative side the CEECs politically have little, or no, relationship with the rest of the developing world. One of the consequences of the Cold War was that these countries only kept political relations with the other countries included in the

Soviet bloc. This detachment presents a serious challenge to the actual relations that the EU maintains almost worldwide with the developing world. Some authors have stated that European foreign investment, trade and even political interest have suddenly turned to Central and Eastern Europe leaving aside traditionally close areas to the EU. This worry is clearly exposed by Hettne "The general trend is that Europe is turning to its internal problems. In fact an attitude of criticism and sometimes open hostility is replacing the traditional liberal development aid philosophy. In the Third World there is a strong feeling of being left out in the cold, as West Europeans are becoming more concerned about their poor cousins of the East, or worried about the repercussions of crises in the internal peripheries of Europe" (Hettne, 1990:192)

However, the reduced trading and political links between Eastern and Western Europe expressed an abnormal situation between neighbouring states, which ended with the fall of the Berlin wall. It is obvious that on relative terms many other countries will probably notice a decrease in economic relations with the EU. However, blaming it on CEECs it is not completely fair. In some way we could say these other countries enjoyed a 45 year period of exceptionally close relationships with Western Europe. These links will not disappear, they are only being resituated thanks to a normalised regional context between Western and Eastern Europe.

### **Enlargement impact on Development Co-operation Policy of the EU**

If we examine the possible consequences of enlargement on EU's development co-operation policy the two previous observations are valid, especially the political one. It is important, though, to analyse other factors that may be influential on that policy. Compared to the last EU enlargement (Austria, Sweden and Finland), the present candidate countries have almost no experience on development co-operation policy (See Table 1). In fact all of them are still receivers of official aid rather than donors<sup>4</sup>. Taking a look at some of the elements explaining the appearance of co-operation policy in Western countries may allow us to understand such absence. European Union member states are industrialised countries with high economic levels, strong and

organised civil societies, past colonial ties with countries in Asia, Africa and Latin America, and a positive attitude to the idea of development co-operation aid. More concretely let us briefly evaluate how CEECs perform on these issues.

First of all, the basic reason why these countries have almost no development co-operation policy is their limited economic capacity. The country of the region with highest GNP per capita is Slovenia, 12.110\$, while the majority of them rank below 10.000\$. Inside the EU the lowest level belongs to Greece with 15.000\$. While this economic gap is important it alone does not explain the fact that these countries lack a development co-operation policy, we will analyse other elements in an attempt to find other explanatory factors.

Most of candidate countries were, up to almost ten years ago, under communist regimes. A distinct trait of these regimes was that civil society could not express itself freely, nor associate. The development of civil society, based on activities of the citizens was suppressed under the control of the totalitarian power. This drawback has important consequences, as in Western Europe civil society is one of the most firm promoters of development co-operation policy. Moreover the strengthening of civil society is a difficult task and can not be expected to achieve on a short-term.

Another factor limiting the development co-operation policy is the view which CEECs societies have of it. As Randla puts it "In the social consciousness of the Eastern- European nations the matter of development co-operation is considered as a result of colonial relations [...] which became a global factor in struggle for power between Western and socialist camp" (1999:12). With the exception of Turkey none of the candidate countries has an expansionist past, as we have pointed out most of them during the Cold War were aligned to the communist bloc influencing negatively the view these countries have of development co-operation policy.

All these factors together, lack of interest for the developing world (except for former Soviet bloc), weak civil societies, a negative assessment of development co-operation, no colonial ties, as well as scarce experience on development co-operation policy will most probably make DCP after enlargement look very different from what it is nowadays.

After the end of the Cold War many analysts raised expectations of, what was named, the peace dividend. As the confrontation between East and West was finished it was hoped that the armaments race maintained by the superpowers would have come to an end, and thus the resources previously dedicated to arms would then be transferred to aid, peace and development. This never happened, the average aid effort of DAC countries was 0,36% in 1988 and has fallen to 0,22% in 2001. Still, the quota of EU aid dedicated to the CEECs has increased enormously in the fifteen years from a 3,3% in 1987 to 11.5% in 1997. Though the main objective of EU aid is the eradication of poverty, the Commission has recently justified this increase to countries that are not in a grave poverty situation by holding that "In addition to the objectives specific to development policy, other factors - such as geopolitics, trade, and global environmental problems - affect the EU's external choices [...] In this context, the EU's objective interests have led it to give priority to the stability and development of neighbouring countries and to aid for countries in crisis in the regions nearest to the EU." (European Commission, 2000:4). Although the peace dividend did not have a positive impact on the developing world the same may not occur whenever candidate countries join the EU. The resources nowadays dedicated to CEECs could be transferred to the rest of countries implying an integration dividend.

Apart from these assumptions and independently of what direction the Union's DCP takes it is clear that there is one aspect of DCP that will be strongly reinforced. It is the issue of transition economies. Countries from Europe (NIS) and Asia (Mongolia, Vietnam, Myanmar) demanding expertise on transition economies from a centralised system to an open economy will find a great help in CEECs experience. Certainly the candidate countries have skill and knowledge in this field that no other member country has.

Table 1: Candidates development co-operation policy performance

|                       | Development Co-operation Policy  |
|-----------------------|--|
| <b>Bulgaria</b>       | No specific budget allocations for these purposes.   |
| <b>Cyprus</b>         | Regarding humanitarian aid there has been co-operation with international NGOs. In 2001 Cyprus has granted 539.000€ as bilateral aid mainly to Russia, several CEECs, South African Rep. and Palestinian Territories.  |
| <b>Czech Republic</b> | In 1999 dedicated 0,8€ mill. to humanitarian assistance and 9€ mill. to development assistance. In 2001 dedicated 0.037% of GNP to development aid, main recipients were Ukraine, Vietnam, Mongolia, China and Bosnia-Herzegovina.   |
| <b>Estonia</b>        | In 1999 dedicated 0,46€ mill. to development aid and adopted aid regulation. In 2001 spend 0,01% GNP to development co-operation, main recipients where Ukraine, Georgia, Uzbekistan, Kyrgyzstan, Moldavia, Armenia, Yugoslavia and Russian Fed.   |
| <b>Hungary</b>        | Limited humanitarian aid, 0,07€ mill. in 2000, mainly to third countries with a Hungarian minority.  |
| <b>Latvia</b>         | Humanitarian aid granted on a case-by-case basis.  |
| <b>Lithuania</b>      | No specific budget allocations for these purposes.   |
| <b>Malta</b>          | During 2000 humanitarian aid was given to Kosovo, Albania, Turkey, Mozambique and Ethiopia. In the first half of 2001 funds were sent to earthquake victims in India and El Salvador.  |
| <b>Poland</b>         | Total bilateral and multilateral external assistance given by Poland to developing and Eastern countries in 2000 amounted 44€ mill. Its principal recipients were Belarus, Kazakhstan, Vietnam, Bulgaria, Syria, Palestine and Albania.  |
| <b>Romania</b>        | As regards development policy and humanitarian aid, Romania has neither institutions nor a policy framework for managing external assistance. Romania has, however, consistently provided emergency assistance following natural disasters in other countries.   |
| <b>Slovakia</b>       | As regards the fields of development policy and humanitarian aid, co-operation and assistance, Slovakia is adapting its development practices to the principles laid down by the Development Assistance Committee.   |
| <b>Slovenia</b>       | Slovenia's development policy and humanitarian aid are mainly focused on South Eastern Europe. The assistance funds made available by Slovenia in 2000 and 2001 were distributed as follows: Bosnia and Herzegovina 40%, Montenegro 25%, Macedonia 20%, Kosovo 10% and Albania 5%.   |
| <b>Turkey</b>         | In terms of development aid and humanitarian aid, according to Turkey's State Institute of Statistics (DIE), Turkey dedicated a total of 243€ mill. aid last year, 28€ mill. in the form of grants were sent to around 65 developing countries and over 3€ mill. to around 15 countries in transition to a market economy. |

Source: Regular Reports from the Commission on Progress towards Accession: 1999-2001.

Trying to predict what the DCP will look like after enlargement is necessarily a speculative task. Two possible scenarios are as follows (although most probably EU's DCP will be situated somewhere in between):

- The elements that differentiate candidate countries from member states previously analysed remain unchanged despite of integration. Because of their low economic development, candidate countries will not be capable of supporting the European Development Fund<sup>5</sup>, so EU's aid to ACP countries will not be incremented. CEECs are not DCP enthusiasts and development policy will loose weight inside the EU. Resources dedicated nowadays to aid will be transferred to structural and cohesion funds. Main recipients of aid will be the countries of Eastern Europe that had not been capable of entering EU and NIS. DCP will follow instrumental criteria, letting development policy greatly influence by "geopolitics, trade and global environmental problems".
- Candidate's integration in EU changes their perception of aid and the need to provide developing countries of Africa, Asia and Latin America with development co-operation. Resources for DCP will be increased with the integration of candidates. One of the most important group of countries (CEECs) will be dramatically reduced allowing an increase of aid to the rest of groups (dividend of integration). The recently establish commitment of arriving to 0,33% of GNP for development co-operation will permit an even better aid policy.

### **Coherence, consistency, development co-operation policy and enlargement of the European Union**

The Treaty of the European Union signed at Maastrich in 1992 included, for the first time, a chapter dedicated to Development Co-operation Policy. Articles 130U to 130Y<sup>6</sup>

covered the objectives, principles and what has been named the three **C**'s of the EU's Development Co-operation Policy: **C**omplementarity and **C**o-ordination with member states policies of development co-operation and **C**oherence with other policies of the European Union.

In fact while the first two C's were explicitly stated, reference to coherence was rather diffuse<sup>7</sup>. The other passage of the Treaty where the issue of coherence is mentioned is article 3 "The Union shall ensure the 'consistency' of the external activities as a whole in the context of its external relations, security, economic and development policies. The Council and the Commission shall be responsible for ensuring such 'consistency' and shall cooperate to this end. They shall ensure the implementation of this policies, each in accordance of its respective powers". (Emphasis added). Even more confusing was the fact that the translation of such article to other languages substituted the term 'coherence'<sup>8</sup> for 'consistency'. The Treaty of Amsterdam maintained this vague translation.

Despite of the indifferent use given by European legislators to consistency and coherence Tietje reflects clearly what their differences are "[...] coherence and consistency are by no means identical concepts: they in fact have very different meanings. Consistency in law is the absence of contradictions; coherence on the other hand refers to positive connections. Moreover coherence in law is a matter of degree, whereas consistency is a static concept. Concepts of law can be more or less coherent, but they cannot be more or less consistent- they are either consistent or not" (Tietje, 1997:212).

Regarding this chapter we will assume the EU has committed to coherence between development co-operation policy and the rest of policies implemented, in the sense that the rest of policies should have a positive impact on development co-operation policy. Despite the vague references in the treaties, the EU has stated on many occasions its compromise of coherence between DCP and other policies. Still this perspective only captures one dimension of policy coherence.



Even though EU did not adopt a legally binding commitment to policy coherence it should be an important issue for any political institution. Policy incoherence has at list three direct consequences:

- 1- Inefficiency, as it produces a bigger waste of resources than would be necessary.
- 2- Ineffectiveness, as it difficult the achievement of the established goals.
- 3- Loss of legitimacy, as credibility of the "incoherent" institution is reduced.<sup>9</sup>

To date policy coherence has been scarcely analysed and implemented although many governments and multilateral donors have adopted coherence as one of the priorities of their development co-operation policy<sup>10</sup>. Box and Koulaïmah-Gabriel observe that "Policy coherence is a minimum requirement for government" (1997:1)<sup>11</sup>, however governments and analysts have rarely been preoccupied with questions related with coherence. There are several reasons for this.

Firstly it is very difficult to find out if policies reinforce one another and have positive consequences for the rest of the public action. As Mkandawire puts it (2002:1) "The main rationale for seeking coherence is the observed existence of policy incoherence". In other words the study, and government priority of coherence issues is mainly reactive. Secondly, achieving a maximum level of policy coherence is a utopian task<sup>12</sup>. Democratic societies are composed of many interest groups that try to maximise such interest. In this context, policy outcome is frequently the result of consensus and middle way solutions. This fact makes policy coherence an extremely difficult objective to obtain.<sup>13</sup>

Previously, we have spoken of different dimensions of policy coherence. Certainly coherence between different policies has been the most fruitful field of study of policy coherence, and will be the approach of this study. Many authors identify the coherence between different policies as the only dimension of policy coherence: "The

principle of coherence relates to the level of consistency that exists between a donor's aid policy and its other policies that may have implications for it. The main policies that may impinge negatively on developing countries - and thus constrain or prevent the objectives of its aid policy being realised, include those in the agriculture, industry and trade sectors. At the level of the EC, the CAP is most often cited." (Politt, Ch. Y O'Neill, H., 1999:21). Despite this fact it is important to consider at least three other dimensions of policy coherence.

Firstly, from a static point of view and analysing a single policy we can see policy coherence as the adequate relation between the objectives, the instruments and the outcomes of a certain policy. In this sense coherence is a logical sequence of the decisions taken in a particular policy. When applying this approach remains essential analysing the political and administrative structure of the institution, as well as the coherence between the diverse objectives and priorities of the policy.

Secondly, also considering a single policy, another dimension of policy coherence would be the correlation between the statements and declarations and the actual policy performance, in other words, the difference between what is said and what is done. This second dimension of policy coherence is relevant when applied to development co-operation policy as developing countries often claim that donors follow the principle "Do as I say, not as I do". The clearest example concerning the EU is the insistence on trade liberalisation while the agriculture sector in EU is still highly protected.

Thirdly, and from a dynamic perspective we can speak of a temporal dimension of policy coherence. Temporal policy coherence consists of a regular behaviour during a period of time. This does not mean the conduct has to be exactly the same all the time but that new policy initiatives do not have a negative impact on past ones.

Taking all these dimensions into account and based on Forster and Stokke's definition of coherence<sup>14</sup> we can say policy 'coherence' is a policy whose objectives, strategies and mechanisms are attuned; these objectives should reinforce each other, or as a minimum, not conflict between them. Objectives should be strengthened by the

intentions or motives on which they are based; the policy outcome should correspond to the intentions and objectives, and reinforce the other policies pursued within the policy framework of the system, or at least not having a negative impact on them. New policy initiatives promote, or at list not conflicting with, past political initiatives.

Turning to our original approach, coherence between different policies, it is important to note the possible ways of minimising its impact, as we have noted it is unworkable to expect eradicating it. Recently the Commission has noted "It is still possible that the EU makes the political choice to go ahead with a policy despite its potentially negative, indirect and unintended impact on developing countries. In these cases, it is important to ensure that this decision is made in full knowledge of its indirect consequences" (European Commission, 2000a:13). If such is the aspiration of the Commission, avoiding unintended incoherence, then certainly, as an OECD paper states<sup>15</sup>, informed decision making is essential.

During the last decade most development policy incoherences have been denounced by NGOs, thus another important element in the search of coherence is, as Fukasaku puts it<sup>16</sup>, the transparency of political decisions, so that opposition parties, NGOs and civil society as a whole can exercise control over governmental policies.

Lastly, and most relevant for coherence between different policies, there are two other elements that should be taken into account. Political control over decisions and co-ordination mechanisms between different elements of the political system are basic. Regarding political control, the most promising suggestion, though equally difficult to implement, is the establishment of a development impact evaluation included in any decision taken by the institution. On the co-ordination side proposals, Ashoff states the need of a Development Cabinet (1999:167), similar opinion expresses an OECD report "The existence of a central overview and co-ordination capacity is essential to ensure horizontal consistency among policies" (PUMA/OECD, 1996:10). Another fundamental issue in order to attain policy coherence is a fluid transmission of information through all the policy units.

Regarding enlargement there is one obvious consequence, achieving coherence is more difficult whenever the number of actors involved grows. Moreover,

as we have pointed out, candidate countries will not only mean an increase in the number of members, but a different view and appraisal of what development co-operation should be and which ought to be the geographical interests of it. Such changes would presumably affect DCP of the Union as well as the foreign policy action as a whole.

### **Three case studies: Vanuatu, Senegal and Dominican Republic**

The three countries selected form part of the ACP group (Africa, Caribbean and Pacific), each one belonging to the different regions included in this group. The main feature of European Union's DCP is the regional distribution of aid and trade preferences. Usually EU aid has been described as a pyramid of preferences. The apex of the pyramid, the ACP group, whose origins date back to 1958, has constantly been the group of countries with better trade access to the European Union and with the highest volume of aid. On qualitative terms the EU-ACP relationship has usually been considered a model of development co-operation policy. The partnership status of the relationship, the existence of joint institutions in charge of the management of aid and the use of novel instruments assuring the stability of payments for exports are only a few examples of it.

#### **Vanuatu and the chocolate directive**

Vanuatu is a group of small islands on the Pacific Ocean, the Development Assistant Committee of the OECD ranks it in the group of Least Developed Countries. Its economy is based on fishing and agriculture. The main export products are copra, cocoa beans and fish and crustaceans. The principal trading partner is the EU, accounting in 1999 for 60% of total Vanuatu's exports (see Figure 1). As a consequence of its fragile economy and its extreme dependence on the three products mentioned, Vanuatu is highly vulnerable to any change in the prices of its export products<sup>17</sup> or in the legislation covering this products on its partner countries.

Vanuatu entered the ACP group in 1985 when Lomé III<sup>18</sup> was signed. EU's aid to this country is concentrated on three focal sectors: Education and Training in road maintenance, Macroeconomic support and other interventions.

Commercial access conditions to the EU, its most important trading partner, is essential for Vanuatu's delicate economy, as it is highly dependent on the three products mentioned. The EU itself is conscious of the relevance of access to the European market of developing countries products "Foreign trade, which is the main source of external financing for most developing countries, is of crucial importance to development. Access to the industrialised countries' markets is consequently an essential prerequisite for these countries' development." (European Commission, 1992:26). It seems though that the previously mentioned article 178 stating the importance of "taking into account the objectives of article 177" has not always been respected. A clear example of this oversight is the reform of the chocolate directive.

During the 90's the Commission planned the reform of the Directive 73/241/EEC. This legislation prohibited the use of vegetal oils in chocolate production. Such prohibition did not affect all member states, seven countries of the EU, none of which were the biggest chocolate producers, enjoyed exemption. These legislative differences justified the Commission's interest on reforming the Directive.

Many NGOs tried to oppose the measure, as developing countries, like Vanuatu, whose exporting basket included cocoa, would suffer very negative consequences. If the EU approved the increase of use of vegetable oils, different from cocoa, in the production of chocolate the impact for cocoa bean exporters could be devastating. NGOs also pointed out that the reform would damage consumer interests as chocolate quality would be lessen.

On the other side the chocolate industry argued that consumers would gain, as the price of chocolate would be reduced 1%, chocolate produced with vegetable oils was also more resistant to either high or low temperatures. Regarding developing countries, they pointed out that many of the cocoa beans exporters were also exporters of the substitute products: karité, copra, palm tree oil. Though the chocolate industry's reasoning is right it is also biased. Most cocoa producers (Ivory Coast, Ghana or

Vanuatu) are extremely dependent on this product. Even considering the best scenario for this countries, that is: substituting the exported cocoa bean tons by copra tons, their income would be substantially reduced, as the price of cocoa is higher than copra. Such change, implying only a small gain for the chocolate producers will ruin many developing countries, including Vanuatu.

Figure 1: Vanuatu exports to the European Union



Source: Comext

Finally on June 2000 the Commission accepted the chocolate company's proposal approving the Directive 2000/36/EEC. This directive allowed the use of vegetable oils in the chocolate production. The consequences for Vanuatu have been immediate (see Figure 1), not only cocoa beans exports have been predictably reduced,

but copra exports have also been reduced. The decrease has not been only in relative terms but also on absolute ones, between 1998 and 2002 Vanuatu agricultural exports have been reduced by 60%. Even more surprising is when looking at one of the objectives included by EU in Vanuatu's National Indicative Programme (2002-2007) "Project monitoring indicators: Increased quantity of organic food exported to Europe (500 tons of cocoa within first three years)".

### **Senegal and the Common Fisheries Policy**

Senegal is part of ACP group since European Community's origins, back in 1958 when it was considered an associated country. The Senegalese economy is strongly dependent on external aid and trade exports. The main trading partner is the EU accounting for 60% of total Senegal exports. The foremost exports are fishing, groundnut and phosphate products. The latest National Indicative Programme (December 1996) concentrated on Public Service Restructuring and Boosting growth in private sector areas having broad social basis.

In Senegal almost 50.000 people work on artisan fishing, another 200.000 jobs depend indirectly on this sector. This fundamental productive field of the Senegalese economy is at risk of disappearance because of stock depletion. The EU has the main fishing fleet operating in Senegal and is in part responsible of such depletion.

In 1992 a Fishing Agreement was signed between EU and Senegal establishing a financial compensation in exchange of access of EU's fleet. This agreement increased to 57% the access level for fishing *Demersal* fish, the most important type for artisan Senegalese fishers. The accord met with the opposition of the European Parliament, expressed through its Fishing Sub-committee "There can be no doubt whatever that implementation of the agreement will destroy the very fragile social and economic balance established between the various components of the fleet fishing Senegalese waters"<sup>19</sup>.

In 1994 the agreement was modified reducing the community's quota and introducing one named as 2<sup>nd</sup> Generation Fishing Agreements. These new agreements

include, apart from the classic financial compensation, technical assistance for better supervision and control of fishing stocks. Despite this fact the new agreement only dedicates 1,1% of total financial compensation targets the objective of supporting artisan fishing in Senegal.

During the second half of the 90's the EU seems to be changing its expansionist approach to Fishing Policy. The first symptom was the 2<sup>nd</sup> generation agreements, the first one being signed with Argentina in 1994. In 2000 the Commission presented a Communication assuming the need of change, "The Community recognises that reform of the CFP in this area is necessary for reaching the combined policy objectives of the Community, including those of the EU's development policy" (European Commission, 2000b:5). This policy change has been regularly demanded by NGOs and scientists "Since 1996, cuts in EU fishing capacity of over 40 per cent have been proposed by EU scientists, to help end the overexploitation of fisheries resources" (Görez, 1999:2).

Recently the Commission is trying to drastically reform the Common Fisheries Policy in order to reduce the resources destined by the community to it<sup>20</sup>, and reducing the number of fishing vessels. Southern member states of the EU are opposing the reform, as they consider it damages tremendously their fishing sector.

### **Dominican Republic and the long and lasting fruity problem<sup>21</sup>**

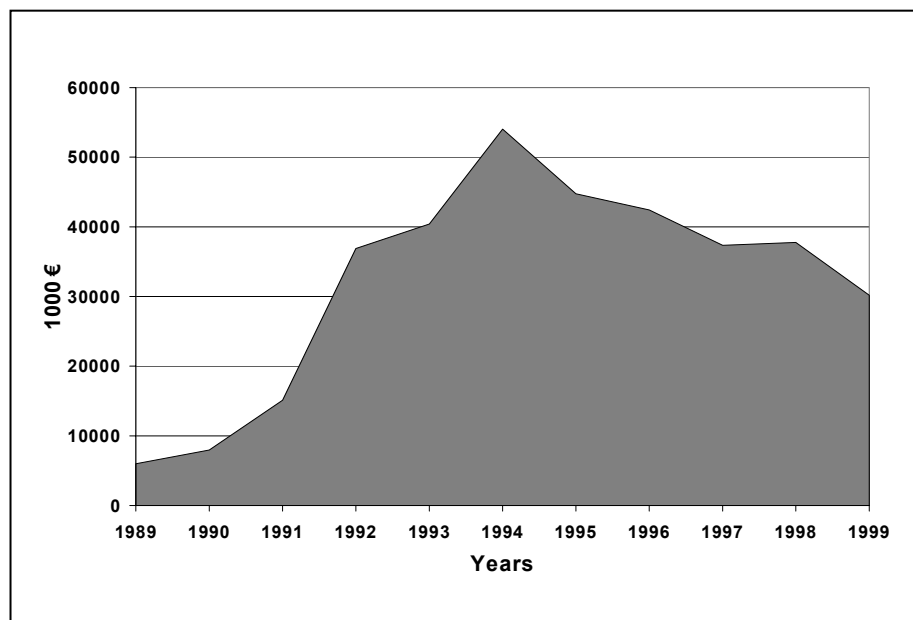
Dominican Republic joined the ACP group in 1989 being part of Lomé IV. During the 90's this country presented one of the highest growth rates in the whole of Latin America (6,7% for 1994- 2000). Despite this fact, one fourth of the population continue to live in poverty. Latest National Indicative Programme (March 1997) focused on three main sectors: health and education services, water supply and infrastructure in marginal urban districts and institutional reforms and state modernisation.

The so called "banana war" began in 1992 when the European Commission put forward regulation of the banana market, until then it was the only important agricultural product without specific European regulation. The proposal included 2



million tons of bananas per year, revisable every year, subject to 20% duty. ACP countries would maintain their preferential access to the EU with duty free for their bananas. Countries from Central America (Honduras, Costa Rica and Panama) complained, as they felt the regulation was against GATT free trading spirit.

Figure 2: Dominican Republic fruit exports to the European Union (1990-1999)



Source: COMEXT

On February 1993 the European Agriculture Council approved the new legislation, despite the opposition of some member countries (Germany, Belgium, Holland and Luxembourg) that preferred a more liberalised market. The regulation distinguished between traditional ACP producers, that received duty-free access; non traditional ACP producers, as the Dominican Republic, with 90.000 tons duty free; and third country bananas with a 75€ duty per ton and a limit of 2,11 million tons.

The EU received pressures from the third countries that had restricted access. As a result in 1994 it arrived at an agreement with some of the aggrieved countries

(Costa Rica, Colombia, Venezuela and Nicaragua) receiving an increase of the accessed quota (from 2,1 million tons to 2,4 million tons).

On January 1995 the WTO entered into force and the new organisation had a system of trade disputes different from GATT.<sup>22</sup> Due to enlargement in April the Commission increased the quota of third countries from 2,2 million tons to 2,5.

USA banana exporter companies, concentrated in Central American countries with limited access to the EU, lobbied its government in order to obtain a more preferential trading arrangement for their product. On February 1996 USA entered the banana war by initiating the Dispute Settlement Understanding of the WTO. On September 1996 WTO panel obliged the EU to change its banana's regulation as the distribution of quotas and exporting licences were against WTO. The European Union adopted new regulation that was against denounced by USA to the WTO. Finally, this second regulation was also pushed back by WTO. On 1999 the EU established a high duty for bananas from any country, though ACP countries had a transitory period until 2006 that allows them a preferential access and a gradual adaptation to competition.

All these successive regulation reforms are clearly reflected in the volume of banana exports of the Dominican Republic to the European Union. Figure 2, presenting the fruit exports to the EU show how from 1994 the level of exports has constantly been reduced. Though the impacts of the policy changes were difficult to avoid, the impact on Dominican Republic economy is more than evident.

## **Conclusions**

First of all, the analysis does not give us any conclusive answer to the question of the impact of enlargement on developing countries. Certainly there will be no competition within the trading sphere, but issues as investment or political relationship might suffer deterioration. The danger of a more inward looking Union is present. It is possible though that the EU's resources destined nowadays to the CEECs might be transfer to other group of countries reinforcing their development (dividend of enlargement).

Regarding the issue of policy coherence, the EU has committed itself since the Maastricht Treaty to coherence between the different policies with an impact on developing countries. Despite this fact we can distinguish at list three other dimensions of policy coherence: 1) coherence as the correspondence between the objectives, instruments and outcomes of a particular policy. 2) coherence between what is said and what is done; and 3) temporal coherence. Moreover an increase in the number of member countries will presumably make the objective of coherence a much difficult task to achieve.

Finally we have exposed three cases in which policy incoherence was clear. Achieving policy coherence between different policies is a difficult task. In occasions, as the case of Vanuatu, policy coherence from a development point of view clashes with other important interests or policies. It is then clear that when speaking of coherence between different policies the question of priorities remains essential. Two of the case studies (Vanuatu and Dominican Republic) show that the EU has behaved contrary to its own law. Instead of following article 178 stating that "The Community shall take account of the objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries" it decided to go ahead with such policies ignoring the negative consequences for the developing world. The case of Senegal is rather different as the EU is committed to a fundamental change on fishing policy that could lessen the sequels for developing countries.

To conclude, the most effective antidotes for incoherence between different policies are more transparency, better informed decisions, strong political will, and a clear hierarchy of priorities between different policies.

---

## Notes

<sup>1</sup> Vehicles (other than railway), electrical machinery, nuclear reactors, boilers, machinery and mechanical appliances, furniture, copper, iron, steel, wood and mineral fuels.

<sup>2</sup> Nuclear reactors, boilers, machinery and Electrical machinery accounting each 15% of CEECs exports to the European Union.

<sup>3</sup> In the case of Dominican Republic this two products accounted for 30% of total imports from European Union in 2000. For Vanuatu this products accounted for 43% and for Senegal 20% of total imports from EU.

<sup>4</sup> The volume of aid delivered last year by Poland, the most advanced of CEECs in the implementation of co-operation for development, hardly arrives to a 10% of the Official Aid received from EU.

<sup>5</sup> The EU's development co-operation policy to ACP group is mostly financed by the European Development Fund. The resources of this fund are volunteer contributions of member states.

<sup>6</sup> According to Amsterdam's Treaty new numeration these articles are 177 to 181.

<sup>7</sup> Article 178 "The Community shall take account of the objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries."

<sup>8</sup> Article 3 in Spanish "La Unión velará, en particular, por mantener la 'coherencia' del conjunto de su acción exterior en el marco de sus políticas en materia de relaciones exteriores, de seguridad, de economía y de desarrollo. El Consejo y la Comisión tendrán la responsabilidad de garantizar dicha 'coherencia' y cooperarán a tal fin. Asegurarán, cada cual conforme a sus competencias, la realización de tales políticas".

Article 3 in French "L'Union veille, en particulier, à la 'cohérence' de l'ensemble de son action extérieure dans le cadre de ses politiques en matière de relations extérieures, de sécurité, d'économie et de développement. Le Conseil et la Commission ont la responsabilité d'assurer cette 'cohérence' et coopèrent à cet effet. Ils assurent, chacun selon ses compétences, la mise en œuvre de ces politiques" (emphasis added).

<sup>9</sup> Hydén reinforces this vision as notes "The question why policy coherence is important to a political actor or a student of politics [...] is based on its significance for credibility and, indirectly, for public support" (1999:61).

<sup>10</sup> During last decade many country members of DAC have change its development laws including coherence as one of its commitments: Spain (1997) Finland (1996), Luxembourg (1996), Italy (1997), Austria (1997), Belgium (1999) and Portugal (2000).

<sup>11</sup> Hoebink maintains a similar opinion as he states "[...] la coherencia debería ser por tanto un objetivo general en toda acción emprendida por un gobierno" (1998:21).

<sup>12</sup> To this respect Ashoff points out "[...] it should be stressed that complete policy coherence is neither theoretically conceivable nor practically feasible. A realistic and politically meaningful goal, therefore, is to end the most salient cases of policy incoherence" (1999:13).

<sup>13</sup> Concerning coherence and democratic systems an OECD dossier states "Governing in a democratic political system necessarily involves a degree of incoherence" (PUMA/OECD 1996:8).

<sup>14</sup> "Coherence may, accordingly, be defined as a policy whose objectives, within a given policy framework, are internally consistent and attuned to objectives pursued within other policy frameworks of the system- as a minimum, these objectives should not be conflicting; where strategies and mechanisms are attuned to the objectives, they should, as a minimum, not conflict with the objectives or with the intentions and motives on which these are based; and where the

---

outcome is corresponding to the intentions and objectives, it should, as a minimum not conflict with these" (Forster y Stokke 1999:23).

<sup>15</sup> "[...] the most important tool of coherence is informed decision making" (PUMA/OECD 1996:15)

<sup>16</sup> Fukasaku states "To deal with the issue of policy (in)coherence more effectively, it is thus essential to make government policies more transparent in terms of their impact on developing countries and expose them to greater public scrutiny at both national and international level". (1999:392).

<sup>17</sup> During the year 1994 Vanuatu received 0,4 million € compensation through STABEX mechanism due to the price reduction of the cocoa beans.

<sup>18</sup> Since then Vanuatu has received 5.500.000€ from the 6th EDF of Lomé III; 7.500.000 € from 7th EDF of Lomé IV; and 9.500.000€ from 8th of Lomé IV/2.

<sup>19</sup> Verbeek Dossier. Cited in Liaison Committee of Development NGOs to the European Union (1996:28).

<sup>20</sup> Financial compensation consequence of EU's fishing agreements has increase from 6 € mill. in 1981 to 270€ mill. for 1998-2000.

<sup>21</sup> This section would not have been developed without Jose Antonio Sanahuja's case study on the banana war.

<sup>22</sup> GATT proceeding required unanimity so, as it happened with the Eurobanana, any member state of the EU opposed the decision could not be taken.

## Bibliography

Ashoff, G. (1999) "The coherence of policies towards developing countries: the case of Germany" in Forster, J. and Stokke, O. (Eds.) (1999) *Policy Coherence in Development Co-operation*, Frank Cass, London.

Box, L., and A. Koulaïmah-Gabriel. (1997) *Towards Coherence? Development Co-operation Policy and the Development of Policy Co-operation*. (ECDPM Working Paper No. 21). Maastricht: ECDPM. <[http://www.oneworld.org/ecdpm/pubs/wp21\\_gb.htm](http://www.oneworld.org/ecdpm/pubs/wp21_gb.htm)> (May 2002).

Comisión Europea. DG VIII (1997) "Marco de la Cooperación entre la República Dominicana y la Comunidad Europea. Segundo Programa Indicativo Nacional", VIII/298/97-ES.

European Commission (1999) *Reports on progress towards accession by each of the candidate countries*. <[http://europa.eu.int/comm/enlargement/report\\_10\\_99/pdf/en/composite\\_en.pdf](http://europa.eu.int/comm/enlargement/report_10_99/pdf/en/composite_en.pdf)> (May 2002).

European Commission (2000a) *Communication from the Commission to the Council and the European Parliament. The European Community's Development Policy*. 26.4.2000 COM (2000) 212 final.

European Commission (2000b) *Communication from the Commission on the reform of the common fisheries policy*. <[http://europa.eu.int/comm/fisheries/doc\\_et\\_publ/liste\\_publi/facts/reform\\_en.pdf](http://europa.eu.int/comm/fisheries/doc_et_publ/liste_publi/facts/reform_en.pdf)> (May 2002).

European Commission (2000c) *Enlargement Strategy Paper. Report on progress towards accession by each of the candidate countries*. <[http://europa.eu.int/comm/enlargement/report\\_11\\_00/pdf/strat\\_en.pdf](http://europa.eu.int/comm/enlargement/report_11_00/pdf/strat_en.pdf)> (May 2002).

- 
- European Commission (2001) *Making a success of enlargement. Strategy Paper and Report of the European Commission on the progress towards accession by each of the candidate countries* <[http://europa.eu.int/comm/enlargement/report2001/strategy\\_en.pdf](http://europa.eu.int/comm/enlargement/report2001/strategy_en.pdf)> (May 2002).
- EUROSTEP (1999) *Eurostep Dossier on CAP & Coherence* <<http://www.oneworld.org/eurostep/cap.htm>> (May 2002).
- Forster, J. and Stokke, O. (eds.) (1999) *Policy Coherence in Development Co-operation*, Frank Cass, London.
- Fukasaku, K. (1999) "Development Co-operation in the New Global Economy: The challenge of policy coherence" in Forster, J. and Stokke, O. (Eds.) (1999) *Policy Coherence in Development Co-operation*, Frank Cass, London.
- Görez, B. (1999) *A first step on the road to Damascus*, YEMAYA, ICFS Newsletter on gender and fisheries.
- Hettne, B. (1990) *Development theory and the three worlds* Longman Scientific and Technical John Wiley, New York.
- Hydén, G. "The shifting grounds of policy coherence in development co-operation" in Forster, J. and Stokke, O. (Eds.) (1999) *Policy Coherence in Development Co-operation*, Frank Cass, London.
- Hoebink, P. (1998) "Coherencia y política de desarrollo en la Unión Europea", *Revista Española de Desarrollo y Cooperación*, n° 2, verano 1998.
- Liaison Committee of Development NGO's to the European Union (1996) *Implementing Horizon 2000: Poverty Eradication and Coherence of European Policies* NGDO-EU Liaison Committee, Brussels.
- Madeley, J. (1999) *Brussels blind spot: The lack of coherence between poverty eradication and the European Union's other policies* <<http://www.oneworld.org/aprodev/blind991.htm>> (May 2002).
- Mkandawire, T. (2001) *Policy Coherence: trends and policy implications for international development co-operation*, Paper prepared for the Parliamentary Commission on Swedish Policy for Global Development, Globkom, April 2001.
- Politt, Ch. y O'Neill, H. (1999) *An evaluation of the process of evaluation of EC External Aid Programmes. Final Report*, COTA, Brussels.
- PUMA/OECD (1996) *Building policy coherence. Tools and tensions*, Public Management Occasional Papers, n° 12, OCDE, Paris.
- Randla, T. (1999) *Prospects of Estonia to be involved to development co-operation as a future member of the European Union*, <<http://www.clong-trialog.at/images/docs/report4.pdf>> (May 2002).
- Sanahuja, J.A. (2001) *La fruta de la discordia. La OMC y la "guerra del plátano" entre América Latina, Estados Unidos y la Unión Europea, 1991-1998* Case Study not published, Mimeo.
- Tietje, C. (1997) "The concept of coherence in the Treaty on European Union and CFSP", *European Foreign Affairs Review*, n° 2.