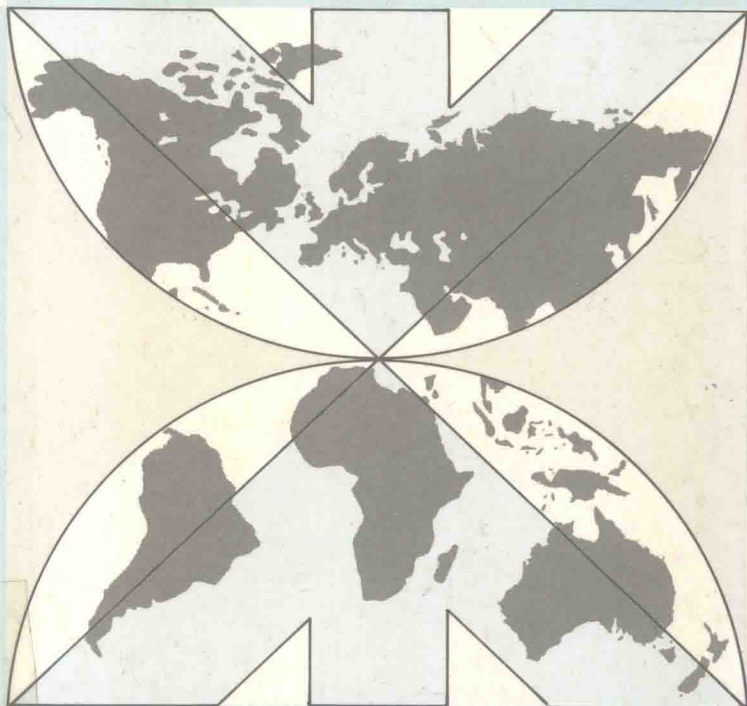


The European Community and the Developing Countries



Enzo R Grilli

THE EUROPEAN COMMUNITY AND THE DEVELOPING COUNTRIES

ENZO R. GRILLI

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*To Vola Dominica and Mary Lina for whom, I hope, a United Europe
will be a reality.*

Preface

The European Community (EC) has long been the largest trading bloc in the world. It is also on the way to becoming the world's largest integrated economic zone. Its trade, aid and development cooperation policies are therefore of great importance to the developing countries. Yet, knowledge of these policies is neither widespread nor systematic. Over the years the European Community has developed its own development perspective, policies and practices, which somehow seem to have nearly escaped the attention of most professional observers as well as the general public. As a result, debate over these policies and practices has been rather mute at the general political level and partial, at best, at the academic level. Public scrutiny of them has also been minimal. Neither the EC Parliament nor the other participatory bodies of the Community have had much success in raising the overall level of attention given to economic cooperation with developing countries.

Debate over development policies has normally taken place within the EC Commission and between the Commission and the EC Council. It has therefore occurred in sheltered and often subdued environments, outside the view of most interested parties. This practice may have kept EC development cooperation policies "safely" in the hands of technocrats and responsible government representatives, and thus perhaps ensured a degree of continuity and stability which otherwise may not have been sustained. It may also, however, have stymied innovation or slowed down the path of adaptation of these policies to new needs and emerging realities. Available evidence does in fact point to considerable stickiness in the development cooperation policies pursued by the Community.

Limited participation in, and at times limited transparency

of, decision making in the domain of EC development cooperation are reflected in the paucity of documentation available and in the difficulty of access to the relevant sources. It is also reflected in the attention paid at the official level to certain aspects of EC policies, at the expense of others. The Commission, for example, has traditionally emphasized EC cooperation with African countries, at the expense of relations with other developing areas. It has, therefore, privileged the preparation and diffusion of documentation relating to Community cooperation with associated countries in Africa, the Caribbean and Pacific (the ACPs), countries which were former colonies of key member countries. As a consequence, whatever outside attention there has been, has been concentrated only on selected aspects of EC cooperation with developing countries. The so-called Lomé model, and previously the Yaoundé policies, have been "overstudied" in a relative sense, while cooperation between the Community and Latin America or Asia has been "understudied".

I discovered this rather strong bias towards Africa when I began teaching a course on the development cooperation policies of the Community at the Johns Hopkins University. There was relative abundance of analysis of EC-ACP cooperation, including several good books and many specialized articles, but considerable scarcity of everything else—as if the rest did not really matter. As I systematically evaluated the primary material coming from the Community, I realized that the bias was built into the information flows from Brussels and was then reflected in the choices made by the authors of the more academic works on these subjects. Outside observers used what they could from the available stream of information and were guided by it in their choice of study subjects.

Until now the determinants, overall logic and evolution of EC development cooperation at large have not been subject to much systematic analysis. This book was written in order to begin this process and to provide some interpretative hypotheses based on the examination of policies towards *all* of the most important developing areas since the early 1960s. Despite the efforts made to focus the analysis on the entire set of EC cooperation policies and practices, the book still reflects the weight of tradition, as it takes as a key organizing principle the associative model first pursued by the Community in its

relations with the "countries and territories" belonging to the members at the time of the Rome Treaty. However, the book goes well beyond that, as it examines not only the adaptations of EC "associationism", first to the Mediterranean area and subsequently to Eastern Europe, but also the different forms that development cooperation has taken in Asia and Latin America—the areas lying at the periphery of EC interests and development reach.

After recomposing what constitutes the mosaic of EC-developing country ties established over the years, the book deals with questions of the determinants, logic and justification (or lack thereof), of Community policies. Of the possible explanations for the apparent lack of design shown by these policies, some are only sketched. The political economy of many of the choices made, or not made, by the Community has also received in the book less attention than it deserves. More systematic and monographic analysis of some of the key questions raised here will have to follow before more convincing and complete answers to them can be put forward. Yet, in posing these questions within a certain analytical framework and offering at least a perspective based on theory, history and careful examinations of facts, the book establishes a first layer for the factual and analytical construction that others will hopefully complete in the future.

The book is intended for students of European affairs, and in particular for those interested in the external development perspective of the European Community. I hope that professionals and practitioners of development economics will also find it of some interest, at least for the light that it attempts to throw on the internal characteristics and external effects of EC trade and aid policies. Finally, by improving the state of knowledge of EC practices and making the basic facts more widely available, it is hoped that the book will also contribute to raising the level of general consciousness of the role of the Community in development cooperation, to highlight the need for more effective action in some key fields and to underscore the minimum requirements for success in a difficult, but worthwhile, area of EC external policies.

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There are many people whom I wish to thank for assisting me in various ways during the preparation of this book. Without their help this undertaking would have been much more difficult, if not impossible. None of them, of course, is in any way responsible for the views and judgements expressed in the book, which are solely mine.

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Abbreviations

AAMS	Associated African and Malagasy States
ACP	African, Caribbean and Pacific signatories to the Lomé Conventions
AfDB	African Development Bank
ALA	Asian and Latin American countries
AsDB	Asian Development Bank
ASEAN	Association of East Asian Nations
CAP	Common Agricultural Policy of the EC
CCP	Common Commercial Policy of the EC
CET	Common External Tariff of the EC
CID	Center for Industrial Development
CIDEAL	Centro de Comunicación, Investigación y Documentación Entre Europa, España y América Latina
CIS	Commonwealth of Independent States
CFF	Compensatory Financing Facility of the IMF
CMEA	Council for Mutual Economic Assistance (also known as COMECON)
DAC	Development Assistance Committee of OECD
DG	Directorate General
DOM	Overseas Department of France
EBRD	European Bank for Reconstruction and Development
EC	European Community(ies)
ECLA	Economic Commission for Latin America of the United Nations
ECSC	European Coal and Steel Community
ECU	European Currency Unit (as from 1 January 1981)

EDF	European Development Fund
EEC	European Economic Community
EFTA	European Free Trade Area
EIB	European Investment Bank
ESC	Economic and Social Committee of the EC
EUA	European Unit of Account (until 1980)
EURATOM	European Atomic Energy Community
FAO	Food and Agricultural Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
GRULA	Group of Latin American Ambassadors to the EC
GSP	Generalized System of Preferences
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Interamerican Development Bank
IMF	International Monetary Fund
IRELA	Instituto de Relaciones Europeo-Latino- americanas
JUNAC	Junta of the Andean Pact
LAFTA	Latin American Free Trade Association
LDC	Less Developed Countries
LTA	Long Term Arrangement on Cotton Textiles
MFA	Multifiber Arrangement
MFN	Most Favored Nation
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organization
NICs	Newly Industrializing Countries
NIEO	New International Economic Order
NMC	Non-member Mediterranean Countries
OAPEC	Organization of Arab Petroleum Exporting Countries
OAS	Organization of American States
OAU	Organization of African Unity
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries

PHARE	Poland-Hungary: Assistance for the Reconstruction of the Economy (subsequently extended to the whole of Eastern Europe)
SAARC	South Asian Association for Regional Cooperation
SELA	Sistema Económico Latinoamericano
SITC	Standard International Trade Classification
STABEX	System for the Stabilization of Export Earnings (in Lomé)
SYSMIN	System for the Promotion of Mineral Production and Exports (in Lomé) MINEX in French
TOM	Overseas Territory of France
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
VER	Voluntary Export Restraint

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