

Working Group VII

Working document 9

## **Working group VII – "External Action"**

**Subject: Address of Mr Poul Nielsen, member of the European Commission, at the meeting of WG VII on 15 October 2002**

Speaking points for

The Dehaene Working Group

On External Action

15 October 2002

## **I. INTRODUCTORY REMARKS**

I would like to thank Jean-Luc Dehaene for the invitation to address the Convention today.

After September 11, it has become obvious to all of us that poverty, massive inequalities on a global scale, bad governments, failed states and dictatorships in the third world, pose an immediate threat in the short term and in the long term even a strategic threat to our societies.

The basic question we have to ask ourselves is the following:

Is there a European viewpoint on how the dialogue among civilisations can be moved forward and how we want to go about the global challenges?

What values?

And if the answer is yes, could we then give ourselves the instruments to deliver in a consistent and co-ordinated fashion together with our partners worldwide?

This is the real question. And this is where I strongly believe that pooling Member States' sovereignty inside our common Institution becomes an interesting topic.

That is also why I believe that the Union's development co-operation and humanitarian aid has developed into a core activity. The European Union has a responsibility. And the rest of the world deserves someone like us to play a role.

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Today, I would like to share with you my experience with development assistance and humanitarian aid. However, I would like to go beyond that and give you my reflections on how the management of the European Union's wider external relations can be improved.

Let me already foreshadow my conclusions: I believe that we need more qualified majority voting and more consistency among all the instruments of our foreign policy, be it in affairs relating to the world financial system, - speaking with one voice in the IFI's – the EU's trade policy, the EU's agricultural policy and its impact on world market, the EU's development policy, and on issues such as conflict prevention and crisis management.

The only area where I still believe with some justification Member States should maintain their national prerogatives is sending our their sons and daughters into war. This in my view is such a sensitive issue that unanimity (and constructive abstention) could be defended. Although I mainly rely on emotional intelligence rather than on national analysis on this last one.

Just one word on enlargement:

As 10 to 15 new Member States join the European Union, I see the case for a more efficient decision making becoming even more vital.

## **II. DEVELOPMENT CO-OPERATION**

Let me just say a few words about what we do in the area of development co-operation and humanitarian aid. [I have also brought with me a set of key documents in these two areas, which you may find useful for your further reflections.]

The EU (Commission + Member States) is by far the largest provider of Official Development Assistance in the world – 27 billion Euros in 2000, representing more than 50% of OECD aid, depending on the €/ \$ exchange rate. The Commission accounts for 10% of international ODA and 1/5 of the combined EU.

Since the Monterrey Conference in April this year, the EU is committed to a significant increase of ODA from the current level of 0.33% of GNP to 0.39% between now and 2006. It will bring us up to 36 bn € per year.

The Conference of Monterrey was a fantastic example of how a very consistent and very co-ordinated EU-position managed not only to lift our own contribution up as part of a collective effort, but also to put the spotlight on the Americans. During the 7 days of the Conference in Monterrey the website in the White House was changed 3 times, each time adding a few billion \$. I do believe that the EU lobbying with support from Kofi Annan and many others around the globe was highly instrumental in this respect.

The increased EU contribution provide around 20 billion Euros in additional resources for the period 2003-2006 [and 6 bn \$ more US money]. The Commission has played a leading role in the achievement of this result.

What do we do with this money? We spend it on world solidarity.

With the Member States, the Union has established a new policy framework for development co-operation. Today, the fundamental objective of EC development policy is to reduce and ultimately eradicate poverty. The EC is working closely with other donors to achieve the United Nations Millenium Development Goals, which set certain targets for reducing poverty by 2015.

This is about security for our children and grandchildren. To make children of developing countries able to read and write provides a foundation for democracy. But it is also simply something that is good in itself to do.

To eradicate diseases protect also us from global scorchs such as tuberculosis, malaria and aids. Safe drinking water serves the same purpose.

So we deserve for our own sake to work together as one here in Europe. We must look at our development policy not as 15 [soon to be 25] Member States operating in isolation but rather together, striving towards a common objective and basing itself on common political and economic analysis.

The Commission is focussing its assistance on six priority areas where the Community due to its expertise can provide real added-value, that is: trade and development, regional integration, macro-economic policies and social sectors (health/education), transport, food security and governance.

We see country ownership as central to the success of development policies. Our partner countries govern the Country Strategy Papers and Regional Strategy Papers which set the EC's co-operation priorities in a given country or region.

The CSPs/RSPs are also a tool to improve co-ordination and complementarity between Member States and the Commission, which is essential to make development policy more effective. In fact we hope that other donors do the things we do not.

What is the value-added of doing development co-operation at EU level?

Contrary to Member States, the EC is the only donor present in all developing countries. This global dimension complements Member States and allows them to maintain a more narrow geographical focus. Moreover, it provides former colonies with a partner, who is not their former “mentor” – a fact that is much appreciated.

So we are well underway. But the problem as I see it is that our policy is binding for the Commission, but hardly indicative for Member States’ action. Each and everyone can go home to their own desk and write out 16 to 25 different development policies for a country, let’s say, Sudan or Bolivia. That is absurd.

We need to ensure that the 50% of world assistance that we deliver, pulls in the same direction. Not in different directions.

Some of our Member States have strong links of different kinds to their former colonies. This can be both an asset and a liability for Europe. Experience clearly tells us that both in relation to managing complex crisis and to deliver effective co-operation we all need to work together in order to make sure that our assistance, coming from the common budget or national budgets, works in synergy and towards the same objectives, profiting from the insight of Member States with special knowledge.

I recommend some better Treaty rules for that. Political coherence is the code word for this.

But development and external policy does not work in isolation. EC policies, such as trade, agriculture, fisheries and environment are crucial. The Doha trade and development Agenda would not have been possible without a solid development component. It shows that without EC development policy the other policies would be less effective. And vice versa.

This is about coherence.

Just as no Member State can work alone in developing countries but need to co-ordinate with other donors, so do we all need to make sure that all our policies, agriculture, trade, research, health, social policy, etc. are helping as much as possible our foreign policy response. And if they do not help, then we must at least avoid that they get on collision course.

If we subsidise sugar production in the European Union, we must be aware that it affects the livelihood of 40 to 50 million people living in the third world. Is that worth it? Is there another way to support the farmers? Could we maybe shift our own production towards other agricultural crops? Or something totally different? We never saw it as an option to keep all the shoemakers in Europe unaffected by the changes of market forces.

All this requires a co-ordinated policy-framework.

So what should be done about development co-operation in the Convention?

Development policy serves poverty eradication primarily. It aims at lifting people out of destitution to provide a basis from which the societies can develop. This should not be driven only by a short term foreign policy agenda, driven at times – I am sorry to say – by the media. It must rather respond to medium and to long term objectives.

The instrument would be Regional and Country Strategies agreed by the Union.

For this, I see a need of some treaty language on better co-ordination and complementarity between all Member States to ensure more efficient delivery of aid as well as strengthening and disciplining the Unions behaviour in international organisations and conferences.

The European Development Fund represents an essential part of EU's development co-operation. Under the 9<sup>th</sup> EDF, 13.5 billion Euros are available for development co-operation with the ACP countries until 2007. Nevertheless, the EDF is not an integral part of the general budget of the EU. It is therefore not subject to parliamentary control by the European Parliament.

This is an anomaly. The EDF is an important policy domain of the EU and should as such be subject to normal parliamentary control as other policy domains. The integration of the EDF in the General Budget would achieve this objective. Moreover, it would bring distinct benefits in terms of simplification, as it would allow for a single legal framework for the management of development funds.

The Cotonou Agreement itself is rather peculiar. It's an International Convention. And today we are waiting for 4 Member States to ratify Cotonou and deposit the instrument of ratification before

the money can flow. And this happens 3 years after I concluded the deal with Member States participating actively and directly in the negotiations. So I agree with Mr d'Amato on the need for one legal personality. And one Community Method. And one budget. The pathetic experience of Grappa and Ouzo blocking the conclusion of the Trade and Development Co-operation Agreement with South Africa was another dramatic illustration of the need of this.

### **III. HUMANITARIAN AID**

Let me now move to humanitarian aid. This is a true success. It is a demonstration of global solidarity to people in need. With an average annual budget of 500 million Euros and actions funded in more than 60 countries, EC humanitarian aid has a true global outreach. Community humanitarian aid alone represents 25% of global humanitarian aid. Together with the Member States' bilateral humanitarian aid, the share is 50%, which makes the EU the biggest humanitarian donor in the world. This financial weight enables the EU to influence the international humanitarian response in a way, which Member States could not achieve by themselves.

Why is the Community engaged in humanitarian aid?

Community humanitarian aid is born from necessity. The Gulf War with the Kurdish disaster and the war on the Balkans showed that we can only cope with disasters on this scale if we pool our resources at Community level. Since then, the "New World Disorder" has justified a strong European humanitarian assistance in many places. But even more, the need of this is justified by our ability to deliver crucial aid in the so-called forgotten crises where the media do not pay much attention.

And doing so at European level provides another often neglected benefit: by one stroke the tricky issue of burden sharing is SOLVED.

We had horrible examples in the past, such as the police force in Mostar at the height of the Balkan conflict. The Germans provided four-wheel drive jeeps and the general, the French provided logistics and uniforms, the Danes provided paper for the photocopiers. Everybody was chipping in. But it took more than 3 years to get the financing package agreed. And there was no real financial control, let alone a Court of Auditors and less even public scrutiny by a European Parliament. Not very convincing.



Another advantage of “going European” is to avoid that help is only a German or only an Italian or only an Austrian affair in their own backyard. A common approach and money coming from the same common pool is more healthy. And more fair. Leaving problems for one or the other of our Member States to sort out themselves could trigger into tensions inside the Union in the end.

The Budget Key, boring and bureaucratic as it sounds, is in reality the biggest contribution the EU-budget makes to European Peacekeeping. That is why national finance in ad hoc funds in the intergovernmental setting is so disturbing.

And a common budget, relying on a common budget key, accountable to the European Parliament and to the Council and under the control of the Court of Auditors is the way to do business now and in the future.

This of course as complement to a most valuable effort at the level of Member States.

EC humanitarian assistance is allocated according to real needs of affected populations. It is not guided by political considerations or hidden agenda's. This principle of impartiality represents a real added value. It allows us to work through a large number of NGOs, the UN and the Red Cross family and to play an important role in shaping their policies and to ensure better co-ordination. It is also the cornerstone in the effort of securing the necessary access for delivering humanitarian aid.

The present legal basis for this activity is adequate. The challenge is to scale up in terms of budget and capability and in any case to deepen the co-ordination with Member States and others in order to improve performance globally.

These days everybody speaks about crisis prevention and crisis management.

A lot of people are asking for the humanitarian aid effort to be put at the service of the foreign policy decided by the Member States in a inter-governmental setting. I want to warn strongly against such a tendency. For two reasons:

First of all, humanitarian assistance has to be driven by the fundamental principles of basic human rights. It is precisely because of the impartiality and neutrality of humanitarian workers in the field that they have access to the most dramatically disadvantaged groups who suffer from the conflicts

between nations or local war-lords. If our humanitarian workers take political instructions from our foreign policy arm their action will be under threat. Our ability to work with the UNHCR, the International Red Cross will be impaired and it will become difficult for many NGOs to receive our money – given the political strings attached.

So caution.

Secondly, I see a severe problem of accountability: if the foreign policy in a given crisis is fixed in the mainly inter-governmental setting, outside the scrutiny of the European Parliament and with only modest input from the European Commission, then the normal rules of accountability by the European Parliament and the Court of Auditors are effectively put to the side.

Obviously, the European Commission can not ultimately take responsibility for something executed under auspices of Member States wearing their intergovernmental hat.

If Member States want to avail themselves of humanitarian assistance, money or other to serve the common foreign policy, they better do it through the normal Community method based on qualified majority and on the right of initiative of the Commission. And obviously, the Commission will respond to the overall mandate, which is laid down in the fundamental regulations. But messing around with humanitarian assistance as an instrument for foreign policy is counter-productive. Humanitarian aid is not a crisis management tool. It has its own deeper rationale.

#### **IV. EXTERNAL RELATIONS**

Just a few words on EU external relations in general.

Everybody can probably agree that EU's performance in the area of external relations falls short of expectations, in particular when you consider Europe's economic clout and role in the world. It is the inter-governmental nature of foreign and security policy, which has blocked for effective delivery.

By way of example:

As long as Member States are not prepared to discuss how the EU should act in the UN Security Council, the C in CFSP will not mean “common”, but “convenient”.

The fundamental question is whether you believe that Europe should be a global player or only a regional player leaving the important decisions to others, notably the Americans. Everything else flows from this premise.

I would add, however, that even if we wish only to be a regional player we do need better instruments. As things are today, we punch way below our weight.

We are unable even in very narrow crisis situations to pull all our policies together, national and community wide, in one coherent strategy.

The creation of the High Representative has improved things – the collective action in the Balkans is a case in hand. You can certainly take further steps to better identify the common interest and coherence without changing the Treaty as explained by Chris Patten when you met with him last week.

But if you seek a coherent, pro-active and effective European external policy then it is not enough to oil the engines. You need a new and improved machine. And this Convention has to make up its mind!

What is required is a more coherent external policy where all instruments of foreign relations are applied in a co-ordinated fashion. The present Pillar structure and the parallel existence of several entities representing the Union in various capacities and according to different procedures is simply not credible, not controllable, and not accountable.

To give you two examples of the present complexity and lack of effective action within my own area of competence:

1. Important decisions in Eritrea have been put off for more than a year, largely due to go-alone policies of some Member States and the non-alignment of opinion in the diverse Committees of the first two pillars. A total of 18 discussions in the 3 Committees concerned (Africa Working Group, Pillar II, AWG-PRES/COM) produced conflicting conclusions as regards support to demobilisation of soldiers and adoption of the Country Strategy Paper. We are now totally

unbalanced in what we do in that region – which weakens our effort to sustain stability and peace.

So far, no progress is in sight.

What we have suffered from has been uncoordinated national initiatives, lack of power to arbitrate between various interests among Member States and lack of real public scrutiny by the European Parliament.

2. The crisis in Zimbabwe has been put high on the agenda at all EU levels. All the main Community Institutions have been involved at some stage in discussions. Drafting of regulations, common positions, decisions, motions for resolutions and what have you. The legal bases, the decision-making process, the actors and the implications of all these acts are as diverse as the European cultures. Zimbabwe is often debated in the same fora for different purposes or in different fora for the same purposes, also inside the Commission, leading to different approaches and policy options. The result is a weakening of the political dialogue with SADC to find durable and coherent solutions. All this because politics has to be kept separate from development and the money in the EDF separate from the rest, and unanimity is all around us. Blocking sound compromise and a coherent handling of the case.

To ensure more coherent and effective action on these burning issues (basically to ensure the respect of Article 3 of the Treaty of the European Union calling for greater overall coherence in EU's external actions), we need:

- A centre of gravity which is in control of the policy initiative. I remain convinced that the High Representative for foreign policy should have that initiative. But it also flows from what I have said that this initiative must be able to call on all external elements of our policies be it trade, agriculture, industrial policy, research, health, and the social policy, which are part of the so-called first pillar of the European Community.
- The present rule of unanimity must be abolished (except defence). Giving Member States a veto is not only counterproductive, but outright harmful. It maintains the illusion that the Union can

act whereas in reality it cannot. That is what the European public and the world around us cannot understand.

QMV must be the rule.

I also pray that all action will come under the scrutiny of the European Parliament and that whatever money is spent must be accountable to the Budget authority (Council and to the European Parliament). And the Court of Auditors must come in as a control mechanism. And the High Representative should be subject to the normal discharge procedure. I would find it healthy. And we will be approaching normality.

That leads me to a very simple and a very logic conclusion: the High Representative must have part of his head and at least one leg in the Commission. But maybe he would prefer to have both!

Thank you very much!

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