

Coordinate international trade and development policies better

“EU economic and development objectives will only be achieved through improved coordination of policies”

BACKGROUND

The European Union holds a unique status on the international stage, as it accounts for more than half of the world’s official development assistance. The Commission itself manages 11% of the world total, making it one of the biggest individual donors. At the same time, the EU is the leading international trader, accounting for around 24% of total trade and 30% of international investment. Yet, this leadership position in trade and development does not translate into effective policy-making and raises questions about the impact of the EU’s international policies. There is a strong case for improved and better coordinated trade and development policies in the future.

Coordinate trade and development policies

The EU has the potential to influence developing country partners in a positive way by using international policies to spur open markets and progressive trade and investment liberalisation. The removal of restrictions to trade in goods and services as well as investment is essential to development. Moreover, development policies should require clearer commitments by the beneficiaries to the principles of good governance, opening markets and encouraging fair competition.

Trade policy for real development needs

A clear distinction needs to be made in trade policy between large emerging markets – which do not need special treatment or technical assistance – and the poorest developing countries that are left out of global trade. Trade agreements such as the Economic Partnership Agreements between the EU and six Africa-Caribbean-Pacific (ACP) regions are vital to promote trade, investment and competitiveness in these developing countries. On the other hand, trade powerhouses like China or India should be dealt with on the basis of reciprocity.

Focus on economic and private sector development

The EU's development strategy should also help poor countries improve their infrastructure, develop their productive potential, strengthen the private sector and increase the efficiency of public administrations and institutions. With EU support, developing countries should be able to grasp trade opportunities and secure investment to broaden their economic base. This is essential for countries to integrate into the global economy and achieve sustainable growth and development. Experience has shown that public-private-partnerships (PPP) strengthen the effectiveness of development cooperation on the ground. The EU should provide more funding for PPP initiatives in the future. Tendering procedures should also ensure that EU small and medium-sized enterprises can play a part in development strategies. This should include a better definition of projects to cover, for example life cycle and maintenance costs, so that EU development focuses more on the quality and long term viability of aid projects.

Promote responsible access to energy and raw materials

Given the limited raw materials in Europe and the growing recourse of emerging countries such as China to strategic pricing and acquisition of raw materials and energy, the EU, European companies and resource-holders should work together to encourage responsible access to these materials. EU development policy can encourage the responsible extraction and exploration of oil, gas and other raw materials, facilitate access to and promote the sustainable use of energy and raw materials. Sustainable prosperity in oil- and gas-producing regions neighbouring the EU will also improve security of supply for the EU, particularly if these regions can improve domestic political accountability and governance systems. The EU should also use its existing knowledge and technology in the field of cleaner energy generation, energy efficiency/conservation and clean resource exploitation for export purposes.