Resolution on a 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 on Development'

2005/2580(RSP) - 12/12/2005

The Council adopted a series of conclusions on aid for trade in the framework of development cooperation. It states that while further liberalisation of world trade through a new WTO agreement will be beneficial for developing countries in general, many of the poorest of these may face adjustment difficulties in the short term, and will need help to take advantage of the opportunities it creates. As their capacity to produce goods competitively for the international market is weak, the international community needs to provide additional support, so that poorer developing countries feel the Doha Round is genuinely in their interests.

The following measures have been set out by the Council :

1) Enhanced Integrated Framework : the Integrated Framework for Trade Related Technical Assistance for LDCs (IF) is an important mechanism for helping poor countries use trade-related assistance and infrastructure investment effectively, to stimulate broad based economic growth through trade. However, it needs to find ways to improve its governance, local ownership, alignment with national poverty reduction plans and effective monitoring of results, as well as an expansion if its resources and scope, to make it more effective. On the understanding that the enhancement of the IF needs to address fully its existing weaknesses, the EU resolves that, within available budgets and with other donors, it will provide resources to enable the enhanced IF to be adequately and predictably funded. Some Member States may alternatively decide to provide aid for the same purpose through other channels;

2) Trade-Related Assistance : trade related technical assistance and capacity building as reported by the DAC and WTO covers two broad categories:

- Trade policy and regulation covers support for effective participation in trade negotiations, analysis and implementation of trade agreements, trade policy mainstreaming and standards, trade facilitation and customs regimes, support to regional trade arrangements and human resources development in trade;

- Trade development covers business development and activities aimed at improving the business climate, access to trade finance, and trade promotion in productive sectors (agriculture, forestry, fishing, industry, mining, tourism, services), including at the institutional and enterprise level.

Within their commitments to future increases in development assistance, Member States will strive to increase the EU's collective spending on trade-related assistance (as so defined), in response to needs prioritised in partner country poverty reduction strategies or development plans, with a view to reaching a figure of EUR 1 billion per year by 2010, inclusive of spending on the enhanced Integrated Framework. This would bring the contribution of the EU as a whole, including the Community contribution, to EUR 2 billion per year by 2010.

3) Infrastructure : the European Commission's proposal to increase EU (Community and Member States') aid to infrastructure (including energy and water) through a new Europe-Africa Partnership on Infrastructure, linked to the decision of Member States to increase ODA by EUR 20 billion per year by 2010. The World Bank's plans to increase infrastructure lending by $1billion per year to around $10 billion by 2008. Moreover, the Gleneagles agreement by the G8 aims to boost growth, attract new investment and contribute to Africa's capacity to trade" through the establishment of the Infrastructure Consortium for Africa, jointly supported by African countries and by the European Commission, G8, and key multilaterals. The EU confirms the importance of aid to help improve developing countries' infrastructure, in particular because infrastructure is complementary to trade-related assistance in stimulating exported growth, and will work towards more effective and increased infrastructure activity, particularly in Africa. Aid for infrastructure should therefore be assessed on qualitative aspects with a view to maximizing its benefit in terms of poverty reduction and environmental protection.

4) Adjustment :some developing countries are likely to be faced with adjustment difficulties, notably for the following reasons:

- erosion in trade preferences;

- reduction in government revenue resulting from lower tariffs;

- increased cost of food imports resulting from reductions in export subsidies, for net food

importers.

The importance of providing additional support for trade adjustment and integration was recognised in the Millennium Review Summit outcome. Adjustment issues, related to trade reform, should be part of an overall package of domestic policy reforms and economic planning and financial support. However, developing countries need to be assured of credible assistance and mechanisms to facilitate adjustment.

The EU recognises the need for adequate provision for trade adjustment, notably for countries facing erosion in trade preferences. The IMF and the World Bank should provide transparent monitoring of the impact of erosion in preferences and trade liberalisation on a country by country basis, to allow additional resources to be made available in response, including through the IMF's "trade integration mechanism" and the WB's programmes.