

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(91) 104 final

Brussels, 11 April 1991

Proposal for a
COUNCIL REGULATION (EEC)
on financial and technical assistance to
and economic cooperation with the developing
countries in Asia and Latin America

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. There are two main channels of cooperation between the Community and the developing countries in Asia and Latin America:

- (i) financial and technical assistance, and
- (ii) economic cooperation.

Financial and technical assistance, which began in 1976, is the main instrument of development cooperation. The objectives of such aid and the rules for its administration are at present governed by Council Regulation (EEC) No 442/81.

Economic cooperation, which was introduced more recently, comprises a number of different instruments (promotion of exports and European investments, training, cooperation in the fields of industry, energy, science and technology). It is relatively heterogeneous, involves rather small sums and, so far, has not been governed by legislation.

2. In view of the profound changes which the developing countries concerned and the Community itself have undergone since such cooperation began, the Council and Parliament have asked the Commission to propose new long-term guidelines for adapting Community policy to the new situation and increasing its effectiveness.
3. In June 1990 the Commission produced such a paper,¹ on the basis of which, in December 1990, the Council adopted conclusions on the general guidelines for Community cooperation with the developing countries in Asia and Latin America (ALA) over the next decade.

In the light of these conclusions and in response to Parliament's desire that the legal basis of Community cooperation be adjusted in line with the new situation and so as to make such cooperation more effective and more transparent, the Commission undertook to present a new Regulation on cooperation policy.

4. This new Regulation has been drafted so as to enable all financial and technical assistance and economic cooperation to take place within the guidelines proposed by the Commission.¹

In short, the new guidelines cover the following:

4.1 Greater attention to the question of human rights and democracy.

The aim of cooperation is human development. Accordingly, its implementation requires the participation of both women and men. Furthermore, respect for human rights is recognized as fundamental to genuine development, in which cooperation itself is seen as contributing to the promotion of such rights.

With this in view, development policy and cooperation take into consideration respect for, and enjoyment of, fundamental human rights and freedoms and democratic principles. Accordingly, increased Community support should be provided for those countries which are most committed to those principles and in particular for practical initiatives taken to apply such principles in those countries. Where human rights are violated and democratic principles not respected, the Community may alter its cooperation strategy by limiting cooperation to only those schemes which directly benefit needy sections of the population.

4.2 The need to ensure that environmental considerations are systematically taken into account in all aid and cooperation schemes and that a significant proportion - not less than 10% - of total resources is set aside to finance specific projects in the field of environmental protection.

Cooperation on the environment with the ALA developing countries is essential since problems which relate specifically to the developing countries (such as the protection of tropical rainforests) are matters of global concern, and since these countries clearly need technical support in handling problems relating to both the natural and the urban and industrial environment.

¹ COM(90)176 final, 11.06.1990.

4.3 Financial and technical assistance must not only be continued and strengthened but also be better adapted to national and local needs.

This form of aid must continue as in the past to be directed primarily at improving the living conditions of the least-favoured strata of society in the poorest countries, but may be extended, in some cases, to the relatively more advanced countries.

Financial and technical assistance constitutes the main instrument of Community development aid, which also includes food aid, the export earnings stabilization mechanism, opportunities for co-financing operations undertaken by European NGOs and various types of emergency and humanitarian aid, which should be coordinated and, where necessary, combined.

In general, development aid is the expression of the Community's support for the ALA developing countries, which face serious problems (population growth, mass poverty, financial and environmental difficulties), for which they alone cannot muster all the necessary resources and know-how.

Within the range of development instruments, financial and technical assistance aims to transfer funds and to target know-how on specific operations (projects or programmes of a variety of types) with a view to solving general or sectoral problems or undertaking pilot schemes aimed at developing new strategies.

Financial and technical assistance continues to give priority to the rural sector since most of the population in the ALA developing countries belongs to this sector and the Community has solid experience in such matters.

Consideration must also be given to other fields of action such as regional cooperation, the structural dimension of development, natural disasters, etc. When schemes are drawn up, particular attention must be given to aspects such as the role of women, problems relating to population growth, the fight against drugs, etc.

4.4 Substantially reinforced, well structured and efficient economic cooperation must be the second channel of cooperation with the ALA developing countries.

The fact is that cooperation with these countries, and particularly the more advanced of them, cannot be limited to aid but must help them make the most of the prospects opened up by the growth of international trade, and in particular by the European single market.

At the same time it must help European businessmen, technology and know-how to play an increasingly active part in these countries, thereby enabling the Community to benefit in the medium and long term from the economic and commercial, technological and cultural expansion of these high-potential countries. Finally, it will act as a catalyst to promote the transfer of European businessmen's resources (capital, technology, know-how and marketing networks) under market conditions to the ALA developing countries.

Of necessity, economic cooperation makes use of a wide range of instruments, some of which are covered by separate legislation, either because of their links with other Community policies (research, energy, telecommunications) or because of their specific, horizontal nature (EC-IIP).

The purpose of this latter instrument is more particularly to enable the Community to promote joint ventures, thus helping to promote European investment in the ALA developing countries, which is one of the desired results of economic cooperation.

All these instruments of economic cooperation must be integrated and coordinated with financial and technical assistance. Economic cooperation may also be directed towards promoting regional cooperation.

4.5 In view of the new aid components described above and the May 1990 revision of financial perspectives, the budgetary resources for aid and cooperation have been increased.

This increase will be made within the framework of a five-year perspective for 1991-95 for the whole range of resources entered in the Budget under the heading of cooperation with the Asian and Latin American developing countries (Chapter B7-30) in order to enable indicative medium-term planning for aid and cooperation to be undertaken. The relevant indicative figures are shown in the attached financial statement.

5. This renewal of Community cooperation policy means that its implementing procedures must be adjusted.

5.1 Increasing dialogue is the means whereby the priorities for Community backing for each country can be established. This dialogue will principally take place in the Joint Committees for ALA developing countries which have Cooperation Agreements with the Community, and it primarily concerns the general guidelines, and the objectives and priorities, notably sectoral, to which aid and cooperation could contribute. It will be based on the assessment of each country's specific needs and the identification of all types of cooperation schemes most suitable for financing.

5.2 Wherever possible, thanks to the multiannual financial framework for Community cooperation with the ALA developing countries, multiannual programming on the basis of objectives will be undertaken for each country and where appropriate by region. This programming - which will be of an indicative nature - is to help increase the impact of Community operations on the general policies of the countries concerned. It will take account of the possible contribution of other aid and cooperation instruments.

5.3 Resources will be allocated and schemes chosen for financial and technical cooperation by reference to:

- the income levels and needs of the various countries;
- the intrinsic value of operations in terms of development and their contribution to healthy, realistic macroeconomic policies;
- the possibility of arousing the country's interest and/or mobilizing additional resources to assist certain sectors;
- participation by the local population.

For economic cooperation, schemes will be identified and chosen by reference to the initiatives and interests of the operators directly concerned.

5.4 Community assistance will cover individual operations, clearly defined in terms of objectives to be attained and means to be deployed, notably projects and programmes and including, wherever feasible, integrated projects and sectoral programmes.

5.5 All instruments of Community cooperation, whether in the form of financial and technical assistance or economic cooperation or other types of cooperation, should be carefully integrated so that they work together with maximum efficiency. Integration should be sought not only in overall planning of cooperation on a country-by-country basis but also when each project or programme is prepared.

Integration of instruments particularly applies to food aid and Stabex counterpart funds.

As much benefit as possible should also be drawn from the experience of European NGOs, notably in connection with the numerous projects co-financed with the Community.

5.6 Coordination with other aid instruments should also be stepped up, particularly with the bilateral aid provided by the Member States; this would, furthermore, reinforce the European presence.

Co-financing is the closest possible form of coordination and thus deserves particular attention but at the same time the decision-making process and execution need to be made much less slow and cumbersome - the result of the number of decision-makers and the particular rules governing each of them.

6. In view of these guidelines, the implementation of this renewed Community cooperation policy involves a substantial revision of existing legislation.

This legislation must therefore be adapted to take account of the new priorities for financial and technical cooperation and must be supplemented by new administrative rules and provisions which, for the first time, will govern economic cooperation in respect of all those instruments which have no separate legal basis.

7. Accordingly, the Commission hereby presents to the Council and the Parliament, for adoption as soon as possible, the attached proposal for a new Regulation to replace Regulation (EEC) No 442/81 in respect of financial and technical cooperation and to extend the scope to economic cooperation.

Proposal for a
COUNCIL REGULATION (EEC)
on financial and technical assistance to
and economic cooperation with the developing
countries in Asia and Latin America

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 235 thereof,

Having regard to the proposals from the Commission,

Having regard to the opinion of the European Parliament,

Whereas, since 1976, the Community has been pursuing a policy of financial and technical cooperation with the developing countries in Asia and Latin America and has, in more recent times, also embarked on economic cooperation with those countries; whereas these forms of cooperation are part of an overall policy of cooperation with the developing countries as a whole which includes expansion of their trade by integration into the multilateral trade system, by appropriate measures to be taken within the relevant international organizations and by specific measures such as the Community system of generalized preferences;

Whereas the current process of European construction and the growing influence of the Community worldwide justify the continuation of mutually advantageous economic cooperation with, and Community development aid to, the developing countries in Asia and Latin America, the extension of such policies to other countries or economic sectors, increased financing for such policies and efforts to ensure that they are better adapted to national and local needs within each region;

Whereas the European Council has on a number of occasions confirmed the Community's political will to reinforce its cooperation with regions of the world where the level of development is still insufficient and to do so via an increased, coordinated and multi-faceted effort on the part of the Community and its Member States;

Whereas the European Parliament has examined the matter in detail on a number of occasions and has called for such reinforced cooperation and for a revision of present legislation in order to ensure greater efficiency and increased transparency;

Whereas the Council has adopted conclusions supporting the Commission's suggested long-term guidelines for such cooperation with regard to the priorities and sectors for consideration and the desirability of increasing the resources to be allocated to them and of enabling indicative medium-term programming for those resources to be undertaken;

Whereas both the Council and European Parliament, while confirming traditional fields of action, have identified new priorities relating, in particular, to the environment, the human dimension of development and the need for economic cooperation to take place in the mutual interest of the Community and its partner countries;

Whereas the rules governing the administration of financial and technical assistance to, and economic cooperation with, the Asian and Latin American developing countries should be established;

Whereas it is therefore necessary to repeal Council Regulation (EEC) No 442/81 of 17 February 1981 on financial and technical aid to non-associated developing countries,¹ and to replace it with this Regulation;

Whereas the Treaty does not provide specific powers of action for the adoption of this Regulation other than those contained in Article 235,

HAS ADOPTED THIS REGULATION:

Article 1

The Community shall continue and broaden Community cooperation with the developing countries in Asia and Latin America, not being signatories to the Lomé Convention and not benefiting from the Community's policy of cooperation with the Mediterranean region, hereinafter referred to as "ALA developing countries". This cooperation shall involve financial and

¹ OJ No L 48, 21.2.1981, p. 8.

technical development assistance and economic cooperation. In this connection the Community attaches the utmost importance to promoting human rights, freedom of trade and of cultural exchanges and environmental protection, by means of an increasing dialogue on political, economic and social issues within a perspective of mutual interest.

Article 2

All the ALA developing countries shall be eligible for financial and technical assistance and economic cooperation.

The recipients of aid and partners in cooperation can include not only States and regions but decentralized authorities, public agencies, local or traditional communities, private institutes and operators, including cooperatives and non-governmental organizations.

Financial and Technical Assistance

Article 3

The principal aim of financial and technical assistance shall be to improve the living standards of the neediest sections of the population and to implement measures in areas where domestic resources are hard to mobilize but which are of strategic importance either for the development of the countries concerned or for the international community as a whole.

It shall be targeted primarily on the poorest ALA developing countries.

Article 4

Financial and technical assistance shall give priority to developing the rural sector and improving the level of food security.

Furthermore, consideration shall be given in all operations to protecting the environment and natural resources, to the human dimension of development, notably the role of women, to the problems of population growth and to matters concerning the relations between towns and the countryside.

A significant proportion of the aid shall be set aside for projects more specifically aimed at environmental protection.

Aid may also take the form of action to fight drugs, to improve living conditions in large cities, and to contribute to the structural dimension of development.

Part of the aid may be used for rehabilitation and reconstruction following disasters of all kinds and for preventive measures.

Regional cooperation among developing countries shall be considered an important area for financial and technical cooperation, particularly in the following fields:

- cooperation on the environment;
- the development of intra-regional trade;
- the strengthening of regional institutions;
- support for integration and the establishment of joint policies and activities among developing countries;
- communications, particularly as regards standards, networks and services, including telecommunications;
- research and training connected with development;
- cooperation in the sphere of energy.

Article 5

Financial and technical assistance may be extended to the relatively more advanced countries of Asia and Latin America in specific fields or in cases where Community action is taken in response to disasters or implements new operations or policies which are essential at regional or international level in the following sectors:

- drugs;
- the environment and natural resources;
- the strengthening of institutions;
- pilot schemes to help particularly under-privileged sections of the population;
- regional cooperation.

Economic Cooperation

Article 6

Economic cooperation shall contribute to the development of the ALA developing countries by helping them make the most of the prospects opened up by the growth of international trade and by the European single market, and by enhancing the role of European businessmen, technology and know-how.

Economic cooperation shall be aimed in particular to supporting countries pursuing macroeconomic and sectoral policies open to trade and investment and conducive to technology transfers, notably by ensuring the protection of industrial and intellectual property rights.

Article 7

Economic cooperation shall include three sectors:

1. Improvement of scientific and technological potential and of the economic, social and cultural environment in general by means of training schemes and the transfer of know-how. It shall be directed chiefly at executives, economic decision-makers and instructors, and shall cover all economic, scientific and technical fields and, in particular energy, industrial and urban ecology and services technology.
2. Improvement of the institutional structure, in order to render the legislative, administrative and social climate more conducive to development.

3. Support for undertakings, for example by means of training and technical assistance schemes, by the establishment of direct contacts between undertakings and by schemes to facilitate access to bigger markets without prejudice to the specific provisions on joint ventures laid down by Council Regulation (EEC) No ... [on EC 11P].*

Regional cooperation must be regarded as an important sector for economic cooperation, in particular:

- cooperation on industrial and urban ecology;
- intra-regional trade;
- regional institutions for economic integration;
- regional policies;
- communications, including telecommunications;
- research and training;
- cooperation in the sphere of energy.

IMPLEMENTING PROCEDURES

Article 8

Financial and technical assistance and economic cooperation shall be provided mainly in the form of grants and shall draw on the financial resources fixed by the general budget of the European Communities. Co-financing with the Member States or other donors shall be sought through greater coordination. The Community nature of the aid must, however, be maintained as far as possible.

Article 9

1. Financial and technical assistance may cover all the expenditure on imports and local expenditure required to carry out projects and programmes.

* OJ No L

Maintenance and operating expenses for economic cooperation operations, training and research programmes and for development projects and programmes may be covered subject to the proviso that in the case of the latter such expenses may be covered only at the launching stage and in decreasing amounts.

2. Systematic efforts must be made to seek financial contributions from partners (countries, local communities, undertakings, individual recipients) within the limits of their possibilities and according to the nature of each operation. Taxes and duties and the purchase price of land shall be excluded from Community financing.

3. Study costs and the short and long-term use of experts to assist the recipients and the Commission in devising general policies, identifying and preparing operations, and monitoring and evaluating them shall normally be covered by Community resources, either as part of the financing for individual operations or separately.

Article 10

Participation in invitations to tender and purchasing and other contracts shall be open on equal terms to all natural or legal persons of the Member States.

With regard to financial and technical assistance, such participation shall usually be extended to the recipient State and may also be extended, case by case, to other developing countries.

In exceptional cases which are duly justified, other countries of origin may be allowed for specific components.

Article 11

1. Aid projects and programmes for which Community funding exceeds ECU 2 million and also any substantial modifications and necessary overruns of more than 20% of the amount initially agreed for these operations shall be adopted according to the procedure laid down in Article 12(2).

2. The procedure laid down in Article 12(3) shall be followed, if need be, for the adoption of acts required to establish:

- coordination between Community cooperation schemes and bilateral schemes that may be undertaken by the Member States,
- the indicative multiannual guidelines that apply to the main partner countries,
- the areas of cooperation according to subject or sector.

Article 12

1. The Commission shall be assisted by a committee composed of the representatives of the Member States and chaired by the representative of the Commission.

2. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority laid down in Article 148(2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission. The votes of the representatives of the Member States within the committee shall be weighted in the manner set out in that Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the committee, they shall be communicated by the Commission to the Council forthwith. In that event, the Commission may defer application of the measures which it has decided for a period of one month.

The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the second subparagraph.

3. The representative of the Commission shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the manner in which its opinion has been taken into account.

Article 13

The Commission shall submit to the Council and the European Parliament an annual report on the implementation of this Regulation, setting out the results achieved and presenting the projects and programmes financed during the year.

In addition, a comprehensive report giving the results of the regular evaluation undertaken shall be presented at the end of each five-year period.

Article 14

Regulation (EEC) No 442/81 is hereby repealed.

Any reference to that Regulation shall be deemed to be a reference to this Regulation.

Article 15

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

FICHE FINANCIERE

IMPLICATIONS FINANCIERES

1. Intitulé de l'action

Projet de règlement relatif à la mise en oeuvre de l'aide technique et financière et coopération économique avec les pays en voie de développement d'Amérique Latine et d'Asie.

2. Lignes budgétaires concernées

B.7. 3000 - 3001 - 3002 - 3003 - 3004

B.7. 3010 - 3011 - 3012 - 3013 - 3014

B.8. 7300 - 7301 et 7304

B.8. 7310 - 7311 et 7314

3. Base légale

Article 235 du Traité

4. Description de l'action

4.1 Objectifs spécifiques de l'action

Accroissement de l'effort de l'aide communautaire au développement notamment dans les PVD-ALA les plus pauvres dans l'objectif de répondre à une demande pressante d'extension du champ d'application de cette forme d'aide (protection de l'environnement, dimension humaine du développement, coopération régionale, dimension structurelle du développement, catastrophes naturelles, etc ...).

Renforcement et diversification de la coopération économique afin d'accélérer, essentiellement dans les PVD les plus avancés, le développement par un transfert de "Know-How" européen dans un esprit de bénéfices mutuels afin que ces pays puissent tirer avantage de perspectives nouvelles ouvertes par le grand marché européen.

4.2 Durée

Indéterminée

4.3 Population visée par l'action

Les populations de tous les pays d'Amérique Latine et d'Asie, soit plus de 3.500 millions de personnes dans 41 pays - et en particulier les couches de population les plus défavorisées dans les pays les plus pauvres.

5. Classification de la dépense ou des recettes

5.1 D.N.O.

5.2 CD sauf B 7 3002 et B7 3012 et les lignes "minibudget" qui sont CND

5.3 Ce règlement n'engendre pas de recettes spécifiques.

6. Nature de la dépense

6.1 Subvention à 100 % : oui sauf co-financement au titre de l'article 16 du règlement

6.2 Dans certains cas, subvention par co-financement avec d'autres donateurs d'aide

6.3 Aucune bonification d'intérêt

6.4 Autres : rien

6.5 Pas de remboursement prévu

6.6 Pas de recettes

FICHE D'IMPACT DE CERTAINS ACTES LEGISLATIFS SUR LES PME ET L'EMPLOI

1. OBLIGATIONS ADMINISTRATIVES DECOULANT DE L'APPLICATION DE LA LEGISLATION POUR LES ENTREPRISES

AUCUNE

2. AVANTAGE POUR L'ENTREPRISE

OUI

LESQUELLES

La coopération au développement pourra engendrer des avantages pour les PME dans les domaines services et fournitures de matériel.

3. INCONVENIENTS POUR L'ENTREPRISE

NON

CONSEQUENCES

4. EFFETS SUR L'EMPLOI

Aucun effet négatif prévisible sur l'emploi dans la Communauté.

5. A-T-IL EU CONCERTATION PREALABLE AVEC LES PARTENAIRES SOCIAUX ?

NON

AVIS DES PARTENAIRES SOCIAUX

6. Y A-T-IL UNE APPROCHE ALTERNATIVE MOINS CONTRAIGNANTE ?

NON

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DOCUMENTS

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