

NEW EUROPE PROMISES LITTLE FOR THE SOUTH

Bolstered by the sudden end of Europe's rigid post-war divisions, European Community leaders will spend most of 1991 building on their new vision of pan-European cooperation. SHADA ISLAM reports from Brussels on the past year's developments and their future impact on the emerging countries

Hopes for a new Europe, which brings together the continent's western, eastern and northern wings, were voiced most vigorously at the 34-nation Conference on Security and Cooperation in Europe (CSCE) held in Paris at the end of November. The charter for a 'new European order' adopted at the end of the conference promised that relations between European states would be founded on 'respect and cooperation.' EC officials admit that it will be difficult to translate the vision into reality. But German unification – the EC's overriding concern for the better part of 1990 – has helped give some substance to the dream of pan-European harmony.

Western aid to the East will be a key tool in building the new Europe. The EC's top priority in 1991 will therefore be to stop the Soviet and East European economies from sliding into complete chaos. With massive doses of aid and investment to the East under discussion, budgetary cutbacks in the EC's other international obligations, including funds for the South, appear inevitable.

At the same time, new trade benefits accorded to Eastern Europe in such sensitive areas as textiles, footwear, agriculture and steel, will reduce the EC's 'margin for flexibility' in granting similar concessions to the South. On the domestic front, Brussels is determined to step up the drive for EC-wide political and economic union. The departure of the 'anti-European' British Prime Minister, Margaret Thatcher, from the scene should help moves towards economic and monetary union including the setting up of a Central European Bank – and encourage plans for greater foreign policy coordination as part of the EC's programme for political union.

The emphasis will continue to be on internal construction rather than further enlargement. While working to forge closer relations with its Eastern and Nordic neighbours, the EC will keep its door firmly closed to any new members. Hungary, Sweden and Norway may soon, however, join Austria and Turkey in demanding membership of the EC. A study of their requests will be put off until 1992.

In any case, the EC and members of the European Free Trade Agreement (EFTA)

will work together to set up a wide-ranging European Economic Space where goods, people and services will flow freely across frontiers. The increasingly self-sufficient new regional bloc may or may not open its markets to Asian, African and Latin American goods.

1990 was marked by some fears that upheaval in the East and the heady drive for German unification would derail EC plans for political and economic integration. German Chancellor Helmut Kohl made it clear from the start, however, that he wanted a "European roof" for a reunited Germany.

Despite a rapidly changing economic environment – and the political turmoil on their doorstep – EC policymakers like European Commission President Jacques Delors intended to press ahead with the '1992 blueprint' for creating a single frontier-free market. Several key external aspects of the '1992 project', including the treatment to be meted out to imports of Japanese and other Asian cars, will have to be decided in 1991.

EC policymakers will also grapple with the threat of increased migration from their immediate neighbours in the East and the Arab Maghreb countries to the south. It was significant that concern about the influx of Soviet and East European nationals into the EC dominated at least some of the discussions at the CSCE summit.

As Belgian Prime Minister Wilfried Martens underlined recently, the problem of migration into the EC will get worse as people flee economic chaos in the East and the South. New EC plans for the Maghreb call for more aid and larger trade benefits for the region so that domestically created jobs can keep young people at home.

With the construction of a 'common European home' very much on their mind, EC leaders are expected to have even less time and energy for trade, aid and investment – issues of concern to the South. As the EC concentrates on the 'urgent' issues of economic and political survival of its Eastern neighbours, developing countries may find themselves being edged even further out to the periphery of the EC's political and economic priorities. There will be some clear exceptions. Fears of energy supply shortfalls, triggered by the crisis in the Gulf, will bring increased EC interest in

forging closer links with the South's oil-exporting nations. After years of procrastination, Brussels is finally ready to negotiate an ambitious free trade area pact with members of the Gulf Cooperation Council (GCC).

Mamoun Kurdi, the GCC's politically astute negotiator, admitted recently that the Gulf crisis had made the EC 'more aware' of the need for better trade and political contacts with the GCC. The free trade pact would boost GCC petrochemical sales in the EC – but not until the year 2000 when 'provisional' restrictions imposed to protect EC industries from foreign competition are finally lifted.

While pressing for closer ties with Arab oil-exporting nations, key EC policymakers like Energy Commissioner Antonio Cardoso e Cunha are banking on stronger oil and gas links with the Soviet Union to solve the EC's long-term energy problems.

Developing nations will have to tackle new obstacles in their trade and aid links with Brussels. The EC's new environmental concerns, for instance, will increasingly colour the EC's relations with the South's timber exporting nations as the ever more powerful 'green' lobby clamours for sanctions against countries which fail to adopt sustainable forest management policies.

Political discrimination between developing nations on the basis of their human rights record looks set to dominate EC aid policy in the 1990s. While Brussels has so far espoused the cause of 'political neutrality', the conditions imposed on Western aid to the region have begun to influence EC relations with the South.

European Development Commissioner Manuel Marin admitted recently that the EC could no longer afford to ignore human rights violations in the 68 African, Caribbean and Pacific (ACP) countries which are members of the Lome trade and aid Convention. Working quietly, the EC has already suspended new aid funding for Sudan. A number of other nations, including Zaire, Somalia and Ethiopia, have been put on a special watchlist to see if aid should continue.

Aid funding for Asia and Latin America could go down the same road. The EC has already voiced concern about the situation in Sri Lanka and suspended all aid to Burma.

Officials predict that in 'less obvious' cases of human rights violations, the EC will steer away from large scale 'prestige' projects which may be seen as representing support for Asian and Latin American governments in favour of smaller schemes of direct value to people.

Trade relations with the South are unlikely to show any dramatic improvements. As EC negotiating policy in the Uruguay Round trade liberalisation talks has shown so clearly, the emphasis in Brussels' trade relations with developing countries will be on securing better access to markets of the South.

'Reciprocity' – with the EC demanding that developing countries guarantee equal trade opportunities to European goods – will be a key issue in the EC's trade policy in 1991. The EC will also reinforce its method of differentiating between developing countries in the granting of trade concessions.

EC officials have agreed, for instance, that while the EC's preferential trade offer – known as the Generalised System of Preferences – will be renewed in the 1990's there would be a distinct move to keep certain 'highly competitive nations' out of the system – at least for some products. Saudi petrochemical exports and watches from Hongkong are no longer eligible for exports for duty-free quotas in the EC.

Complaints from Japan, South Korea and some ASEAN members about the EC's anti-dumping policy are expected to intensify in the 1990s. The EC's trading partners are convinced that 'Fortress Europe' is being set up with the aid of such anti-dumping measures. Designed in theory to protect EC markets from unfairly low-priced imported goods, anti-dumping duties are used with increasing frequency to protect troubled domestic industries from foreign competition.

After several months of strain, EC relations with China are expected to get a new lease of life in 1991. The EC imposed a series of limited sanctions on China following the crackdown on dissidents in 1988. But, by the end of 1990, EC foreign ministers decided to normalise ties with Beijing, with officials saying that EC aid to China would start flowing again in 1991. Formal diplomatic relations are also expected to be forged with Vietnam.

In comparison, trade relations with Japan will remain tense. Although the EC's external trade Commissioner Frans Andriessen stressed recently that trade frictions between the two sides were now a thing of the past, French officials continue to denounce Japanese protectionist trade policies and insist that Japanese cars should be kept under restraint on EC markets after 1992.

Despite bitter public squabbles over trade policy within the GATT Uruguay Round, Brussels and Washington are committed to giving a political gloss to their bilateral relationship. Both sides have just issued a formal 'declaration of friendship' stressing American commitment to the emergence of Europe's 'new architecture.'

The EC is also expected to lift some of the sanctions it imposed against South Africa in 1986. British calls for a normalisation of EC relations with Pretoria were turned down by other EC nations at a meeting in Dublin in June 1990. But, officials admit that South African moves to dismantle apartheid must be 'encouraged' by the EC through the partial lifting of sanctions. As a result, trade, cultural and sporting contacts between the EC and South Africa could be established in 1991. ■