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REVIEW OF INTERNATIONAL SUPPORT TO ECDC:
EXPERIENCES OF DEVELOPED AND DEVELOPING COUNTRIES
THEIR PROBLEMS AND PROSPECTS

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PRELIMINARY DRAFT

**REGIONAL INTEGRATION AND COOPERATION AMONG DEVELOPING COUNTRIES:
EUROPEAN UNION VIEWS AND SUPPORT FOR THESE INITIATIVES**

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I. INTERNATIONAL SUPPORT FOR REGIONAL INITIATIVES AMONG DEVELOPING COUNTRIES

It is becoming commonplace to speak today about the revival of regional cooperation and integration efforts among developing countries.

In this respect, the situation is quite different from that eight or even perhaps five years ago, when many regional initiatives were in the doldrums. The debt and commodity crisis first, and structural adjustment later, often led to policy choices giving priority to national objectives at the expense of regional efforts. The effects were a weakening of regional institutions, a lower emphasis on regional projects and a decline in intra-regional trade.

Thus, at the time, the question in the minds of those people interested in regional initiatives among developing countries, including those at UNCTAD, was: What can be done to revive regional efforts among developing countries?

Today, there is much less need to talk about a revival of these efforts. Many regional cooperation and integration initiatives have been revived, from the Andean Pact in Latin America to the Economic Cooperation Organization in Asia, and quite a few new ones are under way, from the Group of Three or Mercosur in Latin America to the Union du Maghreb Arabe in Africa. This, in addition to experiences, such as NAFTA or APEC, that bring together industrialized and developing countries. Thus, if anything, there is an "integration fever" not all of whose results, one has to reckon, are necessarily positive.

This proliferation of regional initiatives has coincided with a stronger interest in regional integration and cooperation on the part of the international community. Thus, the Development Assistance Committee of the

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OECD held, at the urging of the European Commission, a meeting in September 1992 where for the first time the donor community formally discussed in that forum the whys and how of international support for these regional initiatives. Contrary to the past when there was little interest in the subject, Multilateral Financial Institutions, such as the World Bank and the International Monetary Fund, and some donor countries have now approached the issue more sympathetically and while arguing that, on economic grounds, multilateralism is better than regional integration, in overall terms they have been more receptive to these initiatives.

This more sympathetic approach towards supporting regional initiatives among developing countries is probably due not only to the recognition of the potential political and economic benefits of these initiatives when considered in abstract, but also to two recent developments:

First, the changed nature of many of these initiatives. To the extent that, by their own nature, the initiatives that give rise to most concerns are those that involve mutual trade preferences thus leading to what, in one form or another, is normally referred to as regional economic integration, both old and revived initiatives of this kind are characterized today by their orientation in favor of an open regionalism. In other words, the elimination or reduction of barriers for intra-regional trade is accompanied by liberalization efforts towards the rest of the world: rather than isolating Member countries behind high protective walls, regional integration today is usually part of an strategy of insertion in the world economy.

Second, the disappearance of the bipolar world that emerged after World War II. With the collapse of the Soviet Union and the relative loss of political hegemony by the United States, the world has become less dangerous in global terms, yet more unstable in local terms, as shown by the appearance of new border disputes and frequent local wars throughout the Globe that can no longer be controlled by the superpowers. To the extent that regional alliances and initiatives tend to reduce the likelihood of these local wars or to reduce their effects once they take place, the international community is finding that they can play a significant role in preserving world security.

In spite of these additional arguments that explain the increased international interest for supporting regional initiatives, providing such support is not without its drawbacks. It is true that one of the most common reasons for the past lack of enthusiasm in the support for these initiatives, namely their import-substitution bias, has lost much of its validity with the more outward-oriented approach of many of the current efforts. However, at least three other problems remain:

The first one is the gap between declarations of intent and actual behaviour. In this respect, and even though things seem to be improving in this respect, it is not infrequent to see, and yet it is not always easy to notice in advance, that there is not much substance beyond the rhetorical calls in a founding document. Regional groupings cannot expect international support when they do not clearly show their political commitment, with all the sacrifices this implies, to the regional initiative they create. Budgetary sacrifices as well as those resulting from the reallocation of resources. International support for regional initiatives is no substitute for the own political and economic efforts that developing countries themselves must make in this respect.

The second one is that financial support for regional initiatives often provides less visibility to the donor country and, particularly, often deprives it of the ability to control the direction and quality of the output. In other words, in a classical development project, such as the construction of a bridge or the improvement of health services, the donor can follow closely the advancement of the project. This is much harder to do in a regional project where specific responsibilities can

not be defined as easily. In other words, regional projects are harder to execute and often provide less rewards to the donor.

The third is the stagnation, and even decline in real terms, of international development assistance. This has forced donors to be particularly cautious in the allocation of their scarce resources, often leading them to argue that the support for regional projects and initiatives can only come at the expense of bilateral programs. Yet, this rejection of additionality, often runs into conflict with pressures on the part of recipient countries which, while asking for support for regional efforts, are usually very reluctant to see them financed with funds heretofore allocated to them.

Discussions in fora such as UNCTAD can go a long way to allaying quite a few of the concerns to which I have referred in the previous paragraphs and particularly can help in clarifying which efforts are worthier of support.

Yet in the discussions we will hold throughout this meeting, it will become evident that the task of deriving general lessons from these international support efforts is not easy, as the analysis poses at least two major challenges:

Firstly, the enormous diversity of motivations, institutional settings and intensity of cooperation as regards the various regional initiatives, makes the search for systematization or general principles somewhat difficult. No two efforts are alike and, as a result, what international support might try to achieve in one case might be very different from what it can achieve in others.

Secondly, regional cooperation is not easy option and there is no single model of "good integration". Thus there is an element of uncertainty in deciding which initiative to support, in particular given the record. Supporting regional initiatives is not an easy task as it is difficult to foresee the pay-off from the effort. In all cases a balance must be found between institutional support, which is a weak link in many of these regional efforts, and policy and project support.

The purpose of this presentation is to describe, in a summary form, the extent to which the European Union supports regional integration efforts and other cooperation initiatives. However, it does not analyze the support for these regional initiatives which each of its member States provides. The description is preceded by some remarks about the Union's views on regional integration and its political and economic significance.

II. THE EUROPEAN UNION AND REGIONAL INTEGRATION

It will probably not surprise anybody to hear that the European Union believes in regional integration. It particularly believes in regional integration in Europe and for Europe, where it is generally accepted, by both scholars and the population at large, that it has worked and is still working well, for both Europe and its external relations. There are a number of reasons for this support.

Firstly, it has ensured political stability in Europe. Thus, while keeping national identities alive, integration has brought the European peoples closer together and helped heal the wounds produced by the two great wars of the 20th century. Further, this stability has been a bonanza not only for the Europeans but for the rest of the world as well, which has been able to benefit from a conflict-free area for decades.

Secondly, it has encouraged economic growth. Integration has helped Europe grow much faster than otherwise, as a result not only of the better

environment provided by both political stability and policy coordination, but specially because it has allowed both a better allocation of resources and the benefits of scale economies. Furthermore, it has also helped the world grow faster, as Europe's prosperity has been translated into large increases in its external trade, making it the largest world trade partner.

Thirdly, it has contributed to strengthening democracy, both within its borders and in neighbouring countries. Indeed, integration has shielded Member countries of the Europe Union from totalitarian temptations. At the same time, the political and economic weight of the European Union, combined with the attraction it has exerted on candidates for membership, has served as an assurance in favor of the preservation of democracy and against political coups in these countries.

Fourthly, it has served as an instrument of continental solidarity. Thus, aware that integration, while benefiting all members of the scheme, is likely to benefit its advanced members more, European integration efforts have sought to allay concerns, and to assist internal solidarity, by redistributing some of the benefits from integration through its industrial and agricultural policies, as well as through its structural funds.

Notwithstanding all this, the success of regional integration in Europe does not mean that it will work in other parts of the world, or even less, that the European model of regional integration is the most appropriate for other groupings. After all, this model of integration responds to some precise historical conditions and cannot easily be transferred to other environments which have been shaped by different cultures and by other historical and geographic factors.

As a result, without trying to export its own integration model, the encouragement of regional cooperation and integration has been traditionally one of the main themes in the European Union's relations with developing countries. This has been particularly true as regards its relations with Latin America, and it is also increasingly the case with Africa and, specially, the Mediterranean (including the Middle East).

This can be said to be the result of three factors: First, the success of its own integration. Second, its belief in the value of regional integration as a support for parallel moves towards economic openness and democratization, which almost certainly go together. Third, the European Union's partners' request for technical assistance and financial support for their regional initiatives because, perhaps unavoidably, even without exporting its model, European integration continues to be an example for inspiration.

Allow me to briefly describe now my perceptions about the cooperation and integration efforts among developing countries, as well as about the European Union's relations with, and assistance to, these efforts.

III. THE EUROPEAN UNION SUPPORT FOR REGIONAL COOPERATION AND INTEGRATION IN LATIN AMERICA

Latin America is probably the continent where the idea of regional integration has the strongest cultural connotations as, apart from the traditional arguments in favor of integration, based on its political and economic benefits, this idea fits well with long-held Bolivarian dreams for a united Latin America. While a certain parallelism for this idea can be found in Panafricanism, integration efforts in Latin America are thus informed by a sense of common identity that is absent in other continents such as Asia.

Even though historical developments have shown the enormous challenge of ever achieving those dreams, they have served to place regional integration as a key reference point in most policy frameworks developed in Latin America. This has been so both during the period of import substitution approaches to regionalism, and now when open regionalism has become the norm.

In Latin America there are institutions and mechanisms at the continental level for the mutual extension of trade preferences (such as ALADI), for the facilitation of political concertation (such as the Group of Rio), for the promotion of sectoral cooperation (such as OLADE or ALIDE), etc. However, political pragmatism has led Latin American countries to place most of their emphasis on sub-regional initiatives. Three of the most established of these initiatives, with which the European Union maintains formal cooperation relations, are discussed below.

A. Central American Integration System (SICA)

As shown by the relatively high share of intra-regional trade in total trade, Central America's integration efforts were, throughout the 1960s and early 1970s, among the most successful developing countries' regional initiatives.

Frontier problems ("the football war"), as well as the internal instability and civil strife in most of the countries in the region, and then the response to the debt crisis put a halt to these developments. It was not until the late 1980s and early 1990s that integration initiatives took on a renewed significance, as a means of securing peace and economic growth.

Since then, steered by the Presidents of its Member countries, the integration process has been widened and its institutional architecture has been revamped with the establishment of SICA as an umbrella institution for the integration efforts. The integration approach has also been changed, so that the decline in intra-regional trade barriers and the development of a common external tariff, have gone hand in hand with a liberalization of external trade.

The European Union has been at the forefront of all these new efforts which it has supported politically through the San José Dialogue process: begun in 1984, this political and economic Dialogue already led in 1985 to the signing of a cooperation agreement between the European Community and the six Central American countries. The new efforts were also supported financially through the Union's assistance to the Central American Common Market and related regional mechanisms, such as the Central American Integration Bank (BCIE).

Thus, in general terms, the European Union has supported regional cooperation and political concertation in Central America via the San José Dialogue, the most important manifestation of which are the annual Ministerial meetings between the European Union and its Member States, and the Central American countries, and the periodic Joint Committee meetings between both parties for the presentation and discussion of regional projects.

In more specific terms, it has first encouraged intra-regional trade and the expansion of the export capabilities of these countries via the support for the now-defunct Payments-Clearing System and more recently through projects such as FEPEX ("Fomento de las Exportaciones") and PAPIC (a support program for small and medium-sized firms in Central America).

It has also supported regional economic infrastructures with telecommunications and air-traffic control projects. Likewise, it has supported regional social infrastructures through projects in the fields of mother/child health and support for the establishment of cooperatives.

Finally, in the area of trade, the European Union granted in the mid-1980s the possibility of regional cumulation in the rules of origin on the region's exports to Europe eligible for GSP treatment.

Apart from these direct efforts at supporting cooperation and integration in Central America, the European Union has also participated in multilateral efforts. Firstly, some of its regional projects took place in the context of the PEC (United Nations Plan of Economic Cooperation for Central America). Secondly, the Union responded favourably to the Initiative for a Partnership for Development and Democracy, and took the leadership in the area of support for regional integration. Thirdly, the Community is part of the Regional

Consultative Group for Central America, established by the Inter-American Development Bank at the request of the Central American Presidents at their Puntarenas Summit.

Notwithstanding the strong historical significance of the European Union's support for regional initiatives in the region, to the extent that regional integration has finally acquired its own dynamism in Central America, the Union's financial support in this area appears now as less critical than in the past.

While its support for integration in the region will continue, as foreseen in the new cooperation agreement the European Union has signed with Central America, the new situation is likely to allow the European Union to focus more efforts on ensuring the success of the outward-oriented development strategy of the region, including an expansion of its manufactured exports to the markets of Europe and other industrialized nations.

B. Andean Pact

Four major traits characterize the establishment of this grouping, born as an effort to carry out a deeper integration than that afforded by continent-wide ALALC (or LAFTA, the Latin American Free Trade Association, established in 1960), the predecessor of the current ALADI (or LAIA, the Latin American Integration Association). First, a carefully-crafted institutional architecture (even if eventually lacking political muscle). Second, a focus on sectoral investment programming. Third, a mistrust of foreign investment. Fourth, an inward-oriented development strategy.

Its intra-regional trade grew vigorously during the first years of its existence due in part to the significant tariff reductions adopted by its largest Member countries. However, progress was soon halted as a result of disagreements about the geographical allocations involved in investment programming, the resistance to further reductions in trade barriers (particularly among the weakest members), frontier and other political frictions among Member States, the limitations of the development model on which it was based and, again, the responses to the debt crisis.

Nevertheless, efforts were undertaken by the end of the 1980s to revive a by-then almost-defunct grouping. In many respects, these efforts have born fruit to the extent that as of October 1992, the Andean Pact had already become a free trade area between Bolivia, Colombia and Venezuela, to which Ecuador joined on January 1993. Furthermore, also since October 1992, the Andean Pact has already been applying a minimum external tariff to most of its external trade. Even though containing some significant exceptions and waivers for both Bolivia and Ecuador, a Common External Tariff has been designed and intended to be in force as of January 1995. A common market is contemplated for later next year.

The integration impulse shown by these initiatives, due partly to the decision by the Andean Presidents to personally steer these efforts, has been facilitated by the convergence in trade and macroeconomic policies of the countries in the region, as well as by the seriousness of the commitments for the future. Equally positive is the recently-approved progressive reintegration of Peru into the Andean Pact, which foresees that this country will be fully a part of the Andean free trade area by June 1995.

However, the integration path still continues meeting obstacles in spite of the generally-broad consensus among policy-makers in the region in favor of continued integration. Thus, some industrial sectors continue opposing the liberalization efforts and this has resulted in the reluctance of some Member States to participate fully in the liberalization process. Disagreements in this regard is what has prevented the Andean Pact from implementing the Common External Tariff on January of this year as originally planned.

In spite of past and current challenges, the European Union has been an active

supporter of the Andean Pact and of the Junta del Acuerdo de Cartagena (JUNAC), its main integration institution. This has been true in particular since the end of the 1970s, and especially after the first high-level official contacts with the Commission in 1980, and the conclusion in 1983 of a cooperation agreement.

Throughout these years, the Union has provided technical assistance to JUNAC, and established through this institution several major triennial regional programs. As a result of JUNAC priorities and the then-recent establishment of the Andean Program for Technological Development (PADT), earlier major support focused on technological matters. Thus the most significant early regional projects dealt with the application of new technologies in the use and processing of locally-consumed foods, with the generation and transfer of technology to the rural areas and with the promotion of the use of wood for construction purposes.

Two other important Community cooperation programs with JUNAC were established in the mid-1980s and were concluded by the end of last decade: they consisted of a program for food security and a program for the encouragement of intra-regional trade and industrial strengthening.

Three more recent regional programs, established at the turn of this decade and just concluding now, have been for technical assistance to the Andean Plan for Export promotion (PAPE), for the acceleration of regional integration (APIR), and for the consolidation of earlier cooperation efforts in the areas of agricultural development, food security and industrialization policy (CAPI).

Current cooperation through JUNAC is focused on industrial restructuring and on technical assistance regarding the establishment of the common external tariff.

In the area of trade, the European Union has encouraged regional integration by granting (since the mid-1980s, as in the case of Central America) the possibility of regional cumulation in the rules of origin on the region's exports to the Union, eligible for GSP treatment.

The European Union signed last year a new and more advanced cooperation agreement with the Andean Pact countries so as to strengthen and update bilateral and regional cooperation. With the liberalization of the region's economies, the increase in intra-regional trade and the implementation of a new development model, the Union's regional cooperation can now place less emphasis on traditional development projects and a stronger emphasis on more advanced forms of cooperation. As a result, apart from technical assistance on customs issues, future regional cooperation is likely to focus on technical standards and the design of regional agricultural policies.

C. Mercosur

A market of 200 million people, encompassing four of the Latin American countries most closely associated to Europe, Mercosur provides one of the most courageous recent examples of regional integration among developing countries as regards both trade and investment.

In spite of significant obstacles, it has advanced quite rapidly in the three years that have lapsed since its inception on April 1991. Its advances can be attributed, to a large extent, to its clear political commitment to reducing trade barriers on an automatic schedule, so as to minimize the chance for pressure groups to halt or slow down the process.

While the establishment of a customs union is expected to begin soon, the challenges facing Mercosur are important. First, the political and social sustainability of the grouping is not completely assured, given the differences among its partners as regards to both macroeconomic indicators and economic power (and their implications about how the gains from integration

will be shared). Second, the uncertainty and current weakness of the grouping's institutional arrangements. Although pragmatism and avoidance of unnecessary institutions have presided the development of Mercosur until now, insufficient institutional capacity is likely to be a increasing drawback for the grouping as it begins to face further challenges and tries to establish more advanced relations with other regional groups. The conclusion of the soon-to-be-held Diplomatic Conference which will discuss the institutional architecture of the group will thus determine much of the future of this initiative.

The European Union's support of Mercosur's efforts has been evident since the very early stages of this grouping's development. Thus, the Union welcomed Mercosur's choice of Union territory to officially introduce its institution to the world and provided important political recognition to the occasion.

Barely one year later, the European Commission signed an interinstitutional agreement with Mercosur which paved the way for European Union's funding of training and technical assistance for projects in the priority areas of agriculture, customs management, technical norms harmonization and mechanisms for the deepening of regional integration. Since then, the Union has also provided institutional support to MERCOSUR's Secretariat and, during its transition period, to MERCOSUR's rotating presidency: this support has included technical assistance in policy design and management of institutional documents and publications, human resources management and the evaluation of administrative support needs.

As for the future relations between the European Union and Mercosur, there exist the opportunity and interest for both parties of engaging soon in an upgrading of their relationship, including an advanced political dialogue and closer trade relations, as last week-end European Union's summit at Corfu declared. However, such an upgrading is unlikely to take place until Mercosur finds an institutional framework that gives some permanent character to this undertaking and provides it with an internationally-recognized legal personality.

D. Other regional efforts in Latin America

The European Union supports other cooperation and integration efforts outside the three main integration schemes described above.

Thus in the Andean region, it has funded, among others, three major regional programs outside the management of JUNAC: the VECEP program (in the fishing sector), the SATS program (for satellite communications) and a program for the monitoring of new technologies.

As regards the Southern Cone, the Community has been an early supporter of the Hidrovia project. This project has strong potential regional repercussions, as it will connect two main South American rivers, the Paraná and the Paraguay, thus creating a 3,500 waterway connecting the five Mercosur countries and Bolivia. To this project the Union has contributed throughout the years with significant technical and financial assistance that has gone from feasibility studies to management and navigational training, to the provision of naval transportation material.

Finally, the Dialogue with the Group of Rio, institutionalized since 1990, mainly in the form of annual Ministerial conferences between the Latin American countries and the European Union and its Member States, has provided increasingly-valued opportunities for mutual consultations and the strengthening of relations between both regions. Several continent-wide projects, in the fields of training, educational exchanges and integration research and teaching activities have also emerged from this dialogue.

IV. EUROPEAN UNION SUPPORT FOR REGIONAL COOPERATION AND INTEGRATION IN WEST ASIA, THE MIDDLE EAST, THE ARAB WORLD

The Mediterranean and the Middle East have increasingly become one of the areas of major concern in the European Union's external relations. In order to address the geopolitical, cultural, economic, and social challenges facing this region and its relations with Europe, the European Union revamped the framework of these relations by undertaking what it defined as its Renewed Mediterranean Policy, which involved a very important increase in the financial resources granted to the region, as well as significant qualitative changes in the relationship with the region.

As part of these changes, a special 300 million Ecus fund has been allocated, for the period 1992-96 exclusively for the promotion of environmental and other regional cooperation activities, including the promotion of economic integration, the latter on account of the considerable compartmentalization of the Southern and Eastern Mediterranean economies which barely trade among themselves. Among the Mediterranean-wide programs being implemented are MED-CAMPUS, MED-MEDIA and MED-INVEST, in order to favor, respectively, the exchange of students and scientists, the exchange of communications media people and experiences, and joint investment ventures.

On the other hand, the European Union has also responded to the significant developments that have taken place on the Eastern Mediterranean and nearby lands, as a result of the peace process between Israel, its neighbours and the Palestinians, on one hand, and the collapse of the Soviet Union, on the other. The European Community's role in these developments is addressed in the next paragraphs, after mentioning the Euro-Arab Dialogue, which deserves a treatment apart given the breadth and heterogeneity of the Arab League, the European Union's partner in that dialogue.

A. The Euro-Arab Dialogue

This dialogue between the Community and its Member States and the Arab League has taken place since the mid-1970s. Given the broad membership of this initiative, it is not evident where its discussion should be approached in this paper. However, as much of its membership is drawn from the Middle East and Asia, it seems appropriate to analyze it here.

The Euro-Arab Dialogue is a typical example of a relationship that, in spite of the good intentions and interests of both parties in its success, has not gone very far. Two factors have led to this state of affairs.

Firstly, there has always been a clear disagreement between both parties as to the tone and direction of the Dialogue. Thus, while the Arab League has always given a strong priority to political matters and has focused much of its efforts on the boycott of Israel, the European Community has tried to avoid that and to focus on cooperation at the technical level.

Secondly, the large and varied membership within the Arab League has made agreements among its members and with the European Community difficult. Thus, the difficult international relations of some of its members, namely Iran and Libya, have made European countries reluctant to engage in a dialogue with these countries. Likewise, the strong focus on Israel by the Arab League and the absence of progress for years regarding a permanent solution to this problem, paralyzed much of the Dialogue.

However, as a will to "eradicate the obstacles on the path of the Euro-Arab Dialogue" exists, the Secretariat of the Arab League is interested in maintaining contact with the Commission so as to identify possible new areas for Euro-Arab cooperation.

Thus, next week a seminar-like meeting will be held between the services of the European Commission and the Arab League Secretariat to discuss cooperation

areas and particularly, the extent to which the achievement of the Single European Market might affect the Arab World in the fields of finance and banking, civil aviation, environment, standards and telecommunications. Educational cooperation, particularly as regards to support for management training in the region will also be discussed.

On the other hand, in spite of the stagnation of the Euro-Arab Dialogue as such, parallel initiatives ensure that frequent contacts take place between both parties. An example of this are the Euro-Arab Parliamentary meetings, the third of which took place in Luxembourg last March, thus providing an opportunity for exchanges of views regarding support for the Middle East Peace Process, stability and security for the Arab World, and Europe and Euro-Arab cooperation.

B. Maghreb

Created with considerable expectations in 1989 by Algeria, Libya, Mauritania, Morocco, and Tunisia, and welcomed with great interest by the European Union, the Union du Maghreb Arabe or Arab Maghreb Union (UMA) has advanced less than expected, essentially for political, but also for economic, reasons.

Thus, in spite of periodic declarations supporting regional cooperation, various outstanding issues between some of its Member States (as regards international, intra-Maghreb, and even domestic issues), as well as the low priority given to integration in policy terms, have slowed down the process, notwithstanding some welcomed developments such as the recent agreement on definitive border limits by Tunisia and Algeria. Furthermore, differences in the speed and extent of economic reforms being undertaken by Member countries have made it harder to advance as regards market integration.

While the European Union is very interested in what it refers to as its "Southern flank", and has shown a preference for region-to-region relations, the internal situation in UMA makes the development of these relations more difficult. These relations are further hampered by the fact that the European Union does not maintain diplomatic relations with one of UMA's members which furthermore is the only Mediterranean country with which the European Union does not maintain a cooperation agreement.

In view of this, and given the economic, political and strategic importance that the Union attaches to its relations with the Maghreb, its current strategy involves the establishment of firmer bilateral relations with the three central Maghreb countries through association or partnership agreements. Even though negotiated bilaterally with each country, these respond to the same objectives and have the same structure, thus involving what has come to be known as the "four partnership pillars", namely, political dialogue, enlarged economic cooperation, financial assistance and the progressive establishment of a free-trade area, so that they will eventually be part of an enlarged European free trade area. Thus association agreements are currently being negotiated with both Morocco and Tunisia, and negotiations will eventually be opened with Algeria, as the internal political and economic situation improves in this country.

Apart from that, the European Union remains interested in further economic integration in the region (as official intra-regional trade only accounts for less than 5% of total trade), and continues contributing to the financing of some regional projects such as the Euro-Maghreb gas pipeline, which involves both Morocco and Algeria and which will conduct the latter's gas supplies to Europe via Spain.

C. Middle East Peace Process

The European Union has been an early supporter of a regional cooperation approach to the Middle East Peace Process as both a significant confidence-

building measure and one of the key elements in the long-term perspectives for a just, lasting and comprehensive peace in the region.

The signature in September 1993 of the Declaration of Principles by Israel and the PLO has prompted the international community to offer substantial funds in support of the Peace Process. In response to these developments, the European Union committed 500 million Ecus in grants and loans for the period 1994-98 for the Palestinians to be able to establish a sound physical and political infrastructure on their territory. At the same time, and in response to the request made by the parties in the conflict, that the European Union help develop a regional approach for the long term, the Commission issued last fall two Communications to the Council and the Parliament which develop the idea that, as the European experience shows, regional cooperation and economic integration can "make peace irreversible" and the "repetition of wars unthinkable".

The importance and value of this approach is confirmed by the possibly-significant economic benefits of integration in the region, as the countries of the region are relatively small and will necessarily benefit from an enlarged market and from an efficient regional infrastructures network. Likewise, there seem to be significant complementarities in both needs and resource endowments, such as energy, water and the environment.

Evidently, the process is not simple, and requires a gradual approach beginning with reflexions in common, moving on to developing some habits of cooperation and eventually setting-up institutional arrangements. In this respect, special attention should be given from the start to encouraging cooperation among business sectors, the educational systems and the institutions of civil society in general, as such contacts are likely to be easier than those at the political level where mistrust and aggressiveness seem to be more ingrained.

This is the approach encouraged by the European Union in all the multilateral working groups created at the Madrid Conference of October 1992 to mobilize outside partners acting as catalysts for the process. These multilateral working groups, which operate side by side with those for bilateral dealings between the parties in conflict, include all parties in the conflict plus neighbouring countries and international donors, and cover areas such as arms control, refugees, water, the environment, and regional cooperation. The Community takes the chair for this latter group, whose last meeting took place in Rabat less than two weeks ago.

Considering the history of the conflict, the nature of the countries involved and the history of the peace process, it is quite evident that this probably is a *prima facie* example of a situation where, in the absence of outside support, regional cooperation would fail. Thus, in line with its work in the "multilaterals" (as the multilateral working groups are usually referred to), one of the first joint actions (as provided for by the Treaty of Maastricht) adopted by the European Union was in support of the Middle East Peace Process. This action, apart from restating its political and financial commitment to the process, specifically established a fund for the training of the new Palestinian police force.

It is safe to say that, in spite of a certain degree of apprehension, the approach is working as exemplified by the fact that when the regional cooperation multilateral met in Brussels in May 1992 for the first time, most of the talking was done by the non-regional parties. Two years later, all parties talk to each other. Furthermore, this multilateral already established, during its November 1993 meeting in Copenhagen, an action plan in terms of specific projects that could be possibly financed by the outside partners. These encompass transport infrastructure, electricity interconnections, tourism cooperation, obstacles to intra-regional trade, etc. Thus, among the regional projects being considered are an Amman-Jerusalem road link, an Egypt-Gaza pipeline, joint vaccination programs, conferences to promote joint investment activities, etc.

And just this month, at the Rabat meeting of this multilateral, the Copenhagen

Action Plan was extended by adding new sectors and new projects. Most significant of all, the parties at this multilateral agreed to form a monitoring committee, supported by the European Union, both politically and technically, for future initiatives towards regional cooperation.

On the other hand, regional cooperation has moved from purposes to facts, particularly within the private sector. Thus, joint ventures are already being planned, trade between Israel and Egypt is expanding, Egypt and Jordan are making efforts to encourage trade and investment flows from one to the other, and so on.

D. Economic Cooperation Organization (ECO)

Originally established in 1964 by Iran, Turkey and Pakistan, under the name of Regional Cooperation for Development, the Izmir Agreement of 1976 foresaw its transformation into a free trade area, and even a common market was once considered. Political turmoil in the area prevented these developments and the organization lay somewhat moribund until 1985. At this time it was reactivated, reshaped as a preferential tariff arrangement and renamed ECO.

Nevertheless, even with these changes it remained mostly dormant until 1992 when after the collapse of the Soviet Union, it was expanded to include the five Central-Asian Muslim republics of the former Soviet Union, as well as Azerbaijan and Afghanistan. Although all its Member countries have Islam as the majority religion, the possibility for non-Muslim countries to join has not been excluded.

The main concern of the organization is in the fields of energy transportation and marketing and of transportation and communication networks, but given its membership and considerable size, it has important geostrategic implications. Mutual trade preferences, granting a 10% preferential margin, were established in the early 1980s for a range of products. A further 10% preference margin is currently being envisaged.

Even though it is early to tell, there seem to exist good reasons, both political and economic, to believe in the possible success of this grouping. The new members are interested in alternative outlets for their exports and their partners' economies might be a natural market for them. Turkey and Iran, both important regional powers, might find the grouping a good forum to allay their mutual concerns. Pakistan might find in ECO an answer to its search for both markets and regional allies.

The European Union's collaboration with this grouping is in its infancy but significant progress has taken place in this last year, leading to the establishment of a good working relationship between officials of both institutions.

Thus a first meeting between the European Commission services and a delegation of the Secretariat of ECO took place last May. In this meeting, the possibility of cooperation at a technical level was examined in the fields of transportation, telecommunications, energy, customs and drug trafficking. Further, it was agreed to maintain regular contacts and to examine the possibility of technical and financial assistance on the part of the Union to ECO projects in these areas.

E. Black Sea Economic Cooperation Zone (BSECZ)

Just established in February 1992 at the initiative of Turkey, the BSECZ is a grouping with a population of 350 million people, encompassing eight European and Asiatic nations in the Black Sea area: Turkey, Azerbaijan, Armenia, Russia, Ukraine, Moldova, Bulgaria and Rumania.

It does not contemplate yet regional integration involving reductions in

mutual trade barriers, even though it seeks to promote intra-regional trade via the improvement of communications networks (from highways and ports to telecoms) linking the countries in the region and via the future establishment of a regional bank for the financing of trade transactions. Other areas of cooperation that have been envisaged are energy, information, tourism, taxation policy and border controls.

Conceived as a "zone of cooperation and prosperity", its expected benefits are economic, environmental and political. As regards the first, the market expansion possibilities are considerable. As regards the second, the arrangement provides an opportunity for coordinating industrial pollution controls and cleaning up the Black Sea. As for the third, it could contribute to reducing the important tensions which have occurred among some of the countries in the region after the collapse of the Soviet Union.

The European Union, while not having any official relations with this grouping, is maintaining contacts with the region. Thus, the European Commission recently sponsored a conference in Greece, entitled "New Energy Realities in the Black Sea region", which was attended by Ministers and Senior Officials from all BSECZ Member States, plus Albania, Georgia, Greece and the European Union.

Two major results of this conference were: First, the establishment of a joint Energy Center in the Black Sea region to assist the implementation of regional solutions. Second, a Regional Energy Action Plan was agreed among the participants so as to reinforce cooperation in the energy sector.

This action plan includes the establishment of an Energy Group, composed of representatives of the Black Sea countries and the European Commission, which will meet every two years at the Ministerial level and every year at the Senior-Officials level, in order to consider energy-related issues of major importance to the development of the region.

F. Caspian Sea Cooperation Zone (CSCZ)

This grouping, formed by Iran, Russia, Azerbaijan, Kazakhstan and Turkmenistan, was established also in February of 1992, at the initiative of Iran and at the same time that membership of ECO was expanded. Populated by a total of 350 million people, the countries in this grouping have very important oil and gas reserves which will play an important role in the future global energy supply.

Contrary to ECO (which contemplates mutual tariff concessions), and like the Black Sea Economic Cooperation Zone, the CSCZ is less concerned than with other cooperation aspects of a regional character, such as shipping and fisheries, joint exploitation of energy resources, protection of the environment and infrastructure development.

The European Union has not established formal contacts with this organization even though it attaches great importance to the efforts of its Member countries to address the problems related to the Caspian region in a cooperative manner. Thus, as all Members of the organization (except for Iran) are members of the CIS, the Commonwealth of Independent States created after the break-up of the Soviet Union, European Union support funds are being provided by TACIS, the European Union's financial and technical assistance program set up in 1991 to cooperate with the 12 member states of CIS.

More particularly, up to 10% of the Environmental Support Facility of the TACIS Regional Program may be used for projects concerning the Caspian Sea region, that are linked to the economic reform process and integrate environmental considerations into this process.

Precisely in order to identify the most urgent environmental needs in this area, the European Commission is organizing for next month a working level conference in the region.

G. Gulf Cooperation Council (GCC)

Born in 1981 out of geopolitical considerations, the GCC has tried to promote the collective security of its Member States via the achievement of ambitious integration objectives in the economic, political and military fields. While many of these objectives have been attained, including both political cohesion and the establishment of a Free Trade Area, collective military strength has not been assured and the envisaged customs union has not been attained yet.

Part of the difficulties lie in the dichotomy, also found elsewhere, between the commonality of culture, traditions language, geopolitical needs and economic structure on one hand, and the desire not to give up national sovereignty. However, the positive GCC participation in the Middle East Peace Process multilateral working groups show both the continued interest of GCC in adopting common political positions and the interesting prospects open for GCC cooperation with the Middle East region to which this Peace Process is beginning to give shape.

The European Union has supported these integration efforts as it believes that both political and economic reasons point to the opportunity for a strengthening of the GCC. Accordingly, the Union believes that its relationship with these countries should be primarily based on a region-to-region approach. Given the income levels of these countries, the relation with this group has mainly involved dialogue and trade and investment discussions, rather than development assistance.

The main form of cooperation has been in what we refer to as "economic cooperation", that is, activities of common interest for European firms and institutions and those of our partners. Economic cooperation with the GCC has been in the fields of technical standards, promotion of joint ventures and the training of GCC customs officials. New areas of cooperation are in the fields of wildlife protection and oil and gas technology workshops.

The European Community and the GCC signed a cooperation agreement in 1989 and both sides are currently negotiating a common free trade agreement. However, the strengthening of relations which both sides want is hampered by both a lack of strong institutions on the part of the GCC and by the delay in establishing a customs union which the European Union has considered a pre-condition for the implementation of said FTA. It is also hampered by European concerns about the effects that such an FTA would have on the European petrochemical industry, which is already going through difficult circumstances, and by GCC worries about the effects on oil consumption and revenues of the EC-proposed environmentally-based carbon/energy tax.

Contacts between both groupings are, nevertheless, frequent both at the level of working groups and in the form of annual Ministerial Conferences in the form of EU-GCC Joint Cooperation Council meetings. The fifth of these conferences took place in Ryad last May and it continued proving the mutual benefits and the desirability of a strong EU-GCC partnership.

IV. EUROPEAN UNION SUPPORT FOR REGIONAL COOPERATION AND INTEGRATION IN SOUTH AND SOUTHEAST ASIA

This zone of Asia has not historically been characterized by a strong interest in regional initiatives, partly as a result of a history of border disputes among some of the countries in this vast area of Asia and partly, perhaps, as a result of the great variety of cultures and ethnic groups that lead to a great heterogeneity of political attitudes. New considerations, many of them economic but also political, as well as international developments, have led to a renewed impetus towards integration and cooperation within the two most significant regional initiatives in the area, both of which are discussed below.

A. South Asian Association for Regional Cooperation (SAARC)

In spite of early calls by the European Parliament for a cooperation agreement with SAARC, soon after its establishment in 1985, European Union cooperation with this regional initiative is still in its infancy. To a large extent, this has been the result of the lack of interest of SAARC's member countries, which have traditionally been more interested in the bilateral cooperation and bilateral relations with the European Community.

Indeed, SAARC members themselves have never been sufficiently enthusiastic about this regional initiative until recently as its languid life, its weak institutional structure and the lack of any supranational elements clearly indicate. Perhaps it could not be otherwise, given the historical tensions between some of the Member States.

These, however, have given way in recent years to a willingness to establish a preferential trade area for the region or SAPTA (South Asian Preferential Trading Arrangement). In this respect, efforts have been undertaken for identifying sectors with the highest potential for intra-regional trade as well as for the formation of regional joint ventures.

In this new spirit, the SAARC Council of Ministers mandated its rotating Chairman last year to pursue discussions with the European Union with a view to formally establishing relations between both groupings. In consequence, a first meeting between a European Commissioner and representatives from SAARC took place in Brussels last October, in which possible areas of cooperation were discussed.

Apart from the exchange of information and statistical training, the European Commission offered assistance in strengthening SAARC institutions mainly through training of SAARC's Secretariat personnel, the establishment of SAARC documentation centers in various parts of the region and the development of a regional meteorological center.

B. Association of South East Asian Nations (ASEAN)

Formed by Indonesia, Malaysia, Philippines, Singapore and Thailand in 1967 (Brunei joined in 1984), geopolitical considerations are at the root of its establishment as in the case of the Gulf Cooperation Council. Unlike the GCC or regional groupings in Latin America, there are no strong common cultural bonds among its members as many races, religions and heritages are present in the region. Although less homogeneous from the point of view of per capita incomes than the GCC, some of ASEAN countries have income levels which place them at the top of the developing world.

As a political cooperation and concertation mechanism, the success of ASEAN has been considerable as it has achieved its regional security objective of developing trust among its members and keeping the region conflict-free. It has also served its members well through the periodic dialogue that it has specially maintained with its main partners, the US, the EC and Japan, which has allowed the region to put forth its views not only on security matters but on trade issues as well. In that respect, it has provided a good intra-regional and extra-regional environment for the success of their member countries' policies, which have placed them among the most dynamic exporters and fastest-growing economies in the world.

Less successful were its earlier attempts at regional investment programming and, in general, its performance as regards market integration has been quite limited until now, as they have concentrated their export efforts in the world markets and kept many of their barriers for the mutual trade untouched.

Thus, while a preferential trading arrangement was established in 1977, the reduction of mutual trade barriers was subject to significant limitations, as the preference margin was only 10%, it was not implemented across the board

but negotiated on a product-by-product basis and with very strict rules-of-origin stipulations. While preferential margins were later widened to 20% and product coverage expanded, it did not have a significant impact on intra-regional trade as exclusions and safeguard clauses left the most promising products out of the scheme.

However, things took a turn in 1992 when ASEAN decided to gradually establish itself as a free trade area (Asean Free Trade Area - AFTA) by the year 2008. Contrary to past policies, and as proof of the commitment to intra-regional liberalization, the reduction of tariffs will be made across the board even though two sectors, unprocessed agricultural products and services, will be excluded from the scheme.

The relationship with the European Union has historically been strong and is manifested by the Ministerial conferences that are held every 18 months between the European Union and ASEAN, as well as by the so-called Post-Ministerial Conferences that ASEAN maintains yearly in a joint meeting with its main partners.

The support the Union has given to its integration efforts has been somewhat special, like that maintained by the latter with GCC, as a result of both the average income level of the region and its role in world trade.

Thus, the main element in the relationship is the interest and concern mutual trade, as each is at the top of each other's list of trade partners. Although both parties do not negotiate trade issues in their proper sense, as they are governed by both GATT rules and the ASEAN countries' status as GSP beneficiaries, an important effort in the regular contacts between both sides is in eliminating misunderstandings about specific trade issues and ensuring that technical barriers or safeguard measures, etc. did not distort mutual trade.

In contrast with the bilateral cooperation channels that the European Union maintains primarily with each of the members of that grouping, and which contain varying degrees of standard (or "classical") development aid, the European Union provides very little of this type of assistance to the region as such. Rather, the development funds granted belong increasingly to the category of "economic cooperation", that is, they are for the promotion of activities of mutual interest, such as, joint ventures, transfers of technology, etc.

In this respect, important regional projects have been undertaken in the fields of aquaculture, technological development (notably tropical timber technology and grain post-harvest technology), tourism (both marketing and training), the establishment of a joint center in energy management, etc.

To conclude, the most important support the European Union provides to ASEAN probably is in its recognition of, and dialogue with, ASEAN as a regional grouping. However, an important number of regional projects has been financed throughout the years and, furthermore, technical assistance and institutional support is being recently granted to strengthen ASEAN Secretariat which, until now has been able to play a limited role in the steering of that region's integration.

C. Other regional efforts in South and South East Asia

As in other developing regions, not all the development assistance with a regional character is channelled through established integration groupings. Thus, the European Union has contributed through out the years to the support of some regional institutions such as the Rice Institute.

Likewise, the European Community provides technical assistance and financial support to some projects that have a regional character. Worthy of mention among these is the Joint EC/FAO SAREC project, or South Asia Rinderpest

Eradication Campaign Support Project, now in preparation, and as a result, not yet finalized and approved by the Commission. Environmental, pest eradication and disease control problems are primary candidates for regional approaches as this project illustrates.

The purpose of the project is to eradicate this pest throughout Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka through the coordination of efforts by veterinary laboratories, research facilities and vaccine production plants in each of these countries. The regional significance of a project of this nature cannot be underestimated as the region accounts for 20% of the world's ruminant livestock population and rinderpest, a contagious viral disease affecting mostly cattle and buffalo, causes high mortality rates.

IV. EUROPEAN UNION SUPPORT FOR REGIONAL COOPERATION AND INTEGRATION AMONG THE LOMÉ COUNTRIES

Formerly referred to as the "associated countries" and currently ACP countries (for Asia, Caribbean and the Pacific), this heterogeneous group of 70 countries, most of them European colonies until the 1960s, encompasses large parts of three continents (even though its largest number is constituted by Sub-Saharan Africa), and includes many different regional initiatives.

The relationship which the European Union maintains with the ACPs is, for historical, cultural and humanitarian reasons, especially strong and the most concessional of the external relationships the Union maintains. Within it, and from its very start, and increasingly throughout the various Lomé Conventions which regulate the relationship, regional approaches to cooperation and the support of regional initiatives have been an important element on account of both the absence of cross-country infrastructures and the small size of the economies of these countries.

This is true, even if until recently, regional cooperation and integration was not an important component of ACP countries' political and economic strategies. Notwithstanding the traditional proliferation of regional bodies and organizations, the fact is that most of them were underfunded and institutionally weak and that the level of political, economic and infrastructural integration was extremely limited.

Things seem to have changed now and, in response to both the economic crisis and the impact of structural adjustment, many ACP countries, particularly in Sub-Saharan Africa and the Caribbean, seem to have seen in regional integration the means to come out of the crisis and strengthen their production structures.

Both as response to these changes and as a means to further encourage them, the Fourth Lomé Convention (which entered in operation in 1990, increased its allocation for the support of regional projects and regional initiatives to 1,200 million ecus and, more importantly, singled out support for regional economic integration as one of the priority instruments of the cooperation between the European Union and the ACPs. The significance of this development cannot be underestimated as it is the first time that the support for integration, and not just for regional initiatives in general, was established as a central element of the cooperation embodied in the Lomé Convention. Further, the 25% rise in the allocation of funds for regional activities, and the resulting increase in the relative importance in the total of grants available under the Lomé Convention, shows the stronger role that regional initiatives are sought to have in the European Union's cooperation with the ACPs.

Support for regional projects and initiatives has concentrated traditionally on transport and communications which have historically captured about half of the funds directed to the regional activities. Regional trade promotion activities have been an important item as well, accounting for about 10% of these funds in recent years. As regards the Fourth Lomé Convention, apart from the continued importance of supporting transport and communication

infrastructures, priority areas in the regional field are food security, natural resources conservation, trade and investment development and human resources development.

The last Lomé Conventions foresee the establishments of indicative programs at the regional level foreseen in the Lomé Convention. These programs exist for each of the seven ACP regions (West Africa, Central Africa, East Africa, Southern Africa, Indian Ocean, the Caribbean, the Pacific islands) and they have been strengthened since 1990. These programs continue existing in addition to the indicative programs established for each country and an additional regional program has been established recently for the group of five lusophone countries for the promotion of common actions in the human resources development field. Additional regional programs in the field of education, industrial development, culture and trade promotion have already been established or are envisaged.

In the encouragement of regional economic integration by the financial and technical mechanisms of the Lomé Conventions, efforts have been concentrated lately on three initiatives in support, respectively, of the so called "Cross-border initiative", of nascent WAMU and UDEAC's reforms, which are described below. Characteristic of these initiatives and, in general, of the support for regional initiatives in Africa, and which makes it somewhat unique in the European Union's initiatives towards developing countries, is the effort made by the European Commission to engage multilateral financial institutions in supporting these initiatives, and the cosponsoring between the European Union and these institutions of a number of them.

In more horizontal terms, apart from the three geographic initiatives described below, the European Community is trying to strengthen the institutional capability of integration efforts via general technical assistance and training in what we refer as "integration engineering", that is, the various legislative, regulatory, standardization, and economic instruments that allow the running of an integration institution.

It has also provided important political and financial support to the Global Coalition for Africa (GCA), a forum established at the urging of the European Commission, which brings together donors and beneficiaries of international assistance. At the suggestion of the European Union, the GCA created at its 1992 Kampala meeting a Sub-Committee on Regional Integration and Cooperation, as a high-level forum to test ideas and contribute to consensus building as regards integration issues, and which held its first meeting in Dakar last May.

A. The Cross Border Initiative

Formally known as the "Cross-Border initiative aimed at facilitating trade, investments and payments in Southern and Eastern Africa and in the Indian Ocean", this project is particularly ambitious as it encompasses a large part of sub-Saharan Africa, runs across several regional integration groupings, it involves the participation of 13 countries (Burundi, Comoro, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Tanzania, Uganda, Zambia and Zimbabwe) and covers a wide variety of trade and investment-related objectives. Furthermore, it is open-ended as members of PTA, SADCC and the IOC (Indian Ocean Commission) can join if they chose to do so.

The origin of this initiative lies in the Maastricht Conference on Africa of 1990 and its resulting forum, the GCA referred to above. It has been drawn in association with the public and private sectors of each of the countries involved, and its main purpose is to incorporate the regional dimension into the structural adjustment programs being applied by these countries. The appeal of this initiative by the European Union is exemplified by the broad support it has received by both the multilateral financial institutions and by the most significant international African organizations.

Pragmatic rather than programmatic, the initiative has focused on the

identification of the factors that hinder cross-border trade and investment and on making recommendations on how to counter these factors. As a result, recommendations have been made for strengthening trade liberalization and facilitation, improvement of both the domestic financial sectors and the exchange rate mechanisms and for stimulating investments.

A multitrack approach to financial assistance by the cosponsors (the European Union, the World Bank, the African Development Bank and the International Monetary Fund) has also been established in the form of additional structural adjustment assistance, credit lines to support cross-border investment, and technical assistance and training.

B. West African Monetary Union (WAMU- UMOA)

As of January 1994, WAMU has been transformed into an economic union, thus both changing its name (into West African Monetary and Economic Union / WAEMU-UEMOA) and broadening its scope. The integration program thus contemplated includes the gradual establishment of a single market in goods and services and the free circulation of both capital and persons, as well as macroeconomic convergence and the introduction of common sectoral policies.

As all of its member countries belong to the wider Economic Community of West African States (ECOWAS or CEDEAO), its implementation is intended to be both open to other countries and compatible with ECOWAS' own integration efforts.

The European Union is playing a significant role both on its own and in cooperation with both international (IMF, World Bank) and national (France) donors in supporting with both technical and financial assistance, the definition and the implementation of WAEMU's program, including the establishment of a common external tariff and of a regional multilateral monitoring mechanism for overseeing the coordination and convergence of macroeconomic policies.

C. Central African Customs and Economic Union (UDEAC)

Formed by Cameroon, the Central African Republic, Chad, Congo Equatorial Guinea and Gabon UDEAC was created in 1964 and it is integration initiative that has seen better days.

In spite of maintaining a common currency, of having originally had a common external tariff, and sharing an investment code, intra-regional trade within UDEAC has fallen considerably from earlier levels, as Member States established throughout the 1980s an abundant set of barriers to intra-regional trade which market-fragmented the grouping thus depriving it of its essence. At the same time, the structural adjustments undertaken by the different countries were hampered by this market fragmentation which, in turn, hampered regional integration.

The realization of the harmful effects of these developments led to new efforts in the early 1990s to redress this state of affairs. Thus, the region's Heads of State approved in 1990 a regional reform program encompassing a wide set of reforms, some elements of which have been established in concertation, as in the case of support for WAMU's new initiatives, with the major outside partners of the region (namely the European Union, the World Bank, the IMF, and France).

The elements refer first to the field of taxation, both internal and external, and include, among others, the simplification of indirect taxation, the improvement in the equitability of the national tax systems, the flexibility and coherence of these systems at the regional level, and customs reforms in view of reestablishing an effectively-working common external tariff.

Another element, spearheaded in particular by the European Union, refers to

the implementation of a regional transit-transport system under the name of TIPAC (Inter-State Transit of Central African States) with the aim of easing transit operations regionally, through the establishment of transit itineraries and a regional system of communications structures. The transit itineraries have already been determined and the implementation of this system already began this year) and intra-regional transit transportation.

These efforts to strengthen integration in this grouping have led to the recent signing by all Member States, except for Cameroon, of a treaty to expand UDEAC's mandate. Upon Cameroon's signature, this organization will become an economic and monetary community under the name of Central African Economic and Monetary Community (CEMAC).

VII. CONCLUDING REMARKS

The revival of integration initiatives throughout the developing world is an undeniable fact. The refocusing of these efforts, leading to an active and outward-oriented integration, is another.

These developments are to be welcomed as they are bound to strengthen the political and economic recovery of these countries region and increase its success potential.

Equally welcome is the increased willingness of the international community to support both politically and financially some of these efforts, as they often need this support given the difficulties and short-term costs of many regional initiatives. The traditional support for these initiatives by the European Union has been shown throughout these pages which cover, nevertheless, only a sample of what has been and is being done.

Still, developing countries should not get carried away by their newly-found enthusiasm for integration as initiatives in that direction are no substitute for domestic efforts. Furthermore, in spite of considerable successes by the European Union in that regard, integration is not an easy task and integration among unequals, which is taking place more often now, is even harder.

Also, the multiplicity of integration efforts, with some countries simultaneously participating in more than one of these schemes, as is also happening increasingly in both Latin America and Sub-Saharan Africa, results in a confusing architecture and makes the task much harder.

These difficulties are even greater when initiatives are established without due consideration for longer-term political support and financing of their institutions and policies.

In this regard, in their new integration efforts, a balance must be found between excessive bureaucratization, and the absence of sufficiently strong and capable integration institutions, without which integration cannot advance very rapidly.

The choice of the integration path is to be made by the developing nations themselves. However, the donor community is unlikely to support such initiatives if the problems set out above are not addressed properly and, in particular, if the initiatives are incapable of delivering what they are expected to achieve: more political and economic stability and an open economic regionalism.

Fora such as UNCTAD can contribute to useful exchanges of information in that respect. Although the European Union has well-established mechanisms to discuss and evaluate with recipient countries and groupings the opportunity and quality of regional initiatives and projects, it is also likely that a global dialogue between international donors and regional initiatives among developing countries can help identify the most important and valuable of these initiatives and mobilize support for their success.