

Popa, Diana

Article

EU Contribution to Support Developing Countries

CES Working Papers

Provided in Cooperation with:

Centre for European Studies, Alexandru Ioan Cuza University

Suggested Citation: Popa, Diana (2012) : EU Contribution to Support Developing Countries, CES Working Papers, ISSN 2067-7693, Alexandru Ioan Cuza University of Iasi, Centre for European Studies, Iasi, Vol. 4, Iss. 2, pp. 204-220

This Version is available at:

<https://hdl.handle.net/10419/198170>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

EU CONTRIBUTION TO SUPPORT DEVELOPING COUNTRIES*

Diana Popa

Alexandru Ioan Cuza University of Iași, România
diana-popa@hotmail.com

Abstract: *The paper deals with the EU aid concerning to improved the economic situation from developing countries. Therefore, the aim of this research is to identify how EU states contribute to helping poor countries, members of the World Trade Organization.*

For the beginning, we define the EU's position before, during and after the Doha Round – a round of WTO multilateral trade negotiations. Moreover, we analyse the development dimension, focusing on countries „marginalized” until early of XXI century in terms of international trade, because this represents the idea-axis of the Doha Round. In this context, the EU – one of the leading global commercial players and a key member of the institution mentioned above – has set several objectives to achieve the basic goal of negotiations and several ways to support developing countries. To conclude, we propose to define the key points of the European aid for least developed and developing countries.

Keywords: Doha Round, FDI flows, international trade, technical assistance, European Union, developing countries, Aid for trade

JEL Classification: F43, F53, F59, I31, O19

INTRODUCTION

Cooperation between the European Economic Community (now subsumed within the European Union) and developing countries is not new in the context of international economic relations. Moreover, this relationship was born, initially, as a result of colonial heritage of EEC founding countries. Later, it became a multilateral relation or even a universalist one, according to the literature. Analyzes and studies in this area confirm the connection between development aid, granted by Member States of the Union and developing countries, in particular the least developed of them.

In the second part, we present briefly the European Union's position before and after the WTO Doha Round. We will point out, especially the Community interests, objectives and measures taken to achieve the goal stated in November 2001 in the capital of Qatar.

* **ACKNOWLEDGEMENTS:** This work was supported by the the **European Social Fund in Romania**, under the responsibility of the Managing Authority for the Sectorial Operational Programme for Human Resources Development 2007-2013 [grant POSDRU/CPP 107/DMI 1.5/S/78342].

In the third part we discuss how the EU has contributed to increasing the level of development of countries, to poverty reduction and to providing necessary support to achieve an effective participation in the international trade of developing countries.

In other words, we can say that this paper aims, mainly, to cover a *section of international trade*, focusing on the *relationship* between the EU and developing countries.

The problems of this study revolve around the ticklish questions with that the countries „marginalized” in trade negotiations under GATT, later WTO, collided over time. Unfortunately, these sore issues were noticed only at the beginning of XXI century; gradually, they had become quite important on the table of Doha Round negotiations. In these circumstances, the European Union and United States – the main actors in international – had the most difficult task, namely to solve as much as possible, the demands of the poorest nations. The importance of these problems is enhanced by the developing countries which are staking especially on the defining objectives of the EU and the goal of Doha Round. As a result, the *research hypothesis*, on which the article is built, can be summarized as follows: the European Union is considered a model in promoting fair trade and sustainable development and through the latest round of multilateral trade negotiations, it aims to provide the opportunity of the economic growth to the developing countries by solving the needs and interests to 50 underdeveloped countries (according to a UNCTAD survey).

1. EU vs. DEVELOPING COUNTRIES. LITERATURE REVIEW

The very close connection between the EEC and developing countries is not new in the broader context of international economic relations. Moreover, EU relations with this group of countries are, above all, determined by the colonial legacy of the EEC founding countries, primarily of the French Republic. Referring to this, Bretherton and Vogler (2006) claimed the idea that cooperation between the European Union and the South was conceived, first of all, as a continuation of the French policy. The big challenge consisted in sharing at a Community level, the financial burden of decolonization, and the benefits resulting from trade links with former colonies. Gradually, relations with countries in the South had to undergo a transformation, obtaining simultaneously a multilateral nature. According to Delcour (2003, p. 79), being in such a situation, the Community had to create a series of tools designed to manage this relationship in a collective and decisive manner, at the same time. Among these, stands the **European Development Fund**

(EDF) – as a financial leverage of cooperation with former colonies. According to the literature (Bilal, 2002; Delcour, 2003), a second instrument would be represented, by the *trade agreement*, signed, initially, in Yaoundé in 1963, through which a preference regime for the 18 signatory countries (from Francophone Africa and Madagascar) was instituted.

In this context, the relationship between the EEC and the African, Caribbean and Pacific (ACP) countries is outlined, too. According to analysts, this cooperation is not new in international economic relations. Furthermore, the literature considers that links between the two groups of countries were formed through three channels (Diallo, 2007; Delcour, 2003). Originally, these were outlined in terms of bilateral relations which some EU Member States have established with former colonies (British, Dutch, Belgian and French ones); then, the agreements on development cooperation and trade cooperation between the EU and ACP followed. And finally, more recently, the link between the Community and regional and subregional organizations in Africa has developed, as *economic partnerships* (Bilal, 2002).

Since the '60s, a fundamental feature of the European approach on cooperation has been outlined. It is about the recognition a closer link between trade and development dimension. According to Byrne (2006) and Delcour (2003), an opinion also shared by other researchers, cooperation between the two groups of countries must be accompanied by a liberalization of trade relations – a fact that will allow integration of developing countries into the global economy.

Based on this approach, the EEC would have to expand gradually its network of agreements and programs. According to Delcour (2003), since the 1970s, the EEC cooperation policy became an universal one. In this geographic expansion, successive enlargements of the Community play a fundamental role. These slowly move the center of gravity of European aid, initially identified in Francophone Africa, to other parts of the world (the former communist, the Mediterranean countries and so on).

According to Charlotte Bretherton and John Vogler (2006), with the admission of Britain in the EEC (1973), EU cooperation with African countries would suffer a change. This happened due to the refusal of former British colonies to sign the Yaoundé Agreement with francophone countries in Africa. Although, it is considered less advantageous economically and too intrusive, politically (Delcour, 2003), the enlargement has led to the signing of the Lomé Agreement, through which was introduced a new tool, *Stabex*. Again, the principles that founded, in the past, the commercial relationship between the EEC and the South countries, were changed by imposing non-reciprocity principle.

Gradually, some specific tools have been created in the Community budget to aid countries in Asia and Latin America. This fact allowed the institutionalization of cooperation with a number of new states (Delcour, 2003, p. 80). Among these may be mentioned: an assistance program, PHARE support, and association agreements etc., tools that were used in other parts of the world.

In connection with this aspect, authors like Diallo (2007), Lee and Wilkinson (2007), Reinert (2007) and others noted that special relationship, as partnership between the EU and the ACP countries included all the features of a model incomparably. This link established a predictable and safe contractual cooperation between the first global donor of public assistance and 71 countries spread across three continents. Furthermore, this cooperation was established on a fair commercial relationship based on asymmetry of concessions and a device of official development assistance, through the EDF (Delcour, 2003). In the same vein, referring to the new form of cooperation between the two groups of states, represented by the *Cotonou Agreement* (June 2000), Diallo (2007, p. 10) believes that the importance of this deal is pretty significant from two perspectives. The first refers to the fact that the Agreement signed in 2000 would be notified by LDCs and their representatives in the WTO negotiations. The second perspective refers to the idea that the Cotonou Agreement would answer to the XXI century challenges (Delcour, 2003).

Although NGOs consider the EU-ACP cooperation spawned to several negative effects, its supporters believe that the EU should not abandon the spirit of partnership in which all philosophy is based on equity (Diallo, 2007; Delcour, 2003; Reinert, 2007). Collaboration between EU-ACP should be widened to incorporate, in regional terms the ACP States, to promote sustainable development, to help eradicate poverty in these countries as much as possible and not least, to rebuild the North-South relationship in accordance with WTO objectives. These actions are necessary not to raise undue barriers or not to create unnecessary difficulties for the trade of other members (the U.S. case and of some countries from Latin America with reference to the dispute on the import of bananas).

In these circumstances, we can say that the European cooperation acquires a truly universal character and the Union is an economic power and a global commercial player (Bretherton and Vogler, 2006), and a pillar of development (Delcour, 2003), at the same time.

2. THE EUROPEAN UNION AND THE DOHA ROUND

Like the U.S., the EU is one of the leading global players in trade. Original member of the WTO, European Union has been instrumental in the eight WTO ministerial meetings, including in multilateral trade negotiations begun at Doha. Beginning of the XXIst century would reveal another feature of the Member States and the European Union, in general.

2.1. The EU attitude before the Doha Round

International organizations, EU, NGOs and other legal persons were aware that poor countries need a more support of technical assistance. This aid was necessary both in the short term – in trade-related issues in the negotiation process with respect on the development dimension, to which LDCs were invited to participate (as members of the WTO) and the long term – for implementation the WTO rules. But however, the necessary steps were not taken in order to improve economic and living conditions of the less advanced nations.

According to Bayne (2003, p. 143), in the opening of the Third Ministerial Conference, the EU-15 approach was designed to meet the needs of developing countries. Moreover, European countries have shown through their desires and actions, the integrative attitude about which Eugenia da Conceição-Heldt spoke in her paper. From that approach, the EU used the strategy of harmonization of interests and views of poor countries. Finally, the EU had to offer a series of concessions materialized through the initiative “Everything But Arms”, even in agriculture through CAP reform. The European Commission, also, held the role of intermediation between U.S. and developing countries, convincing them about the importance of a body of rules on investment and competition. As a result of these issues, several researchers have noted that the EU-15 is the first member of the WTO that took concrete measures for developing states. Unfortunately, they were marginalized and “left in queue” (Bayne, 2003) in terms of benefits expected from multilateral trade liberalization. Moreover, in May 2001 in Brussels, at the third UN Conference concerning the Least Developed Countries and reduce poverty among people in these countries, the European Union came up with a proposal based on three pillars*. This was refused by other industrialized countries

* There are: the cancellation of customs duties on the developing countries exports to industrialized countries, the technical encouraging of the LDCs accession to the WTO and the reducing non-tariff barriers (eg, the health standards).

(like the U.S., Canada or Japan) despite the perspective that would be followed through launching the Doha Development Agenda, two years later.

From the aspects mentioned, we can conclude by the idea that after the meeting in Seattle only a catalog of good intentions resulted regarding on a number of commitments that should be taken by each state developed in part for reducing the number of people living in extreme poverty and who suffer from hunger (Da Conceição-Heldt, 2011) (according to the UN, it's about 600 million people in 2001). Moreover, there was no signing of any agreement on LDCs debt reduction which increased by 150 billion dollars. With regard to the aids that came from the rich countries, it can be said that these fell from 0.7% of GDP to the value of 0.15%, at the end of the XXth century (Reinert, 2007). In these circumstances, the resolution of problems from developing states in particular, was transferred to the Doha Ministerial Conference and in future multilateral trade negotiations.

2.2. EU objectives in the Doha Development Agenda (DDA)

The development represents the basic concept of the round of negotiations started in Qatar. Moreover, the Ministerial Declaration calls on all Member States to contribute effectively to the development process initiated in favour of developing states and the Third World.

In this circumstance, the European Union – considered a model in promoting fair trade and sustainable development – follows through the new round of multilateral trade negotiations to provide the opportunism of economic growth (Young, 2007) to poor countries, aiming to solving the needs of 50 underdeveloped countries.

The Community commercial policy objectives in the DDA and subsequently in the Doha Round on international trade and development dimension are quite numerous. The table below contains just some of them, each having paramount importance for future trade relations of the Community with the world.

Table 1 - EU's key priorities in the DDA

<i>Domain</i>	<i>Measures to be taken</i>	<i>Expected result</i>
<i>Market access for industrial goods</i>	- setting flexibilities for developing countries;	- creating a new trade between North and South and between South-South; - "Round for free" for LDCs;
<i>Development dimension</i>	- improved access for agricultural, industrial products, services and other sectors of interest to developing countries; - trade facilitation (simplification of export-import procedures); - observance of the principle of special and differential treatment; - more support in trade for poor countries; - trade-related assistance → integration to the less wealthy states into the global trading system; - elimination of tariffs and export subsidies for products from LDCs;	- implementing the initiative "Everything But Arms" (EBA); - agreeing on a package of measures on development; - improved market access for developing countries; - more technical assistance on trade issues; - flexibility for least developed countries (LDCs); - providing social facilities; - endorsement of solutions that ensure environmental protection; - taking into account the concerns of developing countries;

Note: The sequence of treatment areas from the table refers, not nearly, to the order of their importance in the Doha Round negotiations.

Source: prepared by author based on European Commission (n.d.) EU & WTO: The Doha Round, available at <http://ec.europa.eu/trade/creating-opportunities/eu-and-wto/doha>.

Analyzing Table 1, one can see that the vast majority of Community objectives lead directly or indirectly lead to Doha Round purpose through which follows to integrate the developing states in the global trading system. Moreover, in a press release of the European Commission President, Romano Prodi said that the Doha Round must assure the development of global trade in order to offer a balance between the three characteristics of *sustainable development*: economic growth, environmental protection and furtherance of social equity (European Commission, 2008), all directed to the requirements of developing countries.

2.3. EU position in the post-Doha ministerial meetings

After the moment - November 2001, EU actions have increased considerably. Moreover, due to failure of the Cancún meeting (2003) and after a series of tense consultations with the 15 EU Member States, European Parliament, commercial associations, business environment, civil society and the European Commission decided to enact, in November 2003, a strategy with the purpose to help relaunch negotiations begun in Doha (Reinert, 2007).

Two years later, in Hong Kong, it was observed that a number of results expected for 2003, in fields such as agriculture, market access of industrial products, trade and development, services,

less advanced countries etc. Unfortunately, these results were insufficient. Although, the completion of Doha Round negotiations did not occur during the ministerial meeting in Hong Kong or in the meetings that followed, European Commission, on behalf of the EU, continues to perform its task, playing a leading role in the WTO to complete the Doha Round as soon as possible (Lee and Wilkinson, 2007). This aspect was due to the fact that the successful conclusion of negotiations, started in Qatar, would confirm the central role of multilateral liberalization, on the one hand and regulation, on the other hand. This finality would confirm, also, the power of the WTO that was missed due to delayed deadlines and repeated failures of the past six years, like a resistant shield against to the protectionism decay.

In conclusion, we can say that although the EU's key objectives in the Doha Round negotiations remain unchanged, the development of multilateral trade policy continues to be primordially for the Community.

3. EUROPEAN UNION AND ITS SUPPORT FOR DEVELOPING COUNTRIES

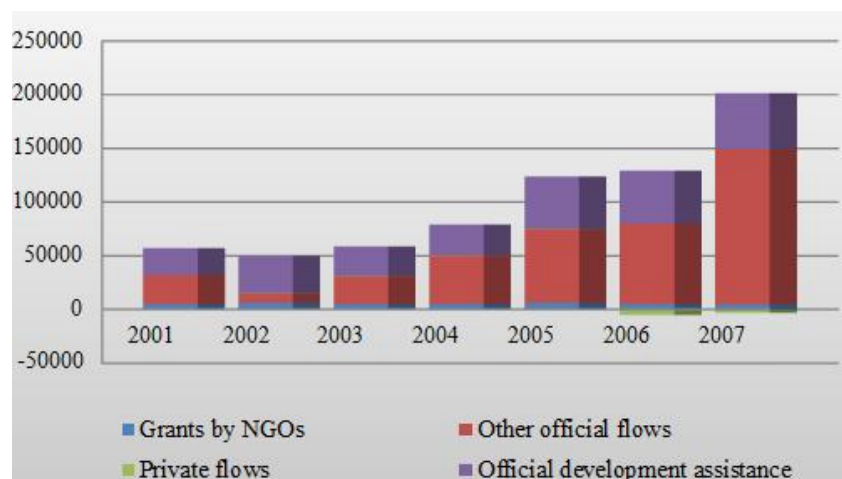
Since November 2001, EU financial aid for developing countries has increased considerably.

Most researchers believe that the international organizations, like UNCTAD, OECD, WTO and so on had an important role in shaping this context through the platforms created.

3.1. “Aid for trade” initiative

The syntagm “*aid for trade*” began to be increasingly debated immediately after the meeting in Hong Kong of WTO. The analyses made in this direction both by the competent institutions of the EU and by other specialists have lead to results more than modest. According to them, over half of global spending to support developing countries come from the European Union and its member states. In accordance with Eurostat, EU presents itself as one of the *largest donors of technical assistance on trade issues* that granted in the period 1996-2000, over 700 EUR million and additionally, for the bilateral and/or mulilateral initiatives in trade, another 300 EUR million (Commission Européenne, 2010, pp. 144-147). With regard to the next seven years, the EU financial support to developing countries has increased considerably (Figure 1), and this is due mainly to commitments under the Doha Conference, initially, continuing and in other WTO ministerial meetings.

Figure 1 - Total financing for developing countries, EU-15 (2001-2007) (EUR million)



Source: prepared by author based on processing data from Commission Européenne (2010), *L'Europe en chiffres: L'annuaire d'Eurostat 2010*, Office des publications de l'Union Européenne, p. 147

Analyzing data provided by Eurostat, there is a steady and sustained growth of the official development assistance provided to needy states, from 25.000 EUR million in 2001 to about 50.000 EUR million in 2007. One can also observed a big jump since 2005, from 40.000 EUR million (2004) to about 65.000 EUR million (2005) when the European Parliament, Council and Commission adopted “*European Consensus on Development*”. In the same order of ideas, the *private funds** granted to developing countries have experienced a steady growth until 2005, but later, recorded a decreasing jump from 400 EUR million (2005) till to 5 EUR billion debt (2007). In turn, the subsidies granted by NGOs to this category of countries ranged between values of 4.500-6.000 EUR million, in respect of the period analyzed.

The European Commission, in turn, believes that the “aid for trade” initiative supports the poor and vulnerable countries in development of basic economic infrastructure and tools they need to capitalize the commercial exchanges – as an engine of economic growth and development (European Commission, 2008, p. 3). On the other hand, Lee and Wilkinson (2007), and Reinert (2007) believes that Aid for trade can contribute to sustainable development and poverty reduction, only if it is aligned with a development political agenda much broader, exemplifying it on the European Union.

Regarding the EU, it makes tremendous efforts to achieve a more operational aid for trade by improving existing funding mechanisms and to increase this funding. Precisely because of these challenges, the EU was seen as the largest donor of trade related assistance and a leader in measures

* Actually, *private flows* include private export credits, direct investment and financing to multilateral institutions.

of financing, designed specifically to increase trade capacity of developing countries (European Commission, 2008, p. 3). Similarly, following the commitments made at the meeting in Hong Kong and subsequently through the adoption of its strategy on Aid for trade, the EU is fully committed to increasing the integrated framework of the least developed countries. Moreover, EU is pressing for a significant package of benefits in trade that are necessary to developing countries, as part of the final agreement in Doha. By way of example, the EU has offered in 2008 to increase its efforts with more than 2 EUR billion per year for projects aimed to stimulate the trade (excluding infrastructure).

The EU development strategy focuses mainly on technical and financial assistance in order to improve the basic social and psychical infrastructures and the production potential of poor countries, including here, their administrative and institutional capabilities.

As regards to African, Caribbean and Pacific countries, these show a very close relation with the European Union, following their financial support, particularly for the production of bananas that will be imported by the Community countries.

According to a study by the European Commission, so far, the EU is included among the largest donors of the **DDA Global Trust Fund (DDAGTF)** and **Loans Fund of the Integrated Framework** for least developed countries. For example, only in 2002, the European Union has donated an amount of about 10 EUR million from a total of 17.8 EUR million for the DDA Global Trust Fund (European Commission, 2008).

Other examples of technical assistance on trade issues, granted by the EU member states to the African, Caribbean and Pacific (ACP) countries are:

- Direct support programs with a value of 10 and 20 EUR million each to strengthen the relationship with the WTO;
- Economic Partnership Agreements;
- Support for the installation and maintenance of the LDCs offices in Geneva.

As a parenthesis, the European Commission claims that in 2008, more of 3/5 of the amount allocated to the development of poor countries has been shifted to the ACP states, and most part of this aid was distributed in the form of grants not repayable (Commission Européenne, 2010, p. 144).

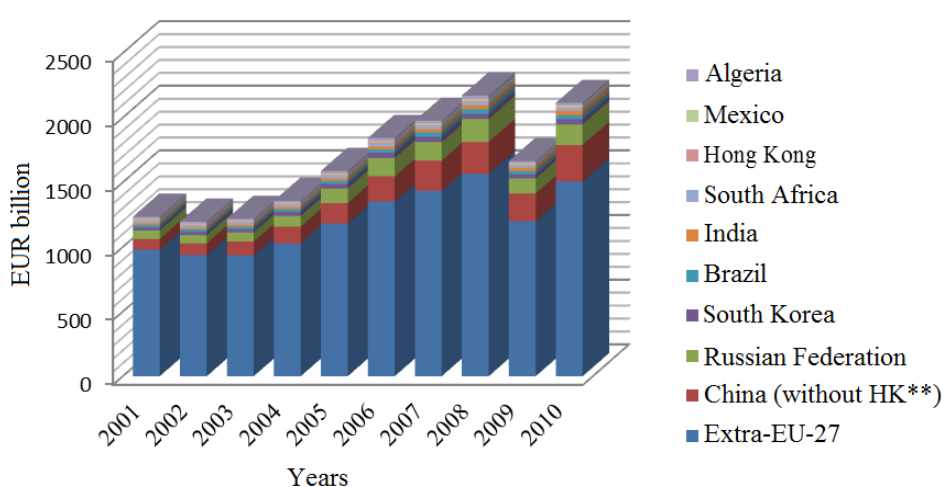
3.2. International trade – an engine of development

Besides financial support, trade itself represents an engine of development. The European market, for example, absorbs a large share of exports from developing countries and Figure 2 illustrates this aspect quite clearly.

Looking at the figure below, we can see that the highest share of EU imports came from Extra EU-27 (1.199,2 EUR billion in 2009 and 1.506,9 EUR billion in 2010). However, it should not be overlooked the overwhelming share of China (excluding Kong Kong) and Russia that totalizes over 440 EUR billion in the year 2010. The EU-27 imports from the other three BRICS Member States have amounted to 104.7 EUR billion in 2008 and 2010, respectively, 83.2 EUR billion in 2009. The difference of over 20 EUR billion was due to effects felt by the Community, resulting from financial crisis and economic recession that followed. The imports from other developing countries, also presented in the figure, do not exceed the value of 20 EUR billion (separately) in the 2010 with the exception of Algeria whose exports to the EU-27 amounted to about 21 EUR billion.

In this context, Figure 2 acquires a greater meaning and scientific relevance.

Figure 2 - EU imports by trading partners (2001-2010)



Note: * EU-15 by 2005, EU-25 by 2007 and EU-27 since 2007

** China (excluding Hong Kong)

Source: prepared by author based on data extracted from the Commission Européenne, 2010, p. 476, European Commission, 2011, p. 430 and Eurostat, *Extra EU-27 trade, by main partners, total product*

The community market, despite the major problems facing (fragility of some parts of Europe, EU financial crisis etc.) has helped and continues to help developing countries through various initiatives, such as: “Aid for Trade” or “Everything But Arms” with the objectives limited to full

liberalization of the market for least developed countries. Furthermore, the participation in the Doha negotiations on market access will help developing states to enter faster on the market of industrialized countries. Once the less advanced nations will liberalize their markets, businesses and their people will have better access to imported products.

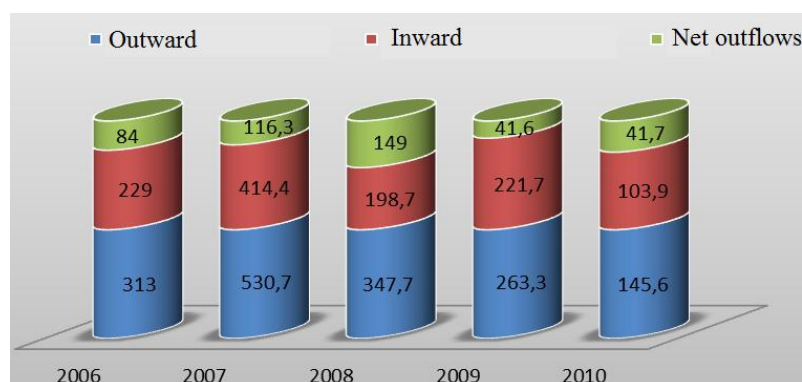
3.3. Foreign direct investment of Community directed to overseas

Another way through which the EU has involved in support of the underdeveloped countries is represented by the FDI flow abroad. The member states consider that the aid to poor states can help them to seize the opportunities offered by international trade, on the one hand and to attract more inward investments in order to broaden their economic base, on the other.

FDI is recognized today as one of the main factors leading to economic growth of a nation, creating thus, its prosperity. Moreover, FDI plays a key role in globalization, being an important element of international relations and of their development. Complementing trade, FDI creates more direct and deeper links between the economies of the world, making them more competitive. The allocation of these funds in a needy country is extremely important and necessary, in the same time. This aspect of simple reason that these supports do not determine public debt increase, on the contrary, involve foreign investors to implementation of long-term some economic commitments in the corresponding countries.

As regards the Community space, the EU is the main global source of FDI, considered a net investor abroad and Figure 3 certifies this contention.

Figure 3 - EU FDI flows 25/27 (2006-2010) (EUR million)



Note: * the flow of FDI for 2006 is limited to the 25 EU Member States at that time

Source: prepared by author based on data analyzed from the European Commission (2011), *Europe in figures Eurostat yearbook 2011*, Publications Office of the European Union, p. 104

According to the European Commission, the EU FDI flows abroad reached a record level in 2007 (530.738 EUR million), mainly due to cross-border mergers and acquisitions and reinvestment income (European Commission 2011, p. 95). However, the EU-27 FDI flows have been quite affected by global financial and economic crisis, so, in 2008, the funds sent to third countries decreased by 65%, continuing the trend and in the next two years.

From another perspective, among EU institutions exists the European Investment Bank (EIB) with the mission to borrow from the capital markets and to provide low interest loans for several projects, both EU countries and their neighbors or developing states. Among the countries covered by the EIB policy development and cooperation it may be mentioned:

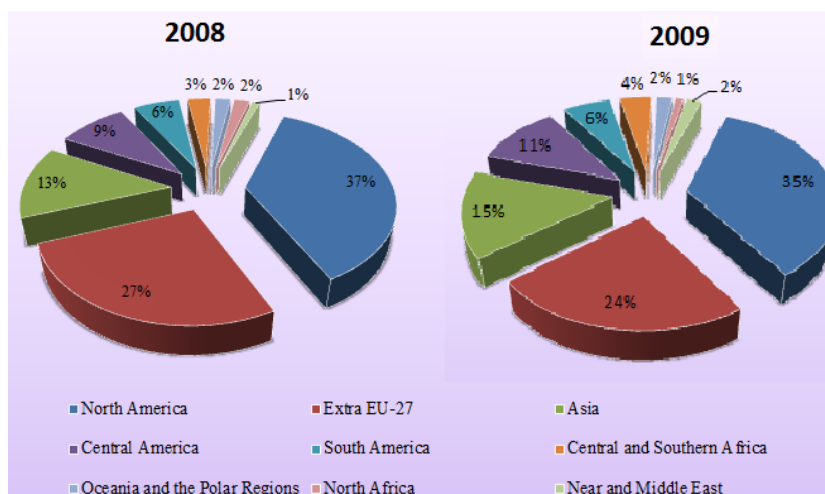
- African, Caribbean and Pacific countries (and overseas);
- South Africa;
- Asia and Latin America.

The research reports of institutions in the field, such as World Bank, IMF, UNCTAD, European Commission summarized FDI flows between developed economies, which apparently were the first affected by the crisis, started in U.S in late 2007.

Despite these warning signals, FDI outwards were evaluated in 2008 to 347,667 EUR billion, higher than the FDI inwards in EU (Commission Européenne, 2010, p. 140).

According to Eurostat Yearbook 2001, European Union funds for developing countries from Africa have also registered a sharp rise in 2008, mainly due to significant amounts of FDI inwards in Egypt (9.808 EUR million), in the most part from French companies (Figure 4). On the same continent, in 2009 FDI flows abroad of EU-27 amounted to 77 EUR million for South Africa.

Figure 4 - Outward FDI stock of EU-27, by partners (2008-2009)



Source: prepared by author based on data analyzed from the European Commission (2011), *Europe in figures - Eurostat yearbook 2011*, Publications Office of the European Union, p. 103 and European Commission (2011), *Foreign direct investment statistics*, May

Regarding the “continent of civilizations”, Asia is the second region that attracted the EU-27 FDI, both in 2007 and 2008, although FDI flows towards Japan decreased by 43% in 2008, a trend that has maintained in 2009, too. There was, also, a relatively minor fluctuation in FDI outflows to China and India, so that the preliminary figures for 2009 showed a slight increase in China, from 4.734 to 5.290 EUR million.

In conclusion, we can say that despite the economic problems of the European Union, due to the installation of financial crisis and subsequently, of economic recession, EU states made some important efforts to assist developing countries. Thus, adding together the percentages drawn from Figure 4, it can be seen that the flows of FDI from the EU have shifted towards this group of states in proportion of approximately 50% (more exactly, 36% in 2008 and 40% - in 2009).

3.4. Technical Assistance for trade-related capacity building

The fifth way to support the development and economic growth in developing states at which appealed the European Union refers to *technical assistance for trade-related capacity building*. Its aim is to help the less industrialized countries to operate effectively in a multilateral trading environment, as that described by the Doha Round. According to ICTSD (2010), trade-related technical assistance and capacity-building are key elements in the multilateral trading system. Moreover, trade capacity-building is a core component of the “Aid for Trade” programme and

provides direct support to developing countries in enhancing their human and institutional capacities to deal with the challenges emerging from the multilateral trading system (European Commission, 2008). In other words, trade-capacity building involves mainly the development of knowledges of poor countries about WTO rules, so it can participate without any restriction in international trade and be able to enjoy fully the advantages of this system. Basically, this support is focused on training and institutional development programs that will allow officials of underdeveloped countries to become more effective in commercial area and to strengthen national capacity for implementation of commitments as members of the WTO (EU, 2011).

CONCLUSIONS

In conclusion, we can say that since 2001, the European Commission has rapidly outlined its own strategy for development – ambitious and comprehensive at the same time – which related to developing nations and the least advanced. In consequence, the EU's objectives in the DDA, with respect to development size and special and differential treatment given to these groups of states, remain as numerous as plausible. And moreover, despite internal problems faced by Community for several months, the main objective specified in 2001, remains standing. In other words, the EU has pledged to allow poor countries to develop advanced efficient export industries that will help promote growth and reduce poverty within their economies.

In this context, we can say that the research hypothesis is confirmed and the European Union is considered a model in promoting fair trade and sustainable development.

REFERENCES

- Bayne, N. (2003) *Why did Seattle Fail? Globalization and the Politics of Trade*, Government and Opposition, Vol. 35, Issue 2, pp. 131-151, accessed on December at <http://onlinelibrary.wiley.com/doi/10.1111/1477-7053.00020/pdf>.
- Bilal, S. (2002) *Les aspects multilatéraux des accord de parternariat économique entre les pays ACP et l'Union européenne*, Maastricht: Overseas Development Institute, London et Centre européen de gestion des politiques de développement.

- Bretherton, C., Vogler, J. (2006) *The European Union as a Global Actor*, Oxfordshire: Routledge Taylor & Francis Group.
- Byrne, K. (2006) *The future of external European trade policy - the bilateralism vs multilateralism debate*, Student Economic Review, Vol. 20, pp. 155-163, accessed on December 2011 at <http://www.tcd.ie/Economics/SER/pasti.php?y=06>.
- da Conceição-Heldt, E. (2011) *Negotiating Trade Liberalization at the WTO. Domestic Politics and Bargaining Dynamics*, United Kingdom: Palgrave Macmillan.
- Delcour, L. (2003) *L'Union Européenne: une approche spécifique du développement?*, Mondes en développement, Vol. 4, No. 124, pp. 77-94, accessed on December 2011, available at <http://www.cairn.info/revue-mondes-en-developpement-2003-4-page-77.htm>.
- Diallo, A. (2007) *La dimension politique du partenariat U.E./A.C.P. depuis l'Accord de Cotonou: défis, enjeux et perspectives*, Université de Reims Champagne-Ardenne.
- Lee, D., Wilkinson, R. (2007) (ed.) *The WTO after Hong Kong. Progress in, and prospects for, the Doha Development Agenda*, London: Routledge Taylor & Francis Group.
- Reinert, K. A. (2007) *The European Union, the Doha Round, and Asia*, American Economic Journal, Vol. 5, Issue 3, pp. 317-330, accessed on October 2011 at <http://www.springerlink.com/content/2276101711191384/fulltext.pdf>.
- Young, A. R. (2007) *Trade Politics Ain't What It Used to Be: The European Union in the Doha Round*, Journal of Common Market Studies, Vol. 45, Issue 4, accessed on May 2012, available at <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-5965.2007.00748.x/pdf>.
- *** Banque européenne d'investissement (n.d.) *Afrique subsaharienne, Caraïbes et Pacifique*, accessed on January 2012 at <http://www.eib.europa.eu/projects/regions/acp/index.htm?lang=fr>.
- *** Commission Européenne (2010) *L'Europe en chiffres: L'annuaire d'Eurostat 2010*, Office des publications de l'Union Européenne, accessed on January 2012 at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-10-220/FR/KS-CD-10-220-FR.PDF.
- *** EU (2011) *WTO trade negotiations: Facts and Figures on the Doha Development Agenda*, Brussels, 28 January, accessed on May 2012 at http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147460.pdf.
- *** European Commission (n.d.) *EU & WTO: The Doha Round*, available at <http://ec.europa.eu/trade/creating-opportunities/eu-and-wto/doha>.

- *** European Commission (2008) *EU supports capacity building for developing countries in WTO*, Brussels, 12 March, accessed on December 2011, available at http://trade.ec.europa.eu/doclib/docs/2008/march/tradoc_138152.pdf.
- *** European Commission (2011) *Europe in figures - Eurostat yearbook 2011*, Publications Office of the European Union, accessed on February 2012 at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-11-001/EN/KS-CD-11-001-EN.PDF.
- *** ICTSD (2010) *L'aide pour le commerce est un pilier important du financement du développement selon l'OMC*, Passerelles Synthèse, Vol. 11, accessed on February 2012, available at <http://ictsd.org/downloads/passrellessynthese/pass11-6.pdf>.