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MOTION FOR A RESOLUTION

further to the Council and Commission statements

pursuant to Rule 37(2) of the Rules of Procedure

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on behalf of the Verts/ALE Group

on the United Nations Conference on Financing for Development (FfD) in
Monterrey, Mexico, 18-22 March 2002

European Parliament resolution on the United Nations Conference on Financing for Development (FfD) in Monterrey, Mexico, 18-22 March 2002

The European Parliament,

- A. considering that for the first time in history the UN is organising a world summit on Financing for Development,
- B. having regard to the fact that the EU is the biggest donor of aid, a major shareholder on the international financial institutions, and the most important trading partner for the developing countries,
- C. having regard to the Göteborg European Council commitment 'to reach the UN target of ODA of 0,7% of GNP as soon as possible and to achieve concrete progress in this area before the World Summit on Sustainable Development',
- D. having regard to the Development Council declaration of 8 November 2001 on the preparation for the UN Conference on FfD, confirming 'the great importance which the European Union attaches to the success of the FfD and the World Summit for Sustainable Development' in Johannesburg in September 2002,
- E. having regard to the United Nations Millennium Goals, notably 'to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger',
- F. having regard to the Brussels Programme of Action for LDCs and the Barbados Programme of Action for the Sustainable Development of Small Island Developing Countries,
- G. amazed at the early agreement over a so-called 'Monterrey Consensus' at the fourth PrepCom in New York on 27 January 2002, seven weeks before the actual summit and considered as 'successful experience' by the negotiating states (§61),
 - 1. Is appalled by the fact that although the conference participants recognise 'the necessity for a substantial increase in ODA and other resources if developing countries are to achieve the internationally agreed development goals' (§34), the 'Consensus' presented to the international public is void of the least concrete financial measure apt to alter the fate of a single starving person;
 - 2. Calls on the UN members, and particularly on the Spanish Presidency and the European Commission, negotiating on the EU members' behalf, either to come up with significant concrete proposals on how to raise financing for development until March or else to cancel the Monterrey Summit and to continue negotiations with a view to finalisation at the WSSD in Johannesburg in September;

3. Supports the EU's insistence on including explicit reference to sustainable, gender-sensitive and people-centred development, especially for the poor (§5 a.a.), as well as the protection of all human rights and the prevention and resolution of conflicts, and regrets that the latter demands have not been incorporated in the text;
4. Notes, however, that trade and financial liberalisation, deregulation and privatisation stick out as overriding concerns of the Monterrey Consensus and criticises the EU for having tried to substantially add to this one-sided approach, notably through its attempt to impose on the developing countries its interpretation of the WTO's Fourth Ministerial Conference in Doha as having mandated the start to new WTO negotiations on a multilateral framework for Foreign Direct Investments, when this is disputed by many WTO members;
5. Notes that the outline of the Monterrey consensus reflects the overall approach towards placing the main burden of reform and fund-raising on the shoulders of those in need, leaving the discussion on contributions of the powerful and the rich towards the end of the agenda;

Foreign direct investment and other private flows

6. Supports the EU's proposal that export credits should be made sustainable in accordance with the work done at the OECD, and should be for productive purposes and consistent with mainstreaming countries' debt sustainability; regrets the absence of this reference in the final text;
7. Expresses its surprise that the reference, proposed by the EU, to the OECD Guidelines for Multinational Corporations, as well as the rights in the workplace as regulated in ILO Conventions and the Declaration on Fundamental Principles and Rights at Work, have not been incorporated although even those references lack implementing mechanisms;
8. Notes with dismay that while the parties recognise that measures to mitigate the impact of excessive volatility of short-term capital flows are important and must be considered (§22), no concrete measures follow;

International trade

9. Is disappointed that the consensus on trade hardly offers more than support for the decisions reached by WTO members at the Fourth Ministerial Conference in Doha last November;
10. Regrets that the EU and other industrialised countries were not ready to openly admit the negative effects that trade barriers, subsidies and other trade-distorting measures have in sectors of special export interest for developing countries, but notes at least the acknowledgement of a wide number of problem sectors of special export interest for developing countries, such as lack of recognition of intellectual property rights for the protection of traditional knowledge or the TRIPS agreement (§ 25);

Increasing international financial and technical cooperation for development

11. Underlines in agreement with the Council in its declaration of 8 November that according to World Bank estimates a doubling of resources is required if the Millennium Development Goals are to be met;
12. Is alarmed that world aid is at its lowest ever level with an average of 0.22% of GNP, less than a third of the internationally agreed target;
13. Believes that the European Union should assume a lead function for the global re-balancing of North-South interests in line with its overriding economic and political links with developing countries;
14. Is utterly disappointed that the FfD simply reiterates the fixed target - repeated for decades - of 0.7% of GNP as Official Development Aid, without any concrete commitment;
15. Believes that only a binding calendar to achieve the 0.7% target will ensure progress in substance;
16. Insists that the EU Development Ministers should at their next Council Meeting follow the example of Ireland and decide on a binding calendar for all EU Member States as well as for the EU budget with the aim of attaining the threshold of 0.7% of GNP by 2007;
17. Calls on the EU heads of state and government to present a unilateral commitment to the FfD in March to reaching the 0.7% of GNP goal in 2007, as well as to significant immediate increases in aid;
18. Welcomes the FfD's support for the untying of aid, and calls on the Council to initiate an EU regulation for the untying of EU and Member States' aid to LDCs following the OECD/DAC recommendations of May 2001;
19. Regrets that the issue of additionality of new sources of development financing has been discarded from the document and, in this context, notably the reference to global public goods (§ 37, deleted);
20. Calls on the EU to take a lead role for the further definition of the concept of global public goods as shared responsibility for protecting shared values and to present a public EU position at the latest by the Rio+10 Summit;
21. Welcomes the fact that the FfD recognises the value of exploring innovative sources of finance; considers, however, that this sole reference to the dynamic international debate on alternative sources for the financing of sustainable development, such as the taxation of currency transactions, remains utterly short of expectations (§38);

22. Takes note of the analysis requested by the Secretary-General, which parallels the mandate of the Ecofin Council to the Commission to seek out alternative sources for development financing, and expects the EU to present the conclusions of its analysis for the Monterrey Conference;
23. Regrets that the initiative for the UN Secretary-General to launch a global information Campaign for the Millennium Goals has been discarded from the final statement;

External debt

24. Takes note that neither the EU nor the influential parties of the Monterrey Consensus are willing to acknowledge that the Heavily Indebted Poor Country (HIPC) Initiative is failing to meet its objective to achieve external debt sustainability;
25. Condemns the fact that there are no attempts from the creditor governments to revise the current criteria of HIPC;
26. In the context of HIPC, further regrets that the EU negotiators lend their support to watering down demands for debt sustainability analysis to take into account each country's capacity to raise the finance needed to achieve the Millennium development goals, as well as the demand that eligibility criteria need to be more flexible (§43);
27. Takes note with disapproval that the EU negotiators suggested erasing the notion of debt cancellation from the final text (§42);
28. Notes an appeal to the IMF and World Bank to develop more flexibility in debt relief for countries hit by catastrophes or conflict (§44); considers, however, that the Monterrey Consensus remains utterly below expectations in not showing any clear sign of opening international debt reduction policy to non-HIPC countries;
29. Calls on the EU Member States to agree on an immediate moratorium on debt servicing for all those countries belonging to the group of HIPCs and/or LDCs and to waive all remaining bilateral debts for those countries;
30. Demands that the criteria for acceptable debt be redefined to give priority to the financing of national poverty eradication programmes, with only part of the remaining state revenue then being used for debt servicing and repaying loans;
31. Welcomes the Monterrey appeal to donor countries to ensure that resources provided for debt relief are additional to existing ODA resources (§45), and calls on the EU to reaffirm its commitment to this principle through a Council decision;

Systemic issues

32. Welcomes the proposal for an international debt workout mechanism (§ 53) as a first step in the direction of a much-needed fair and transparent arbitration procedure for indebted countries, and calls on the EU to come forward with a concrete initiative for the Monterrey Summit;
33. Equally welcomes the commitment by the parties to negotiate a UN convention against corruption, including the question of repatriation of funds illicitly acquired to countries of origin, and to promote stronger cooperation to eliminate money laundering (§58a);
34. Underlines, in view of the global rebalancing of power after 11 September, the priority attached by the parties to reinvigorating the UN system and the strengthening of the Economic and Social Council (§59);
35. Welcomes the fact that a certain continuity for FfD is foreseen through a two-yearly follow-up process; regrets, however, that most references to the involvement of civil society in this context have been eliminated from the final text;
36. Instructs its President to forward this resolution to the Council and Commission and to Mr Escanero, the Facilitator for the UN Conference on FfD.