



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Economic and Monetary Affairs

2009/2150(INI)

29.1.2010

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Development

on the effects of the global financial and economic crisis on developing countries and on development cooperation
(2009/2150(INI))

Rapporteur: Jürgen Klute

AD\802905EN.doc

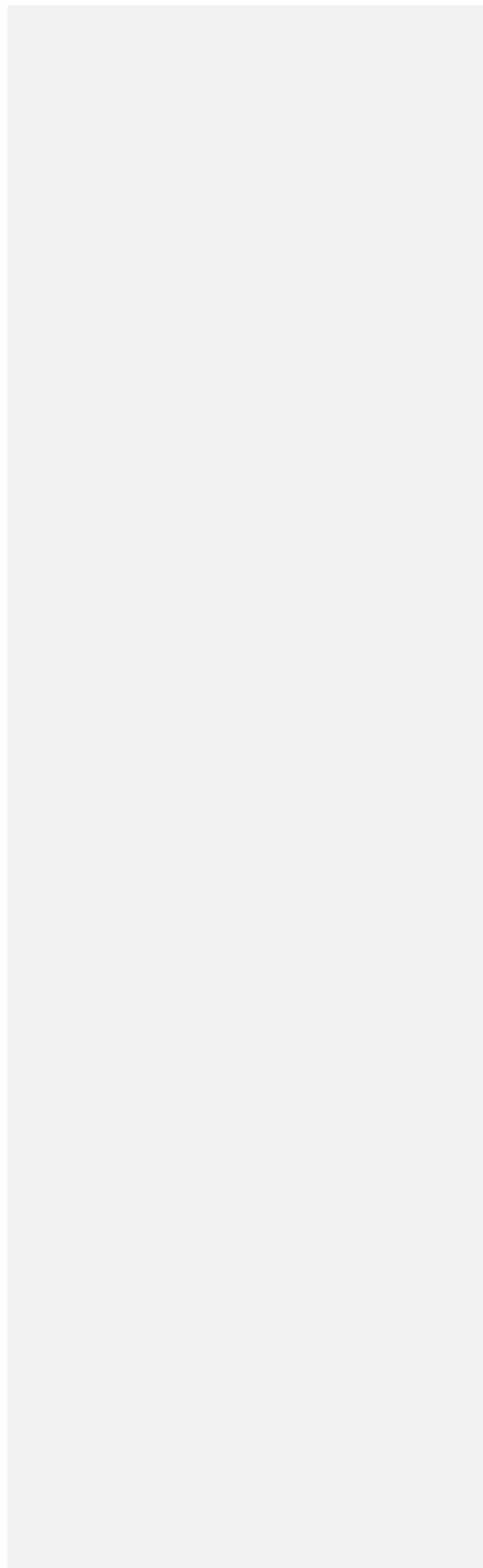
PE430.634v02-00

EN

United in diversity

EN

PA_NonLeg



SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Takes the view that priority should continue to be given to overcoming the financial and economic crisis;
2. Notes, further, that globalisation has also had positive effects on the overall economic situation of developing countries;
3. Stresses the need to continue to provide assistance and constantly to adapt it to new realities and circumstances;
4. Stresses that the global economic crisis has necessitated enhanced development cooperation in terms of both quantity and quality;
5. Takes the view that the volume of development assistance funding alone does not provide a sufficient basis for judging the effectiveness and efficiency of the European Union's development assistance measures;
6. Stresses the need to move to an international system of governance that will protect the most vulnerable people and countries, especially those most badly hit by the crisis and with ineffective or absent safety nets;
7. Calls upon the EU to support free trade and to remove all trade barriers and trade-distorting subsidies, especially the European subsidies in the field of agriculture;
8. Calls on the Commission to press ahead with the reform of international development cooperation;
9. Calls on the Council and the Commission to take steps to bring about the increase in funding for international financial institutions agreed at the G-20 summit;
10. Asks the Council and the Commission to advocate an ambitious reform of the IMF;
11. Calls on the Council and the Commission to improve the coordination of bilateral and multilateral development cooperation, since this is one of the main factors undermining the effectiveness of development assistance;
12. Urges the Commission to present a communication on how a tax on international financial transactions can, inter alia, help achieve the Millennium Development Goals, correct global imbalances and promote sustainable development worldwide;
13. Calls for stronger macroeconomic cooperation within the G-20, a more powerful role for the United Nations system and the reform of international financial institutions to ensure a concerted response to the crisis and its effects in developing countries;

14. Stresses that it is the EU's obligation to assist developing countries in coping with the burdens of the global economic crisis and climate change, for which they are not responsible; urges the Member States in this respect fully to fulfil their Official Development Assistance commitments towards developing countries and recalls that fulfilling those commitments would be both a faster and an easier way to assure funds for developing countries than creating a new system for financial transaction taxation;
15. Stresses that a comprehensive response must be provided to the economic and financial crisis, that no financial institution, market segment or jurisdiction must be exempt from regulation or supervision and that the transparency and accountability of all parties must form the bedrock of a new brand of international finance governance;
16. Takes the view that developing countries, which are particularly dependent on development cooperation funding and are highly export-oriented, have been hit hardest by the crisis up to now, since financial flows from north to south are increasingly drying up and the internal markets of many developing countries are too weak to offset the decline in exports;
17. Emphasises that the scale, depth and complexity of the financial crisis is linked to the disconnect between the development of finance and the real economy, the existence of escalating global imbalances and worsening environmental problems on the planet that must be corrected in order to put the economic system on the path of global sustainable development;
18. Stresses that the credit crunch, uncertainty caused by the depressionary cycle and the drop in international trade, investment and remittances by migrant workers are the channels by which the crisis has been transmitted from the developed countries to the developing countries, and that in all these areas, the Union needs to adopt initiatives and assert its presence on the international stage in a concerted, comprehensive and coherent manner;
19. Points out that in order to achieve greater financial stability and improve the functioning of the global trade system within the WTO, progress needs to be made towards a new international monetary and financial system which is based on multilateral rules that address the specific problems of developing countries and falls within the United Nations framework;
20. Welcomes the European Council's commitment in October 2009 not to undermine the MDGs in combating climate change; urges the Council to agree, as soon as possible and in the framework of the Copenhagen summit conclusions and the G-20 compromises, on firm financial commitments that enable developing countries to cope with deteriorating climatic conditions and to ensure that assistance needed due to the economic crisis will not lead to a relapse in external over-indebtedness;
21. Recalls that the principle of policy coherence for development (PCD), which is specified in the EU Treaties, is a key concept for attaining the Millennium Development Goals (MDGs); urges the EU accordingly to develop a trade policy which is consistent and coherent with the achievement of the MDGs; calls for the elaboration of robust legal mechanisms that would ensure that the EU is held accountable for its commitments towards policy coherence;

22. Calls for better coherence of development aid and other policies of the EU; notes that, for example, marketing EU-subsidised agricultural products may run counter to creating sound markets for the products of poor local farmers and thus may negate efforts made by the projects which try to enhance local agriculture;
23. Notes with concern the reduction in ODA efforts for public health, in particular sexual and reproductive health rights, which is key to attaining the MDGs; points out that a healthy, strong work force is a precondition for economic development;
24. Takes the view that EU development policy should respect both the interests of the EU and those of developing countries and considers that the reciprocal opening-up of the markets should not be achieved at the expense of economic stability in developing countries and requires equivalent supervisory and regulatory frameworks; asks the Commission, the Council and the European Investment Bank to make the provision of microcredit to SMEs and small-scale farmers a priority of development cooperation, thus fostering sustainable regional economic structures;
25. Notes that various companies have already obtained hundreds of thousands of hectares of land in some developing countries for the production of biofuels for EU markets; calls for such land acquisition to be countered by introducing criteria with clear limits to the amount of permitted greenhouse gas emissions during the whole life cycle of the production of biofuels and criteria which make this kind of use of land suitable for food production disadvantageous;
26. Stresses that tax havens and off-shore centres encourage tax avoidance strategies (for instance, through transfer mispricing), tax evasion and illicit capital flight; in particular, underlines that tax fraud in developing countries leads to an annual loss of tax revenue corresponding to ten times the amount of injected development aid from developed countries; urges the Member States therefore to make the fight against tax havens, tax evasion and illicit capital flights from developing countries one of its overriding priorities; reiterates in this context its conviction that automatic exchange of information should be globally extended and implemented within a multilateral framework;
27. Calls, in order to achieve better results in development cooperation for enhanced cooperation, monitoring and evaluation during the planning and implementation of the development cooperation projects in which the EU is involved; calls for the new High Representative of Foreign Affairs to consider setting up separate units in each of the recipient countries for monitoring and evaluating these projects on a continuous basis;
28. Notes that monitoring and evaluation could be enhanced by using suitable computer programmes, such as that being developed by OLAF or those created by EU-support, for example ODAmoz, with the help of which one can list, classify, analyse and follow all development projects, and keep track of whether they really achieve their goals;
29. Notes that Member States could benefit from enhanced cooperation within the evaluation and monitoring units of the EU, for example by sending their personnel to these units to monitor and evaluate the projects funded by the individual Member States; notes that cooperation and co-use of infrastructure can be especially useful to those Member States whose development cooperation structures are relatively recent, especially if personnel

Commented [nh1]: either 'whether they really achieve' or 'how they achieve'

training can be attached to those units; notes that such cooperation would enhance the necessary transparency, the use of best practices and even acceptance in the donor countries of increases in development budgets;

30. Calls on the Council and Commission, when monitoring their development cooperation instruments and policies, also to take care to minimise unintended consequences for the economies of developing countries, such as increasing dependence on development assistance transfers with negative repercussions on growth, wages and employment and the emergence of rent-seeking structures and corruption;
31. Stresses the importance of supporting developing countries in building up effective capacities to increase, in their own interest, the fight against corruption and the rule of law, good governance and transparency in their public finances in order to improve budget predictability, implementation and control; stresses the importance of parliamentary oversight over public finances; insists upon the need to improve international accounting standards to prevent tax avoidance and tax evasion practices, including requiring transnational companies to draw up financial reports on a country-by-country basis;
32. Notes that there are dozens of tax havens worldwide which are used even by some OECD-based companies in order to avoid paying taxes to those developing countries where they have profitable activities or to their home countries; asks the Commission to report on how automatic exchange of information can be globally extended and sanctions for uncooperative tax havens and their users could be implemented, and how country-by-country reporting on profits and taxes paid can become a rule for transnational companies in the EU;
33. Notes with concern that the further deterioration of the economic well-being of developing countries could lead to unacceptably high levels of unemployment and increased economic migration; adds that such migration flows could lead to a 'brain drain' from developing nations and damage their future economic growth;
34. Notes that the EIB has made efforts to ensure that its guarantees and investments are not executed through tax havens; asks the EIB to take the necessary additional measures to ensure that this does not happen indirectly; asks the EIB to report on the implementation of its offshore financial centres policy; asks the EIB to be particularly vigilant when setting conditions or conditionality criteria so as to be in line with EU policy objectives as well as with the ILO concept of 'decent work' to ensure the maximisation of the aid, the inclusion of local businesses and the fight against corruption; takes the view that the EIB should focus its recruitment policy in favour of environmental and development expertise;
35. Calls for a report to be prepared by the International Monetary Fund for the next G-20 meeting on the contribution to be made by the financial system towards paying for the burdens associated with the various government interventions to look at all the direct and indirect burdens imposed on public finances and, in particular, their impact on the budgets of developing countries.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.1.2010
Result of final vote	+: 39 -: 0 0: 2
Members present for the final vote	Burkhard Balz, Sharon Bowles, Udo Bullmann, Pascal Canfin, Nikolaos Chountis, George Sabin Cutaş, Rachida Dati, Leonardo Domenici, Derk Jan Eppink, Markus Ferber, Elisa Ferreira, Vicky Ford, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Sven Giegold, Enikő Győri, Liem Hoang Ngoc, Othmar Karas, Wolf Klinz, Jürgen Klute, Werner Langen, Astrid Lulling, Arlene McCarthy, Íñigo Méndez de Vigo, Ivari Padar, Alfredo Pallone, Anni Podimata, Antolín Sánchez Presedo, Olle Schmidt, Edward Scicluna, Peter Simon, Peter Skinner, Theodor Dumitru Stolojan, Ivo Strejček, Kay Swinburne, Marianne Thyssen, Ramon Tremosa i Balcells
Substitute(s) present for the final vote	Sophie Briard Auconie, Danuta Jazłowiecka, Arturs Krišjānis Kariņš, Philippe Lamberts