Chapter 4

EU's Development Policy towards South Asia
4.1 Introduction: South Asia- A Region Neglected Until 1990s' 

In the last two chapters, we had studied development policy of the EU, and development challenges of South Asia in detail. The discussion on development challenges of South Asia presented glaring difference between economic growth and economic development of the region, where achieving Millennium Development Goals (MDG) by 2015 is a farfetched dream. In these circumstances, the role of international development assistance is of critical importance. The EU, which has its own development commitment towards the developing countries, also has policy for South Asia under the category of Asian and Latin American (ALA) countries. There are certain points, which came in chapter 2 while looking at the development policy in totality. EU, which presently is one of the biggest international donors, had in past not taken keen interest in ALA countries.

The focus of development policy until the early 1990 was African, Caribbean, and Pacific (ACP) countries\(^1\). There are scholars who are of the view that limited attention of development policy until late 1980’s attributes to the EU’s own internal issues. Till the end of the cold war, European countries were gathered in the European Community and then in the European Union, and since 1993 had been predominantly preoccupied with their integration agenda which left little energy and resources to pursue more active external relations\(^2\). It is true that with the collapse of the Berlin wall, and disintegration of Soviet Union, things changed fervently in Europe. In this being the biggest organization of the European countries, the EU had its own approach to deal with the new emerging situation near its border. This is well evident when the EU had decided to expand its borders by accommodating countries from East and Central Europe. The eastward enlargement of the EU was not an easy task, as it does not replicate the earlier enlargement process where west European countries with similar economic system were provided membership. Eastward enlargement had its own set of problems, including

\(^1\) See discussion in chapter 2

countries with system of command economies, lack of democratic institutions, and failure of governance. EU, being the richest neighbour responded positively and offered all possible help in preparing the candidate countries for the membership. In this regard, it is possible that much of the EU’s energy was spent in the post Soviet enlargement.

There is a slight contradiction in the above explanation, as it does not clarify all the pertaining issues. Eastward enlargement had its own relevance for the EU, but reluctance of active involvement in the development programmes and projects of Asia and particularly of South Asia was there even before the fall of Berlin wall. It is evident that the EU had some very limited intervention in the developing nations and development policy was a normative theme. Development policy had its intensive role in ACP countries, and by the time the EU started looking towards the South Asia it had entered into the Lome’ IV (it was signed in 1990) convention with ACP countries. The formal development policy for the ACP countries begins from 1963 when Yaoundé convention with eighteen African countries and Madagascar was signed.

Concentration on Africa means the relative neglect of other regions by the EU. There were regions of equal importance for the EU even in the pure terms of ‘interest’. According to the realist theory, interest is the guiding principle for a state in international relation. In the case of development policy primarily focused on ACP countries, there are scholars who view this as a neglect of self-interest by the EU. If the interest is defined in terms of the alleviating poverty and helping the poor people of the world then exclusion of India and Bangladesh form the Lome’ convention is hard to understand. In the case of interest being the reflection of commercial interest the absence of South America and South East Asia is odd. Even in the case of interest been taken in the terms of international politics and strategy it is very narrow approach because then Africa plus islands in the Caribbean, and the Pacific can never be an obvious choice. In this, there is another point that even within ACP countries more preference is given to the African countries. All forty-eight sub-Saharan African States were the party to the Lome’ IV

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whereas island States of the Pacific and Caribbean are not uniformly covered. Overall, some ninety percent of the ACP population are African. In this way, there is certain tilt in the development policy of the past where South Asia kept at the lower end of the priority.

Development policy’s inception is linked to providing some benefits to the ex-colonies of the member States in order to keep the historical trade relations intact. This peripheral relationship was all the more puzzling given that Asia and South Asia in many ways has a shared colonial history with other parts of the world. France, Great Britain, Portugal, and Netherlands all had postcolonial links in Asia, creating a triangle of interests that encompassed Indian subcontinent. In addition, to the shared cultural aspect of the language much of Asia could also provide a similar range of agricultural and tropical goods that were originally supplied by the Yaounde’ and latterly by ACP countries. This is equally applicable to the trade relations and Indian subcontinent from past to present have strong trade relations with the EU’s member states. Despite these similarities in the nature and character, South Asian countries are not covered under the same development policy, which is used for the ACP countries.

There is another argument, that South Asia, was geographically inaccessible and had Soviet and Chinese influence making it unattractive for the EU to get involved in this region. This is again a simple logic as it can be reasoned out in a different way to explain the same process by linking it to the internal issues of the EU for not taking appropriate policy approach towards South Asia. The original six members of the 1957 European Economic Community⁴ considered the influence of the UK in the region as disincentive. Commonwealth ties and a pervasive influence of the English language served to convey the impression that South Asia remained essentially Britain domains. For the oldest six, South Asia was not a destination of their interest. At the simplest terms, it came down to a question of priorities. The fledgling Community had a modest resources and limited external ambition. The importance of the Francophone Africa initially precluded all other options, including ties with South Asia.

⁴ The six member States were France, Italy, Germany, Luxembourg, Belgium, and Netherlands.
It was only in 1974, when the EC announced that it would be extending its development policy to some forty countries in the ALA region. They were to benefit from annual aid programme directed towards the poorest and to the rural development, as it will continue; access to the European markets under the preferential treatment to some products was granted. Lately, when EU started looking towards Asia in a pragmatic way, there are three different regions identified for its involvement. Based on region specific understanding there were policy approach towards South Asia, East Asian countries, and newly independent Central Asian countries. Amongst these three, EU was sympathetic towards South Asia with minimal effective involvement in terms of economic assistance. This minimal engagement at the policy level was not very fruitful for the South Asian countries since it was facing some acute human development problems. Things were worse because in the early 1970’s even the economic growth was an alien concept for the countries of South Asia. More than two and a half times the population of sub-Saharan Africa and a substantially lower per capita income, South Asia received five times less financial aid from the community during 1976-88. Thus, even when South Asia lately comes under the consideration of EU for support through development policy not enough been done to solve the problems of human development. There was even lack of a policy towards the region.

4.2 Discussing Reasons for Exclusion

The question arise what are the probable reasons for neglecting South Asia from the overall purview of development policy. As already discussed, that ACP countries were at the centre of EU’s development cooperation policy until the beginning of 1990s. In the terms of criteria, South Asia as the region deserved inclusion in the development policy framework of the EU. Despite this, South Asia as a region not accepted by the EU for promotion and financial assistance, available under the development policy. There are several arguments forwarded for this from many scholars engaging with the development policy of the EU. These argument can broadly be divided into three categories.

First reason related with the lack of foreign policy initiative on the part of the EU. For some scholars, EU before 1992 did not have any vision of foreign policy, and this resulted in skewed understanding about others regions including for South Asia. There was no guiding principles and basis available for building close external relations with different countries and parts of the world. It was some set paradigm based on which the EU played a nominal role in the world politics. Certain changes witnessed after the end of cold war and EU looked ahead for some intervention of global scale in international relations. The reshaping of EU’s foreign policy begins in 1992 when Maastricht Treaty introduced Common Foreign and Security Policy (CFSP) as one of the pillars for the EU.

The introduction of CFSP altered the old way of dealing, and afterwards some effort by the EU in the direction of making assertive intervention at the world level is witnessed. After the adaptation of CFSP, goals are set for the development policy and EU started interacting with every regions of the world. This gave the Commission opportunities to seek and to develop new policies within the objectives of development policy. In the terms of external relations, the development of CFSP has been extremely valuable to the EU in helping to facilitate the emergence of overall policy and implementation framework with regard to EU’s effort to engage third countries through four main areas, including diplomatic, economic, development, and security policies. This process of CFSP at EU level was in part, driven by the need to tackle the deficit between EU’s obvious and growing economic power and its political and security focus in relation with third countries. There are EU’s documents substantiating the influence of Maastricht treaty and subsequently of CFSP on the development policy.

The Commission’s response and the beginning of the new direction in the development policy after the Maastricht treaty was set out in the document released in May 1992

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entitled ‘Development Cooperation Policy in the Run-up to 2000’, generally referred as Horizon 2000. In Horizon 2000, the Commission argued for a rethink of a policy on several grounds. One was radical change that had taken place in international politics and in the global economy in the late 1980s. The Commission further argued in the document that end of the cold war has led to the diminishing interest on the part of the major powers in the geo-strategic potential of the developing world. At the same time new forms of interdependence – population and environment issues, drugs and major endemic diseases such as AIDS were replacing the traditional interdependence concerns focused on security of supply of commodities. Another cause for a rethink was the failure of the development policy to improve the condition in the developing countries as a whole, and the less developed in particular, despite the large amount of resources mobilized to this end. While some of the blame was attributed to policies promoted by the developed countries, considerable emphasis is laid on the failures of government in the developing world to be politically accountable to their citizens. Finally, in Horizon 2000 the Commission noted that the Maastricht Treaty had conferred upon it new powers in respect to development that allowed the Commission to take a coordinated and comprehensive approach to policy as a step towards devising a common development policy designed to enhance the EU’s presence in international relations.

Similarly, in 1996 EU issued Green Paper on the future of EU – ACP relations. This paper was in two parts and the first was on the familiar lines of Horizon 2000 where critical evaluation of the past development policy was made. Second part of the Green paper elaborates on new partnership with the developing countries signaling a radical change in direction. The paper proposed further reform of the aid programme. In particular, it argued for significant role for the private sector in the delivery of aid. Thus, exclusive role of the state was replaced with co-management involving private actors. This means greater emphasis on dialogue than had previously been the case. The Commission proposed this should advance issues of good governance, democracy, human rights, and the rule of law. It would encourage ACP countries to promote

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institutional reforms and develop policies fulfilling the objectives of the EU’s development policy set out in the Maastricht treaty\(^9\). In the other words, the link between EU’s foreign policy and development policy was explicitly acknowledged in the Green paper.

The new dimension of foreign policy in the functioning of the EU has not disturbed the concentration of development policy for the ACP countries but at the same time, other developing countries and regions are brought under its general cover. It was since the ratification of Maastricht treaty that the development policy takes poverty alleviation as the specific aim to ensure greater focus on poor people of the world\(^10\). The relevance of Maastricht treaty in the development policy is immense and already covered in chapter two of this study. This is a well-accepted fact that development policy in specific and EU’s vision towards the world expanded particularly after 1992 which has a direct bearing of Maastricht treaty. Thus, for some scholars foreign policy brings the development issues at a discussion level in the EU’s administrative and functional structure.

Not all the scholars of this subject accept the argument that in the lack of concrete foreign policy notion EU was reluctant in getting involved with the other countries of the world. For them the issue was not just the shortcoming affiliates to the foreign policy but it has something to do with the conceptual understanding of the EU. There are limited and confusing criteria, which is well visible in EU’s own construct of what a developing country is. From the EU’s perspective, determining what constitute the developing nation has been complicated rather than simplified by its past reliance on the Lome’ convention accepted as the principle line of demarcation. But the Lome’ framework,

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never provided a comprehensive approach towards the developing world and one of the
greatest weakness was its somewhat incremental nature. This has lead to exclusion of
many developing countries from the development policy.

The best is to take example of two countries Angola and Cambodia. Both the countries
share the European colonial legacy; they have comparably poor per capita GDPs’ display
similar low literacy and life expectancy levels; and the external trade patterns for both are
based on limited range of primary products. Both by any measurement are developing
countries but in this Angola is the member of Lome’ convention but Cambodia was kept
out. Similar, parallel can be drawn between Nigeria which is one of the affluent Lome’
state and India a developing country during 1970s’ kept outside the convention. This is
worth notable that out of 48 least developed countries in the world listed in the United
Nations nine were excluded from Fourth Lome’ convention that expired in 2000\textsuperscript{11}. Thus,
question is on EU’s derived concept of developing countries, and in the lack of proper
assessment, such mistakes are possible where Asian developing countries, and
particularly South Asian countries are ignored for a long time.

In the case of defining third world, there always remains a problem and this term itself is
very sensitive. There are varieties of nomenclature used for it like Third World,
Developing World, South, Underdeveloped World, Non-industrialized countries, etc.
There is a problem as what criteria should be applied; poverty, geography, economic
performance; aid; or exclusion from global economy, to appropriately understand what a
developing country is. Analysis as recent as 1990 defined ‘Third World’ as non-
European, non-Communist, and poor countries\textsuperscript{12}. In this, different international
organizations have some derivations for defining the developing countries. World Bank
used Gross National Product (GNP) per capita statistics as main criterion to establish four
basic categories of development\textsuperscript{13}. These are as follows.

\begin{thebibliography}{99}
\bibitem{12} Neil, O and R.J. Vincent (eds) \textit{The West and the Third World} (New York: St. Martin Press, 1990) p. ix
\end{thebibliography}
- Low Income (US $ 765 or less)
- Lower Middle Income (US $ 776-3020)
- Upper-Middle Income (US $ 3036-9385)
- High-income (US $ 9386 and above)

Organization on Economic Development and Cooperation (OECD) in its Development Assistance Committee Report focus on those countries as developing countries that are getting Official Development Assistance (ODA). There is another perspective on development made by United Nation Development Programme in which Human Development Index is used for define development. It employs indicators based on criteria of life expectancy, educational level, and income per head. In plain terms, there are distinct ways of understanding development and developing countries. This applies to the EU where it does not have a definite idea of developing countries and this resulted in its problematic understanding. Thus, for this group the exclusion of South Asia from the development policy of the EU deduced to concoct understanding of developing countries.

On the contrary, to above two viewpoints there is another opinion, to explain the segregation of South Asia from whole of development policy until very late by the EU. The case in this related to the political economy where economic interest kept at the core of EU’s external relations. This groups reject that EU did not had any relationship with the Asia, but the relationship was exclusive and bilateral in nature and even when is took the shape of multilateral relationship, South Asia is ignored. The deficit of EU’s policy outlook towards South Asia before 1990s’ attribute to its economic power. South Asia as a region started making impact in the world economy after 1990, if we exclude Sri Lanka from it\textsuperscript{14}. This is equally applicable for biggest economy of the region India, where economic growth is not a very historic phenomenon. EU, until today is considered as a regional economic bloc and few international analysts propounds that economic interest, is at the core of EU’s function.

\textsuperscript{14} See chapter 3 discussion on economic development of South Asia.
According to the rationale of this group, Asia as a whole seemed less appealing partner than Africa or Latin America. It was geographically remote, generally poor, comparatively diverse, and regarded as a less reliable source for supplies of raw materials needed by European countries. This is one picture of Asia but on the other hand, EU had very well developed economic and diplomatic ties with Japan and South Korea. In these two countries, there are economic interests involved and with South Korea, there is strategic question. Japan has had the second largest market of European products and key to EU’s trade policy. The Korean War (1950-53) had repercussion on Europe’s common security identity and commonalities of the historical and human suffering between Korea and the EU are obvious\textsuperscript{15}. These are the two Asian countries having traditional ties with EU and rest of the region remained outside the purview of EU’s external relations.

The Association of South East Asian Nations (ASEAN) relation with EU also verifies this political economy of development policy. By the mid of 1980’s EU has become ASEAN second largest export market and the third largest trading partner. The centerpiece of EU – ASEAN relations is the 1980 cooperation agreement, and in this, both the parties had their own interest. ASEAN countries were kept out of the Lome’ convention and they were looking for an opening to get beneficial access to the European market. For the EU nurturing ties with the ASEAN provided a useful opportunity to expand its role in international relations. Southeast Asia represented the most stable developing region in Asia with promising economic growth potential and the key mediator in the North-South Dialogue\textsuperscript{16}. This shift in attitude of EU towards the ASEAN has a reflection of its economic growth. To enhance the cooperation later the EU provided many trade benefits for the ASEAN countries.

There is another point to prove how EU get close to other Asian countries but remain out of South Asia. The first Asia- Europe Meeting (ASEM) inaugurated in 1996 at Bangkok.


\textsuperscript{16} Chirstopher M. Dent, \textit{The European Union and East Asia: An Economic Relationship} (London: Routledge Publication, 1999) p.46
In the first meeting ten Asian countries – Brunei, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand, and Vietnam was included. Clearly, three of these – Brunei, Japan, and Singapore do not fit even in the most generous definition of development, a further three States – Japan, China, and South Korea were not part of ASEAN. To an extent, ASEM mirrors a European constructed reality. Thus, although ASEM is an important part of the overall development approach, it provides neither an exclusive nor a comprehensive approach to Asian development issues\(^\text{17}\). The realist thinker see ASEM primarily as a result of changes in the distribution of power, in particular the rise of East Asia as an economic powerhouse, and interest calculations of a key actors in the ASEM process. Realists therefore view ASEM as an intergovernmental diplomatic forum where nation-states remain the primary actor, and national interest being the prime motivation for dialogue and cooperation\(^\text{18}\).

In brief, according to realist paradigm there were three main reasons for the formation of ASEM. First, economic played a mutually attractive role where EU was concerned for growing trade imbalance with some Asian countries. Second, the global context of accelerated regionalism served further to underline the vacuous nature of the EU-Asian relations and provided added incentive to create at least a dialogue, if not the set of institutions. ASEM in many ways, appeared to provide the ‘missing link’ in the global triad. Third, the EU sought an alternative to the Asia-Pacific Economic Cooperation (APEC) process that the USA had engineered in 1993, fearing Europe’s further marginalization by its exclusion from APEC membership or even observer status. ASEM is the EU’s answer to this perceived American unilateralism and special relationship with Asia\(^\text{19}\).

\(^{17}\) Martin Holland, op cit, p. 64


In ASEM, South Asian countries were initially not included and it was just an extension of ASEAN – EU cooperation with inclusion of few other prominent countries. There is a significant trade ties developed between EU and ASEM countries and from 1995-99 the trade between the two has increased around 30 percent. In that period, ten ASEM countries saw the value of their export to the EU increase annually with Japan remains the single largest exporter and China’s trade increases considerably. India and Pakistan was invited in the ASEM only in 2006, when economic growth of India was well recognized in all over the world. After 9/11, the relevance of Pakistan in international relations increased and international organizations becomes very accommodative for Islamabad. Extension of ASEM membership to India, and Pakistan has political and economic reasons.

In this way, three broad analyses are there for explaining the lack of interest, which EU showed towards Asia in general, and South Asia in particular. All of them are valid for South Asia, which remained at the bottom of EU’s priority. Development policy considered and accepted as one of the significant foreign policy tool of EU and in the deficient of foreign policy framework, international vision of the EU also remained limited. This influenced the development policy and it never been seriously debated as a universal policy for all the developing countries. EU’s perception of a developing country was narrow, hence, not only South Asian but several other countries were never brought under the Lome’ convention. There were some General System of Preference (GSP) arrangement of the EU with developing countries but the advantage of development policy never percolates to these developing countries, which includes all the countries of South Asia.

Lastly, the political economic question cannot be disregarded as one of the prominent reasons for the keeping South Asian countries out of the development policy’s framework. South Asia as a region made impact in the international relations with the improvement in its growth trajectory and international player during the mid 1990s’ recognized the advent of the region. In this economic boost from India also attracted the international community, and in the new circumstances it was difficult for any...
organization and country to keep South Asia spaced out from its policy. Development policy of the EU too became relevant and South Asian countries, which were just having GPS agreements and some development projects, now occupied space in the development policy.

4.3 Tracing History of Development Policy in South Asia

South Asia comes in the EU’s development policy structure in late 1990s’ and presently numerous development projects are operational in every country of the region, but on this basis it will be wrong to assume that historically it was completely ignored by the EU. There are quite a number of examples of development cooperation promoted by the EU in the region, and it is interesting to underline that some of the projects started in late 1970’s are continuing in its original or in some other format. Large sum of money is also provided to every country of the region for development projects (see table 4.1).

<table>
<thead>
<tr>
<th>Name of the Country</th>
<th>ODA - Including Assistance from Member States and by EC</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>8386.1</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2412.7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1640.4</td>
</tr>
<tr>
<td>Nepal</td>
<td>838.7</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>4529.3</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>144.7</td>
</tr>
<tr>
<td>Total</td>
<td>17951.9</td>
</tr>
</tbody>
</table>

Source: Figures Presented in, Towards a New Asia Strategy (Brussels: Commission of European Communities, 1994) p.32

Table 4.1 provides the basic information of EU’s development role in South Asia, as from 1976 to 1991, 17951.9 million US dollars aid came in the region. Even if we look separately in different countries roots of development policy will emerge clearly.
Development Policy in Pakistan: The diplomatic relation between EU and Pakistan established in 1962 and activities in the field of development cooperation have traditionally occupied a central place in the EC-Pakistan relations. In this, the 1976 commercial cooperation agreement of EC with Pakistan regarded as the first generation agreement. The development policy of the EU in not only for providing aid but it also emphasize on the promotion of trade. In the case of Pakistan, EC in 1976 adopted the approach to promote the trade ties with Pakistan. After the first generation agreement, EC and Pakistan had set up a joint commission to promote wide range of activities, principally with the view of helping Pakistan to increase and diversified its exports. Under the EC-Pakistan trade promotion programme the Community has helped Pakistan’s exporters to take part in trade fairs and sales missions, organized seminars, and workshop for them, and provided experts to advise them on tobacco, leather, sports goods, and clothing. The emphasis has been on helping economic operators in Pakistan directly, and on putting them in touch with their European Counterparts.

The second-generation development cooperation agreement with Pakistan came in 1986, and more significance given to the humanitarian aid, by supporting many development projects. In this, the rural electrification project supporting 176 villages, and starting of vocational training centre are very important as it linked to the rural development and subsequently with reducing poverty. It was during this period that food aid to Pakistan was increased. EC provided many food items to Pakistan under the development cooperation cover which consists of food grains, skimmed milk powder, and butter oil. There is a contrast between the first and second-generation development activities of EU in Pakistan. In the first generation, more stress given to trade related concession but in the second-generation support to development project was also included. In short, EU’s role as a development partner in Pakistan had some up and downs but it generally covers some critical areas.

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In Nepal: Nepal is heavily aid dependent country and the role of development policy was very crucial in Nepal. The EC–Nepal relations dates back to 1975 when the diplomatic relations between the two was established. In 1975, Nepal accredited its ambassador to Federal Republic of Germany and to the European Community. The history of EC assistance to Nepal traced back to 1977 and by 2006, it amounted to some 240 million Euros. EC has joined the Nepal Aid Group (NAG) in 1982 thus, further increasing the development commitment and assistance to Nepal. The first-generation cooperation agreement between EC and Nepal started in early 1980’s. It was the finance minister of Nepal Dr. Pant, who visited Brussels in 1980 and requested the community to play active role in the development of Nepal. This resulted in a fact-finding mission of EC to Nepal for identifying the projects that Community could finance. Afterwards EC came forward to support rural development projects, training schemes, and financial support for small projects carried out by European NGOs. Nepal is a tourist attraction and a large amount of its economy depends on the tourism industry. This was well marked and EU came forward to help Nepal for developing tourism. A project to promote tourism was also prepared and in 1986, 220,000 Euros was sanctioned for tourism promotion. Along with this EC also provided food aid to Nepal.

Development policy is not only for just supporting the development project but it is also to help the developing countries to increase economic trade with the EC on concession terms. Economic cooperation of EC with Nepal benefited the latter and according to a report in 1985, twenty-five percent of the total EC’s import from Nepal was duty free. Trade promotion was given significance and between 1980 to 1986, the Community allocated 757,000 European Currency Unit (ECU) to Nepal under the trade promotion programme. Nepal was also one of the three-beneficiary countries along with Bangladesh.

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21 Nepal is a recipient of foreign assistance from 1952 when it joined the Colombo Plan for Cooperative, Economic, and Social Development in Asia and the Pacific. Much of the foreign aid to Nepal is given in the form of grant and soft loans. In 1976 World Bank had taken an initiative and organized eleven UN agencies, seven multi-lateral lending agencies, and eight private agencies to form Nepal Aid Group.

22 The ECU was an artificial basket currency that was used by the members of the European Union as their internal accounting unit. The ECU is conceived on 13th March 1979 by the European Economic Community, the predecessor of the European Union. ECU can also be taken as the precursor of the single European currency, the Euro.
and Laos of COMPEX a system closely modeled on STABEX, which the Community had introduced in 1987. Under COMPEX, the Community will compensate the least developing countries in Asia and Latin America for any shortfall in earnings from their exports to the Community of the wide range of agricultural commodities. Those of export interest of Nepal include hides and skins, bovine cattle leather and raw jute. Table 4.2, provides detail of some important projects supported by EC in Nepal from 1970’s to 1980’s.

### Table 4.2: Some Projects Financed by EEC in Nepal (1978-1986)

<table>
<thead>
<tr>
<th>Year</th>
<th>Detail of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>Integrated Rural Development Project for Sagarmatha zone of 3098 US dollar is co-financed by EC.</td>
</tr>
<tr>
<td>1982</td>
<td>EEC co-financed 3.7 million ECU Rural Water and Sanitation project with UNICEF</td>
</tr>
<tr>
<td>1983</td>
<td>EEC agreed to finance the supply of fertilizers for 5.3 million ECU.</td>
</tr>
<tr>
<td>1984</td>
<td>EEC provided 5 million ECU for construction of Nepal Administrative Staff College</td>
</tr>
<tr>
<td>1985</td>
<td>Financed Arjun Khola irrigation project also financed the study on hill and mountain crops</td>
</tr>
<tr>
<td>1986</td>
<td>Finance rural development project on hill farming. EEC also undertaken the supply of 15,000 tones of cereal.</td>
</tr>
</tbody>
</table>

**Development Policy in Sri Lanka:** The diplomatic relation between EC and Sri Lanka was established in 1971. The history of development cooperation in Sri Lanka dates back to 1975 that mainly governed by cooperation partnership agreements. The first development cooperation of EC in Sri Lanka started in 1975. The development policy in Sri Lanka has

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changed according to the need of the time. Initially the development policy in 1980 has focused on the poverty alleviation through rural development.

Sri Lanka has been an important beneficiary of the Community’s food aid programme since its inception (see table 4.3). Rural development is another area where EC has supported several projects in Sri Lanka. In 1976, Sri Lanka had received some 2 million ECU from EC for a reservoir project near Trincomalee. Similarly, between 1977 to 1978, Sri Lanka had received equal amount for agricultural projects in Mahaweli Ganga region. This amount further increased to three million ECU, to support the post- cyclone reconstruction, coconut rehabilitation project. EC has also extended technical assistance to Sri Lanka and funded projects under its trade promotion programme.

| Table 4.3: Food Aid to Sri Lanka from the EC from 1975-80 (In tonnes) |
|-----------------|-----|-----|-----|-----|-----|
| Cereals         | 20,000| 15,000| 30,000| 27,000| 19,000| 20,000|
| Milk Powder     | 1,000| 1,300| 2,000| 4,375| NA | 500|
| Butter oil      | 250| 160| 200| 200| 200| 200|


*Development Policy towards Bangladesh:* Development role of EC is prominent in Bangladesh because it is the largest development partner and trading partner of Bangladesh. Presently, Bangladesh is one of the largest recipients of EC’s assistance in Asia and it enjoys strong trade relations with EU. The EU-Bangladesh relations date back to 1973, when Bangladesh established formal diplomatic relations with the newly enlarged community. In 1974, both sides entered into the Commercial Cooperation Agreement (CCA), and later agreed to set a joint commission on trade and economic cooperation.
EC assistance to Bangladesh started in 1976 and initially food aid programmes dominated it. Under the food aid programme, EC had made 450,000 tonnes of cereals available for Bangladesh from 1977 to 1980. Under the same period, more than 20,000 tonnes of skimmed milk powder also made available to the Bangladesh. Apart from food aid economic cooperation with Bangladesh established with the objective to strengthen trade and commerce with EU member states as well as with other parts of the world. It is due to the effort of the EC that during 1980's Bangladesh became the second largest beneficiary of the communities trade promotion programme. EC supported wide range of activities of trade promotion in Bangladesh. This included trade fairs, trade and sales missions, and workshops. Experts on trade from Bangladesh were also encouraged and supported by EC. Apart from these segregated efforts to effectively help Bangladesh's economy by providing access to European market, the EC financially supported Bangladesh trade mission in Middle East, the ASEAN countries, and in Africa. In 1979, Community bears most of the cost of Bangladesh trade office in Copenhagen. The Community also supported joint ventures between several branches of European industries and Bangladesh, in the field of food-processing, plastics, chemicals and agricultural machineries.

EC- Bangladesh Jute Agreement: More than half of the Bangladesh's export constitutes of Jute and Europe is the biggest market of both raw and finished jute. To support the jute industry in Bangladesh, EC has progressively reduced custom duties and suspended it to zero in 1978. Going further in March 1980, EC and Bangladesh signed agreement on Trade and Jute Products. Under this agreement EC removed, all quantitative restrictions on the jute import from Bangladesh. Several member countries has also increases the residual restriction (quota) on jute import from Bangladesh. In the direction of promoting jute cultivation EC had supported the establishment of International Jute Organization (IJO) at Dhaka. The IJO aimed at helping jute-producing countries to improve production, process, and to market finished product nationally and internationally. In Bangladesh jute cultivation, production, and marketing were immensely benefited from the projects supported by the IJO.
Financial Aid to Bangladesh: EC has not only helped Bangladesh to expand its trade network but also provided other supports. EC has poured substantial amount of money in almost all the sectors of Bangladesh. Amongst them food aid, support for economic development and human development, was in the priority of the EC aid. The commitment of the EC for development of Bangladesh estimated by the fact that between 1976 to 1987, five hundred million ECU was approved in the form of aid. The EC’s development commitment to Bangladesh is one of the highest in the region covering diversified areas. Table 4.4 focuses on the total commitment of the EC and highlight the areas supported by the EC from 1976 to 1987.
Table 4.4: EC Financial Aid to Bangladesh, 1976-87  
(In million ECU)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Development Aid</td>
<td>33.35</td>
<td>12.00</td>
<td>23.60</td>
<td>24.0</td>
<td>25.5</td>
<td>4.9</td>
<td>-</td>
<td>10.5</td>
</tr>
<tr>
<td>Direct Food Aid **</td>
<td>117.72</td>
<td>31.60</td>
<td>41.70</td>
<td>34.83</td>
<td>33.4</td>
<td>38.43</td>
<td>27.4</td>
<td>30.4</td>
</tr>
<tr>
<td>Indirect Food Aid</td>
<td></td>
<td></td>
<td></td>
<td>6.60</td>
<td>10.14</td>
<td>7.26</td>
<td></td>
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<tr>
<td>Food Storage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.35</td>
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<tr>
<td>NGO</td>
<td>1.12</td>
<td>0.34</td>
<td>0.26</td>
<td>0.93</td>
<td>0.59</td>
<td>1.1</td>
<td>0.9</td>
<td>0.23</td>
</tr>
<tr>
<td>Training</td>
<td>0.01</td>
<td>0.02</td>
<td>0.14</td>
<td>0.03</td>
<td>0.08</td>
<td>0.23</td>
<td>-</td>
<td>0.23</td>
</tr>
<tr>
<td>Trade Promotion</td>
<td>1.72</td>
<td>0.56</td>
<td>0.50</td>
<td>0.30</td>
<td>0.25</td>
<td>-</td>
<td>0.2</td>
<td>0.76</td>
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<tr>
<td>Scientist Corporation</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>0.15</td>
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<tr>
<td>STABEX</td>
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<td></td>
<td></td>
<td>5.5</td>
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<tr>
<td>Industry &amp; Regional Cooperation</td>
<td></td>
<td></td>
<td></td>
<td>0.08</td>
<td>0.08</td>
<td>0.05</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Emergency Aid</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Aid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Indirect Aid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.25</td>
</tr>
<tr>
<td>Direct Aid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>153.92</td>
<td>44.52</td>
<td>66.20</td>
<td>60.17</td>
<td>59.9</td>
<td>51.96</td>
<td>38.64</td>
<td>69.47</td>
</tr>
</tbody>
</table>

Source: Commission of European Communities Directorate General for Information  
URL: http://aei.pitt.edu/7823/01/31735055281624_1.pdf

**Food aid includes upto 1984 indirect aid through organizations of EU.

Historical Ties with India: “The EU and India are pillars of stability in their respective regions. In this respect, they have a major role to play on the international stage to promote peace and security”\(^{24}\). This is the statement of European Commission President Jose Manuel Barroso during the ninth India-Europe Summit held at France in 2008.

URL: http://www.thaindian.com/newsportal/uncategorized/eu-leaders-hail-relations-with-india_100101150.html
EU-India relations is the oldest in the region and goes back to 1962 when India establishes diplomatic relations with the European Economic Community (EEC). India was amongst the first country to enter into a diplomatic relations with the EEC. Similarly, EU development cooperation policy benefited India in last three decades and is central to the relationship between the two. EU and its member states made some biggest bilateral contributions to India’s development programmes. Some of very prominent successes of development policy of EU in India are discussed below.

Operation Flood, Education and Health: There are many success stories of EU’s cooperation programme in India. Operation flood is noteworthy, which helped India to become the world’s leading milk producer. Operation flood was the world largest food and development programme running from 1970 to 1996 and co-financed by World Bank and Indian government along with EC. The education and health sectors also receive much of EC’s aid, which accounts to nearly 600 million Euros. According to the figures since 1976, EC has committed some 2 billion Euros to India in development assistance. Primarily, EC supports Indian government own effort to improve quality of life for the poorest and most disadvantages member of the society25. It has also reflected in the assistance programmes of the EC. In 1990, another success story of development cooperation linked with the Indian government’s District Primary Education Programme (DPEP), supported by the EC. In 1994, EC had an agreement with India for supporting the DPEP, and it provided grant of 150 million Euros for the same. This was the EC’s first major initiative in India to provide sector support by focusing on the primary education. After education, health is another such sector supported by the development policy. The Reproductive and Child Health Programme (RCH) was the government of India initiative supported immensely by the EC with the grant of 240 million Euros.

Financial Support to Rural Development: India is a country where majority of its population lives in rural areas and any development project must take this in

consideration. Priority given by the EC to the rural development in India and 60 million ECU was financed by the EC in the form of non-reimbursable grants in 1985. The maximum amount of this grant utilized for rural development projects, including those implemented by the NGOs. The large part of this aid provided in the form of fertilizer supplies. The Indian government co-finance with EC two rural development projects for growing of mustard seeds and for an agricultural irrigation project that had utilized the counterpart funds\textsuperscript{26} of 1985 programme.

Commercial and Economic Cooperation: In 1973, India and EC had signed commercial and economic cooperation agreement. Preferences given to the Indian products and steps are taken to promote EU’s trade with India. As a part of trade promotion Indian Trade Centre (ITC) opened in Brussels with the financial help from the community. The primary export commodities of India to EC supported through preferential treatments. This includes textile, jute, and sugar. For the Indian textile, EC had GATT Multifibre Arrangement (GMA) and this was simply to encourage Indian products. India also benefited from the import duty free quotas, which EC granted annually for its handicraft and handloom products. Going beyond this, EC lifted tariff and quota restrictions on import of jute products from India, which helped Jute industry at a large scale. EC also signed cane sugar agreement with India in 1975. Under this agreement, the EC undertakes to import annually up to a total of 1.3 million tons of sugar at the price, which are generally higher than the world market price. In addition, GSP and other tariff facilities followed for imports from India. This is so much that in past India received biggest share of EC’s trade promotion budget. Thus, like any other country of South Asia EC had a historical and significant tie with India and development policy benefited India in different sectors including in trade promotion. Presently also there are development activities supported by the EC which has many success stories.

Development Assistance to Afghanistan: Afghanistan is the most volatile country of the region and has a history of instability and continuous civil war. Afghanistan came in the central focus of international donor agencies after Alliance forces captured Kabul through

\textsuperscript{26} Fund collected from the sales of fertilizers.
military operation 'Enduring Freedom'. In this the case of EU’s role is little different, as even before ‘Enduring Freedom’ EU acknowledges the needs for the development in Afghanistan and was involved in several projects. After the end of Enduring Freedom, international donors started working on the development roadmap of Afghanistan but EU was in the development projects before them.

Commission’s support to Afghanistan continued throughout the 1990’s. In a decade before 9/11, EC has allocated over 500 million Euros to Afghanistan, making it the largest single donor to the country for the period. The support has focused on two areas – humanitarian support for emergency and support to refugees and Internally Displaced People (IDP). ‘Support to refugees and IDPs has in part helped the 5 million refugees in Iran and Pakistan. However, it also provided substantial support in Afghanistan, largely in rural areas, to facilitate returns and to give the population the mean to stay on the land, so preventing fresh waves of outwards migration. The EC aid had a tangible impact and by the end of the Taliban period, the EC was supporting over 400 schools and 200 basic health clinics, many offering services to women and girls. However, the biggest impact has been more on reducing extreme of vulnerability rather than actual development, which has been largely impossible given the war and then Taliban policies27. Thus, even when other countries and international agencies remained ignorant about Afghanistan, the EU had its policy and projects in Afghanistan.

These are some concrete examples of cooperation of EU with South Asian countries. There are development projects and several programmes directly funded by the EU in the region. In this, there are two common features, which explain the limitations of the development approach of EU towards South Asia. Firstly, it has the economic orientation in the terms of GSP at the centre of development cooperation. Preferential treatment to several products was the basic character of development policy for the countries of South Asia. Secondly, there was absence of regional programme and almost all the scheme was country centric. There are few programmes like Aid to Uprooted

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People, but this is global initiative of the EU later applied for helping the Afghan refuges during the turmoil of civil war. To summarize, EU had established relationships every South Asian countries by the end of 1970’s (see table 4.5) but did not had a policy approach towards the region.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year of Establishing Ties with EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>1962</td>
</tr>
<tr>
<td>Nepal</td>
<td>1975</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1971</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1973</td>
</tr>
<tr>
<td>India</td>
<td>1962</td>
</tr>
</tbody>
</table>

4.4 New Development Vision for South Asia

The new thinking for Asia at the policy level of EU started evolving in 1990s’ and in 1994, new Asia strategy was introduced. This is the first document with some clarity on the EU’s approach towards Asia. On the close analysis of the paper, it emerges that political economic issue is the basis for the change in the attitude of the EU towards Asia. The paper state that, ‘the rise of Asia is dramatically changing the world balance of economic power. By the year 2000, the World Bank estimates that half the growth in the global economy will come from East and South East Asia alone. This growth will ensure that by the year 2000 one billion Asian will have significant consumer spending power, of these 400 million will have average disposable incomes as high, if not higher, than their European, and American contemporaries’. Considering the economic and political importance of Asia, EU set four major objectives for its role in Asia.

1. To strengthen the Union’s economic presence in Asia in order to maintain the Union’s leading role in the world economy. The establishment of an important

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presence in Asia will allow Europe at the beginning of the 21st Century to ensure that its interests are taken fully into account in this region. Given the peace and growth of Asia, active participation by the European companies can also contribute in providing qualified jobs for European workers.

2. To contribute to stability in Asia by promoting international cooperation and understanding, the Union must at this end widen and deepen its political and economic relations with the countries in Asia.

3. To promote economic development of less prosperous countries and regions in Asia. Given that Asia for the foreseeable future will continue to contain world largest concentration of poor people, the union and its member states will need to continue to concentrate on poverty alleviation and sustainable growth.

4. To contribute to development and consolidation of democracy, and rule of law and respect of human right and fundamental freedom in South Asia.

In the document development policy accepted as critical to EU’s enhancing partnership with the developing countries of Asia. The glaring problem of the paper is its overtone for economic cooperation superseding even the development policy objectives. The paper notes that rural development and food aid absorb much of development aid and there is a requirement for more economic cooperation. The advocacy of economic cooperation over rural development reveals that by 1994 it was Southeast Asia influencing the EU’s construct of Asia. This paper measured as big leap forward in relation to EU-Asia future partnership but in this regional diversity of Asia is not recognised. In short, it has some big picture but South Asia did not get its share in this.

*Europe and Asia: A Strategic Framework for Enhanced Partnership* - 2001: The 2001 document is although based on 1994 new Asia strategy but it is more comprehensive with clear objectives for development policy and honest acknowledgement of regions diversity. There is a move of EU from Southeast centric vision of Asia by incorporating
South Asia in the future strategy. The paper states that 'we must focus on strengthening
EU’s political and economic presence across the region and raising this to a level
commensurate with the growing global weight of an enlarged EU'. In the light of this,
EU for its conduct of relations in Asia set six objectives. These six objectives are
recognised as the base of EU’s role in Asia even in the contemporary time. Followings
are the six objectives.

1. Contribute peace and security in the region and globally, through a broadening of
our engagement with the region.
2. Further, strengthen our mutual trade and investment flows with the region.
3. Promote the development of less prosperous countries of the region, addressing
the root causes of poverty.
4. Contribute to the spread of democracy, good governance, and rule of law.
5. Build a global partnership and alliance with Asian countries, in appropriate
international fora, to help address both the challenges and opportunities offered by
globalization and to strengthen our joint efforts on global environmental and
security issues.
6. To help strengthen awareness of Europe in Asia and vice versa.

In strategy paper, EU recognizes the diversity of Asia in economic and political terms.
The paper highlights that Asia is a region of three biggest countries of the World (in the
terms of population) China, India, and Indonesia, it has some richest countries of the
World like Japan and Singapore but at the same time some very poor countries of the
world like Afghanistan and North Korea. Document made an honest attempt to look at
Asia from a new and different perspective endorsing the fact that strategy formulated for
Asia in 1994 is redundant in the terms of its outlook. The paper also accepts that after the
East Asian economic crisis of 1997, a fresh approach towards it will only help to
strengthen the EU’s relation with Asia.

29 European Commission, Europe and Asia: A Strategic Framework for Enhanced Partnership, (Brussels:
This new strategy paper focused on direct poverty reduction instruments including support for health and education sectors, rural development and institutional capacity building. There is clear influence of MDG visible in the EU's discourse of development for Asia. In addition to it, environment and sustainable development gets attention of development assistance cooperation envisaged by the EU for Asia. The environment sector is identified for support through substantial programmes in areas, such as forest protection, biodiversity and environmental technology.

From the point of view of this study, this paper is of paramount importance as it has a separate section on South Asia. It follows from the acceptance that positive indulgence in relationship with Asia is based on realizing its diversity and subsequently formulating region specific policies. EU, take South Asia as a challenging region in numerous ways. Firstly, South Asia looked by EU as a region with two nuclear capable countries India and Pakistan in loggerhead over Kashmir. Growing fundamentalism, unrest, terrorism and conflict in Afghanistan and Sri Lanka also inducted as concerning issues in South Asia. For EU, these predicaments are threat to the peace and stability in the region, which is a correct assessment of that period. Secondly, EU concludes that doubts regarding globalization and a new WTO round have perhaps been greater in South Asia than elsewhere in the region. Thirdly, challenges is related to human development as it argue that fragile state of human development in South Asia makes life tough for a huge section of population.

To address the challenges EU also set direction for itself, which was more assertive and forward-looking at policy and dialogue level. EU, also stress for a role to encourage trade and liberalization process in the region thus, attending the commercial concerns. Coming to the human development issue EU elaborates that poverty reduction will be at the core of its cooperation effort in the region. In brief, the paper seriously concentrated on conspicuous problems of the region and design ways to deal with it. There is an indication that human development is now at the midst of development policy with economic cooperation coming at the periphery.
Significance of South Asia after 9/11: As discussed earlier in chapter 2, the terrorist attacks of 9/11 changed the policy of EU and subsequently new security concerns attached to the development policy. This is quite visible in EU’s intervention in South Asia through its development policy after 9/11. The relevance of South Asia after the terrorists attacks be estimated by the following statement of Mr. Michel Caillouët, Ambassador-Head of Delegation, Delegation of the European Commission in India in 2003, “Indeed South Asia remains one of the most volatile regions of the world. Even as the fallout of the fight against terror waged post 9/11 by the international community remains unclear, the persistence of terrorist activities in the region endangers the regional security environment. EU adopts for more assertive role in South Asia and it is presently engaged in numerous development activities in weak Afghanistan and in the poorer regions of Pakistan. There is a detailed discussion over it in the next chapter. The only simple point it that South Asia after 9/11 emerged in the core of development strategy of EU towards the developing countries with special focus on Afghanistan and Pakistan.

Moving Ahead from Bilateral to Multi Country Programmes: Economic growth and concern of international community on terrorism had already brought South Asia in the discourse of the EU development policy. There was another change in the policy framework of EU towards Asia and this relates to acceptance of regional diversity and need for common policies for certain regions. This change in the understanding directly linked to beginning of new development policy for South Asia. Building on the 2001 strategy EU in 2005 introduced Strategic Paper and Indicative Programme for Multi-Country Programmes in Asia. These programmes were addressing specific sub-regions, notably the ASEAN and South Asian Association for Regional Cooperation (SAARC).

30 Caillouët, Michel, “India, EU and South Asia in Post Cold War Era”, Lecture delivered on 20 February 2003 at Centre for European Studies, School of International Studies, Jawaharlal Nehru University, New Delhi.
The multi-country programmes are to supplement bilateral programmes in areas, where support is more effectively provided on a multi-country basis.\(^{31}\)

After the strategy paper of 2005 EU set more prominent role for itself in South Asia looking for its involvement in political, economic, and social affairs. In this development policy was of key usage for the EU to deter the prospects of terrorism and to improve the human development of the region. Special attention paid on the issues of migration and drug trafficking and development projects are envisaged accordingly to promote progress of most discarded regions in South Asia. The detailed of these projects are discussed in next chapter which deals with the contemporary EU’s development role in South Asia but it is significant to underline the fact that 2005 strategic document is the basis for the same. On the economic front EU envisaged the role of supporting actor for the region to implement trade liberalization. This is the new direction for the economic cooperation programme which earlier was limited upto GSP for some products. At the social front EU accepted that poverty alleviation is the toughest challenges. The agenda for South Asia described by the EU in the strategy paper integrates poverty reduction policies at every level. Bilateral programme on country basis is looked as the main instrument to deliver aid in the region for enhancing development in order to fight the menace of poverty.

*Poverty Eradication as the Future Agenda:* EU already decided its future course of development agenda for Asia and is selecting its programmes and projects accordingly. Poverty eradication acquired the centre stage role of EU development effort in the region it is indicated in its strategy paper 2007-13 for majority of Asian countries.\(^{32}\) Taking on the challenge of poverty is the result of joint statement by European Council, European

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\(^{32}\) Eligible countries in Asia covered in this document are, Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Democratic People’s Republic of Korea (DPRK), Laos, Malaysia, Maldives, Mongolia, Myanmar/ Burma, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Vietnam. In this, it is important to note that presently EU does not have any official development cooperation programme with DPRK. According to the EU launch of any such programme for DPRK will depend on its commitment with regard to respecting its international obligations.
Parliament, and European Commission in December 2005 on European Union Development Policy\textsuperscript{33}. The joint statement was the effort by the Union to enshrine poverty eradication as the overarching goal of European Development Policy. It emphasises the commitment of the Commission and the member States to the principle of aid effectiveness, as agreed in the Paris Declaration of March 2005, and alignment with nationally owned poverty strategies and reform policies as well as donor harmonization\textsuperscript{34}. Poverty eradication is common for the Asian strategy, apart from it, supporting regional integration and sectoral dialogue process in South Asia highlighted in the paper. Promotion of active regional trade with the aim of making South Asian Free Trade Agreement (SAFTA) functional at a wider level discussed and considered as one of the objective.

4.5 Conclusion- From Omission to New Targets

South Asia is presently an important region for the EU where it is engaged in numerous development activities. There was the time when EU did not consider South Asia even as a region appropriate for development policy. There were projects, programmes, and bilateral agreements with different countries of this region, but it was devoid of policy approach. Policy is set of decisions, which are oriented towards a long-term purpose or to a particular problem. Thus, EU until last couple of decades did not have a long-term vision for South Asia. The engagement of the EU in South Asia was bilateral rather then multilateral. In this way, EU in past emerged as important bilateral partner of many countries, but it fails to occupy the key role in the entire region, which we can witness in the ACP regions.

Geopolitical, economic, and strategic reasons made it compulsory for all the international actors to establish close ties with South Asia and this leads to new beginning. The


consistent and constant economic growth helps in the projection of South Asia. Another change, which influenced in the international relations, was the terrorist attacks of 9/11 on the sole superpower. This made clear that without comprehensive plan international terrorism, which had its deep roots in South Asia, could not be fought. In the fight against terrorism, help from several countries of South Asia was required and this made international agencies and organization to develop a regional viewpoint. Development tasks were identified and regional policy was chalked out to implement multilateral development projects.

Under the bilateral development arrangements, economic cooperation in terms of promoting certain products and providing liberal access to EU markets was followed. This character marked the development agenda of EU towards South Asia in the entire period of 70s' and 80's. There were human development projects supported by the EU but at policy level, evident launce of long-term thinking and approach is notable. The reconstruction of development policy, which focuses on direct aid for ameliorating the life of the common person by making impact in the standard of living, changed the nature of development policy of the EU in South Asia. This is the precise reason why in the contemporary time EU acquired a prominent role in assisting the countries of South Asia to overcome from some very sensitive human miseries.

There are appreciations of EU's present development interventions, but at the same time, motive and end goals also need scrutiny. This is essential to judge the sincerity of the EU in development activities of South Asia both at the regional and local level. In the next chapter, we will try to assess EU's present position as development partner of individual countries and will try to testify its regional objectives. There is a robust study of the development projects and programmes of EU in different countries and in various sectors to sketch a comprehensive picture of development policy in South Asia.