



European Communities Press and Information

Background Note

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The Enlarged Community and Development Aid

In July 1971 the Commission put forward a memorandum * giving its views on a Community policy for development aid to the third world.

The memorandum was discussed on September 26, 1972, by the Foreign Ministers of the Six, together with the Ministers responsible for overseas development. This was the first Ministers' meeting of its kind since the formation of the Community in 1958.

The Commission proposed the following guide lines:-

1. Aid given to the developing countries must be reconciled with internal economic policies.

(This is illustrated by the inability of the Community up to the present to join the World Sugar Agreement).

The Community and its members should as far as possible adapt their industrial, agricultural, social and other policies so that development aid to the Third World can be increased without undue economic disturbance at home.

2. The Commission does not propose that national policies should be superseded, but rather harmonized and coordinated, both in relation to one another and to Community policy. A common approach need not and should not imply uniformity.
3. Without forgetting the responsibility it has to the developing countries as a whole, the Community must extend and improve its preferential cooperation agreements with the Mediterranean countries and with various African countries south of the Sahara.

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* SEC (71) 2700, Bulletin of the European Communities, Supplement 5/71

4. The continuity of the Association with the African Countries and Madagascar, reaffirmed by the Community during the enlargement negotiations, calls for the maintenance of its three-fold structure - free trade, technical and financial cooperation, and institutions. The Commonwealth African countries have been invited to join the Association, but the admission of new members must not be allowed to prejudice its basic structure. Practical solutions must be found to the problems involved.
5. It is in the interest of the Community that the existing links with various Mediterranean Countries be made more homogeneous, and also more effective. This will mean the progressive completion of the commercial clauses of the agreements in question. Additional financial and technical measures should be added within the existing framework of cooperation. These measures should take account of social problems.
6. In addition to its existing regional preferences the Community should continue to cooperate in trade-and-aid measures on a world scale. Discussion have already opened with the countries of other regions, such as Latin America. These should be intensified.
7. In addition to the special relations it has with Mediterranean and African countries the Community should be ready to extend its trade-and-aid links to other parts of the developing world. For this purpose it will be necessary to act selectively. The action taken nationally by the member countries should be coordinated.

An initial programme of action.

On February 2, the Commission adopted an initial programme as follows:-

I Measures to aid exports from developing countries.

- (a) The Community should join the new International Coffee Agreement and contribute to the Diversification Fund of the International Coffee Organisation.
- (b) The Community should help bring about an international cocoa agreement (without ruling out the possibility of an international agreement in which all the consumer countries do not immediately participate.)

- (c) The Community should help the developing countries which are producers of sugar by maintaining a deficit in sugar production in the enlarged Community.
- (d) Developing countries should be actively helped to increase their exports to the Community. This help should include vocational training for those engaged in production and export activities, encouraging the developing countries to set up commercial offices on a cooperative basis, and explaining Community rules to commercial Counsellors. The Community should help the improvement and standardization of product quality by giving technical assistance.
- (e) The progressive elimination of excise duties on tropical produce.
- (f) The protection of local descriptions of food products.

II Other Measures.

- (a) The stepping up of public aid appropriations at least to the target figure of 0.7% GNP, and the incorporation of public development aid in medium term policy.
- (b) Reduction of the indebtedness of developing countries by improvements in the terms on which aid is granted.
- (c) The progressive derestriction of aid.
- (d) Better coordination at Community level of aid and technical assistance measures, through a more effective exchange of information on requests for aid received from the developing countries and plans for action that may follow.
- (e) Encouragement of improved regional cooperation among the developing countries themselves, by a systematic cultivation of relationships with the regional groups concerned and the provision of specific technical assistance.

The Ministers' Meeting.

When the Ministers of the Six held their meeting on September 26, they have been able to study in detail the Commissions' proposals, outlined above.

They stressed the inadequacy of the development aid so far provided by the industrial countries as a whole,

including the countries of the Community. They regretted that the attitudes of the Six in international organisations still lacked sufficient coordination - attitudes, which appeared sometimes to call in question the Community's seriousness of purpose.

Some delegations considered that the aid problem should be approached from a world angle, but without neglecting the regional responsibilities of the Community in Africa and the Mediterranean.

Other considered that the regional experience with the Associated African States and Madagascar should be used as a starting point in seeking for measures of cooperation which would be more widely opened to other developing countries.

There was a general and encouraging recognition that these two approaches lead broadly to the same conclusions.

Awaiting the outcome of the Summit.

Special emphasis was placed on three points by Jean Francois Deniau, Commission member with special responsibility for development aid:-

1. The "world approach" and the "regional approach" can legitimately be regarded as complementary and opposition between them is sterile.
2. Community aid should be strengthened without eliminating national aid, and the two types of aid should be harmonised.
3. The different aspects of development aid should be treated not as separate items, but as part of a general picture. Account should be taken of the impact of development and not only on the external policy, but also on the internal policy (agricultural policy, industrial policy, social policy etc.), of the member countries. M. Deniau suggested that a high-level working party be set up to take account of all the aspects involved.

The Council thereupon decided that an ad hoc working party should be set up, its membership and terms of reference to be discussed as soon as possible

The work of this ad hoc group is to be based on the documents already put forward by the Commission, on the observations contributed by member governments, and on the work of the Council.

The group is to make its first report to the Council before May 1, 1973. The Commission is to take an active part.

All must depend, however, on the outcome of the Summit Conference and the Ministers took the view that it is for the Heads of State and Government to confirm the targets so far provisionally agreed on.

TABLE II

Public Aid to the 25 Least Developed Countries*

(in millions of dollars)

	<u>Yearly Average 1960-67</u>	<u>Yearly Average 1968-70</u>
BILATERAL AID		
<u>European Community:</u>		
Belgium	10.9	18.5
Germany	23.4	35.2
France	27.1	59.7
Italy	15.3	25.2
The Netherlands	<u>0.2</u>	<u>1.2</u>
TOTAL	<u><u>76.9</u></u>	<u><u>139.8</u></u>
<u>Applicants:</u>		
UK	77.7	51.6
Denmark	0.3	5.2
Norway	<u>0.6</u>	<u>1.9</u>
COMMUNITY OF TEN**	<u><u>155.5</u></u>	<u><u>198.5</u></u>
<u>Other Donors:</u>		
United States	145.3	101.7
Japan	<u>2.2</u>	<u>4.7</u>
TOTAL BILATERAL AID	<u><u>309.5</u></u>	<u><u>334.1</u></u>
MULTILATERAL AID		
European Community Institutions	21.0	39.3
World Banks	14.9	43.2
Regional Banks	- 3.2	- 2.7
United Nations Agencies	<u>17.8</u>	<u>43.7</u>
TOTAL MULTILATERAL AID	<u><u>50.5</u></u>	<u><u>123.5</u></u>

* Designated by the United Nations: Burundi, Dahomey, Upper Volta, Mali, Niger, Rwanda, Somalia, Chad, Botswana, Lesotho, Malawi, Ethiopia, Guinea, Sudan, Afghanistan, Butan, Laos, Maldives, Nepal, West Samoa, Sikkim, Yemen, and Haiti.

** Comparable data are not available for Luxembourg and Ireland.