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CONSULTATIVE ASSEMBLY

EUROPEAN PARLIAMENT

WORKING PAPER (1)

prepared on behalf of the Political Affairs Committee

on

THE FUTURE OF EUROPEAN INTEGRATION AND
ACTION TAKEN BY EUROPE TO INSTITUTE A POLICY
IN FAVOUR OF DEVELOPING COUNTRIES

(by Mr. TRIBOULET)

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(1) This working paper has been prepared for the meeting of members of the European Parliament and members of the Consultative Assembly of the Council of Europe to be held in Strasbourg on Thursday 17 September 1970.

* The French version is published by the European Parliament as document PE 25226

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By letter of 17 June 1970 Mr. Scelba, President of the European Parliament, informed Mr. Scarascia Mugnozza, Chairman of the Political Committee, that the subject of the next joint meeting of members of the Consultative Assembly and the European Parliament on 17 September 1970 would be: "The future of European unification and action by Europe for a policy to benefit the developing countries".

The European Parliament's Bureau instructed the Political Committee to prepare on this subject a working paper which took into consideration the opinions furnished by the Committee on External Trade Relations and the Committee on Relations with the African States and Madagascar.

The Consultative Assembly, for its part, has prepared two papers on the same subject for the meeting, one drafted by Mr. Emrehn and the other by Mr. Vedovato.

The opinion of the Committee on External Trade Relations, drafted by Mr. Westerterp (doc. PE 25.184/déf.) was adopted by that Committee on 1 September 1970, whilst the Committee on Relations with the African States and Madagascar adopted its opinion, drafted by Mr. Bersani (doc. PE 25.111/déf.) on 3 September 1970.

Both these opinions are appended to the Political Committee's working paper.

The Political Committee's paper, which was drafted by Mr. Triboulet, was unanimously adopted by the Committee at a meeting on 7 September 1970.

The Political Committee's meeting was attended by:

Mr. Scarascia Mugnozza, Chairman

Mr. Burger and Mr. Cantalupo, Vice-Chairmen

Mr. Triboulet, Drafter

Mr. Aigner (for Mr. De Gryse), Mr. Amendola,

Mr. Baas (for Mr. Hougardy), Mr. Behrendt (for

Mr. Carcassonne), Mr. Berkhouwer (for Mr. Achenbach),

Mr. Berthoin, Mr. Brouwer (for Mr. Schuijt),

Mr. Corona, Mr. Furler, Mr. Giraudo, Mr. Glesener,

Mr. Habib Deloncle, Mr. Hein, Mr. Jahn, Mr. Lautenschlager,

Mr. Luecker, Miss Lulling (for Mr. Dehousse),

Mr. de la Malène, Mr. Mueller, Mr. Terrenoire, Mr. Tolloy

and Mr. Wohlfahrt.

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CONTENTS

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WORKING PAPER

on

The future of European unification and action by Europe for a policy to benefit the developing countries

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Drafter: Mr. Triboulet

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1. To be appointed by the European Parliament as its rapporteur for the joint meeting of the Parliament and the Council of Europe is an honour which I fully appreciate; for the subject chosen for the meeting is one which has a direct and precise bearing on the responsibilities of the European Economic Community and the European Parliament.

The subject is: "The future of European unification and action by Europe for a policy to benefit the developing countries".

Now, it is our belief, at least, that the way to European unification lies through the European Economic Community.

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EUROPEAN UNIFICATION

2. Nobody, of course, imagines that Europe can be confined to the six countries of the European Economic Community.

The politicians of the six states represented in the European Parliament are no less aware than those of the other European nations what important and fundamental problems the preservation of peace in Europe involves, problems of a world-wide nature which go far beyond the framework of the Community.

3. There are thus a wide variety of possible approaches to European problems in general, the diplomatic problems raised by Europe, the leading ones being those stemming from the second world war, from the spheres of influence which are more or less the result of the Yalta negotiations, from the difference in political systems, from the division of Germany, etc.

It should be made clear, however that this wider diplomatic Europe is not the subject of this report.

4. I am not unaware of the great value there would be in discussing, for example, Mr. Brandt's policy and the recent treaty between the Federal Republic of Germany and the Soviet Union; but, apart from the danger in discussing political events whose pattern is not yet clear, that is assuredly not the subject which we wish to consider at this joint meeting and with which this report is intended to deal.

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5. Our subject is European unification, that is to say, what has been done and what can be done to unite Europe.

This brings us back to the European institutions that have fused within the European Economic Community.

6. I do not wish to challenge the priority of the Council of Europe, to which I am proud to have belonged at the outset, but in common parlance, which in my opinion reflects the real situation, it is not the Council of Europe and its larger framework that people have in mind when they speak about the unification of Europe.

The Council of Europe has nonetheless much to its credit even in this field; the discussions initiated by our distinguished colleagues in this great Assembly were a cause of European unification and they are now helping to maintain a climate favourable to that unity in both political and public opinion.

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It might be said that the Council of Europe is the inspiration behind European unification and that it is the institutions of the European Economic Community which carry that inspiration into effect.

7. We readily acknowledge the Council of Europe's position as parent or sponsor but it is to the six members of the European Economic Community that is due the formidable honour of being the actual builders of a united Europe.

Those who have worked and are working on this construction of a united Europe have never concealed from themselves how limited it was at present.

8. Not to mention the appeals which were made to Great Britain when the first of these institutions, the Coal and Steel Community, was created and again when Euratom was founded and the Treaty of Rome for a common market was signed - politicians, from Jean Monnet and Robert Schuman to those who are before you today, have always been intent on working for unification, but by opening to the rest of Europe each of the institutions they were responsible for establishing.

If they had to confine themselves to six countries, it was not for want of desiring unification of a wider kind.

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9. I feel all the freer to talk about this because if you refer to the early debates in the Council of Europe you will see that I was among the "institutionalists".

My political friends and I were even then in favour of unification that included political unification; we wanted there to be established for as many European countries as possible institutions that would have permitted joint political discussion and hence movement towards greater unity.

10. But the "functionalists" won the day and as it is quite futile to try to rewrite history it must be observed that European unification, in the present situation, is the establishment of first, the Coal and Steel Community, then Euratom, then the Common Market and finally the European Economic Community combining the three institutions.

We are convinced it would be foolhardy to try to begin European unification all over again and, so to speak, deal out the cards once more.

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11. Anyone wanting to talk seriously about the future of European unification - which is our subject - must start with the European Economic Community. Its significance should not be underestimated, for, down the ages the idea of Europe has assumed a wide variety of forms in terms of ideas or culture, but this old continent of ours had not previously been unified except under the sway of conquerors or federalising princes.

12. It took two world wars and tens of millions of deaths for six European states finally to decide, of their own accord, to unite.

This may seem a modest result; but it is however a considerable one, for the Six were, willy-nilly, drawn into both sides in those murderous wars.

In any event, the effort by these six nations to unite is the only original attempt ever known to begin a process of unification among six old European nations despite everything which differentiates them - history, language, traditions.

13. In the words of the Heads of State or government who met in The Hague, "the European Communities remain the original nucleus from which European unity may spring and develop".

I would add that the European nations which are members of the Council of Europe appreciate perhaps even better than any other nations in the world how precious this initiation of European unification among six countries is in a world where nationalism is asserting itself more violently than ever.

14. Indeed, the racial and linguistic conflicts from which the continent is free make the Community of the Six seem a kind of enchanted isle. It is assuredly our duty to preserve at all costs this hope which still rests on so small a foundation.

Europe, which through the centuries has been a pioneer in the horrors of war, is today a pioneer in peace and unity.

Let us ensure the success of the example it is setting.

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15. Some may be tempted to query the European Economic Community's validity as a unifying force. The best answer to those people is to tell them to look at the European regulations already in existence: there are a substantial number of such regulations, and in the customs sphere and the field of agricultural policy they constitute a body of European legislation of decisive importance.

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The same people should also be referred to the list of opinions and reports drawn up by the Commission for the Council, to the agendas of the European Parliament's sessions and to the texts being prepared at Commission or Council level.

16. Step by step, to be sure, but in fact swiftly, the system founded by the Treaty of Rome is being completed and deepened through the whole field of exchanges, soon commerce and in the foreseeable future - with a three-year time-table and parallel progress by social policy - economic and monetary union.

Who could dispute the unifying results already to be seen in the political sphere, with regard to problems such as those concerning agricultural production or the status of the professions? Who does not appreciate the political impact of the positions taken up in, for instance, monetary matters, which compel the Six to adopt an attitude towards the Eurodollar market and hence towards our relations with the United States of America.

17. Have we not been induced for the past two years to co-ordinate our actions in this essential field of our Atlantic relations, with our authorising of the Commission to negotiate with the United States in the Kennedy Round and with our joint protesting against certain protectionist manoeuvres on the other side of the Atlantic?

In short, who could deny that the path being taken by the Community of the Six is the one that leads to unification?

18. On the form of this unification our opinions may differ: some, who constitute the majority of the European Parliament and have already expressed their views in numerous texts and reports, have long been thinking in terms of federal institutions; others, like myself, have always wanted Europe to go as far as political unification, whilst wanting its institutions to be confederal.

This was appreciated, moreover, by the Heads of State or government at their meeting in The Hague: after ensuring the decisive step concerning the Community's own resources, they instructed the Foreign Ministers "to study the best way of achieving progress in the matter of political unification".

19. And so on 20 July the Foreign Ministers drew up a report where we find again that pattern for the initiation of political unification which was embodied in the Foucher Plan as far back as 1962 but which was so unfortunately rejected at the time because of rivalries between individuals and nations.

The fact that a political committee composed of the heads of the political departments of the six Foreign Ministries has been set up and is paving the way for the periodical ministerial meetings where a common foreign policy will at last be discussed is a considerable step, even if some consider it to have been taken timidly.

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20. And so in twenty years the Europe of the Six has advanced from coal and steel to foreign policy, that notable area of national sovereignty.

Thus we may hope for joint discussion, even the framing of a common policy, on all the major problems which determine the future of the Six, or tomorrow of the Ten, united European nations. There would then at last be the appropriate framework for the German problem, left in abeyance for 25 years, and for relations with Communist Europe, dispelling the latter's unwarranted suspicion of our unification effort and avoiding the pitfalls of bilateral approaches.

Undoubtedly, in the course of this progress towards European unification meetings of Heads of State or government will be necessary from time to time so that the political resolve to progress further may be exerted at the highest level. But we have already extracted the maximum from the Treaty of Rome and this implies that our six governments will be capable of negotiating such further treaties as are needed for the European Economic Community to become a complete European Community equipped with suitable institutions.

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ENLARGEMENT

21. It is against the background of this progress towards unification that the problem of enlargement is raised by the applications of the United Kingdom and several other EFTA countries to join the Community.

The value of the subject of our discussions at this joint meeting - viz., the future of European unification - is precisely, it seems to me, that it raises the problem of enlargement in terms of the future of unification.

This is the standpoint to which I should like to confine myself here in discussing the entry of the United Kingdom and the other applicants.

22. This aspect, I feel, is all the more important because it is the one that is talked about least, the one that was not even mentioned in the earlier negotiations - despite being "the heart of the matter" - and the one that is in fact the key issue.

If European unification were not involved, we would need simply to discuss financial and commercial interests.

23. This report would contain an analysis of the British White Paper or of the latest calculations supplied by the experts. We would draw up a commercial and financial balance-sheet for the entry of the United Kingdom or the other applicants with the price to be paid immediately upon entry, the expected future profits, etc.

But that, precisely, is not the subject of our discussions today. We have but one question, though a fundamental one, to consider, viz., will enlargement enable progress towards unification to be continued or will unification have to be given up? Or - another possibility - will our progress towards unification be slowed down, this being compensated for by the wider goal of a ten-nation Europe instead of a six-nation one?

24. At the present stage of the negotiations it seems very difficult to answer this key question.

To be sure, the 1962 precedent may cause us anxiety, progress towards unification having been slowed down allegedly in order to obtain and facilitate enlargement.

25. But the rejection of the Foucher Plan in 1962 is now, I believe, unanimously regretted and I do not think anything need be inferred from that unfortunate precedent.

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Moreover, the fact that not only have discussions begun between the Six and the applicants on tariffs and trade problems but that there has also been prior agreement on the common agricultural policy shows that the United Kingdom, in particular, is aware that the European Economic Community is not limited to commercial or even economic interests but that it involves political problems which foreshadow unification.

26. Things should, however, become clearer with the remainder of the negotiations, which cannot be confined to agricultural problems but will have to deal, for instance, with economic policy, monetary policy and even social policy.

I think I have shown in the opening paragraphs of this report that, willy-nilly, with reservations on particular points on the part of each of our six states, we have finally agreed to advance towards greater unity.

27. Is the United Kingdom which has not gone through, one by one, the same stages with us, moved by the same spirit?

That is the question.

28. Since this question of decisive importance to the future arises, it can be seen that European unification is at this very moment undergoing a crucial test.

This test, it seems to me, is not the one that is generally talked about, viz., whether membership can be agreed on quickly or whether we shall have to be satisfied with temporary arrangements such as preferential agreements, which might be transformed more or less automatically into membership.

29. The real test will concern the political will of the Common Market Six and the four applicants at the end of the negotiations, whatever the precise outcome may be. Will we have converted, so to speak, the four applicants to the cause of European unification? Will they agree more or less willingly both to accept the Common Market as it stands and not to slow down its progress towards political union?.

30. The difficulties of the negotiations, or the financial sacrifices to be made by all of us, are, I feel, much less to be feared than a change in the spirit which actuates us.

The real danger to European unification is that the negotiators will prefer to sacrifice all or part of unification in order to lessen their material sacrifices.

31. In short, the question is whether the economic aspect will take priority over the political one - in which case there will be a painful compromise over economic interests and progress towards unification will be halted - or whether the political aspect will take priority over the economic one - in which case the economic arrangement will be of secondary importance and the key objective will be to work out a common European policy in the midst of world politics.

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III

A POLICY TO BENEFIT THE DEVELOPING COUNTRIES

32. Undoubtedly, the direction given to European unification in the coming months will have a bearing on Europe's efforts to assist the developing countries.

This is where the two subjects chosen for our discussions are connected; for the bilateral aid supplied by each European nation is a fact that is independent of the existence of the European Economic Community in its present or an enlarged form.

33. Ever since the conclusion of the Treaty of Rome in 1957, however, there has been a specifically European effort to assist the developing countries, an effort with a character of its own and with its own doctrine and methods.

Consequently, if the Community of the Six is strengthened, the specific nature of its assistance to the developing countries will become more pronounced.

34. As far as enlargement is concerned, the fact that the United Kingdom and the other applicants also provide the developing countries with substantial aid means that there are two possibilities, viz.:

(a) Either enlargement will be of a predominantly economic nature in which case there will be a kind of adding together of the efforts being made for the benefit of the developing countries but a weakening of the specific character of the aid so far supplied by the Six;

(b) Or enlargement will also embrace the political aspect, in which case, on the basis of the development aid doctrine of the Six, the ten-nation Community will draw up its own policy in this field as in all fields of world politics.

35. In order to gain a better understanding of the choice thus offered by the negotiations on enlargement, we should consider in turn:

(i) What the Six individually, and the United Kingdom are doing in regard to development aid;

(ii) The extent and nature of the aid specifically supplied by the European Economic Community;

(iii) The place of such aid in the world-wide pattern of assistance from the more developed to the less developed nations.

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36. For many reasons the European countries have a special mission to assist the developing countries.

The first reason, of course, is that they are developed nations whose technical and economic progress since the second world war has been considerable and whose living standards have risen rapidly. But there is also the fact that it was Europe which through the centuries, discovered new lands, set up not only trading posts but permanent concerns in every continent, for better or for worse acquired colonies in successive stages in all climes and then decolonised those countries one after the other.

37. In short, there has never been a Europe confined within Europe's geographical boundaries. The six nations which united, first for coal and steel, then for nuclear energy and finally for a common market, realised that it was impossible to construct a united Europe without taking account of Europe's extensions throughout the world, and since colonisation had happily been followed by the ideal of co-operation the former colonies of three of the Common Market's six members freely associated their futures with that of the European Economic Community.

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38. Thus the assistance being given to the developing countries comes very largely from Europe (albeit at present on a predominantly bilateral basis), for each European state has realised that it must respond to this world-wide mission of Europe's to which I referred.

Let us quickly go over what each of the six EEC countries and the United Kingdom are doing for the benefit of the third world (1).

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(1) If a developing country is defined as a country whose gross national product does not exceed per capita, $500 a year the developing countries in each geographical region are as follows (the list is a very variegated one, because there are many degrees between $0 and $500.

Africa: Algeria, Angola, Cameroun, Congo (K), Ivory Coast, Ethiopia, Gabon, Ghana, Upper Volta, Mauritius, Kenya, Libya, Malawi, Mali, Morocco, Niger, Nigeria, Uganda, United Arab Republic, Madagascar, Rhodesia, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Tunisia, Zambia.

South Asia: Burma, Ceylon, India, Pakistan.

East Asia: Cambodia, China (Taiwan), South Korea, Hong Kong, Indonesia, Malaysia, Papua, New Guinea, Philippines, Singapore, Thailand, South Vietnam.

Southern Europe: Cyprus, Spain, Greece, Portugal, Turkey, Yugoslavia.

Latin America: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Ecuador, Guatemala, Guyana, Haiti, Honduras, British Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Surinam, Trinidad and Tobago, Uruguay, Venezuela.

Middle East: Iraq, Iran, Israel, Jordan, Lebanon, Syria.

IV

AID FROM THE SIX AND UNITED KINGDOM

GERMANY

39. Germany's aid to the developing countries (both official and non-official sources) amounted to 694 million dollars in 1962 and 1,663 million in 1968, representing 0.69% and 1.25% respectively of gross national product. Official aid amounted to 518 million dollars in 1962 - 416 million (80% of the total) in bilateral contributions and 102 million (20%) in multilateral contributions. In 1968 the figures were as follows: total aid, 754 million dollars; bilateral aid, 654 million (87%); multilateral aid, 100 million (13%).

In 1968 Germany contributed 30.4 million dollars in the form of grants to the European Development Fund (EDF) and 10 million to the United Nations Development Programme (UNDP); to this should be added 39.9 million subscribed to the International Development Association (IDA), 3.4 million to the World Bank, 3.4 million to the Asian Development Bank (ADB), 2.7 million to the World Food Programme and 11 million to other United Nations agencies.

The percentage decrease in multilateral aid in no way signifies a change of policy in this respect; it was due to a temporary delay in the payment of contributions to the European Development Fund.

40. Although Germany has shown a marked preference for bilateral aid, it is nevertheless prepared to supply a considerable part of its assistance on a multilateral basis. Thus in 1968 Germany came immediately after the United States in terms of official and non-official capital aid, easily exceeding the target of 1 per cent of gross national product adopted by the second session of UNCTAD.

41. The geographical spread of Germany's bilateral aid in 1968 was as follows: to Europe, 89.2 million dollars; to Africa, 138.1 million; to Asia, 289.6 million; to America, 75.4 million; miscellaneous and unclassified, 40.2 million - total 632.5 million dollars.

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BELGIUM

42. Belgium's official and non-official aid totalled to 118 million dollars in 1962 and 243 million in 1968. This represented 1.14% of national income and 0.91% of GNP in 1962 and 1.46% of national income and 1.17% of GNP in 1968.

Official aid amounted to 69.8 million dollars in 1962 - 55.6 million (79%) in bilateral aid and 15.2 million (22%) in multilateral aid. For 1968 the figure was 93 million dollars - 73.8 million (79%) in bilateral aid and 22 million (21%) in multilateral aid.

Official bilateral aid in 1968 was shared out as follows: Europe, 1.8 million dollars; Africa, 63.8 million; Asia, 4.5 million; America, 2.1 million.

43. Belgian aid, while remaining concentrated in Central Africa, is showing a slight geographical diversification as regards bilatera aid and an increase as regards multilateral aid. It should also be noted that Belgium has accepted in principle UNCTAD's new target of 1% of GNP, having already achieved it several times since 1960.

Multilateral aid payments in 1968 were as follows:

UN agencies	2.9	million	dollars
Eur. Dev. Fund	8.5	"	"
Eur. Invest. Bank	2.3	"	"
Asian Dev. Bank	0.5	"	"
World Bank (bonds)	5.0	"	"
Total:	19.2	"	"

44. Belgian aid is concentrated in the three Central African countries (Congo, Ruanda and Burundi), these having received more than 80% of Belgium's bilateral flow in 1968 (60 million out of 74 million dollars). The Congo will remain the principal beneficiary in the coming years, but there have been recent signs of some desire for geographical diversification.

FRANCE

45. France has always been among the principal donor countries as regards both the volume of its capital flow and the relationship between that flow and GNP.

Official and non-official aid totalled 1,395 million dollars in 1962 and 1,483 million in 1968, representing 2.06% and 1.17% of GNP respectively. The flow from the official sector amounted to 747 million and 855 million in 1962 and 1968 respectively and that from the non-official sector to 477 million and 628 million.

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46. The breakdown of official aid in 1962 and 1968 was as follows (provisional figures): bilateral aid, 900 million (88.6%) and 807 million (94.4%); payments to multilateral organisations, 116 million (11.4%) and 48 million (5.6%), making totals of 1,016 million and 961 million in 1962 and 1968 respectively.

Most of French bilateral aid (418 million out of 807 million dollars in 1968, i.e. 52%) has been geared to technical assistance, accounting for more than 28% of the total amount devoted in this respect to all the DAC (1) countries.

Official bilateral aid was apportioned in 1967 as follows: Europe, 18 million dollars; Africa, 452 million (of which 298 million to the Associated African States and Madagascar); Overseas "départements", 240 million; Overseas Territories, 54 million; Asia, 56 million; Latin America, 25 million.

47. These figures show the magnitude and continuity of the official flow to the countries and territories in the Franc area, this being one of the key aspects of French aid. The French authorities have nevertheless tried to broaden the geographical spread of their aid and the effects of this policy should be felt in the next few years.

ITALY

48. Italy's net official and non-official aid totalled 390 million dollars and 550 million in 1962 and 1968, representing 0.92% and 0.76% of GNP respectively. Official aid in the same years totalled 111 million and 150 million and non-official aid 279 million and 400 million. In 1966, the total flow almost reached 1% of GNP, but the level has since fallen; in 1968 it was 0.76% as compared with an average of 0.77% for the DAC member countries.

The breakdown for the official sector in 1962 and 1968 was as follows:

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(1) Development Assistance Committee.

Development aid: 79 million dollars (51%) and 147 million (57%)

Bilateral loans: 47 million (30%) and 164 million (64%)

Contributions to multilateral organisations:

32 million (20%) and 8 million (3%)

of which for 1968: 12 millions to Eur. Dev. Fund

2 " " Asian Dev. Bank

6 " Eur. Invest. Bank

4 " " UN agencies.

49. Gross bilateral aid from the Italian official sector was apportioned as follows in 1968: Europe, 55 million dollars; Africa, 114 million, of which 48 million to Egypt, 9 million to Ethiopia, 11 million to Somalia, 12 million to Sudan, and 13 million to Zambia; Asia, 55 million; Latin America, 18 million.

These figures show that a fairly large part of the bilateral flow from the Italian official sector traditionally goes to the Mediterranean countries (e.g. Tunisia, Libya, Egypt, Yugoslavia) and to Latin America (Argentina, Chile, Brazil and Venezuela). However, Italy does not have any special preference for this or that region, as is shown by the very considerable increase in 1967 and 1968 in direct loans to African countries south of the Sahara (Zambia, Sudan, Tanzania, Ghana and Nigeria).

NETHERLANDS

50. Net official and non-official aid from the Netherlands totalled 114 million dollars in 1962 and 276 million in 1968, representing 0.85% and 1.09% of gross national product respectively. The non-official flow amounted to 49 million and 142 million compared with official aid totalling 65 million and 135 million. This contrasts with the situation in most DAC member countries, where the official sector outweighs the non-official.

The Netherlands, however, is one of the few DAC member countries whose total aid (official and non-official) exceeds 1% of gross national product.

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51. The breakdown for the official sector was as follows in 1962 and 1968:

Bilateral flow: 47 million dollars (72%) and
113 million (82%)

Multilateral flow: 18 million (28%) and
25 million (18%).

52. The Netherlands authorities have repeatedly emphasised the importance they attach to multilateral aid, and this form of assistance has always played an important part in the Netherlands' development efforts. In 1968 multilateral contributions were apportioned as follows:

Ind. Dev. Assoc.	3.0	million	dollars
Asian Dev. Bank	0.6	"	"
Eur. Dev. Fund	8.1	"	"
UN Dev. Programme	7.1	"	"
UN Fund for West Irian (formerly New Guinea)	4.5	"	"
Other UN agencies	0.9	"	"

53. As can be seen, the size of the flow to the European Development Fund is striking in comparison with the other sectors. As far as geographical distribution is concerned: leaving aside Surinam and the Dutch West Indies, the Netherlands gave financial assistance to fifteen countries in 1968, the principal recipients being Indonesia, India, Pakistan, Ghana, Nigeria and Turkey.

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UNITED KINGDOM

54. Now that negotiations on the United Kingdom's membership have commenced, figures should also be given, I think, to show what the main colonial power of the 19th century is doing to assist the developing countries.

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For some years the United Kingdom's net capital flow to developing countries has totalled just under 1,000 million dollars a year, this amount being divided more or less equally between the official and non-official sectors. From 1960 onwards, the total invariably exceeded 1% of national income but in 1967 it fell to 0.96%. Except in 1965 it has remained below the target of 1% of GNP.

In 1968, more than 90% of British bilateral aid went to the Commonwealth countries.

55. In 1962 and 1968, the official and non-official flows were as follows: 744 million dollars (0.92% of GNP) and 769 million (0.75% of GNP) respectively, of which 421 million from the official sector and 323 million from the non-official sector in 1962 and 428 million from the official and 341 million from the non-official in 1968.

Official aid in 1962 and 1968 was apportioned as follows (round figures):

Bilateral grants and loans:	391 million dollars (85%) and 423 million (86%)
Commonwealth Development Corporation (CDC) investments:	27 million (6%) and 28 million (5%)
Payments to multilateral organisations	41 million (9%) and 45 million (9%)

of which 25 million (6%) and 22 million (4%) to the Int. Dev. Assoc., 15 million (3%) and 20 million (4%) to UN agencies and 0 and 3 million (1%) to others.

56. The United Kingdom strongly supports the work of the multilateral agencies, occupying the second place in the list of countries which contribute to the World Bank institutions and fourth place as regards contributions to the United Nations Development Programme.

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57. At 31 June 1968 the combined total of contributions actually paid to the World Bank amounted to 260 million dollars, whilst 227 million and 35 million had been paid to the International Development Association and the International Finance Corporation respectively. In 1968, the United Kingdom's main contributions went to the following organisations:

Int. Dev. Assoc.:	22.0	million	dollars
Asian Dev. Bank:	3.0	"	"
UN agencies:	20.1	"	"
Total:	45.1	"	"

The geographical spread of gross official bilateral flow in 1968 was as follows: Africa, 177 million dollars; America, 38 million; Asia, 181 million. Out of a total of 460 million dollars, 403 million went to the Commonwealth countries.

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58. This survey of aid from each of the six EEC countries and the United Kingdom shows that a considerable amount of multilateral aid has gradually appeared alongside bilateral aid.

The following table illustrates this with regard to the Six, though in the case of payments to EEC the figures have little meaning because annual payments by each of the six countries are affected by arrears and liquidity problems which do not give a picture from which logical conclusions can be drawn.

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Percentage of public aid

	Bilateral 1962	Bilateral 1968	Multilateral 1962	Multilateral 1968	of which EEC 1962	of which EEC 1968
Germany	80	87	20	13	15	4
Belgium	79	79	21	21	19	12
Italy	72	85	28	15	4	4
Netherlands	72	82	28	18	1	6
France	89	94	11	6	8	5

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V

THE EUROPEAN DEVELOPMENT FUND

59. In the multilateral sphere, the aid contributed by the European Economic Community has a significance which should be emphasised. Not only is the Community the principal trading partner of the Associated Countries but it grants substantial aid both as part of each member country's bilateral relations and through the European Development Fund (EDF).

This flow rose to 1,154 million dollars between 1958 (year of the EEC Treaty) and 1969.

60. In 1965, the EDF - set up under the EEC Treaty - was renewed by the first Yaoundé Convention for a further five years, with financial resources of 730 million dollars of which 680 million was non-refundable and 50 million related to loans on special terms.

61. Under the second Yaoundé Convention, signed on 29 July 1969, the EDF was again renewed until 31 January 1975. This third EDF has resources amounting to 900 million dollars, of which 810 million is in the form of grants and 90 million in the form of special-term loans. Like the previous one, the second Yaoundé Convention contains provisions on trade relations to supplement those on financial assistance and technical co-operation. Also in 1969, the Community food aid programme was first put into effect.

In addition to assistance from the EDF, there is scope for loans from the European Investment Bank (EIB); this amounted to 70 million dollars between 1964 and 1969 and will amount to 100 million between 1970 and 1975.

62. During the period of the first EDF, the Community devoted most of its aid to the establishment of basic amenities. Since 1964 it has mainly been financing capital investment projects, particularly in the agricultural sector. It is intended that the third EDF's activity should be centred on the production sector, in particular the promotion of industrialisation.

63. Since 1959, the year in which the EDF began to operate, the volume of payments has steadily expanded, reaching 149 million dollars in 1968 (of which 108 million for the EDF, 40 million for the EIB, and 1 million for the Commission's general budget, which finances part of the EEC scholarship programme).

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The annual net volume of contributions since 1960 has been as follows (in millions of dollars):

	1960	1961	1962	1963	1964	1965	1966	1967	1968
European Development Fund	4	16	53	65	84	103	111	104	108
European Investment Bank	-	-	-	-	6	12	28	39	40
Commission's general budget	-	1	1	2	1	1	1	1	1
TOTAL	4	17	54	67	91	116	140	144	149

At the end of 1968, the combined total of payments was 647 million dollars for the EDF and 125 million for the EIB, representing 55% and 51% of their total commitments.

64. Contributions by member countries and the schedule of payments in 1962 and 1968 are shown below:

Contributions by member countries

	Treaty of Rome		Yaoundé Conv. I		Yaoundé Conv. II	
	Millions of $	%	Millions of $	%	Millions of $	%
Belgium	70	12.04	69	9.45	80	8.89
Germany	200	34.41	246.5	33.77	298.5	33.16
France	200	34.41	246.5	33.77	298.5	33.16
Italy	40	6.88	100	13.70	140.6	15.62
Luxembourg	1.25	0.22	2	0.27	2.4	0.28
Netherlands	70	12.04	66	9.04	80	8.89
TOTAL	581.25	100	730	100	900	100
EIB	-	-	70		100	
GRAND TOTAL	581.25		800		1,000	

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Schedule of payments, 1962 and 1968

	Millions of $		Percentage	
	1962	1968	1962	1968
1. Assistance from EDF	53	108	98	72
- Projects				
- donations	(49)	(73)	(91)	(49)
- loans	-	-	-	-
- Diversification aid	-	(9)	-	(6)
- Programmes (donations)				
- Production aid (1)	-	(15)	-	(10)
- Technical co-operation	(4)	(11)	-	(7)
2. Assistance from EIB				
- Projects (loans)	-	40	-	27
3. Commission's general budget				
- Technical co-operation	1	1	2	1
TOTAL	54	149	100	100

(1) Structural improvements and price support.

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VI.

A DOCTRINE OF EUROPEAN AID

65. Financial statistics, however, do not convey adequately what the aid thus rendered by EEC to the developing countries under the two successive Yaoundé Conventions really means.

It must not be forgotten that the aid goes to 18 African states (including Madagascar) whose national incomes are very low and are derived to only a minimal extent from industrial sources.

66. There has thus gradually emerged a European doctrine of aid to the less-developed countries. To be sure, Mr. Vedovato, the rapporteur of the Council of Europe's Committee on Economic Affairs and Development, quotes (para. 6) a statement by Mr. Martino, then a European Commissioner, in support of the view that EEC's activity in this field is influenced more by practical than by doctrinal considerations. But this doctrine, it seems to me, has two essential aspects, viz.:

A. First: financial aid and, even more so, food aid count for little unless the persons responsible become involved themselves, through technical assistance, in the joint development venture.

Co-operation means working together: it is essential not just to supply capital but to put it to work through joint effort so that the best possible use may be made of it in terms of fostering development. Hence the new Yaoundé Convention's provisions aimed at increasing the Associated Countries' responsibility (Bersani report, para. 22); hence, too, EEC's growing effort in the matter of technical assistance, entailing not brief visits by experts but periods of residence by persons responsible in the countries concerned during which they work with those it is wished to help.

Such is the significance of the general technical co-operation with which EEC is providing the Associated Countries, co-operation which is both expanding and being diversified. In this regard, it must be said, the flow of human capital on both a community and a bilateral basis, has been exemplary.

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European assistants are by no means meeting with the same criticism as international experts (Bersani report, paras. 38 and 39), and the five theoretical phases of planning in the Jackson Study, quoted by Mr. Bersani (para. 52), will have difficulty in convincing the assisted countries of international effectiveness.

67. Technical aid under the EDF comprises:

(a) The supply of experts to study new resources and solutions to special development problems;

(b) General development potential studies;

(c) The award of full-time scholarships (in Europe and the Associated Countries) and correspondence course grants;

(d) The arranging of periods of training in member countries and with the Commission;

(e) Part-financing of a Community programme to publicise the Associated Countries' products.

68. Technical assistance connected with investment, which is generally included in the projects themselves, is estimated by the EEC Commission at about 15% (59 million dollars at 31 December 1968) of total investment from the second EDF.

B. Secondly: it is only too obvious that, in a little-developed country whose national income comes mainly from tropical products, market forces are bound to exert a depressing influence on living standards. What, therefore, would be the use of food aid or financial aid or even technical assistance if the results of a country's efforts were abandoned to the hurly-burly of world prices?

69. Consequently, whatever their devotion to economic liberalism, it has been impossible for the six EEC countries to take a selfish attitude and ignore the need to organise these agricultural markets, in the same way as the developed countries (including the United States) organise their own agricultural markets.

Not only did the first Yaoundé Convention provide for capital to promote the stabilisation of prices and the diversification of crops, but the second one has maintained an emergency aid fund to deal with the more serious situations arising from fluctuations in world prices.

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70. Thus, apart from measuring up to the aims set for the United Nations' Second Development Decade, and indeed implementing them more fully than any other international community's policy, the development aid policy of EEC even places emphasis on this essential aspect of stabilisation for tropical products and gives the fullest possible encouragement to the conclusion of world-wide agreements on each of the principal products.

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VII.

THE UNITED NATIONS

71. The harmony between EEC's development aid objectives and those for the United Nations' Second Decade can be seen from the Pearson Report (1), issued on behalf of the Commission on International Development.

The report contains information and recommendations as well as an analysis of the highly significant data regarding the rich industrialised nations' role in the Second Decade.

72. The targets set out in the report are as follows:

(1) Creating a framework for free and equitable international trade, either through the elimination of obstacles to the expansion of the less advanced countries' export earnings or through the adoption of a system of general non-reciprocal tariff preferences.

(2) Promoting mutually beneficial flows of foreign private investment.

(3) Establishing a better partnership, a clearer purpose, and a greater coherence in development aid.

(4) Increasing the volume of aid. The aim here is that official development aid should reach 0.70% of donor countries' GNPs by 1975 and in no case later than 1980, taking the form of grants or low-interest loans.

(5) Meeting the problem of mounting debts.

(6) Making aid administration more effective.

(7) Redirecting technical assistance. This means that technical assistance should adapt its objectives and methods more closely to developing countries' needs and become integrated with capital assistance.

(8) Slowing the growth of population.

(9) Revitalising aid to education and research.

(10) Strengthening the multilateral aid system. This implies that multilateral aid should be raised to 20% of total official development aid by 1975.

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(1) "Partners in Development", New York, 1969.

73. It must be said that the reason why EEC is trying more than anyone else to achieve these targets, why it deserves less than anyone else the criticism voiced at the end of the First Development Decade (Bersani report, para. 32), is that it has not left its action until the United Nations itself acts (it will be recalled what difficulties are being experienced in preparing the opening of the Second Decade for 24 October 1970).

74. The disappointing outcome of the United Nations Economic and Social Council's last session is highly regrettable. No agreement was reached either on international trade measures or on a date for transfers of resources from the affluent to the poor countries, or on scientific and technical aid terms or on the East European countries' contribution.

75. However, without waiting for agreement to be reached or for the Decade to begin, the six EEC countries are making a highly praiseworthy effort which exceeds what is being asked for at international level, as can be seen below:

Official and non-official assistance as a percentage of GNP

	1962	1968	1969 (1)
Germany	0.69	1.25	1.30
Belgium	0.91	1.17	1.10
France	1.86	1.17	1.24
Italy	0.92	0.76	1.03
Netherlands	1.86	1.17	1.32
(United Kingdom)	(0.92)	(0.75)	(0.83)

76. We are convinced that the best contribution EEC can make to world-wide development policy is to continue its own efforts. The practical results thus obtained should enable the international discussions to reach a conclusion more quickly and surely.

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(1) Figures given by Mr. Westerterp in the opinion report of the Committee on External Trade Relations (para. 16).

VIII.

INTERNATIONAL AGREEMENTS ON TROPICAL PRODUCTS

77. In the essential sphere of world-wide stabilisation agreements on tropical products, it must be admitted that results are often disappointing, but here too EEC, as principal buyer of some of these products, has always acted in favour of an international arrangement.

There is no need to consider in detail how important it is for the developing countries that the prices of such products should be stabilised and that they should have opportunities for selling them on the wealthy markets. Suffice it to recall that almost 90% of the poorer countries' export earnings comes from foreign sales of primary commodities, that half of those countries derive more than 50% of their earnings from one product and that three-quarters of them obtain more than three-fifths of their earnings from three products.

78. The Community as such is already a party to several international agreements and is preparing to take part in others. It is a party to the world agreement on cereals, which comprises a convention on wheat and another on food aid. Renewal of the agreement when it expires in 1971 is likely to give rise to considerable difficulties, for since the "wheat war" in 1969 the world price of wheat has been at a level lower than the one specified in the agreement. When negotiations start, the Community ought to take up a position in favour of keeping the minimum price at the level laid down in the agreement.

79. The Community also took part, within the framework of GATT, in the renewal for three years of the 1962 agreement on cotton textiles, which had been renewed in 1967 and is due to expire on 30 September 1970. But the liberalisation of trade in this leading sector is far from being achieved, either because of the continuing exceptional nature of the long-term agreement or because cotton textile imports are still governed by bilateral arrangements in the case of many countries. The recent failure of the negotiations between the United States and Japan merely darkened prospects for world market stabilisation, expecially as the Americans intend to exclude textiles from the generalised preferences. It may be recalled here that the Community has offered India and Pakistan an appreciable increase in overall cotton quotas and has simplified administrative procedures in order to secure greater flexibility in trade with those two countries.

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80. The Community, moreover, has decided to take part in the United Nations negotiations in Geneva on the renewal of the international tin agreement. Its contribution to the stabilisation of tin prices cannot fail to be beneficial to the under-developed producing countries.

81. EEC also intends to accede to the international agreement on olive oil, to which only some of its member states are at present parties. There is no doubt that the Commission's approach to the Council to this effect will be well received by the latter.

82. The Community is taking part as an observer in the negotiations on the world cocoa agreement which are being conducted by the UNCTAD Board in Geneva. The producing countries (Ghana and Brazil), it will be recalled, are asking for an increase in the minimum prices stipulated in the 1967 memorandum and are meeting with opposition from the United States.

83. Furthermore, the Commission recently submitted a draft decision to the Council with a view to the Community's participating in the international coffee agreement, the Community accounting for about 25% of world import trade in that commodity (all the member states are parties to the agreement in their own name). This agreement, which expires in September 1973 and to which 41 exporting countries and 22 importing countries (representing 98% and 90% of world trade in coffee) are parties, is of the utmost importance to the developing countries.

84. On the other hand, the Community is not a party to the international sugar agreement, negotiated in 1968 under the auspices of UNCTAD. This agreement together with the Commonwealth Sugar Agreement, the American Sugar Act and the agreement between Cuba and the USSR form the bulk of international regulations governing world trade in this product.

The Community's position depends on what decisions the United Kingdom takes when the Commonwealth Sugar Agreement runs out on 31 December 1974. In any event, sugar will no doubt be one of the fundamental difficulties in the negotiations on British membership.

85. Since the Six are surplus countries, the Community has not granted full exemption to any developing country for its sugar production (only half of Surinam's sugar production is regarded as Community production, the Netherlands having financial responsibility for the other half). The Community's accession to the international sugar agreement, which is supported in particular by the Netherlands and was discussed by the Council of Ministers of Agriculture in July 1970, is therefore highly desirable.

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IX.

THE COMMONWEALTH

86. From all the information given above some idea can be formed of the extent and nature of what EEC has been doing since 1957 in favour of the Associated African States and Madagascar.

An idea should now be given of the considerable transformation that would occur in this respect if the United Kingdom and other applicants joined the Community.

87. The principal problem will concern the countries which have commercial, historical and institutional ties with the applicant countries, viz. - apart from Greenland and the Farce Isles - the British Commonwealth countries.

All these countries (1), with the exception of Canada, New Zealand and Australia, belong to the third world.

88. As we all know, the problem of the Commonwealth is to be studied in detail during the forthcoming negotiations, as it was in the negotiations which failed in 1963. The basic data are now somewhat different, as things have changed since then. The Community has itself established direct links with some of the Commonwealth countries (the Arusha Agreement and the agreement signed with Nigeria, which has not been ratified but is still tabled). Moreover, there have been some tariff reductions as a result of the Kennedy Round, not to mention other independent suspensions of tariffs applied either by EEC or by the United Kingdom. Thus, some action has already been taken on the problems. The same applies to the reduction of the Common Customs Tariff for a number of tropical products, including unroasted coffee, cocoa and palm oil, under the new association agreement between EEC and the Associated African States and Madagascar (Yaoundé II) (2).

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(1) India, Pakistan, Ceylon, Ghana, Cyprus, Nigeria, Sierra Leone, Tanzania, Jamaica, Trinidad and Tobago, Uganda, Malaysia, Kenya, Malawi, Malta, Zambia, Gambia, Singapore, Guyana, Botswana, Lesotho, Barbados, Mauritius, Yemen (South).

(2) Cf. the Commission's Opinion to the Council on the applications for membership by the United Kingdom, Ireland, Denmark and Norway, 1 October 1969.

89. It will have to be seen what links there will be between the enlarged Community and the under-developed countries of the Commonwealth. In May, the Community's Council of Ministers agreed in broad outline what attitude to adopt towards the Commonwealth countries following the United Kingdom's entry.

The developing countries of the Commonwealth may be divided into those in the Far East, Asia and Oceania, those in Africa, those in the Caribbean and the Indian Ocean, and the dependent territories.

90. The Council's agreement would seem to be as follows:

(i) The Asian and Far East countries (Ceylon, India, Malaysia, Pakistan, Singapore): The transitional period will be long enough to enable the enlarged Community to study the difficulties which might arise. In the meantime, the countries concerned will continue to receive the advantages already granted to them by the Community and they will also have benefited from the system of "generalised preferences".

(ii) The African countries (Kenya, Tanzania, Zambia, Nigeria, Ghana, etc.): These will be free to choose between joining EEC's association with the Associated African States and Madagascar, concluding ad hoc agreements and entering into purely commercial agreements. The problem to which the Ministers gave lengthy consideration was that of the nature and character of the association to be negotiated, from 1973 onwards, with the Commonwealth countries which choose the same system (with a view to its coming into force in 1975, on the expiry of the second Yaoundé Convention). A kind of declaration of intent has been prepared, specifying as follows:

(a) The enlarged Community is ready to pursue its association policy in regard both to the Associated African States and Madagascar and to such African Commonwealth countries as apply to take part in it.

(b) The enlargement of the Community and the possible extension of the association must not result in any weakening of relations with the countries at present associated.

(c) The Community's objective is to preserve its achievements and fundamental principles. This, therefore, should also be the objective of the enlarged Community.

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(iii) The Caribbean and Indian Ocean countries (Jamaica, Trinidad etc.): Full association is not envisaged, with these countries as their problems should be dealt with under specific agreements, such as the Commonwealth Sugar Agreement.

91. For all the dependent territories (1) with the exception of Hong Kong the system adopted for the Overseas Countries and Territories is envisaged.

92. If the enlarged Yaoundé association is joined by the African Commonwealth countries (2), whose economic structures and production are for the most part comparable to those of the Associated States, the enlarged Community will then be able to adopt a comprehensive solution for the under-developed African countries. But it should not be forgotten that many tropical products of these countries compete with those of the Associated States: hence the danger of a decrease in the Associated States' outlets. Of the African Commonwealth countries, Zambia and Ghana have the greatest economic potential. Their production is roughly equivalent to that of the French-speaking countries, viz. palm oil, coffee, tropical products, cocoa, diamonds, minerals etc.

93. In the financial sphere, however, the entry of Norway, Denmark, Sweden (possibly) and the United Kingdom seems likely to be desirable, since the Scandinavian countries, at least, are among the countries which are doing the most as regards aid to developing countries. For another thing, the creation of an even bigger market in Africa would, in the long run, make it possible to achieve a more rational division of labour in that continent. Almost the whole of Africa would be associated with the European Community. Only the Portuguese colonies, South Africa and the latter's neighbours (Rhodesia, Botswana, South-East Africa) would remain outside this inter-continental association. As far as the North African countries are concerned, virtually all the Mediterranean ones would be associated with the Community, since Tunisia and Morocco are already covered by a partial agreement, Algeria has special relations on an undefined legal basis and Egypt is shortly to begin exploratory talks with EEC.

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(1) Gibraltar, (Rhodesia), Seychelles, St. Helena, Swaziland, Bahamas, Bermuda, British Honduras, British West Indies, Falkland Islands, Brunei, Hong Kong, Fiji, Gilbert and Ellice Island, New Hebrides, Solomon Islands, Tonga.

(2) Botswana, Gambia, Ghana, Kenya, Lesotho, Nigeria, Sierra Leone, Tanzania, Uganda, Zambia.

94. Mr. Westerterp, in his report to the Committee on External Trade Relations, rightly recalls (paras. 4 and 5) what the Community's attitude in the enlargement negotiations is founded on as far as the Commonwealth is concerned. The declaration of intent made by the Council of Ministers on 1 and 2 April 1963 was based on Article 58 of the first Yaoundé Convention; and its exact terms were repeated by the Council at its session on 11 and 12 May 1970 - referred to by Mr. Bersani in his report to the Political Committee (para. 25) - so as to open the three possibilities (joining the Yaoundé association, concluding ad hoc agreements, entering into trade agreements) to the African countries of the Commonwealth and to them alone.

For EEC has deliberately engaged in development aid for the benefit of the poorest; our regional co-operation is inter-African (Westerterp report, para. 5) and enlargement cannot upset that pattern, since, as Mr. Westerterp points out (para. 12), "the financial resources of the Community, even when it is enlarged, are always bound to be limited".

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95. This general survey of the association which may come about between the Commonwealth countries and the European Community will suffice to show that here is one of the main problems raised by the enlargement of the Community.

Just as the current applicants' entry would increase EEC's share in world trade from 17.2% (1969 figure) to 25.6%, so EEC's share in the developing countries' imports would rise from 21.6% to 30.7% and in their exports from 30.1% to 43.2%

Such an increase, if decided quickly, will not be beneficial without some political strengthening.

The present structures, which derive from the Treaty of Rome, are scarcely enough to sustain EEC in its present state of unification. As I have already said, political "boosts" at the highest level would be necessary, and more effective structures would need to be adopted through new treaties. This will be one of the inevitable consequences, in any event, of enlargement.

With aid to the developing countries, the problem is exactly the same.

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96. As Mr. Bersani well puts it (para. 28), "the Six must therefore see to it that the interests of the associated states are not harmed by the membership of the European states or by the association of other developing countries".

If the political gain from the two Yaoundé Conventions is not to be lost, i.e. amongst other things the human involvement and the concern for preserving living standards by enabling all producers in the developing countries to earn their living, we must not content ourselves merely with adding together markets and accumulating trade; the aim is not to obtain more impressive percentages, it is to maintain a specifically European aid.

97. The aim cannot therefore be, as Mr. Amrehn seems to say in his report on behalf of the Council of Europe's Political Affairs Committee, simply to co-ordinate bilateral aid programmes (para. 18), nor to go from a regional aid policy to a "global" one. What should be sought is the balance which Mr. Martino, then a European Commissioner, referred to in his statement to the Council of Europe which Mr. Vedovato rightly quotes (para. 7), viz.:

"The Community's development assistance stems from the need to arrive at a balance between, on the one hand, the responsibilities arising from the implementation of its economic policy as regards the third world in general and, on the other hand, the definite obligations which it has contracted in virtue of the associations concluded with a number of developing countries".

Even from only the standpoint which the Council of Europe's rapporteurs unfortunately seem to adopt, which is market economy, facility of trade and imports from the third world, the figures shows clearly that the criticism levelled against EEC in regard to world policy does not carry any weight; as Mr. Amrehn himself observes (para. 8), the trade being conducted with Latin America gives no cause for complaint.

At the same time, however, EEC is firmly resolved to continue its regional aid, because it is effective, because it goes to the poorest countries and because it is of an original and specific kind, hence closely bound up with European unification.

98. We therefore hope that the current negotiations with the United Kingdom and the other applicants will go to the heart of things and will result in political agreement on the continuation of progress towards European unification and the continuation at the same time of an effective and humane policy to benefit the less developed countries.

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CONCLUSIONS

1. The future of European unification must be based on the Community of the Six.

2. This Community, which has been open since the outset to all European nations of good will, constitutes, after the two world-wide European wars and in a world where nationalism is growing in intensity, a kind of enchanted isle.

3. The first duty is to maintain and continue the irreversible progress by the Six towards unification. In this connection it may be noted that the report by the six Foreign Ministers foreshadows a decisive step which will include foreign policy that notable area of national sovereignty.

4. The universally desired enlargement of the Community to include the applicant countries, particularly the United Kingdom, raises the crucial question whether the political will in favour of unification, which gradually emerged in a small framework, can keep its strength and effectiveness in a wider framework.

5. Similarly, there arises the question as to what form will be taken, after enlargement, by the aid to developing countries which the six Common Market States are providing at a high level, entrusting the management of a substantial part of it to their European Community.

6. This European multilateral aid meets the aims set for the United Nations' Second Development Decade and can be seen to be particularly effective. It reflects a concern both for the involvement of the co-operators in the joint development effort and for the preservation of the living standards of the producers assisted, notably through world-wide agreements which organise and stabilise markets.

7. The considerable expansion of aid that would occur should the United Kingdom, with its Commonwealth links, join the Community must not result in a mere adding-together of bilateral assistance efforts but in political agreement on the maintenance and extension of specifically European aid.