COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

3 September 1970

AS/Inf (70) 17
English only *

CONSULTATIVE ASSEMBLY

EUROPEAN PARLIAMENT

O P I N I O N
of the
Committee on External Trade Relations

for submission to 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. WESTERTERP)

* The French version is published by the European Parliament as document PE 25184

19.141
01

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

17 September 1970

AS/Inf (70) 17
English only
Corrigendum

CONSULTATIVE ASSEMBLY

EUROPEAN PARLIAMENT

O P I N I O N

of the

Committee on External Trade Relations

for submission to 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. WESTERTERP)

C O R R I G E N D U M

Page 13 - Table - Federal Republic of Germany
read 1,990 instead of 1,190

19.141
01

Having regard to the annual meeting between the members of the European Parliament and the Consultative Assembly of the Council of Europe, the President of the European Parliament, in his letter of 15 June 1970, instructed the Committee on External Trade Relations to prepare an opinion for submission to the Political Affairs Committee, competence on the matter, on "the future of European integration and Europe's endeavour to draw up a policy in favour of developing countries".

At its meeting on 8 July 1970, the Committee instructed Mr. Westerterp to draw up that opinion.

At its meeting on 1 September 1970, the Committee unanimously approved the opinion.

Those present: MM. de la Malène, Chairman; Westerterp, Rapporteur for opinion; Alessi, Boano, D'Angelosante, De Winter, Dewulf (substitute Mr. Loehr), Fellermaier, Hein (substitute Mr. Kriedemann), Lange, Meister, Vredeling and Wolfram.

./.

C o n t e n t s

./.

I. Introduction

1. I have mainly sought in this opinion to set forth a few broad outlines which might serve as guides for the Community's future development policy. Unfortunately the Treaty setting up EEC contains no provision concerning a joint development policy. On the other hand, there are provisions for the association of a number of countries and territories and some rules for a joint trade policy which might also be of help in promoting a common development policy.

The future development policy of an enlarged Community must, in my opinion, be considered in the light of what the Community has achieved to present date and, clearly, of what Great Britain has already done and the obligations it has entered into in consequence.

A first stage towards a joint policy for the enlarged Community in favour of developing countries will naturally consist in adapting the current development policy to the new situation created by the accession of the candidate countries. As the Council of Ministers has already pointed out, European integration must continue independently of the negotiations with Great Britain and the progress which has been made must be accepted by the new members.

II. The Community's current development policy

(a) Association

2. Hitherto the Community's development policy has mainly been determined by practical factors. When the Treaty of Rome was being drawn up and the need was felt to associate the non-European countries and territories which had special relations at that time with the six member states (1) in the Community which was to be set up, a number

./.

---

(1) French-West Africa comprising: Senegal, the Sudan, Guinea, the Ivory Coast, Dahomey, Mauritania, Niger and Upper Volta; French Equitorial Africa comprising: the Middle Congo, Oubangui-Chari, the Chad and Gabon; Saint-Pierre and Miquelon, the Comoro Archipelago, Madagascar and dependencies, the French Somali Coast, New Caledonia and dependencies, the French settlements in the South Sea Islands (Oceania), the Southern and Northern territories; the autonomous Republic of Togoland; the protectorate of Cameroon administered by France; the Belgian Congo and Rwanda-Urundi; the Italian protectorate of Somalia; Netherlands New Guinea.

of articles were incorporated in the Treaty (Articles 131 to 136), constituting Part IV thereof. The aim of association was to promote economic and social development in the countries and territories concerned and to establish close economic relations between them and the Community as a whole. Association was intended in the first place to promote the interests of the inhabitants of those countries and territories and their prosperity, so that they could achieve the desired economic, social and cultural development.

After most of the overseas countries and territories which had become associated in accordance with Part IV of the Treaty setting up the European Economic Community, had achieved independence, a new association Convention was concluded with the independent countries (1) on 20 July 1963 at Yaoundé. That Convention (known as Yaoundé Convention I), which was the result of free negotiations between equal partners, considerably extended the provisions of Part IV of the Treaty of Rome. The fact that all the independent countries, with one exception, wished to take part in the new form of association with the Community can be regarded as a success for the development policy pursued at that time by the Community. By decision of the Council on 25 February 1964, the overseas countries and territories (2) were associated with the Community and, mutatis mutandis, the same methods of association were applied to them as to independent countries. The association agreement with the Netherlands Antilles did not come into force until 1 October 1964.

The first Yaoundé Convention had been concluded for five years (1964-1969). Even before it expired, new negotiations were begun as a result of which a new Convention (Yaoundé II) was signed on 29 July 1969. This Convention will expire on 31 January 1975. The ratification procedure for the Convention has already been completed in four of the six Community states, namely France, Luxembourg, Belgium and the Federal Republic of Germany. The Convention will come into

./.

---

(1) i.e.: Burundi, Cameroon, the Central African Republic, the Congo-Brazzaville; the Congo-Kinshasa, the Ivory Coast, Dahomey, Gabon, Upper Volta, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, the Chad and Togoland.

(2) Saint-Pierre and Miquelon, the Comoro Archipelago, the French Somali Coast, New Caledonia, the islands of Wallis and Futuna, French Polynesia, the Southern and Northern Territories, Surinam.

force when the other two member states have ratified it. A number of the provisions in the first Yaoundé Convention have been transitionally extended. This is also true of the 1964 decision concerning overseas countries and territories.

3. The Yaoundé Convention comprises three main sections, namely: trade, financial and technical co-operation, together with provisions concerning the institutions of the association.

Trade is based on the principle of the free trade area. There are thus 18 free trade areas between the Community and the 18 associated states, and, in principle, products from associated countries are imported into the Community free of customs duties or equivalent taxes, and vice versa. There is one important exception to this principle: agricultural products which are the subject of market organisation within the Community. For imports of such products from the AAMS, the Community establishes a quota for each product separately which must however be more favourable than that applied to third countries.

Financial and technical co-operation is largely based on the European Development Fund which was allocated 730 million units of account in the Yaoundé Convention I, and 918 units in the new Convention. About 80% of this amount is made available in the form of outright grants-in-aid, about 10% in the form of aid with special conditions, and 10% in the form of loans from the European Investment Bank. Whilst the projects carried out within the framework of the first European Development Fund mainly concerned the infrastructure in Africa, the Yaoundé Convention II places greater emphasis on the promotion of investments for industries and crafts, that of sales and on the carrying out of integrated projects such as those intended to encourage regional co-operation.

The institutions of the Association are the Association Council comprising Ministers from the twenty-four countries of the Association, assisted by the Association Committee (at ambassadors' level), the Parliamentary Conference of the Association (108 members) and the Joint Committee (36 members). The last two institutions are made up, on a basis of parity, of members of parliaments of the associated states and of the European Parliament. The Joint Committee meets twice a year (once in Europe and once in Africa), in order to prepare a report based on the annual progress report of the Association, drawn up by the Association

./.

Council. That report is then considered by the Parliamentary Conference of the Association which meets once a year in Europe and Africa alternately (1).

4. For historical reasons, the countries to which the Yaoundé Convention applies are all situated in Africa. Article 58 of Yaoundé Convention I stipulated that the Council of Association shall be informed of any request made by a state for accession to or association with the Community. Under paragraph 2 of that Article, if a request for association emanates from a state whose economic structure and production are comparable to those of the associated states there must be consultations within the Association Council.

At its meeting on 1 and 2 April 1963, the Council adopted a declaration of intent concerning that Article, which was published on 11 December 1963 in the form of an annex to the reply to a written question submitted by Mr. Schuijt (Official Gazette No. 181 of 11 December 1963). From that declaration it appears that Article 58 (2) may be implemented by agreements resulting in one of the following formulae:

- accession to the agreement of association in accordance with the procedure under Article 58 of the Convention;

- association agreements comprising reciprocal rights and obligations, particularly in the field of trade;

- commercial agreements with a view to facilitating and developing trade between the Community and the countries concerned.

When the representatives of the member states meeting in Council made that declaration they stated that they were aware of the importance of developing inter-African co-operation.

5. Article 58 (1) of the first Yaoundé Convention is worded in neutral terms: it requires the Community to "inform" the Association Council of any application for membership (for example that of Great Britain). Paragraph 2 supplements that provision by an economic clause: if the applicant country is one whose economic structure and production are comparable to those of the associated states, the request for association must be

./.

---

(1) For further information on the Association the AAMS and overseas countries and territories see in particular the reports by MM. Achenbach (doc. 176 of 8 December 1969) and Glinne (Doc. 245 of 9 March 1970).

the subject of consultation within the Association Council. The declaration of intent contains a geographical specification which concerns particularly Article 58 (3): only African states may accede to the association agreement. This interpretation is based on the fact that the declaration speaks of inter-African co-operation. Subsequently the statement was made even clearer: an African state whose economic structure and production are comparable means "States in Africa south of the Sahara ..." (1), "... and in the Caribbean", was added obviously with the intention of granting that region the same treatment as all the other countries, since the Netherlands Antilles are associated with the Community. That interpretation was put forward at the time of the negotiations on the accession of Great Britain, and mention was made of "independent countries of the Commonwealth", thus excluding the Republic of South Africa and Rhodesia. It would, however, be illogical to exclude a priori other independent African states which have never been members of the Commonwealth (for example, an independent Angola) and there is probably no reason to ascribe such a meaning to the formula: "independent countries of the Commonwealth".

6. After the first Yaoundé Convention came into force, the Community received requests for negotiations leading to an agreement (in various forms) from Nigeria and three East African states (Tanzania, Kenya and Uganda). In the light of the Council's declaration of intent, these countries had to choose between three possibilities. They opted for the second. The first step was the signing on 16 July 1966 at Lagos of an agreement with Nigeria, which due to well known circumstances (civil war in East Nigeria/Biafra), was never ratified.

An association agreement was signed at Arusha on 26 July 1968 with the East African states. This agreement - which never came into force because it expired on 31 May 1969 and at that date ratification procedure had still not been completed - was renewed on 24 September 1969. Here, too, the ratification procedure has not yet been completed. That is why the East African states requested that the trade provisions in that Agreement be incorporated into a separate agreement not requiring ratification pending the entry into force of the new Arusha Agreement. The Community having approved this request, the agreement was signed on 10 July. It will remain valid until the Arusha Agreement comes into force.

./.

(1) Cf. Commission: Opinion submitted to the Council concerning the applications for membership from the United Kingdom, etc. - doc. COM (69) 1000, Annex, p. 54 (French).

By virtue of a declaration of intent, certain African states to the north of the Sahara were also able to request that negotiations be opened with the Community with a view to concluding economic association agreements.

With respect to Libya, this declaration is still a dead letter, but the other countries of the Maghreb have asked for the opening of negotiations, and meanwhile association agreements have been concluded with Tunisia and Morocco (1). These agreements contain no provision concerning financial and technical co-operation, neither do they provide for institutionalised parliamentary consultations.

7. Agreements have also been concluded with non-African countries. Thus, an agreement was concluded with the Lebanon which contains, inter alia, provisions concerning technical co-operation; and agreements of a limited nature have also been concluded with Israel and Iran. The Community has also received requests for the opening of negotiations from numerous developing countries such as the United Arab Republic, Malta and Cyprus, India, Argentine, etc. Although these countries are indeed developing countries, the relations some of them have with the Community, particularly those situated in Europe, are to a large extent determined by the fact that they will in the last resort be likely to join the Community. The Community currently defining its attitude towards these states within the framework of a joint policy towards Mediterranean countries.

(b) Trade

8. It is also possible to arrive at a joint development policy within the framework of the joint trade policy pursued by EEC which plays an active part in numerous organisations and international agreements endeavouring, directly or indirectly, to improve the lot of developing countries. By organisations and international agreements, I mean in the first place the United Nations Organisation and its organs such as UNCTAD (particularly the generalised system of preferences), GATT and the international agreements on basic tropical commodities. It has been much harder to work out EEC's policy in this field than

./.

(1) The agreement with Tunisia was signed at Tunis on 28 March 1969, that with Morocco on 31 March 1969 at Rabat. The two agreements came into force on 1 September 1969.

that concerning the associated countries because, obviously, the Treaty of Rome contains no binding provisions on the subject. Nevertheless that does not prevent the existence in this field of the beginnings of a joint development policy. Thus at the time of the Kennedy Round, the European Commission was the spokesman for the Community and that clearly encouraged the unification of the views and attitudes of the member states. Without wishing to go into details with respect to the joint development policy in this field and while stressing that it is not yet possible to speak at all specifically of a truly joint development policy, we must not ignore the Community's intention partially to suspend tariff preferences for raw coffee, cocoa and palm oil when the Yaoundé Convention comes into force; nor, indeed, the general offer made by the Community, as such, within the framework of UNCTAD concerning preferences for finished and semi-finished products from developing countries. The Community had already suspended tariffs affecting a number of products of particular importance for Asian countries (e.g. tea, certain spices, gum, lac, etc.) and it took independent steps in accordance with the principles of GATT in favour of a number of countries within the framework of the Kennedy Round (cotton and silk textiles for India and Pakistan, certain manufactured products for India and Pakistan, coconut-based products for India and jute for India and Pakistan). Clearly, the reductions in the common customs duty which was agreed upon at the time of the Dillon and Kennedy negotiations are also partly inspired by the development policy.

As has been seen above, two important factors in a general development policy, i.e. <u>trade</u> and <u>financial and technical co-operation</u>, are important not only within the framework of the Yaoundé Convention, but also at the level of international agreements and conferences. Lastly there is a fourth factor in the Community's development policy which also comes within the framework of international agreements. This is <u>food aid</u> which the Community and the member states grant within the international agreement on wheat. As shown in the report which Mr. Vredeling recently drew up on this question on behalf of the Commission (1), the Community's part in the implementation of measures concerning food aid is only secondary and, moreover, co-ordination among the member states in establishing annual quotas for food aid is wholly inadequate. In spite of the grave criticisms which must be made of food aid as granted by the Community, it has to be recognised that there is an element of global strategy for development which cannot be forgotten.

./.

(1) Doc. 55/1970 of 15 June 1970.

III. Development problems and Great Britain's accession to the Community

9. The Community has concentrated an important part of its aid on development in Africa. The Yaoundé association Convention served as an instrument in this matter. A new member of the Community would be required to maintain with the developing countries relations identical to those now maintained with them by the Six. Conversely, the African states and Madagascar would have to accord any new member the same treatment as they accord the Six. One of the principles of the Yaoundé Convention, namely that of free trade areas between the Six on the one hand and each of the 18 African associated states, on the other, would be extended to Great Britain.

Once they have become independent, the African states and territories which formerly depended on Great Britain will be able to choose among the three possibilities set forth under paragraph 4.

10. The Yaoundé Convention is, as stated above, based on three essential elements, namely, trade, financial and technical co-operation and the institutions of the association. Financial and technical co-operation is an important aspect of the Convention and the Community's achievements in this connection are generally regarded as praiseworthy (1). They are looked upon as being a successful form of regional aid and are also acceptable to the beneficiary countries. Within the framework of the new Yaoundé Convention, the Community will set aside about 918 million units of account for financial and technical co-operation with Africa over five years (2), and it is clear that Great Britain's accession may affect the size of this sum and the number of beneficiary countries. It must also be stressed that the countries which could qualify for association will take their decision quite freely and must define their position in negotiations with the Community. Initially the countries of East Africa (Kenya, Uganda and Tanzania) did not attach any importance to financial and technical co-operation and preferred to concentrate on the development of their trade with the Six. It seems, however, that they are now reviewing their attitude in this matter. It must also be pointed out

./.

(1) Cf. report by Mr. Metzger on the results of financial and technical collaboration within the framework of the EEC-AAMS association, Doc. 89 of 2 July 1968.

(2) Moreover, 82 million units of account have been allocated for the projects and other work in the countries and territories referred to under paragraph 2

that the misgivings which the East African countries had earlier about the constitutional aspects of the association agreement, have somewhat diminished and that this aspect is developed more thoroughly in the new agreement than in the first.

The countries and territories which still depend upon England will probably be associated with the Community in the same way as the overseas countries and territories which still depend on member states of the Community.

11. These ideas were already accepted by the two delegations which took part in the 1962 negotiations and nothing appears to have changed since then. What has changed, however, is the position of the six member states of the Community with respect to the possible association of the countries in the Caribbean area. Although at the time they admitted that the countries of that area which were members of the Commonwealth could request to be associated with the enlarged Community, it seems that the Council now believes that before considering this development it would be wise to await the result of the discussions on the "Commonwealth Sugar Agreement". The Council appears to be of the opinion that the main problem to solve with respect to these countries is that of the sale of their sugar production. When the negotiations began, the United Kingdom Representative drew attention to this change in the attitude of the European Community. I should like to point out that the Community's attitude with respect to the international agreement on sugar is not popular at international level. That agreement would be more effective if the Community and the United States acceded to it. But so far the Community has not been able to decide to do so. At its session on 13 July 1970 the Council also failed to reach a decision on the Netherlands proposal that the European Commission be given a mandate to negotiate accession to the international agreement on sugar. If the Council does not alter its attitude with respect to the association of that part of the Caribbean which is part of the Commonwealth, a difficult situation might arise in which a country like Mauritius would be treated differently from other member states of OCAM (Common Afro-Malagasy Organisation). Moreover, by refusing to associate the independent countries of the Caribbean area and agreeing to associate those which are not yet independent the free trade area set up in common by these countries would be split in two.

The offer of association consisting of a choice among the three possibilities set forth under paragraph 4 would hold good only for the African states situated to the South of the Sahara. That restriction will scarcely give rise to any difficulties since discussions have already begun with, for example, the United Arab Republic, with a view to opening negotiations, and that country could reach an agreement with the Community similar to the new agreement between EEC and Israel.

./.

12. In addition to the former British colonies in East Africa there are other independent countries which are members of the British Commonwealth and also have most definitely the characteristics of developing countries. Such is the case, for example, of Malaysia and Singapore, Ceylon, India and Pakistan. According to present views, these countries could not ask for an association agreement (1). That is perfectly justifiable if it is remembered that the financial resources of the Community, even when it is enlarged, are always bound to be limited. The steps which the Community could take with respect to these countries would have to come within the framework of its general development policy. It is fortunate that in recent years many decisions have been taken which would facilitate a harmonisation of the enlarged Community's policy towards these countries. The Community's customs tariffs have been considerably reduced within the framework of the Dillon and Kennedy negotiations. Furthermore, the Community intends to suspend partially customs duties on a number of tropical commodities when the Yaoundé Convention II comes into force, and it has already taken independent steps within the framework of GATT (cf. Chapter II). In this connection the importance of Protocol No. 4 of the new Yaoundé Convention should also be stressed. In it the twenty-four contracting parties state that the system of preferences in the Convention does not conflict with the setting up of one or more systems of preferences at world level. That includes, of course, the general system of preferences for imports into industrialised states of finished or semi-finished products from developing countries which is at present being worked out within the framework of UNCTAD to which the Community and new members will subscribe.

Thus, discrimination between associated and non-associated developing countries would be less marked in the field of trade. That being so, attention must immediately be drawn to the maintenance of one of the basic principles which had already been raised during the negotiations with Great Britain in 1962, namely the principle that enlargement of the Community and possible extension of its association policy to other countries must not be allowed to weaken relations with nations which became associated in the early days. As clearly shown in Articles 58 (3) of the Yaoundé Convention I and 60 (3) of Convention II this principle applies in particular to financial and technical co-operation.

./.

---

(1) i.e. an association agreement in the traditional sense of the word: a Convention including, inter alia, provisions concerning financial and technical co-operation.

13. Since, in addition to the Community, Great Britain, Norway and Denmark also acceded to the agreement on food aid in 1967 and, moreover, several developing countries belonging to the Commonwealth, such as India, Pakistan and Ceylon, have received considerable food aid from the Community, the enlargement of the Community, could, there too, lead to valuable integration of development aid. The European Economic Community has undertaken to supply 1,035,000 tons of cereals over a period of three years, that is to say, 23% of the total provided for under the programme; Great Britain will supply at least 225,000 tons, i.e. 5%, Denmark and Norway 27,000 and 14,000 tons respectively; i.e. 0.6% and 0.3%. Since the agreement on food aid will expire, however, on 31 June 1971 - and co-operation among the Six in this matter has already become very tenuous - there can be no question, even in the most favourable of circumstances, of a joint policy other than within the framework of the next agreement on food aid.

IV. The EEC's development policy after the accession of Great Britain

14. If it is assumed that Great Britain and the other candidate countries will join the Community and that relations among the African continent, the Caribbean area, the non-independent overseas territories and the enlarged Community will be settled by one or more association Conventions similar to those signed at Yaoundé and Arusha, or those concluded with Tunisia and Morocco, the following situation exists: the general development policy of the Community is concentrated on certain countries and territories; the general development policy of the enlarged Community might to a large extent take the form of Community action within the framework of international organisations and agreements. Since, in this respect particularly, attempts have been made within the framework of the United Nations (Second Development Decade) to arrive at a joint world-wide development strategy, everything should be done in this field to arrive at greater unity so that the Community's aid is less dispersed and better organised within the framework of a grand policy for long-term development.

15. Here, the following points require attention:

(a) Trade

The Community should take steps to establish its own programme within the framework of international organisations (such as GATT, OECD, UNCTAD, United Nations, etc.). Greater attempts should be made than in the past to arrive at a common approach. That aim does not only concern fields where there are still differences between the Community and applicant countries (this is true in particular of the system of preferential tariffs for finished and semi-finished products within the framework

./.

of UNCTAD) but also in fields where the member states of the present Community have not reached a very high degree of co-ordination. The Community should do all in its power to encourage the introduction at world level of systems which guarantee developing countries a fair price for their products on the Common Market with respect to the main raw materials of world importance. When it has been enlarged the Community will also undoubtedly play a decisive part in the setting up of a general system of preferences for finished and semi-finished products which will finally be drawn up within the framework of UNCTAD. That system must satisfy two conditions: it must include special measures for less developed countries and compensation for countries which at present enjoy regional preferences and would suffer from the introduction of general preferences. Lastly, the joint customs duties structure could also be altered in favour of developing countries: at present the Community still levies a tax of 20.4% on imports of soluble coffee from third countries. (It is only 9.6% for non-roasted coffee and will shortly be reduced to 7%). Oil seeds may be imported free of duty but there is an import duty of 25% on margarine. A joint policy should also be drawn up for the transfer of certain industries from advanced countries to developing countries. Clearly there will have to be consultations on this subject with the other industrialised countries (for example, with Japan and the United States with respect to textiles), and it will also have to be considered how to solve the difficulties encountered by certain European countries as a result of the transfer of industries to developing countries. The setting-up of a "European re-adjustment fund" could serve this purpose, and the European social fund might also take part in the scheme now that its statutes have been amended.

It is no doubt somewhat naïve to believe that accession of the United Kingdom will reduce to any marked degree the difficulties encountered in implementing the joint agricultural policy; nevertheless I believe that the Community should make a point of paying more attention to the interests of developing countries before deciding whether or not it will participate in international agreements on agricultural products. Care must also be taken to ensure that the Community is not enlarged at the expense of developing countries. At present they export large quantities of agricultural products to the United Kingdom. But if the principles of the joint agricultural policy remain unchanged it might well be that this situation will become unfavourable to those countries.

Although the provisions of the Treaty of Rome concerning international agreements are less binding than might be desired, there can be no doubt that in the case of development aid, Articles 113 and 116 must be interpreted so that,

./.

after the transition period, the Community's development policy can be based on uniform policies. The Council's very restrictive interpretation has unfortunately considerably limited the scope of article 116 with respect to the Community's activities. Thus, in the case of the international agreement on Ejis, a distinction has been made between that part of the agreement for which the Community is competent and another part (the financing of regulating stocks) for which, in the Council's view, the member states must negotiate themselves. That procedure is not very efficacious.

(b) Financial and technical co-operation

16. According to the figures published by OECD on aid granted by the members of the Development Aid Committee co-operating within that organisation, the Community countries already satisfied in 1969 the criterion laid down by the UNCTAD Conference at New Delhi in 1968. At that Conference the rich countries were asked to grant developing countries annually net aid representing 1% of their GNP (gross national product) in order to enable the latter to increase their gross national product by from 6 1/2 to 7% during the '70s.

The figures below, supplied by OECD, give the amount of aid granted in 1969 by the Six and the four candidate countries.

Country	Total net aid (in millions of dollars)	Percentage of GNP
Belgium	248	1.10
Fed. Rep. of Germany	1,190	1.30
France	1,742	1.24
Italy	848	1.03
Luxembourg	-	-
Netherlands	360	1.32
EEC	5,188	1.20
Denmark	149	1.11
Ireland	-	-
Norway	75	0.78
United Kingdom	918	0.83
Total	6,230	

./.

In 1969, the United States granted aid amounting to 4,645 million dollars (0.49% of the GNP). Out of a total of 13,297 million dollars, the countries which will make up the enlarged Community provided 6,230 million dollars, i.e., almost half that sum.

In addition to what it is doing under the Yaoundé Convention, the Community should embark upon a selective assistance policy. For example it has many highly qualified specialists in technical subjects and technology, and a well thought out and carefully devised development policy could produce substantial results in some parts of the world. Various countries, because of the stage they have reached in their development, will not derive any great benefit from the system of preferences to be introduced for finished and semi-finished products, whereas, because of the association agreements, they do not qualify for special preferences.

These are countries such as Ecuador, Uruguay, Paraguay and Chile. It seems to me that the time has come for the Council to take a decision on the Commission's memorandum on Latin America. The European Parliament presented a report on the question in November 1969 (1).

This policy should include joint rules concerning investments, credits, insurance against political and financial risks, taxation facilities, etc. The European Investment Bank's activities could be extended to other fields.

Lastly, I feel that the European Commission should submit to the Council a proposal to bring together the organisations which, within the Community, endeavour to associate youth in development tasks. A "European Peace Corps" could do much to improve the living standards in under-developed countries provided it were well organised, and it would thereby serve to enhance Europe's reputation. Youth today is sufficiently idealistic and enterprising to dedicate itself wholeheartedly to such an idea.

(c) Food aid

17. Since it is clearly in the interests of the present Community and the enlarged Community to continue the food aid projects in progress, it may be assumed that the Community and the member states will participate in a new agreement when that part of the 1967 international agreement on cereals expires on 30 June 1971. It is to be hoped that the opportunity will be taken to find a wider common denominator for the policy of the Community and the member states. As Mr. Vredeling's report shows, it is abundantly clear that a Community organisation would not only simplify the task of candidates for aid but would also speed up deliveries, especially in cases of emergency.

./.

---

(1) Report by Mr. De Winter, Doc. 139 of 24 November 1969.

A development policy can serve a useful purpose only if it does not restrict itself to satisfying certain material requirements, but also takes psychological factors into account. In this connection I am well aware that the accession of Great Britain and Scandinavia could contribute to changing the mentality and manner of thinking of the Community population in certain respects. The population explosion in developing countries, besides cancelling out much of the progress made with respect to savings, investments and improvement in the trade balance, undoubtedly hampers their economic development. Hitherto, that subject seems to have been taboo in the Community and has not been touched upon either within the framework of the Community's joint development policy or that of its policy towards associated states. This can no doubt be explained by the fact that a large majority of the Community's population itself regards the subject as forbidden, unlike the British and Scandinavians. It can reasonably be expected that in an enlarged Community it will be possible to discuss the problems posed by the introduction of a family planning programme in developing countries freely and frankly with those countries.

Arms deliveries from the Community countries to the developing countries also undoubtedly constitutes a further taboo. It cannot be denied that the sums which the developing countries devote to the purchase of arms from the industrialised countries (about 10,000 million dollars a year, according to "Jeune Afrique", No. 441 of 16 - 22 June 1969) are a heavy burden on the former's budgets. Nevertheless, since there is still no question of defining a joint policy with regard to arms deliveries to countries such as Rhodesia and South Africa, I have scarcely any illusions as to the possibility of amending the joint policy in this field.

18. The preceding pages have dealt exclusively with "technical" problems. But there can be no doubt that the solution of such problems alone would not bring lasting prosperity to under-developed countries. There would also have to be a fundamental change of attitude both in industrialised countries and in countries which receive aid. Both will have to accept the fact that a development policy must aim at enabling poor countries to have a larger share in international prosperity (redistribution of international income). But there must also be a change of heart in the needy countries so that the increase in well-being benefits the whole population and not the small group which has hitherto made up the privileged class.

./.

V. Conclusions

19. As has been said above, the Community has not so far pursued a general development policy based on Community rules; on the contrary, the policy has mainly been pragmatic; but it is nevertheless possible to begin to perceive in it the first elements of a general development policy. In the years ahead it should be possible to combine these elements in a single, comprehensive and coherent development policy.

During the negotiations on the enlargement of the Community the member states will have to take into account the interests of developing countries. That does not mean only the under-developed countries which export tropical commodities to the United Kingdom and the three other candidate countries, but also countries which are at present associated with the Community and benefit from certain advantages within the framework of the Yaoundé Convention. This is necessary, in order to ensure that enlargement is not brought about at their expense.

After EEC has been enlarged, the EEC's development policy must constantly be centred around the reorganisation of international trade relations, in order to ensure that poor countries have a larger share in international prosperity. The Community's trade policy can constitute an important instrument in development aid. One only has to think, for example, of the general system of preferences for finished and semi-finished products and the conclusion of international agreements which are intended to guarantee the developing countries fair prices for their products.

With respect to financial aid, the enlarged Community must endeavour to satisfy the aims of the United Nations Second Development Decade, i.e. it must attempt to devote 1% of its gross national product to aid.

Food aid must be continued and developed as far as possible. In so doing efforts must be made to ensure that this aid is provided more on a community basis than was the case in the past. Similarly, food aid must not harm the agricultural production of developing countries.

Lastly, the enlarged Community must do all it can to bring about a fundamental change of heart towards development co-operation both in the rich and the poor countries. With regard to the former, it must endeavour to enlist the support of public opinion for the idea that a development policy must aim at enabling poor countries to have a greater share in international prosperity. In other words, this policy must be centred around a redistribution of international income. There must be a change of attitude in the poor countries to ensure wider distribution of increasing prosperity among the various sections of the population.

Imports into the Community from non-member states

(Changes by comparison with the corresponding period of the preceding year, in %)

Imports from	1969						1970
	In millions of units of account (1)	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
Total from non-member states	39,242	+ 17	+ 12	+ 22.5	+ 14.5	+ 18	+ 17.5
Industrial countries (2):	22,236	+ 19.5	+ 11.5	+ 26	+ 17	+ 22	+ 23.5
USA	7,326	+ 14.5	- 2.5	+ 25	+ 13	+ 21	+ 41
EFTA	9,450	+ 20.5	+ 16.5	+ 25	+ 18	+ 21,5	+ 11.5
United Kingdom	3,588	+ 19.5	+ 15	+ 24	+ 17.5	+ 21.5	+ 11
Developing countries (3):	14,222	+ 13.5	+ 13	+ 18.5	+ 11	+ 12	+ 9.5
Associated overseas countries and territories	2,807	+ 12.5	+ 9	+ 23	+ 7	+ 10.5	+ 31.5
Central and South America	3,166	+ 18	+ 14	+ 18	+ 21.5	+ 18.5	+ 7
Other countries (4)	2,784	+ 15.5	+ 9	+ 18	+ 18.5	+ 15.5	+ 15.5

Source: Statistical office of the European Communities

(1) 1 u.c. = 1 unit of account = 0.888671 gram of fine gold = 1 U.S. dollar at the official rate of exchange
(2) Class 1 of the EEC classification (of countries) for foreign trade
(3) Class 2 of the EEC classification (of countries) for foreign trade
(4) Class 3 of the EEC classification (of countries) for foreign trade and other exports.

./.

The Community's industrial production (1)

(Changes by comparison with the corresponding period of the preceding year in %)

	1968	1969	1969				1970
			I	II	III	IV	I
Industries (2):	+ 8.8	+ 11.7	+ 13.0	+ 18.2	+ 9.7	+ 6.3	+ 9.5
Germany	+ 13.1	+ 13.8	+ 17.5	+ 14.8	+ 11.9	+ 11.6	+ 11.5
France	+ 4.0	+ 13.5	+ 10.8	+ 33.0	+ 9.0	+ 4.6	+ 5.6
Italy	+ 6.3	+ 2.8	+ 9.0	+ 7.9	+ 3.1	- 8.4	+ 3.7
Netherlands	+ 12.0	+ 13.5	+ 14.5	+ 12.9	+ 13.6	+ 13.4	+ 15.2
Belgium	+ 6.4	+ 10.9	+ 11.8	+ 12.7	+ 7.7	+ 10.8	+ 9.1
Luxembourg	+ 5.5	+ 13.4	+ 17.2	+ 12.9	+ 12.6	+ 11.5	+ 12.5
Mines	+ 4.3	+ 4.1	+ 3.5	+ 8.1	+ 2.6	+ 2.2	
Textiles	+ 9.2	+ 9.0	+ 10.8	+ 15.4	+ 5.2	+ 4.9	
Paper	+ 7.6	+ 10.7	+ 10.9	+ 14.1	+ 9.5	+ 8.4	
Leather	+ 9.9	+ 5(3)	+ 12.1	+ 11.4	- 0.3	- 2.5(3)	
Metallurgy	+ 7.3	+ 14.1	+ 15.5	+ 23.3	+ 11.8	+ 6.8	
Steel	+ 9.7	+ 8.8	+ 8.5	+ 17.0	+ 6.9	+ 3.7	+ 3.5
Electricity	+ 8.4	+ 10.2	+ 9.2	+ 14.7	+ 9.3	+ 8.4	

(1) Based on the gross indices from the Statistical Office of the European Communities

(2) Not including the food and building industries

(3) Estimates.

./.

Exports from the Community to non-member states

(changes (in value) by comparison with the corresponding period of the preceding year, in %)

Exports to	1969						1970
	In millions of u.c. (1)	Year	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
Total to non-member states	39,236	+ 11	+ 3.5	+ 21	+ 9.5	+ 11	+ 16.5
Industrial countries (2):	25,605	+ 12	+ 2.5	+ 21	+ 11	+ 13.5	+ 20
USA	5,958	+ 3.5	- 15.5	+ 19	+ 1.5	+ 8	+ 22.5
EFTA	12,744	+ 13.5	+ 7.5	+ 17.5	+ 13	+ 15.5	+ 18.5
U.K.	3,364	+ 7.5	+ 2.5	+ 14	+ 7	+ 7.5	+ 4.5
Developing countries (3)	10,218	+ 9.5	+ 7	+ 19.5	+ 7	+ 6	+ 8.5
Associated overseas countries and territories	2,295	+ 11	+ 12	+ 39.5	+ 1	- 1.5	+ 31.5
Other countries (4)	3,413	+ 10	+ 3.5	+ 28	+ 4.5	+ 6	+ 18

Source: Statistical Office of the European Communities

(1) 1 u.c. = 1 unit of account = 0.888671 gram of fine gold - 1 U.S. dollar at the official exchange rate
(2) Class 1 of the EEC classification (of countries) for foreign trade
(3) Class 2 of the EEC classification (of countries) for foreign trade
(4) Class 3 of the EEC classification (of countries) for foreign trade and other exports

./.

Imports into the EEC from developing countries from 1960 to 1969 inclusive
(in millions of US dollars)

	Year	French imports	Benelux imports	Netherlands imports	West German imports	Italian imports	EEC imports
Total imports from all countries of the world (excepting EEC states)	1960	4,431.6	2,063.3	2,454.6	7,078.7	3,416.5	19,444.6
	1961	4,575.8	2,083.6	2,598.3	7,513.7	3,683.5	20,455.0
	1962	4,996.6	2,231.5	2,664.4	8,284.3	4,175.7	22,352.6
	1963	5,599.7	2,427.7	2,885.3	8,676.9	5,087.2	24,676.1
	1964	6,304.5	2,767.7	3,384.2	9,516.1	4,883.7	26,856.1
	1965	6,320.7	2,900.2	3,477.1	10,811.8	5,072.3	28,582.1
	1966	7,022.0	3,165.4	3,685.8	11,084.1	5,798.9	30,756.1
	1967	7,003.8	3,189.6	3,791.3	10,483.2	6,427.3	30,895.3
	1968	7,309.9	3,756.7	4,146.4	11,791.5	6,562.3	33,566.8
	1969	8,531.6	4,251.3	4,763.6	14,063.9	7,631.4	39,241.9
Imports from the AAMS	1960	460.3	277.7	40.8	98.3	72.3	949.5
	1961	435.5	244.8	41.6	92.5	76.3	940.6
	1962	512.5	200.2	37.7	92.7	86.7	929.9
	1963	541.6	190.3	46.3	112.7	98.4	989.3
	1964	609.7	227.2	55.6	158.2	98.9	1,149.6
	1965	547.0	233.9	53.5	160.8	151.1	1,146.4
	1966	600.2	340.9	54.1	170.6	153.4	1,319.1
	1967	609.9	291.9	61.9	179.8	164.5	1,308.0
	1968	613.8	374.9	98.5	217.8	161.4	1,466.4
	1969	667.3	479.7	121.9	248.1	200.2	1,717.2

./.

	Year	French imports	Benelux imports	Netherlands imports	West German imports	Italian imports	EEC imports
Imports from overseas countries and territories	1960	33.9	3.7	14.0	16.6	2.3	70.5
	1961	40.2	2.2	17.7	28.1	8.7	96.9
	1962	36.0	4.2	15.5	43.4	12.3	111.5
	1963	41.2	7.8	16.0	48.1	10.6	123.6
	1964	37.0	10.1	15.8	24.0	4.6	91.6
	1965	39.5	7.3	19.7	23.3	5.9	95.7
	1966	40.2	2.5	19.7	33.6	9.6	105.6
	1967	51.9	3.3	25.1	25.8	12.3	118.4
	1968	59.8	3.5	26.2	28.6	9.9	128.0
	1969	64.4	3.3	24.3	36.0	14.2	142.2
Imports from the overseas "Départements"	1960	126.0	0.1	0.1	0.4	-	126.6
	1961	122.3	0.3	-	0.4	1.1	124.3
	1962	124.2	0.2	-	0.4	2.2	127.0
	1963	121.3	0.2	-	0.8	1.1	123.5
	1964	113.1	0.6	0.0	0.7	0.2	114.7
	1965	131.8	0.4	0.0	0.8	6.1	139.1
	1966	149.7	0.3	0.4	0.8	5.3	156.5
	1967	131.6	0.2	0.2	1.2	3.4	136.5
	1968	121.5	0.4	0.5	5.4	4.8	132.6
	1969	120.2	0.3	0.7	1.4	7.5	130.1

./.

APPENDIX III

	Year	French imports	Benelux imports	Netherlands imports	West German imports	Italian imports	EEC imports
Imports from the East African States (Kenya, Uganda, and Tanzania)	1960	-	6.4	13.4	49.2	11.8	80.8
	1961	-	5.6	13.0	52.4	10.1	81.1
	1962	6.5	6.2	11.4	41.9	9.1	75.1
	1963	11.3	9.0	14.9	54.2	15.7	105.1
	1964	10.7	12.7	14.0	52.2	14.1	103.7
	1965	13.1	15.0	12.8	54.5	8.6	104.0
	1966	10.7	11.3	14.1	60.3	12.6	109.1
	1967	9.7	9.0	22.7	51.3	13.6	106.4
	1968	9.9	9.2	14.2	46.7	12.3	92.3
	1969	8.8	7.9	12.6	42.0	13.9	85.1
Imports from the rest of Africa (1)	1960	934.3	89.0	150.9	337.4	210.6	1,762.3
	1961	1,012.9	96.3	167.3	434.1	288.3	1,998.9
	1962	1,012.4	97.3	167.5	434.2	270.9	1,982.2
	1963	1,022.9	103.5	190.7	531.5	321.6	2,170.1
	1964	1,095.1	138.1	230.6	768.3	305.9	2,538.1
	1965	1,119.6	147.1	241.5	924.5	324.5	2,757.0
	1966	1,187.7	154.2	253.7	1,003.4	422.0	3,020.8
	1967	1,133.1	203.0	263.7	949.2	510.7	3,059.7
	1968	1,133.7	208.4	307.5	1,206.6	646.3	3,502.6
	1969	1,328.9	235.1	405.0	1,373.1	829.7	4,171.9

(1) Not including the Union of South Africa.

./.

APPENDIX III

	Year	French imports	Benelux imports	Netherlands imports	West German imports	Italian imports	EEC imports
Imports from Latin America	1960	259.2	177.1	258.0	885.9	293.3	1,873.4
	1961	254.3	172.0	281.3	909.6	277.7	1,894.9
	1962	308.8	202.9	286.0	1,073.2	352.0	2,222.9
	1963	332.5	213.4	286.9	949.9	485.0	2,267.8
	1964	381.7	220.3	290.9	1,025.5	546.6	2,465.0
	1965	383.1	224.6	290.7	1,166.3	550.8	2,615.5
	1966	392.4	247.7	276.0	1,145.8	669.5	2,731.3
	1967	399.2	293.7	346.5	1,088.8	680.0	2,808.1
	1968	358.5	306.6	314.8	1,095.3	604.6	2,679.8
	1969	470.0	301.8	352.0	1,297.5	744.5	3,165.8
Imports from Asia (1)	1960	663.5	221.0	459.3	869.9	577.8	2,791.6
	1961	589.1	219.6	457.9	892.3	591.0	2,750.0
	1962	601.5	212.4	432.4	917.1	630.5	2,794.1
	1963	652.0	273.5	458.1	947.5	711.5	3,042.6
	1964	712.4	318.1	574.3	979.2	793.5	3,377.4
	1965	786.7	335.6	576.7	1,030.1	938.9	3,667.7
	1966	824.0	337.0	594.9	1,113.4	1,011.0	3,880.3
	1967	877.8	316.5	637.4	1,126.8	1,093.0	4,051.6
	1968	948.4	475.9	695.4	1,291.4	1,089.6	4,500.8
	1969	974.2	512.9	778.5	1,344.5	1,197.1	4,807.2

(1) Not including the Sino-Soviet states and Japan.

Source: Monthly statistics issued by the Statistical Office of the European Communities, 1962 No.2, 1964 No.2, 1966 No.2, 1967 No.3, 1968 No.3, 1969 No.2 and 1970 No.4.