Community Topics 26

Partnership in Africa: the Yaoundé Association

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Partnership in Africa: the Yaoundé Association

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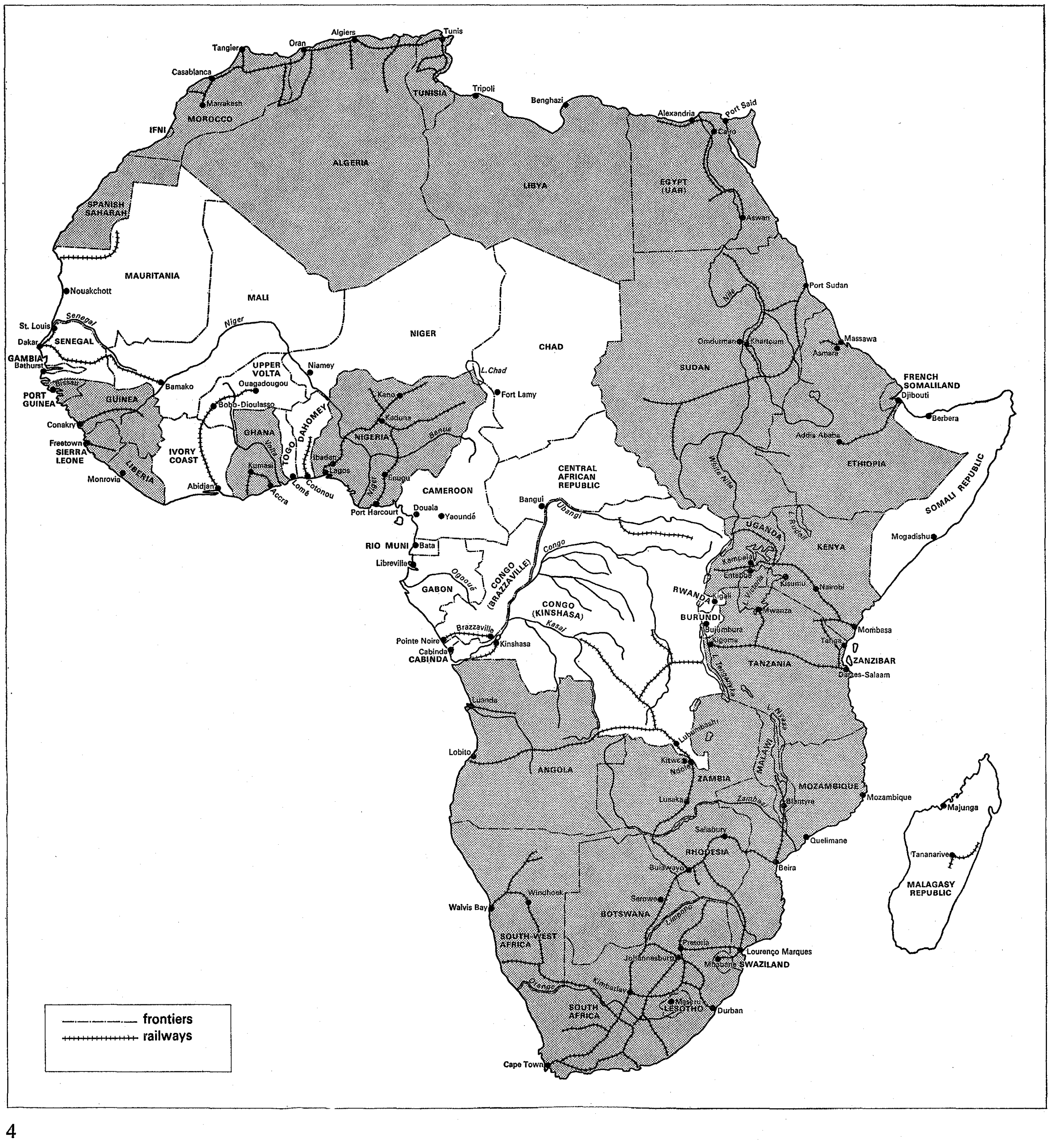
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Introduction

When the Rome Treaty was drawn up with the aim of establishing economic union between six West European states, special provision was made for the interests of the non-European colonies and other overseas dependencies of four of these countries – France, Belgium, the Netherlands and Italy. These dependencies were associated with the European Community under an annexe to the Rome Treaty, and $581 million were allocated from Community funds to help with their economic and social development. These arrangements were completely separate from any bilateral aid the six Community countries individually were devoting to these purposes.

Within a few years of the signing of the Rome Treaty in 1957, all the African territories linked with the Community in this way had gained their independence. But the governments of 18 of the new republics in Africa and Madagascar asked for the continuance of the links with the Community on terms compatible with their independent status. The result was the Yaoundé Convention, named after the capital of Cameroon where it was signed on July 20, 1963. Under its provisions, the Six and the Eighteen continue their cooperation for the latter's economic and social well-being.

The principal feature of the trade arrangements between the two sides is that the Six give free access to their domestic markets to products from the African members, while the latter are permitted to raise tariff barriers or impose other restrictions on the entry of Community goods into their territories in order to protect their own infant industries. But in doing so the African member states may not discriminate between one Community country and another: they must treat all Community countries alike. A second major pillar of the Convention is Community development aid granted by the Six to their African partners. It includes grants and loans totalling $800 million to be allocated over the period 1964–69 covered by the Convention.

In 1969 the Yaoundé Convention may be renegotiated in the same or a modified form; meanwhile any signatory state may withdraw at six months' notice.

The signatories of the Yaoundé Convention are, apart from the six member countries of the European Community, 14 former French dependencies (including two former United Nations' trust territories: Togo and Cameroon), three former Belgian dependencies (including the two former UN trust territories of Rwanda and Burundi), and one former Italian trust territory. The last, Somalia, is noteworthy in that it now includes within its boundaries the former British Somaliland Protectorate, while the Federal Republic of Cameroon includes a region which was formerly under British trusteeship and linked with Nigeria.

Also associated with the European Community are the remaining dependencies of some member countries, mainly in the West Indies and the Pacific Ocean. Though referred to, these territories are not dealt with in this publication.

Nigerian association

In drawing up the Convention the Eighteen took care to avoid any commitment which would hamper possible regional economic cooperation within Africa, whether between associated countries alone or with other states.

During the 1961–63 negotiations for British membership of the European Community, the Six, with the approval of the Eighteen, declared their willingness to consider requests for association from independent Commonwealth states with economies similar to those of the Eighteen. At the time, this offer was rejected, but subsequently Nigeria and three East African Commonwealth countries, Kenya, Uganda and Tanganyika (later Tanzania) began talks with the Common Market Commission on some form of link with the Community. The talks with Nigeria were followed by detailed negotiations which culminated in the signing of an association agreement between Nigeria and the Community in Lagos on July 16, 1966 (see Appendix 1).

Under the terms of this agreement Nigerian exports to the Community will be subject only to the customs duties which the member countries at present apply to trade between themselves (and which are to be wholly eliminated on July 1, 1958); all quantitative restrictions on Nigerian imports into the Community will be eliminated, with the exception of four products – cocoa beans, groundnut and palm oil, and plywood and some other wood products – which will be subject to import quotas based on Nigeria's exports of these products to the Community in 1962–64. In return, Nigeria will eliminate customs duties, equivalent charges and quantitative restrictions on certain of her imports from the Community, though retaining the right to maintain or reimpose such duties, taxes or restrictions in order to protect Nigerian industries producing these goods or to meet revenue needs. Nigeria, unlike the 18 African signatories of the Yaoundé Convention, did not wish to receive development grants or other aid direct from Community agencies; this association agreement therefore contains no aid provisions.

The Yaoundé Convention

The spirit of the Association of the 18 African states with the European Community is defined in the preamble to the Rome Treaty establishing the Common Market.

The six European states declare that they intend "to confirm the solidarity which links Europe and overseas countries", and desire "to ensure the development of the latter's prosperity in accordance with the principles of the United Nations' Charter".

Article 131 of the Rome Treaty reads in part: "The purpose of this Association shall be to promote the economic and social development of these countries and territories and to establish close economic relations between them and the Community as a whole. . . . This Association shall in the first place permit the furthering of the interests and prosperity of the inhabitants of these countries and territories in such a manner as to lead them to the economic, social and cultural development to which they aspire."

In relations between the Community and the associated African and Malagasy states the main considerations are:

1. The ultimate objective of the European Economic Community of six countries (Belgium, France, Germany, Italy, Luxembourg, the Netherlands) is to create a broad economic area in which persons, goods, services and capital can move freely in accordance with common rules. This being so, and because of competition from well-equipped and long since amortized European industries, the inclusion of the African states in an unmodified customs union or free-trade area with the Six could have acted as a brake on the rational industrialization of these overseas countries.

To avoid this risk, the Rome Treaty gives the associated states every guarantee and allows them to protect their infant industries and develop their production.

2. Relations between industrial and developing countries imply that the former should supply aid and technical assistance to the latter in order to:

Stimulate the flow of the necessary private capital;

Supplement this activity with direct public aid, which is particularly needed in sectors which, by their nature, offer no scope for private enterprise: communications, health, social and cultural facilities, water supply for livestock and agriculture, etc.

Conscious of this duty, the European members decided to contribute to investment in the associated states with a supplementary effort over and above the aid already being given by the individual member states; for this purpose they set up the first European Development Fund (EDF), with a capital of $581·25 million.

From the time of drafting of the Rome Treaty, the Six have held that the aspirations of the young states in Africa and Madagascar which were soon to attain independence must be respected. For this reason an implementing convention, valid for five years, was annexed to Part IV of the Treaty, in which the principles of association were defined. The convention expired on December 31, 1962.

To continue in association

During the five years 1958–62 the associated states, which had meanwhile become independent, appointed diplomatic representatives to the European Community and on a number of occasions reaffirmed their desire to see the Association continue beyond the five years laid down in the implementing convention. The movement of opinion in the associated states in favour of close collaboration with the European Community was reflected in many official statements by political leaders from Africa and Madagascar, and in resolutions adopted in regional organizations set up on the African continent after the associated states had attained independence.

The first Association Convention helped to increase exports from the associated countries to the Community and made it possible, through financial aid from the European Development Fund, to carry out important economic and social projects, including the provision of 350 hospitals, clinics and dispensaries with a total of 9,000 beds; 3,000 class-rooms; 2,500 houses or flats for teaching staff; 24 secondary schools; 166 technical training centres; 3,900 km. (2,440 miles) of railways; 17 ports; 1,600 wells; and 100 dams for irrigation purposes.

Of these projects 62% were economic and 38% social in character.

A three-tier procedure

In 1962 the independent associated states began the negotiations that led to the signing of the second association agreement, known as the Yaoundé Convention.

A three-tier procedure had to be followed to bring to a successful conclusion these delicate negotiations, in which all the various partners were on an equal footing. Discussions between the European Economic Community and the now independent African and Malagasy states implied a preliminary agreement among the six Community states on the proposals to be made to the associated states. Consequently, the negotiations proceeded at three levels, that of the Six, that of the African Eighteen, and that of the 24 European and African countries together.

On the European side the major part was played by the Council of Ministers and the Common Market Commission; the latter, once agreement was reached between the member states, became the spokesman for the Six in the negotiations and played a decisive role in the search for a new pattern of cooperative relations. It was, for example, the Commission that in April 1961 took the step of submitting proposals for a new Association Convention to the Council of Ministers of the Six, to the European Parliament and to the African and Malagasy governments.

The provisions of the Yaoundé Convention follow the main lines of these proposals.

At the level of the Twenty-four the procedure was established at the first Euro-African inter-ministerial meeting. The following bodies were set up:

1. A steering committee made up of representatives of the Six and of the associated states;

2. Three working parties consisting of experts from the Six and the Eighteen on:

(A) Institutional and administrative problems;

(B) Financial and technical cooperation;

(C) Trade and marketing, with sub-groups for particular products.

The chairmanship of these working parties alternated on a basis of parity so that when the chairman was a European the *rapporteur* was African, and vice versa.

The new Association Convention was given its final shape at four Euro-African ministerial meetings held between December 7, 1961 and December 20, 1962; it was signed at Yaoundé, Cameroon, on July 20, 1963. The agreement has four main parts:

1. Trade
2. Financial and technical cooperation
3. Freedom of establishment, services, payments and capital movements
4. Institutions of the Association

Trade

The Association between the Community and the 18 African states creates a free trade area, adapted, however, to the need to develop economies still insufficiently industrialized.

The liberalization of trade over a large area and the protection of sensitive sectors of the African nations' economies are the two complementary aspects of an original method of trade cooperation established by common agreement between the 24 associated and Community countries.

For certain tropical products the establishment of Community preference for the associated states' products was speeded up. Imports of these products into the Community from the Eighteen are duty-free; the rate of duty imposed under the Community's common external tariff (CET) on imports of the same products from non-associated states was reduced by common agreement between the Six and the Eighteen:

Product	Old rate of CET %	New rate of CET %
Coffee	16	9·6
Cocoa	9	5·4
Fresh pineapples	12	9
Cloves	20	15
Desiccated coconut	5	4
Nutmeg	20	15
Pepper	20	17
Vanilla	15	11·5
Tea*	18	10·8

*By agreement with the associated states the duty on this product has been suspended since January 1, 1964. The same step was taken by the United Kingdom.

The European Community's common agricultural policy and its implementing regulations had not taken effect when the Yaoundé Convention entered into force in 1964. Consequently, the Convention does not go beyond stating the principle that in determining its own common agricultural policy the Community will take the interests of the associated states into consideration.

The arrangements for importing into the Community products from the associated states similar to and competing with European products which are subject to the common agricultural policy will be decided gradually as this policy is worked out.

In return, the associated states undertook to abolish any tariff discrimination between the Six within six months of the entry into force of the Convention and gradually to eliminate customs duties and charges with equivalent effect on imports from the Community.

In this way a preference is being created for products from the European Community, although its size and the range of items covered may vary considerably from one African country to another according to the structure and level of their individual tariffs.

All quantitative restrictions on imports into the Eighteen from the Six must be abolished at the latest four years after the entry into force of the Convention.

This preference in favour of the Community is, however, limited by exceptions intended to protect the interests of the associated states. Each associated state may maintain or introduce customs duties to further its own development and protect its infant industries, or for revenue purposes.

Moreover, if such tariff measures are insufficient to achieve the desired result, or if the associated country concerned has balance-of-payments difficulties, or if the organization of its agricultural market makes it necessary, that country may maintain existing quantitative restrictions on imports from the Six or impose new ones.

This concern in the Convention to take account of the particular position of some associated states was also evident in the provision by which the Community agreed to accept the obligations of the Convention in respect of any associated state which might consider itself unable, because of international obligations in force when the Rome Treaty took effect, to implement immediately and wholly some provisions of the Convention. Six states were allowed an extension of three years, at the end of which the parties concerned would together re-examine the situation.*

Close cooperation

The provisions referred to above show that the Community and the African states, while fixing general trade rules, wished them to be sufficiently flexible to allow for effective cooperation which could take fully into account the differences between their economic structures.

This flexibility, and the great freedom of action enjoyed by the associated states in particular, have made certain precautions necessary. Safeguard clauses allow the signatories, in the event of serious economic disturbances, to protect specific sectors threatened by unforeseeable or unavoidable developments.

* The countries in question are Congo (Leopoldville), Togo, Rwanda, Cameroon, Burundi and Somalia. On the basis of international agreements in force in 1957, these states apply what is known as the "open-door policy".

This freedom of action is also limited by the associated states' commitment not to give more favourable treatment to non-member countries than to the members of the European Community.

However, certain exceptions are permitted:

the first, of limited scope, applies to local trans-frontier trade;

the second, which is of considerable political significance, covers the creation of customs unions or free-trade areas, either between the associated states themselves or between the associated states and non-member countries (e.g. other African states), subject only to the condition that such unions and areas are not incompatible with the principles and rules of the Association Convention.

This essential point in the Association arises from the signatories' recognition "of the importance of developing intra-African trade and cooperation as well as international economic relations", as the preamble to the Convention puts it.

In the eyes of the signatory states, in other words, the Association must not hinder moves to promote new regional agreements or African unification. The Convention is not more explicit on this point because the Six wished to refrain from interfering in matters which in their view are entirely the responsibility of the associated states and of their potential African partners.

The institutions of the Association (see below) form the keystone of this elastic and balanced body of provisions which, while creating a free trade area, at the same time allow the developing African and Madagascar economies the protection they need.

They are the channel of cooperation and the forum for discussing common problems. They deal not only with the implementation of the Convention itself, but also with any other questions which may arise as each partner defines its trade policy, both within the Association and towards non-member countries. Cooperation extends not only to customs, quotas and agricultural policy, but also to broader international questions, such as steps to find wider markets for tropical products.

Financial and technical cooperation

The principal aim of the Community-African Association is to promote the economic and social development of the associated African and Malagasy states. Primarily, this is still done, as in the period 1958–62, through the European Development Fund (EDF), which is administered by the Common Market Commission. The Yaoundé Convention provides also for aid from another financial body: the European Investment Bank (EIB), whose activities were previously confined in practice to Europe.

Under the Convention the European Community has a wide range of means for carrying out its policy of aid to developing countries.

Aid totalling $800 million

In the first period of association the aid given totalled $581·25 million. In the second period (1964–69) aid worth $800 million is being provided: $730 million for the associated African states and Madagascar, and $70 million for the other territories which have a special relationship with the Community countries.*

These funds are being contributed by the Community countries as follows:

	$ million	%
Belgium	69	9·45
France	246·5	33·75
Germany	246·5	33·75
Italy	100	13·7
Luxembourg	2	0·3
Netherlands	66	9·05
Total	730	100
European Investment Bank	70	
Grand total	800	

These grants and loans from the EDF and EIB are quite separate from any bilateral aid made to developing countries by the Six individually; in recent years such aid has been substantial.

*Surinam, Dutch West Indies, Polynesia, New Caledonia, Wallis and Futuna, Comoro Islands, French Somaliland, St. Pierre and Miquelon, the French Southern and Antarctic Territories and the four French overseas departments, Guiana, Martinique, Guadeloupe and Reunion. These countries and territories are not directly covered by the Association Convention negotiated between the Associated African and Malagasy states and the six Community states. The $70 million allotted to them come under a separate decision taken by the Community Council of Ministers.

Financing methods

Previously, the European Community could make only outright development grants, but it now has a much greater variety of financing methods at its disposal, as the following analysis of the $800-million aid total shows:

	$ millions		
	Eighteen	Dependent territories	Total
1. European Development Fund			
Grants	620	60	680
Special loans	46	4	50
Total	666	64	730
2. European Investment Bank			
Loans	64	6	70
Total	730	70	800

The outright grants ($680 million) are supplemented by:

1. European Development Fund loans on special terms: these loans (up to a total of $50 million) may be granted for a maximum period of 40 years, with no amortization for up to 10 years. The interest rates are comparatively low. The Community grants these loans for investment schemes which are of general interest to the recipient state and where they are warranted by the direct economic return of the project and the capacity of the state concerned to bear the debt charges;

2. European Investment Bank loans ($70 million): the rate of interest on these loans is that normally charged by the Bank. The redemption period for each loan is determined according to the economic nature of the scheme financed and the recipient state's capacity to bear debts at the time the loan is contracted. It may be anything up to 25 years. The bank can grant loans to the associated states or to companies in these states, following a favourable report from the government concerned;

3. Interest-rate subsidies: the European Development Fund can use money allotted for non-repayable grants to repay, for the associated state concerned, up to 3% of the interest on loans made by the European Investment Bank. These interest-rate subsidies are paid over by the Fund to the Bank, thereby reducing the normal rate of interest;

4. Advances of up to $50 million are available from the Fund's liquid assets to stabilization funds already existing or being set up in the associated states.

Purposes of aid

Whereas from 1958 to 1962 the European Community could finance only economic and social schemes and, occasionally, certain technical assistance operations, the new Association Convention allows the Community to provide aid for the following purposes:

1. Economic and social investments

(A) Economic and social infrastructure projects (e.g. roads, railways, educational establishments, hospitals, etc.);

(B) General projects to expand production (e.g. irrigation and soil conservation);

(C) Production projects yielding a normal financial return (e.g. plantations and agricultural processing industries);

(D) Technical assistance before, during and after such investment (e.g. economic and technical surveys, direction of works, training of supervisory staff).

European Community aid for these purposes may take the form of non-repayable grants, special loans or European Investment Bank loans.

The beneficiaries of the Fund are:

(A) In the case of non-repayable grants, either the associ ated states, or corporations whose main activity is non-profit-making (e.g. public railway boards), if the projects concerned are of general or social benefit and subject to public control;

(B) In the case of the special loans, the above and also, by special decision of the Community, private firms;

(C) In the case of EIB loans, the associated states or firms in those states.

2. Technical cooperation

(A) Economic development surveys;

(B) Training of managerial staff and vocational training.

The Community's activities in this field are financed by grants, for which the associated governments, specialized institutes and bodies and, in exceptional cases, scholarship-holders and trainees are eligible.

3. Stabilization of agricultural prices

Aid is provided by cash advances to local stabilization funds or boards to mitigate fluctuations in the prices of agricultural products.

These loans are granted at times when trade is poor, and repayments are due when world prices rise above the average. Growers' repayments are due when world prices rise above the average. Growers' incomes are thus stabilized on the basis of average world prices by evening out market fluctuations over a period.

4. Diversification and production aid

The Community has set aside $230 million of the Fund's grants to enable products to be sold at competitive prices on all Community markets by encouraging the rationalization of agriculture and selling methods, and by helping growers to make the necessary changes to face competitive conditions.

(A) Production aid is intended to help growers in the associated states gradually to adapt their production and methods so that they will be able to sell at world prices.

This aid will be tapered off, at a rate depending on the product, and will cease at the latest on the expiry of the Yaoundé Convention in 1969. It takes the form of grants to growers, and each year the associated states must submit a detailed report on the use to which the funds have been put.

(B) Diversification aid is intended to enable the associated states to reform their own economic structures in order to remedy the weakness of single-crop economies. This aid may take the form of grants, special loans or normal EIB loans.

Grants are made to the associated states, growers' associations and similar bodies recognized by the Community or, where these do not exist, directly to the growers themselves.

Special loans are made to the same recipients and also, by special decision of the Community, to private firms.

EIB loans are made to the associated states and to firms in those countries.

The planned distribution of production and diversification aid totalling $230 million is as follows:

For both production and div rsification $183 million	$ million	**For diversification only** $47 million	$ million
Senegal	46·7	Burundi	5·25
Mali	5·6	Rwanda	5·25
Niger	6·5	Congo (Kinshasa)	15·0
Ivory Coast	46·7	Somalia	6·50
Dahomey	5·5	Mauritania	5·0
Togo	5·7	Upper Volta	6·0
Cameroon	15·8	Gabon	4·0
Chad	5·7		
Central African Republic	6·8		
Congo (Brazzaville)	6·4		
Madagascar	31·6		
Total	183·0	**Total**	47·0

5. Emergency aid

A reserve of $5 million, charged to the non-repayable grants account, permits the taking of prompt action in the event of a natural disaster in any associated state.

6. Technical assistance

The emphasis on technical cooperation is an important innovation in the second EDF: in the first period of association neither the Treaty nor the implementing convention formally empowered the Community to act in this field.
The Community will now have the power to finance through the Fund:

(A) Technical cooperation necessary for the successful completion of particular investment projects, for example:

- Planning;
- Technical and economic surveys necessary for preparing investment schemes;
- Help with the preparation of documents;
- Help with the execution and technical supervision of works;
- Temporary help with the preparation, launching and operation of a scheme or of equipment;
- Temporary help with payment for the services of technicians and for consumer goods necessary to complete an investment project satisfactorily.

(B) General technical cooperation, for example:

- The sending to the associated states, at their request, of experts, advisers, technicians and instructors for a specific mission and for a specific period;
- Provision of equipment for experiments and demonstrations;
- Studies of the prospects for economic development and diversification in the associated states, such as the preparation and distribution of model plans for particular types of building or for market surveys;
- Granting of scholarships for the training of supervisory staff in universities and specialized institutes in the associated states, or, where they do not exist in the associated states, in the Community countries;
- Vocational training: scholarships or in-service training periods in the associated states or, when this is not possible, in the Community; the Convention intended that preference should be given to training on the spot;
- Organization in the Community and in the associated states of travelling scholarships, short training courses and seminars for nationals of the associated states;
- General information and documentation to stimulate economic and social development in the associated states, to promote trade between those states and the Community, and to help achieve the objectives of the Fund.

A broad range of action

The diversity of the Fund's financial methods and fields of operation will be more fully appreciated if compared with the better-known national or international institutions concerned with development aid. The United Nations Expanded Program of Technical Assistance, for example, works exclusively in the field of general technical assistance; the UN Special Fund deals with technical assistance connected with investment (pre-investment in particular) but does not finance the schemes submitted to it for examination; the World Bank (IBRD) grants loans only on normal terms, so that the International Development Association (IDA) was set up to make special loans; the Organization for Economic Cooperation and Development (OECD) gives only general technical assistance, while within that body the Development Assistance Committee (DAC) is concerned with the coordination of the member states' policies and the Development Centre provides technical assistance mainly of an advisory and informative nature;

the French Aid and Cooperation Fund (FAC) provides capital subsidies, technical assistance and budget subsidies, but does not make loans; and both the French Central Economic Cooperation Fund (CCCE) and German Reconstruction Finance Corporation provide loans on normal terms but do not make grants. British official aid, now coordinated by the Ministry of Overseas Development, comprises grants, loans (mostly "soft", and increasingly interest-free), educational aid, technical assistance and budget subsidies.

An original formula

As in the past, the Common Market Commission is responsible, under the supervision of the Council of Ministers, for the European Development Fund's policy. So that the two sides (the Community and the associated states) discuss matters on an equal footing, the Yaoundé Convention states that the Association Council, the joint body of the Six and the Eighteen, shall "lay down the general pattern for financial and technical cooperation within the framework of the Association, more particularly in the light of an annual report to be submitted to it by the body responsible for administering the Community's financial and technical aid".

The novelty and originality of this system lie in the way in which it enables the associated states to participate fully and actively in the shaping of aid policy. There are not many international organizations, and even fewer national bodies, which are ready to discuss and coordinate the general pattern of their aid policy with the recipients of that aid.

Proc dure: examination and decisions

Under the first European Development Fund, the procedure for examining proposed schemes and taking decisions was relatively simple: the Commission examined the schemes proposed by the associated states, managed the Fund, and took decisions on social projects on its own responsibility, though a joint decision by both the Commission and the Council of Ministers was necessary for economic projects.

This system was modified in order to associate the government departments in the Community countries more closely with the preparation of financing decisions and to coordinate the application of bilateral and Community aid. Consequently, the machinery of the second Development Fund differs appreciably from that of the first, though the Commission continues to examine and administer the schemes and programs proposed to it. Thus the principle of the unity of Community aid policy remains intact.

Other changes were also introduced:

(A) Applications for normal loans from the EIB are examined by the Bank's staff according to the procedures set out in its Statute. Coordination is ensured because the Commission's opinion must be sought in each case;

(B) Special loans are dealt with under a system of close collaboration between the EIB and the Community. The Commission examines the projects from the economic viewpoint, while the Bank does so from the financial viewpoint and gives the Commission its opinion on whether they should be accepted and how they should be financed;

(C) A Development Fund Committee has been set up, composed of experts appointed by the Community countries, and is presided over by a representative of the Commission. The Committee is kept informed of all financing schemes and programs. It acts in these matters by a two-thirds majority, the vote of each member state being weighted according to its contribution to the Fund.

If the Committee endorses a project, it remains for the Commission to decide on its financing.

If, on the other hand, the Committee's opinion is unfavourable or a two-thirds majority is not attained, it is for the Commission to decide whether to withdraw or amend the proposal; if the Commission intends to make no changes, it must submit the scheme to the Council of Ministers, which takes a decision by a two-thirds majority.

Freedom of movement

The Yaoundé Association Agreement has the same objective as the previous Convention in respect of freedom of establishment: nationals and companies from all the Community countries will gradually be placed on an equal footing in all the associated states. They will also be equally free to supply services; but in any given sector the nationals and companies of the Community countries may enjoy these rights only where the state to which they belong grants reciprocal rights in the same sector to nationals and companies of the associated state concerned.

Under the new Convention the associated states must amend their laws, regulations and administrative rules governing establishment and the supply of services within three years of the date on which the Association Convention came into force. The signatory states have also undertaken gradually to liberalize payments and capital transfers at the same time as they eliminate restrictions on establishment.

Institutions of the Association

The Association Convention between the European Economic Community and the Eighteen is based on the principle of equality: the Community on the one hand and the associated states on the other act with equal rights in giving effect to the Convention and ensuring that its terms are complied with. There could therefore have been no question of the existing institutions of the Community, which are exclusively European, alone administering the Association.

Special institutions were therefore set up. They are:

the Association Council, assisted by the Association Committee;

the Parliamentary Conference of the Association;

the Arbitration Court of the Association.

Th Association Council

The Council is composed of the members of the Community Council of Ministers, the members of the Common Market Commission and one member of the government of each associated state, a total of 33. The office of President of the Association Council is held alternately by a member of the Community Council and a member of an associated government. The Association Council meets once a year, but whenever necessary additional meetings may be called.

In some circumstances the Council can take decisions on matters affecting the 24 signatory states; this gives it legislative power, for its decisions are binding on the signatories of the Convention, who are pledged to take the necessary measures to implement them. Such decisions must be unanimous.

The Council discusses the implementation of the provisions of the Yaoundé Convention; it studies periodically the results achieved in relation to the objectives of the Association; and it inquires, in the first instance, into disputes over the implementation or interpretation of the Convention before the parties to the dispute, failing agreement upon an appropriate solution, apply to the Arbitration Court.

Association Committee

The Association Committee comes under the direct control of the Association Council. Its main task is to ensure the continuity of cooperation essential to the satisfactory operation of the Association. Where necessary the Association Council may delegate to the Association Committee the exercise of the powers entrusted to it. In that event the Committee takes decisions in accordance with the procedure laid down for the Council.

Parliamentary Conference of th Association

While continuous contacts at parliamentary level between the 24 European and African countries were clearly desirable, there had been practical difficulties in arranging them. Consequently, a joint committee of members of the European Parliament and of the national parliaments of the associated states proposed that these contacts should take the form of a Parliamentary Conference of the Association, to be held once a year.

Each year the Association Council submits to the Parliamentary Conference a report on the Council's activities, and the Conference may adopt resolutions on matters concerning the Association.

The Parliamentary Conference is composed on the basis of parity: 54 members are drawn from the European Parliament and 54 from the African parliaments (three members from each associated state). It has eight officers: four Europeans and four from the African states. The office of President alternates year by year between a national of a Community country and one from an associated state.

The first meeting of the Conference was held in Dakar in December 1964, the second in Rome in December 1965, and the third in Abidjan in December 1966. (Before the Yaoundé Convention came into effect, members of the European Parliament and of the African and Malagasy parliaments had already met in Rome, in January 1961, to prepare for the Conference of the European Parliamentary Assembly with the African and Malagasy parliaments which took place in Strasbourg from June 19–24, 1961.)

Arbitration Court

Although a spirit of cooperation between the 24 signatory states is essential to the success of the Association, provision has been made against possible disputes over the interpretation or application of the Convention.

In the case of conflicting interpretations it has been arranged – as has already been seen – that the parties to the dispute must first seek an amicable solution by bringing the dispute before the Association Council. If this is not successful the dispute is referred to the Arbitration Court.

The Court is composed of five members: a President, who is appointed by the Association Council, and four judges chosen from persons of unquestionable independence and competence. Two of the judges are appointed by the Council of the European Economic Community and two by the associated states.

The Court acts by majority vote. Its decisions are binding on the parties to the dispute.

United for progress

One of the essential features of the Yaoundé Convention is the establishment of joint institutions to examine trade problems, financial and technical cooperation, and ways of providing the various types of aid available from the European Development Fund. It is by defining the general pattern of financial and technical cooperation that the Association Council shapes the overall policy of cooperation.

The preamble to the Convention is particularly ambitious on one key point. The 24 signatory states express their intention "of furthering the industrialization of the associated states and the diversification of their economy, with a view to enabling them to strengthen their economic independence and stability". One of the main concerns of the European Development Fund is to seek a new stability for the African economies by eliminating their dependence on a single commodity, such as coffee, cocoa or groundnuts, and their consequent vulnerability to fluctuations in market prices.

The aid being granted to the African associates by the European Community is also designed to enable the economies of the associated states which have still been receiving commercial aid from the former metropolitan countries to become competitive on the international market, and thus attain economic independence, by the time that the Association Convention expires in 1969. The signatory states realized, however, not only that the application of a sound economic policy on these lines called for a long-term effort, but that aligning the prices of tropical products, exported from the associated states, on competitive market prices was not an end in itself. It had to be fitted into a world-wide policy of reorganizing these markets and promoting trade between the industrialized and the developing countries.

To this effect the Yaoundé Convention provides that in any international discussion of these problems the policies of the Community and the associated states shall be coordinated. With the mutual responsibilities of all its members thus established, the Association does not intend to be inward-looking, nor does it commit itself irrevocably for the future. The Convention is renewable at the end of five years (in 1969) and, as with any association between free peoples, can be renounced by any member, at six months' notice. At the same time, association is open to all states whose economic structure and production are comparable to those of the associated states.

Appendix 1
The Nigerian Association Agreement

During the 1961–63 negotiations for British membership of the European Community, the Six declared their willingness to examine favourably requests for association by independent Commonwealth countries with economic structures similar to those of the existing associated states. The breaking off of the negotiations with Britain temporarily prevented any practical implementation of this declaration.

When the Yaoundé Convention was signed in July 1963, however, the Community countries issued a declaration of intent offering association with the Community to other countries with productive and economic structures similar to those of the 18 African signatories of that Convention. It was envisaged that such new associations might come about in three ways:

- through accession to the Yaoundé Convention itself, in accordance with Article 58 of the Convention;
- through a separate association agreement involving reciprocal rights and obligations, particularly as regards trade;
- through a commercial agreement intended to increase trade between the Community and the country or countries in question.

Subsequently, four members of the Commonwealth in Africa expressed interest in increasing their trading links with the Community in one or other way: Nigeria, Kenya, Uganda and Tanzania. Talks were begun between Nigeria and the Common Market Commission in November 1963 and between the three East African countries jointly and the Commission in February and March 1964.

The preliminary talks with Nigeria were succeeded by full-scale negotiations with a view to forming an association with the Community in the second of the three ways outlined above, and a draft agreement was drawn up in July 1965 between the Commission and a Nigerian delegation. A year later, on July 16, 1966, an Association Agreement was signed in Lagos, the Nigerian capital, by Community and Nigerian representatives. It is now awaiting ratification by Nigeria and the Six.

Negotiations with the three East African Commonwealth countries were resumed in November 1966.

The Lagos Agreement

The main terms of the European Community-Nigeria Association Agreement are summarized below.

Nigerian exports to the Community

1. Goods originating in Nigeria shall, when imported into the Community, benefit from the elimination of customs duties and other charges with equivalent effects and the removal of quota restrictions which the Community countries have undertaken with regard to their own mutual trade, subject to the special provisions, detailed below, regarding a number of products.

This means that from July 1, 1968 until at least the expiry of the Association Agreement on May 31, 1969 (when the Yaoundé Convention also expires), most Nigerian goods will enter the Community free of duty, for on that date the Community's external tariff will come fully into effect, all six member countries applying the same tariffs (if any) to all imports from non-member countries, except those countries and other territories with whom agreement has been reached for tariff-free or other special terms of entry. Until July 1, 1967, Nigerian industrial imports into the Community will normally remain subject to the remaining 20% of each member country's 1957 tariff level, and from then until July 1, 1968, to 15% of that level. Up to July 1, 1967 the tariffs on unrestricted agricultural products will remain at 35% of the 1957 level and for still restricted agricultural products at 40% of the 1957 level, except in so far as new provisions are not made within the framework of the Community's common agricultural policy: no decision on these matters has yet been made for the period July 1, 1967 to July 1, 1968.

2. The special provisions cover Nigerian exports to the Community of cocoa beans, groundnut oil, palm oil, and plywood, blockboard, laminboard, battenboard and veneered panels, which will be subject to the same provisions regarding tariffs only up to certain quantitative levels based on (though higher than) average Nigerian exports of these products to the Community in 1962–64; exports to the Community above these quota levels will be subject to the normal tariffs.

The quotas agreed are:

Cocoa beans	**metric tons**
1966	70,900
1967	73,000
1968	75,200
1969 (to May 31)	32,300
Groundnut oil	
1966	6,900
1967	7,100
1968	7,300
1969 (to May 31)	3,100
Palm oil	
1966	32,900
1967	33,900
1968	34,900
1969 (to May 31)	15,000
Plywood, blockboard, laminboard, battenboard and veneered panels	
1966	590
1967	610
1968	620
1969 (to May 31)	270

These quotas are subject to *pro rata* adjustment should the Agreement not come into force at the beginning of the calendar year.

As regards groundnut oil and palm oil, the quotas are agreed without prejudice to decisions taken by the Community under its common agricultural policy, and the Community undertakes to take Nigerian interests into account in drawing up this policy as regards these or comparable products.

Community exports to Nigeria

1. Nigeria had previously maintained a non-discriminatory tariff structure. Now, in order to introduce the principle of reciprocity with the Community, Nigeria has changed its former customs tariffs into a double-column tariff, one column of which will be gradually abolished in favour of the Community. However, Nigeria may maintain or introduce duties or other charges on Community products when they are required to meet the needs of its own development or to contribute to its budget.

2. In the case of certain products, duties and charges on Community exports to Nigeria are to be removed as to 50% only on the coming into effect of the Agreement, with a further 25% removed one year later and the remaining 25% two years later. These products are: sardines, other prepared or preserved shellfish and caviare, tomato purée and paste, beer, silk pile and chenille fabrics, domestic radiograms and watches.

3. Nigeria shall not impose any quantitative restrictions on Community imports, or measures with equivalent effects, except when she considers they should be maintained or reimposed in the interests of her development needs or in event of balance of payments difficulties.

4. Any duties levied by Nigeria on its own exports shall not discriminate between the member countries of the Community, nor shall such duties be higher than those levied on exports to any other country.

General provisions

1. The Community's desire not in any way to prejudice or to interfere with Nigeria's general economic orientation (she remains a member of the Commonwealth and of the Sterling Area) is evident from the clause which states that the Agreement shall not preclude the maintenance or establishment of customs unions or free-trade areas between Nigeria and one or more other countries in so far as such unions or areas are neither noi prove incompatible with the principles and provisions of the Agreement. Special provisions are also incorporated to provide for frontier trade between Nigeria and her neighbours.

The essential effect of the Agreement will be that, after July 1, 1968, there will be a free-trade area embracing the European Community, the 18 Yaoundé Associates and Nigeria. These countries will, however, maintain their own national tariff systems *vis-à-vis* trade both with non-signatory countries *and* each other, except in so far as they have agreed between themselves on free trade or customs unions (e.g. the European Community, the Equatorial African Customs Union).

Freedom of establishment, services and payments

A leading principle of the Agreement is that neither side shall grant to third countries conditions of trade, establishment, the provision of services, or payments on more favourable terms than those in effect between the Community and Nigeria, and that any more favourable terms introduced shall be applied equally between the Community and Nigeria. As regards rights of establishment and the supply of services, Nigeria also agrees not to discriminate between one Community country and another. Both the Community and Nigeria agree to allow the free transfer of payments for goods supplied and for services rendered, and current payments on capital.

Association Council

The Nigeria-Community Association has a less elaborate and formalized institutional framework than that set up under the Yaoundé Convention. The sole institution provided for is an Association Council, composed of members of the Community Council of Ministers, and the Common Market Commission on the one side, and of members of the Nigerian Government on the other, with the presidency of the Council alternating between a member of the Community Council of Ministers and a member of the Nigerian Government. The President shall call a meeting of the Association Council once a year, or at other times as necessary.

Thus there is no explicit provision made for establishing an Association Committee concerned with day-to-day matters, though in the course of the negotiations, the possibility of the later establishment of such a body was envisaged. While no specific Parliamentary Conference is provided for either, the parties to the Agreement agree to facilitate contacts between the European Parliament and the Nigerian Parliament.

In the event of the Association Council itself being unable to settle any dispute about the operation of the Association Agreement, an *ad hoc* appointment of three arbitrators will take place.

Appendix 2
Statistical Tables

Second European Development Fund

Operations in Africa to September 30, 1966

$ million

Form of aid	Commitments accepted	Exp nditur undertak n
1. Grants		
Economic and social investment schemes	167·35	2·07
Technical assistance connected with investment	14·24	4·10
Technical supervision	7·46	0·20
General technical cooperation	17.83	7·01
Production aid	47·62	19·61
Diversification aid	50·09	11·41
Emergency aid	1·85	0·17
Interest-rate subsidies	—	—
Administrative and operating expenses	0·12	0·08
Total	306·56	44·65
2. Special loans	—	—
3. Advances to stabilization funds	6·08	—

Source: "Fonds Européen de développement" ,situation trimestrielle des projets du 2ème FED en exécution.

The African associated states' trade

$ million

Year 1965 unless otherwise indicated

	IMPORTS		EXPORTS	
	From all countries	From Six	To all countries	To Six
Mauritania	15·7[1]	10·5[1]	45·8[1]	30·2[1]
Mali	42·9	12·4	15·7	0·9
Upper Volta	39·7[1]	23·1[1]	12·2[1]	2·8[1]
Niger	37·7	24·2	25·3	14·8
Senegal	164·3	107·3	128·5	110·1
Ivory Coast	236·2	178·9	277·2	169·5
Togo	45·0	25·1	26·8	21·5
Dahomey	31·4[1]	21·1[1]	13·2[1]	11·6[1]
Cameroon	115·8[1]	85·0[1]	121·7[1]	101·4[1]
Chad	31·2	17·9	27·2	14·5
Central African Republic	27·4	20·2	26·4	13·1
Gabon	62·5	44·8	97·0	61·4
Congo (Brazzaville)	67·7	48·7	46·8	28·1
Congo (Kinshasa)	316·1[2]	132·3[2]	385·2[2]	115·8[2]
Rwanda	4·8[2]	1·6[2]	3·6[2]	2·7[2]
Burundi	n.a.	n.a.	n.a.	n.a.
Somalia	44·7[2]	13·5[2]	31·8[2]	15·9[2]
Madagascar	138·4	99·5	91·7	48·0
Total:*	[1,279·4][2]	[797·1][2]	[1,200·9][2]	[712·7][2]

1 1964
2 1963
*Figures in squared brackets are approximate only.
Source: ECSO

Nigeria's trade with the Six and Great Britain

£ million

	EXPORTS			IMPORTS		
	1963	1964	1965	1963	1964	1965
Britain	74·0	80·7	101·5	70·8	78·7	85·1
Belgium-Lux.	4·7	5·2	7·7	2·9	3·3	3·4
France	15·9	10·0	18·2	7·4	9·9	12·1
Germany	16·8	26·9	27·8	15·4	22·5	29·5
Italy	9·5	7·5	10·9	8·3	12·8	12·7
Netherlands	22·3	27·1	31·5	10·2	10·2	10·4
Community total	69·2	76·7	96·1	47·4	58·7	68·2
All countries	189·7	214·6	268·4	207·5	254·9	275·3
Percentage of total						
– with Britain	30·9	30·7	30·8	30·4	30·0	30·0
– with Six	30·6	30·5	30·6	20·2	20·3	20·4

Source: "Nigeria Trade Journal" Vol. 14, No. 2, April–June 1966.

Capital outflows to the developing countries 1963–65

Official and private grants, loans, investment, and export credits of over one year's duration

$ million

	Total outflow	of which: Official aid	of which: Official grants
Belgium	598	291	263
France	3,965	2,439	1,946
Germany	1,975	1,274	473
Italy	862	258	71
Netherlands	500	146	104
Community total	7,900	4,408	2,857
Britain	2,525	1,388	705
USA	14,873	10,948	7,400

Source: OECD.

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