

European Economic Community

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Associated African States and Madagascar

PARLIAMENTARY CONFERENCE OF THE ASSOCIATION

TENTH ANNUAL MEETING
OF THE PARLIAMENTARY CONFERENCE OF THE ASSOCIATION

SUMMARY RECORD OF PROCEEDINGS

Thursday, 31 January 1974

Part II

ROME

IN THE CHAIR: Mr BERSANI

Vice-President

The sitting resumed at 3.40 p.m.

On behalf of the Conference, the PRESIDENT welcomed Mr Mohammed WARSAMA ALI, President-in-Office of the Association Council, and Mr Walter SCHEEL, President-in-Office of the Council of the European Communities.

(Applause)

Ninth annual report on the activities of the Association Council to the Parliamentary Conference of the Association (continuation)

Mr Mohammed WARSAMA ALI, President-in-Office of the Association Council, made the following speech:

'Mr President, Minister, Members of Parliament, Ladies and Gentlemen,

I willingly accepted your invitation to participate, as President of the Association Council, in the work of your Conference, because this has been a tradition now for almost ten years, a tradition which has proved its value again each year. The Parliamentary Conference of the Association is a privileged forum for Ministers, Members of Parliament and senior officials of the Community and Associated States. Although it meets less frequently than other parliamentary institutions, the quality, content and intensity of its work are therefore all the more important and that is why I am happy to be able to contribute to that work today on behalf of the Association Council.

This pleasure is enhanced by the fact that your Conference is being held this year in Rome, the capital of the country with which all the associated States and particularly Somalia have close links. None of us can disregard what Rome, for whose hospitality we are most grateful, represents to the unification of Europe, and for the development of our Association which originated in the Treaty signed not far from here on 25 March 1957 and which has since been renewed and extended.

But now I come to the real reason for my presence here, namely the presentation of the Ninth Report on the activities of the Association Council to the Parliamentary Conference of the Association.

Without wishing to go into this report in excessive detail, I would like to recall that it covers the period from 30 September 1972 to 30 June 1973 and the six months which have elapsed since then can be put down to

the timetable adopted by the Association Council for the forwarding of its reports. This arrangement does, however, have the great advantage that it permitted my predecessor, Minister BABACAR BA of Senegal, to give a very detailed outline of this report at the meeting of your Joint Committee in Lomé at the end of October which then had time to examine the report in depth. Your general rapporteur Mr BERSANI, was able to give a precise and well-balanced overall assessment in his remarkable report on the activities of the Association Council for the period in question which has been submitted to you today on behalf of the Joint Committee.

I shall therefore devote my contribution here today to giving you further information in the greatest possible detail on the activities of the institutions of the Association during the last three months of 1973 and, also on the present state of negotiations for the renewal and enlargement of the Association.

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The meeting of the Association Committee on 23 November 1973 was of great importance since it coincided with negotiations between the Community and the group of African, Caribbean and Pacific countries, as we shall see in a moment, but also and principally because it permitted for the first time a detailed consideration of the question of consultations between the Community and the associated States in the sphere of commercial policy on problems which were both practical and pressing. One provision of the Yaoundé Convention states that the contracting parties should provide each other with information and, at the request of any one of them, should hold consultations when they contemplate taking measures in this field liable to be detrimental to the interests of one or several other contracting parties.

Decision No. 35/71 of the Association Council laid down, pursuant to Article 15 of the Yaoundé Convention, the procedure for notification and consultation and under this procedure, at the request of the associated States, the latter were consulted by the Community on the introduction of the system of generalized preferences in 1974 and on negotiations with Brazil with a view to concluding a trade agreement. The Community also provided information on negotiations in GATT (multilateral trade negotiations and renegotiations under Article XXIV/6 of GATT) and on negotiations with certain Mediterranean countries.

At this meeting the associated States expressed some apprehension both on the substance of this and on the procedure. They emphasized that the further development of Community policy towards the developing countries as a whole was inexorably coming to mean a reduction of the relative benefits for the AASM; and also that the consultation procedure only became operative at a stage where the Community had already practically decided its policy.

The Community, on the other hand, pointed out that as a result of the enlargement its system of generalized preferences had to be extended to the three new Member States, involving certain adjustments in quota levels, bearing in mind that one of these Member States, the United Kingdom, is a major consumer of products originating in developing countries. It also recalled its worldwide obligations, confirmed in the declaration of the Conference of Heads of State or Government in October 1972, and more recently, in the ministerial declaration adopted in September 1973 in Tokyo by the contracting parties to GATT.

During this meeting, the Community's representatives also pointed out that the Community had always borne in mind the interests of the Member States at all stages in the preparation of decisions in respect both of generalized preferences and of the negotiations with Brazil; it has taken care not to call into question existing trade flows and the improvement of the preferential system for the developing countries as a whole should therefore not have serious repercussions on exports from the associated States to the Community.

On the procedure for notification and consultation, the Community confirmed the great importance it attached to this procedure which it saw as an essential component of the institutional machinery in the sphere of trade policy, an area in which each party had otherwise retained its freedom of action. The Community also recognized that as a result of the complexity of its own institutional machinery, consultations came at a time where a common policy had been taken up, often after long internal discussions based on the Commission's proposals but before the final decisions of the Council of the Communities. It was therefore sometimes difficult to follow up observations made by Member States for fear of endangering a balance which had often been arrived at with great difficulty between Member States. Finally in the present specific instances, the Commission has constantly kept in mind the often diverging interests - including those of the AASM - which the Community had to safeguard, when drawing up its proposals. This balance between its own interests and those of the Associated States had also been sought in the Council and its institutions.

Finally, as the consultation itself provided an occasion to determine to what extent and on what specific points the interests of the associated States might be harmed, the Community could not share the view that consultation was more of an illusion than a reality. It emphasized that in the past it had always accepted the conclusions of these consultations and indicated that it would continue to do so.

In the sphere of generalized preferences the associated States had expressed their surprise at the extent by which the system was to be improved. They wondered if this improvement was only a result of the application of the system by the new Member States and whether the Community should undertake such a large-scale operation when other industrialized countries, and not the least important, had not changed their offer, or had not even introduced their own system of generalized preferences. The associated States also formulated observations on certain products in which they were particularly interested: cowhides and goatskins, preserved pineapple, plywood, blockboard, laminated batten board and veneered panels.

On the negotiations between the Community and Brazil, the associated States had drawn attention to the fact that they were not able to compete effectively with Brazilian exports of cocoa, butter and soluble coffee.

Following this exchange of views, which, it should be stressed, was very detailed both in respect of the substance of the problem and the consultation procedure, all these questions were examined very closely by the Council of the Communities at their sitting of 3 December 1973 and technical solutions were implemented by the Community in order to give the greatest possible satisfaction to the associated States for the solution of the practical cases which they had raised (restriction of tariff quotas, adjustments of some ceilings, specific supervision clauses, etc.).

With a view to giving due consideration to the work of the Association Committee, the Council of the European Communities, at the same meeting, instructed the Commission to examine improvements which could be made during the current negotiations to the notification and consultation procedure and to make proposals on this; this process will clearly extend well beyond 1974. Parliamentary authorities and in particular your Conference will certainly wish to follow this very important question. The Association Council - whose job it is to launch these procedures - will therefore submit to you fuller information at a later date if necessary.

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At this same meeting of the Association Committee on 23 November 1973, our representatives considered a point connected with financial and technical cooperation, namely the preparation of the forthcoming deliberations of the Association Council on the formulation of general guidelines for financial and technical cooperation in the Association.

As the Council's report to your parliamentary Conference indicated we are somewhat behind at present in this sector. This is because the Association Council was not able to consider the management report for 1972 at its last sitting on 15 June 1973 as this report had not been available in time to permit the Council to prepare its work.

The Council was therefore unable to adopt at its 1973 meeting a resolution on the definition of general guidelines for financial and technical cooperation and you have only been asked to give your opinion on the management report for 1972 drawn up by the Commission in collaboration with the EIB.

Bearing in mind the important information contained in the management report for 1972, the Association Committee agreed at its last meeting to ask a mixed group of experts to prepare a draft resolution which the Association Council will be able to formally approve at its next session.

To conclude this section on financial and technical cooperation I would like to give you some additional information on the state of financial commitments entered into at 31 December 1973 in respect of operations financed by the EDF and EIB.

In the case of operations financed from the resources of the third European Development Fund in the second half of 1973, financing decisions were taken in respect of a total amount of 70 million u.a. This brings the total for financing decisions taken for the benefit of the AASM under the third EDF to a cumulative total of 598 million u.a. at 31 December 1973.

At the end of the third year of operation and one year before the end of the second Yaoundé Convention, two-thirds of the appropriation for the third European Development Fund have thus been committed.

The greater part of the aid committed in the second half of 1973 was in the form of non-repayable aid which includes on the one hand grants for financing projects and programmes and on the other hand aid towards the payment of interest on ordinary EIB loans.

At the end of 1973 the distribution by sector of commitments from the third EDF for the AASM was as follows: just over one third (38%) for the development of production and promotion of sales, another good third for the modernization of the economic infrastructure and one sixth for social development mainly involving the improvement of education and water supplies.

The production projects financed by non-repayable aid are mainly in the agricultural sector. They include integrated rural development in the Niger and Cameroon and a development campaign for specific commercial crops such as dah in Mali, cotton in the Central African Republic and tea in Madagascar and Zaire.

In the sphere of economic infrastructures, the second half of 1973 saw the approval of an important road project in Western Cameroon and a waterway improvement project in the Central African Republic.

Investment in tourism in Mauretania has also been financed.

In addition the Community financed village pump and water supply programmes in the Central African Republic, the Ivory Coast and Senegal.

In the second half of the year the Commission also approved the first project for Mauritius which has been an associated state since 1 June 1973; this project was for the extension of the University. An educational building programme has also been financed in Mauretania.

The financial commitments entered into during the second half of 1973 include, apart from non-repayable grants, new loans on special terms and new contributions to the formation of risk capital, mostly to encourage the industrial development of the States concerned.

In the second half of 1973, that is in the months following the period covered by the report, the Commission and the Bank signed three new special loan contracts involving a total amount of 22,620,000 u.a. These loans are for the creation of two agro-industrial complexes (hevea cultivation in the Ivory Coast, palm plantations and an oil mill in Cameroon), and the construction of roads in the Ivory Coast.

The number of loans on special terms signed since the entry into force of the 1969 Yaoundé Convention has now reached eight involving a total of 34,710,000 u.a.

Moreover, during the second half of 1973, the EIB authorized and concluded participation in two cases in the formation of risk capital, with resources drawn from the EDF. One of these operations involved the equivalent of 972,000 u.a. and will take the form of a holding of 108,000 u.a. in the registered capital and a participation of 864,000 u.a. by way of quasi-capital in the DAKAR MARINE Company in Senegal; the other operation is a holding equivalent to 540,000 u.a. in the capital of SOSUCAM in Cameroon - this company also received a new ordinary loan from the EIB.

In all three acquisitions of risk capital have been made since the start of the second Yaoundé Convention involving an overall total of 2,500,000 u.a.

As for operations financed from EIB resources, the Bank signed two other loans from its own resources for a total amount of 9,720,000 u.a., one to finance the extension of a sugar industry in Cameroon and the other for road construction in the Ivory Coast.

On 31 December 1973, the EIB signed eleven contracts for ordinary loans from its own resources, under the second Yaoundé Convention, for a total of 46.3 million u.a. of which more than 60% was to go to industrial projects in the broad sense, 34% to infrastructure and about 6% to tourism. These projects have involved investments amounting in total to almost 200 million u.a.

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Mr President,

In its final statement at the end of the Lomé meeting, the Joint Committee reaffirmed the value of the cooperation established between the Community and the AASM under the Association which - in the words of the declaration - 'has proved its effectiveness and capacity to adjust to new international realities and the needs of its partners'. The recent discussions to which I have just alluded are a further proof of this if such proof was required. But your Committee also indicated its satisfaction 'that forty-one developing countries expressed the wish to renew the Association or to establish a relationship of cooperation with the enlarged Community on the basis of an overall agreement, and that negotiations to this end have in fact begun'. I would now like to outline to you these negotiations between the Community and the countries of which there are now forty-three.

It is not necessary to recall either the principles underlying these negotiations nor the importance of these principles. We are very aware of them and the invitation to the associable States to your conference is unequivocal proof of the interest you take in these questions. The negotiations, opened by the ministerial conferences in July and October 1973, were followed up at ambassadorial and plenipotentiary level with the Commission in November and December. The negotiations covered the principal aspects of the future trade arrangements of the Association and financial and technical cooperation. However, certain questions such as the measures to be taken in application of chapter III of Protocol No. 22 to the Act of Accession, concerning export revenue, have been subject to reservations or have not yet been considered jointly.

It is easy to understand that given the legal, economic and commercial implications of the future solutions both for the countries concerned and for the Member States of the Community, these solutions have to be examined very closely; this obviously takes time. Moreover, the large field covered by the negotiations requires a mutual coordination of viewpoints which can only be effected after thorough preparatory work. I would therefore not presume - and moreover I am in no way competent to do so - to assess the

results of the first stage of negotiations which ended on 14 December: it is for the Community on the one hand, and all its partners in negotiation on the other, to make such an assessment, bearing in mind the fact that this assessment would be valueless unless it is sufficiently wide-ranging and refers at least to all the principal aspects of negotiations. Suffice it to say that two working parties have been created so far, one on commercial problems and the other on financial and technical assistance. So far the first of these groups has considered non-tariff barriers which might hinder access of products from the associated States to the Community market, the rules of origin applied in the Community to products from the associated States - where more flexibility could make access to the Community market easier - and also the special problems of agricultural products.

In this respect the associated and associable States have clearly shown their disappointment at the absence of practical proposals from the Community.

The working party on financial and technical cooperation has considered the following four basic questions:

- objectives and field of application of aid,
- programming of aid,
- regional cooperation, and
- management and administration of aid.

As far as commercial questions are concerned, the working party on these questions also considered the growth of exports by partner States to the Community market without prejudice to trade relations between the associated States themselves and between these States on the one hand and third countries on the other, an objective which the Community seems willing to accept.

The associated States also insisted on the need for remunerative prices in this area.

In respect of financial and technical cooperation the Community confirmed that its two basic principles were that the new Association Convention should ensure for all the associated African States, Madagascar and Mauritius advantages equivalent to those they enjoy at present and that the new associated States should be on an equal footing with them.

The associated States signified their agreement with this policy but insisted that the overall volume of aid should be substantially increased.

However, we must not ignore the fact that there are basic difficulties some of which have not been resolved in one or other of these two working parties. This is one of the reasons why there has as yet been no serious discussions of the principal problems because this first stage has essentially

been devoted to reciprocal information on the respective positions of the parties in the negotiations. These negotiations must, however, be completed in good time to allow for the ratification procedure, bearing in mind the fact that the new Association should enter into force on 1 February 1975. In other words we only have a few months left to complete the work of renewal and enlargement of the Association which began last July. I am, however, convinced that the negotiating partners are determined to work out a solid basis for the new Association and to find the most appropriate solutions, in the best interests of each of the countries concerned, well before the deadline of 1 February 1975.

It is difficult to consider these negotiations outside the world context in which they are taking place. We are witnessing a general reappraisal of relations between the developed and developing countries. We are going through a period of economic instability and this should in fact give us the very encouragement required to establish the new Association to our mutual satisfaction. The importance of international trade in either mineral or tropical primary commodities has now become evident as a factor of economic and social development, both for countries which are already industrialized and those which have taken the future into their own hands in order to become industrialized. This is why the solution which is found to the problem of export revenue for the associated States will also influence the nature and significance of the Association in the world of tomorrow. More than ever, imagination will be required and also a certain courage which our countries, in Europe and Africa, as well as Mauritius and Madagascar have shown at important moments of our history.

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I would not like to finish this outline of the activities of the Association without recalling its action in a sphere which directly concerns several associated States, that of aid to the victims of drought. The situation in the Sahel and Ethiopia is worse today than it was a year ago. Owing to the lack of rain or to the unequal distribution of rainfall, harvests have been very bad and the seed put by for sowing has been used for human consumption. The health of the population and especially of old people and children is being sorely taxed by these conditions and livestock has been destroyed mainly by the drought. At its Lomé meeting your Joint Committee asked the Community to continue and increase its efforts for the benefit of the drought-stricken countries and to provide supplementary appropriations to allow the governments of these countries to meet their responsibilities and to immediately undertake action to prevent or alleviate the effects of further catastrophes in their countries. As a result of this request and

following the initiative of the European Parliament, the Council of the Communities decided to earmark 35 million u.a. in its 1974 budget for aid to the populations concerned plus an appropriation of 5 million u.a. in respect of food aid to cover transport costs and stock management.

This aid which is additional to that provided for in the Yaoundé Convention and particularly in Article 20 of that Convention and to the bilateral action by Member States should enable emergency measures to be taken in order to provide food stocks for the population and to re-establish production facilities in the afflicted regions.

The associated States are fully aware of the financial contribution made by the Community and the Member States to whom they wish to express their special gratitude. By the rapidity and extent of its action the Community has given evidence, in circumstances which were sometimes dramatic, of the solidarity which links it with the associated States by going beyond the immediate, purely humanitarian action to bring to the countries afflicted by natural catastrophes the economic rehabilitation which alone can help them in the longer term to overcome the difficulties with which they are still faced today.

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Your Conference is about to begin its debates on these important issues. I have touched on some of them without claiming to be exhaustive. In respect of these questions and others which you may wish to examine in more detail I can assure you that I shall put your views to the Association Council so that the institutional dialogue which has existed for several years between the Council and the Parliamentary Conference of the Association under the first, and then the second Yaoundé Convention will be continued and broadened in the most fruitful and effective manner. May this Rome meeting of the Parliamentary Conference of the Association, serve to make more explicit to the Association Council the intentions, needs and aspirations of the peoples represented here so that the Association may remain, in its new context, what it has always been until now: a privileged forum in which a Community of developed countries and a group of developing countries can together seek appropriate solutions to resolve, in a spirit of harmony and mutual confidence, the difficulties of a rapidly changing world.

(Applause)

IN THE CHAIR: MR BERKHOUWER

PRESIDENT

Mr SCHEEL, President-in-Office of the Council of the European Communities gave the following speech:

Mr President,

It gives me particular satisfaction to speak to you today as President of the Council of the European Communities. I am hardly a stranger to the Parliamentary Conference of the Association since, as some of you will perhaps remember, I myself took part more than ten years ago now as a European parliamentarian, and as Chairman of the Committee for Relations with the Associated African States and Madagascar in the creation and launching of an Association which I find today to be more vital than ever. Since then, I have always given particular attention to the work of your Conference; that is why, here with you in Rome today, I hope to be able to make a positive contribution to your discussions whose importance, especially this year, must be stressed.

The Community is entering this year of 1974 in the midst of difficulties of every kind which are causing anxiety both to governmental authorities and to the Community Institutions. The Treaty of Rome stated that the essential aim of the efforts of Member States should be the constant improvement of the living and working conditions of their peoples. To this end, we took it upon ourselves to work together in several spheres and to evolve a common policy. Apart from the agricultural sector - this is most often alluded to - and the customs union, we have taken the first steps towards economic and monetary union and jointly tackled various other related policies, whose realization will naturally be phased over several years. Of course, the growing instability on international trade and financial markets and the inflation which continues to develop throughout the world economy in a disturbing way are making it more difficult for us to achieve all our objectives either internally or externally. These difficulties make it all the more clear to us that we must rapidly create the stability which could be born of a more united Europe.

One of the objectives of the Community is the establishment of a common commercial policy in order to help progressively to remove restrictions on international trade and also to strengthen the ties between Europe and countries overseas, with a view to ensuring greater prosperity for them in line with the principles of the United Nations Charter. I believe that these two points are inextricably linked and that the Community has shown its awareness of the link which exists, for example, between world trade negotiations on the one hand, and the launching, on the other, of a general European

policy of development cooperation and a system of generalized preferences within UNCTAD or a policy of association.

Of course, the Community also wished, and it is hardly necessary to repeat this here, to remain faithful to one of the basic principles adopted by the signatories of the Treaty of Rome, namely the increasing of trade and the common pursuit of economic and social development with the associated States.

This policy is of course, neither contrary to nor in conflict with the general policy of open relations and development cooperation which the Community wishes to pursue with all the interested countries of the international community.

I would like to describe briefly the action taken by the Community in the different spheres since the enlargement of 1 January 1973. As you will see this account will also touch on a number of points already made by the President-in-Office of the Association Council since these questions have, during the last year, been the subject of consultation within the Association Institutions and are also closely linked with the negotiations now taking place under Protocol No. 22 of the Acts of Accession.

As you know, at the Conference of Heads of State or Government of the Member States of the Community in Paris in October 1972, the Community declared its readiness to participate as soon as possible with an open mind and according to the procedures provided for by the IMF and GATT in negotiations based on the principle of reciprocity, which would allow the creation of stable and well-balanced economic relations in the monetary and commercial sectors and in which the interest of the developing countries would be fully taken into consideration.

The position of the associated States as elaborated within the Association Council was taken into consideration by the Community when it defined its attitude in GATT, principally in order to avoid a possible negative impact of these negotiations on the associated States. Also, the Council of the Communities forwarded to the Institutions of the Association the text of the Community's overall draft for multilateral trade negotiations in GATT. This draft was referred to in the conclusions of the ministerial Conference of GATT in Tokyo.

In the Paris communiqué, the Community also reaffirmed its desire to increase, within the framework of a worldwide policy towards the developing countries, its efforts in aid to and cooperation with the least favoured nations; at the same time it would take particular account of the interests of those countries with which it has special ties.

On this basis the Council of the European Communities embarked on action on two fronts. On one hand it endeavoured to work out a European development cooperation policy for all the developing countries. To this end it made substantial improvements in the system of generalized preferences for the benefit of exports of finished and semi-finished products originating in these countries. It also took a number of major decisions concerning countries with which the Community has established more specific relations. In particular it decided on an overall approach to strengthen relations between the Community and the countries bordering on the Mediterranean and laid down in detail the main conditions for the application of Protocol No. 22 of the Act of Accession concerning relations between the Community and the associated African and Malagasy States, and independent developing countries of the Commonwealth situated in Africa, the Indian Ocean, the Pacific and the Caribbean.

I shall return in a moment to this last aspect of Community policy which is of special interest to your Conference. Before doing so, I would, however, like to emphasize the extent to which the different aspects of our action are in fact complementary and inseparable.

At the 1972 Paris Summit the Community considered worldwide development problems without, however, neglecting its particular responsibilities towards countries with which it had historical, geographical and contractual ties of a special nature; many of these are among the least-developed countries of the world.

The Community and its Member States have launched a large food aid campaign for the developing countries whose need in this sector are continually growing. Much of the Community aid last year went to the associated African and Malagasy States which, perhaps more than others, have an urgent need for food aid in the most appropriate form. The terrible drought which is raging in the Sahel and Ethiopia and threatening the existence of the inhabitants of this area calls for a special kind of solidarity and assistance from us.

To this end the Council has decided on the entry of a large appropriation of 35 million u.a. in the 1974 budget in response to the wishes expressed by the associated States and repeated by the European Parliament. I can only hope that this action will be fully successful and carried out with all possible dispatch, enabling our old friends to overcome a difficult obstacle on their path towards economic and social development. This appropriation of 35 million u.a. was increased by a Council decision by a further 5 million u.a. in order to cover exceptional expenses for the management of stocks under the 1974 food aid programme.

This programme, adopted by the Council for the benefit of the 7 countries affected by the disaster provides for the supply of 130,000 tons of cereals, 14,000 tons of powdered milk and 6,000 tons of butter oil. The total cost is estimated, in round figures, at 43 million u.a.

Meanwhile, the most important and outstanding event in relations between the Community and the developing countries last year was, in my opinion, the opening of negotiations between the EEC and the African, Caribbean and Pacific countries under Protocol No. 22 of the Treaty of Accession, relating to the renewal and enlargement of the Association. It is essential to bring these negotiations to a successful conclusion in view of the fact that the current Association Treaties all expire on 31 January 1975.

We have noted with great satisfaction that our invitation to the negotiations has been taken up and that the African, Caribbean and Pacific States have taken up a common position on the main substance of the new contractual relations between them and the EEC.

For its part the Community, during the two Council meetings in July and October last year, decided to make an overall offer for the conclusion of an Association Agreement laying down certain principles for trade, financial and technical assistance and also certain measures in application of Chapter 3 of Protocol No. 22 of the Treaty of Accession.

Although negotiations are still continuing on certain details of these commercial arrangements and provisions on financial and technical assistance, I believe it is safe to say at this stage that the new provisions will be an improvement on the present Association Agreement allowing greater flexibility and greater intervention potential on the part of the Associated States.

One innovation in relation to the existing Treaties is constituted by the measures to be taken in application of Chapter III of Protocol No. 22.

According to this chapter, the Community will have as its firm purpose the safeguarding of the interests of all the countries referred to in Protocol No. 22 whose economies depend to a considerable extent on the export of primary commodities and particularly of sugar.

This is a sphere which will entail the greatest amount of work both for the Community and for our negotiating partners. It will not be easy to choose from the different possible solutions the one which best responds to our potential and the needs of our partners. It will thus be useful for us to know as soon as possible the ideas of our partners on this question.

Ladies and Gentlemen, the task which awaits us is a difficult one. You, as our negotiating partners, still have to work out a common position on many specific points, just as we, in the Community, still have to come to agreement on a large number of important issues.

But, however complex and however numerous the problems which are to be solved, the satisfactory conditions in which the negotiations have opened and the determination of us all to reach a generally acceptable solution, strengthens our hope of a successful outcome.

(Applause)

Mr SAMAS-ALEKA conveyed the fraternal greetings of the people of Gabon to the Parliamentary Conference and expressed gratitude to the authorities and people of Italy for their warm welcome.

The Parliament and people of Gabon had always followed with keen interest the work of the Association, and more particularly in recent times, EDF intervention for the people of the Sahel afflicted by drought.

The effect of this catastrophe had been to create a new solidarity between nations. Gabon had not remained indifferent to the appeals of those afflicted by the disaster. Indeed, universal solidarity imposes certain fraternal duties on the human race.

This was the context for the many conventions between continents which have become aware of the close inter-relationship between their very means of existence.

Against this background the enlargement of the Association was a reason for optimism. Universal peace would triumph thanks to cooperation and solidarity between nations.

(Applause)

IN THE CHAIR: Mr BOURGES

Vice-president

Mr BWETA SOMBO ISEALINA, first thanked the Italian authorities for their warm welcome and congratulated Mr Bersani on his report; he then greeted the associable states: by responding to the invitation which had been sent to them, they had complied with the wishes of the OAU.

After noting with pleasure the cohesion of the Association the speaker emphasized that some of the problems which had arisen since the Kinshasa meeting had been solved thanks mainly to the desire of the partners to make the Association into a formula for the free expression of ideas.

The renewed Association must live up to the aspirations of the African nations. One of these aspirations was the desire for real national independence. This required economic independence. It was in order to establish such economic independence that President Mobutu had recently taken the series of measures of which the meeting was aware. The independence of the State of Zaïre would increase understanding between Europe and Africa.

One of the problems to be solved was that of trade between the industrialized and developing countries. A real danger lay in the continual instability of prices of primary products and the ever increasing prices of finished products.

Present experience should give cause for reflection. The crisis was the consequence of a flagrant injustice in trade, the present structure of which meant, in President Mobutu's words, that 'some have all the power and others none'.

Faced with this problem of the deterioration of trade terms the 'stabilization fund' proposed by the EEC was certainly a praiseworthy if incomplete idea. An overall and equitable solution must be found.

Zaïre wanted coordination between the underindustrialized countries, but still hoped that the current negotiations would result in a satisfactory solution.

The Community had made studies on the necessary improvement of the quality of products for export. Zaïre now wished to see the establishment in the AASM of industrial plant to process raw materials in the agricultural, forestry and mining sectors.

The speaker referred to the paradoxical situation which existed in Zaïre and elsewhere, in which rural farmers lived on the brink of poverty while middlemen appropriated the bulk of the agricultural surplus. To remedy this situation the Republic of Zaire had taken the economy into its own hands.

The speaker expressed his gratitude for Euro-African cooperation, especially for the humanitarian aid given to certain Associated States in the Sahel. However, he believed that cooperation between Europe and Africa should go beyond the present framework: a strong Europe needed its partners within the Association; this need was both economic and human.

May Rome once again be the point of departure for a new understanding of the hopes of the people of Europe and Africa.

(Applause)

Sir Douglas DODDS-PARKER thanked the Italian authorities for their hospitality and stressed the importance of the participation for the first time of Mauritian representatives in the work of the Conference. The main problem facing Mauritius was that of sugar which the European Parliament's Committee on Development and Cooperation had recently considered.

The speaker went on to congratulate Mr Bersani on his report, stating that he had greatly appreciated the frank and fruitful discussions in the Joint Committee.

He then welcomed the observers from the associable African countries and expressed the hope that they would manage to present a united front after defining a common position in the OAU. Like Somalia, the East African countries had suffered heavily from the closure of the Suez Canal.

He also welcomed the observers from the Caribbean countries who, with their long-standing parliamentary tradition, could play an important role in the Conference.

The proceedings of the Conference could help to make the Commission and Council of Ministers aware of what was politically acceptable; it was then for those two institutions to decide what was economically feasible. That was particularly difficult this year in view of the likelihood of almost zero economic growth while balance of payments problems facing most of the Nine made it difficult to forecast what the Community could do by way of aid to the developing countries.

The present very high prices of primary commodities might, however, fall in future as a result either of a reduction in consumption of these products or of the development of substitutes. This had often happened in the past, for example at the time of the Korean war. Long-term primary commodity agreements must be concluded to obtain a measure of stability for the benefit of all concerned.

The very high prices were a particular problem for the countries of the Fourth World for whom the increase in the price of oil was a real disaster. It was to be hoped that the Arab countries would make a special effort to help them as some of them had promised to do. A solution had to be found to the Middle East conflict, the Suez Canal must be re-opened and the price of oil stabilized. Consideration of all these problems within the institutions of the Community and the Association must continue. As for the Sahel countries a certain effort had been made last year but the situation this year would be even more difficult.

In conclusion, the speaker believed that the conference could play a positive role by formulating constructive ideas and defining a policy for long-term aid to developing countries.

(Applause)

Mr AMADOU BOUTA GUEYE conveyed to the Conference the apologies of the President of the National Assembly of Senegal whose official duties had made it necessary for him to stay in his country. As this was the first meeting of the Parliamentary Conference of the Association since the New Year he wished not only as a matter of tradition but in all sincerity to express his best wishes for the happiness and health of the delegates, the Italian people who had given them such a warm welcome, and the association's secretariat which had carried out its delicate tasks so efficiently.

He went on to express his anxiety about the disturbance of order in several countries, the monetary crisis, the oil and cereals crisis, and also the wars which were persisting in several countries with a view to holding down peoples who hoped for independence.

However, Mr GUEYE did see reason for hope, firstly because in the Middle East negotiations had been positive; conflicts should be resolved around the conference table; secondly because the dates of expiry of the Yaoundé convention and the Arusha agreement were going to be revised.

We must think again he said about the problems facing us. The African countries, and the countries of the Pacific and Caribbean had replied in the affirmative to the proposals made to them. But there was still another problem; that of the relationship between Europe and the OAU countries.

Aid could not be permanent: we must be able to make ourselves independent and that is why we must industrialize, depending as we at present do on agricultural production.

May this conference in Rome, the city which saw the birth of a great treaty, inspire us with the spirit to prepare the future with confidence.

(Applause)

IN THE CHAIR: Mr DAMAS-ALEKA

Vice-President

Lord REAY reiterated the thanks of the other speakers to the Italian authorities for their generous reception and welcomed the presence in the chamber of representatives of African states which were not members of the association but had opened negotiations with the Community.

These countries had formulated certain reservations about the value of the institutions. He himself had had some initial doubts but experience during the past year had enabled him to appreciate the possibilities offered by them for the maintenance of regular contacts between Africans and Europeans. Institutional changes would be necessary in view of the forthcoming enlargement of the association.

Since Kinshasa, the world had seen some changes in the distribution of wealth and power.

One characteristic of industrialized countries was their very high level of consumption of primary commodities which they had to find partially or entirely elsewhere.

On the other hand the developing countries had been tending to establish their position in the world. They were non-aligned, they were the Third World, they belonged to neither the capitalist world nor to the communist world. They had emphasized the features which distinguished them from the historical and moral point of view from the western world rather than those which united them with this world. It was therefore possible to disregard the differences existing between them in regard to economic potential and historical experience. But economic developments in recent times had been too precipitate and too important for people to continue ignoring these gaps indefinitely.

According to the UNCTAD definition, the developing world should be considered as being at the beginning of a period of political mobility.

However, the political changes were not restricted to the developing world. They also affected relations between this world and the industrialized world. The developing countries were asking for changes in the management of world affairs and in the distribution of wealth and power. The target of their attacks was the industrialized world. But it was not the industrialized world which had benefited from recent events. On the contrary Europe would have to get used to the fact that a twenty year period of prosperity was in all probability drawing to an end. The problem now was to maintain the level reached.

Lord Reay considered there was a measure of sterility in the old relations between developing and developed countries; as for the future he could not help feeling a certain anxiety.

The vulnerability of Europe had been demonstrated to the whole world. But the countries possessing precious primary commodities had at the same time been forced to admit that they needed Europe. For without the survival of the industrialized world the materials on which the wealth of these countries was based were worth nothing. And for the developing countries which had not benefited from these events but which on the contrary were now faced by disastrous prospects the situation had also changed. It was up to them to see that it was not only the industrialized world which was asked to contribute to the improvement of their situation.

There was no doubt that recent developments would stimulate cooperation between those very countries which had realized their interdependence.

The speaker emphasized that Mr YACE had rightly called attention to the waste of natural resources in the industrialized nations. The situation would become even more difficult and complex as industrialization was introduced to regions of the world which had not yet experienced it.

It was in political organization that the weak found their strength. Only when this organization acquired an international scale would the poor receive the share of wealth which was their due. Meanwhile we must take care not to return to the past but, on the contrary, look to the interests and tasks which would bind us in the future.

(Applause)

Mr GERLACH pointed out that all the speakers so far had referred in one way or another to the social aspect of the Association. Although Mr BERSANI's report had not considered the social problem in depth, it had nevertheless emphasized one of the essential aspects, namely the training and education of the peoples of Africa. That is why he welcomed paragraphs 16 and 17 of the motion for a resolution. He himself had often made proposals of this kind and he viewed with satisfaction the fact that the texts submitted to the Conference advocated the development of a system of study and training grants.

He invited the Association Council to attach greater importance to the problem of local training and education and, in particular, to the quality of this training.

Mr GERLACH thanked the Council for having earmarked an appropriation of 35 million u.a., subsequently increased by 5 million u.a. in the budget for food aid. These appropriations had been released thanks to the persistent pleas of the European Parliament to the Council.

Speaking to the Federal German foreign minister, Mr SCHEEL, Mr GERLACH noted with regret that according to the statistics quoted by Mr BERSANI, the Federal Republic occupied the penultimate place in the list of European countries based on the percentage of GNP devoted to development aid. As a member of the Bundestag, he said he would do everything possible to remedy the situation and invited the minister to do the same.

Returning to the figures quoted in Mr BERSANI's report, Mr GERLACH asked for the objective of 0.7% of the GNP to be reached as quickly as possible.

Referring to the resources of the EDF, Mr GERLACH asked the President-in-office of the Council whether it was really possible to count on own resources as from 1 January 1975. He himself was not convinced of this. However, if this income was guaranteed, would it not be possible to contemplate financing the EDF through the Community's budget? He was convinced that the peoples of the European countries would accept an increase of appropriations for the people of Africa by way of Community taxes.

In his speech that morning Mr CHEYSSON had painted a fairly dark picture of the situation but he had also voiced a number of ideas which were worth considering. Mr GERLACH believed that serious consideration should be given to the suggestion that the European countries should increase their efforts for the developing countries in order not to decline to a zero growth rate. In fact a greater effort for the Association would guarantee growth in Europe.

Mr GERLACH recalled that the city of Rome had many associations and had also given its name to the 'Club of Rome'. He believed it was especially fortunate that the conference should have the opportunity in this city of refuting the pessimistic ideas of the 'Club of Rome'.

In conclusion, he urged the Conference to follow up the exhortations of Mr CHEYSSON and construct a more socially orientated Association in full respect of the freedom of every individual.

(Applause)

IN THE CHAIR: LORD REAY

Vice-President

Mr SISSOKO also thanked the Italian authorities for their hospitality. He recalled that it was in Rome that the treaty providing the background to the Association had been signed.

After pointing out that it was Mr Pedini who had outlined the nature of the Association in 1965, the speaker paid tribute to Mr BERSANI who had said courageously what needed to be said today.

He asked the European delegates to transmit to their respective countries the heartfelt gratitude of the Sahel countries. He recalled how a delegation from the European Parliament had seen the effects of the drought and also the prevalent distress on the spot, after which the European Parliament had been imaginative enough to find ways of making credits available and to bring pressure on the Council to allocate these appropriations. The Council would have no regrets: the appropriations had already been earmarked for the intended purposes.

Of the various interesting statements made so far, Mr Sissoko referred particularly to the words of Mr Bourges: 'This is more an appeal from the heart than a question of formal texts'. This ideal, which was no doubt shared by everyone present and by those who were now involved in negotiations was a tribute to all who had been supporting it for more than ten years.

The real solution lay in the Association where highly developed countries with their technical potential, and developing countries, with their primary commodities, were seeking to establish close and firmly based cooperation with each other. 'Are we going to let the formalism of the texts hinder the realization of such an aim?' the speaker asked. Luckily he said we were all asking for concessions.

The present crisis was not new, it had already existed in all its aspects. But the Africans were used to the deterioration of trade terms. The speaker quoted the example of the price of cocoa fixed without reference to the producers. Now, as a result of the oil drama, the Europeans had understood.

(Applause)

The solution lay in ensuring more equitable trade and investing cooperation with more enthusiasm.

He did not think that the factors he had just mentioned were sufficiently reflected in the current negotiations. He hoped that the negotiators would show more creative imagination. The Council should place more confidence in the Commission and give it more authority to meet the hopes of the 44 countries. For the first time in history the 44 countries were speaking with one and the same voice. Were they going to be disappointed as a result of legal formalism?

All they were asking was free access for their products to the Community market. This market was admittedly regulated by the common agricultural policy; but what products were in fact questioned? And in what quantities. Was it worth disappointing a whole continent for the sake of 1,800 tons of vegetables?

The texts should be laid aside in a determination to bring the negotiations to a successful conclusion by a positive response to the request of these countries. In this way all the partners in the Association could emerge hand in hand from the tunnel and together form a nucleus of countries which would serve as a guide to the world.

(Applause)

Mr NORMANTON began by emphasizing the importance of a constructive dialogue between the EEC parliamentary representatives and the Associated States. After the enlargement of the Community it was now possible for this dialogue to be extended to other countries, several of which were represented at this Conference by observers. These were countries with which the United Kingdom had long-standing ties.

Last year in Kinshasa he had emphasized the fact that trade between partners should in future replace aid. Since then a certain amount of progress had been made in the tariff sector; some tariffs had been reduced and others abolished. But further action would have to be taken and above all, a greater effort made in the sphere of non-tariff barriers which were today the greatest obstacle to the development of trade between the EEC and the associated countries.

Expansion of trade should be brought about through agreements - especially on primary commodities - negotiated to the satisfaction of all parties. The most important thing was to establish an international price control mechanism. In the long term price surges did not benefit anyone. Fluctuations in the price of certain primary commodities have had and continue to have disastrous repercussions on the developing countries. On the other hand in the few cases where a price control mechanism has been established for primary commodities its beneficial effects were felt immediately. The speaker urged all the participants in the Conference to draw the attention of their respective governments immediately to the urgent need for control measures of this kind.

Since the Kinshasa Conference there had been an oil crisis and a lengthy monetary crisis. The sudden increase in the price of oil will have a disastrous impact on the developing countries in particular. But the monetary crisis was even more serious. Without the creation of machinery to coordinate monetary policy there was the risk of an economic depression whose repercussions would be felt throughout the world.

(Applause)

Mr DELLA BRIOTTA congratulated Mr Bersani, the rapporteur, on the breadth and depth of the analysis contained in his report.

Placing the Association in the wider context of Community policy on underdevelopment, he emphasized that one basic aim of the Community must be the development of under-industrialized countries.

Considerable difficulties must, however, still be overcome, especially in the present international situation. Admittedly, the Community was the principal trade partner of the third world and the largest supplier of development aid. Nevertheless, the present economic crisis, which had in turn been set off by the progressive

deterioration in the terms of trade and the internal crisis of the Community threatened to hold up cooperation between Europe and the countries of the third world. We must at all costs avoid further enrichment of the richest countries and impoverishment of the poorest countries as a result of this situation.

Referring to the Commission's proposals of July 1971 and February 1972 and the statements issued after the Paris and Copenhagen summits, the speaker recalled the basic principles of Community development policy:

- (1) the promotion of agreements on primary commodities with a view to stabilizing markets and encouraging exports from the Associated States;
- (2) improvement of the generalized preferences system;
- (3) the increase of public aid and improvement of conditions under which it is granted.

However, these principles still had to be put into practice.

After recalling the positive aspects of the generalized preference system and negotiations in GATT, Mr. ella Briotta emphasized that the Association must not become the instrument of a new form of colonialization; on the contrary it should create a larger area of regional economic cooperation and a better balance between the rich and poor.

He concluded by addressing an appeal to the Member States of the Community to rapidly conclude negotiations with the associated and associable States with a view to creating economic balance between the two groups of countries.

(Applause)

Mr Mohamed SAID SAMANTAR first congratulated the rapporteur, Mr Bersani, and went on to join the other speakers in thanking the authorities and the people of Italy for the warm welcome accorded to the Conference delegate.

He wished to analyse the present situation. He recalled that a delegate from Senegal had expressed his anxiety to the Conference. If the facts underlying this anxiety were real and deep this was adequate reason for trying to find a cure to the problem.

The economic crisis was only one aspect of a political crisis which was the fault of the Europeans. Once liberated the African nations no longer had any complexes. They were favourably disposed towards a dialogue, but Europe had indulged in a sort of economic domination.

Associated with Europe, Africa must follow Europe in its economic evolution. But Europe and Africa would be faced with a catastrophe if they failed to find a joint solution to the oil crisis.

The industrialized countries would have to make a special effort to avoid a situation in which they would finish up by devouring each other. Certain European interests had even advocated an outright attack in order to obtain the raw materials which Europe needed.

There must be a fair balance between the industrialized countries and the developing countries. Europe's wealth was an indispensable condition for collaboration between the two continents which were condemned to live together.

On the other hand an end must be put to the massacres in several countries such as Angola, Mozambique and Bissau Guinea, otherwise Africa would no longer be able to trust Europe.

(Applause)

Mr BERSANI, rapporteur, began by highlighting the features of the present Conference which distinguished it from others held in the past; the Conference would no longer be the sounding board of the Joint Committee since it was taking on an independent character which gave its debates more weight.

Turning to the institutions, he considered that they were now faced with a new stage marked by the transition from assistance to cooperation. The joint character of the Association would thus be emphasized.

Speaking of the EDF he underlined the need for the promotion of the industrialization of the associated countries, particularly through the acquisition of risk capital to finance their projects. There should be a qualitative transformation of the EDF and, more generally, of financial and technical cooperation in order to promote a vertical structure of the economic sectors of the Associated States.

Referring to the Mr Sissoko's speech Mr Bersani emphasized the Community's moral obligation, over and above any legal formalism to guarantee free access for products from the Associated States to the Community markets.

Human and social problems were certainly primordial and a meeting of the Joint Committee would have to be devoted to them soon.

After expressing his conviction that the Community would accept its obligations in the sugar sector, the speaker recalled the Community's action for the Sahel countries which had given them an opportunity to experiment with new forms of aid to the Associated States.

As for Somali bananas , he proposed an amendment to the motion for a resolution to enable aid to be granted to Somalia from a source other than the EDF.

Speaking of the renewal and enlargement of the association, Mr BERSANI hoped that the new Convention would not only safeguard the Association's achievements but also and above all allow the integration of the new elements of enrichment and development. In specific terms he would propose a second amendment to the motion for a resolution enabling aid to be increased as a function of the own resources of the EEC.

In conclusion, he referred to the fruitful nature of the dialogue which had taken place in the Conference and expressed his conviction that the Association would be an appropriate response by the Community to future problems.

(Applause)

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At the PRESIDENT's proposal, the Conference decided to suspend its proceedings and to reconvene on the next day, Friday 1 February 1974, at 9.30 a.m.

The meeting was suspended at 7.10 p.m.