

PARLIAMENTARY CONFERENCE OF THE ASSOCIATION

NINTH ANNUAL MEETING
OF THE PARLIAMENTARY CONFERENCE OF THE ASSOCIATION

SUMMARY REPORT OF PROCEEDINGS

Thursday, 29 March 1973

Part III

KINSHASA

Mrs Irène PETRY, President-in-Office of the Council of Ministers of the European Communities, made the following speech:

Mr President,
Delegates,
Your Excellencies,
Ladies and Gentlemen

I am very conscious of the honour which has fallen to me, as President-in-Office of the Council of the European Communities, of taking part in your conference. I am delighted to have this opportunity to visit Africa and to establish direct contacts.

Above all, I should like to say to the Zaïre authorities how much I have appreciated their welcome: the numerous attentions and marks of friendship with which I have been honoured are the expression of what has become proverbial African hospitality and therefore came as no surprise.

I thank them most warmly and am particularly grateful to them for all they have done to give this Conference the prominence it deserves. I would be inclined to say that Kinshasa has spared no effort to receive us, and we owe it to them to succeed.

This is the first time that I have had the privilege of making contact with your Association; I come, then, without experience - which may be a handicap - but also with new eyes - which may be an advantage - but in any case with a deep awareness of its importance and a sincere wish to participate in it as fully and as effectively as possible.

This first contact, through the work of the Joint Committee, has already taught me a great deal.

I have found out what our African, Malagasy and Mauritius friends expect from us Europeans and, I may say, what they have a right to expect from us.

One thing which struck me during the debates of your Joint Committee - and which I found gratifying - is that we all attach the same meaning to the terms 'partners' and 'association'. Over the years they have acquired for all of us, both Africans and Europeans, a similar connotation which brings out the deep significance of the word 'solidarity' with all that it implies in the way of equality on the one hand and willingness on the other between those who are thus associated.

And I believe that on this point, which seems to me the essential one, there should be no doubt as to the intentions of the European Community. In Paris last October the nine States of which it is now composed stated quite

clearly and at the highest level that they attach vital importance to the policy of association.

Certainly we are all aware of the extent and difficulty of the negotiations which are about to begin for the renewal and - as we hope - the enlargement of our Association.

There are problems not only at the level of the Association itself but also at world level and it is clear that the latter will affect the former. But it is precisely because the stakes are high, because the negotiations are important, that we must always keep in mind the essential nature of our association policy, as it is embodied in the Treaty of Accession.

At this point I should like to say to President Yacé that we followed the speech he gave this morning with keen attention and interest, particularly the part addressed to his European friends. I would assure him that we shall not be content until all of the questions he raised have been examined in depth and have met with some response.

I listened carefully to the comprehensive statement by Mr Gashongo, President-in-Office of the Association Council. I congratulate him on the full picture he drew of our activities, with its areas of light and shadow.

For my part I should like to submit to you some thoughts on the work of our Conference and on the future of our Association.

Would it surprise you if I said that the reports presented have taught me a great deal?

I am thinking of the highly stimulating report by Mr PERRET on the Eighth Annual Report on the activities of the Association Council, of the informative report by Mr AIGNER on the Commission's memorandum on the Community's development cooperation policy, of the interesting working document by Mr BRIOT on the expansion of tourism in Africa and the development of tourist resources in the Associated African States and Madagascar, and of the extremely precise financial report by Mr BOUDA.

Finally, I am thinking of the report on the coordination of action by the 24 states of the Association within international organizations for economic cooperation and development, a report which broke new ground and whose author, Mr GLINNE, has since become a member of the Belgian Government, as has another hardworking participant in your Conference, Mr CALIFICE. Both have asked me to assure you that they will continue to take a keen and sympathetic interest in your work.

The Association between the Community and the 18 Associated States - soon to be 19 - is not a new appearance on the international scene. Even before a policy of cooperation with the developing countries was thought of, before the

first UNCTAD Conference met in Geneva in 1964, the Association created by the Treaty of Rome, continued after the Associated States became independent and given formal expression in the first Yaoundé Convention, had become an economic and political reality.

Further consolidation took place with the signature, in 1969, of the Second Yaoundé Convention, the objectives of which are still as relevant today. I shall simply cite the mutual desire for cooperation on the basis of complete equality and friendly relations, the development of commercial relations including inter-African trade, joint efforts towards economic, social and cultural progress, the diversification of production and the industrialization of the AASM. These aims still seem to be what the developing countries expect from cooperation with the industrialized countries of the Community.

As this move towards regional cooperation was gaining momentum, people everywhere were gradually acquiring a keener awareness of the immense problem of under-development at world level.

It would have been unthinkable for the European Community not to take part in this movement towards greater interdependence, especially as enlargement has made it conscious of its greater importance in international relations and hence of its responsibility towards the Third World as a whole. At the meeting of its Heads of States and Government in Paris from 19 to 21 October 1972, it thus affirmed its determination to increase aid and cooperation to the most deprived peoples as part of an overall policy towards the developing countries. This it intends to do by giving special consideration to the problems of those partners towards whom it has clear-cut responsibilities dictated by geography or history and has assumed specific commitments. Under these circumstances, it is obviously not the Community's intention to curtail the advantages enjoyed by the countries with which it has special relationships; on the contrary, it is determined to do even more than in the past to meet the expectations of all the developing countries.

In a world which has seen considerable changes over the past ten years, it is important for our enlarged Community - as was emphasized recently in Brussels by the European Parliament's Committee for relations with developing countries - to safeguard, renew and expand what has been achieved by the Association.

Protocol No. 22 annexed to the Act of Accession of the new Member States - the result of the enlargement of the Community - makes formal provision for safeguarding what has already been achieved. This protocol is concerned with relations between the Community and the AASM, as well as the independent developing countries of the Commonwealth situated in Africa, the Indian Ocean, the Pacific Ocean and the Caribbean. It makes it clear that the accession of

the new Member States to the Community and the possible extension of the policy of association must not result in the weakening of relations between the Community and the AASM associated with it under the Yaoundé Convention.

The aim of the Community's association policy thus remains the conservation of past achievements and the upholding of the fundamental principles referred to in Protocol No. 22. The protocol further provides that the terms of the new association must likewise allow for the special economic situation of all the Associated States and potential associates, the experience acquired within the association, the wishes of the Associated States and the impact which the introduction of generalized preferences will have on them.

Between now and 1 August the Commission will submit a communication to the Council which will allow us to state our position.

President SENGHOR, on his recent visit to Brussels, also stated the views of the Associated States on various questions concerning the future of the Association. The Community noted these with great interest.

Without prejudging the outcome of the Community's deliberations, I think I can say within the overall context which I have just described, that certain improvements and adjustments could usefully be made to the future convention as regards both trade and technical and financial cooperation, especially as the number of participants will doubtless be extended.

The Yaoundé Convention and the Arusha Agreement provide that negotiations for their renewal should begin 18 months before their date of expiry, i.e. 18 months before 31 January 1975. A rapid calculation will show that the meeting between the Associated States and the Community will take place from 1 August next, in a little over 4 months' time.

Why was it decided to allow such a long period between the opening of negotiations for renewal and the date of expiry of the agreements?

Quite simply so that the new Convention can come into force immediately on 1 February 1975, the day after the Yaoundé Convention and the Arusha Agreement expire. It was during the negotiations for renewal of Yaoundé II in 1969 that this decision was taken by the Contracting Parties at the request of the Associated States.

The latter feared that ratification of the new agreements by the Member States would be a lengthy process, delaying their entry into force as happened with Yaoundé I and Yaoundé II, and depriving them of their benefits for some time. They therefore asked the Community to set two limits: a fixed date of expiry (31 January 1975) and a longer period for the negotiations and ratification (18 months instead of 12 months).

You will therefore appreciate that the Community inserted the same date - 1 August 1973 - in the Act of Accession in order to allow the Associated States of the Commonwealth who so wished to take their place alongside the AASM in the negotiations for the Convention which will follow that of Yaoundé.

The Community intends to meet the deadline of 1 August. It can readily be appreciated how difficult a position the Community and the Associated States would find themselves in if the response of the Commonwealth countries to the Community's offer were not known by that date, at least as regards their intention to take part in negotiations. The discussions going on between African countries also prove, if proof were necessary, that they are well aware of the problem.

I can already advise you that MALAWI has officially asked to take part alongside the AASM in the negotiations for the Convention which will follow the present Yaoundé Convention.

The enlargement of the Community could thus lead to an enlargement of the Association, and this would inevitably create many more links between countries which are often geographically close but have different languages and sometimes different traditions.

At the meeting of the Joint Committee, Mr SISSOKO reminded us that in Africa the choices to be made were always preceded by a slow ripening of ideas. It is the period of slow ripening which we are experiencing at present (in Europe too) in the field with which we are concerned. Although it is not advisable to hasten the process, lest the fruits fall short of expectations, neither must it last too long, for the fruits would probably be none the better.

Mr President,

I do not think that I am exaggerating when I say that our Association is preparing for historic changes and that the coming months will be particularly crucial.

At a time when so many questions are being asked about the future, I should like to tell you, probably quite inadequately, how I think the future can be built. I also wish to say how deeply convinced I am that this structure can and must be harmonious.

First, a new Association enlarged to include more of Africa must consolidate our present links by establishing a network of closer relations between African countries and between Africa and Europe.

Within this larger family, we surely cannot fail to find ways and means of jointly promoting development of a finer quality that respects the spirit-

ual and cultural values of Africa.

I should like to echo President MOBUTU's words by saying that it is for us to think matters over and to prepare for the 21st Century by opting for those benefits of progress which will not destroy our way of life.

I have spoken of an enlarged Association but I would add that the recently enlarged Community must also take upon itself more of its responsibilities towards the Third World. This it is doing in line with the declaration made at the Paris Summit and the strategic guidelines for the second ten-year stage of development. Greater solidarity between the countries of the world is what is vitally required and what the Community is willing to accept.

This is an extension of the regional solidarity which our Association has brought about. The first does not impede nor weaken the second, indeed regional cooperation may acquire a richer meaning through contact with all the various movements to bring people closer together.

The two forms of solidarity are thus complementary, Mr President, and it is on this that I base my conviction that the future Association will remain an example of cooperation in a more closely united world.

Mr President, I thank you.

Mr BRIOT,

Vice-President, in the Chair

After thanking the Zaire authorities for their hospitality, Mr DENIAU recalled the basic features of the Association.

The Kinshasa Conference, he said, reflected the vitality of the Association; it was taking place at a crucial time since with the enlargement of the Community, an expansion of the Association was also under consideration. Although this seemed a logical step, it altered one of the basic features of the Association in that the Community's offer would be addressed to all African countries. This essential innovation undoubtedly raised a number of problems - which incidentally, were spelt out at the Paris Summit Conference: the aim was to increase the number of beneficiaries without weakening the present advantages enjoyed by the associates. An effort of imagination and of will would therefore be necessary to improve existing machinery. It was not simply a problem of quantity, but also of quality.

Reviewing what had been achieved hitherto, Mr Deniau found that the commercial side of the Association was not entirely satisfactory. AASM exports had admittedly increased, but to a lesser extent than those of other developing countries, a fact which immediately answers certain criticisms.

Seeking the reasons why only limited benefits had accrued, he made the point that the system had been devised a long time ago when quotas were still important and that the common external tariff, the cornerstone of the Community as a free trade area, had been progressively reduced to a very low level.

Enlargement of the Association would not improve this situation, since preferences would necessarily make a smaller impact and, in addition, the Community was about to take part in world-wide tariff negotiations as a result of which the external tariff might well be even further reduced.

More effective ways and means had therefore to be found.

Coming to financial matters, Mr Deniau noted that the EDF had become a fairly useful instrument: although it had given preference to infrastructure, which was only normal, it had diversified its activities and was dealing with all kinds of problems, both human and technical; when it came to development problems, there were priorities everywhere.

Still, it was important to improve the system, and above all to strike a balance between the sectors to which aid was granted and the allocation of resources between the associated countries themselves.

Referring to the institutions of the Association, Mr Deniau observed that they were strictly joint bodies in which the freedom of both sides was fully respected and decisions were normally taken unanimously. But these advantages had their price since they involved a certain amount of formal and cumbersome procedure. One disadvantage

was the occasionally academic nature of discussions. Some thought would have to be given to how to prevent enlargement from accentuating these disadvantages.

1 August 1973, he added, was a highly important date. It was necessary to avoid a legal vacuum detrimental to the associated countries. He went on to explain the practical reasons why the potential associates should notify their decision as soon as possible and, in any case, before that date.

Only if they did so could a proper assessment be made of the type of problems involved and their implications; this meant that all the relevant information had to be gathered as soon as possible.

The Commission would be submitting a memorandum to the Council to serve as a guide in evolving the broad lines along which the Association would be renewed, adapted and strengthened, while safeguarding what had been achieved.

Taking up the question of trade arrangements, Mr Deniau raised the problem of reverse preferences. The Yaounde agreement allowed a certain autonomy in this respect: countries were free to grant or extend certain advantages to other partners through negotiation. The concept of a free trade area still existed, indeed it was the only system by which preferential treatment could be granted to Africa under GATT rules.

Financial aid for development presupposed a substructure. If this did not exist and financial aid was granted under conditions of permanent instability, it could be no more than a form of delayed compensation.

Trade arrangements would have to be taken further by the addition of provisions to meet the problem of instability of basic commodities.

What Mr Deniau had in mind was a proposal for a system covering a certain number of products and ensuring a minimum revenue from the primary exports of certain countries, a sort of insurance scheme for maintaining incomes which would also allow the introduction of diversification measures.

A guarantee of this nature required a financial undertaking by the Community; the system should not be operated from the EDF, on the contrary it should be added to existing commitments.

In the matter of financial cooperation, no overall ceiling could be specified until the number and type of projected associations were known.

It would perhaps be necessary to consider creating a special section of the EDF to assist regional cooperation. Generally speaking, it was necessary to provide a higher level of assistance to the countries whose needs were greatest. Finally, on the political level, a budget should be established for the fund.

Speaking of the advantages and limitations of a joint system, based on unanimity, Mr Deniau expressed the view that a formal approach could be avoided and certain procedures made more flexible. Particularly on general matters not directly related to the Association, such as monetary problems or those of GATT, it would be worthwhile not to stop short at coordination between the rich countries but also to discuss them between partners.

A more coherent and effective system involving greater efforts on the part of the European countries was not inconceivable. Solutions tending to safeguard what had been achieved while meeting the needs of enlargement were technically possible. The problem was therefore mainly a political one.

A number of ideas have been put forward, either for extending the system of generalized preferences, or for some form of 'deregionalization'. In Mr Deniau's view, however, it was neither fair nor compatible with existing commitments to grant equal treatment to countries which were not equal from the point of view of development.

What was needed was a clear statement of the role to be played by a changing Europe and a special effort in favour of Africa.

Europe must reconcile its specific commitments with its responsibilities at world level, not by substitution but by addition. It must therefore continue to accord priority to Africa, and Africa in its turn, must be in a position to give a clear indication of its choice and intentions.

(Applause)

Amendment to the Agenda

Mr SPENALE proposed a joint discussion of the reports by Mr Perret on the Eighth Annual Report of the Association Council (Doc. 45) and by Mr Aigner on Community development aid policy (Doc. 47). The communications by the representatives of the Association Council, the Council and Commission of the Communities had already shown how closely the two subjects were related. He therefore considered that the Conference need not discuss the two topics separately.

The President stated that Mr Perret had already given his agreement on this point.

As Mr Aigner had also agreed, the Conference decided to discuss the two reports together.

Joint Discussion of the reports by Mr. Perret on the Eighth Annual Report of the Association Council and by Mr. Aigner on Community Development Aid Policy

Mr. Aigner, rapporteur, first of all expressed his thanks to the Republic and people of Zaire for their warm welcome, observing that the country's astounding development owed much to its political stability.

As a result of increasingly frequent personal contacts, Europeans, he said, had grown more familiar with the problems of the AASM and had come to consider these from their partners' point of view.

Development policy should not have as its sole objective a faster growth of per capita income. The Commission's memorandum of 27 July 1971 was an invitation to reflect on this matter. It was prompted by the preparatory work for the Third United Nations Conference on World Trade and Development and also by the need for the Community to review its entire policy in this field following enlargement.

Perhaps, therefore, it had been accepted that the unification of Europe could not be based only on considerations of expediency. There was a general conviction that partnership between the continents had become a vital question for everyone, given that 25% of the world's population owned three quarters of the world's production of goods while the other 75% had to be content with one quarter.

The confrontations now taking place in the world were due as much to ill will as to apathy, thoughtlessness or lack of understanding.

We must not demand immediate successes, he added, for the process of ripening took a certain time. Nor could the memorandum be isolated from the debate on the second decade of our development aid policy. In spite of the planned aid figure, this policy was still in the experimental stage.

Mr. Aigner's basic point was that with the enlargement of the Community there must be a commensurate increase in the volume of aid and in the instruments used for that purpose. Relations between the associates must remain relations between partners.

Noting that the gap between the rich and poor countries had not grown narrower, he stated that, even if the treaties did not make it mandatory, the Community should establish a dialogue with all the developing countries, including those of Latin America and Asia.

The whole of the third world was a challenge to the Community. Europe could not allow a political vacuum to be established but, as a power on the world scene, had to help resolve the international social problem. But even in a worldwide perspective, the Association would remain an essential factor in its policy.

Quoting a passage from the memorandum in which the Commission stated that, although the association policy was regional, the

Community was no less concerned with the interests of the other countries of the third world , Mr. Aigner pointed to the futility of the quarrel between the advocates of regional policies and the proponents of world-wide policies:

Firstly, the AASM were amongst the poorest of the developing countries; secondly, they derived little or no benefit from the generalised customs preferences; thirdly, the criticism that aid was concentrated on too narrow a front overlooked the fact that, in addition to measures taken by the Community as such, some of the Member States were providing substantial aid on a bilateral basis to the countries of Asia and Latin America; fourthly, Latin America had less need than the AASM for public investment or technical aid; fifthly, the enlargement of the Association would mean a considerable increase in the number of countries with which the Community had special links.

After recalling the positions adopted at Accra by certain non-associated countries, Mr. Aigner stressed how important it would be for Africa psychologically to see the creation of a large African block facing the nine countries of Europe.

After expressing reservations about the choice of the OAU as a possible forum for the negotiations, he emphasized that for the sake of efficiency there must be minimum concentration, both sectorially and geographically. There could be no question of the Community destroying cooperation which had proved to be fruitful, in order to favour other developing countries.

Regarding the form which cooperation could take after 1975, the memorandum stated that the Association had proved itself and should therefore be maintained, but this did not rule out innovations.

Another principle was the need for some measure of homogeneity between the future partners of the same convention of association.

A third was that economic progress must be accompanied by progress in the social and cultural areas. The latter was too often ignored. Was it necessary for the developing countries to make the same mistakes as the industrialised countries?

Although it was axiomatic that each State was free to decide on the objectives of its own development, supra-regional cooperation was nonetheless necessary although some idea of the obstacles to this is given in the OECD report for 1972.

Mr Aigner emphasized that the instruments of cooperation were interdependent.

Continuing the analysis of the measures proposed by the Commission, he emphasized the importance which the memorandum attached to private investment, an area where increased coordination between public and private measures must be assured.

As the means available were limited, he emphasized the need to bring out the Community character of the aid. He touched briefly on the measures which the memorandum envisaged to achieve this aim and noted in particular the suggestion by the Commission to present an annual report on this subject.

On the subject of closer cooperation between all the developing countries, the rapporteur reviewed the various instruments which the Commission intended to employ for this purpose. He stressed the need to coordinate export credit guarantees. The first requirement at Community level was to promote bilateral agreements between the EEC and the developing countries. Subsequently a Community investment guarantee system must be established.

Despite all the efforts of the industrial countries in the field of development aid, the objectives pursued had not been achieved. The terms of trade were still the same and, in some respects had even grown worse. This made it essential to expand the resources from which Community aid was financed. Simply to ensure the continuity of this aid, Mr Aigner suggested allocating part of the own resources which the Community will have at its disposal from 1975 onwards. The Committee on Budgets of the European Parliament should consider the possibility, within the context of medium-term planning, of increasing by 0.05% the share of VAT-derived revenue which will be paid to the Community.

If this share were increased from 0.25% to 0.30%, an additional sum of 400 million units of account could be allocated annually to development aid.

Mr Aigner next referred to the programme for an initial series of measures which the Commission submitted with its memorandum; he spoke at some length of the measures proposed to promote exports from developing countries, pointing to the difficulties of negotiating agreements on coffee and sugar.

He fully endorsed the steps which the Commission proposed taking to encourage the economic development of developing countries.

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Essentially, they involved a higher level of public spending, easing the financial terms on which aid was granted, promoting a Community-wide release of public aid, harmonizing aid activities and, finally, encouraging regional cooperation between the developing countries. It would also be important to harmonize consumer taxes and to protect the origin of goods from tropical countries.

Having emphasized the need for a permanent dialogue with the Commission on the concrete measures to be taken, Mr Aigner concluded by referring to the institution of a free trade area in the triangle formed by Africa, Latin America and Europe. This would require great sacrifices of Europe, but would bring tremendous advantages to Latin America and Africa. It was only when cooperation was envisaged at this level that our development policy could be 'Europeanized' at Community level.

New instruments were not the only condition of success; there was also a need for a new psychological approach.

(Applause)

On a proposal from the President, the Conference decided to adjourn and to meet again the following day, Friday 30 March 1973, at 9.30 a.m.

The sitting rose at 10.30 a.m.