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R E P O R T

of the Committee on Development and Cooperation

on a draft Council decision on the association of the overseas countries and territories with the European Economic Community

(COM(90) 387 final - C3-0104/91 and COM(91) 0141 final - C3-0224/91)

Rapporteur: Mr Henri SABY

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Or. FR

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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By letter of 8 March 1991 the Council consulted the European Parliament, pursuant to the Treaty, on the Commission proposal for a Council decision on the association of the overseas countries and territories with the European Economic Community.

At the sitting of 15 April 1991 the President of Parliament announced that he had referred this proposal to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for its opinion.

At its meeting of 22 March 1991 the committee appointed Mr Saby rapporteur.

At its meeting of 24 April 1991 it considered the Commission proposal and draft report.

At its meeting of 29 May 1991 it adopted the draft legislative resolution by 21 votes to 6 with 1 abstention.

The following took part in the vote: Saby, chairman and rapporteur; Bindi, Aulas and Belo, vice-chairmen; Arbeloa Muru (for Rubert de Ventos), Balfe (for Pery), Buchan (for Wynn), Daly, Ernst de la Graete (for Santos), Ewing, Galland, Lagakos, Langer (for Telkämper), Lomas, McGowan, Melandri, Morris, Napolitano, Nordmann, PirkI (for Perschau), Pons Grau, van Putten, Schmidbauer, Simons, Tindemans, Van Hemeldonck, Vecchi and Verhagen.

The report was tabled on 30 May 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament on the Commission proposal for a Council decision on the association of the overseas countries and territories with the European Economic Community

The European Parliament,

- having regard to the Commission proposal to the Council (COM(90) 0387 final¹ and COM(91) 0141 final²),
 - having been consulted by the Council (C3-0104/91 and C3-0224/91),
 - having regard to the report of the Committee on Development and Cooperation,
1. Approves the Commission proposal in accordance with the vote thereon;
 2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 3. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
 4. Instructs its President to forward this opinion to the Council and Commission.

¹ OJ No. C 95, 11.4.1991, p. 1

² OJ No. C 126, 16.5.1991, p. 5

EXPLANATORY STATEMENT1. The Overseas Countries and Territories: overview and status with regard to the Community

There are 20 Overseas Countries and Territories (OCT): 11 for which the United Kingdom has responsibility; six for which France has responsibility; two for which the Netherlands has responsibility; and one for which Denmark has responsibility. Their total population is some 900 000, the French territories accounting for about half. In its explanatory memorandum, the Commission stresses that their only common feature is the fact that they are islands, whereas, in social and economic terms, they are extremely diverse.

Their statuses with regard to the Member States which have responsibility for them vary; however, they are all based on the existence and recognition of special and privileged links. Account was taken of this in the Treaty establishing the EEC. Para IV of the Treaty ('Association of the Overseas Countries and Territories'), Articles 131 to 136, takes their specific identity into consideration and outlines their legal status with regard to the European Community and to Community law.

In keeping with this legal framework, the Commission has proposed ever since 1964, each time successive ACP Conventions have been concluded, a new draft decision on the association of the OCT with the EEC that is derived from the arrangements laid down with the ACP States, which are broadly reproduced in the decision. For perfectly understandable historical reasons, this form of association and Community policy towards the ACP States have consistently evolved in tandem.

The new, Fourth Convention of Lomé having been concluded, the draft Council decision submitted to Parliament for consideration is designed to incorporate - where necessary in a modified form - the new provisions under Lomé IV benefiting the OCT by proposing new association arrangements that would also run for ten years.

2. Implementation of financial and technical cooperation

With regard to the effective utilization of programmable resources in the context of financial and technical cooperation, the Commission notes that commitment rates are, as it puts it, less than satisfactory. Even allowing for various constraints peculiar to the OCT, this is apparently essentially due to the length of the project planning phase.

This is a problem which has also been found in the context of ACP-EEC cooperation - one on which the Committee on Development and Cooperation of the European Parliament have expressed their profound concern, stressing that it is absolutely essential that this aspect of cooperation should improve. With regard to the planning phase for Lomé IV, the Commission would appear to have drawn the appropriate conclusions.

The proposal that has been made - in connection with the OCT - that non-binding, indicative time limits should be set is entirely in keeping with Parliament's wishes. In this context, too, we should point out how essential it is that the various cooperation projects should get under way at a satisfactory rate; and this is dependent to a large extent on the duration of the project planning phase.

The position is the same - a low commitment rate - as regards regional allocations.

The Commission furthermore notes a worrying trend to which particular attention should be drawn.

It would appear that regional cooperation resources go almost exclusively towards financing operations involving OCT of a single Member State. Few projects involve both OCT of different Member States and ACP States in the same region.

The Commission wishes to encourage, on a systematic basis, relations between OCT of different Member States, neighbouring ACP countries and Overseas Departments in the same region. This initiative should be given unconditional backing; in this connection, steps will have to be taken to ensure that, within regional ACP-EEC cooperation, appropriate measures are effectively implemented and combined with OCT-related measures in order to create and exploit what the Commission rightly terms genuine regional synergies. Without a shadow of a doubt, this is one of the key areas to be developed over the next few years; to date, its vast potential has been inadequately explored and exploited.

3. Proposed financial allocations for the new association arrangement

The Council has set a financial allocation totalling ECU 140 m - a 40% increase over the previous allocation - in addition to which ECU 25 m will be provided in the form of loans from the EIB's own resources. The overall rate of increase of the financial allocation is comparable to that for the ACP States under Lomé IV; the increase in funding from the EIB will be greater than that in connection with ACP-EEC arrangements.

4. The key problems raised in the process of extending the association arrangements: trade arrangements and the Single Market

In response to certain concerns that had been voiced as to the trade arrangements, the Commission is proposing both to strengthen the right of OCT to maintain or introduce customs duties or quantitative restrictions and to make specific adjustments to the rules of origin, taking the view furthermore that the principle of parallel treatment for the OCT and ACP States must be retained, particularly as regards trade arrangements.

This solution is indeed likely to bring about significant improvements in what is a particularly important and sensitive sector without, however, calling into question the entire philosophy behind the association arrangements devised for the OCT as opposed to the arrangements laid down for the ACP States in the Fourth Convention of Lomé.

Furthermore, the Commission highlights the concerns voiced about the implications of completion of the Single Market for the OCT, this having been the focal point of the discussions with representatives of certain OCT. That should come as no surprise: there have long been many questions asked about this in connection with ACP-EEC cooperation.

As far as the OCT in particular are concerned, it is essential that the Community should take every care to allow for all of the direct or indirect adverse implications for the OCT that are likely to result from completion of the 1992 Single Market. It is also essential that the Commission should make provision as of now for a number of mechanisms that would enable certain situations to be met (should they arise).

In response in particular to calls by the OCT to be in a better position to promote local employment in sensitive sectors, then, the Commission proposes to give the OCT the opportunity to adopt provisions departing from the rules in force in order to assist local people and activities (subject to certain conditions laid down by the Council). This measure should be given full backing, so that the new OCT association arrangements would incorporate a legal mechanism capable of resolving any difficulties that might arise.

Moreover, the Commission stresses that, as part of its efforts to ensure that OCT representatives are more closely involved in the implementation of cooperation, the new partnership procedure involving the Commission, and the Member State and OCT concerned that it proposes to set up ought to be an appropriate forum for discussing any problem, in particular those relating to completion of the internal market.

This new partnership arrangement is, in our view, absolutely essential and pertinent. It should be pointed out that, in the ACP-EEC context too, major efforts have been made to improve dialogue with and involvement of those concerned at all levels.

5. Conclusion

The Overseas Countries and Territories are hampered by a number of obvious natural drawbacks, principally the fact that they are small and are islands and the distance separating them from the other main markets (starting with those in the European Community). There are specific and powerful links between them and the EEC. In keeping with its obligations under the Treaty of Rome, the EEC must continue to ensure, in a conscientious manner, that their economic and social development is encouraged. By opening up to them the arrangements developed in the context of ACP-EEC cooperation and contained in the Fourth Convention of Lomé, the European Community will be putting an effective set of instruments at their disposal. It must also ensure that, wherever possible, cooperation between ACP States and OCT is stepped up and take full account of their legitimate aspirations, particularly as regards the implications of the completion of the internal market.

OPINION

of the Committee on Budgets

Letter from the chairman of the committee to Mr Saby, chairman of the Committee on Development and Cooperation

Luxembourg, 29 May 1991

Subject: Draft Council decision on the association of the overseas countries and territories with the European Economic Community and breakdown of VIIth EDF funds among the OCT
(COM(90) 387 - C3-104/91 and COM(91) 141)

Dear Mr Saby,

At its meeting of 24 May 1991 the Committee on Budgets considered the above proposals.

The committee noted that these proposals are designed to incorporate the improvements introduced by the new Lomé Convention into the provisions applicable to the association of overseas countries and territories with the European Community.

The Committee on Budgets approves the proposals.

Yours sincerely,

Thomas von der Vring

The following were present for the vote: von der Vring, chairman; Welsh, vice-chairman; Arbeloa Muru, Böge, Cochet, Colom i Naval, Kellett-Bowman, Papoutsis, Theato, Tomlinson and Wynn.