

European Economic  
Community

- Associated African States  
and Madagascar

PARLIAMENTARY CONFERENCE OF THE ASSOCIATION  
BETWEEN THE EEC AND THE AFRICAN STATES AND MADAGASCAR

---

20 DECEMBER 1971

ENGLISH EDITION<sup>\*)</sup>

DOCUMENT 38

---

REPORT

drawn up on behalf of the  
Joint Committee

on the/Seventh Annual Report on the  
activities of the Council of  
Association (Doc. 32-I/II)

to the Parliamentary Conference of  
the Association

Rapporteur: Mr. André Armengaud

---

\*) This translation must not be treated as an official text. Readers are reminded that the official texts exist only in the Dutch, French, German and Italian languages.



At its meeting in Yaoundé on 13 January 1971 the Joint Committee decided, in compliance with Article 14 of the Rules of Procedure, to submit a report to the Parliamentary Conference of the Association on the Seventh Annual Report on the activities of the Association Council. Mr. Armengaud was appointed rapporteur in accordance with Article 15 of the Rules of Procedure.

The problems raised by the Association during 1971 were studied by the Joint Committee at its meetings in Munich on 1, 2 and 3 June and in Fort Lamy on 27, 28 and 29 October.

This report was unanimously adopted, with 4 abstentions, in Fort Lamy on 29 October 1971.

The following were present:

Mr. Achenbach, Chairman,  
Mr. Ngo'o Mebe (Cameroon), Vice-Chairman,  
Mr. Armengaud, Rapporteur,  
  
Mr. Aigner,  
Mr. Bersani,  
Mr. Bos (deputizing for Mr. Schuijt),  
Mr. Briot,  
Mr. Nzeyimana (Burundi),  
Mr. N'Gregai (Central Africa),  
Mr. Makosso (Congo),  
Mr. Gon Coulibaly (Ivory Coast),  
Mr. Couveinhes (deputizing for Mr. Habib-Deloncle),  
Mr. Faboumy (Dahomey),  
Mr. Fellermaier,  
Mr. Kassa Mapsi (Gabon),  
Mr. Galli,  
Mr. Buda (Upper Volta),  
Mr. Laudrin,  
Mr. Randianasolo (Madagascar),  
Mr. Sissoko (Mali),  
Mr. Fall Babaha (Mauritania),  
Mr. Perret (Niger),  
Mr. Riedel (deputizing for Mr. Werner),  
Mr. Ndahayo (Rwanda),  
Mr. Seefeld,  
Mr. N'Diaye (Senegal),  
Mr. Bakoure (Chad),  
Mr. Dagadou (Togo),  
Mr. Tolloy (deputizing for Mr. Corona),  
Mr. Kassongo (Zaire).

## C o n t e n t s

	<u>Page</u>
A. MOTION FOR A RESOLUTION .....	
B. EXPLANATORY STATEMENT .....	5
<u>Introduction</u> .....	5
<u>Part one</u> - A year of activity: 1.7.1970 - 30.6.1971	
I. Institutions of the Association .....	13
II. Trade in 1970 .....	15
III. Financial and technical cooperation .....	26
IV. The monetary crisis and development aid .....	37
V. The application of Mauritius for accession to the Yaoundé Convention .....	40
<u>Part two</u> - The development of the Association: from Yaoundé I to Yaoundé II and beyond	
I. Industrialization of the Associated States .....	41
II. Towards a new commercial policy .....	48
III. The political stake .....	55
<u>Conclusions</u> .....	59
<u>Annex I</u> : Proposals concerning the organization of trade in tropical products .....	65
<u>Annex II</u> : Statistics of trade within the Association and external trade of the EEC and AASM .....	75
<u>Annex III</u> : State of progress at the end of 1970 of the 106 projects proposed in 1967 by the experts entrusted with the study of the possibilities of industrial- ization of the AASM .....	79
<u>Annex IV</u> : Repercussions of American measures in the field of development aid .....	83
<u>Annex V</u> : Summary of the report of the Commission on inter- national development .....	87
<u>Annex VI</u> : Comparative social and economic statistics on the AASM and African countries of the Commonwealth ....	93
<u>Annex VII</u> : Private foreign investment in the commercial exploitation of raw materials .....	99

EXPLANATORY STATEMENTINTRODUCTION

1. The Association between the EEC and the African States and Madagascar (AASM) was and is still regarded by the latter as reflecting a political position taken up by the Member States of the Europe of the Six in favour of developing countries which, before acquiring their independence, had had special links with them. In the opinion of the 18 Associated African States and Madagascar this political stand should be regarded not as something incidental but as establishing a standing reciprocal commitment to continuous economic and political cooperation. Each partner ought therefore to be able to rely on the others to satisfy the needs of its economy.

For its European members too the Association is of course a political gesture but by some of them it is seen as ancillary to the Treaty of Rome - an appendage which, although essential to the 'European revival' of 1957, created new obligations for countries which by then, for a variety of reasons, no longer played what used to be called a colonial role.

Just as States evolve with the years, to a large extent in step with the growth of their economy and population, so a convention of cooperation with third countries, themselves in the process of transformation, is bound to evolve in the light of circumstances. In other words, although the letter may undergo one or two changes, the spirit remains, in common with the basic two-way commitments.

Since 1958 circumstances have changed. Western Europe has undergone considerable changes, to the point where its economic weight is theoretically equal to that of the United States: the western world has become bipolar.

Despite its prodigious technical achievements, the United States has seen its influence decline in various parts of the world and its currency threatened because of abnormal burdens on its public funds. Japan is assuming a position of considerable importance in international trade, and China is beginning to play a major role in the world.

The spheres of influence of the great nations are consequently shifting or narrowing down.

2. The European Community is now on the point of enlarging. One of its future members, the United Kingdom, maintains special links, inherited from the British Empire, with the Commonwealth countries, some of which are neighbours and commercial competitors of the AASM.

From the very beginning the Association has provided one of the most effective means of ensuring a dialogue and forging closer links between the Africans themselves, despite the diversity of their political systems. At the Parliamentary Conference of Yaoundé Mr. Deniau rightly stressed the attachment - from the political point of view - felt by the African countries for the Association as a positive and lasting contribution to a balanced world situation. If it were extended to other African States this Association could, under certain conditions, play its part even more successfully, for what is true today for the 18 African and Malagasy partners to the present Convention will remain so tomorrow for a much larger group of countries, all of which are among the most deprived in the Third World.

3. Any report on the Association ought to consider all these factors, to see what can be learned from the past and from the present situation with a view to getting a picture of the future.

To do this we must obviously take into account what has been achieved in 12 years of trustful cooperation. Equally obvious we must expect further changes in the economic relations within the Association, if only because of the economic development undergone by the countries concerned.

The EEC Member States, aware as they are of the attachment of the Associated States to the Association, in which the principle of equality is crucial for the whole spirit and quality of cooperation, have already entered into definite commitments to maintain the Association in the event of the enlargement of the Community, so that whatever happens its structure, its spirit and a substantial part of its content will be preserved.

4. Given the present international situation, those responsible for shaping the policy of the AASM have several major concerns.

The first is how to reconcile political freedom, within the limits set by economic interdependence between nations, with a balanced rise in the standard of living of the people.

The second is how to maintain loyal solidarity with the other countries of the Third World because of the interests they have in common in the field of development.

The third is how to preserve a measure of cohesion among the African countries.

The fourth is their determination that an enlargement of the EEC should not prejudice the results - however imperfect they may be - of the present Association with the EEC.

Overriding these concerns, however, is one acute anxiety: how to emerge from a state of underdevelopment when the economy is largely at the mercy of the hazards of external trade, the balance of which is made all the more precarious by the fact that (i) exports depend mainly on outlets for the primary products of mining and agriculture (the latter, moreover, usually produced in a traditional single-crop economy) and for a few unsophisticated manufacturers, and (ii) imports are steadily increasing both in volume and in value ?

5. As regards the first of these concerns, it is worth stressing the important contribution made by the Europe of the Six to the economic progress of the AASM in terms both of public aid and of private investment. But the AASM have one worry which has important repercussions: to what extent does the EEC take adequate account of one of the main current factors in the growth of local savings, i.e. proper remuneration of natural African products ?

The EEC has striven for years to secure for its agricultural products profitable outlets, ensuring high prices and substantial support for the producers and by applying the cumbersome machinery of the levy to imports of products that are subject to the organization of markets. But this common agricultural policy of the EEC provokes psychological reactions among the Associated States, for the regulations for implementing Protocol No. 1 of the second Yaoundé Convention offer only slight commercial concessions for AASM agricultural products that compete with similar European products.

Now the development of the AASM is based on exploiting their resources, and this, in the present state of their economies, calls for remunerative outlets abroad.

6. As regards the investment of European private capital in the development of the AASM - an important contribution to economic progress in these countries - this must be effected in such a way that, while profitable to the investor, it creates wealth locally, and must be based on cooperation between European and African partners. The African and Malagasy peoples will not feel free if there is any repetition, in whatever connection, of the attitude adopted by the Community which amounted to imposing on the Associated States, at the time the second Yaoundé Convention was signed, its decision to reduce the level of its tariff preference for certain products unilaterally.

The manner in which aid is given and the procedure followed are consequently as important as the aid itself: it would be as well if Europeans did not forget this, as otherwise they may be introducing a new brand of multinational colonialism.

7. As to the AASM's second concern - maintaining solidarity with the other countries of the Third World - it is by no means certain that the cohesion displayed by the developing countries in Algiers, prior to the World Confer-

ence in New Delhi, is any guarantee of the quality or of the seriousness of the attitudes adopted. Two circumstances give rise to doubt. First one must consider the varying degrees of underdevelopment, and even of development, of the countries in question. Then there is the tendency of some Third World countries to attribute all their difficulties to the Western economy and consequently to urge an anti-capitalist crusade - despite the equally pronounced protectionism of the communist countries (the most representative of which has created a tariff barrier dubbed the 'Soviet selling price', which makes a pair with 'the American selling price'). The results of the conference the developing countries have just held in Lima in preparation for the next World Conference in Santiago confirm that this solidarity was only apparent.

The faulty system of generalized preferences - whose fallacious character for the Africans was denounced last year in the report by Mr. Guillabert - must be considered for what it is: a bone of contention between countries of the Third World, the most industrialized of which do not hesitate, in their dealings with the rich countries, to outsmart the poorest of the developing countries.

The one - and essential - thing the Europe of the Six can do is to demonstrate that its agreements with the AASM serve as a model, giving its associates the means of emerging from a state of underdevelopment. The EEC has in fact undertaken to regulate its generalized preferences machinery in such a way as to either prevent or repair any damage it might do to the AASM, either following a justifiable request from these States or at the initiative of the Commission. This commitment must be scrupulously respected.

8. As regards the third point of concern, it is of course a wise thing to maintain a measure of solidarity between the countries of Black Africa, if only to preserve the political balance of Africa itself. But it cannot be denied that there, too, degrees of development vary from one country to another and differences in economic structures and natural resources enable one country to engage in profitable diversification of production while exposing the other, which is tied to a single-crop economy, to the annual vagaries of its climate.

To what extent, moreover, can one speak of real solidarity between African countries when each of them looks at its development problems in isolation, to the point where prior coordination of projects does not appear necessary to them? Moreover, some African countries, admittedly few, already have large populations, diversified economies and major networks of internal and external communications, and this creates clashes of interest.

9. The fourth matter of concern to the AASM - the possible consequences of the enlargement of the Association - is made still more acute by the steady decline in the value of the preferential trade facilities afforded by the



Association that has resulted from the lowering of the level of the EEC's tariff protection and from the abolition of price support for AASM products (even though such support continues for European agricultural products). To this must be added the fact that by extending these preferences to countries competing with the AASM, the agreement between the EEC and the three countries of East Africa has already lessened the value of these preferences for the beneficiaries as a group. Similarly, the introduction by the EEC of generalized preferences for the processed products of all developing countries has reduced the value of the Association's preferential system with regard to these products.

The enlargement of the EEC will make the complexity of the problems that characterize an Africa in search of unity even more apparent: is not Nigeria alone an economic and demographic entity comparable to that made up by the 18 AASM as a whole ?

It must, however, be realized that although difficulties are bound to arise, the enlargement of the European Community will create conditions conducive to the constitution in Africa of a coherent economic whole freed from any traces of the colonial era. African leaders will surely be able to take advantage of the real chance thus offered to them to progress towards the unity of their continent.

The fact remains that the problem of enlargement is still causing anxiety in the AASM even though Europeans are not wholly aware of this and still believe that their own assessment of the problems of relations between Europe and Africa is relevant to the case in point. Just as what is good for General Motors is not necessarily good for the United States (notwithstanding the well-known saying of the former president of that company), so too what is satisfactory for one of the partners of the EEC is not necessarily satisfactory for the other partners, let alone for the AASM.

10. Behind these acute misgivings of the moment there lurks the constant worry felt by the AASM about the economic situation of their exports and their position in world trade. The Associated States find it hard to understand the difference in treatment given to their primary products on the one hand and to petroleum or European agricultural products on the other. They realize, of course, that because petroleum products are at present irreplaceable the producer countries have a powerful weapon with which to bargain with the consumer countries, and that this is not the case for their own traditional products.

They feel that their attitude to the EEC, which is based on continuous contacts, close cooperation and mutual understanding, deserves a more friendly response as regards trade relations and terms of trade. Hence they are astonished at the weakness of the Western countries in the face of pressure

from Arab countries and the strict line taken by them on the prices of the primary products of the AASM.

This is no doubt a point that merits serious reflection on the part of the Western world and more particularly the EEC.

11. The approach adopted by the Member States of the EEC and by the United Kingdom to the development problems of the Third World vary widely from country to country.

The reasons for these differences in approach are historical. Such countries as France, the Netherlands and the United Kingdom can look back on a long colonial tradition and consider they still have certain obligations towards States which, though now independent, were formerly their responsibility. Germany's colonial relations ended after the first world war, and Italy's after the second. Belgium, with which Luxembourg was to some extent associated, administered a vast area of neighbouring territories up to 1960.

To persuade some of the signatories to the Treaty of Rome to admit that they ought in a sense to participate in the economic development of countries still under French tutelage - even if they were soon to be free from this - and this in the name of European solidarity, was asking a great deal.

Germany, moreover, had always pursued - and still pursues - an external trade policy based on diversified sources of supply of primary products not available on or below its own soil and for which it pays with currency earned by exports of finished products. Any association with developing countries involving its giving them preference as suppliers rather than buying primary products of the same quality from the lowest bidder, thus became for Germany an encumbrance.

The EEC's first task was to reconcile the divergent points of view. Reconciliation implies willingness on the part of all concerned to make some departure from original positions adopted. This explains the careful wording of the Treaty of Rome in the part dealing with relations with the AASM, and subsequently of the Yaoundé Convention.

The second Yaoundé Convention is even more marked by a concern to avoid any too drastic commitments vis-à-vis the AASM except as regards maintaining a fairly substantial financial contribution.

12. The European countries for their part must also come to grips with serious economic problems. The sharp rise in public expenditure, the pressure of wages, the ever-increasing burden of social benefits and the maintenance of heavy defense budgets, at a time when the consumer society recklessly encourages private spending, is creating an inflationary climate which governments find it hard to deal with. Governments consequently tend to put a brake on

all but the most popular expenditure. The national tendency is therefore to regard expenditure in favour of the developing countries as less essential, and hence to limit it to what is considered to be an acceptable ceiling.

At the same time, in order to contain the price indexes, whose rises lead to increases in wages, the governments of the Six tend to prefer the cheapest suppliers when it comes to products from third countries. Now for some tropical products (such as oilseeds and oils and cotton), the AASM are not always the best placed, either because of competition from other developing countries or because of the selling off of the surpluses of industrialized countries which have similar products (e.g. the United States and the USSR) on the world market.

In other words, economic considerations of special concern to the EEC Member States weigh heavily in their attitude to the developing countries and hence to the AASM.

13. Because of the difficulties encountered by some Associated States in maintaining a really democratic system - with all that this implies for the freedom of the citizen and respect for human rights - Europeans fear that the stability of relations with the EEC is not guaranteed. The result is a certain hesitation on the part of private European investors (whether individuals or companies) despite the guarantees offered by some EEC and AASM countries. Indeed, there is nothing more disappointing - and the example of Algeria in regard to petroleum shows this - than to participate effectively in economic development only to find one's efforts frustrated, even if compensation has been provided, usually following a difficult legal dispute.

Cohesion among the AASM sometimes appears to be wanting in the eyes of the EEC Member States. Then again, the economic individualism of the African countries in relations between them is liable to lead to their making competitive investments. To remedy this lack of coordination certainly appears to be no easy task in the light of the European precedent created by the EEC where, despite an obvious common interest defined by the Treaty, the coordination of industrial investment is still in its infancy.

14. The rising tide of the demands made by the developing countries to the industrialized countries and their growing influence in international organizations cannot leave Europe indifferent: the deterioration, not to say the failure, of the 'Alliance for Progress' shows just how difficult relations between helpers and helped can become, to the point where the Latin American countries are now looking to Europe to extricate them from their state of underdevelopment.

The European Community is thus faced with a dual task: to maintain the best possible relations with the AASM and to give serious thought to the prob-

lems of the other developing countries, notably those of Latin America.

The example the EEC can give of its understanding of the specific problems of the AASM and the way it solves them will no doubt largely determine the attitude the Third World adopts towards it.

## PART ONE

### A YEAR OF ACTIVITY: 1.7.1970 - 30.6.1971

15. The period covered by the Seventh Report saw the coming into force on 1 January 1971 of the second Yaoundé Convention, which brought to an end a transitional period of 19 months.

This formal stabilization of the Association was greeted with satisfaction by all the partners. The Association continues on the established bases with a new impetus which is greatly to be welcomed.

#### I. Institutions of the Association

16. The renewal of the Yaoundé Convention entailed few institutional changes. A 'good offices' procedure was set up within the Council of Association and an institutional form given to the AASM Coordinating Council and Coordinating Committee, bodies which played an important part under the previous Convention and met a real need.

At the same time the Statute of the Association's Court of Arbitration was inserted in a protocol annexed to the Convention and thus given a legal value identical to that of the Convention itself.

17. It is worth noting that the Association Council met twice during the period under review: first on 30 September 1970 and then on 22 April 1971. The Council then met again on 30 November 1971<sup>1</sup>.

This would seem to indicate that the Council has become more aware of its political responsibilities. It is to be regretted, however, that the Associated States did not always have themselves represented on the Council at a sufficiently high level. The reason for this would appear to be the unduly formal character of these ministerial meetings which offer little opportunity for spontaneous and searching debates.

The Joint Committee would like in future all the partners of the Association to be represented as far as possible by members of governments at the meetings of the Association Council, which is still the only political deci-

---

<sup>1</sup> The following matters were dealt with at this Council meeting:

- enlargement of the Community;
- application for association by Mauritius;
- general provisions of specifications for EDF contracts;
- general guidelines for financial and technical cooperation.

sion-making body in our institutional setup. It would like the Council to become a forum for useful contacts between the partners of the Association, so that all present can help to start up a real political dialogue covering both current problems and general guidelines. The ordinary annual session could be used, for example, for a full-scale debate on the development of trade within the Association.

The presence of members of governments at Council meetings would help to bring out more clearly the differences between the various bodies of the Association, each of which is invested with powers of its own. This distinction should also be even more apparent in terms of those called upon to represent the partner countries within the institutions. It is indeed to be regretted that States are sometimes represented by the same delegate both on the Association Council and at the Parliamentary Conference and on the Association Committee.

18. The Association Committee met four times during the period under review. There were two subsequent meetings of the Committee on 22 October and 23 November 1971.

The Committee's rules of procedure were approved by the Council on 22 April 1971. On the same date the Council passed a decision delegating a large part of its powers to the Association Committee in order to expedite and simplify the conduct of business.

In view of the scale of this delegation of powers it is reassuring to note that the Council reserves for itself the exercise of powers 'of special political importance or which by their nature hardly lend themselves to delegation'. Hence it is the Council that will adopt texts relating to the concept of 'products originating in ...' as well as to the methods of administering cooperation, the fiscal and customs system applicable in the AASM to contracts financed by the Community, the definition of general guidelines for financial and technical cooperation, the decision relating to the reserve fund, and consultations on applications for association with the Community.

At all events the Council also reserves the right to deliberate itself - if the Community and the AASM feel this necessary - on all matters regarding which powers have been delegated to the Committee.

A delegation of powers based on a clear conception of powers and responsibilities cannot in itself be objected to. Obviously, as in the past, the Joint Committee will always attach great importance to the precise definition of responsibilities and powers, while continuing to stress the essential role of the Council.

19. The President of the Association Council took part in the work of the annual meeting of the Parliamentary Conference of the Association held in Yaoundé on 11-13 January 1971. He also attended the meetings of the Joint Committee in Libreville (28-30 October 1970), Munich (1-3 June 1971) and Fort Lamy (27-29 October 1971).

In its report, the Council welcomes the spirit of friendship and trust that characterizes its relations with the Conference. It states that the resolutions of the Parliamentary Conference have made it possible, by contributing constructively to the Council's deliberations on several questions of great interest to the Association, to strengthen the links existing between the work done by the Conference and the problems discussed in the Council.

The Joint Committee wholeheartedly endorses this view. It fully appreciates the important contribution made by representatives of the EEC Commission, the Association Council and the Council of the Communities through their active participation in the work of the parliamentary bodies.

Similarly, it would like to stress the outstanding role Mr. Deniau has continued to play in the smooth operation of the Association with the assistance of his colleagues in Directorate-General VIII.

## II. Trade in 1970

20. Chapter II of the report, dealing with trade, this year for the first time analyses the development of trade within the Association. Unfortunately, the figures cover only 1968 and 1969 which have already been discussed in detail in the report by Mr. Guillabert.

The data for 1970 have in the meantime become available and show that the expansion of trade, considerable as it was, was not as brisk as in the two previous years<sup>1</sup>.

---

<sup>1</sup> The first available figures for 1971 show that there has been an accentuation of this trend. In the period January-June 1971 EEC imports from the AASM fell by 18% by comparison with the same period in the previous year, whereas the Community's exports to the AASM increased by 9% (Source: Statistical Office of the European Communities, Bulletin mensuel du commerce extérieur No. 8-9/1971).

EEC imports from the AASM

21. While in 1969 EEC imports from the AASM rose by 17.1% over the previous year, in 1970 they rose by only 8% over 1969:

		(\$ million)						
		AASM exports to the EEC						
	1966	% of total	1967	1968	1969	1970	% of total	% variation 1969/1970
Belgium )	341	25.9	287	374	479	512.6	27.6	+ 7
Luxembourg )								
France	600	45.5	610	614	667	703.7	37.8	+ 5
Germany	170	12.9	179	218	248	273.3	14.6	+ 10
Italy	153	11.6	164	162	200	239.1	12.8	+ 19
Netherlands	54	4.1	61	98	121	133.5	7.2	+ 10
EEC	1,319	100	1,304	1,467	1,717	1,862.3	100	+ 8

France's share of AASM exports to the EEC has gradually decreased. Still as high as 45.5% in 1966, it fell to 37.8% in 1970. During this period the imports of the other Member States rose not only in value but also as a percentage of the total.

This difference as between the Member States of the Community persisted in 1970. The most striking increase in imports was in Italy (+ 19%), followed by Germany and the Netherlands (+ 10%), BLEU (+ 7%) and France (+ 5%).

22. The AASM's share of the Community's total imports fell from 4.4% in 1968 and 1969 to 4% in 1970. The share in value of the AASM in the imports of EEC Member States shows the following pattern:

	<u>1968</u>	<u>1969</u>	<u>1970</u>
BLEU	10 %	11.3%	11 %
France	8.3	7.8	7.2
Germany	1.8	1.8	1.6
Italy	2.5	2.6	2.7
Netherlands	2.4	2.5	2.3

23. A breakdown by countries shows that although the overall trend in AASM exports is satisfactory for these countries as a whole, the situation in the 18 States varies considerably.

Exports on the whole rose except for the Congo, Niger, Somalia and Chad, whose sales to the EEC fell off slightly this year. The increase was particularly marked in the Central African Republic (+ 70%), Mali (+ 53%), Burundi (+ 45%), Upper Volta (+ 32%) and Dahomey (+ 31%).



This situation is illustrated by the following table:

EEC imports from the AASM in 1970

Country of origin	value in \$ thousand	% variation
All developing countries	16,105,215	+ 13
All AASM	1,862,542	+ 8
Burundi	4,821	+ 45
Cameroon	180,166	+ 2
Central African Republic	27,879	+ 70
Chad	19,021	- 2
Congo	46,193	- 3
Dahomey	24,936	+ 31
Gabon	114,449	+ 14
Ivory Coast	373,548	+ 1
Madagascar	64,730	+ 20
Mali	7,811	+ 53
Mauritania	63,180	+ 14
Niger	30,874	- 4
Rwanda	5,012	+ 20
Senegal	109,900	+ 13
Somalia	16,162	- 1
Togo	57,083	+ 4
Upper Volta	6,384	+ 32
Zaire	710,186	+ 12

24. For comparison purposes it may be noted that the exports of the developing countries as a whole to the Community increased by 13% (Asia and non-associated African countries: 16%; Latin America: 13%).

Thus the trend of the last few years is continuing (see table below)<sup>1</sup>.

	1960		1968	
	\$ million	%	\$ million	%
AASM	950	15.2	1,467	14.0
Other African countries	1,400	22.4	2,893	27.5
Middle East	1,280	20.5	2,510	24.0
South-east Asia	845	13.5	1,050	10.0
Latin America	1,580	25.3	2,340	22.3
Others	70	3.1	230	2.2
All developing countries	6,225	100	10,490	100

It should be noted, however, that the increase of the two groups of countries which stepped up their exports (Middle East and 'other African countries') is mainly due to EEC imports of oil originating in Libya, Algeria and the oil-producing countries of the Middle East.

<sup>1</sup> Source: E. Pearse/R. Kahn: The White Tribes of Europe (London 1970), p. 9, quoted by H. Coppens, Cahiers de coopération internationale No. 8, p. 21.

AASM imports from the EEC

25. Community exports to the AASM increased in 1970 at a rate of 13.2% in value by comparison with 1969. This increase was greater for Italy (39%) and the Belgo-Luxembourg Economic Union (24%) than for France (14%) and Germany (6%). As for the Netherlands, after a long period during which their sales to the AASM rose rapidly, their exports have this year shown a substantial decrease (- 18%).

(\$ million)

Member States' exports to the AASM								
	1966	% of total	1967	1968	1969	1970	% of total	% variation 1969/1970
Belgium )	93	11	82	104	125	155.4	12.3	+ 24
Luxembourg )								
France	569	67.3	627	649	664	755.5	59.7	+ 14
Germany	84	10	93	119	149	158.0	12.5	+ 6
Italy	59	7	72	80	87	121.2	9.6	+ 39
Netherlands	39	4.7	50	66	91	74.6	5.9	- 18
EEC	846	100	926	1,019	1,116	1,264.9	100	+ 13

26. As for EEC imports, France's share of Community exports to the AASM is steadily falling. Although still 67.3% in 1966, it fell to 59.7% last year. During this period the other Member States increased their shares. Thus it can be seen that diversification in the trade between the EEC and the AASM has operated in both directions.

Among the AASM, the Community's main customers are Zaïre, Ivory Coast, Cameroon, Senegal and the Malagasy Republic. At the same time the only Associated States that reduced their purchases on the European market in 1970 were Senegal and Somalia.

EEC exports to the AASM in 1970

To	\$ 1,000	% variation
All developing countries	11,546,000	+ 13
All AASM	1,264,933	+ 13
Burundi	8,185	+ 12
Cameroon	152,017	+ 16
Central African Republic	27,086	+ 19
Chad	23,326	+ 33
Congo	60,050	+ 8
Dahomey	38,300	+ 19
Gabon	61,455	+ 14
Ivory Coast	240,157	+ 14
Madagascar	117,137	+ 11
Mali	20,230	+ 36
Mauritania	22,987	+ 10
Niger	32,561	+ 31
Rwanda	7,628	+ 44
Senegal	120,190	- 9
Somalia	17,729	- 9
Togo	29,152	+ 12
Upper Volta	23,373	+ 9
Zaire	263,370	+ 23

27. The EEC's balance of trade with the AASM continues to show a deficit; this amounted in 1970 to \$597.4m. For all member countries of the Community imports from the AASM exceeded exports to the AASM in value, except for France which still shows a surplus of \$52m.

28. To set the development of trade between the EEC and the AASM against a wider background, it is worth referring to the Commission's reply to a written question by Mr. Dewulf<sup>1</sup>. This states that the Community's imports from the AASM increased, between 1958 and 1969, from \$913m to \$1,717m, an increase of 88% in eleven years. Community exports did not expand so rapidly, rising from \$713m to \$1,117m, an increase of 57%.

By comparison, the volume of US imports from the AASM increased by only 17% in eleven years whereas its exports to the AASM almost doubled between 1958 and 1969, while continuing to show a deficit. The imports of the United Kingdom increased more than five times over during the same period. British exports to the AASM went up by 71% and still show an appreciable deficit. Trade between the AASM and Japan, which was negligible in 1958, has increased considerably and in 1969 the volume of Japanese exports to the AASM was greater than that of the United Kingdom's exports.

<sup>1</sup> Written Question No. 384/70, Official Gazette of the European Communities No. C/17 of 20 February 1971.

### Changes in tariffs

29. The activity report sets out in detail the problem of changes in the EEC's customs tariff for some tropical products which were the subject of consultations between the Community and the Associated States.

The tariff changes relate to unroasted coffee, cocoa beans and crude palm-oil. On other tropical products the tariffs have been either suspended or reduced.

After examining the requests of the AASM, the Community finally changed the measures envisaged only in respect of cinnamon and china wood oil.

### Generalized preferences

30. The report surveys the drawing up and implementation of the EEC's system of generalized preferences. The problems raised and discussed within the Association bodies are fairly well known, and because the Community brought its system of generalized preferences into operation on 1 July 1971 there is no point in returning to the subject. The only point of interest at present is world prospects of generalized preferences.

The monetary and trade crisis that broke out in August 1971, which your rapporteur will discuss later, has placed the Community system in a situation that was not foreseen, though it well could have been. Present trends in American economic policy hold out no hope at present that a system of generalized preferences will be introduced by the United States. That country has even taken a step in the opposite direction in applying a 10% import surcharge which also hits the manufactures of developing countries.

Should the Community and the other major world trading partners follow this example or continue - with possible changes - their policy of cooperation in development ?

Pressure is being exerted by some industrial sectors in Europe on the Community to cease applying certain duty-free rates which could place some local industries in difficulty. Despite this, it is expected that on the expiry of the present measures (on 31 December 1971, the end of a six-month period) the EEC will continue to apply its system on a trial basis. This will be an effective answer to the protectionist trends that have emerged in international trade over the last six months.

31. No doubt, however, the EEC should in future make a thorough reappraisal of generalized preferences, particularly as regards their repercussions on the AASM. After losing a large measure of their exclusive rights of preferential access to the markets of the Six, these countries have now seen a dimming of

the prospect of the counterpart to this - preferential access to the markets of the United States and other industrialized countries.

As the world's leading trading power, the Community should assume responsibilities consistent with the weight it carries. The present Community, and even more the enlarged Community, will have the leading rôle to play in the world markets for tropical products and it would be as well for it to become fully aware of its importance and of the tasks it entails.

There is reason to welcome the initiative recently taken by the European Commission in presenting a memorandum to the Council on a Community policy for cooperation in development<sup>1</sup>. At a time when the second Development Decade is getting under way, this reflects the awareness of Community institutions of the need to express their determination that the Europe of the Six should help the countries of the Third World in a spirit of solidarity.

#### System applicable to agricultural products

32. As the second Yaoundé Convention came into force on 1 January 1971, the regulations adopted on imports into the Community of the main agricultural products originating in the AASM will remain in force until 31 January 1975. These regulations, which were adopted by the Council, concern the system applicable to the following products: beef and veal, oilseeds and oils, products processed from fruit and vegetables and from cereals and rice, rice and broken rice. The new system is more favourable to the AASM than the previous one, as Mr. Guillaibert noted in his report last year.

Following consultations with the AASM, the Council of Ministers also adopted a regulation on the system applicable to raw tobacco and another regulation on imports into the French Overseas Départements of maize originating in the AASM and the OCT. Similarly, after consultations with the Associated States, the Council adopted a regulation on the system applicable to fishery products which are now to be imported free of duty.

As regards AASM fresh fruit and vegetables, a proposal for a regulation recently submitted to the Council by the Commission provides for duty-free entry and exemption from the levy. The products in question are either fruit and vegetables not produced in Europe or products mainly supplied out of season.

#### Definition of 'products originating in ...'

33. On 22 April 1971 the Association Council adopted a decision on the defi-

---

<sup>1</sup> Memorandum of the Commission to the Council on a Community policy for cooperation in development, Doc. SEC (71) 2700 déf. of 27 July 1971. The European Parliament will shortly be delivering an Opinion on this document.

inition of 'products originating in ...' and on methods of administrative co-operation. This decision is the outcome of prolonged efforts to codify and round off numerous provisions scattered over several decisions.

The setting up of the Committee on customs cooperation is also to be welcomed. This body is answerable to the Association Committee and is responsible for administrative cooperation to ensure uniform application of the provisions of the decision referred to.

34. In its report the Association Council mentions four technical questions unconnected with the decision and still to be settled: determining the origin of postal packages and of fishery products, deciding on a tolerance for the inclusion of 'non-originating' components or spares in machines and plant listed in Chapters 84 to 92 of the Brussels Nomenclature, and determining the origin of 'Guinea' or 'Touareg' dyed fabrics.

Powers were delegated to the Committee of Association to settle these questions, and a decision was finally taken at the Committee's meeting of 22 October 1971<sup>1</sup>.

#### Information and consultation procedure

35. One of the first decisions taken by the Association Council under the new Convention concerns the procedure for information and consultation on the application of Chapter II of Title I of the Convention, that is, Articles 11-15 relating to trade policy.

This new decision stipulates that:

- a) information and consultation procedure in trade policy in the strict sense of the word (this clause incorporates the provisions of Council Decision No. 1/64, extending them to cover customs unions, free trade areas and economic cooperation agreements);
- b) the procedure for consultation on measures likely to be adopted by the Community on customs duties and quantitative restrictions affecting the AASM or by the Associated States regarding import duties;
- c) information and consultation procedure for the application of the special safeguard clause of Article 16;

---

<sup>1</sup> As regards fishery products, the EEC agreed - in response to the concern expressed by Mauritania - to a derogation from the definition of 'products originating in ...' for that country for an amount of 3,500 tons per annum.

d) the provision under which the Association Committee reports to the Association Council, in its activity report, on the application of this decision.

The Joint Committee trusts that the implementation of this decision will consolidate the good relations established between the partners of the Association in trade policy. The parliamentarians have often expressed their concern at the previous situation where AASM interests were not always taken into consideration by the Community.

36. The activity report lists the meetings held for consultation and contact purposes between the delegations of the EEC Member States and of the Associated States, notably in UNCTAD, GATT and the International Coffee Organization. This cooperation at the international level should be continued; all the partners, furthermore, feel that this is necessary. Moreover the EEC Member States and the AASM are finding more and more that the Association provides an invaluable framework for their cooperation and also offers a real opportunity for effective action at world level<sup>1</sup>.

The Parliamentary Conference at Yaoundé asked the Association partners to work together to promote, at world level, a genuine policy for the primary products.

An excellent opportunity for doing this, in accordance with Protocol No. 5 to the Convention of Association, will occur at the Third World Conference on Trade and Development at Santiago in Chile next spring at which the problems of primary products will be one of the main points discussed.

37. Following consultations with the AASM, the Community decided to re-introduce customs duties on canned pineapples originating in the States of East Africa as from 1 April 1971 and up to the end of the year. This decision has allayed the concern expressed by some Associated States about the possible implications, for their own exports, of exports to the Community of products originating in East Africa. The risk of upsetting an established pattern of trade was thus avoided.

#### Quantitative restrictions on imports

38. Under the second Yaoundé Convention the Associated States apply no quantitative restrictions, or measures having an equivalent effect, to imports originating in EEC Member States, except to meet their development

---

<sup>1</sup> This aspect of the Association is studied in detail in the working document prepared by Mr. Glinne on coordination of the action of the 24 partner States of the Association within the framework of international organizations for economic and development cooperation.

needs or in the event of balance-of-payments difficulties. The latter measures are subject to specific conditions and to vetting by a joint EEC-AASM group of experts.

The group is continuing its work and should shortly bring out a detailed report on all quantitative restrictions still in force. The Joint Committee will not fail to comment on this document in due course.

#### Marketing of AASM products

39. The second Yaoundé Convention contains new provisions on the marketing of AASM products and on the improvement of outlets for them on Community markets. It is recognized that the regulations so far adopted within the framework of the free trade system within the Association are not likely, on their own, to bring about any notable improvement in the flow of trade from the AASM to the European Community. It also appears that the EEC market is opening up more and more to competing products from third countries. Then again the structure of the operations of some Associated States is going to change rapidly and new marketing problems will arise.

The new provisions intended to boost the exports of the Associated States will enable them to call on the Community for financial and technical help in the marketing of these products and expanding their sale.

40. It is worth noting the publication of the first document summing up EEC studies regarding sales promotion of AASM products. This is still only a report by experts whose conclusions in no way prejudge the future attitude of the EEC or of the governments concerned.

The experts state that a system of tariff preferences, though useful, is inadequate to ensure a rapid and balanced expansion of trade, and stress the urgent need for AASM governments to take a positive stance on the promotion of their exports, in order both to defend their established trade positions and to conquer new markets.

The experts' report further notes that in view of the development needs of the countries in question, there must be a radical change of attitude: the aim cannot simply be to dispose of output; it must be to expand exports to a maximum.

The report then details the main ways open to the Associated States to promote their exports: trade information (a two-way flow between producers and consumers), trade representation and prospecting, market studies and marketing, trade promotion drives proper, and the training of commercial executive grades.



It then outlines some of the facilities that could provide support for export drives: the strengthening of existing national structures, the creation of national export centres, multinational centres, short-term measures, and joint services.

In the second part of the report more than 100 pages are devoted to special proposals concerning each of the products of interest to the AASM: coffee, cocoa, bananas, oilseeds and oils, tropical woods, cotton, fruit and vegetables, groundnuts, hides and skins, pyrethrum, tourism.

In conclusion the experts recommend:

- setting up national centres for promoting external trade in three countries: Ivory Coast, Cameroon and Zaïre;
- strengthening the Malagasy Export Office (Omadex);
- setting up four multinational centres for product promotion: for coffee (attached to the OAMCAF), groundnuts, wood and cotton;
- strengthening the ODTA (Organization for the development of African tourism) to promote tourism and craft industries;
- the creation of a joint information service attached to the coordination secretariat of the African and Malagasy States.

In conclusion the report states that the AASM must be persuaded to switch from the traditional methods inherited from the days of white dealers to modern marketing techniques geared to an active interest in and knowledge of demand and how to win markets.

41. The new scope for trade held out by the second Yaoundé Convention cannot be exploited to the full unless action is taken to deal with some of the weak points in the AASM economies.

First of all the growth of production must either keep pace with or overtake that of exports. Production effort must be at least proportionate to marketing effort. Then again, encouragement must be given to vertical diversification of production, i.e. the processing of agricultural products on the spot for sale as processed products.

Trade promotion is essential and priority must be given to training businessmen, entrepreneurs and managers of large enterprises. This point appears to be the condition on which the success of all the others depends. The Joint Committee would like the Association Council carefully to examine the possibility of giving direct financial aid to enterprises and other bodies that contribute to the basic or follow-up training of administrative and marketing staff.

42. As an experiment, the Association decided to finance a programme under which the Associated States could participate in international trade fairs and similar activities in the Community. As a result the Associated States had, by 31 December 1970, participated in 22 such events organized in the different Member States.

The second Yaoundé Convention allows for such a practice to continue, and provision has been made to broaden the programme of trade fairs in Africa. The Joint Committee strongly encourages the continuation of this policy and would like to be informed of the results each year.

43. The Seventh Report refers to the colloquy on the problems of groundnuts organized by the Senegal authorities with the financial aid of the Community and held in Dakar in March 1971. The Joint Committee calls on the Association Council and the Community to make a careful study of the proposals made on that occasion designed inter alia to set up stabilization machinery at the African regional level. Provision was in fact made, at the request of the AASM, for steps to be undertaken shortly to work out proposals for practical action on the basis of the results of the Conference<sup>1</sup>.

44. The problems of the African and Malagasy sugar agreement within the Association have not yet been satisfactorily solved. The Community is obviously in a special position regarding this product. It is to be hoped that a satisfactory solution to these problems is found before the Convention of Association is renewed because the enlargement of the Community and of the Association will make them much more acute.

### III. Financial and technical cooperation<sup>2</sup>

45. From the point of view of financial aid, the period covered by the report on the activities of the Council is in two parts, the first extending to 31 December 1970 and terminating credit commitments under the second EDF, and the second coinciding with the entry into force of the 1969 Convention and the third EDF.

46. As soon as the new Convention came into force, the EDF's financial regulation was revised. The new regulation<sup>3</sup> includes many new items relating to

---

<sup>1</sup> See the reply to Mr. Vredeling's Written Question No. 256/71 to the Commission (Official Gazette of the European Communities No. C 115 of 13 November 1971).

<sup>2</sup> The rapporteur drew up this chapter, largely on the basis of the Commission's report to the Association Council on the administering of financial and technical cooperation from 1 January to 31 December 1970, Doc. 3/III of 25 November 1971.

<sup>3</sup> See Official Gazette of the European Communities No. L/31, 8 February 1971.

measures for carrying out the Fund's operations. It suffices to mention the measures likely to help towards raising risk capital and the execution of 'integrated projects'.

'Integrated projects' cover a range of measures involving mainly investments in production sectors. The distinctive features of these interventions must be their unity of purpose and continuity of application. The European Commission studies integrated projects from the standpoint of macro-economics and of Community development policy. The European Investment Bank, for its part, looks into questions relating to capacity of indebtedness and the financial aspects of the problem.

#### Work of the Association Council on financial and technical cooperation

47. After a great deal of preparatory work, the new fiscal and customs system applicable in the AASM to contracts financed by the Community was finalized by the Association Council on 22 April 1971. The Joint Committee welcomes this decision which should provide a satisfactory solution to the problems - sometimes particularly difficult - that used to be raised by the fiscal and customs system applied by the AASM to contracts financed by the EDF.

The new system includes some interesting changes and innovations including many exemptions from customs duties and taxes. It came into force with immediate effect and is thus applicable to contracts financed by the third EDF and also to contracts on the first and second EDF not yet concluded at that date.

48. The general specifications for EDF contracts, which had been under study for a long time, were finally adopted at the Association Council's meeting of 30 November 1971. The agreement reached on this point between the AASM and the EEC is to be welcomed, for this new text will standardize the conditions for invitations to tender, the participation of the enterprises concerned, and the award of contracts throughout the Associated States. It will thus be easier for enterprises from all the countries concerned to take part on an equal footing, the end in view being to make the procedure public.

49. At the ministerial meeting at Tananarive, the Community presented a statement on the maintenance and operation of investments financed by the EDF. In this the Community stresses the importance it attaches to the sound utilization and lasting effectiveness of the investments it has financed, and indicates a series of measures which should enable the Associated States to carry out commitments concerning the maintenance and operation of investments.

The psychological aspect of this problem escapes no one, and the Joint Committee trusts that the partners of the Association will find flexible and effective ways of removing any difficulties that may arise in this field.

50. The Joint Committee noted with satisfaction that on 22 April 1971 the Council again stated its attitude on the general policy for financial and technical cooperation. The application of Article 29 of the new Convention is, in the opinion of the parliamentarians, essential to the sound operation of the Association in a spirit of fruitful cooperation between its partners.

#### EDF's activities

51. According to the latest information available at the time of drawing up this report, the total financial aid granted by the EEC to the 18 AASM, including EIB loans, amounts to approximately 1,300 million u.a., broken down as follows:

first EDF (to 31 December 1970) : 474 millions,  
 second EDF (to 30 June 1971) : 643 millions,  
 third EDF (to 24 November 1971) : 196 millions.

52. The figures relating to the activity of each of the three funds are given below:

#### a) First European Development Fund

Commitments and expenditure at 31 December 1970

Beneficiary	Number of projects	Total commitments	Expenditure
Burundi	11	4,989	4,849
Cameroon	26	52,779	48,704
Central African Republic	27	18,131	14,931
Chad	18	27,924	27,314
Congo	17	24,594	23,301
Dahomey	19	20,778	19,015
Gabon	14	17,759	16,677
Ivory Coast	21	39,659	36,198
Madagascar	40	56,265	54,994
Mali	24	42,030	41,189
Mauritania	12	15,379	15,020
Niger	8	31,355	27,997
Rwanda	11	4,960	4,872
Senegal	25	43,637	36,281
Somalia	7	9,849	9,496
Togo	18	15,929	15,201
Upper Volta	13	28,293	26,942
Zaire	16	19,521	15,094

b) Second European Development Fund

Commitments as at 31 March 1971

(1,000 u.a.)

C O U N T R Y	Econ. & social investment		Aid to di- versification		Aid to product- tion	Aid tied to investm.	Gen. techn. coop.	Emer- gency help	Adm. & techn. super- vision	TOTAL	Advances to price stabil- ization funds
	Grants	Loans on spec. terms	Grants	Loans on spec. terms	Grants	Grants	Grants	Grants	Grants		
Burundi	10,167	-	5,250	-	-	2,582	424	-	626	19,049	1,000
Cameroon	26,137	7,371	810	7,151	7,612	401	584	-	1,743	51,809	916
Central African Republic	15,668	-	1,514	227	5,056	1,629	150	-	1,495	25,739	-
Chad	23,431	1,215	1,501	-	4,176	1,465	67	-	1,254	33,109	1,767
Congo	13,149	-	4,710	-	-	607	34	-	975	19,475	-
Dahomey	15,653	-	1,582	-	3,918	793	2	-	724	22,672	-
Gabon	10,766	2,500	4,000	-	-	2,428	5	-	545	20,244	-
Ivory Coast	2,614	6,013	40,187	6,395	-	82	240	-	1,392	56,923	-
Madagascar	34,031	-	7,016	1,862	22,094	1,273	100	1,013	1,824	69,213	12,027
Mali	25,291	-	1,411	-	4,139	1,497	-	101	909	33,348	-
Mauritania	12,300	-	2,246	2,754	-	257	5	-	517	18,079	-
Niger	20,511	-	1,625	-	4,396	1,548	280	225	1,025	29,610	-
Rwanda	7,222	-	5,250	-	-	2,981	1,488	-	507	17,448	-
Senegal	12,984	-	10,679	-	30,427	167	16	-	1,223	55,496	8,710
Somalia	13,381	-	6,500	-	-	3,471	1,558	1,240	517	26,667	-
Togo	10,749	-	2,476	-	3,165	1,572	-	-	572	18,534	-
Upper Volta	20,656	-	6,000	-	-	1,434	38	-	1,224	29,352	-
Zaire	47,430	3,000	9,000	6,000	-	534	4,603	-	940	71,507	-
Administrative and financial expenditure	-	-	-	-	-	-	-	-	-	1,833	-
General total AASM	322,140	20,099	111,757	24,389	84,983	24,521	8,694	2,579	18,012	620,107	13,620

c) Third European Development Fund  
Commitments as at 7 October 1971

(1,000 u.a.)

C O U N T R Y	Econ. and social investment			Tied tech. coop. (c)	General techn. coop.		Aid to marketing and sales promotion	Except- ional aid	Adm. exes	TOTAL
	Subsi- dies	Interest rate rebates	Total		Basic & adv. training	Other mea- sures				
Burundi	10,006	-	10,006	83	-	-	-	-	178	10,287
Cameroon	18,437	241	18,678	56	-	-	-	-	346	19,080
Central African Republic	-	-	-	50	-	-	-	-	431	481
Chad	3,320	-	3,320	30	-	-	-	101	312	3,763
Congo	2,056	-	2,056	176	-	-	-	-	234	2,466
Dahomey	2,827	-	2,827	183	963	-	-	-	176	4,149
Gabon	15,844	414	16,258	-	-	-	-	-	144	16,402
Ivory Coast	522	-	522	149	-	-	687	-	393	1,751
Madagascar	17,742	-	17,742	333	932	-	-	-	437	19,444
Mali	10,622	-	10,622	428	-	9	-	-	267	11,326
Mauritania	-	-	-	165	-	-	-	300	182	647
Niger	5,855	-	5,855	564	539	-	-	1,430	269	8,657
Rwanda	950	-	950	2,494	245	-	-	-	141	3,830
Senegal	16,017	287	16,304	314	-	-	23	3,601	333	20,575
Somalia	3,263	-	3,263	115	-	-	-	2,807	158	6,343
Togo	11,533	-	11,533	685	-	-	-	-	142	12,360
Upper Volta	5,061	79	5,140	1,197	-	-	-	1,815	351	8,503
Zaire	15,960	-	15,960	-	-	-	-	-	336	16,296
Total AASM	140,015	1,021	141,036	7,022	2,679	9	710	10,054	4,830	166,340
Funds not allocated	-	-	-	-	7,737	230	2,560	-	851	11,378
Credits blocked	-	-	-	1,804 (a)		267 (b)		-	-	2,071

(a) Balance of total credits of 5,500,000 u.a. made available by the Commission to the principal of the EDF to finance technical cooperation tied to investment by 'accelerated procedure'.

(b) Balance of total credits of 500,000 u.a. made available by the Commission to the principal authorizing officer of the EDF for financing general technical cooperation and aid measures for marketing and sales promotion of AASM products by 'accelerated procedure'.

(c) Not covered by a project.

53. The Joint Committee is very gratified at the speed with which the EDF got under way. The preparatory work done by the departments of the European Commission made it possible to go on to the adoption of a great number of financing decisions without delay, as soon as the new Convention came into force.

Thanks to the excellent work done by its departments, the Commission was able to take 80 financing decisions under the third EDF by 24 November 1971; the total number of commitments now amounts to approximately 196 million u.a.

54. The action of the third EDF is directed mainly towards the development of economic infrastructure and production.

Breakdown by sector of commitments of the third EDF  
(at 7 Oct. 1971)

	<u>%</u>
- development of production	19.1
- economic infrastructure	51.2
- social development (including scholarships)	18.8
- trade promotion	1.7
- exceptional aids	5.4
- miscellaneous	3.8

These figures may be compared with those for the two previous Funds on the basis of the following table:

Breakdown by sector of commitments of the first and second EDF

	<u>first Fund</u>	<u>second Fund</u> (at 31 Dec. 1970)
- agricultural and industrial production (including energy)	25.5%	52.5%
- transport and communications	44.0%	26.1%
- social development	28.7%	19.5%
- miscellaneous	1.8%	0.9%

55. The Joint Committee particularly welcomed the speed with which decisions were taken under the third EDF regarding exceptional aid in the event of falls in prices or of disasters, under Article 20 of the second Yaoundé Convention. Mention should be made of the aid given to groundnut producers in Senegal (3.6m u.a.), of the emergency measures (2.8m) decided upon to deal with the drought suffered by Somalia, and of the aid given to Niger in combating the cholera epidemic.

56. The Joint Committee has noted that the ceiling of 64m u.a. provided for in the first Yaoundé Convention for ordinary loans from the European Investment Bank was not reached; the loans granted to the AASM up to 1970 amounted

to 49.1m. This amount is broken down as follows:

- Cameroon	(11.3m u.a. or 23%)
- Congo	( 9.0m " " 18%)
- Gabon	( 3.2m " " 7%)
- Ivory Coast	(11.7m " " 24%)
- Mauritania	(11.0m " " 22%)
- Senegal	( 2.4m " " 5%)
- Upper Volta	( 0.5m " " 1%)

Of the 49.1m u.a. earmarked by the Bank for 17 operations, disbursements amounted to 34.5m u.a. at the end of 1970, or 70%; 9 loans to an amount of 28.6m u.a. were paid out in full.

Under the new Association Convention the EIB made the following four loans in 1971 from its own funds:

- 16.4m u.a. to a mining company in Zaïre for the development of the copper industry (at 8.75% for 8 years);
- 3.5m u.a. to an enterprise in the Cameroon for the production of electricity (at 8.75% for 12 years);
- 1.44m u.a. to an hotel enterprise in Senegal for the construction of tourist infrastructures (at 8.75% for 15 years, with a 3% interest rebate to be paid by the EDF);
- 1.6m u.a. to a finance company in Zaïre for the development of the textile industry (8.5% for 9 years, with a 2% interest rebate ).

57. The Joint Committee has always been concerned about the difficult problems met in the execution of EDF projects.

In the past it was worried by the delays that often occurred in the practical execution of projects. It has therefore welcomed the efforts made by EDF departments to increase technical assistance to those responsible for supervising the execution of work.

The report on the administration of aid in 1970 refers to another problem met in executing EDF projects. This is the difficulties that can arise because some AASM administrations are quite unable to meet the financial commitments agreed to within the framework of a project to a large extent financed by the EDF. As far as possible an effort should be made to finance complete projects, without any contribution from the beneficiary State. Similarly it would be desirable for the Community to meet any exceptional maintenance costs on investments by the EDF in cases where the beneficiary is unable to do so from its own resources.



At the end of the financial year 1970, the expenditure of the second EDF amounted to approximately 52% of commitments, as compared with 35% at the end of 1969, whereas the expenditure of the first EDF covered 90% of commitments. Taken together, the payments made under the two Funds amounted at the end of 1970 to approximately 69% of the total sums committed.

58. As regards the use made of completed EDF projects, the Joint Committee has noted with interest the comments made in the report on the administration of aid about the studies undertaken by the Commission to assess the utilization and effectiveness of such projects. The results of this investigation will no doubt provide the Association Council with valuable information for the purpose of determining guidelines for financial and technical cooperation.

59. The Commission's report on the administration of aid in 1970 points out that some of the AASM benefited from help given by the EEC to the developing countries in the form of food aid, falling beyond the scope of the Yaoundé Convention<sup>1</sup>. This action was continued and expanded in 1971, to the benefit notably of several of the AASM, in pursuance of the new international convention on food aid of 1971.

This aid is very valuable to the AASM which are among the least favoured of the developing countries and whose food purchases account for a fifth of their imports<sup>2</sup>.

---

<sup>1</sup> This provides for the supply of wheat, secondary cereals and milk products free of charge. EEC aid is normally given f.o.b. at Community ports. The beneficiary government undertakes to sell on its internal market at normal conditions the quantities supplied, and to pay the proceeds into a special account intended for financing development projects. In exceptional cases, however, food aid is granted on a c.i.f. basis (supply of maize to Somalia for example); in this case the supplies are distributed free to the people of the beneficiary country.

<sup>2</sup> AASM rice imports have increased by 50 per cent in the past two years, wheat imports by 25 per cent. Even Madagascar has become an importer of rice.

### Education and training

60. The Joint Committee has frequently stressed the absolute need to give priority to this sector. It was sorry to note that in 1970/71, for the first time for many years, the number of EEC scholarships and traineeships did not increase: during the school year 1970/71 the number of scholarships and traineeships given to nationals of the Associated States (AASM and OCT) totalled 2,824 (compared with 2,950 in the previous year).

### Breakdown of scholarships 1970/71 by country of origin of holders

Country	Studies	Trainee-ships	Correspondence courses
Burundi	173	5	43
Cameroon	172	119	300
Central African Republic	57	4	25
Chad	47	1	51
Congo	25	174	60
Dahomey	130	14	44
Gabon	40	36	66
Ivory Coast	166	8	145
Madagascar	81	80	189
Mali	74	12	46
Mauritania	6	-	3
Niger	102	10	304
Rwanda	174	3	46
Senegal	117	1	109
Somalia	193	6	-
Togo	159	16	75
Upper Volta	123	7	134
Zaire	331	154	171
Total	2,172	650	1,811

### Breakdown of scholarships from 1960 to 1971

Country of origin of holders	Year 60/61	Year 61/62	Year 62/63	Year 63/64	Year 64/65	Year 65/66	Year 66/67	Year 67/68	Year 68/69	Year 69/70	Year 70/71
Burundi		9	19	32	68	103	103	153	154	154	175
Cameroon	1	9	41	54	139	206	206	179	182	202	172
Centr.Afr. Republic	4	2	2	13	28	44	34	24	39	77	57
Chad	-	5	30	29	32	62	54	44	87	60	47
Congo	9	19	23	26	130	118	42	60	37	29	25
Dahomey	6	12	20	27	65	82	86	89	97	120	130
Gabon	1	38	36	35	42	18	21	22	38	41	40
Ivory Coast	12	23	44	60	75	111	119	111	181	196	166
Madagascar	3	47	39	42	84	110	66	69	94	109	81
Mali	2	-	24	32	44	28	48	56	51	58	74
Mauritania	1	4	11	15	25	31	48	52	65	9	6
Niger	5	15	21	32	42	45	50	52	91	69	102
Rwanda	7	8	10	31	65	70	114	127	143	152	174
Senegal	4	13	19	35	34	29	35	67	95	101	117
Somalia	-	30	35	48	96	90	128	152	169	182	193
Togo	6	11	7	32	71	77	89	103	115	166	159
Upper Volta	1	3	16	37	60	63	87	128	156	173	123
Zaire	4	57	69	81	169	317	333	369	361	333	331
Total	66	305	466	663	1,269	1,604	1,663	1,857	2,135	2,231	2,172

61. As regards financing EEC scholarships, it is to be noted that under the new Convention this programme is entirely taken over by the EDF, whereas under the first Convention it was financed jointly by the EDF and out of the Commission's operating budget.

For the period corresponding to the second EDF the breakdown of expenditure was as follows:

- 28,845,500 u.a. borne by the EDF
- 6,000,000 u.a. borne by the Commission.

During the period prior to the Yaoundé Convention the scholarship programme, which began in 1960, was entirely charged to the Commission's operating budget and not to the EDF. The expenditure in question was 3,117,317 u.a.<sup>1</sup>

62. The scholarship programme for the current academic year (1971/72) provides for the financing of 2,784 scholarships and traineeships, 500 part-time scholarships and 2,000 scholarships for correspondence courses. In the case of scholarships and traineeships, training will be given to 1,122 students in the EEC, and to 1,612 students in the AASM. Out of a total of 4,784 scholarships, traineeships and correspondence courses, 2,110 scholarships will be awarded to students who have not yet had the benefit of the EEC's training programme, while the remaining 2,674 scholarships will be for students already receiving training under the Community programme.

The cost of this is estimated at 6.2m u.a.

63. While stressing the importance of the aid the EEC provides for the Associated States in the form of scholarships, the Joint Committee has pointed out that it is not advisable to award scholarships for studies which do not allow the pick of young Africans to be integrated in the world of commerce and management or to play a direct part in the process of economic development.

This is why it welcomed the fact that the 500 traineeships provided for under the current programme include part-time in-service training in management for administrative and supervisory grades in industry and for managers of small enterprises.

Similarly, in awarding scholarships, the frequently inadequate qualifications of teachers should be borne in mind. Priority should therefore be given to teacher-training programmes and to obtaining qualified staff.

---

<sup>1</sup> Reply to Written Question No. 161/71 by Mr. Dewulf to the Commission (Official Gazette of the European Communities No. C/82, 16 August 1971).

The following table shows how EEC scholarships have been distributed by subject:

Distribution of scholarships by subject (AASM + OCT)

	(percentage)									
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1969
	/62	/63	/64	/65	/66	/67	/68	/69	/70	/70
Economics	33.2	37.5	29.7	24.1	23.7	27.9	24.4	24.6	27.3	
Agriculture	20.5	14.3	17.1	15.7	22.9	24.4	24.7	24.0	24.4	
Technology	46.3	35.2	39.2	45.7	42.7	36.1	39.3	37.0	35.4	
Female occupations	-	13	14	14.5	10.7	11.6	11.6	14.4	12.9	

64. In order to assess the utilization of the training given, the Commission had a survey by correspondence carried out in 1969 among all former scholarship-holders of the period 1960/1967.

As regards examination results, the survey showed that

- out of 2,121 nationals of the AASM 74.4 % (or 1,578) were successful;
- 14.4 % (or 307) failed;
- 11.2 % (or 236) did not finish their traineeships or studies for various reasons.

More than two-thirds of former scholarship-holders stated that their professional reintegration took place smoothly and that the training received had been necessary for them to obtain their present posts. More than 80 % occupy positions in the public sector; 11.6 % are employed in the private sector. Approximately 40 % of former scholarship-holders who obtained a diploma, certificate or other evidence of qualification stated that this was not recognized in their country.

65. Apart from scholarships and traineeships, the Commission finances follow-up training courses lasting five months for AASM officials occupying posts of some responsibility in the civil service of their countries. Trainees are attached to a department of the Commission whose work bears a direct relation to the occupation of participants.

Follow-up training courses 1959/1971

<u>Country of origin of officials</u>	<u>Number</u>
Burundi	8
Cameroon	7
Central African Republic	5
Chad	2
Congo	5
Dahomey	8
Gabon	5
Ivory Coast	3
Madagascar	12
Mali	6
Mauritania	3
Niger	7
Rwanda	4
Senegal	9
Somalia	7
Togo	9
Upper Volta	12
Zaire	31
	<hr/>
Total:	143

IV. The monetary crisis and development aid

66. The monetary crisis, resulting from the economic measures taken by the American Government on 15 August 1971, occurred after the period covered by the report on the activities of the Council. It is nevertheless a matter of concern to the parliamentarians of the Association.

We do not wish to open a debate on the reasons for the American decisions of 15 August 1971. It is, however, clear that the United States has added to the difficulties of the Western world by this unilateral stand which has, once again undermined Western cohesion and increased the underdeveloped countries' anxiety about their economic growth.

67. The problems in regard to development aid created by the present situation have already been debated at length in international forums, notably at sessions of the UNCTAD Council and meetings held by the developing

countries at Addis-Ababa<sup>1</sup> and in Lima in October and November 1971 in preparation for the third United Nations Conference of Trade and Development. The Commission has made a detailed assessment of the repercussions of the American measures<sup>2</sup>.

68. Broadly, the disadvantages of the present situation are as follows:

- a) The ten percent surcharge and the general tendency to cut imports will have an adverse effect on exports from the developing countries to the United States, especially as the United States is unlikely to implement the generalized preferences it has advocated hitherto in an attempt to avoid discussing ways of stabilizing primary commodity prices. The AASM countries concerned most directly are Madagascar<sup>3</sup>, Zaïre and the Ivory Coast.
- b) The decision to float the currencies of some industrialized countries in relation to the dollar will increase the price of industrial products sold by them to the developing countries. A commitment to purchase more goods from the developing countries at profitable prices would be the only way to offset this further deterioration in their terms of trade.
- c) While currencies float, it is impossible to place contracts affording any security to African sellers if prices are quoted in dollars (the normal currency for some primary commodity quotations) and are paid either in a currency which is floating in relation to the dollar or in dollars whose value is uncertain.
- d) The fluctuation of the dollar in relation to some European currencies makes it impossible to give quotations in dollars for future deliveries without incurring the risk of heightened speculation on primary commodity prices to the detriment of producers and contract stability.

---

<sup>1</sup> The 27 African countries attending the ministerial meeting at Addis-Ababa drew up an 'African action programme' for UNCTAD; this programme sets out the principle that Africa, as the most backward of all the developing regions, should receive a correspondingly greater share of multilateral and bilateral aid.

It also calls upon the United States to cancel the 10 % surcharge on imports from Africa and waive the 10 % reduction in foreign aid, for the benefit of all the developing countries, without discrimination.

<sup>2</sup> An extract from the Commission's memorandum on this subject is annexed to this report (Annex IV).

<sup>3</sup> For example the American duty on vanilla has risen from 3 % to 13 % as a result of the surcharge.

- e) The management of EEC financial aid has been complicated by the fact that figures for some European currencies used to finance European aid are calculated in units of account. There is furthermore no longer any legal basis for calculating this conversion of the accounting currency into European currencies, except in the case of the French franc.
- f) Although the total amount of the EDF remains fixed in units of account, it will fall if it is calculated in currencies effectively revalued in relation to the dollar, the result - except in the case of payments to contractors who are nationals of countries whose floating currency is involved - will be a smaller contribution to the EDF in the currency concerned.
- g) The International Monetary Fund ceased to operate on 15 August 1971; World Bank operations in favour of the developing countries have therefore been suspended.
- h) American aid to the developing countries will be reduced by 10 % or the equivalent of five to six million dollars per year as far as the AASM are concerned. Of the AASM countries, Zaïre and the Ivory Coast will probably be the worst affected by this measure.

69. In designing a new international monetary system (regardless of whether it is founded on gold, on a new complex, weighted standard - for example the proposed 'product currency' based on a number of primary commodities including gold - or on a new non-national reserve currency), the difficulties experienced by the developing countries as a result of the monetary crisis must be taken into account; they should be consulted and their opinions carefully considered<sup>1</sup>. The European delegates to the Council of the Ten and International Monetary Fund, should give serious thought to this problem and do more than merely sympathize with the fate of the developing countries as victims of the crisis in a monetary system that has been imposed on them.

70. The suggestion was made in the Joint Committee that the EEC Member States should undertake to maintain the endowment of the third EDF at the pre-monetary crisis level, by agreeing to pay their contributions in their national currencies at the parities fixed in relation to the unit of account when the Convention was signed.

---

<sup>1</sup> In a resolution adopted on 20 September 1971 in Geneva the Trade and Development Council stated 'that all the countries concerned and in particular the developing countries, should participate fully in consultations and negotiations concerning the reform of the international monetary system'.

## V. The application of Mauritius for accession to the Yaoundé Convention

71. On 21 September 1971, a Mauritian delegation submitted an application for association with the European Economic Community, involving the accession of Mauritius to the present Yaoundé Convention.

Mauritius has been independent since 1968 and is a member of the Commonwealth; since 1970 it has been a member of the Common African, Malagasy and Mauritian Organization (OCAMM). Small in area (1850 km<sup>2</sup>), it has a population of about 830,000. Economic development problems are particularly acute in the island because its economy is traditionally dependent on the production of cane sugar which accounts for approximately 96 % of its exports, about 43 % of the gross national product, while providing employment for 40 % of the active population.

Under the Commonwealth Sugar Agreement, Mauritius has guaranteed access to the British market at negotiated prices for an annual quota of 371,000 metric tons of sugar. Sales of sugar to the United Kingdom represent 71 % of Mauritius' exports.

72. The Commission delivered a favourable opinion on the application by Mauritius and called for early negotiations. The Council adopted a favourable decision of principle, and gave the European Commission a negotiating mandate.

At its December 1971 session, the European Parliament voted in favour of the application by Mauritius for accession to the Yaoundé Convention on the basis of a report submitted on behalf of the Committee on relations with African States and Madagascar<sup>1</sup>.

---

<sup>1</sup> Report by Mr. Seefeld.



## PART TWO

### THE DEVELOPMENT OF THE ASSOCIATION: FROM YAOUNDE I TO YAOUNDE II AND BEYOND

#### I. Industrialization of the Associated States

73. For some years now the problem of the industrial development of the AASM has been arousing growing interest within the Association<sup>1</sup>. In general, however, the industrialization of the AASM is still at an early stage, despite the undoubted progress achieved after the Second World War and an even more rapid advance since Independence.

For the AASM as a whole the contribution of manufacturing industries to the gross national product is on average around 10.5%<sup>2</sup>, whereas it is more than 24% for Latin America and in excess of 20% for the Far East and South East Asia (excluding Japan).

74. The fact that only a limited number of industrial projects - most of which are in any case agro-industrial undertakings - are being financed by the EDF or EIB from Community resources confirms the difficulty experienced by the AASM in moving ahead with their industrialization.

What then is the present position in regard to industrialization of the AASM ?

In so far as industrialization of the AASM is directed towards satisfying the needs of national markets, the possibilities are very soon exhausted. It is then necessary to explore other openings, i.e. industrialization geared to wider African markets (regional industries) or industrialization with a view to exporting products to the developed countries (major export industries).

75. The lack of cooperation and regional economic integration between the AASM is the main obstacle at present to the creation of regional industries<sup>3</sup>. In its Resolution of 22 April 1971 on a policy for financial cooperation the Association Council rightly states that it is 'necessary to plan industrialization at the level of a viable economic area while taking steps to avoid the risk of unbalanced development within a given region when certain criteria are not observed'.

---

<sup>1</sup> See the report by Mr. Dewulf on industrialization (Doc. 31, 10.1.1970).

<sup>2</sup> At 1968 market prices.

<sup>3</sup> A recent study by the EEC Commission shows that none of the 106 industrialization projects proposed in 1967 by EEC experts has so far been completed on the basis of regional cooperation between several countries (see Annex III).

It is up to the Africans themselves to take the first step because the limited size of their national markets is a very serious handicap to any real industrialization. But at present each State tends to concentrate on its own problems, without recognizing the fact that African prosperity cannot be confined within individual frontiers; this can only lead to heightened nationalism because of the inevitable and growing gap between nations that are endowed with richly varied natural resources and those that are much poorer.

Africa will be unable to progress beyond small production units if inter-African trade in products which could reduce the pressure of imports is curtailed by national considerations such as taxation. Is it not paradoxical and against the interests of the African continent as a whole that to increase revenue from indirect taxation individual African countries still prefer cars imported from Europe (and therefore attracting the full customs duty) to vehicles of the same make assembled in a neighbouring African country on which the duty would be either less or nil ?

The African governments should accept the need for short-term sacrifices: it is better to lose fiscal revenue for a few years if the subsequent development of production in all the countries belonging to the same regional grouping will largely offset these losses at a later date. There will then be a coordinated distribution of investment both in production for export and in production for the domestic African market.

76. A strong promotional drive should be undertaken, both by the Associated States and by the EEC - making allowance of course for the scope of local resources - to develop the 'major export' industries which still hold out real promise to the African countries.

The EEC could use its financial resources to back all efforts to promote the sale of industrial products originating in the AASM. Community aid could also be used to provide full information to potential investors and set up - through appropriate financial machinery - a European system to guarantee private investments against non-commercial risks.

Africans should try to obtain the necessary technical and financial assistance from outside under new arrangements associating local interests with European capital in order to gain a foothold on markets abroad. Because there is usually a world market for the products concerned (e.g. textiles, edible oils, certain cattle fodders, canned fish or meat), entry into an association with a specialized European company operating on large national or international markets is desirable as a means of gaining substantial commercial backing.

The specific requirements of each country and industry must always be examined separately, bearing in mind the possibilities offered by its immedi-

ate neighbours or its proximity to the sea and means of transport because the essential requirement is to determine the types of industrial production which can be sufficiently competitive in the AASM.

The importance of competition from other developing countries which offer identical products must not be underestimated: in particular a study must be made of operating conditions in competitive countries with special reference to labour costs and productivity, the fertility of the land, local traditions and the position held by local products on the markets of the industrialized countries.

Lastly for some products competition from equivalent products originating in the industrialized countries is also an important factor (e.g. cotton and soya from the United States, sunflowers and cotton from the USSR); during periods of high production, surpluses are dumped on the world market at exceptionally low prices. There may even be no outlets for African primary commodities such as oilseed and oils processed in the AASM if competitive oils (soya or sunflower oil) are produced in European factories from raw materials purchased at prices which bear no relation to the producer's costs.

77. A new approach to the whole problem of industrialization of the AASM (and of the developing countries in general) may therefore be necessary now that it has been found that the traditional concept of the expansion of international trade is ultimately beneficial to the richest and prejudicial to the poorest nations.

In other words inter-African economic integration must wherever possible be the guiding principle behind industrialization; industrial production must be developed with the initial assistance of foreign technicians so that it can make a real impact on the market.

The mining resources of some African States are a good example of a useful approach to development, in those cases where they can be exploited and to some extent processed locally because ample energy supplies are available.

78. With regard to the industrialization of the AASM, it is worth drawing attention to a study of the possibilities for establishing export industries in the AASM which has just been made by a group of French economists at the request of the EEC Commission<sup>1</sup>. This research is a useful addition to the study completed in 1967 of 'substitutory industries', i.e. industries which produce goods for the local market in order to replace certain imports.

---

<sup>1</sup> Doc. VIII/847 (71), September 1971.

The new study stresses the production of goods for which the principal markets are in the industrialized countries and above all in the EEC to which the AASM have privileged access. The textile sector has, however, been omitted from the general study; it will be the subject of a separate paper.

The experts began by eliminating the sectors in which the AASM have no special advantage over the industrialized countries; next they made an economic choice among the sectors in which, on the contrary, the advantages were obvious. On the basis of an analysis of the manufactured goods which the industrialized countries import from the developing countries, and an analysis of the goods that the AASM can manufacture and export competitively, the experts compiled a list of activities. A 'table of priorities' was thus drawn up using a series of economic criteria so as to assess the chances of success of each of the various types of product. A first selection was therefore made which will have to be followed by feasibility studies based on market research, analysis of the marketing networks and technical and economic analysis of the projects envisaged.

The list of products imported by the industrialized countries from the developing countries includes 328 separate items processed from local resources or produced by craft industries. Some of these items cannot be of interest to the AASM. An analysis of local resources enabled a list of about 100 processing activities to be drawn up. To these were added the craft industries giving a total of some 200 activities. 120 of these have been recognized as 'viable'.

To complete actual projects, the Commission of the European Communities considered it essential to make a selection among the activities listed in this study. The departments of the Commission finally proposed selecting 22 products, 20 of which are drawn from the study by the experts while 2 are taken from the 1967 list relating to 'substitution industries', bearing in mind the fact that these products can be both marketed locally and exported: manufacture of paper, cardboard and packing materials; production of tyres and articles in rubber and latex. The following 22 sectors were selected: manufacture of ceramic products; processing of pyrethrum; processing of vegetable products to obtain chemical or pharmaceutical compounds; smelting non-ferrous metals; production and assembly of electrical equipment; manufacture of electric batteries; production and assembly of electronic equipment; extraction of oil from tropical oilseeds; fruit canning; fish and shellfish canning; manioc processing; initial processing of cocoa; manufacture of soluble coffee; manufacture of cigars and cigarillos; tanning and by-products of slaughtering; glove-making, production of leather goods and leather clothing; shoe manufacture; initial processing of wood; manufacture of furniture and other articles in wood; manufacture of paper, cardboard and packing materials; manufacture of tyres and articles in rubber and latex; manufacture of dolls

and toys.

After a working meeting held in Brussels from 8 to 12 November 1971 and attended by representatives of the AASM concerned, it was finally decided to carry out feasibility studies of about thirty activities.

79. At its session in Hamburg the Parliamentary Conference called upon the Commission of the Communities to 'adapt its departments responsible for financial and technical aid to the new requirements of a sustained policy for industrialization of the AASM'<sup>1</sup>. In reply to a written question by Mr. Dewulf<sup>2</sup>, the Commission of the Communities stated that it had not felt it advisable to form a special unit bringing together the departments responsible for the problems of industrial development of the AASM because it wished to avoid splitting its departments up into separate sections; this would be incompatible with a coherent and comprehensive approach to the problems of each country or region. The Commission is, however, anxious to ensure effective coordination of its different departments responsible for the industrialization of the AASM as well as further coordination with the European Investment Bank.

In discussing this question, the Joint Committee again raised the problem of the structure of the European Commission's departments. It regretted the lack of a follow-up service to keep in touch with the practical implementation of industrialization projects studied within the framework of Community aid. The Joint Committee also hoped that as far as possible, measures would be taken to ensure 'decentralization' of the EDF administration by entrusting increased powers to the authorizing officers and that some administrative rules could be made more flexible.

80. The problem of industrialization of the AASM is inextricably linked with the introduction of generalized preferences on the market of the developed countries for manufactured goods originating in the developing countries.

These preferences are the result of action taken by UNCTAD whose proposals won the support of most of the developing countries; it even proved possible to persuade all the industrialized countries to accept the principle of non-reciprocal preferences for processed products originating in the Third World.

Thus, by holding out the bright prospect of industrialization it was possible to side-step any serious study of markets for the primary commodities

---

<sup>1</sup> Resolution of 14 January 1970, Official Gazette of the European Communities No. C/15, 5 February 1970.

<sup>2</sup> Written question No. 160/71, Official Gazette of the European Communities No. C/80, 7 August 1971.

which still dominate the economies of the developing countries.

No doubt the AASM were rather slow to obtain respect for the principle that generalized preferences must not be allowed to jeopardize the consequences of their own agreements with the EEC. Be that as it may, the general pressure of the developing countries on the industrialized countries within UNCTAD is an important factor in relations between the European Community and Africa.

81. The report drawn up by Mr. Guillabert last year made the necessary reservations concerning these preferences. However, the latter have in the meantime been approved by the European Parliament<sup>1</sup> and were put into force by the EEC on 1 July 1971<sup>2</sup>.

The Commission 'reserved the right to take such steps as might be necessary to correct any unfavourable situation arising in the AASM as a result of application of this system' and furthermore 'to examine any situation resulting from delays or discrimination and to arrange all necessary consultations'.

The report on the activities of the Council clearly shows that the EEC obtained the maximum possible benefit for the AASM from the UNCTAD decisions on generalized preferences. The European Parliament stressed the need for an early review of the implications of generalized preferences for the developing countries and requested such a review for the AASM at least<sup>3</sup>.

82. The crisis touched off by the American monetary and protectionist measures of 15 August is of great importance in this context<sup>4</sup>; these measures make positive decisions by the United States to apply the generalized preferences even more improbable.

Consequently there is no longer a reasonable balance between the burdens borne by the United States on the one hand and the EEC and other countries granting generalized preferences on the other.

---

<sup>1</sup> Despite your rapporteur's vote against them.

<sup>2</sup> See Official Gazette of the European Communities No. L/142, 28 June 1971.

<sup>3</sup> Resolution of 9 June 1971, paragraph 26: '(The European Parliament) calls upon the Commission to report to the European Parliament by 1 January 1974, on the effects of generalized preferences on exports from the Associated African States and Madagascar.' Official Gazette of the European Communities No. C/66, 1 July 1971.

<sup>4</sup> For details on these measures, see Annex IV.

83. Let us simply acknowledge once again that world-wide measures, dispensing with detailed analysis of the real economic situation of the developing countries, are inapplicable or unfair unless a great many corrective factors are embodied in them. It is to be hoped that the developing and industrialized countries will once and for all stop treating situations as different as those prevailing in each of the developing countries in an identical manner, in the name of universality, by seeking to apply ill-considered 'magic' formulae.

Every country in the world is underdeveloped in relation to another, richer country; each one could therefore put in a claim for an improvement in its balance of trade with other more advanced countries. The system of generalized preferences, with its safeguard clauses for importing and exporting countries, is the outcome of a narrow approach: it does not take into account the inevitable development of world trade which - contrary to a widely held opinion - cannot go on being liberalized indefinitely, but must be adjusted by compensatory factors taking into account the interests of each country, having regard to its level of development and its real opportunities for production and industrialization.

If this system does not ultimately encourage the establishment in the developing countries of powerful industries operating world-wide and specially tailored to local resources, it will simply 'fade away' having served only to foster illusions.

84. But it should not be forgotten that the system of generalized preferences does not in any way change the privileged preferential arrangements enjoyed by industrial products of the AASM on the EEC market, which is one of the greatest consumer markets in the world. These arrangements give African producers the advantage of duty-free and quota-free access, which is an appreciable improvement on the machinery of ceilings and safeguards laid down under the system of generalized preferences.

85. Community circles regard the operation of the system of generalized preferences since last July as satisfactory. By the end of November duty-free imports had exceeded 100 million dollars in value, 35 million of which were accounted for by sensitive products, out of the 450 million dollar 'duty-free entry quota' opened by the EEC for the second half of 1971<sup>1</sup>.

---

<sup>1</sup> These figures do not include the textile sector for which the figures are as follows: import quota: 19,000 tons; duty-free imports to date: approximately 6,000 tons; imports for which the ceiling has been reached and normal duties reintroduced: 1,000 tons.

## II. Towards a new commercial policy

86. Trade between the Third World and the developed countries consists mainly in the sale of the developing countries' primary products against the processed products and services of the industrialized countries.

Two factors are decisive for trade of this kind: the price of primary products exported to the industrialized countries and the price of industrial products exported to the developing countries. The relationship between these two factors determines 'the terms of trade'.

The experience of the last twenty, let alone fifty years, shows that the terms of trade have steadily deteriorated to the detriment of the developing countries, despite their efforts to increase their productivity.

The reason is simple: the prices of industrial products, which are becoming increasingly sophisticated as a result of technical progress, have risen faster than the prices of raw materials; in some cases the prices of primary commodities have even fallen in spite of monetary erosion. For some years moreover, inflation has been endemic in the economy of the Western world to such an extent that the natural rise in the price of industrial products is accelerating without any corresponding increase in raw material prices.

As exports of these primary commodities are vital to the Third World and the AASM in particular - and will continue to be an essential factor for many years - the receipts derived from them must be increased.

Moreover they account for the bulk of the earnings accruing to the producers who require the incentive of a correct price for their work.

The Associated States also derive a sizable proportion of their budgetary revenue from indirect taxation on the production and export of these items.

In this chapter we shall therefore examine possible methods of ensuring better remuneration for AASM producers in future within the framework of the Association.

87. At a more general level, the proposals made by the Commission for the implementation of Article 19 of the second Yaoundé Convention and Article 4 of Protocol No. 6, should not be overlooked: trade can only expand as African products become better known on the EEC market. In this respect the Community's contribution to the promotion of sales of products originating in the AASM is a fundamental factor.



Unfortunately the marketing in Europe of products originating in the AASM has for a long time been left to specialized firms, usually long-established and notable for trading traditions going back to the colonial era.

Most of the Associated States have recently begun to intervene more directly in the marketing of their products through marketing organizations such as stabilization funds and in some cases the established trading houses are now only responsible for the practical export arrangements. Although this is definitely a step in the right direction, the fact remains that as a rule the AASM are still not doing enough on the markets they wish to penetrate or on which they would like their products to be sold.

The European Community and the AASM are well aware of this situation because the second Yaoundé Convention provides for aid from the resources of the EDF for marketing and promoting sales of products originating in the AASM. It must, however, be clearly recognized that the second Yaoundé Convention only provides a general framework for action in this field; it remains for the Europeans and Africans to cooperate in working out new solutions and practical projects.

88. In this connection it would be desirable to create joint enterprises - associating AASM producers in product groups or federations with European interests in such a way that the marketing of these products is profitable for both sides - or strictly African concerns with strong and well-organized branches in the EEC.

Basically the first formula appears preferable to the second which would entail heavy commercial investment whose profitability would be uncertain because of the inevitable increase in competition from the traditional European companies which specialize in importing tropical products.

89. The demand for mineral products in Europe is bound to increase; theoretically the problem of finding markets is unlikely to arise in the immediate future for rich ores which can be shipped to the consumer without excessive costs for transport from the point of extraction to the port.

But two questions arise in regard to mineral products: first, to what extent does the establishment of a major mining complex, whose output plays a decisive role in the economy of the exporting country, tend to create a state within a state which is liable to exercise pressure - if only unconsciously - on the general policy of the country concerned? Secondly, to what extent will the solutions adopted for the working of mineral resources ensure an optimum yield for the producing State and customers abroad?

There are in fact two alternatives: a concession granted to the operating company in return for a fairly substantial royalty and the payment of taxes or

nationalization.

Neither has proved satisfactory: the first because royalties and taxes may be so high that the products become too expensive to attract customers; unless it is a sellers' market, clients tend to fight shy of producers who, for reasons beyond their control, quote excessively high prices if they are not forced out of business altogether.

The second because it creates a climate of uncertainty or hostility towards potential foreign investors and - since national considerations prevail over all others - operating efficiency is not as a rule sufficiently high; this in turn is reflected in the costs. Hence once again, unless they have absolutely no choice customers are liable to go elsewhere. Lastly nationalization often appears as the local population's revenge on the former operators and the conditions under which it takes place are often unfair or even grossly dishonest to the detriment of international confidence.

Perhaps then we should seek a better solution than the traditional concession, whose precarious nature has been underlined by the Algerian oil dispute. Annex VII to this report makes detailed suggestions on this point.

90. Turning now to tropical agricultural products, the main problem still to be solved within the Association is that of stabilizing prices at levels which are profitable to the producer and of improving outlets on the European market.

This problem was studied in detail by the Parliamentary Conference of the Association in 1967 on the basis of a report<sup>1</sup> whose conclusions were greeted politely by the Europeans and only given lukewarm support by the AASM concerned; it was therefore disregarded when the Yaoundé Convention was renewed. The idea of setting up a special fund to stabilize the prices of tropical products was not in the end adopted.

91. The principles underlying these 1967 suggestions are still largely valid, even in the changing situation characteristic of the Association at present. Indeed the enlargement of the Community should provide an opportunity to improve the trading situation of the Associated States.

The EEC-AASM Association has its own distinctive features in the spheres of trade relations, financial and technical cooperation and institutions. The aim of the enlarged Community - as the United Kingdom recognized in its nego-

---

<sup>1</sup> Report by Mr. Armengaud on ways of promoting the marketing of products of the Associated States within the EEC at steady and profitable prices. Doc. 20, 20 November 1967.

tiations with the Six on 13 May 1971 - will be to safeguard these fundamental principles.

But there is another essential point on which the EEC and the African States agreed: the need for the future enlarged Community to safeguard the interests of the Associated African States and developing Commonwealth countries, whose economies are so dependent on exporting primary commodities.

92. It would be superfluous to stress the importance of this agreement for the future development of the Association: after the expiry of the second Yaoundé Convention, relations between the enlarged Community and the AASM could be based largely on the principle of safeguarding the Associated States' interest in exporting their primary commodities.

The parliamentarians of the Association took a firm stand in support of this attitude when they adopted the following declaration on 3 June 1971 at the Joint Committee's meeting in Munich: '3. (The Joint Committee) believes that the commercial provisions of the Association should be further strengthened and that the Associated States ought to be able to market their products in the enlarged Community at guaranteed prices for specific quantities determined for each individual product in the light of its role in the economies of the producing countries.'

Perhaps, especially if the Association is enlarged, financial and technical cooperation may provide even more solid backing for the life of the institutions. But the *raison d'être* of the Association and of its machinery for cooperation should reside in a series of two-way commitments over and above the management of the enlarged Community's EDF.

93. The Association should retain a commercial content as its legal basis and as an expression of the partner countries' unity of purpose. But the preferential character of these privileged commercial relations will no doubt be whittled down. Means will have to be found to shift the emphasis, in the commercial provisions of the Association, away from tariffs to cooperation in commercial and economic policy, where the tariff aspect would no longer be the centre of interest.

In other words it will be necessary to ensure that steady and profitable prices are obtained, subject to certain conditions for the tropical products of the Associated States<sup>1</sup>. But how can this be achieved ?

<sup>1</sup> Appropriate efforts made for the region covered by the Association should not be allowed to stand in the way of negotiations for the conclusion of world agreements to stabilize the prices of raw materials on a product by product basis or of improving existing world agreements. It must, however, be recognized that the success of such negotiations depends mainly on the degree of political cohesion of the EEC Member States and on their influence on the other major partners in world trade. But the present situation in international trade resulting from the crisis created by the American measures of 15 August gives little cause for optimism.

This is a general report and the rapporteur cannot therefore examine possible measures in detail. But to provide material for further discussion - which, in his opinion, is essential for the future of the developing countries and the AASM in particular - proposals are annexed to this report on the solutions that could be adopted when the second Yaoundé Convention expires (Annex I).

94. In broad outline, a distinction could be made between 'rich' products (such as cocoa and coffee) typical of a diversified economy and 'poor' products which are generally found in a monocultural or quasi-monocultural system (groundnuts, cotton, etc. ..).

All the present and possible future Associated States have some form of market regulation and improvement organization (stabilization funds, marketing boards); a distinction can be made between the following two main functions of these bodies:

- regulation of prices paid to producers,
- technical and economic improvement of production and diversification.

a) For 'rich' products the regulation of prices would be the primary responsibility of the Associated States. With regard to the second function, financial and technical aid could be given by the EEC if market prices fell so low in relation to an agreed reference price that the resources of the bodies in question had to be backed by external aid.

In this new arrangement, aid for individual products would be linked to the state of the market and the efforts made by the beneficiaries themselves to improve their organization would also be taken into account.

b) For 'poor' products, the present unduly restrictive criteria for granting exceptional aid should be reviewed; instead aid could be given to help regulate prices paid to the producers if the market price falls below a certain reference level with the result that the local bodies are so short of funds that their stabilization function is jeopardized. Aid to improve productivity would not be tied to the level of market prices.

c) For agricultural products that are not specifically tropical (such as sugar) or have special characteristics (such as bananas and cotton) and play an essential part in the economy of certain Associated States, Community aid should be directed towards commitments to purchase specific quantities at agreed prices - along the lines of the United Kingdom's arrangements for sugar from the English-speaking countries under the Commonwealth Sugar Agreement; these commitments would be adjusted to the situation of the individual underdeveloped country and to the importance of the product concerned for its economy.

- d) For products which already come under an international agreement, steps must of course be taken to ensure that the provisions of the agreement are respected. At the same time unremitting efforts must be made - if possible by creating a common front between the EEC, the AASM and where applicable the countries of the Commonwealth and Latin America - to conclude agreements for other products, such as cocoa, by bringing pressure to bear on the importing industrialized countries which have so far resisted all such agreements.
- e) If this policy is to create an awareness of common interests which can be discussed in the institutional bodies of the Association, ways must be sought to enable
- the Associated States to coordinate their producer price and market organization policies on a product by product basis,
  - the Associated States and EEC to fix reference prices and aid criteria jointly.

The institutional dialogue would therefore be based on common economic and commercial interests and on the practical possibilities for granting aid.

95. The rapporteur believes that these guidelines for association policy are vital to Euro-African cooperation and an essential means of ensuring that the AASM obtain acceptable prices for their exports; failing this they will still need external assistance, which is certainly not always given in a neutral or disinterested spirit, to achieve a sound balance of trade.

The AASM should no longer consider their external trade problems in isolation or from a strictly individual standpoint. The monocultural nature of production in some countries and the greater degree of diversification in others should induce the AASM and at a later date their English-speaking neighbours, to regard their economies if not as a single entity at least as parts of an integrated whole; each of them is too small to constitute a coherent and viable unit in face of the existing international groupings. Only Nigeria and Zaïre may perhaps be exceptions to this rule.

The coordination of activities, division of production, creation of multi-national price stabilization funds and expansion of intra-African trade backed by a reasonable increase in food production are all symbols of progress which must prevail over egoism or national peculiarities in the Africa of tomorrow.

96. But all the parties concerned must make a real effort if trade relations between Europe and Africa are to be guided by these principles.

Europeans must recognize the fact that there are many different ways of ensuring access to the EEC market for primary commodities or processed pro-

ducts from the AASM; whenever necessary they must agree - in the name of solidarity between Europe and Africa - to changes in the traditional liberal arrangements so as to make products from the AASM more competitive. They must also avoid any attempt to make excessive profits, which will ultimately harm their own interests by incurring the risk of complete or partial nationalization of their companies.

Similarly the Africans must realize that markets cannot be created by issuing a decree, that a lasting share of the market cannot be won through compulsory arrangements and that quotas or free contracts with European importers can only be won through persistent efforts to ensure that the quality, quantity, price and marketing arrangements are right. The 'right' to a share of a market is of no use if customers or consumers are not satisfied. Hence the need for vigorous trade promotion, which presupposes an adequate organization for each product, covering its collection and transport to Europe and marketing in European countries through an appropriate distribution network.

97. The negotiations between producers or syndicates of producers or local purchasing and warehousing associations on the one hand and forwarding agents and importers on the other, call for specialized business training to enable Africans to talk on equal terms to their European counterparts who have long been familiar with the techniques of international trade.

The managers of state associations and civil servants rarely have the qualifications needed for this purpose. An African elite should therefore be formed of able young people with a talent for international commerce so that they can then either take posts as managers in European import/export businesses established in Africa or else become managers of companies formed by Africans to gain a foothold on external markets. This is the only way of making the new strategy suggested in this report truly effective.

98. Similarly an effort to increase productivity and diversify production - whenever this is possible - will be of decisive importance: if products are of identical quality price is the determining factor and price guarantees are not enough on their own because they are only of value commercially for products that are of consistent quality in the required quantities.

Production must therefore be brought fully under control to avoid a Malthusian trend conducive to high prices or on the contrary systematic overproduction which brings prices down to an unrealistically low level. It is all a question of balance and the alert business-man who knows his markets and organizes his production accordingly comes into his own.

An important document issued by the Commission on the promotion of sales of AASM<sup>1</sup> products outlines the work to be done for each individual product in the countries concerned. Great progress has thus been made by the staff of the Commission since 1967. It is to be hoped that both Europeans and Africans will draw the maximum benefit from the Commission's work.

### III. The political stake

99. The authors of the Yaoundé Convention did not have the ambitious aims of the statesmen who first established great international organizations such as the League of Nations. The Convention is simply a regional agreement for co-operation between developed, and developing countries established as a result of the special relations which originally existed between some of them.

But despite its limited ambitions it could run the same risk as the League of Nations which, after arousing so much fervour and hope, eventually became a mere forum for public disagreement. It is true that this organization has risen from its ashes in the improved but still imperfect form of the United Nations Organization; but what dramatic events the member nations had to experience first!

100. Our generation has directed so much criticism against our parents because of the failure of the League of Nations and the unsuccessful efforts by the advocates of continuous negotiations that we should at least try to avoid incurring similar reproof.

But symptoms which may be the precursors of such criticism are already apparent. Our national bias, the chaotic growth in public expenditure, the systematic acceptance by governments of demands that are made even more strongly and vociferously when they are conflicting, the fact that our economic structures are not suited to a society in the full throes of development and the lack of any organized control of production, all create a climate of extreme uncertainty which provokes constant dissent and questioning of our society by young people who are as worried about their future as they are unsure of their reasons for living. They have no ideals and not even a relative sense of security.

In other words, the weight of national traditions and the pressure of unrestrained economic and social aspirations colour the existence of the European Community to the point at which the very aim of the Treaty of Rome is lost sight of, i.e. cohesion, a vital factor in prosperity, making Europe a pole of intellectual and economic attraction.

---

<sup>1</sup> Doc. VIII/219/71, February 1971.

It is the duty of Europeans themselves to overcome these problems; but if they succeed, their success will have world-wide repercussions because of the commitments entered into by the Six towards many countries in the Third World.

101. The complex problem of bringing about organized and systematic progress in the developing countries cannot be solved by recourse to political and economic ideas or habits dating back to a time when the fate of the poor countries or their peoples was of no interest to the rich nations or only interested them in so far as their spice trade suffered from the hazards of sea transport and the risk of piracy.

Relations between the developing and industrialized nations have changed. Almost every country in the world belongs to the UNO and its specialized agencies: the industrialized and developing nations have the same representation and their votes carry equal weight.

Attitudes which provoke a feeling of frustration among the countries of the Third World because of a lack of understanding of their real development problems, are bound to intensify feelings of hostility towards the developed countries or their political systems: Castroism and the policies pursued by certain régimes in South America are the consequence of this reaction, which has done considerable damage to the image of the USA in Latin America.

Let us try to prevent the EEC from also being judged not by the financial aid it gives to some developing countries but by the unlimited protection it provides for some of its own products to the detriment of imports from poor countries or its deliberate policy of purchasing tropical products at the lowest prices. Let us at least see to it that the Association ensures a steady and profitable market for the products of the countries which are among the poorest in the Third World.

102. An objective assessment of the development of the Associated States since the turn of the century leads to a number of disturbing conclusions, which are equally applicable to the more prosperous countries (e.g. Senegal, Ivory Coast, Gabon) and their less prosperous neighbours (e.g. Upper Volta, Somalia, Niger, Mali).

All the Associated States suffer to a greater or lesser degree from

- an excessive dependence on foreign capital for their investment projects;
- a lack of savings; any savings which do exist are concentrated in the hands of a small minority who have effectively taken the place of the agents of the former colonial powers;
- a chronic deficit in their public budget because of the establishment at great expense of large and cumbersome national administrations and a rela-



- tive stagnation of fiscal and para-fiscal revenue;
- a faster growth of imports than exports, because internal agricultural and industrial production is not sufficiently diversified, while export prices are too low and export markets not big enough;
  - a steady deterioration of their terms of trade;
  - a growing foreign and sometimes also domestic debt;
  - an expensive trend towards rapid urban development accompanied by rising unemployment; the number of new jobs does not keep pace with the increase in the gross national product even if wages are frozen or reduced<sup>1</sup>.

103. Foreign capital will of course only be invested in operations which are expected to yield a high direct or indirect return because investors tend to send the bulk of their profits back to their own country. In many cases the situation is still much as it was at the height of the colonial era, even though wages paid to local staff have increased considerably. Under these conditions, industrialization is liable to be concentrated in a few regions which have good transport facilities and links with the sea and since funds are not available locally, industrial projects will generally be in the hands of foreign companies whose interests do not always coincide with those of the developing countries concerned.

Nationalization seems to be an antidote to foreign capital, but it is only a theoretical solution. If the means of production of 'poor' or 'replaceable' items are nationalized, buyers will simply fall back on competing private companies or on the suppliers of substitute products (who have more experience than state bodies in conducting trade negotiations), i.e. on other countries. Then again, the weight of bureaucracy which is often already excessive, becomes enormous in the event of nationalization because competent staff are not available in sufficient numbers; this has an adverse effect on costs and rules out the speed and flexibility needed in international trade. Lastly, nationalization often creates a state within the state. In short nationalization of capital assets and installations does not guarantee a new source of revenue.

104. How then can the problem of African underdevelopment be solved in the context of fruitful cooperation with a great economic power, i.e. the future enlarged Community ?

The rapporteur stresses that there can be no serious industrialization in Africa without a judicious concentration of resources, a coordinated distribution of the production centres under regional cooperation schemes and the resolute participation of the Africans themselves.

---

<sup>1</sup> Samir Amin: L'Afrique de l'Ouest bloquée. Ed. de Minuit, Paris (1970).

And Africans cannot share in this development if there are no local savings, preferably in private hands but failing this under public control or alternatively, as is more likely, in a combination of these two possibilities.

Local savings cannot be built up unless the prices paid to producers are realistic and the profit margins of private companies and public authorities sufficient.

Revenue cannot reach an adequate level unless agricultural production is improved and diversified to supply most if not all the local food needs while still having a large and profitable foreign market.

105. Is Europe ready at long last to recognize the new situation and put an end to the unfettered rule of competition and the play of market forces as the only criteria of a modern economy ? A reassessment is long overdue, especially as in Europe itself state intervention agreed upon by the leaders of government and industry is profoundly changing the basic assumptions of the traditional liberal economy ?

Will Europe be sensible enough to stop praising the virtues of a liberal economy to the AASM while being forced itself - in spite of constant denials - to depart from the liberal system (by freezing prices and incomes and granting special aid to companies or product subsidies etc...) ?

The Europe of the Six is only a small part of the Euro-Asian continent, four-fifths of whose population are communists. Does it believe it has anything to gain by allowing the communist ideology to extend its influence in Africa even further ?

Lenin once wrote: 'Whoever holds Africa, holds Europe'. This prophecy ought to stop Europeans paying lip service to the capitalist and liberal economy and make them understand the need for a new solution if they are to keep the friendship of Africa.

At the same time our African friends must break out from the confines of their micro-economies and build financial and economic institutions around their regional cooperation bodies to coordinate investments, divide up the tasks to be done, and bring economic, financial and commercial interests into association (without any debarments on the grounds of nationality) to develop and market their products.

Unless both sides are prepared to make this effort, the second Yaoundé Convention will be no more than a step towards a veiled form of anarchy and a bitter struggle for influence throughout the African continent.

## CONCLUSIONS

106. The future of relations between the AASM and Europe will be determined in large measure by the way in which the EEC, regardless of whether it is enlarged, treats the political implications of the Association.

If the European Community continues to maintain that free competition - in the EEC and Association and with countries of the Third World - is consistent with the principle of preferential relationships between its Members and Associates, the economic problems of the Associated States with the lowest incomes cannot be solved.

The financial aid granted by the EEC Member States to the developing countries<sup>1</sup>, notably through the EDF, must not be considered as a form of alms or the purchase of an indulgence allowing the donor States to enjoy the delights of their national economic success with no feeling of guilt.

The moment for common sacrifices was reached ten years ago; but nobody has been willing to draw the necessary conclusions regarding the nature of the Common Market, which is more than a mere free trade area, or of the Association, which was created as the result of a political choice with far-reaching economic implications.

In future it will not be enough for the EEC's relations with the Associated States to be based on protective tariffs - which have already been cut and are constantly being challenged by other industrial or developing countries - and financial assistance, no matter how substantial it may be.

107. Generalized preferences have often been described as an outstanding example of new action to assist the Third World. In fact, however, they are simply the reflection of a refusal:

---

<sup>1</sup> According to statistics published by the Development Aid Committee of the OECD - a body on which sixteen countries, whose contributions amount to more than 25% of the aid received by the developing countries are represented - six countries (Australia, Belgium, France, the Netherlands, Portugal and the United Kingdom) gave the developing countries a net total aid exceeding 1% of their GNP in 1970. Germany, Denmark and Italy which met the target of 1% in 1969 failed to do so in 1970. The United States, which contributed a smaller percentage of its GNP than any other country in the DAC in 1969, increased its aid appreciably both as a percentage of GNP and in absolute terms.

The countries which provided the most (in relation to their GNP) aid for development from public sources in 1970 were France (0.65%), the Netherlands (0.63%) and Australia (0.59%). Italy (0.16%), Switzerland (0.15%) and Austria (0.13%) are still well below the DAC average of 0.94% of the GNP.

Payments by the EEC to the developing countries rose by 24% in 1970, reaching 223 million dollars.

- on the one hand to take clear decisions regarding aid or participation in planned industrialization from which both the developing and industrialized countries would derive benefits;
- on the other, to consider seriously the possibility of granting an immediate form of aid which would be more valuable than any other and generate local funds extremely effectively, i.e. guaranteed prices and markets for tropical primary commodities with ceilings fixed jointly in advance.

108. The rapporteur therefore feels bound to echo the fears expressed by Mr. Guillabert last year. We are now obliged to recognize the fact that an extension - already decided in principle - of the economic advantages granted by the Association to new geographical regions either through a single agreement or a series of parallel agreements, would make the Association almost meaningless unless provisions are added for new kinds of cooperation between the partners.

The time has therefore come to seek new ways of strengthening the Association in an enlarged Community, especially as the Association is the expression of a common and continuous Community policy; indeed it is the only fully 'common' element in the external policy of the Six.

This report suggests ways of developing industrialization, diversifying production and improving the commercial outlets of the AASM. It shares the concern widely felt in the European Parliament and voiced by the Commission in its memorandum of 27 July 1971 on a strategy for Community policy on cooperation and development.

The purpose of this report is not to re-open a fundamental debate on the respective virtues of internationalism or regionalism in development aid. For purely practical reasons - notably in the light of the serious problems arising for the Third World as a result of the recent American measures affecting international trade - the rapporteur, realizing that world-wide solutions are not feasible, recommends the adoption of regional arrangements which, although intended initially for the Association, could also be open to third countries. Regional action by the EEC in favour of the AASM does not exclude measures to assist developing countries in general; on the contrary, it is intended to balance out the inequalities which exist between the developing countries themselves and are an obstacle to the implementation and effectiveness of international measures; it is therefore an essential adjunct to international action.

109. The first 'Development Decade' of the United Nations has only been moderately successful. The developed countries have too often been content to take contingency measures which placate their consciences but do little to solve the problems of the Third World. In reality, as Mr. Cointat, the French

Minister of Agriculture, stated at the last annual conference of the FAO: 'regional and subsequently general cooperation to achieve a gradual and effective international organization of agricultural markets, on a product by product basis, is the only way of bringing supply more closely into line with demand, to better the lot of those who live in the world of hunger and underdevelopment, and of securing more equitable remuneration for farmers. Only a world-wide organization of markets can give the assurance of peace to which we all aspire'.

110. The time has come for the rich nations to draw up an effective long-term policy to solve world economic problems especially those of the great masses of impoverished peasants in the developing countries. The EEC should therefore take advantage of the opportunity held out by enlargement to consolidate and improve the Yaoundé Association, bringing in other countries of the African continent. The arrangements made for Commonwealth sugar show what could be done to deal with similar problems arising for the Associated States.

Changes in the arrangements for trade could be linked with measures to finance the purchase of capital equipment urgently needed by the Associated States. As a recent UNCTAD report pointed out, the industrialized States should try to find more markets in the developing countries and thereby help to solve the monetary crisis. According to this study, the easiest way of increasing the trade surplus of the industrialized countries would be to establish a link between the creation of new reserves and development financing, by increasing the developing countries' purchasing power.

111. The 18 AASM will no doubt help to lay down the future commercial policy of the Association; they will certainly stress the importance of creating satisfactory market organizations for primary commodities as the English-speaking African countries have reached a higher level of industrialization than the present Associates and might therefore build up a lead in their trade in manufactured and semi-manufactured goods.

The AASM are rightly concerned by the problems which may arise after enlargement of the EEC. At the last meeting of the Association Council on 13 November, they learned that the Community had given the following commitments to safeguard their interests:

- the Community's aim is to preserve all that the Association has achieved so far;
- the geographical enlargement of the Association must not be allowed to weaken relations between the Community and AASM;
- the Community will make strenuous efforts to safeguard the interests of those countries whose economies are substantially dependent on their exports of primary products, especially sugar.

As to the possibility of the enlarged Community concluding regional product agreements for the Associated States, the EEC ministers stated that if necessary the Community would consider the desirability of such agreements to stabilize prices of primary commodities.

Given these basic undertakings, the AASM must now prepare practical proposals on the measures to be adopted when the present Convention of Association expires<sup>1</sup>. The rapporteur hopes that his suggestions may make it easier to arrive at new arrangements for cooperation between the enlarged EEC and its African and Malagasy Associates.

112. As we have seen, the Associated States themselves must also make a strong contribution.

In the sphere of private investment, for example, if the EEC have to adjust their policies<sup>2</sup> and accept Community rules and codes of conduct, the AASM must also agree among themselves to harmonize their national codes for such investment projects and coordinate their development plans. In so far as investments are made with the help of European capital obtained for the most part from private sources, two requirements must be met:

- the countries which benefit from these investments must respect the rights and interests of investors of foreign capital;
- foreign investors must desist from holding the countries in which they invest to ransom by the systematic transfer of funds, in whatever form or financial guise this may be done.

In other words the AASM must meet all their obligations to local and foreign private enterprises. In the past some AASM countries have failed to observe the dates scheduled for payments to European companies; this has obviously had an adverse psychological effect on European investors.

In turn European investors should make sure that the real profit of their operations is not withheld from the country where the investment is made, either by granting favourable prices to the European parent company or by unscrupulous accounting practices. Here too past mistakes must not be repeated.

---

<sup>1</sup> To this end the AASM ministers intend to meet at Nouakchott in April 1972 to finalize their position on the problems resulting from enlargement of the Community.

<sup>2</sup> In particular the Parliamentary Conference rightly called for the creation of a 'European' system of guarantees for private investments in the AASM. Studies on this subject have already been undertaken by the EEC Commission (see reply to Written Question No. 162/71 by Mr. Dewulf, Official Gazette of the European Communities No. C/80, 7 August 1971).

113. Analysis of the Seventh Report on the Activities of the Council clearly shows that the Association has become stronger in more than one respect during the past year.

The new Yaoundé Convention came into force, thus ensuring the continuity of the institutions and the introduction of new coordinating procedures between the partners.

Trade continued to expand even though the rate of growth slowed down.

The Third EDF was launched both rapidly and efficiently.

114. The implications of enlargement of the European Community for the EEC-AASM Association are the main problem for the immediate future. It remains to be seen whether the enlarged Community - which will be by far the largest importer of primary commodities produced in the developing countries - can preserve the political content of the Association.

The continuous institutional dialogue between the partners - which has safeguarded the dignity of the AASM and given a political meaning to EEC aid - must be maintained because the Association cannot exist without institutions. But these institutions can have no 'raison d'être' without a whole range of two-way commitments going beyond mere financial and technical cooperation and in a sense creating a vast community of interests.

- a) With regard to economic cooperation, the rapporteur has tried to put forward proposals for a strategy to improve methods of marketing the AASM's products. A link must be established between the machinery of aid to producers and the efforts made by the beneficiaries themselves to improve their organization; this holds good in particular for the countries that are dependent on a limited number of products; arrangements similar to those laid down for sugar under the Commonwealth Sugar Agreement should be sought.
- b) With regard to financial and technical aspects, the cohesion of the enlarged Association clearly cannot be maintained without joint machinery for the present and future associates even if, as a result of the widely differing levels of development of individual countries, the amount of aid granted must also vary. A distinction must be made between countries such as Nigeria, the Ivory Coast and Zaïre in which production is both large and diversified and less favoured countries such as Upper Volta, Sierra Leone, Chad and Rwanda which are heavily dependent on a single product. Better still, a distinction could be made between rich and poor areas in a single country. For the richer regions bank loans and similar arrangements could make a vital contribution, whereas non-repayable aid from the EDF should be the rule for the poorer areas.

c) Lastly, enlargement of the Association will obviously raise institutional problems. If a single agreement is chosen to maintain the Association's cohesion, it would seem advisable to set up at the same time a series of smaller bodies to deal with specific issues, e.g. committees on coffee, primary commodities and bananas, which would be better placed to solve problems of detail.

115. At a more general level, an assessment should already be made of the difficulties which will have to be overcome in coordinating the economic policies of the African countries within the enlarged Association. Coordination of this kind between the 18 AASM which belong to the present Convention is still in its early stages. The problem will be all the more difficult when the full economic impact of certain new partners, such as Nigeria, makes itself felt in an enlarged Association.

In the interests of future relations between Europe and Africa it is therefore desirable for all the partners concerned to tackle resolutely the problems created by the addition of new competing economies, dominated by one or two countries which are relatively rich or better endowed by nature or demography.

116. The difficulties which will certainly arise when other African countries accede to the Yaoundé Convention will not jeopardize the Association as long as the Community remains convinced of the need for this great common endeavour on which it has embarked with the AASM and shows a firm resolve to persevere.

The time has therefore come for parliamentarians of the Association to make a vigorous contribution, in the light of past experience and present developments, and to outline key ideas for satisfactory future arrangements. The emphasis of the Association must now be shifted from tariff preferences to effective economic cooperation which alone is capable of achieving the aims set out in the Yaoundé Convention.



PROPOSALS CONCERNING THE ORGANIZATION OF TRADE IN TROPICAL PRODUCTS

I. The following proposals are in line with the distinction made by the Rapporteur between

- 'rich' products for which there is no substitute, such as cocoa and coffee, which often come from countries whose production is already diversified;
- 'poor' products for which there are substitutes, such as cotton, groundnuts and bananas, originating in countries operating entirely or mainly on a single-crop system.

As shown in Chapter II of Part Two of this report, this distinction between 'rich' and 'poor' products is intended to demarcate the spheres of Community aid to AASM producers:

- For 'rich' products the regulation of the prices paid to producers would be charged to the Associates, whereas there would be EEC aid for improving productivity and for diversification whenever market prices fell below an agreed reference price and the funds of local market regulation bodies (marketing boards) had to be supplemented by help from outside;
- For 'poor' products, EEC aid would have to begin by way of producer-price regulation as soon as market prices fell below an agreed reference price: as regards improving productivity and diversification, Community aid would have to continue unconditionally.

The implementation of such a policy would be restricted to export products constituting a major source of income (groundnuts in Senegal, Mali and Niger, palm-kernel oil in Dahomey and Zaïre, palm oil in Zaïre) to tonnage limits set each year by the Association Council on the basis of a proposal by the EEC Commission.

This Annex will deal mainly with the second class of products. As regards 'rich' products (mainly coffee and cocoa) only one or two points will be made mainly involving a new formulation of the proposals made in the 1967 report on the marketing of products of the Associated States within the EEC at steady and profitable prices<sup>1</sup>.

As regards 'poor' products, the comments and suggestions made here are simply complementary to the proposals already made on Community action to aid production.

---

<sup>1</sup>Doc. 20 of 20 November 1967

## II. 'Rich' products

There are only a few points to be made on 'rich' products<sup>1</sup>:

### a) Coffee

For coffee there is an international agreement whose operation raises no major problems. All partners of the Association should of course continue strictly applying this agreement, to which the EEC as such should also subscribe<sup>2</sup>.

The situation ought, however, to be reviewed if the international agreement came under threat. Since 1966 new measures have been introduced under this agreement: a diversification fund has been set up, production targets have been set and a stocking policy introduced - all long-term measures to supplement the short-term machinery for restricting and controlling exports.

Under present circumstances the AASM should try to put a check on extra-African imports of soluble coffee because this can be produced in Africa. They should also try to increase their market in the EEC through more efficient marketing and by improving the quality of their products.

The EEC countries should, for their part, reduce indirect taxes either by changing them into 'ad valorem' taxes, or by setting an upper limit on their amount<sup>3</sup>. But this would have little effect on consumption, and reducing these taxes would only have limited impact, except at the psychological level.

It is worth noting that some of the difficulties previously encountered by the AASM are now less acute, notably those resulting from certain practices that have grown up around the international agreement and which tighter checks have eliminated. Since 1966, furthermore, EEC imports of coffee from the AASM have remained steady at around a quarter of the total tonnage imported, which has actually been increasing appreciably - from 762,000 tons in 1966 to 876,000 tons in 1969 (from outside the EEC). The AASM have also diversified their outlets in the EEC: the German market, which accounted for only 2.7 % in 1966, accounted in 1969 for 13.4 % of AASM sales to the Community, whereas the French market has become relatively smaller. The AASM have also increased their sales to the United States and other consumer countries.

---

<sup>1</sup>Doc. 20 of 20 November 1967.

<sup>2</sup>See reply to written question No. 306/71 by Mr. Vredeling, Official Gazette of the European Communities No. C.117, 19 November 1971.

<sup>3</sup>Specific taxation on coffee has undergone little change in the Member States since 1966 (no change in Germany and Italy, tax still suspended in France) whereas the fiscal harmonization in progress (introduction of VAT) has not led to any notable changes in general taxation on coffee (except for a reduction in the rate in France from 17.6 to 7.5 % in 1971).

The CET rate of 9.6 % was suspended at 7 % on 1 January 1971 when the second Yaoundé Convention and the Arusha Agreement came into force. As one of the main products exported by the three countries of East Africa to the Community is coffee, the AASM are going to meet with keener competition within the preferential area, despite the 56,000-ton duty-free ceiling on coffee imports from East Africa (in 1969 these imports totalled 30,000 tons).

b) Cocoa

The problem is still one of stabilizing the world cocoa market, even though for some years now - after the low prices of the period 1964-66 - prices are holding firm at distinctly more profitable levels for producer countries. Sharp short-term fluctuations still occur, and these are quite out of proportion to the relatively slight changes in equilibrium of supply and demand. Since 1966 the AASM have not therefore felt even the short-lived effects of low world prices of cocoa. The minimum 'reference price' of 21 cents was not reached, and marketing boards were even able to increase their reserves appreciably.

Several moves have already been made at international level with a view to the conclusion of a world cocoa agreement. At its session in September 1971 the UNCTAD Council unanimously adopted a resolution calling for a conference on cocoa as soon as possible and for this question to be discussed at the next session of the UNCTAD Conference in Santiago (April/May 1972). As a result of this resolution, all the countries concerned have held consultations which for the first time Belgium and Italy were invited to attend in the same capacity as Germany, France and the Netherlands, which have always taken part in the international consultations on cocoa. Until now it has not been possible to secure a sufficiently wide measure of agreement to justify convening a conference with a view to concluding a world agreement. Further consultations will be held in January 1972.

The Rapporteur considers that should the conclusion of such a world agreement again prove impossible, an attempt should be made to reach an agreement between the EEC and the AASM - open to other developing or industrialized countries - providing for a minimum price of around 23 cents with a fork of 23 to 30 cents. Below this price range, aid would be given to producers, and

above it the latter would make a refund to a stabilization fund in the accounts of the EDF<sup>1</sup>.

At all events, the AASM should step up industrial processing on the spot so that they can gradually reduce their exports of raw products and increase their exports of processed products (cocoa butter and powders) proportionately<sup>2</sup>.

### III. 'Poor' products

As regards 'poor' products, the following measures have been proposed:

#### a) Oilseeds and oil

An attempt should first be made, by suitable means, to renew the special financial aid facilities provided for in the decision of 25 July 1967. This aid, based on the payment to the Associated States of 80 % of the difference between a Community reference price and the world market price (with a ceiling of 13 million u.a. which could be increased to 14 million u.a.) was applicable to EEC imports from 1 July 1967 to 31 May 1969.

Steps should also be taken to ensure that Regulation 518/70/EEC is strictly applied; this states that if the volume of imports of oilseeds originating in the AASM changes appreciably the Community shall introduce special measures other than financial to deal with the situation.

---

<sup>1</sup>The AASM continue to strengthen their position as the main suppliers of cocoa beans to the EEC: 54 % in 1969, as compared with 41 % in 1966 and 49 % in 1967. As regards processed products, they have been entirely exempt from CET duties since 1 July 1963. Despite the reductions applied after the Kennedy Round, the tariff concession is still substantial: on 1 January 1971, 17 % on cocoa paste, 13.6 % on cocoa butter and 18.2 % on cocoa powder. As for cocoa beans, the CET was suspended from 5.4 % to 4 % on 1 January 1971. Specific taxes are either non-existent (Germany, Benelux) or very small (France), or else they are still high but much lower than they were (in Italy 250 lire/kg reduced to 180 lire/kg in October 1969). General taxation has changed because of Community harmonization; in Italy the previous general import duty of 4 %, which used to be cumulative, has since then only been charged once, on the value on entry, at 10 %, which represents a reduction.

<sup>2</sup>The AASM are developing their processing industries and export more and more cocoa products. This means they are making the most of the raw product and will find it easier, should the occasion arise, to build up stocks. Cameroon exported \$ 22,513,000 worth of such products in 1969 as against \$ 13,052,000 worth in 1968. The Ivory Coast's figures were \$ 22,222,000 in 1969 and \$ 17,225,000 in 1968.

As for international action, the proposals made by the Commission to the Council on 16 July 1969 should be reconsidered with a view to reaching an international agreement on fats.

The Commission suggested that the international agreement should include the following measures:

- introduction of a tax on imports into the developed countries<sup>1</sup> that would have a stabilizing effect of its own and the proceeds of which - augmented by contributions in cash or in kind from the importing developed countries - would enable compensation to be paid to the exporting developing countries;
- the creation of a buffer stock in the special case of lauric acid oils (i.e. coconut and palm-kernel oils);
- introduction of a multilateral food aid programme;
- liberalization of trade, with due regard for the interests of countries to which preferences have already been granted.

Such an agreement should be designed so as to substantially improve the situation of exporting countries and to be flexible enough to have momentum of its own and develop step by step with the results obtained.

At the European level, in accordance with the Commission's memorandum on the reform of agriculture, provision should be made, in addition to the import tax referred to, for the introduction of a tax on the bulk of fats produced in the EEC. This would create a reserve of funds which could if necessary be used to compensate the AASM, so as to ensure they had sufficient operating revenue and, if need be, to finance buffer stocks. The interesting suggestions made at the symposium on groundnuts held in Dakar in March 1971 deserve careful consideration.

#### b) Manioc

The real problem is how to make manioc a more popular food item in the industrialized countries so that it can compete successfully with other starches, such as potatoes.

This could be done by (i) reducing consumer prices, (ii) trade promotion, and (iii) protecting the name of the product.

---

<sup>1</sup>The amount of the various taxes, calculated by products or groups of products, should reflect the need to establish a price relationship between the different products imported that would encourage the developing countries to market oilseeds and oils.

- As regards price, action has already been taken in the form of a reduction in the levy on manioc entering the Community market. Regulation 522/70/EEC of 17 March 1970 applicable to products processed from cereals and rice introduces a preferential import system for manioc originating in the AASM up to 31 January 1975. Unfortunately, this does not go as far as the European Parliament would have liked;
- A measure now being taken will enable Madagascar and Togo to strengthen their commercial positions in the EEC through a promotion campaign (financed by the EDF) for 'manioc tapioca' in granulated and powder form;
- Another measure is being studied for bringing EEC laws on the names of products into line; this would protect 'manioc tapioca' and enable producers to enjoy the publicity benefits of packaging displaying the name of the product.

#### c) Cotton

The AASM produce around 1 % of world output. The Commonwealth as a whole accounts for 19 %, India and Pakistan being the main producers.

However desirable an international agreement may be, the textile fibre market situation and the conditions under which the product is marketed will make negotiations very difficult. The success of such an agreement would involve the transfer of such stockpiling costs that a number of producer States are openly hostile to discussions on the subject.

A global agreement therefore appears out of the question, especially since both the quality and conditions of production of substitute products are improving.

The solution to the difficulties encountered by African producers whose cotton fibres are not of such a quality as to guarantee them a definite market lies in:

- the creation of a more closely integrated African market for cotton fabrics;
- the manufacture of quality fabrics for the European market within limits to be determined by a market survey to be carried out by the EEC;
- the utilization, where necessary, of Community support for the stabilization funds of producer countries.

There is no doubt that the advances to such stabilization funds referred to in Article 21 of the Convention of Association is not the perfect answer; but for the time being it would be effective. Between now and the expiry of

the present Convention a review should be made of these advances and of the results obtained.

d) Rice

Regulation 540/70/EEC of 20 March 1970 introduced quite substantial concessions as regards the quantities currently imported from the AASM, subject to minimum cif export prices. These take the form of a reduction in the levy, which varies with different grades of rice.

Besides these measures, the emphasis should be on expanding production intended for African consumption, both locally and regionally, as part of a more general increase in food production and inter-African trade.

e) Bananas

There has been little change in the situation on the banana market in recent years. The EEC has taken no common agricultural policy measure in this sector, despite France's efforts in 1968. The AASM enjoy a 20 % preference under the CET on their exports to five of the six EEC Member States, Germany's needs being covered by a nil-duty quota on imports from third countries. This quota was 634,000 tons for 1971. The Europe of the Six obtains its supplies as follows: Central America 47 %, South America 28 %, AASM and OCT 25 %. Decisive progress towards a satisfactory solution to the problem of AASM bananas would be made by gradually phasing out the duty-free quota enjoyed by Germany, the main consumer country in the EEC.

The Commission of the Communities recently made a detailed study of the production and marketing of AASM bananas. Other research undertaken on the subject at Community level resulted in suggestions for:

- a policy for the structural redevelopment of production through mechanized techniques, where possible, and the Africanization of small plantations, bring down production costs;
- a trademark policy to make AASM bananas more easily identifiable and draw attention to the comparative qualities of the African 'poyo' banana;
- a policy for penetrating the markets of countries other than France and Italy.

These recommendations should be of special interest to Somalia which, with an annual output of around 100,000 tons, is the second largest producer of the AASM and is facing special difficulties at present because of the closing of the Suez Canal. Somalia could no doubt occupy a much more

important place among suppliers of the European market if its production could be improved and its productivity increased.

#### IV. Miscellaneous products

These are products that do not lend themselves to classification in the two previous categories.

##### a) Vanilla

EEC imports (mainly France and Germany) are expanding satisfactorily: 273 tons in 1966, 349 tons in 1969.

In 1969 output in Madagascar amounted to nearly 1,100 tons (previous record: 980 tons in 1965) as compared with 960 tons in 1968.

The main problem in this sector seems to be to protect the name 'natural vanilla' and to distinguish the product from artificial substitutes. This problem has not been dealt with by a standard regulation throughout the EEC. However, as a result of action taken since 1966 by Madagascar, Réunion and the Comoro Islands, a stabilization of the world market through the introduction of a quota system and a large-scale publicity campaign have distinctly improved the situation of the product. Thus fob prices (\$ 11.30/kg for 1971 per 10-ton contract) quotas for the American and European markets are fixed once a year. Producer countries are also adjusting their output to the demand of consumer industries (dry vanilla for extracts).

The effort still to be made mainly concerns the EEC: it consists in drawing up and issuing a Community directive based on French law (decree of 20 May 1966) and on American law, requiring that in designating vanilla products the nature of the flavouring used should be specified so as to make a clear-cut distinction between the natural product and substitutes. Report No. 20 of 20 November 1969 provides full details on this subject.

The Commission made a first step in this direction with its proposal for a directive in September 1970 on the approximation of Member States' legislation concerning flavourings permitted in the manufacture of ice cream.

##### b) Miscellaneous fruits and vegetables

The Rapporteur welcomed the Commission's proposal to the Council to exempt EEC imports of fruit and vegetables originating in the AASM from any import levy.



### Fresh pineapple

After bananas, pineapples are the main tropical fruit exported by the AASM. AASM exports, which have preferential access to the European market (CET: 9 %), already cover 60 % of supplies to the EEC, where demand is really expanding. This development, incidentally, raises problems for the canned pineapple market.

The bulk of AASM exports are from the Ivory Coast. To increase its sales on the European market in the medium and the long term, the consumer should be induced to identify the product by an association of ideas between it and the producer (as, for example, was done by Israel for avocados).

### Other tropical fruits

More and more tropical fruits hitherto barely known in Europe - e.g. avocado, mango, papaw, litchi and passion fruit - are now being consumed there.

The avocado market is virtually dominated by Israel. The AASM supply 93 % of mangoes consumed in France. It is thought that the market for these fruits could expand very quickly and that the AASM, which have a protection of 6 % under the CET, could win 50 % of the Community market.

To achieve this aim, the general public and the middlemen must be made to discover these tropical products. With financial help from the EEC, a contract could be concluded between producers and importers and steps taken to ease problems (such as stocking, packaging, and rate of ripening). The price of these fruits should of course be comparable to that of other fruits.

### Out-of-season fruit and vegetables

There is an important potential market, estimated at 100,000 tons for 1980, in Europe for these products which would not be competing with established European products.

As the main obstacle to the expansion of AASM exports in this sector is transport costs, some means should be sought, with financial help from the EEC, of reducing these (grouping of consignments, direct freighting, etc.).

The AASM, and particularly the countries that are not on the coast of the western Sahara, seem to be well-placed for growing out-of-season fruits and vegetables for the European market, for both ecological and climatic reasons and because of their relative proximity.

Sales of these products (particularly green beans, aubergines, pimentos, melons and strawberries) could no doubt be a major source of income for small producers established around African towns (serviced by airports) and organized in producer-exporter groups.

Agreements between African producers and European wholesalers should ensure large outlets, provided that the methods of collection, preservation and transport are efficient.

c) Tropical woods

The AASM have a considerable forest potential, the most rational exploitation of which has still to be studied. The EEC represents 80 % of AASM markets and obtains from the AASM 82 % of the rough timber and 22 % of the sawn timber it needs.

The varieties of tree felled have not often been replaced and it is urgently necessary to plant new ones to make up for those that are dying out. The AASM should also carry out more processing of products on the spot, if necessary with the EEC's technical and financial support.

Generally speaking, competition from substitutes to African woods will oblige the AASM to make increasing efforts to bring their production up to the level of their international competitors.

d) Rubber

The suggestions presented by the Rapporteur in his 1967 report still apply because the overall situation has not changed.

STATISTICS  
OF TRADE WITHIN THE ASSOCIATION  
AND  
EXTERNAL TRADE OF THE EEC AND AASM<sup>1</sup>

---

<sup>1</sup>Source: Commission - doc. VIII/983 (71)

TOTAL IMPORTS OF THE EEC

1,000 u.a.

From \ To	Year	FRANCE		BLEU		NETHERLANDS		GERMANY		ITALY		EEC	
		Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Total imports from outside the EEC	1968	7,309,861		3,756,702		4,146,428		11,791,480		6,562,301		33,566,772	
	1969	8,531,630		4,254,735		4,763,586		14,063,890		7,639,398		39,253,239	
	1970	9,666,460		4,669,360		5,910,259		16,582,098		8,793,056		45,621,233	
AASM	1968	613,836	8.3	374,946	10	98,463	2.4	217,754	1.8	151,383	2.5	1,466,482	4.4
	1969	667,347	7.8	480,019	11.3	121,866	2.5	248,067	1.8	200,336	2.6	1,717,635	4.4
	1970	703,754	7.2	512,627	11	133,511	2.3	273,306	1.6	239,137	2.7	1,862,335	4
Overseas Countries and Territories	1968	59,816	0.8	3,546	0	26,183	0.6	28,603	0.2	9,886	0.2	128,034	0.4
	1969	64,380	0.8	3,335	0	24,262	0.5	35,983	0.3	14,092	0.2	142,052	0.4
	1970	100,338	1	2,327	0	27,391	0.5	42,777	0.3	17,976	0.2	190,809	0.4
Overseas Départements	1968	121,527	1.7	391	0	496	0	5,397	0	4,811	0	132,622	0.4
	1969	120,178	1.4	292	0	715	0	1,373	0	7,488	0	130,046	0.3
	1970	121,481	1.2	375	0	450	0	1,659	0	9,664	0.1	133,629	0.3
East Africa	1968	9,918	0.1	9,234	0.2	14,188	0.3	46,674	0.4	12,279	0.2	92,293	0.3
	1969	8,771	0.1	7,851	0.2	12,565	0.3	41,959	0.3	13,846	0.2	84,993	0.2
	1970	8,613	0	10,427	0.2	14,035	0.2	47,409	0.3	16,256	0.2	96,740	0.2
Other developing countries in Africa	1968	1,133,650	15.4	208,400	5.5	307,470	7.4	1,206,586	10.1	646,383	9.8	3,502,489	10.4
	1969	1,328,886	15.5	234,959	5.5	405,365	8.5	1,373,115	9.7	828,114	10.8	4,170,439	10.6
	1970	1,517,321	15.6	256,259	5.5	534,948	9	1,505,791	9	973,595	11	4,787,914	10.5
Developing countries in Central and South America	1968	358,475	4.9	306,590	8.2	314,843	7.6	1,095,320	9.2	604,560	9.2	2,679,788	8
	1969	469,975	5.5	303,156	7.1	351,985	7.4	1,297,518	9.2	745,046	9.7	3,167,680	8
	1970	529,432	5.5	373,776	8	431,230	7.1	1,425,115	8.6	831,803	9.4	3,591,356	7.9
Developing countries in Asia - China - Mongolia - North Korea - North Vietnam	1968	948,366	12.9	476,996	12.7	695,388	16.8	1,291,472	10.8	1,095,959	16.7	4,508,181	13.4
	1969	974,203	11.4	513,016	12	778,516	16.3	1,344,548	9.5	1,197,528	15.6	4,807,811	12.2
	1970	1,062,833	10.9	508,558	10.9	1,027,305	17.4	1,532,574	9.2	1,352,277	15.3	5,483,547	12
Oceania	1968	136	0	25	0	197	0	3,222	0	409	0	3,989	0
	1969	141	0	18	0	19	0	2,344	0	373	0	2,795	0
	1970	175	0	13	0	622	0	2,109	0	397	0	3,316	0

TOTAL EXPORTS OF THE EEC

1,000 u.a.

From To	Year	FRANCE		BLEU		NETHERLANDS		GERMANY		ITALY		EEC	
		Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Total exports to countries outside the EEC	1968	7,220,223		2,912,121		3,550,942		15,502,661		6,105,613		35,291,560	
	1969	7,762,162		3,265,125		3,973,096		17,480,890		6,746,934		39,228,207	
	1970	9,077,269		3,645,270		4,476,688		20,461,824		7,537,302		45,198,353	
AASM	1968	649,204	9	104,249	3.6	66,431	1.9	118,754	0.8	80,544	1.3	1,019,182	2.9
	1969	663,710	8.6	125,028	3.8	91,456	2.3	149,686	0.9	87,374	1.3	1,117,254	2.8
	1970	755,535	8.3	155,470	4.3	74,635	1.7	158,022	0.8	121,271	1.6	1,264,933	2.8
Overseas countries and Territories	1968	89,391	1.2	5,590	0.2	63,619	1.8	22,080	0.1	11,840	0.2	192,520	0.5
	1969	123,215	1.6	7,146	0.2	52,511	1.3	25,713	0.1	15,880	0.2	224,465	0.6
	1970	161,841	1.8	9,840	0.3	100,748	2.3	38,627	0.2	27,652	0.4	338,708	0.7
Overseas Départements	1968	238,042	3.3	3,537	0.1	7,571	0.2	8,863	0	7,079	0.1	265,092	0.8
	1969	261,580	3.4	3,324	0.1	9,133	0.2	10,985	0	9,241	0.1	294,263	0.8
	1970	278,863	3	4,717	0.1	9,946	0.2	17,028	0	10,138	0.1	320,692	0.7
East Africa	1968	19,832	0.3	10,459	0.4	18,140	0.5	47,784	0.3	27,596	0.5	123,811	0.4
	1969	19,348	0.2	8,927	0.3	18,718	0.5	46,276	0.3	24,600	0.4	117,869	0.3
	1970	25,096	0.3	10,968	0.3	21,851	0.5	57,418	0.3	32,840	0.4	148,173	0.3
Other developing countries in Africa	1968	938,944	13	100,653	3.5	147,610	4.2	483,834	3.1	454,094	7.4	2,125,135	6
	1969	975,240	12.6	116,732	3.6	192,985	4.9	584,532	3.3	469,808	7	2,339,297	6
	1970	1,158,881	12.8	155,781	4.3	214,887	4.8	728,342	3.6	519,234	6.9	2,777,125	6.1
Developing countries in Central and South America	1968	413,768	5.7	163,012	5.6	201,643	5.7	1,093,655	7	454,377	7.4	2,326,455	6.6
	1969	447,852	5.8	174,355	5.3	236,011	5.9	1,186,981	6.8	532,935	7.9	2,578,134	6.6
	1970	539,791	5.9	204,828	5.6	265,941	5.9	1,356,718	6.6	577,422	7.7	2,944,700	6.5
Developing countries in Asia excl. China - Mongolia - North Korea - North Vietnam	1968	604,986	8.4	276,097	9.5	345,057	9.7	1,424,252	9.2	603,298	9.9	3,253,690	9.2
	1969	653,658	8.4	318,727	9.8	363,643	9.2	1,570,113	9	632,643	9.4	3,538,784	9
	1970	647,630	7.1	381,020	10.5	411,148	9.2	1,691,303	8.3	611,880	8.1	3,742,981	8.3
Oceania	1968	1,669	0	317	0	1,521	0	2,425	0	628	0	6,560	0
	1969	1,992	0	337	0	1,450	0	3,302	0	545	0	7,626	0
	1970	2,085	0	271	0	2,197	0	3,625	0	586	0	8,764	0

EEC TRADE WITH EACH OF THE ASSOCIATED STATES

1,000 u.a.

AASM	1 9 6 8		1 9 6 9		1 9 7 0		Variation (1968 = 100)			
	Imports	Exports	Imports	Exports	Imports	Exports	1969 Imports	1969 Exports	1970 Imports	1970 Exports
Burundi	3,047	9,762	3,335	7,335	4,821	8,185	109	75	158	84
Cameroon	146,394	113,599	177,090	130,775	180,166	152,017	121	115	123	134
Central African Republic	13,943	21,573	16,431	22,825	27,879	27,086	118	106	200	126
Chad	22,716	16,306	19,396	17,475	19,021	23,326	85	107	84	143
Congo	42,628	62,503	47,675	55,725	46,193	60,050	112	89	108	96
Ivory Coast	320,393	203,326	371,569	210,642	373,548	240,157	116	104	117	118
Dahomey	14,106	26,569	19,008	32,290	24,936	38,300	135	122	177	144
Gabon	84,074	42,239	100,491	54,055	114,449	61,455	120	128	136	145
Madagascar	50,327	114,555	53,850	105,665	64,730	117,137	107	92	129	102
Mali	3,405	15,415	5,104	14,834	7,811	20,230	150	96	229	131
Mauritania	51,917	22,894	61,001	20,935	63,180	22,987	117	91	122	100
Niger	28,756	23,983	32,066	24,843	30,874	32,561	112	104	107	136
Rwanda	3,676	5,868	4,167	5,310	5,012	7,628	113	90	136	130
Senegal	106,415	114,719	97,044	132,725	109,900	120,190	82	116	103	105
Somalia	15,362	19,695	16,247	19,491	16,162	17,729	106	99	105	90
Togo	41,161	22,415	54,906	25,968	57,083	29,152	133	116	139	130
Upper Volta	3,969	20,089	4,842	21,506	6,384	23,373	122	107	161	116
Zaire	514,093	163,672	633,413	214,855	710,186	263,370	123	131	138	161
<b>Total:</b>	<b>1,466,382</b>	<b>1,019,182</b>	<b>1,717,635</b>	<b>1,117,254</b>	<b>1,862,335</b>	<b>1,264,933</b>	<b>117</b>	<b>110</b>	<b>127</b>	<b>124</b>

State of progress at the end of 1970 of the 106 projects proposed  
in 1967 by the experts entrusted with the study of the  
possibilities of industrialization of the AASM<sup>1</sup>

## SUMMARY

## Breakdown by areas and countries

Territories	Total of projects launched	(1)	A	B	C	D	E	F	G	H
UDEAC <sup>2</sup>										
Congo	5				3		1			1
Central African Republic	7		1		5					1
Chad	3		1	1	1					
Gabon	7		1	1	3	1	1			
Cameroon	14				6			3	2	3
Total	36		3	2	18	1	2	3	2	5
MADAGASCAR	20			1	8		1	1		9
SOMALIA	3				3					
WEST AFRICA										
Mauritania	6				3			1		2
Senegal	15			3	6		1	1	1	3
Mali	5			1	3					1
Ivory Coast	20		2		5	1	2	3	5	2
Upper Volta	6			2	2					2
Dahomey	8		1		1		3		3	
Niger	6			1	1				3	1
Togo	9			3	3	1	1			
Total	75		3	10	24	3	7	5	12	11
LAKE REGION	18	11	1	6	5	1	1		2	2
TOTAL	152	11	7	19	58	5	11	9	16	27

<sup>1</sup> Source: Commission, doc. VIII/683(71) June 1971.

- (1) Projects concerning which no information is available (not included in the total)
- A = Project abandoned  
 B = Project postponed in the long term  
 C = Project being studied  
 D = Studies in the final phase, talks initiated with a view to financing  
 E = Studies completed, execution postponed (in the medium term)  
 F = Studies completed, financing decided upon, dates of execution fixed (in the short term)  
 G = Project in progress  
 H = Project completed

<sup>2</sup> Union douanière économique de l'Afrique Centrale

State of progress as at the end of 1970 of the 106 projects proposed in 1967 by the experts entrusted with study of the possibilities of industrialization of the AASM

a) Findings

By simply adding up completed projects (class H), projects in progress (class G) and projects definitely to be carried out in the immediate future (class F), one arrives at a total of 52 projects 'carried out', or half of the projects planned.

By eliminating projects that come under two or three different headings, one arrives at a total of 33 projects 'carried out' (classes F, G, H), or a third of what was planned.

The geographical breakdown (by area) indicates that the proportion of projects 'carried out' is highest in West Africa (16 out of 31) and in Madagascar (7 out of 14). It is not so high but is still good in the UDEAC (7 out of 19), very low in the Lake Region (3 out of 4, although there are considerable gaps in the information available) and nil in Somalia.

The facts confirm the almost inevitable trend (already stressed by the experts) towards the carrying out of projects in a few privileged countries. In the UDEAC 8 projects out of 10 were in the Cameroon. In West Africa it was in the Ivory Coast that 10 out of 28 projects were carried out, and Senegal, Mauritania and Niger each had 4 projects. Nothing has been done in Chad, Gabon or Togo. Only one project is in progress in the Central African Republic, Congo and Mali.

As regards the breakdown by the branch of activity, and leaving out the 'miscellaneous' class which is necessarily not very clearly defined (23 projects executed), the most favoured sectors are foodstuffs (11 projects executed), building materials (6 projects executed) and iron and steel products (6 projects executed).

The studies or technical or financial finalization of the execution of projects is being actively pursued (classes D and E) in 16 cases. A great many projects (58) are at the very indefinite stage of 'studies in progress'. There are few definite cases of abandonment (26 projects in classes A and B).

b) Interpretation

As the horizon fixed for the industrial proposals is 1975 it is understandable that fairly long periods should elapse before anything practical is achieved. Information gathered at the end of 1970 indicates progress by comparison with a first rapid and incomplete sounding (12 AASM only) made towards



the middle of 1969 (17 projects actually carried out). It would be useful to draw up a fresh balance sheet at the end of the period of projects scheduled for execution by the experts, that is to say in 1975.

It appears that the main obstacle to the creation of enterprises designed from a regional standpoint is that this prerequisite of plurinational integration is not being met. The industries established were set up in a great many cases from a purely national standpoint and some projects are still held up until this or that national market reaches a scale that would justify them.



REPERCUSSIONS OF AMERICAN MEASURES  
IN THE FIELD OF DEVELOPMENT AID

(Extract from the Commission's memorandum to the Council of 15 September 1971, doc. SEC (71) 3274 final.)

1. Repercussions on the flow of aid to the developing countries

The decrease of 10 % in American public assistance may lead to a decrease of from 3 to 4 % of the total aid to the developing countries from DAC member countries and further compromise the attainment of the aim of allocating at least 1 % of the GNP (including at least 0.7 % in the form of public aid) to the developing countries.

The bilateral commitments decided upon by the United States in 1970 in favour of that part of Africa to the south of the Sahara, which were slightly higher than in previous years, amounted to approximately \$ 224 million including some \$ 55 million to be allocated to the AASM. Assuming there is an across-the-board cut in American aid, it may be estimated that the actual 'loss' to the AASM will be \$ 5-6 million per year. The Ivory Coast and Zaïre, the main beneficiaries would be the worst hit.

Following such reductions, some of the AASM and other developing countries may ask the Community, or Member States, either for an increase in aid or a review of their aid.

2. Repercussions on the trade of the AASM and other developing countries

The American import tax affects some 12 % of AASM exports to the United States (see table below). The hardest hit are Madagascar, one third of whose exports have to face up to additional import duties, Zaïre (18 %) and the Ivory Coast (7 %).

In the case of Madagascar the main products affected by the American measures are vanilla and cinnamon. Exports from Madagascar of these products to the USA amounted in 1969 to \$ 8,100,000 and \$ 1,100,000 respectively.

As regards the other developing countries there are some in Asia and Latin America that have already attained a greater degree of industrialization than the AASM and are liable to be harmed by the American measure, particularly in the case of a number of manufactures and semi-manufactures.

### 3. Generalized preferences

There is little chance that the United States will implement its system of generalized preferences for the benefit of the developing countries in the near future. The speech made by the American representative at the 11th session (end of August) of UNCTAD's Council on Trade and Development is particularly significant: 'When the American measures were announced no final decision had been taken about the date on which the Bill on the generalized preferences would be submitted to Congress. The Administration is acting cautiously so as not to compromise the chances of obtaining the agreement of Congress.'

An appreciable delay in the USA's implementation of legislation on generalized preferences is having its effect on the sharing of burdens between donor countries and is affecting both the EEC, which has been giving these preferences since 1 July 1971, and other donor countries which have either introduced them (Japan) or intend to do so before 1 January 1972<sup>1</sup>. In common with the other donor countries, the Community has theoretically coupled its offer of generalized preferences with a clause stipulating that the offer was made 'on the assumption that all the main industrialized countries in the OECD will participate in the granting of preferences and make comparable efforts'.

But it is fair to point out that the system of ceilings adopted by the Community leaves it fairly well sheltered from any disadvantages resulting from an unfair distribution of burdens which, it is to be hoped, will be for as brief a period as possible. It is the Associates of the Community who may suffer from such a situation for it will deprive them of part of the compensation they had a right to expect for sharing their preferences on the Community market.

At its last meeting in April 1971 the Association Council stressed the dangers that could result from advance implementation by the Community of its system of generalized preferences without any guarantee of its simultaneous implementation and the balancing of burdens on the part of all donor countries.

### 4. The untying of aid to the developing countries

The DAC's draft agreement on the untying of aid appears, for political reasons, to be, if not finally abandoned, at least likely to be filed away indefinitely. This is apparent from the request that this item should not be put on the agenda at the next high level meeting of the OECD's Development

---

<sup>1</sup>These plans were confirmed at the 11th session of the UNCTAD Council, i.e. after the American measures had been taken.

Aid Committee scheduled for October. In fact, in the present situation it is hard to see how the United States, which strongly supported the untying of a major part of bilateral and multilateral aid, opening their bilateral aid to international competition.

## 5. Conclusions

In the field of development aid the American measures

- could have an impact on the potential aid of which the AASM and other developing countries would be the beneficiaries;
- raises the question of the implementation of generalized tariff preferences in favour of the developing countries by the United States and the other industrialized countries;
- is liable to compromise the efforts made for a considerable time to get the DAC member countries to untie a major part of their aid to the developing countries.

### U.S. imports from the AASM in 1970

<u>From</u>	<u>Total</u>	\$ 1,000,000	
		<u>Charged customs duty</u>	<u>Exempt from customs duty</u>
Mauritania	0.7	-	0.7
Cameroon	25.4	2.4	23.4
Senegal	0.8	0.6	0.1
Ivory Coast	92.2	6.6	85.6
Togo	1.3	-	1.3
Central African Republic	6.4	negligible	6.3
Gabon	8.9	-	8.9
Zaire	40.7	7.5	33.2
Burundi and Rwanda	21.2	-	21.2
Somalia	0.2	-	0.2
Madagascar	31.9	11.0	20.8
	<u>229.7</u>	<u>28.1</u>	<u>201.7</u>

----



SUMMARY OF THE REPORT OF THE COMMISSION ON INTERNATIONAL DEVELOPMENT

1. The development aid policies pursued by the industrialized countries were recently the subject of a critical analysis by the specialized agencies of the United Nations which brought out the need for better-coordinated and better-directed action.

Development of which Mr. Pearson was Chairman (and of which Mr. Marjolin, former

A case in point was the report of the Commission on International Development of which Mr. Pearson was Chairman (and which Mr. Marjolin, former Vice-President of the EEC Commission, was a member) drawn up for the World Bank and published at the end of 1969. It is worth making a short analysis of this important document entitled: 'Partners in development'.

2. The Pearson Report does not conceal its concern either about the future or about the need to work out new methods to lend credibility to the development aid given by the rich countries. It clearly states that the end in view is a fair distribution of wealth between the more and less favoured. It does not conceal that this goal cannot be achieved without imagination and generosity. It is concerned about the growing cost of the indebtedness of the poor countries.

But it only sees one solution: developing competitive exports. To this end it recommends:

- that the rich countries should abolish any indirect protection such as excise duties or internal circulation taxes (page 15);
- that each nation draw up a plan to assure that an increasing share of the markets may, over time, be supplied by imports from developing countries;
- the financing of buffer stock arrangements;
- that private investment to exploit local resources should be stepped up.

The use of this method would be supported by a growth in the volume of aid; improved aid administration and closer adaptation of technical assistance to local needs; family planning; the development of research in relation to the natural resources of the countries in question; and the strengthening of the multilateral aid system.

3. The report stresses the need to treat the developing countries differently in the light of their state of development, their rate of economic growth and the factors contributing to it. It also envisages changes in parities to avert the damaging effect on external trade of over-valued exchange rates.

The report asks that caution should be exercised in the matter of industrialization (page 37) since excessive support or a misguided policy could become a burden rather than a benefit.

It expresses concern (page 45) at the shrinking share of the developing countries in international trade and the deterioration in the terms of trade, as also (page 49) at the fact that the correlation between the amounts of aid received and the growth performance is very weak.

It stresses (page 54) that land reforms must be undertaken to provide incentives for future investment in agriculture and for increased production and the inadvisability (page 59) of transferring methods of increasing productivity suitable for industrialized countries to developing countries with a large labour force, as well as the danger that uncontrolled urbanization may create a new proletariat.

It states that increased tax revenue will be needed (page 61) but to tax agricultural income directly is difficult in most developing countries because most farmers are very poor, and adds that a banking and credit policy in line with the needs of small savers is essential.

4. Thus far, the report has provided a useful summing up of familiar facts contained in earlier work. But owing to the general nature of the remarks summarized above, the report seems to be somewhat vague in the suggestions it puts forward (page 71): it recommends that exports should be increased through industrialization - the risks of which it has just described - and that the deterioration in the terms of trade should be reduced through an expansion of markets where the developing countries would in theory be the best placed if there existed a rational division of labour.

At the same time it recognizes that the flow of private investment will not be widely spread but be concentrated mainly in extractive industries (page 77) for which definite markets exist.

5. But Chapter IV of the report (trade policy for development, page 80 et seq.) is at once more precise and encouraging. It is therefore worthwhile summing up its conclusions.

It has become clear that 'the development of the poorer countries will also require important adjustments in the industrialized countries to which the latter are reluctant to submit' (page 80); that almost 90 % of the export earnings of the developing countries derive from primary products which are subject to a high degree of price and market instability, a few having suffered continuing adverse price trends in the last decade and a half; and that the same treatment cannot be given to tropical products and the similar and competing products in the developing countries (page 81).



7. More generally, the aid given by the industrialized countries to the developing countries should not fall below 0.70 % of the GNP. There follow recommendations of a financial nature for easing and refinancing the external debts of the developing countries, for increasing technical assistance and, for that purpose, providing technical assistants with a definite career, reducing tied aid and increasing multilateral aid through the agency of the international bodies (page 189).

8. One chapter of the Pearson Report (page 194 et seq.) deals with the need to adapt population, education and research policy to the needs of developing countries, and for a coordinated programme through the World Bank and U.N.'s specialized agencies.

9. The work of the Pearson Commission is useful in that it reflects a general awareness among the industrialized countries of the need for sensible aid to the developing countries. But despite its proposals for the enlargement of the market for the products of the developing countries and the creation of buffer stocks, one essential factor is missing from this report: definite proposals, on a product-by-product basis, to end the failures of the policy of aid to the developing countries - that of the United States to Latin America is a striking example - if only because of the steady deterioration, despite the growth in the volume of their exports, of their terms of trade.

The allusion on page 80 to the self-centred or conservative attitude of the industrialized countries is not enough to provide a definite answer that is not at the same time too general to be applicable to all the developing countries the stages of development and natural resources of which differ appreciably one from the other.

It would be pointless, under these circumstances, for the developing countries to step up production of their main commodities, since this increased output, when combined with that of the industrialized countries, would saturate the markets and bring prices crashing down.

At the same time the international arguments so popular in United Nations circles are aired at great length; these arguments, though perfectly respectable, are academic and too remote from the soberrealism that is needed if these countries are to move forward confidently, step by step, through the various stages of development.

Lastly, the remedies proposed are not sufficiently varied to allow for differences in the state of development, potential resources and proximity to the sea, or for the working capacity of the peoples concerned.

Whence a number of clear-cut proposals such as

- that developed countries eliminate as soon as possible excise and import duties on products of special interest to such developing countries (page 84);
- that developed countries draw up plans in respect of protected commodities designed to assure that over time an increasing share of domestic consumption is supplied by imports from developing countries (page 85);
- that the financing of reasonable buffer stocks in support of well-conceived commodity agreements and policies should be recognized as a legitimate object of foreign aid (page 86);
- that no new quantitative restrictions on these products be imposed and that existing quantitative restrictions should be abolished during the 1970's as rapidly as possible (page 88);
- that developed countries establish a generalized non-reciprocal scheme of preferences for manufactures and semi-manufactures from developing countries, including processed goods, before the end of 1970 (page 90);
- that IMF in cooperation with UNCTAD study the possibility of a clearing arrangement for trade among developing countries on a global scale (page 94);
- that bilateral donors and international agencies provide financial assistance to institutions such as development banks and clearing and payments unions which are designed to promote trade among developing countries on a regional scale (page 95).

6. Chapter V of the report discusses private foreign investment. It recommends that the developing countries preserve the greatest possible stability in their laws and regulations affecting foreign investment (page 106), that developed countries strengthen their investment incentive schemes wherever possible, and that developing countries structure their tax system to encourage profit reinvestment by foreign companies (pages 108 and 109).

The report also recommends that the governments of developing countries establish positive incentives for all companies, foreign and domestic, to share ownership with the public by sale of equity in suitable forms, that international institutions further expand their advisory role regarding industrial and foreign investment policies; the removal in developed countries of legal and other barriers to the purchase by institutional investors of bonds issued or guaranteed by governments of developing countries (page 116); and putting a brake on credits to countries that are too heavily in debt (page 121).

10. But it is satisfying to note that a start has been made in apportioning, over a fairly long term, products of interest to the developing countries so that they too can have a share of the market of the industrialized countries. Unfortunately the report does not say how this is to be achieved.

This is the first time a document from UNO has contained allusion - without mentioning the word - to opening up quotas in the industrialized countries in favour of the developing countries.

Finally, as regards financial aid, this report makes a sound critical analysis of the systematic recourse to loans. The financial burden of loans weighs more and more heavily each year on the poorest of the developing countries which should receive a more disinterested form of aid. It is indeed useless to put off the solution to this problem by resorting to moratoria, which have a demoralizing effect. This form of aid should be replaced by regular purchases of local products at remunerative prices.



COMPARATIVE SOCIAL AND ECONOMIC STATISTICS ON THE  
AASM AND AFRICAN COUNTRIES OF THE COMMONWEALTH

1. Area, population and GNP
2. External trade
3. Main exports
4. External public debts, education and health
5. Public aid received from outside

TABLE I: AREA, POPULATION AND GNP

	Area (1000 km <sup>2</sup> )	Total popul. 1968/1000	Density (inhab./km <sup>2</sup> ) 1968	% annual growth rate of popul. 1963-1968	GNP at market prices 1968		Average annual % growth rate GNP/inhab. 1960-68	
					Tot. mill. \$	\$/inhab.	Current prices	Constant prices 1960
	1	2	3	4	5	6	7	8
Burundi	28	3,421	122	2.0	181	53	3.9	- 1.7
Cameroon	475	5,559	12	2.1	973	175	7.6	3.8
Central African Republic	623	1,475	2	2.6	189	128	3.8	- 0.7
Congo	342	912	3	1.4	196	215	5.9	0.8
Chad	1,284	3,456	3	1.5	252	73	2.7	- 1.8
Dahomey	113	2,505	22	2.9	233	93	3.8	0.7
Gabon	268	475	2	1.8	250	526	7.9	3.4
Ivory Coast	322	4,094	13	2.3	1,298	317	8.7	6.4
Madagascar	587	6,479	11	2.1	758	117	2.1	- 0.4
Mali	1,240	4,839	4	1.9	440	91	4.1	1.4
Mauritania	1,031	1,093	1	2.0	191	175	9.7	5.1
Niger	1,267	3,619	3	2.7	340	94	4.5	1.4
Rwanda	26	3,348	129	3.1	147	44	1.5	- 1.7
Senegal	196	3,734	19	2.1	833	223	2.9	0.1
Somalia	638	2,717	4	3.3	171	63	4.3	- 0.3
Togo	56	1,760	32	2.5	248	141	7.8	7.0
Upper Volta	274	5,137	19	2.1	267	52	3.0	-
Zaire	2,345	16,648	7	2.2	1,498	90	0.2	-
Total AASM	11,115	71,271	6.4	2.2	8,465	119	3.4	0.8
Botswana	600	600	1	3.0	65	108	6.7	4.2
Gambia	11	351	31	2.1	53	151	5.8	4.3
Ghana	239	8,404	35	2.7	2,420	288	7.3	- 0.4
Kenya	583	10,108	18	2.9	1,295	127	3.7	2.8
Lesotho	30	1,018	30	2.9	76	75	8.5	5.8
Malawi	118	4,324	36	2.7	298	69	8.8	5.6
Mauritius	2	794	397	2.4	172	217	0.3	1.7
Nigeria	924	61,676	67	2.5	4,070	66	- 0.5	- 1.8
Sierra Leone	72	2,488	34	1.5	440	177	5.9	3.6
Swaziland	17	398	23	2.8	80	201	7.8	5.2
Tanzania	940	12,578	13	2.5	931	74	3.3	0.6
Uganda	236	8,092	34	2.5	777	96	4.9	2.5
Zambia	753	4,079	5	3.1	1,407	345	8.6	4.3
Total 'eligible for assocn.'	4,525	115,000	25.5	2.6	12,084	105	2.2	0.03
Total excluding Nigeria	3,601	53,324	15.2	2.6	8,014	150	5.4	3.8

Sources: United Nations/Statistical Yearbook 1969 CEA/UNO -Et.cond.écon. en Afr.69. FAO: Production Yearbook, 1968.

TABLE 2: EXTERNAL TRADE

ANNEX VI

	\$ Million							
	Exports FOB			Imports CIF			% rate of cover of imports by exports	
	Average 1962/64	Average 1967/69	% annual average growth <sup>5</sup>	Average 1962/64	Average 1967/69	% annual average growth <sup>5</sup>	1962/1964	1967/1969
1	2	3	4	5	6	7	8	
Burundi	21.4 <sup>3</sup>	14.4	- 9.5	26.8 <sup>3</sup>	21.2	- 5.7	79.8	67.9
Cameroon <sup>1</sup>	126.0	186.0	8.1	121.0	189.3	9.4	104.1	98.2
Central African Republic <sup>1</sup>	22.0	32.6	8.2	27.0	38.3	7.2	81.4	85.1
Chad <sup>1</sup>	22.3	28.0	4.7	31.3	42.3	6.2	71.2	66.1
Congo <sup>1</sup>	41.0	46.0	2.3	64.0	81.6	5.0	64.0	56.3
Dahomey	12.3	20.3	10.6	30.3	48.3	9.8	40.5	42.0
Gabon <sup>1</sup>	73.7	125.7	11.3	48.3	68.3	7.2	152.5	184.0
Ivory Coast	241.6	392.0	10.2	188.0	296.3	9.5	128.5	132.2
Madagascar	89.3	108.3	3.9	128.0	160.3	4.6	69.7	67.5
Mali	12.7	12.7	-	39.0	35.6	- 1.8	32.5	35.6
Mauritania	21.7	73.3	27.6	27.3	36.0	5.7	79.4	203.6
Niger	21.0	31.0	8.1	28.3	44.3	9.4	74.2	69.9
Rwanda	7.6	14.4	13.6	8.4	22.1	21.3	90.4	65.1
Senegal	119.3	134.3	2.4	161.0	174.3	1.6	74.0	77.0
Somalia	29.0	30.0	0.7	46.0	47.0	0.4	63.0	63.8
Togo	21.7	37.3	11.4	32.7	48.0	8.0	66.3	77.7
Upper Volta	10.3	19.3	13.4	36.0	41.0	2.6	28.6	47.0
Zaire	330.6	491.6 <sup>4</sup>	10.4	265.0	301.0 <sup>4</sup>	3.2	124.7	163.3
Total AASM	1,223.5	1,797.2	8.0	1,308.4	1,695.2	5.3	93.5	106.0
Botswana	...	...	...	...	...	...	...	...
Gambia	9.3	16.0 <sup>4</sup>	14.5	12.3	19.6 <sup>4</sup>	12.3	75.6	81.6
Ghana <sup>2</sup>	285.6	287.3	0.1	346.3	316.3	- 1.8	82.4	90.8
Kenya	139.3	176.0	4.8	205.0	315.5	9.0	67.9	55.7
Lesotho	...	...	...	...	...	...	...	...
Malawi	31.3	50.0	9.9	40.0 <sup>3</sup>	68.2	11.3	78.2	73.3
Mauritius	77.0	66.3 <sup>4</sup>	- 3.7	73.3	74.7 <sup>4</sup>	0.5	105.0	88.7
Nigeria	534.6	723.1	6.2	620.3	619.4	- 0.0	86.1	116.7
Sierra Leone	78.0	87.4	2.3	89.3	93.5	0.9	87.3	93.4
Swaziland	...	...	...	...	...	...	...	...
Tanzania <sup>2</sup>	187.0	227.9	4.0	129.3	198.4	8.9	144.6	114.8
Uganda <sup>2</sup>	151.3	189.0	4.5	84.0	121.8	7.7	180.1	155.1
Zambia	388.6	831.0	16.4	219.0 <sup>3</sup>	440.3	19.1	177.4	188.7
Total 'eligible for assocn.'	1,882.0	2,654.0	7.1	1,818.8	2,267.7	4.5	103.4	117.0
Total excluding Nigeria	1,347.4	1,930.9	7.5	1,198.5	1,648.3	6.6	112.4	117.1

Sources: UNO: Statistical Yearbook 1969. IMF: International Financial Statistics 1971.

<sup>1</sup>Not including trade between UDEAC countries. <sup>2</sup>Not including trade in local products in the East African Community (Kenya, Uganda, Tanzania). <sup>3</sup>1964. <sup>4</sup>Average 1966/1968. <sup>5</sup>Calculated on the averages 1962/1964 - 1967/1969 (5 years).

TABLE 3

ANNEX VI

MAIN EXPORTS  
(percentage of total exports)

Burundi	1969	<u>Coffee (80 %)</u> ; cotton (10 %)
Cameroon	1969	<u>Cocoa (28 %)</u> ; coffee (20 %); aluminium (9.5 %); cotton (5 %); wood (6.7 %)
Central African Republic	1969	<u>Diamonds (45 %)</u> ; cotton (26 %); coffee (15 %)
Chad	1969	<u>Cotton (82 %)</u> ; animal husbandry products (13 %)
Congo	1969	<u>Wood (62 %)</u> ; sugar (15 %)
Dahomey	1969	<u>Palm oil products (35%)</u> ; cotton (11%); groundnuts (7%)
Gabon	1969	<u>Petroleum (34 %)</u> ; wood (25 %); manganese (20 %); uranium (4.8 %)
Ivory Coast	1969	<u>Wood (19 %)</u> ; coffee (17 %); cocoa (15 %); fruits (7 %); manufactures (3.5 %)
Madagascar	1969	<u>Coffee (28 %)</u> ; vanilla (10 %); rice (8%); cloves (7 %); sugar (6 %); sisal (3 %)
Mali	1968	<u>Cotton (33 %)</u> ; cattle (15 %); fish (12 %); groundnuts (8 %)
Mauritania	1969	<u>Iron ore (87 %)</u> ; fish (5 %); cattle (...)
Niger	1968	<u>Groundnut products (76 %)</u> ; cattle (10 %)
Rwanda	1968	<u>Coffee (55 %)</u> ; cassiterite (23 %)
Senegal	1969	<u>Groundnut products (55 %)</u> ; phosphates (9 %); fish (5 %)
Somalia	1969	<u>Live cattle (57 %)</u> ; bananas (24 %); skins and hides (7.5 %)
Togo	1969	<u>Cocoa (35 %)</u> ; phosphates (28 %); coffee (15 %); palm nuts (4.3 %)
Upper Volta	1968	<u>Cattle (48 %)</u> ; cotton (16 %); groundnuts (6 %); Karity almonds (6 %)
Zaire	1967	<u>Copper (59 %)</u> ; diamonds (5.4 %); palm oil (5 %); coffee (5.8 %); tin and cassiterite (4.6 %)
Botswana	....	Figures not available
Gambia	1968	<u>Groundnut products (75 %)</u>
Ghana	1969	<u>Cocoa (50 %)</u> ; wood (13 %); diamonds (4.5 %); manganese (2.2 %);
Kenya	1969	<u>Coffee (25 %)</u> ; tea (15 %); meat (5 %); manufactures (5 %); sisal (2 %)
Lesotho	....	Figures not available
Malawi	1969	<u>Tobacco (29 %)</u> ; tea (22 %); groundnuts (13 %); cotton (4 %)
Mauritius	1967	<u>Sugar (95 %)</u>
Nigeria	1969	<u>Petroleum (42 %)</u> ; cocoa (16 %); groundnut products (14 %); tin (4 %); palm oil (3 %); rubber (3 %)
Sierra Leone	1969	<u>Diamonds (70 %)</u> ; iron ore (11 %); palm nuts (6 %)
Swaziland	....	Figures not available
Tanzania	1969	<u>Coffee (15 %)</u> ; cotton (14 %); diamonds (10 %); sisal (9.5 %); fruit (8 %)
Uganda	1969	<u>Coffee (55 %)</u> ; cotton (18 %); copper (8.5 %); tea (6.5 %)
Zambia	1969	<u>Copper (95 %)</u>

Sources: F.M.I. International Financial Statistics  
U.N. Yearbook of International Trade Statistics



TABLE 4: PUBLIC EXTERNAL INDEBTEDNESS, EDUCATION AND HEALTH

	External public <sup>1</sup> debt at 31.12.68 <sup>1</sup>		Education (1966/1967)	Health (1966/1967)	
	\$ million	% of GNP	Adjusted rate of school attendance	Population per hosp. bed	Population per doctor
	1	2	3	4	5
Burundi	6.7	3.7	17	900	60,730
Cameroun	135.2	13.9	48	480	26,050
Central African Republic	22.3	11.8	36	550	37,410
Chad	44.6	17.7	17	900	71,460
Congo	(118.2)	60.3	86	170	8,350
Dahomey	41.1	17.6	20	930	31,300
Gabon	73.6	29.4	78	100	5,910
Ivory Coast	341.0	26.3	40	510	17,980
Madagascar	115.2	15.2	40	360	9,640
Mali	213.7	48.6	14	1,330	50,710
Mauritania	43.7	22.9	8	3,720	30,000
Niger	35.9	10.6	7	1,450	56,140
Rwanda	2.4	1.6	40	750	57,000
Senegal	81.5	9.8	24	720	16,980
Somalia	79.4	46.4	5	560	30,000
Togo	37.4	15.1	32	740	19,820
Upper Volta	20.1	7.5	9	2,360	74,320
Zaire	414.3	27.7	48	270	26,690
<b>Total AASM</b>	<b>1,826.3</b>	<b>21.6</b>	<b>32</b>	<b>485</b>	<b>25,099</b>
Botswana	10.9	16.8	46	400	21,960
Gambia	..... <sup>2</sup>	.....	19	690	18,670
Ghana <sup>3</sup>	637.0 <sup>2</sup>	26.3	52	770	13,310
Kenya <sup>3</sup>	408.0	31.5	37	730	10,240
Lesotho	7.2	9.5	66	520	23,290
Malawi	101.3	34.0	21	800	45,110
Mauritius	31.1	18.1	67	250	4,120
Nigeria	587.3	14.4	19	2,190	31,000
Sierra Leone	61.2	13.9	19	1,210	16,440
Swaziland	39.9	49.9	53	290	7,280
Tanzania <sup>3</sup>	274.6	29.5	23	530	40,000
Uganda <sup>3</sup>	213.4	27.5	32	890	7,830
Zambia	264.3	18.8	42	380	16,100
<b>Total 'eligible for assocn.'</b>	<b>2,637.1</b>	<b>21.8</b>	<b>26</b>	<b>1,040</b>	<b>19,700</b>
<b>Total excluding Nigeria</b>	<b>2,049.8</b>	<b>25.6</b>	<b>35</b>	<b>630</b>	<b>13,700</b>

Sources: World Bank, Annual Report 1970 and miscellaneous documents;  
UNESCO, Annuaire Statistique 1969.

<sup>1</sup>Including amounts not disbursed

<sup>2</sup>As at 31 December 1969

<sup>3</sup>Including a third of the debts contracted by the East African Communities which amount to a total of 194 million \$ at the end of 1968.

TABLE 5: PUBLIC AID FROM CDA COUNTRIES AND MULTILATERAL BODIES  
(Annual average of net payments 1967-1969)

ANNEX VI

	Bilateral flows (\$ million)	Multilateral flows (\$ million)	Total bilateral/ multilateral aid (\$ million)	Total aid as % of imports of goods/ services 1967 <sup>1</sup>	Total aid as % of GNP 1968	Total aid per inhabitant (\$/inhab.)
	1	2	3		5	6
Burundi	9.30	3.35	12.65	65.2	7.0	3.71
Cameroon	22.26	12.63	34.89	19.7	4.4	6.27
Central African Republic	10.05	5.12	15.17	34.5	7.6	10.20
Chad	10.07	7.80	17.87	44.7	6.6	5.16
Congo	10.23	16.90	27.13	33.1	15.6	31.18
Dahomey	8.18	5.98	14.16	32.2	7.8	5.51
Gabon	7.81	2.27	10.08	15.0	5.0	21.00
Ivory Coast	27.94	8.81	36.75	9.3	3.0	8.96
Madagascar	20.40	14.32	34.72	23.9	4.4	5.34
Mali	7.89	8.43	16.32	45.5	6.2	3.41
Mauritania	4.53	3.66	8.19	36.6	4.8	7.31
Niger	15.83	6.78	22.61	50.2	6.3	5.94
Rwanda	12.03	2.82	14.85	76.5	9.7	4.36
Senegal	29.37	12.66	42.03	26.4	5.1	11.41
Somalia	16.92	7.18	24.10	44.4	14.2	8.78
Togo	7.31	4.68	11.99	24.0	5.6	6.77
Upper Volta	12.25	5.74	17.99	47.8	7.0	3.48
Zaire	73.89	1.38	75.27	22.3	5.7	4.50
<b>Total AASM</b>	<b>306.26</b>	<b>130.51</b>	<b>436.77</b>	<b>....</b>	<b>5.6</b>	<b>6.10</b>
Botswana	14.98	1.59	16.57	....	25.6	27.11
Gambia	3.03	0.09	3.12	15.6	9.4	8.91
Ghana	69.57	2.96	72.53	22.7	3.6	8.66
Kenya	38.44	18.42	56.86	14.9	4.4	5.57
Lesotho	11.88	2.20	14.08	....	18.4	15.47
Malawi	24.43	3.02	27.45	28.1	14.1	6.41
Mauritius	6.08	1.48	7.56	9.8	4.3	9.61
Nigeria	71.38	30.13	101.51	12.1	1.7	1.62
Sierra Leone	7.77	0.69	8.46	9.4	2.5	3.42
Swaziland	8.53	0.86	9.39	....	11.7	23.77
Tanzania	28.96	6.84	35.80	19.7	8.8	2.84
Uganda	18.79	2.17	20.96	18.1	2.8	2.58
Zambia	43.03	0.05	43.08	(7.4)	3.2	10.56
<b>Total 'eligible for assocn.'</b>	<b>346.87</b>	<b>70.50</b>	<b>417.37</b>	<b>....</b>	<b>3.9</b>	<b>3.60</b>
<b>Total excluding Nigeria</b>	<b>275.49</b>	<b>40.37</b>	<b>315.86</b>	<b>....</b>	<b>5.0</b>	<b>5.93</b>

Source: OECD/CDA Examen 1970 de l'aide au développement.

<sup>1</sup> Imports of goods and services where data is available; otherwise imports of goods only.

PRIVATE FOREIGN INVESTMENT IN THE COMMERCIAL EXPLOITATION OF  
RAW MATERIALS

1. The growing difficulties encountered by foreign companies holding mining or oil concessions in the developing countries show marked differences in the way these countries treat foreign investment.

In the case of mineral oil, the developing countries are tending more and more either to overtax concessionary companies to the point where operations become unprofitable without a steep increase in consumer prices, or to demand absolute control over production and marketing so that these operations lose their main interest for the concessionaries, i.e. the right to dispose of their output as they wish.

It may well be asked whether this kind of pressure from producer countries is not going to spread other mining operations. If it does, a major source of private investment will quickly dry up.

2. For service industries (e.g. trading and transport concerns) or industrial manufacturers the risk is quite different. Here foreign workers will be replaced, more or less rapidly, by nationals, especially in the executive grades. In addition, an increasing share in the capital of enterprises will be demanded.

3. As in most of the developing countries, exchange controls are imposed because balances of payments are rarely in a state of equilibrium, so that private investment in such countries is very uncertain except in the case of operations to be carried out in countries that are already fairly advanced and economically stable.

4. Would it not then perhaps be advisable to distinguish clearly between these two kinds of investment as regards the contractual terms to be applied ?

In the case of raw materials originating in the developing countries - whether from the soil or underground - concessions could be replaced by contracts for hire of services under which foreign enterprises would exploit the raw materials after making the necessary investment, the developing countries retaining ownership. The operating enterprise would be remunerated by an exclusive right to any profits on a determined level of output, any additional output being used for the sole benefit of the developing country. The operator, however, would have an option on this additional output at the price

the developing country could get on the market.

The operating enterprise could, if it wished, retain a right to the profits on the total output until it had amortized its capital investment. Thereafter, the level of output to which it would be entitled would be equivalent to 7 per cent of the capital invested and amortized.

This would rule out any dispute as to the relative shares of the parties concerned of the kind that arose over the loading of oil tankers at Arzew, taxes on oil in North Africa and the Middle East, or even over the obligation to re-invest profits.

---



