

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

**WORKING DOCUMENTS**

---

29 JANUARY 1974

ENGLISH EDITION

DOCUMENTS 50 and 51

---

**REPORT**

and

**SUPPLEMENTARY REPORT**

**drawn up on behalf of the Joint Committee**

**on the ~~ninth~~ annual report on the activities**

**of the Association Council (Doc. 48-I/II and Doc. 48/III)**

**to the Parliamentary Conference of the Association**

*Rapporteur: Mr Giovanni BERSANI*

*Association EEC - EAMA  
Parliamentary Conference*



At its meeting of 26 June 1973 in Bruges, the Joint Committee decided to submit to the Parliamentary Conference of the Association, pursuant to Rule 14 of the Rules of Procedure, a report on the Ninth Annual Report on the activities of the Association Council. Mr BERSANI was appointed rapporteur, pursuant to Rule 15 of the Rules of Procedure.

The Joint Committee considered the problems raised by the Association during 1973 at its meetings of 26, 29 and 30 October in Lomé.

The report with its explanatory statement was adopted unanimously on 30 October in Lomé.

The following were present: Mr Achenbach, Chairman; Mr Kasongo, Vice-Chairman (Zaire); Mr Bersani, Rapporteur; Mr Aigner, Mr Antoniozzi (deputizing for Mr Colin); Mr Mapango (Burundi); Mr Ekwabi Ewane (Cameroon); Mr Sevot (Central African Republic); Mr Christensen (deputizing for Mr Corona); Mr Mouthault (Congo); Mr Ebagnitchie (Ivory Coast); Mr Pognon (Dahomey); Mr Dewulf, Mr Dich (deputizing for Mrs Iotti); Mr Durieux (deputizing for Mr Armengaud); Mr Fall Babaha (Mauritania); Miss Flesch, Mr Sambhat (Gabon); Mr Harmegnies, Mr Bouda (Upper Volta); Mr Kollwelter, Mr Laudrin, Mr Sissoko (Mali); Mr Olivier (Mauritius); Mr Gaoh (Niger); Mr Nolan, Mr Pounder (deputizing for Sir Douglas Dodds-Parker); Lord Reay, Mr Seefeld, Mr Bouta Gueye (Senegal); Mr Ali Mattan (Somalia); Mr Spénale, Mr Oueddo (Chad); Mr Djondo (Togo).

The Joint Committee met in Rome on 28 and 29 January 1974 to adopt a motion for a resolution on the ninth annual report on the activities of the Association Council on the basis of a draft prepared by the rapporteur, Mr Giovanni Bersani.

This supplementary report was adopted unanimously by the Joint Committee, with one abstention, on 29 January 1974.

The following were present: Mr Achenbach, chairman; Mr Kasongo (Zaire), vice-chairman; Mr Bersani, rapporteur; Mr Aigner; Mr Armengaud; Mr Mapango (Burundi); Mr Ekwabi-Ewane (Cameroon); Mr Makela (Central Africa); Mr Colin; Mr Mouthault (Congo); Mr Ebagnitchie (Ivory Coast); Mr Pognon (Dahomey); Sir Douglas Dodds-Parker; Miss Flesch; Mr Sambhat (Gabon); Mr Harmegnies; Mr Kollwelter; Mr Laudrin; Mr Sissoko (Mali); Mr Satcam Boolell (Mauritius); Mr Fall Babaha (Mauritania); Mr Gaoh (Niger); Mr Nolan; Lord Reay, Mr Bonyumutwa (Rwanda); Mr Sandri (Deputizing for Mrs Iotti); Mr Schuijt; Mr Seefeld; Mr Bouta Gueye (Senegal); Mr Said Samantar (Somalia); Mr Spénale; Mr Dagadou (Togo); Mr Wohlfart, (deputizing for Mr Van der Hek).

C O N T E N T S

	<u>Page</u>
A MOTION FOR A RESOLUTION .....	5
B EXPLANATORY STATEMENT .....	10
Introduction .....	10
 PART I - Activities of the Association	
I. The Institutions .....	12
II. Trade	
(a) Trade development in 1972 .....	17
(b) The system of preferences under the Association .....	23
(c) Cooperation between the EEC and the AASM at international level .....	28
III. Financial and technical cooperation	
(a) General trends in 1972 .....	31
(b) Activities of the 2nd EDF .....	35
(c) Activities of the 3rd EDF .....	38
(d) Aid to the drought-stricken countries of the Sahel .....	44
 PART II - Renewal and enlargement of the Association	
I. Proposals from the Commission .....	47
II. Preparation of the negotiations and Preliminary Conference .....	53
III. First round of the negotiations .....	60
Conclusions .....	64
Annex I : Joint statement on the drought in the Sahel region adopted unanimously by the Joint Committee on 28 June 1973 in Bruges .....	65
Annex II : Final declaration by the Joint Committee at the close of the Lomé meeting (26-31 October 1973) .....	67

MOTION FOR A RESOLUTION

on the ninth Annual Report on the activities of the Association Council

The Parliamentary Conference of the Association,

- meeting in Rome from 30 January to 1 February 1974, pursuant to Article 52 of the Convention of Association between the EEC and the African countries and Madagascar, signed in Yaoundé on 29 July 1969;
- having regard to the ninth annual report on the activities of the Association Council (Doc. 48/1 - II) and the report from the Commission of the European Communities to the Council on the management of financial and technical cooperation in the financial year 1972 (Doc. 48/III);
- noting the statements made by the President of the Association Council, the President of the Council of the Communities and the representative of the Commission of the European Communities;
- having regard to the report and supplementary report, submitted by Mr Bersani on behalf of the Joint Committee (Doc. 50 and 51);

I. problems of the present Association

(a) activities of the institutions

1. Notes with satisfaction the activity engaged in by the joint institutions of the Association, which is called upon to give rapid proof of its effectiveness and capacity for change in the face of new international realities and the needs of its present and future partners;
2. Is gratified by the participation in the work of the Parliamentary Conference and the Joint Committee of representatives of the associable countries;
3. Notes that the institutions of the European Community are seeking to lay down an initial series of guidelines for the progressive implementation of a policy of development cooperation on a world-wide basis;

(b) trade

4. Notes that in 1972, largely as the result of increases in raw material prices, the trading position of some Associated States vis-à-vis the EEC improved, parallel with a further substantial increase in European trade with other developing countries;
5. Notes that the traditional rules of free trade prevailing in the relations between industrialized and developing countries, which ensured that the former obtained primary products at optimum prices, have received a severe setback in recent months;

6. Deplores the fact that the extension of the EEC's system of generalized preferences has so far meant that the AASM have not received in rightful return for the loss of their exclusive access, the guarantee of free access to the markets of other industrialized countries and notably that of the United States;
7. Underlines the urgent need for an improvement of the present procedures for consultation and information on trade policy;
8. Deplores the fact that certain suggestions made by the AASM to promote their exports to Europe have not been adopted by the Community;
9. Insists on the need for measures to facilitate the sale within the EEC, through harmonization of legislation on health and plant health protection and the safeguarding of natural products, of certain agricultural products of particular importance to the Associated States;
10. Once again draws attention to the negative repercussions of the prolonged closure of the Suez canal on the economies of certain Associated States and again expresses the hope that a peaceful solution to the problem will lead as soon as possible to the reopening of this internationally important waterway;
11. Notes with keen concern, in this connection, the serious effects which this situation has long had on exports of bananas from Somalia to the European market, stresses the urgent need for special measures to resolve the problem and regrets that none have yet been taken;

(c) worldwide cooperation between the partners

12. Notes with satisfaction the entry into force of the international cocoa agreement and urges the EEC to make a positive contribution to current international initiatives for the conclusion of other world agreements on primary commodities (sugar and coffee);
13. Expresses its deep concern at the present international economic difficulties and hopes that close cooperation between the Association partners will contribute to the definition of new policies aimed at a more equitable and balanced organization of world trade;
14. Notes the commitment of the industrialized countries to take into account the interests of the developing countries during the next round of multilateral talks in GATT and recommends that special consideration be given to the situation of the least advanced countries;

(d) financial and technical cooperation

15. Notes that effective measures have been taken by the European Development Fund in accordance with the guidelines provided by the developing countries, to provide greater backing for immediately productive activities and inter-African regional projects and hopes that its activities will be developed in even closer accord with its nature and objectives;

16. Hopes that more intense measures will be undertaken to foster the development of industry and crafts in the Associated States by making use of all types of finance available under the resources of the Fund and of all forms of private investment and of existing or future guarantees designed to promote such investment;

17. Notes with satisfaction the new training and instruction policies now being followed, to allow the implementation of multi-annual programmes;

(e) aid to the drought-stricken countries of the Sahel

18. Is deeply concerned at the extremely serious situation which continues to affect the drought-stricken countries of the Sahel region, where the period before the new harvest in 1974 seem likely in many cases to be still more difficult than last year;

19. Expresses its keen appreciation for the help given by the EEC and its Members, by the associated and associable states and by non-governmental organizations to these countries, both in the form of urgent financial assistance and the supply and transportation of food aid;

20. Is gratified by the recent EEC decision to allocate to the 1974 Community budget a supplementary appropriation of 35 million u.a. for structural measures and of 5 million u.a. for supplementary food aid in the countries affected by drought, including Ethiopia;

21. Strongly hopes that consideration will also be given to preventive measures to help the areas bordering on the Sahel region which are especially threatened;

22. Addresses an urgent appeal to the international community and public opinion to fully understand the gravity of the problem and to give all possible support to efforts aimed at alleviating the consequences of the present tragedy and preventing the repetition of similar catastrophes;

II. the future of the Association

23. Notes that, after strenuous and fruitful preparations, the negotiations for the renewal and enlargement of the Association have opened in accordance with the deadlines laid down in the Yaoundé Convention and the Act of Accession;

24. Recommends that the talks be rapidly concluded so that the ratification procedure may be completed in time for the new Association arrangement to enter into force on 1 February 1975, as envisaged in the Yaoundé Convention and Arusha Agreement, and, in the case of the Commonwealth countries, in Article 115 of the Act of Accession;

25. Warmly welcomes the fact that almost all the African countries whose economic structure and production resemble those of the Associated States are taking part in the negotiations and have adopted a common stand, pursuant to the recommendations of the Organization of African Unity;

26. Draws attention to the exceptional importance of these major negotiations for an overall agreement of cooperation between a large group of developing countries and the Europe of Nine, given that the latter is the Third World's principal trading partner, the main international importer of primary commodities and, both on a Community and bilateral level, the main source of aid for development, particularly since they follow the recent changes in the international economic situation and come on the eve of the new international negotiations in GATT;

27. Considers that the process of change now taking place in the world's economy calls for a fairer organization of international trade and monetary relations and the establishment of economic cooperation between the importers and exporters of primary commodities that takes greater account of the problems of the developing areas and especially of the difficult position of the less advanced countries;

28. In regard to the revision and improvement of the Association policy, recalls the position adopted in its resolutions of 13 January 1972 and 31 March 1973, pointing out in particular that:

- the Association's trade arrangements must rest on a stable contractual basis which cannot be attacked by third parties, particularly in relation to GATT;
- the options for trading preferences between the future partners must be carefully considered so that all the legal, economic and commercial implications for the countries concerned may be evaluated;
- substantial quantities of products which are particularly important to the economy of some associated and associable countries must enjoy permanent access to the Community market at profitable prices; special means of safeguarding the interests of countries whose economies are crucially dependent on sugar exports must be found;
- EEC financial and technical aid should guarantee at least the present value of that received by the Associated States, so that the new Associated States will be assured of equivalent advantages;



- as from 1975, EEC aid should be financed out of the Community's own resources.

29. Urges the Community to take a prompt decision on the terms of reference for negotiation on the still outstanding problems of the Associated States' export revenue;

30. On the basis of past experience, expresses its conviction that the Association's joint institutions, and particularly the Parliamentary Conference, provide a forum for a highly useful dialogue and should be maintained;

31. Stresses the decisive importance in the present international context of a balanced, stable and lasting overall cooperation agreement between the Europe of the Nine, the present Associated States and the 'associable' States that wish to participate;

32. Instructs its President to forward this resolution and the accompanying explanatory statement to the Association Council, the European Parliament and the Parliaments of the Associated States, the Council and Commission of the European Communities and, for information, to the governments of the countries taking part in the negotiations for the renewal and enlargement of the Association.

EXPLANATORY STATEMENTINTRODUCTION

1. Relations between the EEC and the African countries in 1973, the year to which this report refers, were marked by developments in the Yaoundé Association. Where 1972 saw the enlargement of the European Community, the important world trade talks in Santiago and the Paris Summit Conference, 1973 was a crucial year in which, with the opening of negotiations on the renewal of the Convention, the old associates and the new eligible states discussed their experiences and ambitions for the first time, sought new avenues of approach to a wider dialogue and outlined the principles for a new phase of cooperation between the European Community and the developing countries.

Against this background, in which attention was focused more on the present than on events of the past a grave crisis has suddenly emerged over the last two months in international markets for energy and raw materials, a crisis which, given its foreseeable economic, monetary and social implications for the whole world, will have inevitable repercussions on the general problems of development aid and on relations between the EEC and the third world.

2. This crisis, whose further course is difficult to predict with any certainty, did not, however, occur altogether unexpectedly. There had in fact been no lack of well-founded warnings in the highly developed countries to make a most careful assessment of levels and types of consumption in relation to world economic potential and essential resources, notably energy and food. To prevent problems becoming more acute and tensions more serious, decisive steps will now have to be taken to control the nature and level of consumption in the most industrialized nations; in other words, it will be necessary to restore the balance of the world economy and to achieve, in the general interest a fairer distribution of consumption between rich countries and poor.

Those with responsibility in economic affairs are faced with serious problems. After oil, will it be the turn of other raw materials? And, in this situation, what is to become of development aid?

What is certain, in any case, is that the outcome of the oil dispute cannot fail to influence the actions of the countries producing other raw materials, as has already been demonstrated by the positions adopted by certain black African countries at the Arab Summit Meeting in Algeria last November.

3. Now that there is hope of an end to waste, the era of worsening terms of trade for the poor countries and the unfair treatment of the producers of raw materials is also destined to end. The EEC is aware of this: at the Copenhagen Summit Meeting of 14 and 15 December 1973, the Heads of State and Government requested the Commission of the Communities to undertake an exhaustive examination of the problems of international trade in raw materials and to submit concrete proposals to the Council.

In the changing world economic situation, the Europe of the Nine - rich in a wide range of technological experience but not in raw materials - will have an active role to play. In taking to heart the lessons of recent experience, it is to be hoped that it will be able to lay the foundations of a new and fruitful policy of economic cooperation with the other continents, with the aim of a fairer distribution of wealth for all.

4. The possibilities of the European economic system and the exceptional technological capacity of the enlarged EEC to respond to the challenge presented by these new problems, particularly in the longer term, do in fact give us grounds for confidence in future prospects for a fairer distribution of resources and greater justice, particularly if international cooperation continues to develop. We shall need political courage in finding new ideas and answers to meet the new demands of international society.

It is in this light that we must seek the direction and the role of renewed cooperation between an enlarged Europe and the greatest possible number of African countries.

Cooperation between the EEC and the African states, for all its limitations, is one of the few genuinely positive achievements so far in relations between industrialized and developing countries. Until now, nothing comparable has been achieved anywhere else on the international scene. Global solutions, which in the final analysis are the aim of the so-called regional initiatives, have now proved unattainable, while the vitally urgent problems of the economically weaker countries, which prompted the formation of regional associations, have grown in size and complexity.

5. In this situation, there can be no alternative to the policy of cooperation between the EEC and the African countries. The Community must seek and find in this truth not only reasons for consolidation and renovation, but also a decisive incentive to substantial improvement, that will serve as a practical example for all the countries of the world.

## PART I - ACTIVITIES OF THE ASSOCIATION

### I. - The Institutions

6. The Association Council met twice during the period covered by the 9th Annual Report (30 September 1972 to 30 June 1973), on 10 October 1972 in Luxembourg and on 15 June 1973 in Port-Louis, capital of Mauritius.

Since the first of these meetings has already been dealt with in the report drawn up by Mr PERRET for the parliamentary conference last year<sup>1</sup>, only the Port-Louis meeting of last June will be considered here.

7. This meeting, at ministerial level - under the chairmanship of Mrs PETRY, Belgian Under-Secretary of State for Cooperation and Development - was the first attended by representatives of the three new Member States of the EEC (Denmark, Ireland and the United Kingdom)<sup>2</sup> and the first at which Mauritius participated as a full member<sup>3</sup>. Among the chief results, two items should be mentioned in particular: in the first place, the satisfactory resolution of the differences which existed between the EEC and the Associated States relating to arrangements for the import of fruit and vegetables from Africa, and in the second place the exhaustive discussions on the problems concerning the renewal and enlargement of the Association.

The Association Council also examined the progress of negotiations between the EEC on the one hand and the Mediterranean countries and Brazil on the other, as well as the problems involved in the forthcoming multi-lateral negotiations in GATT; it adopted a decision providing for suspension of the strict conditions relating to place of origin in the case of certain textiles manufactured in Mauritius; it discussed the problem of the arrangements to be applied in the EEC to sugar of AASM origin; finally, it noted the resolutions adopted by the Parliamentary Conference at Kinshasa.

As far as the preparation of the annual report on the activities of the Parliamentary Conference was concerned, the Council, in accordance with a procedure that has now become usual, delegated responsibility to the Association Committee. Since the latter held no further meetings, the 9th Annual Report was adopted by written procedure; for this reason,

---

<sup>1</sup> Report on the 8th Annual Report on the activities of the Association Council, Doc. 45 of 20 February 1973.

<sup>2</sup> On the institutional consequences of the enlargement of the EEC for the Association, see PERRET report, op.cit. para. 19.

<sup>3</sup> The agreement on the accession of Mauritius to the Yaoundé Convention entered into force on 1 June 1973.

it was forwarded to Parliament much later than expected, well into October.

8. The Association Committee met twice after the Parliamentary Conference at Kinshasa, on 25 May and 9 November 1973. The main purpose of the first meeting was to prepare for the Association Council's meeting of 15 June; the Committee looked into measures to be taken for establishing a joint EEC-AASM position for the inter-governmental consultations in UNCTAD on primary commodities.

The Committee also considered the report by the mixed group of experts set up to study problems relating to trade promotion for AASM products, which brought to light a difference of opinion between Europe and the Associated States as to the terms of reference to be given to the mixed group. The experts from the Associated States did not consider the growth in trade to be sufficient to solve the problems of marketing their products in the Community, since the trade policies of the Member States hindered a more rapid growth of exports from the AASM. Without denying the significance of trade policy, Community experts felt it appropriate to confine themselves to consideration of measures relating to trade promotion which could be adopted under Article 19 of the Yaoundé Convention and Article 4 of Protocol No. 6 annexed to the Convention. Consideration of this item was postponed to a future meeting of the Committee.

At its meeting of 9 November, the Association Committee studied the EEC proposals on generalized preferences in 1974 and also discussed the talks being held in GATT and those on the planned EEC-Brazil trade agreement. A mixed group of experts was instructed to draw up a motion for a resolution on the general orientation of financial and technical cooperation.

9. For its part, the Joint Committee of the Parliamentary Conference met twice.

The first meeting was held in Bruges (Belgium) from 26 to 29 June 1973 under the joint chairmanship of Mr Dewulf and Mr Kasongo (elected vice-president in place of Mr Ngo'O Mebe) and in the presence of Mrs Petry, president-in-office of the Association Council and of the Council of the Community, and of Mr Cheysson, the Commissioner responsible for aid to developing countries in place of Mr Deniau. The Committee noted the

results of the Association Council's meeting of 15 June and dealt in particular with the problems arising from the enlargement of the Association. In addition, it held a lengthy debate on the problems arising from the catastrophic drought; several victims of this disaster were Sahelian members of the Association. A 'joint declaration' was adopted in this connection, the text of which is annexed to this report (Annex I).

The autumn meeting of the Joint Committee was held in Lomé (Togo) from 26 to 31 October 1973, under the chairmanship of Mr Achenbach and in the presence of the President-in-Office of the Association Council, Mr Babacar Ba, Senegalese Minister of Finance and Economic Affairs, and the President-in-Office of the Council of the Communities, Mr Jens Christensen, Danish Secretary of State for External Economic Relations. In particular, the Committee discussed the outcome of the ministerial conference of 1 October, which had marked the beginning of the negotiations on the renewal and enlargement of the Association. The Joint Committee concluded by adopting a 'final declaration', attached as Annex II to this report.

It also declared that 'representatives of the States applying for association may, henceforth, take part in the work of the Parliamentary Conference and its Joint Committee'. The 24 'associable' States taking part in the Brussels negotiations were therefore invited to send observers to the next annual meeting of the Conference (Rome, 30 January - 1 February 1974).

10. Although not part of the institutional activities of the Association, it should be mentioned that the Council's working party on cooperation with the developing countries concluded the first part of its work last May.

This body was formed after a decision by the EEC to give effect to item 11 of the Declaration of 21 October 1972 issued at the Paris Summit meeting by the Heads of State or Government of the enlarged Community<sup>1</sup>, which called on the Community institutions to pursue progressively a policy of cooperation with developing countries on a world-wide scale, at the same time avoiding any change in the advantages enjoyed by the Associated States.

The conclusions reached in the working party's first report were as follows:

- Agreements on raw materials: the group was generally in favour of world agreements, but, in the absence of world agreements, some voices favoured Community agreements on a regional basis.
- Improvements of the system of generalized preferences: suggestions were put forward to improve the existing quota system, increase the upper limits, extend preferences to processed agricultural products and allow greater flexibility on conditions of origin.

---

<sup>1</sup> 11. The Heads of State or Government are convinced that the Community must, without detracting from the advantages enjoyed by countries with which it has special relations, respond even more than in the past to the expectations of all the developing countries.

With this in view, it attaches essential importance to the policy of association as confirmed in the Treaty of Accession and to the fulfilment of its commitments to the countries of the Mediterranean basin with which agreements have been or will be concluded, agreements which should be the subject of an overall and balanced approach.

In the same perspective, in the light of the results of the UNCTAD Conference and in the context of the development strategy adopted by the United Nations, the institutions of the Community and Member States are invited progressively to adopt an overall policy of development cooperation on a world-wide scale, comprising, in particular, the following elements:

- (a) The promotion in appropriate cases of agreements concerning the primary products of the developing countries with a view to arriving at market stabilization and an increase in their exports;
- (b) The improvement of generalized preferences with the aim of achieving a steady increase in imports of manufactures from the developing countries. In this connection the Community institutions will study from the beginning of 1973 the conditions which will permit the achievement of a substantial growth target;
- (c) An increase in the volume of official financial aid;
- (d) An improvement in the financial conditions of this aid, particularly in favour of the least developed countries, bearing in mind the recommendations of the OECD Development Assistance Committee.

These questions will be the subject of studies and decisions in good time during 1973.

- Promotion of exports: certain measures should be taken by the Community (information, technical and financial assistance) to benefit all developing countries, without prejudicing priority measures to aid the AASM.
- Financial measures: the agreed objective provides for public aid corresponding to 0.75% of the gross national product of each country, different dates being fixed for the achievement of this objective. Certain delegations were, however, opposed to the principle of defining the amount in figures. Regarding the manner in which this aid was to be granted, the working party was virtually unanimous in agreeing to the need for special measures in respect of the 25 least-developed countries.

On 6 November 1973 the Council of the Communities finally reached agreement on an initial series of policies and adopted six resolutions on:

- the harmonization and coordination of foreign aid policies of the Member States;
- agreements on primary products;
- generalized preferences;
- promoting exports from the developing countries;
- technical assistance for regional integration among developing countries;
- problems of indebtedness of the developing countries, on the understanding that a final agreement can only be concluded following the talks on the full range of problems raised by the global policy on development.

The Council carefully considered the question of the amount of public aid to development and of financial resources from Community funds which might be made available to non-associated countries. Following the discussions, the Committee of Permanent Representatives was instructed to continue with the examination of these and other problems still outstanding in this field.<sup>1</sup>

<sup>1</sup> Replying to Written Question No. 294/73 by Mr Van der HEK, the Commission stated that 'until the Community has devised an overall policy of world-wide cooperation and has the means, in particular the financial means, to implement it, it must concentrate its main effort on a limited number of less developed countries, principally in Africa, the Caribbean and the Pacific, with which, through historical circumstances, the Community has established or intends to establish bonds of cooperation. The fact that the African continent is the least developed region of the Third World is a further justification of this policy. However, where the Community already has at hand certain instruments of cooperation such as commercial policy and food relief in respect of the less developed countries as a whole, it has used them all by and large in a world context, as witnessed, for example, by the decisive role it played in implementing the system of generalized preferences. The continuance and development of particularly intensive cooperation with countries in respect of which the Community has precise commitments are in conformity with the guidelines on development cooperation laid down by the Paris Summit Conference. Far from contemplating any dilution of Community cooperation policy, the final statement from that conference on the contrary, emphasized its 'essential importance'. But the progressive implementation of an overall policy of world-wide cooperation on development constitutes a new direction for the Community to which the Commission attaches the greatest importance. The principles and the contents of this overall policy are being worked out within the Community's organs. The work now in progress confirms the Commission in its opinion that these two policies are complementary and can be coordinated harmoniously.' (OJ No. C 106, 6 December 1973).



## II. Trade

### (a) Trade development in 1972<sup>1</sup>

11. Compared with 1971, the year 1972 shows a notable improvement in trade between the Associated States and the EEC. Whereas the previous year had seen AASM sales to the Community fall by 12% against an increase in imports from Europe of 11%, the situation in 1972 seemed more balanced: both AASM exports to the EEC, as well as their imports from the Community, increased in value by 4%.

This reversal was due primarily to price increases for primary commodities, both agricultural and mineral. At the same time, favourable climatic conditions resulted in good harvests in several of the Associated States in 1972.

The favourable economic situation also contributed to sustained high prices for primary commodities in 1973. On the other hand, in view of adverse weather conditions suffered by many of the Associated States this year, present prospects for the harvest are a great deal less promising.

---

<sup>1</sup> All amounts quoted below are expressed in US\$ as valued until 1971 and in Community units of account (1 u.a. equals approx \$1.20) as valued from 1972 onwards.

EEC Imports 1969-1972

(in millions of \$)

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Rate of increase 1972/73</u>
World-wide imports of which:	75.593	88.461	98.246	108.518	+ 10%
- industrialized countries	22.245	26.424	27.892	29.606	+ 6%
- developing countries	14.223	16.111	17.669	18.900	+ 7%
- AASM	1.717	1.862	1.637	1.713	+ 4%

The AASM rate for 1972 was only marginally less than that for all the developing countries; this represents considerable progress over the previous year, when, contrasted with a considerable reduction of imports from the AASM (-12%), those from other developing countries showed a significant increase (+10%).

12. Exports from the AASM to the Europe of the Six in 1972 are shown, by country, in the following table:

EEC imports from the AASM in 1972  
(in thousands of \$, CIF basis)

	<u>EEC</u>	<u>Rate of variation EEC (in %)</u>	<u>France</u>	<u>Belg./Lux. Econ.Union</u>	<u>Nether- lands</u>	<u>Ger- many</u>	<u>Italy</u>
Burundi	5.568	- 14	661	832	234	2.408	1.433
Cameroon	163.209	0	72.436	7.210	45.796	31.537	6.230
Central African Republic	23.279	- 14	18.656	2.742	90	853	938
Chad	19.197	- 8	12.223	1.737	6	4.150	1.086
Congo	56.729	+ 15	18.742	3.504	1.449	17.762	15.272
Dahomey	28.598	- 8	17.315	817	2.213	7.304	949
Gabon	155.187	+ 14	109.571	6.726	12.729	21.396	4.765
Ivory Coast	394.134	+ 10	195.109	11.956	25.626	99.606	61.837
Madagascar	73.840	+ 7	60.693	561	2.503	6.521	3.562
Mali	15.295	+ 32	11.879	1.339	861	717	499
Mauritania	69.057	+ 3	29.655	14.080	1.063	9.825	14.434
Niger	31.080	- 9	22.856	1.009	2	3.768	3.440
Rwanda	7.537	+ 7	982	4.884	299	965	407
Senegal	142.014	+ 48	121.653	3.349	5.213	5.213	6.586
Somalia	13.809	+ 36	564	853	47	106	12.239
Togo	49.601	- 4	19.773	3.484	14.300	11.054	990
Upper Volta	6.513	- 9	4.292	15	9	915	1.282
Zaire	458.973	- 7	55.345	264.284	14.828	44.086	80.41
Total AASM	1.713.620	+ 4	772.405	329.377	127.268	268.186	216.384

The countries which increased their exports to the EEC the most in 1972 were Senegal (+ 48%), Somalia (+ 36%), Mali (+ 32%), Congo (+ 15%), and the Ivory Coast (+ 10%), while Burundi and the Central African Republic (- 14%), Upper Volta and Niger (- 9%) and Chad (- 8%) showed the largest drops in exports to the Community. In absolute terms, the biggest fall in exports was that recorded by Zaïre, which fell from \$492.6 million in 1971 to \$458.9 in 1972 (- 7%).

Increases in imports were recorded in 1972 by France (+ 10%), Italy (+ 7%) and the Netherlands (+ 6%), while the Federal Republic of Germany (- 1%) and the Belgo-Luxembourg Economic Union (- 3%) imported less.

13. The development of exports during the past few years from the Six to the AASM and other developing countries is shown in the following table:

<u>EEC Exports 1969-1972</u>					
(in millions of \$)					
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Rate of increase 1972/73</u>
World-wide imports	75.691	88.461	99.860	112.938	+ 13
of which:					
- industrialized countries	25.596	26.424	33.469	37.661	+ 12
- developing countries	10.217	11.553	12.894	13.994	+ 8
- AASM	1.117	1.362	1.402	1.458	+ 4

14. Exports from the Six to the AASM in 1972 are shown, by country, in the following table:

EEC Exports to the AASM in 1972

(in thousands of \$, FOB basis)

	<u>EEC</u>	Rate of variation <u>EEC</u> (in %)	<u>France</u>	<u>Belg/Lux.</u> <u>Econ.Union</u>	<u>Nether-</u> <u>lands</u>	<u>Germany</u>	<u>Italy</u>
Burundi	11.003	+ 5	2.748	4.116	667	2.316	1.156
Cameroon	156.194	+ 6	120.319	4.290	4.496	15.828	11.261
Central African Republic	22.798	+ 15	18.406	315	753	2.157	1.167
Chad	24.725	+ 2	21.378	535	1.103	1.164	545
Congo	71.475	- 5	54.633	1.959	3.122	6.559	5.202
Dahomey	44.006	+ 9	30.484	2.337	3.908	4.976	2.301
Gabon	88.160	+ 30	69.312	2.276	3.095	10.185	3.292
Ivory Coast	285.423	+ 7	205.577	10.358	16.503	28.736	24.249
Madagascar	103.827	- 25	81.772	1.754	2.923	12.080	5.298
Mali	33.204	+ 2	26.545	1.557	580	3.867	655
Mauritania	39.370	+ 52	32.199	2.421	354	3.508	888
Niger	30.925	+ 17	23.971	333	1.811	3.166	1.644
Rwanda	8.911	- 5	1.541	4.140	429	2.009	792
Senegal	162.222	+ 20	120.397	4.548	11.924	13.593	11.760
Somalia	27.128	+ 14	1.339	756	845	2.898	21.290
Togo	43.432	+ 18	27.671	2.405	3.558	7.668	2.130
Upper Volta	25.916	+ 12	22.539	367	681	1.530	799
Zaire	279.830	- 7	56.626	105.444	17.062	50.281	50.417
<b>Total AASM</b>	<b>1.458.549</b>	<b>+ 4</b>	<b>917.457</b>	<b>149.911</b>	<b>73.814</b>	<b>172.521</b>	<b>144.846</b>

Compared to the previous year, exports from the Six showed the largest increase to Mauritania (+ 52%), Gabon (+ 30%), Togo, Niger, the Central African Republic and Somalia; the biggest falls were recorded from Madagascar (- 25%), Zaire, Congo and Rwanda.

As far as the individual exporting countries are concerned, Italy and France recorded an increase in exports to the AASM in 1972 (+ 9%), while the other Member States registered decreases (Netherlands - 16%, Belgium and Luxembourg - 6%, the Federal Republic of Germany - 5%).

15. The EEC-AASM balance of trade shows an overall surplus for 1972 in favour of the Associated States of \$257 million (compared with \$237 million in 1971).

The situation clearly differs from one country to another. Surpluses in trade with the EEC were recorded by Zaire (+ \$179 million), the Ivory Coast (+ \$108 million) and Gabon (+ \$67 million). Cameroon, the Central

African Republic, Mauritania, Niger and Togo also had surpluses. The other Associated States registered deficits in their trade with the EEC in 1972. The largest deficit was shown by Upper Volta, which only covered about one-fifth of its imports from the EEC by sales to the Community (exports to the EEC totalled \$ 6,5 million against imports from the EEC of \$25,9 million).

16. As for 1973, the latest available figures show a considerable increase in the value of trade between the EEC and the AASM.

During the first 6 months of 1973, imports by the Six amounted to 1,034 million u.a. (compared with 852 million in the same period of 1972) and exports from the Six to the AASM to 820 million (as against 618 million in the same period of the previous year).

Imports from the AASM by Europe of the Nine rose to 542 million u.a. in the first 3 months of 1973 (compared with 448 million in 1972) and exports to the AASM to 425 million (as against 385 million in the previous year).

17. In view of the enlargement of the EEC on 1 January 1973, the following figures for trade between the AASM and the three new members of the Community may prove instructive:

Trade (1972) between the AASM and the three new EEC Members  
(in thousands of \$)

<u>Trading Partner</u>	<u>Imports from</u>			<u>Exports to</u>		
	<u>U.K.</u>	<u>Ireland</u>	<u>Denmark</u>	<u>U.K.</u>	<u>Ireland</u>	<u>Denmark</u>
Burundi	1.677	-	87	572	3	143
Cameroon	4.812	17	997	8.172	311	503
Central African Rep.	1.380	-	127	229	-	170
Chad	440	-	142	563	1	75
Congo	4.074	341	1.376	2.578	63	171
Dahomey	1.158	-	238	4.169	-	499
Gabon	6.015	3	389	4.338	1	164
Ivory Coast	21.533	830	2.339	9.856	13	1.490
Madagascar	2.910	5	283	1.962	-	253
Mali	2.449	-	-	1.139	-	53
Mauritania	26.717	-	1	1.125	3	39
Niger	258	16	1	3.315	-	35
Rwanda	1.233	17	3	835	2	126
Senegal	6.163	167	49	6.087	5	647
Somalia	168	-	-	4.399	12	1.710
Togo	411	1	540	6.197	1	64
Upper Volta	58	-	1.156	265	-	75
Zaïre	45.794	27	110	32.640	72	4.218
Total AASM	<u>127.250</u>	<u>1.424</u>	<u>7.838</u>	<u>88.611</u>	<u>487</u>	<u>10.635</u>
Other African countries	1.326.586	19.072	51.491	1.043.169	9.400	108.115

Britain's trade with Africa was in deficit in 1972. The majority of Great Britain's trade with Africa was with the English-speaking countries (69% of imports and 72% of exports); the corresponding figures for British trade with French-speaking African countries were 3% and 2.3%.

18. In comparing the foreign trade of the associated states with that of the third world as a whole, useful reference can be made to the interesting results contained in the recent GATT report on international trade in 1972<sup>1</sup>.

Trade by the developing countries increased in 1972 by 14% in respect of imports and 18.5% in respect of exports. It was dominated by two major factors: price increases for primary commodities and the decrease in agricultural production. GATT experts are convinced that this explosive increase in the price of primary commodities could turn out to be 'the most significant economic fact of the year', because it will certainly have profound repercussions and raise fundamental problems in the medium and long term. It constitutes a new and powerful addition to other inflationary factors, particularly in industrialized countries with a market economy.

Between the last quarter of 1971 and the second quarter of 1973 the dollar price of primary commodities rose by 40%. Agricultural products rose most rapidly at first: price increases for fish meal, wool and cocoa were in the order of 200-300%.

Rubber and soya bean prices have practically doubled. Those for wheat, maize, sugar and beef have increased by 60 - 70%. Rises of 40 - 50% have been recorded for rice, coffee and groundnuts. Minerals and non-ferrous metals have also increased in price.

GATT experts consider that rises in some commodity prices are attributable to withholding measures which have reduced supplies on offer. Other products, by contrast, have become more expensive as the result of obviously too low stock levels which have prevented the maintenance of supplies at a level allowing for variations in world production.

To avoid the recurrence of similar situations, the GATT experts consider it essential that the principle of international responsibility for production, stocks and trade should be applied in the agricultural sector.

A recent UNCTAD report<sup>2</sup> points out that as a result of the high commodity price level and the steep rise in petroleum prices at the end of last year, the export earnings of developing countries in 1973 should increase very substantially, rising by at least 25% compared with 1972.

---

<sup>1</sup> GATT, *Le commerce international en 1972*, Genève 1973.

<sup>2</sup> UNCTAD, *Monthly Bulletin* No. 88, December 1973.

(b) The system of preferences under the Association

19. At its meeting last June in Port-Louis, the Association Council, as we have seen, was finally able to resolve the complicated question of what arrangements to apply to imports of fruit and vegetables from the Associated States. Consulted by the EEC on the new system proposed by the Community - which has already been in force provisionally since last March - the Associated States pointed out that it had resulted in serious infringements of the terms of the Convention. The Community eventually adopted the new regulation in its final form, despite the reservations once again expressed by the European Parliament<sup>1</sup>.

The present arrangements represent a substantial improvement over those of April 1972, despite the fact that not all former exemptions were reintroduced. What the new system in fact does is to extend the period of the year during which fruit and vegetables from the AASM are not subject to customs duties and to assure satisfactory sales of AASM produce out of season.

20. As far as generalized preferences are concerned, it should be pointed out that a new unified system covering the whole of the enlarged Community came into effect on 1 January 1974, designed to bring the system of the Six and that of Britain<sup>2</sup>, Ireland and Denmark into line.

The new system provides for a considerable increase in the opportunities for preferential access to the European market for finished and semi-finished goods from the developing countries. These concessions will, in 1974 amount to some 500 million u.a. for textiles and 2000 million for other industrial products. This increase corresponds to a rise of some 40% over the total volume which would have resulted in 1973 had the Community of the Nine applied the system already used by the Six. Trade in processed agricultural products will be worth approximately 218 million u.a. and further improvements and innovations are anticipated for 1975.

In the case of plywood, the EEC has sought to take into account traditional preferential exports from Commonwealth countries to Britain as well as AASM interests. A Community quota of 23 million u.a. has been fixed, reserved largely for the United Kingdom<sup>3</sup>. Britain has in addition been granted a supplementary quota of 22 million u.a.

---

<sup>1</sup> See DEWULF report, Doc. 162/73 of 19 September 1973.

<sup>2</sup> The system applied by the Community of the Six does not provide for exceptions, but duty-free entry was quantitatively limited. The British system, however, set no quantitative limits, but allowed numerous exceptions, especially for textiles.

<sup>3</sup> Distribution of Community duty-free quota: United Kingdom 15.7 million u.a.; Germany 2.3 million; Benelux 1.9 million; Denmark 1.5 million; France 690,000; Italy 483,000; Ireland 184,000.

21. The Associated States have been kept informed of the progress of negotiations between the EEC and the EFTA countries which have not applied to join (Austria, Finland, Iceland, Portugal, Sweden and Switzerland) and also with Norway. They have expressed reservations, as stated in the Council's annual report, on the EEC-Portugal trade agreement, with reference to the resolution adopted at the OAU summit in Rabat.

Similarly, the Associated States have closely followed the negotiations between the EEC and Brazil<sup>1</sup>, particularly in respect of the proposed trade arrangements for coffee and cocoa. The EEC has undertaken to inform them of further developments and to consult them before reaching a final decision. The Community has also undertaken to safeguard AASM interests in negotiations with the Mediterranean countries.

In view of the dissatisfaction expressed by the Associated States at the inefficiency of existing procedures for consultation and information on trade policy, the Commission has been formally asked by the Council to submit proposals with a view to improving the present situation. AASM critics are particularly opposed to EEC practice in deciding on generalized preferences.

22. The question of outlets for AASM sugar in the EEC has been fully discussed in the Association bodies following the proposal by the EEC Commission to reduce the import levy by 1 u.a./100 kg. on 8,000 metric tons per annum<sup>2</sup>. The Associated States asked for an annual quota of 50,000 metric tons. Given the considerable divergence on this point, no agreement has yet been reached and the question remains open, to the detriment of the producer countries concerned.

23. Still on the subject of sugar, it should be noted that last July the Commission submitted to the Council an important memorandum on future Community sugar policy<sup>3</sup>.

The Commission considers that the Community should join the new international sugar agreement as a net importer of 600,000 metric tons of white sugar. Given imports of 1.4 million tons, this implies reducing Community exports to 800,000 tons under normal conditions.

---

<sup>1</sup> The EEC-Brazil trade agreement was signed on 19 December 1973. It is of a non-preferential nature. The EEC undertook to unilaterally reduce its customs tariffs, within the framework of the generalized preferences, on cocoa, butter and soluble coffee to a level of 8 and 9% respectively, within certain quota limits.

<sup>2</sup> See DODDS-PARKER Report (Doc. 56/73) of 11 May 1973. The proposed figure is very low compared with consumption and trade in the Community which in recent years has been importing between 120,000 and 565,000 tons of sugar and exporting between 455,000 and 927,000 tons, with an internal consumption of over 7 million tons.

<sup>3</sup> Doc. COM(73) 1177, 12 July 1973



The figure of 1.4 million tons for imports into the Community refers to a commitment to purchase which, in the Commission's opinion, the Community should give to the Commonwealth countries enjoying at present, under the Commonwealth Sugar Agreement, guaranteed access to the United Kingdom market, and to countries traditionally associated with the Community (AASM and Overseas Countries and Territories). For developing countries belonging to the Commonwealth Sugar Agreement the guaranteed quantity would be 1,345,000 tons, while 55,000 tons would be reserved to the present Associates.

The Commission proposals therefore contain the provision that the EEC shall in all cases, honour in their entirety all existing obligations and commitments towards the associated states and Commonwealth countries. The Commission also proposes guaranteed prices for these countries. In negotiating these prices the Community would refer, on the one hand, to current prices under the Commonwealth Sugar Agreement and, on the other, to the price applicable in the Community. The Community, would, nevertheless, pay the world price if this is higher than the negotiated price (although not exceeding the Community price).

Stable export revenue is to be assured through transfers of non-repayable credits when the actual incomes of the countries benefiting under this scheme fall below a certain reference level. This level will be calculated by multiplying the quantity allocated to each country under the agreement to be negotiated with them, by a reference price agreed on the basis of the present negotiated price under the Commonwealth Sugar Agreement, this formula being the most advantageous to the developing countries.

Another group of proposals from the Commission concerns the Community's internal sugar policy after 1 July 1975. In the sugar beet sector, this policy should be finalized before the sowing-date for the 1975/76 crop-year that is before September 1974. It will of course have to take account of the period of scarcity which the international sugar market is apparently experiencing.

The Community is self-sufficient in sugar. Production and consumption stand at around 9.6 - 10 million metric tons. The Community should therefore adjust its own production so as to be able to observe the 1.4 million ton limit for imports and 800,000 tons for exports. This means that under normal world market conditions Community output could be in the order of 9.2 million tons.

24. Before the Commission's Memorandum was published, an official approach to the EEC was made last May by the Commonwealth countries which at present enjoy guaranteed exports to the British market until 28 February 1975, under the Commonwealth Sugar Agreement.<sup>1</sup>

<sup>1</sup> India, Kenya, Tanzania, Uganda, Mauritius, Jamaica, Antigua, Barbados, Belize, Fiji, Guyana, St. Kitts/Nevis/Anguilla, Swaziland, Trinidad

These countries asked the Community in effect to grant them guaranteed access to the European market for an annual amount of at least 1.4 million tons, that is, equivalent to their present exports to the British market, at a reference price which would not be determined solely by the criteria described in the Deniau Report of last April. These are essentially based on the world free market price, whereas for sugar prices fixed in individual agreements have a more determining role.

The Commonwealth countries also take the view that sugar negotiations with the EEC should be kept separate from those on the renewal and extension of the Association, and that sugar-producing countries of the AASM could participate in them if they so desired.

25. The world sugar agreement, to which the EEC did not belong, expired on 31 December 1973.

Because of differences of opinion with the Council of the Communities on the question of setting up and financing international sugar stocks and above all on the question of internal Community production, the EEC did not take part in the negotiations, completed last October, for a new world agreement. The Council did not agree to the Commission's proposal to limit Community exports to at least 600,000 metric tons less than its imports.

There is sharp disagreement among Member States on this point owing to a divergence of interests between Community producers and those in the developing countries.

The Council has not yet reached a final decision, and it is thus still possible that the EEC will participate in the new international agreement which is primarily administrative in character and intended essentially as a framework in which new economic measures can be worked out.

26. The international agreement on cocoa, adopted in October 1972 in Geneva following a unanimous vote by UNCTAD, meeting in Santiago, provisionally entered into force on 30 June 1973. It will become definitive as soon as at least five exporting countries holding, pursuant to the agreement, at least 80% of the basic quotas, and a number of importing countries sufficient to account for at least 70% of total imports, have deposited instruments ratifying, accepting or adopting it. Since the importing countries which are signatories account for 69.83% of total imports, 0.17% are still required for definitive implementation.

The essential purpose of the agreement is to prevent excessive price fluctuations. An international cocoa Council has been set up to keep watch over the implementation of the agreement, which consists mainly of a system of export quotas, price-bracketing arrangements and a mechanism for

regulating stocks.

At the beginning of each quota year (1 October-30 September), the Council, taking account of world requirements, fixes a global export quota which is then allocated among the exporting countries.

The agreement provides for a minimum and a maximum price; the quota adjustments will be made within these limits in accordance with price developments on the world market.

A regulated stock, which may contain up to 250,000 metric tons of cocoa, has been established to support the agreement's price provisions. The stock is financed by means of a contribution of 1 US cent per pound.

27. The Council's annual report refers to problems arising from the suspension of the international coffee agreement. In this connection it should be noted that, since the earlier agreement expired on 30 September 1973, a new agreement has come into force.

This is of an interim nature; it will apply until 30 September 1975 and should give time to the parties concerned to negotiate a further agreement. It differs in its aims from the previous agreement, in that it is intended only to maintain existing provisions as a basis for the negotiation of a new agreement and as an appropriate and convenient centre for the gathering and distribution of statistical information on international trade in coffee.

All the economic clauses of the 1968 Agreement have been omitted, notably provisions for balancing supply and demand and export controls. This stress on purely administrative provisions reflects the deep disagreement between some consumer countries on the one hand and the 'Geneva Group' of producers on the other, the latter wanting an adjustment of the reference price bracket following the devaluation of the dollar.

28. Following earlier efforts<sup>1</sup> in 1972, the Somali Government last June made a new approach to the EEC for exemptions for its banana output. Somali bananas have gradually been losing the privileged position which they traditionally enjoyed on the Italian market and have been placed at a disadvantage with respect to their competitors as a result of the closure of the Suez Canal. Somalia is therefore asking the EEC to grant it direct financial aid or at least to authorize Italy to apply preferential duties to Somali bananas.

---

<sup>1</sup> See Perret Report, op.cit., para. 45

Still on the subject of bananas, it should be noted that the duty-free quota for Federal German imports from third countries was fixed for 1973 at 680,000 tons (406,000 basic plus 274,000 supplementary) against an estimated requirement of 690,000 tons.

29. As regards the promotion of sales of AASM products, reference has already been made in paragraph 3 of this report to the differences which came to light in connection with the terms of reference of the Mixed Group of Experts instructed to examine marketing problems.

This Group had already done useful work in the past and in 1967 submitted a report on the problems of finding outlets for the products of Associated countries. Resuming its activities on sales promotions, the Working Group concluded that there was a difference of opinion between the EEC and the Associated States as to its own terms of reference. While the European experts intended to confine themselves to the problems of sales promotion, the representatives of the associated countries also wanted to express an opinion on the more general aspects of trade policy, insofar as the activities of the EEC and of the Member States in this area create obstacles to the rapid expansion of African exports.

Pending agreement on this point the Mixed Working Group of Experts has for the present suspended its activities.

Similarly, there has been no action so far on Senegal's move in the Association Committee to obtain from the EEC a less restrictive approach to the health regulations on oil-cakes.

Finally, another unresolved problem is that of the protection of natural vanilla, which the Parliamentary Conference has emphasized more than once.

(c) Cooperation between the EEC and the AASM at international level

30. Problems connected with multilateral negotiations in GATT have been fully discussed by the Council of the Association in which the Associated States have asked for permanent consultation with the EEC to be introduced.

As far as the Community is concerned, its preparations for the negotiations with GATT have been based on a Memorandum from the Commission to the Council<sup>1</sup>. This document stresses particularly the need to take account in the negotiations of the interests of developing countries; not only should they not suffer any disadvantage but their trade should increase and their export revenue improve. In addition, the advantages enjoyed by developing countries with which the Community has special relations should not be called into question.

<sup>1</sup> Doc. COM(73) 556 of 4 April 1973.

To enable the developing countries to participate in increased world trade, the industrialized states should undertake energetic action backed by a clear political resolve. They should agree to review the basic principles on which international trade is at present conducted. The main effort should centre on the concessions which should be granted to these less fortunate countries to enable them to raise their outputs and improve the sales of their goods. This should, however, be done as was stated at the Paris Summit, without altering the advantages enjoyed by developing countries with which the EEC maintains special relations

The multilateral negotiations should provide an opportunity to apply the preliminary guidelines of the overall cooperation policy to the progress which the EEC intends to achieve on a world scale and which, according to the pointers provided by the Paris Summit, should in particular include:

- encouragement of world agreements on primary commodities in order to stabilize markets and increase the exports of the less fortunate countries;
- improvement of generalized preferences in order to achieve steadily rising sales of the manufactures of developing countries.

The improvement of the system of preferences would in any case be contingent on the implementation of a similar system by other industrialized countries, notably the United States.

In the field of non-tariff barriers, it will be necessary to take action in order to reduce or eliminate certain quantitative restrictions which particularly affect third-world exports.

In expressing its opinion on this Memorandum, the European Parliament pointed out that the EEC should take all necessary measures to fulfill its commitments towards the associated countries particularly with a view to achieving effective consultation and possibly coordination of common actions. In the confrontation between the main trading powers of the world, the EEC, as the principal trading partner of the third world and, with its Member States, the chief supplier of aid to developing countries, could find in these countries allies whose support may prove valuable in the course of the negotiations<sup>1</sup>.

---

<sup>1</sup> See Opinion drafted by Miss FLESCHE, Doc. 118/73 of 2 July 1973

31. The new multilateral 'Nixon Round' negotiations opened officially last September in Tokyo with the publication of a statement of principles and objectives guiding these talks. A negotiating committee was set up and is to continue its work in Geneva. Tropical products will be treated as a special priority sector.

The negotiations will be conducted on the basis of mutual advantage and overall reciprocity. It was also assumed that the industrialized countries will not expect any reciprocity from developing countries. The Tokyo declaration states that activities in GATT should lead to 'further advantages in the area of international trade for developing countries', including an increase in their incomes, diversification of exports, improved access to markets in industrialized countries and, if necessary, introduction of special measures to ensure that primary commodity prices are stabilized at fair and profitable levels.

As regards the less advanced among the developing countries, the Ministers meeting in Tokyo recognized that their specific situation and problems demand special attention and they declared that these countries should receive special treatment within the framework of measures to be taken for the benefit of developing countries. The representative of Nigeria, speaking in Tokyo on behalf of all the African countries, said that in the negotiations in GATT these countries would be guided by the principles established at the OAU Summit in Addis Ababa last May.

32. As regards the future 'Nixon Round', the importance of the outcome of the present talks between the EEC and the African countries to the Geneva negotiations should be emphasized. In effect, the Brussels talks constitute de facto the introduction and the first round of the new multilateral negotiations of world trade. Indeed, if the Brussels talks lead to a commercial agreement, the EEC and the Associated States will be able to attend the GATT negotiations as a unified trading block whose combined interests account for some 50% of world trade. The other countries will have to take into account this already established understanding on the fundamental principles to be adopted, and this will heavily influence the Geneva negotiations.

33. Finally, another problem of great urgency and undoubted interest to the Association should be noted in this context: that of reform of the international monetary system.

The recent conference of the International Monetary Fund in Nairobi achieved positive results but much work remains to be done by the Group of Twenty within which world monetary negotiations are to be conducted<sup>1</sup>.

<sup>1</sup> In the Committee of Twenty the African countries are currently represented by the Republic of Zaire.

On this question, too, it is to be hoped that the partners in the Association can come to an understanding in view of the undoubted importance of monetary problems to relations between countries of different levels of economic development against the background of the need to establish a fairer and more stable international system.<sup>1</sup>

### III FINANCIAL AND TECHNICAL COOPERATION

#### (a) General trends in 1972

34. The 1972 annual report of the World Bank which has just been published contains certain very interesting information which it seems useful to summarize here in order to form a clearer picture of the situation before considering the activities of the European Development Fund.

Output and revenue of the less developed countries rose in 1972 above the levels of 1971, which was a year of universal economic recession. The average increase in per capita GNP was 3 per cent; but this increase was considerably higher than the average for Third World countries exporting manufactured and finished goods (5.5 per cent), and was virtually nil for the 25 less advanced countries.

There was a slight increase in financial contributions from outside sources compared with 1971. The terms of such external financing were improved, with an increase in the proportion of subsidies as against loans. Total contributions, public and private, rose by 7 per cent to reach 1200 million dollars; but expressed in national currencies this increase reduces to barely 2 per cent, because of variations in exchange rates. Overall, the increase in contributions was proportionately lower than the rise in the GNP of the donor countries.

---

<sup>1</sup> In this connection, another subject of particular interest to the Association is that of the revaluation, in the framework of international commodity agreements, of prices expressed in American dollars or pounds sterling. For the EEC Commission's attitude on this see the answer to Written Question No. 689/72 by Mr Vredeling, OJ No. C 78 of 29 September 1973.

Public development aid as percentage of GNP

(actual figures up to 1972, estimates for subsequent years)

	<u>1960</u>	<u>1966</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Australia	0.38	0.53	0.59	0.53	0.61	0.58	0.59	0.60
Austria	-	0.11	0.07	0.07	0.09	0.19	0.22	0.25
<u>Belgium</u>	0.88	0.60	0.46	0.50	0.55	0.58	0.65	0.70
Canada	0.19	0.19	0.42	0.42	0.47	0.49	0.50	0.52
<u>Denmark</u>	0.09	0.13	0.38	0.43	0.45	0.52	0.56	0.61
<u>Federal Rep. of Germany</u>	0.31	0.40	0.32	0.34	0.31	0.32	0.34	0.36
<u>France</u>	1.38	0.76	0.66	0.66	0.67	0.65	0.65	0.65
<u>Italy</u>	0.22	0.10	0.16	0.18	0.09	0.16	0.16	0.16
Japan	0.24	0.27	0.23	0.23	0.21	0.28	0.34	0.40
Norway	0.11	0.16	0.32	0.33	0.41	0.56	0.67	0.75
<u>Netherlands</u>	0.31	0.36	0.61	0.58	0.67	0.66	0.70	0.72
Portugal	1.45	0.59	0.67	1.42	1.51	0.45	0.45	0.45
Sweden	0.05	0.19	0.38	0.44	0.48	0.56	0.65	0.71
Switzerland	0.04	0.09	0.15	0.11	0.21	0.26	0.30	0.32
<u>United Kingdom</u>	0.56	0.47	0.37	0.41	0.40	0.37	0.40	0.40
USA	0.53	0.49	0.31	0.32	0.29	0.25	0.22	0.22
Total for 16 DAC member countries	0.52	0.44	0.34	0.35	0.34	0.34	0.34	0.35

35. Financial resources currently devoted to development aid are clearly insufficient. Speaking last September in Nairobi to the Governors of the World Bank, its President, Mr Robert McNamara, remarked that public aid hardly comes to one half (0.35 per cent) of the target (modest enough in itself) set by the United Nations for the Second Development Decade (0.70 per cent of the GNP of donor countries).

According to Mr McNamara no particularly arduous commitments are needed to solve the problem: it would be enough to allocate a very small proportion of the increased income which the populations of the richer countries will enjoy in the coming years. Since in the 1970s the income at constant prices of industrialized countries will rise from 2 billion dollars in 1970 to about 3 billion in 1980, it would suffice to devote just 2 per cent of the increase in wealth to attain the objective recommended by the UN of 0.70 per cent of GNP.<sup>1</sup>

<sup>1</sup> In this connection we note with satisfaction the recent decision of the major industrialized countries on the reorganization of the resources of the IDA (International Development Association, an agency of the World Bank). The agreement provides for an overall allocation of 4.5 thousand million dollars. The contribution of EEC Member States will be as follows (in million dollars): Belgium 76.5; Denmark 54.0; France 253.5; Germany 514.5; Ireland 7.5; Italy 181.3; Luxembourg 2.2; Netherlands 132.7; United Kingdom 499.5.



36. As regards development aid provided in 1972 by the sixteen member countries of the DAC (the OECD's Development Aid Committee), their total contribution, according to the first available data, was 19.4 thousand million dollars.

This is the lowest figure since 1960. To achieve the target of one per cent of GNP recommended by UNCTAD a further contribution of 6 thousand million dollars would have been needed.

In relation to the population of the recipient countries this contribution represents 10 dollars per person in 1972, as against 9.6 in 1971 and 5.6 in 1960. But because of devaluation and inflation it represents in real terms a decrease of some 5 per cent in 1972 compared with the previous year and a reversal of the constant rising trend observed between 1962 and 1972.

37. OECD and World Bank statistics provide interesting information on the distribution of aid between the recipient countries.

In 1971 the distribution between the principal regions of the Third World was as follows (in million US dollars):

	<u>Payments</u>	<u>Debt servicing</u>	<u>Net transfers</u>
Africa	2,294.5	913.7	1,380.8
Far East	1,764.0	731.2	1,032.8
Middle East	1,609.3	847.1	762.2
Southern Asia	2,178.8	758.2	1,420.6
Southern Europe	1,229.1	814.3	414.8
Latin America	3,907.8	2,725.3	1,182.5

For the Associated States the annual average aid received in the three-year period 1969-71 was as follows (in million US dollars):

	<u>Loans</u>	<u>Donations</u>	<u>Annual rate<sup>1</sup> of per capita GNP increase 1970/71 (per cent)</u>
Burundi	0.9	17.6	- 1.3
Cameroon	30.1	32.3	- 2.6
Centr. Afr. Republic	6.9	15.0	- 2.9
Chad	2.8	24.6	- 1.9
Congo	36.4	14.6	0.2
Dahomey	9.6	15.9	6.4
Gabon	23.2	16.1	3.0
Ivory Coast	80.9	33.9	0
Madagascar	12.4	41.1	0.1
Mali	11.4	22.2	1.1
Mauritania	19.1	9.0	0.2
Mauritius	6.5	5.3	7.7
Niger	8.8	26.2	- 7.5
Rwanda	3.8	21.5	- 0.4
Senegal	17.7	42.3	- 9.6
Somalia	27.0	22.4	0.5
Togo	3.1	16.5	0
Upper Volta	5.2	24.0	1.2
Zaire	119.4	85.2	- 4.4

Finally, it is interesting to note the prominent position of the European Development Fund (EDF) among the various multinational sources of finance available in Africa (net annual contributions to African countries in million US dollars):

	<u>Average 1960/66</u>	<u>Average 1967/69</u>	<u>1970</u>	<u>1971</u>
World Bank (IBRD)	52.10	27.89	39.39	105.57
International Development Association (IDA)	- 0.57	43.31	68.57	73.21
Internat. Financ. Comp.	2.67	7.40	10.11	1.00
African Development Bank (ADB)	-	-21.81	-1.97	-11.92
European Development Fund (EEC-EDF)	59.18	107.60	150.11	176.34
UNO	55.53	89.68	143.45	146.80
<b>Totals</b>	<b>168.91</b>	<b>254.06</b>	<b>409.66</b>	<b>497.18</b>

<sup>1</sup> Source: UNO, Monthly Bulletin of Statistics, January 1973

(b) Activities of the 2nd EDF

38. Before discussing the activities of the EDF in 1972 it seems desirable to recall, by way of information, the distribution of appropriations of the Second European Development Fund which was operating during the First Yaoundé Convention (1964-1970).

At 30 June 1973, 2nd EDF appropriations for the AASM had been employed as follows (in million u.a.):

	<u>Commitments</u>	<u>Expenditure</u>
Subsidies	614.1	525.8
Loans on special terms	44.2	34.9
Advances to stabilization funds	10.7	

39. The distribution by countries was as follows:

<u>Country</u>	<u>Project number</u>	<u>Commitment</u>	<u>Expenditure</u>
<u>Economic and social investment projects</u>			
Burundi	9	10,425	9,786
Cameroon	7	26,189	24,582
Centr. Afr. Rep.	12	15,832	9,381
Chad	15	23,505	22,485
Congo	8	13,160	8,974
Dahomey	7	15,502	11,695
Gabon	1	10,801	11,328
Ivory Coast	3	2,614	2,426
Madagascar	12	34,038	31,236
Mali	11	25,358	20,011
Mauritania	6	12,523	11,576
Niger	10	20,621	17,093
Rwanda	15	10,423	6,241
Senegal	6	12,989	10,670
Somalia	8	13,507	9,992
Togo	6	11,097	10,273
Upper Volta	8	20,673	20,230
Zaire	10	48,147	36,111
	<hr/>	<hr/>	<hr/>
AASM total	154	327,404	247,090

<u>Country</u>	<u>Project number</u>	<u>Commitment</u>	<u>Expenditure</u>
<u>Production aid</u>			
Cameroon	7	7,144	6,949
Cent. Afr. Rep.	6	5,056	4,972
Chad	4	4,176	3,431
Dahomey	5	3,605	3,509
Madagascar	5	22,398	20,071
Mali	6	4,073	3,712
Niger	5	4,503	2,328
Senegal	9	34,470	29,566
Togo	4	3,477	2,664
Technical supervision		494	494
	—	—	—
Total	51	89,396	77,796
<u>Diversification aid</u>			
Burundi	2	5,250	2,810
Cameroon	1	724	724
Centr. Afr. Rep.	2	1,513	1,042
Chad	7	1,298	876
Congo	3	4,599	4,245
Dahomey	4	1,654	1,249
Gabon	2	4,000	3,807
Ivory Coast	6	39,772	37,059
Madagascar	13	7,011	4,190
Mali	8	1,166	1,049
Mauritania	7	2,192	1,578
Niger	3	1,934	1,416
Rwanda	4	5,250	4,847
Senegal	10	10,144	7,092
Somalia	3	6,500	2,780
Togo	3	2,466	1,580
Upper Volta	7	5,892	4,137
Zaire	1	9,000	9,095
	—	—	—
Total	86	110,365	90,386

<u>Country</u>	<u>Project number</u>	<u>Commitment</u>	<u>Expenditure</u>
<u>Technical assistance related to investments</u>			
Burundi	20	2,607	2,317
Cameroon	11	371	303
Central African Republic	14	1,474	1,258
Chad	12	1,465	1,456
Congo	9	602	533
Dahomey	8	768	542
Gabon	4	2,393	2,287
Ivory Coast	6	82	74
Madagascar	14	1,271	1,089
Mali	24	1,502	1,318
Mauritania	5	257	196
Niger	15	1,611	1,521
Rwanda	28	3,190	2,862
Senegal	7	117	87
Somalia	19	3,477	3,144
Togo	9	1,567	1,462
Upper Volta	17	1,450	1,408
Zaire	16	534	435
	<hr/>	<hr/>	<hr/>
Total	238	24,738	22,292
<u>General technical cooperation</u>			
Burundi	2	172	172
Cameroon	2	583	498
Central African Republic	1	150	140
Chad	2	67	67
Congo	1	34	27
Dahomey	1	2	2
Gabon	1	5	4
Ivory Coast	5	240	215
Madagascar	1	100	97
Mauritania	1	5	4
Niger	1	279	242
Rwanda	5	1,251	1,113
Senegal	2	16	15
Somalia	2	658	657
Upper Volta	1	38	38
Zaire	7	4,214	4,192
Other projects not broken down by countries (grants, courses, apprenticeships, study-projects, colloquia, etc.)	<hr/>	<hr/>	<hr/>
Total	35	38,732	37,649

<u>Country</u>	<u>Project Number</u>	<u>Commitment</u>	<u>Expenditure</u>
<u>Loans on special terms</u>			
Cameroon	10	14,522	13,895
Central African Republic	-	-	-
Chad	14	1,215	1,215
Gabon	1	2,500	2,500
Ivory Coast	2	12,408	10,025
Madagascar	-	1,862	-
Mauritania	-	2,754	2,754
Zaire	3	9,000	4,508
	Total	30	44,261
			34,897
<u>Advances to stabilization funds</u>			
Cameroon (cocoa) .....	1	916	
Chad (cotton).....	1	1,767	
Burundi (industrial farming)	1	1,000	
Madagascar (sugar) .....	1	1,227	
Senegal (groundnuts) .....	1	5,869	
	Total	5	10,779
<u>Emergency aid</u>			
Mali	1	73	73
Madagascar	1	1,013	1,013
Niger	2	225	140
Somalia	10	1,240	1,240
	Total	14	2,551
			2,466
<u>Administrative and other costs</u>			2,746

(c) Activities of the 3rd EDF

40. The report<sup>1</sup> from the Commission of the European Communities to the Association Council on the management of financial and technical cooperation in 1972 analyses in detail all the problems arising in connection with the activities of the Third European Development Fund. Reference should therefore be made to this important document for all detailed information.

<sup>1</sup> Doc. 48/III, 5 May 1973.

1972 was marked, according to the Commission, by four special developments:

- compared with 1971 a certain sectoral 'swing' in Community intervention measures, towards directly productive activities and above all towards rural production;
- the effort to promote inter-African regional projects continued, particularly in the transport infrastructures sector;
- for the first time the programme of study-grants was adopted and implemented on a multi-year basis, thus enabling the whole period of every grant-holder's training to be covered;
- the range of possible types of financing from European Development Fund resources was more extensively utilized, with the first contribution to the formation of risk capital.

When the sectoral percentages for 1972 are compared with 1971 it will be seen that financing decisions taken in 1972 were directed mainly towards development of directly productive activities (52 per cent as against 27 per cent) and particularly towards rural production (42 per cent as against 15 per cent). The amount earmarked for industrial development remained virtually the same (10.30 per cent as against 10.6 per cent). On the other hand there was less financing of road and bridge-building (10 per cent as against 35 per cent).

41. In the first two years of operation (1971 and 1972) the 3rd EDF used 411.7 million u.a. for the benefit of the AASM and 28.2 million for overseas countries and territories associated with the EEC. At 14 November 1973 the total of appropriations, including intervention not broken down by countries, was 627 million u.a.<sup>1</sup>

At the same date the break-down of intervention by sector was as follows:

---

<sup>1</sup> As the result of new financing decisions taken in December, total commitments at 20 December 1973 stood at 641.9 million u.a. for 238 financing decisions in the three-year period 1971-73.

Intervention sector	Non-repayable aid	Special-term loans and risk capital	Total	Percentage
<b>I. <u>PRODUCTION DEVELOPMENT</u>.....</b>			<b>227,538</b>	<b>36.6</b>
Industrialization				
General.....	715	-		
Mining and quarrying...	93	-		
Metallurgical industries...	20	972		
Manufacturing industries ..	1,045	990		
Agricultural and food ind..	2,092	4,789		
Energy production and in- frastructures.....	11,826	-		
Integrated projects, mainly industrial.....	4,729	5,040		
Tourism.....	1,631	-		
Rural production				
General.....	340	-		
Plantations .....	42,380	6,928		
Agric. irrigation systems...	32,335	-		
Agriculture.....	64,515	-		
Animal husbandry .....	12,965	-		
Fisheries .....	2,129	-		
Integrated projects, mainly agric.....	21,091	8,850		
<b>II. <u>ECONOMIC INFRASTRUCTURE</u></b>				
Transport and communications			<b>238,316</b>	<b>38.3</b>
General.....	40	-		
Roads and bridges .....	149,600	9,268		
Railways .....	13,073	-		
Ports and waterways.....	52,897	2,052		
Airports .....	7,923	-		
Telecommunications.....	2,707	756		
<b>III. <u>SOCIAL DEVELOPMENT</u> .....</b>			<b>96,410</b>	<b>15.5</b>
Teaching and training				
Teaching infrastructures....	22,952	-		
Special training projects and provision of instructors...	5,233	-		
Study grants.....	37,865	-		
Apprenticeships .....	218	-		
Health				
General.....	284	-		
Infrastructure.....	5,320	-		
Health campaigns/technical cooperation.....	232	-		
Hydr. engineering, construction, environment				
General.....	4	-		
Rural water supplies .....	9,610	-		
Urban water supplies.....	12,941	-		
Urban improvement.....	2,351	-		
<b>IV. <u>TRADE PROMOTION</u></b>			<b>6,607</b>	<b>1.0</b>
General.....	738	-		
Commercial structures.....	687	-		
Fairs and exhibitions.....	5,110	-		
Trade information.....	72	-		
<b>V. <u>EXTRAORDINARY AIDS</u></b>			<b>29,735</b>	<b>4.8</b>
<b>VI. <u>MISCELLANEOUS</u></b>			<b>23,469</b>	<b>3.8</b>
Colloquies .....	474	-		
Technical planning and co- operation.....	2,366	-		
General studies.....	129	-		
Control.....	20,348	-		
Admins. and financing costs.	62	-		
Totals of I to VI	582,430	39,645	622,075	100
Blocked appropriations .....	5,10	-	5,101	
<b>Overall totals .....</b>	<b>587,531</b>	<b>39,645</b>	<b>627,176</b>	



42. For appropriations from the 3rd EDF, the breakdown of commitments by country is as follows:

## 3rd EDF: Appropriations at 14 November 1973

(in 1000 u.a.)

Country	ECONOMIC AND SOCIAL INVESTMENTS					RELATED TECHNI- CAL CO- OPERAT- ION	GEN. TECHN. CO-OPERA- TION: Educ- ation and other train- ing activi- ties	AID FOR TRADE & SALES PRO- MOTION	EXTRA- ORDIN- ARY AIDS	MANAGE- MENT COSTS	TOTALS
	Subsi- dies	Special loans	Interest rebates	Contri- butions to risk capital	Total						
BURUNDI	24,204	-	-	-	24,204	608	2,099	-	-	531	27,442
CAMEROON	36,299	8,850	530	541	46,220	979	2,638	100	-	1,246	51,183
CENTR. AFR. REP	17,699	-	-	-	17,699	226	2,041	-	-	1,301	21,267
CHAD	20,177	-	-	-	20,177	1,183	1,300	-	3,317	1,020	26,997
CONGO	15,319	2,052	-	-	17,371	315	650	100	-	810	19,246
DAHOMEY	15,696	3,276	-	-	18,972	535	2,366	-	-	585	22,458
GABON	15,844	756	652	-	17,252	-	350	100	-	543	18,245
IVORY COAST	18,187	13,770	1,903	990	34,850	389	2,590	250	975	1,179	40,233
MADAGASCAR	40,595	-	-	-	40,595	900	3,054	12	-	265	46,362
MALI	28,086	-	-	-	28,086	1,037	1,864	11	7,533	936	39,467
MAURITANIA	9,243	-	-	-	9,243	1,842	650	-	2,928	589	15,252
MAURITIUS	1,260	-	-	-	1,260	88	-	-	-	-	1,348
NIGER	31,223	-	-	-	31,223	816	2,201	-	4,238	1,046	39,524
RWANDA	23,131	-	-	-	23,131	3,022	2,342	-	-	418	28,913
SENEGAL	34,532	972	287	972	36,763	1,030	2,000	23	5,715	1,057	46,588
SOMALIA	15,159	-	-	-	15,159	1,773	2,790	3	2,807	327	23,059
TOGO	21,608	-	-	-	21,608	818	2,359	-	-	477	25,262
UPPER VOLTA	17,776	5,040	259	-	23,075	1,660	1,999	30	2,931	1,156	30,851
ZAIRE	37,775	-	143	-	37,918	1,184	5,431	-	100	1,191	45,824
Total:	423,813	34,716	3,774	2,503	464,806	18,405	38,724	306	1,398	29,734	569,521

43. As regards vocational training and instruction it should be noted that while until 1972 the programme of EEC training scholarships for nationals of the AASM was implemented on an annual basis, a multiannual programme has now been established to cover the period 1972-75. This will enable the governments of the associated states to improve the planning and timing of training requirements and programmes.

44. During the academic year 1972/73 the Commission granted 2,401 scholarships for full-time study to nationals of the associated states (representing an increase of 7.9 per cent over the preceding year); these were distributed as follows:

Allocation of scholarships in 1972/73 by recipients' country of origin and field of study

Country of origin	Economics	Agri-culture	Technical	Medical	Misc.	TOTALS
Burundi	58	14	59	1	1	133
Cameroon	73	41	70	13	-	197
Centr. Afr. Rep.	28	58	17	1	-	104
Chad	32	18	51	2	-	103
Congo	21	3	14	1	-	39
Dahomey	8	94	33	53	-	188
Gabon	3	20	6	-	-	29
Ivory Coast	40	50	71	1	-	162
Madagascar	23	18	34	2	-	77
Mali	35	83	96	-	-	214
Mauritania	3	2	28	-	-	33
Niger	34	46	52	6	-	138
Rwanda	18	73	41	1	1	134
Senegal	75	35	90	3	2	205
Somalia	22	31	46	40	-	139
Togo	60	105	14	-	-	180
Upper Volta	45	6	29	69	6	155
Zaire	31	41	73	24	2	171
TOTAL	609	738	824	217	13	2,401
Percentage	25.4	30.7	34.3	9.0	0.6	100.0

Of the 2,401 scholarship recipients, 959 (39.9 per cent) studied in Europe, 1,438 (59 per cent) in Africa and 4 (0.2 per cent) in third countries. Of the 1,438 who studied in Africa, 1,095 did so in their countries of origin and 343 in other countries.

45. Data relating to other training activities organized by the EEC for the associated states shown for 1972/73, the allocation of
- 846 grants for correspondence courses (452 in economics, 282 in agriculture and 112 in technical training);
  - 228 grants for part-time study by craftsmen and tradesmen;
  - 11 grants for training in the service of the Commission in Brussels;
  - the posting of 7 teachers for two-year periods.

(d) Aid to the drought-stricken countries of the Sahel

46. A problem which has particularly exercised the Joint Committee and to which the European Parliament has on many occasions directed its concerned attention is the serious situation in the Sahelian countries stricken by persistent drought which is severely damaging a large part of the agricultural and pastoral economies of a number of associated states.

47. The EEC began providing these countries with prompt and substantial aid early in 1973, when the scale of the disaster first became known. However, even before the drought had spread to the whole region, as it now has, the Community, at the request of the governments concerned, had intervened in 1972 and in 1973 in Senegal, Mauritania, Mali, the Niger and the Upper Volta to combat the consequences of localized droughts; the total value of this aid amounted to 11,375,000 u.a.

At the end of March 1973 the Commission responded promptly to the appeal launched by the governments of the countries affected, by financing to the amount of 19 million u.a. an emergency operation covering, for the six associated states taken together:

- the cost of transport and rapid distribution of food aid supplied by the Community and by the Member States;
- the supply of agricultural by-products to combat malnutrition of livestock affected by the drought (2.9 million u.a.)
- the improvement of health protection of herds.

Further action was undertaken in certain countries:

- as an exceptional measure, payment out of Community aid of taxes on cattle in those disaster areas where the farmers were unable to meet them themselves;
- supplying seed or granting sowing allowances to enable disaster stricken family holdings to rebuild their productive capacity for the next crop-season;
- improvement of existing wells to increase their output and open up some pastures which had remained unused for lack of sufficient drinking water for the herds.

48. As regards food aid, the EEC supplied to the countries concerned about 107,000 tonnes of grain and 13,000 tonnes of powdered milk in 1973. The Community Member States on their own account provided some 70,000 tonnes of grain and certain amounts of other products bringing the overall Community contribution in kind to 200,000 tonnes.

The following points should be noted:

- (a) Community aid first became possible early in 1973 by virtue of the Council's decision of 19 December 1972 to grant to the six countries of the Sahel a special appropriation to enable them to meet their most urgent needs;
- (b) In addition the Community made a considerable effort in the transport sector in two ways:
  - the use of air transport to deliver immediately certain consignments of powdered milk from the Community to the worst hit disaster areas (added support for this Community initiative came from the Member States, who put military aircraft at the disposal of the Sahel countries);
  - the cost not only of sea transport but also of delivery to the distribution points of all the aid supplied;
- (c) the Community also provided the Sahelian countries with effective aid in field-operations through the work of delegated supervisors who in many instances coordinated the effort of the various donor bodies.

The financial cost of these operations is estimated at 19 million u.a. for the grains and 8 million u.a. for the powdered milk, or 27 million u.a. in all. The contribution of Member States (excluding the cost of providing military aircraft) amounted to an estimated 12 million u.a.

49. At its meeting in Bruges last June the Joint Committee expressed satisfaction with the solidarity manifested by the EEC and adopted a statement asking that,

'(a) the European Development Fund should not be finally deprived of the resources which would enable it to tackle these emergency situations and that, in any case, the funds used in this situation pursuant to Article 20 should not be entered as appropriations normally allocated to associated states to finance their own development projects;

(b) that a restoration programme for the Sahelian economies should be quickly established by cooperation between the Community and all the States concerned and that the necessary means should be provided to carry out this programme, apart from the normal grants from the EDF.'<sup>1</sup>

This request was repeated a few months later in a statement adopted at Lomé<sup>2</sup>.

Subsequently the problem was discussed more fully by the European Parliament which gave its opinion for the first time in July<sup>3</sup>, taking also into account the findings of a fact-finding tour by European parliamentarians headed by Mr DEWULF.

Finally, the Council, adopting the proposals put forward by the European Parliament, decided on 10 December, when amending the EEC draft budget, to include in the Community's 1974 budget an additional appropriation of 35 million u.a. for structural measures<sup>4</sup> in the drought-stricken Sahelian countries, including Ethiopia, and an additional amount of 5 million u.a. to finance emergency transport for food-aid operations in the most remote areas of the disaster zone.

---

<sup>1</sup> See Annex I

<sup>2</sup> See Annex II

<sup>3</sup> See reports by Mr SPENALE of 11 May 1973 (Doc. 58/73) and 10 December 73 (Doc. 271/73).

<sup>4</sup> In particular:

- developing the field-irrigation systems by digging new wells, maintenance and deepening of existing ones;
- small-scale water-conservation work in the countryside;
- specific aids for the development of certain food crops;
- building up public stocks of grain sufficient to feed 6 million people for 3 months;
- stocking of cattle-feeds ;
- veterinary aid for young live-stock (cattle and sheep)

## PART II - RENEWAL AND ENLARGEMENT OF THE ASSOCIATION

50. As we have seen, the renewal of the Second Yaoundé Convention which is due to expire on 31 January 1975, is the most important problem facing the Association at present.

The Parliamentary Conference has already made several statements on the matter at its meetings in The Hague and Kinshasa, noting in particular the commitments given by the European countries when the EEC was enlarged and later reaffirmed by the Paris Summit Conference. The Joint Committee discussed it extensively at its latest meetings in Bruges and Lomé.

The next Parliamentary Conference in Rome will be considering the question once again, making use of the information given below.

### I. The proposals from the Commission of the Communities

51. On 4 April 1973, a few days after the Parliamentary Conference in Kinshasa, the European Commission concluded the work undertaken under the guidance of Commissioner DENIAU by submitting to the Council of the Communities a lengthy and detailed memorandum 'on the future relations between the Community, the present AASM States and the countries in Africa, the Caribbean, the Indian and Pacific Oceans referred to in Protocol No. 22 to the Act of Accession'<sup>1</sup>.

After stating that it was not its intention to negotiate only with the above-mentioned countries, but to provide a practical basis for negotiations without imposing prior conditions, the European Commission has set out in this document what might, in its view, be the main features of a form of association likely to meet the needs of the countries involved, the underlying aim, however, being that the new association should not only be enlarged but above all enriched and strengthened.

It would not be necessary, however, to stipulate a single agreement: in fact, the Caribbean countries and the islands of the Pacific Ocean, in view of their geographical location and special economic situation, would probably prefer to form regional groups separate from the African group.

52. The guidelines formulated by the European Commission are essentially as follows:

- Full independence of the partners

---

<sup>1</sup> COM (73) 500 fin.

The conclusion of agreements with the EEC would not entail for the countries concerned any limitation on their sovereignty or on their freedom of choice as to their development policy objectives or means; it would only involve organizing jointly with the EEC a common framework of economic and development cooperation.

- Maintenance of the advantages already enjoyed by the AASM

This does not mean that the situation will remain static; on the contrary, in order to safeguard existing achievements, enlargement will call for a strengthening of the present arrangements, particularly in the commercial sector, to compensate for the reduction of certain preferences.

- Maintenance of the principle of the free trade area on both sides.

The partners will remain entirely free to apply whatever tariffs they may choose to third countries. The granting of reciprocal advantages remains a fundamental factor; this does not mean, however, that the Community will claim effective special preferences from the AASM, since the latter will retain their freedom to grant the same preferences to third countries or not to grant them.

53. In the matter of trade, the memorandum proposes important innovations.

The European Commission notes that trade between the EEC and the AASM and between the EEC and the East African countries, while showing some positive features with an average annual growth rate of between 6.2 and 6.5 per cent, is not entirely satisfactory. The Association has, in fact, been affected by the broad move towards liberalization of world trade; reciprocal preferences have been steadily eroded as a result of the use made by the partners of their freedom to take unilateral tariff measures.

On the other hand, only one-third of AASM exports enjoy preferences on the Community market. In fact, their exports consist in large measure of products that are admitted into the EEC free of duty regardless of origin, or of agricultural products similar to and competing with European products covered by market organizations in respect of which few if any, preferences exist.

Above all, however, the provisions of the Association Convention have not yielded a solution to the basic problem of the deterioration in the terms of trade for raw materials as against industrial products.



54. The future association agreement should therefore, in the Commission's view, provide new machinery to moderate fluctuations in the prices of AASM products and to give real substance to the commercial side of the Association.

This machinery could include:

- fixing a product reference price based on specific quantities for the individual countries;
- guaranteeing to beneficiary countries a transfer of financial resources in their favour equal to the difference between the market value of exports to the Community (world price for quantities exported) and their reference value (reference price for maximum permitted quantities);
- transferring resources - generally by the automatic opening of credits for the beneficiary country - as soon as revenue from exports to the EEC falls, during a given period, below the reference level. This credit would be repayable as soon as revenue rose again above the reference value, but only insofar as the rise in revenue was due to an increase in world prices and in proportion to this rise, the beneficiary state being responsible for mobilizing or ensuring mobilization of this surplus revenue. Under certain conditions the transfer could be effected in a non-repayable form (in the case of the least favoured associated countries);
- fixing conditions for allocating and utilizing resources transferred to beneficiary countries, according to contractual rules fixed by mutual agreement. This financial backing would be used mainly for development of the economy and to promote diversification.

Because of their importance to the economies of the potential beneficiary countries and the instability of their markets, the following products could be covered by such a system: sugar, groundnuts, groundnut oil, cotton, cocoa, coffee, bananas and copper. In the case of sugar, there will have to be well-defined special arrangements, having regard to existing and proposed agreements.

The cost of the system could be financed by the Community's own resources and should, in any case, be distinguished from the other appropriations allocated for cooperation.

55. With regard to financial and technical cooperation, the European Commission believes that the European Development Fund should be given substantially increased resources, while retaining its basic features.

It is essential that the EEC should step up its financial efforts to ensure that the present associated states are not penalized by any curtailment of financing and that no distinctions are created between the new and old associated countries. A special effort would be envisaged to help the least advanced countries.

In general, the new EDF should make a substantial contribution to regional cooperation in Africa by promoting ad hoc projects and stimulating regional undertakings. A special section of the Fund could be created to finance such operations, enabling projects to be implemented independently of any allocation of credits to individual countries. Side by side with this the associated countries should participate more fully in shaping financial and technical aid policy.

The resources of the Development Fund should no longer be provided by financial contributions from the Member States of the Community, but from the EEC's 'own resources', using part of the revenue derived from VAT.

56. At the level of the institutions, the existing joint institutional machinery should be maintained, with any adjustments likely to improve the prospect of a genuine dialogue. In other words, existing machinery should be geared to the needs of the renewed and enlarged Association.

Like its predecessors, the new Association Convention could be concluded for a period of five years.

57. Some months later, last June to be precise, the Commission of the Communities followed up its April memorandum with a series of supplementary memoranda giving more precise details of its proposals for stabilizing raw materials and financing the EDF.

With regard to the regulation of prices, the Commission departments calculated, in a document forwarded to the Council<sup>1</sup>, that machinery for financial compensation to the associated and associable countries would have entailed an average annual cost of approximately 53 m.u.a. for the period 1966-70 (with a total of 296 millions in disbursements, 30 million in repayments and 266 million in net expenditure).

---

<sup>1</sup>SEC (73) 2043 5 June 1973

Of the 38 countries under consideration, four are dependent on a single product for over 80% of their export income, five others for over 50% and only seven for less than 25% on the 8 products listed in the Commission's memorandum (groundnuts and groundnut oil, bananas, cocoa, green coffee, cotton, copper and sugar).

Under the system envisaged by the European Commission, the Community would offer to stabilize the income derived by the associated States from their exports of these products to the EEC. This would be achieved by a transfer of financial resources equal to the difference between the market value of actual exports and a fixed reference value based on prices and quantities calculated on five year averages and corrected, if necessary, on the basis of fixed increase coefficients. In periods of low prices, the countries in question would receive credits to be repaid when prices rose again above the reference level.

The financing of the system would be guaranteed by resources from the EEC's budget, as distinct from those of the EDF. Thus, there would be no recourse to a true 'Fund' endowed with fixed resources: the budget requirements would be estimated annually on the basis of trends in the price of the products in question, as well as on the basis of pluri-annual forecasts.

58. In another communication submitted last June to the Council, the European Commission set out in greater detail its proposals for financing the future Development Fund from the Community's own resources<sup>1</sup>.

The inclusion of EDF expenditure in the Community's budget as from 1975 has been recommended by the European Parliament since 1971. For the European Commission this would be technically possible and politically desirable because, apart from permitting parliamentary control, it would also make for a greater internal balance in the Community budget (four-fifths of which is committed at present to expenditure on agriculture) and a greater degree of transparency of Community expenditure on development aid (now met partly from the Community budget, e.g. in the case of food aid, and partly by the EDF).

---

<sup>1</sup> SEC (73) 2149 fin., 12 June 1973.

It should be noted that since the 1970 decision on the replacement of financial contributions from Member States by the Community's own resources, the EDF is the Community's only financial operation in respect of which allocations of funds do not fall within the budgetary powers conferred upon the European Parliament.

Inclusion of the EDF in the Community budget will also help to strengthen in a balanced way Community policy towards all the developing countries.

59. This solution would certainly also be advantageous to the Associated States, both inasmuch as it would guarantee a continuous flow of aid throughout any transitional period between two agreements and also by determining the total amount of financial aid.

Under the present system, in fact, the effort to maintain continuity between two Association Agreements creates difficult problems for the Associated States. Even though the governments are not lacking in political resolve, it only needs a delay in the ratification procedures of the national parliaments for the release of development aid funds to be delayed appreciably.

Under the new system, it will be sufficient to insert a suitably-worded clause in each agreement providing for additional appropriations to be set off against own resources and covered by the budgetary procedure. This will enable any necessary measures to be carried out in the absence of parliamentary ratification.

At the same time one of the most delicate phases of negotiations between the Member States will be facilitated, that is to say, the task of determining the volume of financial aid and the distribution of the cost between Member States. Under the present system, the fixing of a scale for Member States' contributions to the Fund may have negative repercussions on the progress of negotiations and cause significant delays. Since financing from the Community's own resources will solve the problem of the scale of contributions in advance, the Member States of the Community will clearly be in a better position to discuss the size of the appropriations without having to take account of considerations of internal balance within the EEC.

60. However, if the comprehensive and balanced nature of the negotiations is to be maintained, the replacement of financial contributions by own resources will not relieve the Community of the need, under the Association, to negotiate with its partners not only the terms but also the volume of financial and technical cooperation during the contractual period.

Similarly, the European Commission believes that inclusion in the budget must not be a reason for calling into question the Fund's present rules which provide for participation by the Associated States in the administration of financial and technical cooperation and for their

joint responsibility in the implementation of projects.

Furthermore, inclusion in the budget must not diminish the EDF Committee's role in the procedure for approving each individual operation financed by the Fund.

## II. Preparation of the negotiations and Preliminary Conference

61. The publication of the 'Deniau memorandum' marked the beginning of intense diplomatic activity, by both the African and European countries, to prepare the negotiations envisaged in Article 62 of the present Yaoundé Convention and in Protocol No. 22 of the Accession Treaty<sup>1</sup>.

On the African side an initial meeting between representatives of Associated and 'associable' States had already been held as early as February 1973 at the ministerial meeting of the UN Economic Commission for Africa in Accra, which in turn had been preceded a few days before by a meeting at Lagos of the Trade Ministers of the African Member States of the Commonwealth.

A month later, the President of the Republic of Senegal, Leopold SENGHOR, went to Brussels on behalf of the AASM to explain to the European Commission the viewpoint of the present Associated States. He had hoped for a strengthening of the Association on the basis of the present structures, asking in particular that reciprocal trade arrangements should be maintained, financial and technical aid increased and machinery laid down to stabilize the prices of raw materials and of tropical products.

In the meantime, contacts were established between the Associated States and 'associable' States within the framework of the Organization for African Unity, both at the level of experts (Addis Ababa, March 1973) and at the level of Ministers and Heads of State (Abidjan and Addis Ababa, May 1973).

62. For its part, the Council of the Communities had wasted no time in inaugurating a study of the problem of future relations between the EEC and the African countries. It was finally decided on 4 June to convene a 'Preliminary Intergovernmental Conference' at Brussels on 26 and 27 July.

---

<sup>1</sup> Treaty of 22 January 1972 on the accession of Denmark, Ireland and the United Kingdom to the Community.

The letter of invitation clearly stated that this Conference would permit 'preliminary contacts to be made, with an exchange of information between the participants with a view to the negotiations proper which would begin as soon as possible. Participation in this Conference leaves in abeyance the problem of the precise time at which the countries concerned will be able to choose, as laid down in the Protocol referred to earlier, one of the three formulas for negotiation with the Community'.

It was decided that the letter of invitation should be sent to the 19 AASM countries and the Commonwealth countries listed in Protocol No. 22 of the Accession Treaty. The five African countries south of the Sahara not belonging to the officially invited groups (Ethiopia, Liberia, Guinea, Sudan and Equatorial Guinea), would be approached unofficially by the President of the Council and would also be invited if they showed an interest in taking part in the Conference.<sup>1</sup>

It was also decided that, unlike the negotiations leading up to the first and second Yaoundé Conventions, the conduct of the negotiations proper would be entrusted to the Commission of the Communities within the framework of procedures according due respect to the responsibilities and powers of the Member States, particularly in the financial sector.

63. In preparation for the Brussels Conference, an important African meeting was held at Lagos from 9-11 July in which the 19 AASM countries and some 20 associable countries took part, as well as a number of observers from the Caribbean.

Of the decisions taken at Lagos to coordinate the African approach to the EEC, particular mention should be made of the decision to set up, under the auspices of the OAU, a joint secretariat of the Associated and Associable States to take care of the conduct of negotiations, having regard to the experience already gained in the EEC/AASM and EEC/East African Associations.

64. The EEC decision to organize a preliminary conference was discussed at great length at the meeting of the Association Council in Port-Louis

<sup>1</sup>This decision is based on the declaration of intent made by the EEC as far back as 1963, at the time of the first Yaoundé Convention, on the possibilities of special relations with African countries having economic structures comparable to those of the AASM.

on 15 June.

The Associated States expressed their regret at not having been consulted by the Community on the organization of the Conference and asked the EEC for precise commitments in regard to the date of the opening of negotiations proper and their duration.

65. The Joint Committee, in its turn, came to grips with the situation at its meeting on 26-29 June in Bruges. The problem of future relations between the enlarged EEC and the African countries was discussed at great length with the President-in-office of the Association Council and of the Council of the Communities, Mrs PETRY, Belgian Secretary of State for Development Cooperation, and with Commissioner CHEYSSON. The latter made a full analysis of the problems posed by future trade arrangements within the Association, with special reference to the more recent decisions of the Council of the Communities.

66. The Preliminary Conference was held at Brussels on 25 and 26 July; it was attended by the 18 AASM countries, Mauritius, the 19 'associable' States listed in Protocol No. 22 and three other African countries (Ethiopia, Liberia and Sudan). Algeria, Egypt, Morocco and Tunisia sent observers.

After Mr NØRGAARD, President-in-Office of the Council of the Communities, had informed the participants of the EEC proposals on future negotiations, speeches were made by Mr BRIGGS, delegate from Nigeria and spokesman for the African countries, Mr RAMPHAL, delegate from Guyana and spokesman for the five Caribbean countries<sup>1</sup>, and the Prime Minister of the Fiji islands, Sir Kamisese MARA, in his capacity as spokesman for the three associable Pacific countries<sup>2</sup>.

67. The Council of the Communities met on the eve of the Conference and was finally able to establish the broad outlines of the official EEC approach to the negotiations.

The Community's viewpoint was put to the Conference by President NØRGAARD as follows<sup>3</sup>:

'In essence, the principles of the future agreement might be as follows:

<sup>1</sup> Bahamas, Barbados, Guyana, Jamaica, Trinidad and Tobago.

<sup>2</sup> Fiji, Western Samoa and Tonga.

<sup>3</sup> See PE 33.878/Ann. I.

1. Trade arrangements providing especially for the free entry into the Community of most of the products of the Associated States, subject to special arrangements, to be defined during the negotiations, for similar and competitive agricultural products;
2. The safeguarding of the interests of the Associated States whose economies depend to a large extent on the export of primary products;
3. Financial aid, securing for the Associated African States, Madagascar and Mauritius, advantages which, overall, are equivalent to those they currently enjoy, and placing the new Associated States on an equal footing;
4. Implementation of the Agreement by the Contracting Parties through joint Association Institutions.

.....

The trade arrangements whose importance to the Associated States is fully recognized by the Community should have a contractual basis to ensure their stability in such a way as to prevent third countries from calling them into question notably with regard to GATT.

.....

The provisions applicable in respect of financial and technical cooperation have been adapted, altered and improved to suit needs in the light of past experience. The same may happen in the future and it is in terms of the experience and opinions expressed by the countries taking part in the negotiations themselves that the detailed rules for financial and technical cooperation will be finalized, due account being taken, in particular, of the situation of the poorest countries in the world and the desirability of promoting regional cooperation.

I am unable at the present stage - and you will surely understand why - to give details of the amount of aid that the Community and the Member States will be able to put at the disposal of the Associated States.

I can assure you nevertheless that in application of the principles set forth in Protocol No. 22 to the Brussels Treaty, the new Convention of Association will guarantee for the Associated African States, Madagascar and Mauritius overall advantages equivalent to those they enjoy at the present time. The new Associated States will have to be placed on the same footing as the other States.

.....



To take due account of its contractual nature and of Protocol No. 22, the Association should therefore comprise joint institutions set up on a basis of parity. The Community proposes therefore that these institutions consist of:

- an Association Council assisted by an Association Committee;
- a Parliamentary Conference of the Association assisted by a Joint Committee set up on a basis of parity;
- a Court of Arbitration of the Association.

The composition, powers and functioning of these institutions will be determined in the light of experience, taking account also of the views which might be expressed by the partners of the Community at the negotiations, with a view to adapting them to the need of administering and guiding an enlarged and renewed Association.

.....

The Community considers that as world economic and political relations change so rapidly it would be in the interest of all the parties to limit the duration of this agreement to five years also. It should, however, be clear that the aim of such a limitation is to enable the agreement to be renegotiated when required in order to adapt its provisions to subsequent requirements of cooperation between the Community and its associated partners.<sup>1</sup>

68. The Nigerian delegate explained the position of the African States, both associated and associable, dwelling mainly on the following principles laid down last May by the Summit Meeting of Heads of State and Government of the OAU<sup>1</sup>:

- ' (a) The principle of non-reciprocity in trade and tariff concessions given by the EEC;
- (b) the extension on a non-discriminatory basis, towards third countries, of the provisions on the right of establishment;
- (c) the revision of the rules of origin must be formulated so as to facilitate the industrial integration of African countries and in particular they must grant the status of originating products to all goods produced in one or several of the African countries (whether or not they belong to associations) or which have been processed in accordance with mutually accepted criteria, irrespective of whether or not the countries concerned enjoy preferential relations with the EEC;

---

<sup>1</sup> See PE 33.878/Ann.II

- (d) a revision of the provisions on the movement of payments and capital to take account of the objective of monetary independence in African countries and the need for monetary cooperation among African countries;
- (e) the dissociation of EEC financial and technical aid from any particular form of relationship with the EEC;
- (f) free and assured access to EEC markets for all African products including processed and semi-processed agricultural products, whether or not they are covered by the common agricultural policy of the EEC;
- (g) the guaranteeing to African countries of stable, equitable and remunerative prices in EEC markets for their main products in order to allow them to increase their export earnings;
- (h) any form of agreement made with the EEC should not in any manner adversely effect intra-African cooperation .

69. Speaking on behalf of the group of Caribbean countries, including both the five independent States - Bahamas, Barbados, Guyana, Jamaica and Trinidad - and the eight non-independent countries which belong to the Caribbean Free Trade Association<sup>1</sup>, the Guyana delegate associated himself with the statements made by the African spokesman.

He stated that the Yaoundé Convention and the Arusha Agreement, although forming part of the historical development of the EEC's relations with developing countries, should not be considered as necessarily determining the character of the new relationships which would succeed them; in the light of the latest developments in UNCTAD, he stated his firm opposition to the granting of reciprocal tariff advantages to the EEC.

He went on to give a detailed analysis of the position of the Caribbean countries, and emphasized the importance of regional economic integration as an indispensable aspect of the development strategy of these countries; on behalf of the Commonwealth sugar producing countries, he asked for long term access at fair prices to the Community's markets for an overall quantity of not less than the present amount of 1.4 million tons.

---

<sup>1</sup> Antigua, Belize, Dominica, Grenada, St. Kitts/Nevis/Anguilla, St-Lucia, Montserrat and St-Vincent.

70. Speaking for the three associable Pacific countries, the Prime Minister of the Fiji Islands stated that they were willing to enter into negotiations with the EEC and were keeping an open mind on the form which relations with the Community might take.

He drew attention to the influence which neighbouring industrialized countries, such as Australia and New Zealand, must inevitably exercise on the Pacific region and emphasized the importance of regional economic cooperation as an essential element in development policy.

71. After noting these statements, the Conference ended without tackling the basic problems and confined itself to approving the following procedural conclusions:

- all the States invited wish to enter into negotiations with the Community;
- the negotiations would start with a ministerial meeting to be held on 17 October;
- subsequent ministerial meetings must be arranged if special problems make such meetings desirable;
- an attempt must be made to complete the negotiations in good time for the new Agreement to enter into force on 1 February 1975.

72. In view of the obviously limited nature of these conclusions, it is not easy to make a final assessment of the Conference of 25 and 26 July. It should be pointed out, however, that the large number of participants - 41 countries, three of whom were neither Associated States nor 'associable' countries listed in Protocol No. 22 - was unquestionably a diplomatic success for the Community and a positive turning point in relations between the EEC and the Third World. Another point to be noted was the EEC's delay in defining its own approach, in marked contrast to the cohesion shown by the countries invited. We note also the complete absence in the speech by the African spokesman of any reference to the present Yaoundé Convention; however, none of the criticism voiced was directed at the present Convention, though this had hitherto been at times the object of blatant hostility on the part of certain third countries.

At the procedural level, the agreement reached on 26 July paved the way for genuine negotiations, which began on 17 October. They are conducted on the European side by the Commission of the Communities and should be concluded by mid-1974 so as to enable the ratification procedure to be completed in good time before the expiry date of 31 January 1975.

### III. The first phase of the negotiations

73. Negotiations for the renewal and enlargement of the Association Convention were formally launched on 17 October in Brussels with a conference at ministerial level.

On the African side, preparations for this conference were made at an intergovernmental meeting on 1 to 3 October in Dar-es-Salaam for the purpose of defining in greater detail the positions of the associated 'associable' States. One of the hardest questions seems to have been that of trade reciprocity, since some of the associated states did not fully share the negative attitude expressed at the Preliminary Conference by the Nigerian spokesman, and did not wish the preferences given by the EEC to figure in the future agreement as a unilateral, and therefore revocable, concession.

At the Dar-es-Salaam meeting the African countries in response to the appeal for African unity made by President NYERERE in his opening address, were able to establish a joint procedure for the negotiations with the EEC, agreeing to come to Brussels with a single spokesman, a single secretariat and joint co-ordinating machinery at ministerial and ambassadorial level<sup>1</sup>. The meeting also reaffirmed its support for the 'eight points' laid down last May by the OAU Summit Conference in Addis Ababa.

74. On the European side, preparations for the Conference of 17 October became, after the summer recess, a matter for intense diplomatic activity.

The broad agreement reached by the Nine last July, on the eve of the Brussels conference, had in fact left unanswered a number of important questions, particularly in the area of trade. The European Commission and France insisted on the need for reciprocal elimination - in accordance with the recommendations of GATT - of obstacles to trade (customs duties and quantitative restrictions), which, however, would not necessarily have any preferential impact, inasmuch as associated states would be free to grant the same advantages to third countries. Some Member States did not, however, share this view and declared their opposition to any form of reciprocity on the part of the associated States.

Another important topic of discussion was that of stabilizing income derived from the export of certain tropical products, proposals which had

---

<sup>1</sup> The African Secretariat, under the aegis of the OAU, will be located in Brussels. The chairmanship of the African co-ordinating bodies will be assumed by a new country every three months.

been made by the European Commission. On this question, too, reservations were expressed by some Member States which were reluctant to accept an automatic system of compensatory payments.

There was extensive discussion of whether the proposed model was the only acceptable one, or whether other solutions could be considered, since not all the countries concerned were prepared to commit themselves to the form of association hitherto proposed by the EEC. The European Commission emphasized in this context the political need to preserve African unity and therefore insisted on the single agreement formula.

75. On October 15, the eve of the Ministerial Conference, the Council of the European Communities reached preliminary agreement on the content of the negotiating mandate to be entrusted to the Commission. The Council adopted a number of directives concerning trade arrangements, financial and technical cooperation, legislation relating to the right of establishment and freedom to provide services, external payments, capital movements, the institutions of the Association and other general and final provisions. Other directives, particularly concerning the implementation of the provisions of Chapter III of Protocol 22, will be issued subsequently in the light of comments which emerge in the course of the negotiations.

76. Following a meeting of the African Ministers, the Ministerial Conference of 17 and 18 October was opened by Mr Ivar Nørgaard, President-in-Office of the Council of the European Communities, speaking on behalf of the EEC. Mr Namwisi Ma Koyi, Minister of Trade of Zaire, replied on behalf of the associated and associable states as their joint spokesman.

Taking part in the Ministerial Conference, and hence in the negotiations currently in progress, were 43 countries, that is all those invited to the July Preliminary Conference, together with the Republic of Guinea<sup>1</sup>.

---

<sup>1</sup>That is:

(a) the 19 signatories of the Yaoundé Convention:

Burundi, Cameroon, Central African Republic, Chad, Congo, Dahomey, Ivory Coast, Gabon, Mauritius, Madagascar, Mali, Mauretania, Niger, Rwanda, Senegal, Somaliland, Togo, Upper Volta, Zaire (Mauritius signed the Convention in 1972).

(b) the Commonwealth countries listed in Protocol 22 to the Treaty of Accession (excluding Mauritius which will now be listed with the preceding group, but including the Bahamas which have since gained independence). i.e. the following 20 states: Bahamas, Barbados, Botswana, Fiji, Gambia, Ghana, Guiana, Jamaica, Kenya, Lesotho, Malawi, Nigeria, Uganda, Western Samoa, Sierra Leone, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Zambia.

(c) the 4 independent African countries not belonging to either of the preceding categories: Ethiopia, Guinea, Liberia and Sudan.

77. Turning first to the question of trade, Mr Nørgaard<sup>1</sup> stated that in the EEC's view trade relations should be established on a contractual basis to ensure stability and place them above criticism from third parties, particularly in the context of GATT.

Concerning arrangements for importing products of the associated states into the Community, the agreement to be concluded would provide in particular for the free entry of the majority of such goods, except for special provisions, to be negotiated, applicable to agricultural products similar to, and competitive with, European products. As regards tariffs, the Community's imports scheme would constitute an extension of its customs duties and charges having equivalent effect. The same system would also be applied for quantitative restrictions and measures having equivalent effect.

Special arrangements would, as a general rule, apply to agricultural produce and products processed from agricultural produce when these are covered by a common market organization or special regulations under the common agricultural policy. These arrangements, more favourable than the general arrangements applied indiscriminately to third countries, would be defined in the negotiations in accordance with decisions to be made by the Council, separately for each product and for the entire duration of the Convention.

As regards safeguarding the interests of future associated states whose economies depend essentially on exports of primary commodities and of sugar in particular, the EEC has not yet been able to determine the principles and measures to be applied to this end.

On the matter of financial and technical cooperation, the EEC spokesman stressed the importance of regional cooperation and of combatting under-employment, and gave an assurance that the Community wished to show special consideration to the less-developed countries. Referring to commitments already given he also confirmed that the new Association Convention would secure for all the associated African states, Madagascar and Mauritius advantages equivalent to those which they enjoy at present, since new associated states would be placed on an equal footing with respect to them.

In conclusion, the speaker recalled the special importance attached by the European Community to the existence of joint bodies for the implementation of the Agreement.

---

<sup>1</sup> See PE 34.604

78. On behalf of the African, Caribbean and Pacific groups, Mr NAMWISI MA KOYI stated that the views expressed at the July conference still represented the attitudes of the respective groups and asked that they should be considered as the official initial negotiating positions of the future association partners.

Referring to Chapter III of Protocol 22, he observed that future agreements on the basis of which sugar will be admitted to the EEC should ensure 'permanent access to the Community's markets for substantial freely negotiated quantities at remunerative prices'. The same was true of other products, such as tobacco, which are of essential importance to the economies of the countries concerned.

In conclusion, he said that overall contractual relations with the EEC should be based on a fair, carefully devised and effective agreement, and improved forms of relations between advanced and developing countries sought.

79. At the close of the Conference, the parties agreed on a procedure for the conduct of the negotiations. Two working parties were set up, one to deal with trade questions and the other with financial and technical assistance, as well as a joint committee for drafting documents. Chairmanship would be by rotation among the four groups of participants (the EEC, African countries, Caribbean countries and Pacific countries).

80. The Joint Committee which met in Lomé a few days after the Ministerial Conference was informed by representatives of the Association Council, of the Commission and of the Council of the European Communities of the results of the ministerial conference of 17 and 18 October.

After a full debate, the Joint Committee adopted a statement on the current negotiations, the text of which appears in Annex II to this Report.

81. Talks between the plenipotentiaries of the future Associates and of the Commission of the European Communities were resumed in the second half of November.

The sole spokesman for the Associates and 'associables' was the Ambassador of Nigeria, Mr E. SANU, who asked, essentially:

- in the commercial field, for completely free access to the European markets and the maintenance of present preference levels;
- in the financial sector, for a substantial increase in EEC aid to the associated countries, with equal treatment of the new partners, the aid to be 90 per cent gift and 10 per cent special-terms loans and for indemnity against any depreciation due to inflation.

This first phase of the negotiations closed on 14 December. Summing up, the spokesmen for both sides emphasized that the talks so far had progressed rather slowly, both because of the highly technical and complex nature of the problems and of the large number of participants. The negotiations will resume on 14 January 1974.

#### Concluding remarks

82. Your rapporteur, bearing in mind the considerations set out above on the crisis facing the international community, wishes to reaffirm his confidence in the future progress of cooperation between the EEC and the Third World by quoting the shrewd remarks Mr Namwisi Ma Koyi<sup>1</sup>, the Future Associates' spokesman, made at last October's Ministerial Conference:

'If the negotiations should fail, we shall have contributed in a decisive way to aggravating the crisis, with inevitable repercussions upon relations between advanced and developing countries, which are easy to foresee. If, on the other hand, as we all hope, our negotiations are successful, Europe and the developing countries, in whose name we speak, will have made an invaluable contribution to the solution of the crisis. We shall have contributed to the progress of relations between advanced countries and those of the Third World from the stage of domination and dependence to that of interdependence. We shall also have launched new and well-designed policies for the survival of mankind on our planet'.

---

<sup>1</sup> PE 34.604, pa. 14



Joint statement on the drought in the Sahel region adopted unanimously by the Joint Committee on 28 June 1973 in Bruges

-----

At its meeting of 26-29 June 1973 in Bruges, the Joint Committee of the Parliamentary Conference of the EEC/AASM Association expressed its grave concern at the consequences of the drought which has caused famine for large sectors of the population of the Sahel region of the Sahara and resulted in serious damage to the agricultural and grazing resources of several Associated States.

In the light of the latest information provided by the Commission of the Communities and by delegates from the Sahelian countries, and after noting the statements made on this matter by the Associated States at the last meeting of the Association Council on 15 June 1973, the Joint Committee associated itself with the gratitude expressed by the Associated States for the aid given by Member States of the Community, both within the framework of the Yaoundé Agreement and at bilateral level.

It also expressed its satisfaction with the solidarity manifested by the African countries.

It went on to urge that all outstanding work should be completed with the utmost speed and especially that all available means, both civil and military, should be used to distribute the remainder of the provisions collected in the African ports to the populations which are in a particularly critical situation at this time.

Realizing that, apart from the rescue work now under way, it will be necessary to restore the agricultural and grazing resources of vast areas, a challenging, long-term task which will far exceed the potential of the already extremely poor countries concerned, the Joint Committee asks that

- (a) the European Development Fund should not be finally deprived of the resources which would enable it to tackle these emergency situations and that, in any case, the funds used in this situation pursuant to Article 20 should not be entered as appropriations normally allocated to Associated States to finance their own development projects;
- (b) a restoration programme for the Sahelian economies should be quickly established by cooperation between the Community and all the States concerned and that the necessary means should be provided to carry out this programme apart from the normal grants from the EDF;
- (c) without delaying immediate practical measures, scientific study should be made of the causes of the progressive increase in the dryness of the

Sahelian climate and that all necessary steps should be taken to prevent the encroachment of the desert and ensure that the extent of similar catastrophes can be reduced in future;

- (d) the European Commission and the Associated States should learn from this experience and draw up advance plans for prompt intervention.

FINAL DECLARATION

The Joint Committee of the Parliamentary Conference of the EEC/AASM Association, meeting in Lomé from 26 to 31 October 1973,

1. Reaffirms the value of cooperation between the EEC and the AASM within the framework of the Association, which has proved its effectiveness and capacity to adjust to new international realities and the needs of its partners;

2. Is pleased to note that 41 developing countries have expressed the wish to renew the Association or to establish a relationship of cooperation with the Enlarged Community on the basis of a general agreement, and that negotiations to this end have in fact begun;

3. Recommends that these negotiations be completed at a fairly early date, so that the ratification procedures can be completed in time for the new Association to take effect on 1 February 1975 as provided for in the Yaoundé and Arusha Agreements and, as far as the associable Commonwealth countries are concerned, in Article 115 of the Treaty of Accession;

4. Invites the Council of the European Communities, having regard to the proposals contained in the Commission's memorandum of April 1973, to adopt as soon as possible a position on the questions that are still outstanding, viz.

- the future trade relations of the Association;
- the stabilization of export revenues of future Associates;
- financial and technical cooperation;

At all events, the future trade relations of the Association should be established on a contractual and stable basis and be above criticism from third parties particularly with regard to GATT;

5. Requests that options concerning trade preferences between future partners be carefully examined so that all the legal, economic and commercial implications can be fully assessed for the countries concerned;

6. Hopes that as from 1975, EEC aid will be financed out of the Communities' own resources as the inclusion of EDF expenditure in the budget of the Communities should permit a better internal equilibrium of that budget as well as an increase in Community development aid in line with the expansion of Communities' revenue;

7. Urges that in any case financial and technical aid should be guaranteed to the 19 AASM at its present level in real terms, and be sufficient to ensure equivalent advantages for the new associates;
8. Requests that those products which are of particular importance to the economy of certain Associated and associable countries should enjoy permanent access to the Community's market in substantial quantities and at remunerative prices; and that in this connexion - having regard to the recent negotiations on sugar, for which the European Commission has also put forward proposals - special measures should be taken to safeguard the interests of those partner States whose economies depend essentially on the sugar exports;
9. Strongly requests that, before any change is made in the system of generalized preferences, the European Community should consult the Associated States, as expressly provided for in the Association Agreement, and take their interests into account;
10. Is convinced, on the basis of experience, that the joint institutions of the Association, and particularly the Parliamentary Conference, provide a forum for an extremely useful dialogue and should therefore be maintained;
11. Expresses the wish that from now on representatives of the associable States will be able to attend meetings of the Parliamentary Conference and its Joint Committee;
12. Reaffirms the position it took at its previous meeting in Bruges at which it requested the European Economic Community to continue and intensify its efforts on behalf of the Sahel countries which have been afflicted by drought and to make additional funds available forthwith to enable immediate short and medium term action to be taken to prevent future disasters in these countries, or at least to mitigate their effects;
13. Requests the immediate creation of a special Disaster Relief Fund, in addition to the EDF, and that appropriate measures be taken at Community level to permit - within the framework of better coordinated international cooperation - with rapid and effective intervention as soon as an emergency arises.