

# newsfeature

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## EUROPE TO HELP POORER COUNTRIES TO PAY THEIR WAY

Washington

Despite economic problems that exceed America's, Europe's nine Common Market countries plan to boost aid to the developing world.

On February 1, 1975, a new five-year treaty of association between the Nine and 44 African, Caribbean and Pacific ("ACP") states is scheduled to go into effect. The final stages of the year-long negotiations will start in Brussels in September.

Separate aid and trade agreements cover - or will cover - other less developed countries, notably those of the Indian subcontinent.

The new ACP-EC pact will supersede two similar, more modest, five-year agreements with (currently) 19 African countries, and a trading agreement with three others.

Many of the European governments involved -- Belgium, Britain, Denmark, France, Germany, Holland, Ireland, Italy, and Luxembourg -- have too many domestic financial problems just now to feel generous: but, thanks to concerted Common Market action, they are committed.

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**European Community**

The dynamics of a liberal European policy are essentially the product of two factors: the surprising cohesion, at the negotiating table, of the 44 ACP countries -- despite differences of language, culture, size and economies -- and the singlemindedness of the European Community's commissioner for ACP affairs, Claude Cheysson, a Frenchman who told a July 30 news conference in Washington: "I have no country. I work for the Community."

Cheysson publicly compared the past attitudes of consumer nations toward tropical producers of commodities with that of 19th century employers toward sweatshop labor. Just as labor finally organized to ensure decent wages, even when labor supply exceeded demand, so too the Third World was organizing, Cheysson said, to defend itself--with the oil countries taking the lead.

The Commissioner warned that inconsiderate major powers could find themselves facing a "cartel of proletarian nations," a prospect which could be "very dangerous." He hoped Japan, the United States and other industrial nations would follow Europe's lead in seeking "partnership" with the tropical countries.

Cheysson, 54, was in Washington after attending the July 25-26 meeting in Kingston, Jamaica, between the Nine and the 44.

At the meeting, the Europeans agreed to abandon efforts to secure "reverse preferences" (reciprocal European trading advantages in the ACP countries), thus removing a sore point in EC-US relations.

Europe also promised to study ways of easing restrictions on ACP exports to Europe -- rules of origin and non-tariff barriers, especially those related to Europe's common agricultural policy--and to make special trade concessions to the very poorest countries.

Most important of all, Europe agreed to automatic compensation for ACP countries whenever their commodity export earnings fall below agreed reference prices.

Cheysson told Washington newsmen that trade was more important than aid to the Third World. He hoped the US trade bill would be passed with similarly realistic measures to those being undertaken by Europe.

Said Cheysson of the "breakthrough" decision on export earnings: "We were on the brink of complete failure when it was decided to make this jump forward. Now, all problems of significance have been discussed between the 44 and the Nine. There is no doubt that we are decided to make an agreement by the end of November."

Cheysson said the 44 had "demanded -- there is no other word" the earnings stabilization program: but it would only be really meaningful if it became worldwide. All Europe could offer was an "insurance plan" with an "automatic right" to compensation.

Cheysson stressed the need to go beyond the 44 countries with emergency aid. India's import bill, he said, was up this year by \$1.5 billion, with no quantity increase: yet India would only receive about a billion dollars of aid during 1974. Bangladesh's economic situation was even more critical.

Europe would give \$500 million of emergency aid worldwide: it hoped other major nations would supply a further \$1 billion and the oil producing nations an additional \$1.5 billion.

"If this emergency action does not take place we are going to hear a lot about this (problem) because the sufferings of these countries will very soon be beyond any control," Cheysson stressed.

Asked if he didn't think a recession might make it impossible for the developed countries to fulfil any obligations they might want to undertake toward poorer states, Cheysson said he did not think the current trend of inflation would cause a real recession.

A thorny problem remaining on the EC-ACP negotiating agenda is the size of the European Development Fund for the five-year period. Europe has proposed \$3 billion. ACP delegations have mentioned figures three or four times as high. Meanwhile, Europe's food aid program -- still modest compared to America's -- will cost \$300 million this year and will probably top \$400 million in 1975.

The EC also plans to encourage European industrial investment in the developing nations, and expand technical cooperation with them.