

# INFORMATION DEVELOPMENT AID

## TOWARDS A EUROPEAN POLICY FOR DEVELOPMENT AID ?

20/72

On September 26, the Foreign Affairs Ministers of the Six European Community countries, together with the Ministers in charge of cooperation for overseas development, opened the first discussions since the formation of the European Economic Community in 1958, on the formulation of a community policy for development aid.

This meeting of the European ministers who have development aid as part of their responsibilities, is the culmination of a step taken by the Commission in July 1971. This was when it submitted for consideration by the Six governments, the European Parliament and the Economic and Social Committee, a "Memorandum on a Community policy for development cooperation".

This was a summary document of some forty pages with technical appendices. It was to be completed at a later stage by a more detailed document, setting out the methods of action recommended by the Commission.

The Commission's aim in submitting this Memorandum was to open a thorough discussion in the Community institutions on the orientation and instruments for an overseas cooperation policy, which would better enable the Community to assume, in the future, the responsibilities attached to its position as a great economic group with political implications.

The Commission did not wish to delay the compilation of this Memorandum, because it was convinced that the time had come for the Community to give tangible expression to its desire for its own progress to be more closely bound up with that of developing countries. It was the time when the Community was taking steps towards economic and monetary union; when preparations were in hand for the enlargement of its membership; and when the second development decade was just beginning.

### A community policy .....

The call is for a community policy not merely for a policy of the Community nor yet a common policy. It is worth examining the significance of this new piece of European jargon. &

It is not possible to talk of the Community and development aid without also talking about the member States of the Community. Though development cooperation is a large part of the external policy of the individual States, the Community and its members in fact share the capacities and instruments of cooperation which are intended to serve the same objective. It is thus impossible to draw a definite line between the policies of member States -- which have their hands on the essential levers of technical and financial cooperation -- and the policy of the Community which, in its common commercial policy, wields an important tool for cooperation.

The Commission takes the view that a common development cooperation policy, in the real sense, will only be possible when considerable progress has been made towards economic and political union.

On the other hand, it considers the time has come for the gradual working out of a Community conception of this cooperation, and for a progressive coordination of the policies of the member countries. This should be aimed, not only at a more coherent application of the financial and technical aid policies, but also at a more definite cohesion between internal economic policies (agriculture, industry, social etc) and the cooperation policy.

Four lines of policy are absolutely necessary .....

The Commission proposed that the community cooperation policy should be based on four master-lines of orientation :

- 1.- The effectiveness of the cooperation policy depends on, inter alia, the compatibility of internal economic policies with the external objectives sought through cooperation. The importance of this is shown by the inability of the Community, up to the present, to subscribe to the world sugar agreement. This also shows how difficult it is to achieve the harmonisation required. The Commission accordingly recommends that the Community and its members should seek from now on to adapt their industrial, agricultural, social and other policies to this objective.
- 2.- Many inconveniences arise through the simultaneous existence of independent national policies, and the conflict of competence between the member States and the Community. In order to mitigate these, there should be organised co-ordination between the policies of the member States, both in relation to one another and in relation to the Community policy. Coordination, however, does not mean that the ultimate objective is to set up uniform and identical policies. The aim is, rather, to infuse a higher degree of cohesion and effectiveness into a collective approach in which the different levels of decision will continue to co-exist.
- 3.- Though the Community should not lose sight of its general responsibility to developing countries, it must extend and improve the cooperation into which it has entered on a preferential basis -- on the one hand with various countries in Africa south of the Sahara and, on the other, with the countries of the Mediterranean basin.

- The continuity of the Association with African countries and Madagascar, which was reaffirmed by the Community in the course of the enlargement negotiations, calls for the maintenance of the 3-fold structure -- free trade, technical and financial cooperation and institutionalised relationships. This structure is a condition for the economic effectiveness and the political significance of the Association.

In so far as the enlargement of the Community may lead to the Association being extended to other countries, principally African countries, practical solutions must be sought to any problems which may arise through this extension, in terms which do not prejudice the basic structure of the Association.

- It is in the interest of the Community that existing commitments in respect of various Mediterranean countries be made more homogeneous, and also more effective, by the progressive completion of the commercial clauses of the agreements in question, by financial and technical cooperation measures which should also cover various problems of a social character.

- In addition to this regionalised policy of preferential relationships, the Community will continue to cooperate in measures on a world scale and will extend the discussions already opened with the countries of other regions, such as Latin-America.

4.- Apart from the resources required for strengthening the cooperation with the Associated African countries and the countries of the Mediterranean basin, the Commission considers it indispensable that the Community should be progressively given additional means for technical and financial cooperation to enable it to conduct a policy which is geographically better balanced. It will of course be necessary to act selectively, and to seek to secure that this policy and the action taken nationally by the member States, are satisfactorily complementary.

#### An initial series of actions

On February 2, the Commission adopted a programme for a first series of actions. This was intended to provide a more precise definition of a first series of concrete measures, selecting some of the actions postulated in the original summary document. This did not, however, imply in any way that those which were not now put forward should be laid aside. All the action proposals contained in the summary document, and the spirit underlying them, are therefore still valid.

#### Measures to aid exports from developing countries

1.- The Community should adhere to the new international coffee agreement, so as to help improve the utilisation of the various mechanisms already existing under the present agreement; and it should make a significant contribution to the diversification Fund of the international coffee organisation.

2. The Community should take an active part in the negotiations for an international cocoa agreement, without ruling out the possibility of an international agreement in which all the consumer countries do not immediately participate.

3.- The Community should take into account the interests of developing countries which are producers of sugar, by maintaining a deficit of sugar production in the enlarged Community.

4.- Steps for trade promotion should be taken in favour of developing countries. Among other measures these should include vocational training for those engaged in production and export activities; encouragement for the setting up of commercial cooperation offices for developing countries, and coordination between these centres on a Community basis; the supply of information to commercial counsellors of developing countries in matters connected with Community legislation; and technical assistance in the improvement and standardisation of product quality.

5.- Progressive elimination of excise duties on tropical produce.

6.- Protection of local descriptions of food products.

#### Other measures

1.- More intensive and regular public aid appropriations, resulting not later than 1975, in the annual transfer of public funds to the benefit of developing countries equivalent, at least, to the target figure of 0.7 % of the aiding countries' G.N.P.; and the incorporation of the public development aid programme in the medium-term economic policy.

2.- Reduction of the indebtedness of developing countries by improvements in the terms on which aid is granted.

3.- Introduction on the Community scale of a progressive de-restriction of the aid.

4.- Coordination on the Community level of the aid and technical assistance measures, through the generalised extension among Community countries of the system of mutual information relating to requests for aid received from developing countries and the action intended in respect of them.

5.- Encouragement of improved regional cooperation among the developing countries themselves, by a systematic cultivation of relationships with the regional groups of developing countries and the provision of specific technical assistance.

#### A first step towards a European policy

When the ministers of the Six countries held their meeting on Tuesday September 26, they had been able to study in detail the proposals made by the Commission in the two documents in question.

They were thus able to give an extended account of their views, with the overriding desire to make progress without impinging on the work of the forthcoming Summit conference.

The Ministers called attention to the insufficiency of the development aid contributions made by industrial countries, including the countries of the Community. They regretted that the attitudes of the Six in international organisations still lacked sufficient coordination and were apt to throw doubts on the efficiency of the Community, and even on its Community character.

Some delegations considered it desirable that the aid problem should be approached from a world angle, but without neglecting the regional responsibilities of the Community in Africa and the Mediterranean.

Others considered that the regional experience with the Associated African States and Madagascar should be used as a starting point in seeking for measures of cooperation which would be more widely open to other developing countries. One of the particularly important results of this ministerial session was the recognition that these two approaches lead broadly to the same conclusions.

#### From desire to decision

Commissioner J.F. DENIAU put special emphasis on three points. The first was that the world approach and the regional can very legitimately be regarded as complementary, and this view must necessarily supercede the sterile opposition between them. The second was the necessity for harmonising the national aid with the Community aid, strengthening the latter without seeking to eliminate the former. Thirdly, and most important, was the necessity for treating the different aspects of development aid (finance aid, basic products etc), not as separate items, but as part of a general picture, taking account of its impact not only on the external policy, but also on the internal policy (agricultural policy, industrial policy and others) of the member countries. M. DENIAU suggested there should be an agreement of principle covering the work of the Council, and that a working party be set up at a sufficiently high level to take account of all the sectors involved, all the aspects and all the implications of development aid.

The Council thereupon decided that an ad hoc working party should be set up, and that its membership and terms of reference should be discussed as early as possible. The work of this ad hoc group would be based on the documents already put forward by the Commission, on the observations contributed by member governments, the work of the Council and subject, of course, to the results of the Summit conference. The group is to make its first report to the Council before May 1, 1973. The Commission is to take an active part in this work; and M. DENIAU emphasised that it will insist on the competence assigned to the members of the ad hoc group being as wide as possible.

#### Awaiting the Summit

After this meeting, the six ministers declared themselves well satisfied with the results achieved.

It had in fact been their first meeting specifically devoted to development aid, and the quest for a Community policy relating to it. They had succeeded in opening the way to a coordination of national policies with Community policy; and to a permanent consultative machinery which would enable effective Community action to be taken in this field. It would facilitate the smooth development of this, taking account, on the one hand, of existing links with the Mediterranean and African countries which reflect the special position in regard to Europe, innate in the previous history of these countries; and, on the other, of the wider responsibility of the Community in relation to all the developing countries in the world.

The desire was unanimously expressed to eliminate overlapping and wastefulness. If this is indeed brought into practice, the national and the Community policies for development aid will no longer be in competition with one another, but will form parts of a coherent whole.

If Europe is indeed able to organise, and if it issues a mandate for its representation as a unit in international bodies with competent executive organs, it will become a valid party in dealings with the Third World.

The ministers, however, took the view that is is for the European Summit conference, on October 19 and 20 next, to issue the directives needed to determine the targets to be reached in the years ahead.

---

Reproduction authorised, with or without indication of source; voucher copies would be appreciated.