

The Council

Third Meeting of the Association Council
(Tananarive, 18 May 1966)

PRESS RELEASES

The third meeting of the Association Council was held on 18 May 1966 at Tananarive (Madagascar), with Mr. Marcel FISCHBACH, President in office of the Council of the European Economic Community and Minister, Deputy to the Minister for Foreign Affairs, of Luxembourg.

The spokesman for the Associated African and Malagasy States was Mr. MEATCHI, President in office of the Co-ordinating Council of the Associated African and Malagasy States and Vice-President of the Government of Togo.

During this meeting, the Association Council examined the following points:

- it took note of the Association Committee's report for the period from 7 April 1965 to 17 May 1966.

- on the nomination of the Associated States, the Council appointed Mr. KOUNKOUD (Congo- Brazzaville), as an alternate Judge of the Court of Arbitration.

The Council also settled certain outstanding administrative questions in connection with the Court of Arbitration.

- As regards the definition of the concept of "products originating in", the Association Council noted that neither the Community nor the Associated States had been able to give their agreement on the few products whose origin is still to be defined. For this reason, the Council agreed to hold a special meeting in October next at Brussels, in order to settle this question finally.

There is in fact only a very limited number of products to be discussed.

- The Council then dealt with one of the most important items on the agenda, i.e. the definition of the general pattern for financial and technical co-operation. Thanks to the goodwill of its members, the Association Council was able to reduce the few differences which still remained between the Associated States and the Community and adopted the resolution by which the general pattern for financial and technical co-operation is defined. (See Annex)

- The Council next adopted a decision delegating to the Association Committee the power to adopt the second annual report which the Council is to forward, pursuant to Article 50 of the Convention, to the Parliamentary Conference of the Association. It will be recalled that this report enables the Parliamentary Conference to have an exchange of views on the Association Council's work.

In fact, the Council had the opportunity of examining the resolution which the Parliamentary Conference adopted at its second meeting held last December in Rome, and took note of this resolution.

- At the request of the Community, the Association Council held the last consultation, provided for by Article 58 of the Convention, on the current negotiations between the European Economic Community and the Federal Republic of Nigeria.
- During this consultation, the Council had an exchange of views on a number of questions of special interest to the Associated States.
- The Council then embarked upon the consultation with the Associated States on the current Kennedy Round negotiations.

- In fact, in the current G.A.T.T. multilateral negotiations at Geneva, the Community proposes shortly to submit offers on certain tropical products of particular interest to the Associated States.

During this consultation, the Associated States informed the Community of their position as regards its proposals and placed particular emphasis on those among them which are likely to damage their interests.

- The Community took note of these statements by the Associated States and indicated that the Council of Ministers of the E.E.C. will shortly discuss all the problems raised during the present meeting.

- As regards the implementation of Annex IX to the Final Act, which refers more particularly to the marketing of bananas in the Federal Republic of Germany, the Council had a broad exchange of views on the conditions under which this could be facilitated. In this connection, it heard a detailed statement by the representative of the Federal Government of Germany and also several statements made on behalf of the eighteen Associated States by various representatives of countries which export bananas.

This exchange of views enabled the countries in question to underline the obstacles which at present stand in the way

of a satisfactory outlet for bananas in the Federal Republic of Germany. It could be observed that the will exists on both sides to do everything possible to examine the nature of these obstacles in an appropriate manner, and to work out means of eliminating them as far as possible.

- The Council also examined the problems raised by the implementation of the Community's common agricultural policy for fats and oils.

The Community had the opportunity of giving detailed information on the results of the discussions which the Council of the Ministers of the European Economic Community had on this subject on 9 and 10 May last.

The Associated States concerned expressed to the Community their satisfaction in this respect, while insisting on the need for concurrent timing in the working out and putting into force of the agricultural regulations in the fats and oils sector, independently of whether the products in question are European or are similar and competing products originating in the Associated States.

- The Council finally decided to meet again in special session at Brussels in October next.

RESOLUTION OF THE ASSOCIATION COUNCIL

During its third meeting held at Tananarive on 18 May 1966 and pursuant to Article 27 of the Convention, the Association Council defined the general pattern for financial and technical co-operation as follows:

I. OBJECTIVES OF FINANCIAL AND TECHNICAL CO-OPERATION

1. Directly productive investments

Without neglecting efforts in the infrastructure sector, it would be desirable to encourage interventions in the directly productive sectors by the greatest possible use of the whole range of means provided for by the Yaoundé Convention, while taking into account the economic and social structure of the country in question, and the stage reached in its development.

2. Diversification of economies

The diversification of the economies of the Associated States by means both of the European Development Fund and the European Investment Bank is one of the principal objectives of financial and technical co-operation. It must be accomplished:

- a) by widening the range of agricultural and industrial production both for domestic consumption and for export, in order to make up to some extent for the deterioration experienced in the Associated States' terms of trade;
- b) by developing the search for and exploitation of mineral resources;
- c) by encouraging the establishment of an industrial basis, in particular through the processing of local products;
- d) by reforming the production and marketing structures of agriculture, stock raising, fisheries and craft industries, by the use of credits for capital equipment, amongst other methods;
- e) by developing services (transport, tourism, etc. ...).

In this field, care will have to be taken to avoid badly co-ordinated interventions which are likely to lead to over-production and competition harmful to the interests of the Associated States.

3. Concentration of efforts

In order that the Community's financial aid may have a rapid and lasting effect on the structures of the Associated States, it will be necessary to promote the attainment of objectives which are of decisive significance and importance for the economic and social growth of these States; this requires in particular the concentration of efforts on certain key sectors of activity or of geographical development zones. In this connection, particular attention should be given to schemes which are of interest to two or more Associated States.

4. Creation of local means of development and operation

In the choice of schemes preference should be given to those which are likely to assist the Associated States in question in creating their own means of development and operation. This would make it possible to increase the number of operations which can be financed out of local resources.

5. Stimulation of efforts by producers

As far as possible, schemes must be chosen in such a way as to stimulate efforts by producers and undertakings in the countries concerned, and the investment of new capital, either local or foreign, in order to enlarge existing undertakings or set up new ones.

6. Attention to regional schemes

In order to encourage the development of intra-African co-operation and trade, particular attention must be given to schemes of regional interest, with a view to increasing the extent to which the economies concerned complement each other.

7. Harmonious and balanced economic and social development of the Associated States

With a view to promoting the harmonious and balanced development of all the Associated States, the Community should, whenever necessary and taking into account those factors which in any case delay the action of the European Development Fund in the development of certain countries, take special measures with the final objective of raising the standard of living in the A.A.M.S.

In addition, in appropriate ways and within the context of the Yaoundé Convention, the Community could also help certain Associated States to obtain credits from the European Investment Bank.

8. Initiative of the Associated States in the choice of schemes

The initiative in submitting schemes belongs to the Associated States, who are to judge the priority which must necessarily be accorded to the respective schemes when submitting them.

The contacts between the Community and the Associated States, which are provided for in Article 22 of the Convention, should be continued and as far as possible intensified during the examination of schemes or programmes.

9. Recurring expenditure

In the selection of schemes, the greatest attention must be paid to the recurring expenditure, estimated in a realistic manner, which such schemes may entail, and more particularly their possible effects on the operating budgets of the beneficiary States.

II. MEANS AND CONDITIONS OF FINANCIAL AND
TECHNICAL CO-OPERATION

10. More balanced utilisation of the various financial
and technical means

With a view to a full and balanced utilisation of all the financial means placed at the disposal of the Associated States by the Convention, the possibilities of financing by means of repayable aids (loans on special terms out of the resources of the Fund and loans out of the resources of the European Investment Bank) should be used more often for schemes or parts of schemes which show the characteristics required for this type of financing, in view of their economic interest, the profits deriving therefrom and the amount of debt which the State concerned can afford.

To this end, the Associated States should favour the submission of schemes falling within these criteria.

11. Utilisation of financial means under the best
possible economic conditions

The amounts allocated for financing schemes or programmes must be expended to the best economic advantage. In this connection, the Associated States and the Community should, within the limits of their respective competences, see to it that:

- The cost of schemes and their realisation are not affected
 - a) by too great delays between the approval of schemes, and their realisation;
 - b) by the absence of normal conditions of competition, due in particular to administrative regulations and practices which are likely to hinder the normal play of such conditions;

- Any delays occurring in the execution of schemes which have already been approved should be made up as rapidly as possible.

In addition, the Associated States should ensure the good maintenance and the smooth operation of the schemes.

12. Efforts by the Associated States themselves

In order to obtain the maximum value from the Community's aid which will always have a supplementary character, the efforts of the Associated States themselves should, where necessary with the technical assistance of the Community, mainly relate to:

- a) a rational programming of economic development and a judicious utilisation of the various resources available;
- b) an economic policy which is likely to encourage and to increase, within the framework of such programming, any initiatives - private initiatives in particular - in the activities contributing to the development of the economy as a whole;
- c) a financial policy which will enable the State concerned to increase its own financial participation in its development as far as possible.

In addition, schemes must be conceived in such manner as to:

- increase public revenue and avoid a disproportionate increase of public expenditure (taking increases in population and economic expansion into account);
- encourage an increase in external revenue and keep external expenditure within adequate limits, with special reference to current payments, so that a balance of currency movements may be ensured.

13. Seconded supervisors

The introduction of a "seconded supervisor" for each Associated State could be a successful initiative. It would be advisable however for the duties of such supervisors to be defined and specified beforehand to the State concerned.

III. AIDS FOR PRODUCTION AND DIVERSIFICATION

A. AIDS FOR PRODUCTION

14. Aids for production in the true meaning
of the term

The following measures should be taken within the framework of the Convention's provisions:

- adjustment of norm prices in relation to the incidental factors which fall outside the powers of decision of the Associated States,
- when fixing the annual support instalments, account must be taken of the gap between the recorded cost price and the selling price,
- the possibility, taking economic requirements into account, of carrying forward to later instalments credits which have not been used,
- the possibility of benefiting, at the same time, for one and the same product, from price support measures and loans to price-stabilisation Funds,
- loans to price-stabilisation Funds must not bear interest during the agreed period for such loans.

15. Structural improvement of cropping

In order to modernise the agricultural structures which exist in the Associated States, it would be advisable to follow carefully any actions undertaken by the A.A.M.S. to place trained agricultural personnel in rural areas and to introduce rational production methods and new and selected varieties. In this connection, the Community must give priority to the acquisition of appropriate agricultural production equipment which can be used by African and Malagasy farmers who must be the primary beneficiaries of Community aid.

The Community will continue to examine possibilities offered by co-operation with the Euratom Commission with a view to studying the improvement of plant and animal production. The follow-up to be given to such studies will be decided in due course at the initiative of the Associated States concerned.

B. AIDS FOR DIVERSIFICATION

16. Agricultural diversification

Alignment with world prices, advocated by the Yaoundé Convention, implies such diversification by the very fact that world prices do not, in a number of cases, enable production of existing products to be profitably maintained, let alone increased.

Moreover, the need to be competitive on a world market and in particular on the market of the Community necessitates the taking of indispensable and adequate measures.

The Community and the Associated States must therefore participate in agronomic research with a view to determining the plant varieties of most interest. This effort must also extend to agricultural products which could bring about an improved balance in the diet of the local populations and a saving in

currency for the countries concerned (rice, sorghum, manioc, yams, potatoes, beans, etc. ...).

17. Industrial diversification

Within the context of surveys relating to the industrialisation of the Associated States undertaken by the Commission, the following points should be emphasised:

- The Associated States must continue to be consulted and associated with the Community's work in order that fruitful discussions may continue. This co-operation would prevent overlapping in the broad lines of the various development plans and of the programmes resulting from such surveys.
- There is a need to plan on the scale of a viable economic area, while paying attention to the dangers of unbalanced development within a given region when certain criteria are not sufficiently observed.
- Although such industrialisation is at first characterised by the setting up of units for consumer goods production, the study of the advisability of setting up units for the manufacture of production equipment should not however be neglected.

IV. TECHNICAL ASSISTANCE AND CO-OPERATION

18. Technical assistance before and during investments

The States concerned must continue to be associated with the staffing of research establishments. It will be recalled that the choice of staff for research establishments, whether set up in the Member States or in the Associated States, is essentially guided by criteria of experience, efficiency and independence and is based on the provisions of Article 25 of the Convention.

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19. Technical assistance following investments

In view of the fact that shortage of staff constitutes a serious obstacle to the initiation and utilisation of investments financed by the Community, all the required attention should be paid to the possibilities offered by Article 4 of Protocol No. 5 of the Convention.

20. Staff training and vocational training

An investment policy is only of value to the extent that a programme for training people who will be responsible for carrying out and exploiting such investments is undertaken simultaneously.

In order to carry out such a task, the particular situation of each Associated State must be kept in mind.

a) Type of training

Efforts relating to the training of staff, in particular the middle grades of administrative personnel and of the public services, and efforts relating to vocational training should be increased, in close connection with development schemes financed by the Community. This must be done in such manner as to facilitate the replacement of European technical assistants and to ensure the correct management of the investments effected, particularly in the agricultural sector.

b) Place of training

The training of middle-grade staff and as far as possible of senior staff should be carried out in the Associated States and must be related to both the possibilities and the requirements of these States.

In this connection, it would be advisable to strengthen action already undertaken with a view to widening the possibilities of training in situ and also to encouraging the setting up of specialised establishments whose programmes should supplement each other without duplication and which should be adapted to the actual needs of the Associated States and should cover one or more Associated States.

c) Co-operation between the Associated States and the Commission

The Associated States would like to see a closer co-operation with the Commission as regards everything concerning scholarships and discussion group activities.

21. General surveys

General surveys financed by the Community will be carried out in close co-operation with the competent authorities of the Associated States.

The results of such surveys will continue to be communicated in due course to the Associated States.

This text enters into force on 18 May 1966.

Done at Tananarive on 18 May 1966
The President of the Association Council

Marcel FISCHBACH