

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 505 final
Luxembourg, 7 July 1976

Proposal for a

COUNCIL REGULATION

establishing a European agency for trade cooperation with the developing
countries

(submitted to the Council by the Commission)

COM(76) 505 final

EXPLANATORY MEMORANDUM

I. INTRODUCTION

On 30 April 1974 the Council adopted two resolutions, one on improving the Generalized System of Preferences (GSP) and the other on financing, by appropriations to be entered in the Community Budget, specific technical assistance schemes to promote the exports of non-associated developing countries; trade promotion is also provided for in the Lomé Convention.

In the meantime in another resolution, adopted on 3 March 1975, the Council has confirmed its will to make a sustained and progressive effort to improve the generalized preferences, in particular by encouraging the beneficiary developing countries to make better use of the Community's GSP by providing them with more information on it. It is in this context that the idea of creating an Agency has grown up : the task of the Agency would be, amongst other things, to help improve the utilization of the Community's generalized preferences. The idea received immediate support from the European Parliament (which dealt with this question at length in 1974 and 1975), from the Economic and Social Committee (in an Opinion dated 15 September 1975), from the national administrations of the Nine (see Annex II: Report by Mr di MARTINO) and finally, of course, from the beneficiary countries.

II. NATURE OF THE NEW TASKS

In the field of generalized preferences, the national administrations would like to improve both the qualitative and the quantitative use of GSP by disseminating documentation, information and advice to the users. with four aims in mind :

- to make its use easier for the developing countries which have to unravel the complexities of the Community's scheme;
- to spread its use more evenly over the whole Community and increase utilization while adapting it to the structural and cyclical trends of the economic sectors of the Community affected by the GSP;
- to spread its use more evenly among the various beneficiary countries;

- to make its use more profitable for developing country exporters, especially as regards the financial advantages.

Here are some figures that will give a better overall picture :

YEAR	<u>POSSIBILITIES OFFERED</u> <u>UNDER GSP</u>	<u>UTILIZATION</u>	<u>%</u>
1974	3.250 m.u.c.	2.100 m.u.c.	65
1975	3.680 m.u.c.	2.450 m.u.c.	67
1976	4.600 m.u.c.	2.700 - 3.000 m.u.c.(1)	59 - 65
1977	6.470 m.u.c.	3.000 - 3.500 m.u.c.(1)	46 - 54.

A more detailed analysis would reveal that the drop in the utilization rate is concentrated essentially in the sector of non-sensitive products and that the bulk of imports under the GSP is increasing steadily in the sectors of sensitive and semi-sensitive products.

The new tasks, which will essentially involve execution, will consist in supporting the Community's GSP by helping to promote an economic impact more favourable to the developing countries and better adapted to the Community economy.

As all the action envisaged is directed primarily at private enterprise, the new tasks should be designed, carried out and administered in accordance with the methods and standards used in the private sector.

The tasks will involve the collection and processing of a vast amount of data. The work will cover all agricultural and industrial products (2.429 tariff lines covered by the 1977 GSP scheme). The information collected will be available to all actual or potential users of the preferences in the Community and in all the non-member countries concerned. All the work concerned with distributing documentation, providing information and advice will naturally call for methods suited to the specific character of the Community's scheme of preferences and the complex rules governing its operation.

Hence this action will be quite different from anything done in the way of trade promotion to be described later.

In the field of trade promotion, the implementation of the trade promotion action programme for the 46 ACP States and increasingly for the other developing

countries means a considerable increase in the workload all requiring the Commission's staff to take action very quickly.

The new and additional tasks to be carried out, because of the need for speed in them, of their operational and commercial nature, in direct and constant contact with the private sector, are more and more difficult to reconcile with the administrative and financial procedures which are the Community's.

It should be noted that many trade promotion schemes take place on dates set by independent bodies and these dates cannot be changed. It follows that the preparation of these schemes must be carried out within a strict time schedule, which is generally short, with the help of many people or companies established in the developing countries and in the Community and that, for this reason, it is difficult to use normal channels of communication and administrative decision-making procedures to carry out this type of work.

Experience has shown that the national administrations of the Member States have come up against similar difficulties in trying to carry out promotion schemes for national products on foreign markets; they have solved the problem by setting up specialized bodies, with semi-public status, which are the instruments for carrying out the policy designed and decided upon in the Ministries for Foreign Affairs, Economy and Foreign Trade.

The solutions which have been proven at the national level have largely inspired the thoughts below.

III. CREATION OF A COMMUNITY AGENCY

The operational requirements described above, although they differ according to whether they concern the GSP or trade promotion, do run parallel to and complement each other in many respects : they are undoubtedly the result of the broadening out of Community action in respect of the developing countries in the field of trade relations. They make it necessary for an appropriate body to be set up under the control and responsibility of the Commission, charged exclusively with carrying out everything related to the schemes, programmes and projects mentioned above.

It could be in the form of a "Community Agency" to cover both GSP and trade promotion. This Agency will be put under the responsibility and control of the Commission. For reasons of a practical nature it will have its headquarters in close proximity to the Commission and the developing countries' trade missions, or diplomatic missions as the case may be.

The Agency, whose establishment is proposed, will be called on to work in the main with various parties in the private sector. Its working methods and its staff will therefore need to be adapted to this requirement. Hence the duties assigned to this Agency are by definition duties which officials of the Commission who are bound by Staff Regulations and by nature inclined to be cautious, will not be able to take on.

IV. DESCRIPTION AND DISTRIBUTION OF TASKS

The mission of the Agency is to carry out duties intended to facilitate generally the achievement of the Community's objectives in the field of trade relations with the developing countries through practical schemes in two distinct but complementary fields: use of the GSP and trade promotion.

Because of this dual purpose, the Agency has two distinct departments, one for the GSP and the other for trade promotion schemes. The duties assigned to each of these two branches are described below :

1. The GSP Department will be responsible for three kinds of tasks (see Annex I/A)

a) Providing documentation on the GSP

- Setting up and operating three card index systems (of importers, exporters and other donor countries);
- Summary of the influence of the GSP on the export trade and economies of the developing countries and on the European import trade based on these three indexes (1) ;
- Factual summary on a comparative and ongoing basis of imports under the GSP into various donor countries.

b) Providing information

- Annual publication -in the official languages of the Community, in Spanish and if possible in Arabic - of a practical guide to the GSP;
- Updated statements for use by importers and exporters of the unused quota under each ceiling subject to surveillance and each individual maximum country amount linked to that ceiling (1) ;
- Organization of GSP users' meetings.

c) Providing advice for GSP users and industry in developing countries :

- On the advantageous effects of the GSP on trade contracts yet to be awarded;
- Through market-by-market or product-by-product factual evaluations in the Community.

2. The Trade Promotion Department will be responsible for the technical preparation of execution of the activities described below, in accordance with programmes agreed upon by the Commission following the appropriate procedures

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(1) The Commission is in the course of investigating what are the most suitable means of ensuring that the Agency achieves its objectives in the fields of statistics and data-processing. It will inform the Council as soon as possible of the result of this investigation.

in force for the EDF or for the general budget (see Annex I/B).

a) Assistance for participation by the developing countries in trade events

- Organization of fairs and "trade fortnights" in Europe and the developing countries.

b) Organization of trade missions and seminars

- Missions by European buyers to the developing countries;
- Missions by producers from the developing countries to Europe and, as part of these trade missions, the organization in the Member States of information seminars to provide an introduction to sales techniques and other more specific subjects.

c) Training and technical assistance

- Organization of training courses for the staff employed by the governments of the developing countries in the various official agencies responsible for the promotion of foreign trade and for commercial representation abroad;
- Providing experts to give technical assistance in setting up bodies such as Foreign Trade Centres or to help the public authorities to take steps to develop exports. Providing experts to help adapt production to market requirements (quality, design, etc.);
- Carrying out of market and marketing research for specific products and the follow-up to such studies;
- Distribution, especially at trade events, of all necessary commercial literature. Composing technical notes, specialized booklets, lists of trade addresses, etc. In the light of the development of its tasks, the Agency will be responsible for hiring consultants and qualified experts to carry out missions outside the Community to avoid an inappropriate expansion in its own staff.

V. NATURE OF THE AGENCY

The Agency will be set up as a European agency with legal personality and financial autonomy under Commission supervision (see the establishment schedule at Annex III). The Agency's work will be subject to the rules of business management, receive support from similar national bodies in the Member States and would be in direct contact, as far as necessary, with :

- the developing countries' offices for the promotion of foreign trade;

- the offices of the developing countries' commercial or economic representatives;
- the private bodies for liaison between the Member States and the developing countries (Chambers of Commerce, etc.);
- the private sector, especially business firms.

VI. STRUCTURE OF THE AGENCY

The Agency will be headed by an Executive Director assisted by two Heads of Department. The managing Director and the two Heads of Department will be appointed by the Commission.

The staff structure will be as unbureaucratic as possible so that it is suited to the private sector work requirements. As is customary, it will have administrators (two levels) and secretaries (two levels).

The organization of the GSP Department of the Agency is based on the principle of dovetailing responsibilities horizontally (categories of products) and vertically (importers' markets, beneficiary and donor countries). This Department consists of two teams (see Annex I/A).

The Trade Promotion Department consists of three teams, each corresponding to a major field of activity in the promotion of trade (see Annex I/B).

The two Departments will have a further service in common, which will deal with administration and accounts.

Details of the staff numbers are given in Annex I/C).

VII. FINANCING THE AGENCY

The financing of the Agency's operating costs will be covered by an annual subsidy from the budget of the European Communities, as well as by various other incomings.

The Agency will draw up and submit to the Commission for approval, not later than 31 March each year, the forecast of its operating costs for the following year. The forecast for 1977 is to be found in Annex I/D.

DIRECTORATE-GENERAL FOR
EXTERNAL RELATIONS

DIRECTORATE-GENERAL FOR
DEVELOPMENT

Brussels, 1st October 1976

A n n e x e s

DESCRIPTION AND DISTRIBUTION OF THE TASKS OF THE GSP DEPARTMENT AND OF THE TRADE PROMOTION DEPARTMENT

A. THE GSP DEPARTMENT

The GSP Department of the Agency will be responsible, on the basis of Commission directives and under Commission's control and responsibility, for three categories of activity.

1. Documentation

The purpose of the documentation work is to collect information essential for a better knowledge of the GSP's role in relation to trade and the economy.

To this end the GSP Department will compile and make use of index systems :

- one of importers who use or are affected by the GSP (urgently requested by the beneficiary countries) ;
- one of exporters in the beneficiary countries who use or are affected by the GSP (requested by the importers).

The GSP Department will undertake factual summaries of the GSP's impact on the industrialized countries' export trade, on the beneficiary countries' export trade and, subject to the information available, on the economy of the developing countries.

2. Information

The GSP Department's first task will be to publish in all the official languages of the Community, and in Spanish and Arabic, at the beginning of each calendar year, a practical guide to the Community's GSP. This guide will consolidate the many regulations and PTO decisions governing each annual scheme into a simplified but complete and precise manual of instructions accessible to all users (importers and exporters).

The second task will be to make permanently available to importers and exporters a continuously updated statement of the unused quota under each ceiling subject to surveillance and each individual maximum country amount linked to that ceiling (and, if possible, of each tariff quota and the corresponding national quota shares).

3. Advice

During a first stage, the GSP Department will be able to make available to GSP users on the importing and exporting sides the information (accompanied by appropriate commentaries based on factual summaries) contained in the indexes

of importers and exporters referred to above. Secondly, it would provide them with opportunities to meet and organize meetings for them together with the essential infrastructure. Precise details would also be supplied to all interested exporters, on a product-by-product basis, of the GSP tariff benefits which could be turned to good advantage to facilitate the conclusion of sales contracts.

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On the basis of these three categories of activity, the staff to be recruited by the GSP Department would be responsible for the fields briefly described below, subject to whatever form of organization is decided upon by the future Executive Director of the Agency.

The distribution of responsibilities is based on three key ideas :

- the staff structure will be as unbureaucratic as possible so that it can be adjusted to the private sector's requirements : it will be made up mainly of administrative and assistant administrative staff and of secretaries recruited on the basis of their qualifications and experience in the field of international trade;
- team work and joint responsibility will be the rule to prevent the illness or temporary absence of an official from blocking the activity of the Department especially as regards the collection and distribution of information regarding use of the GSP;
- areas of responsibility will be allocated horizontally (by categories of products) and vertically (import markets, beneficiary countries, donor countries);

Two teams, each with its own specific terms of reference, will be responsible for carrying out these tasks.

1. The first team will be a guidance and liaison unit responsible for :

- summarizing the use made of the GSP at the level of the various categories of product, the markets of the Member States and the markets of the beneficiary countries;

- liaison with the Commission's departments;
- preparing the GSP guide ;
- liaison with the corresponding organizations and the importers and industries concerned in the Member States and the beneficiary countries ;
- organizing meetings of GSP users ;
- studies and advice on the use of the GSP.

2. The second team will collect sectoral information and undertake analyses. This section will comprise three specialized subsections responsible respectively for the following sectors, which correspond to three specific areas of application of the GSP:

- agricultural products (chapters 1 - 24 of the CCT), including agricultural products subject to tariff quotas; markets of the United Kingdom, Ireland and Denmark;
- textile products and industrial products subject to tariff quotas or "hybrid" ceilings; markets of France and Italy;
- semi-sensitive products with ceilings to subject to surveillance and non-sensitive products; markets of Germany and Benelux.

For its analyses, the team will make use of the index of importers using the GSP and the index of exporters in the beneficiary countries using the GSP. It will have available for use the statistical data relating to the GSP in the three sectors referred to above and provide specialized information on each product involved.

ANNEX IB. THE TRADE PROMOTION DEPARTMENT

The Trade Promotion Branch will be responsible, on the basis of Commission directives and under Commission supervision, for all activities relating to the execution of the trade promotion programmes and projects decided upon by the Commission in favour of the associated and non-associated developing countries.

These tasks will be carried out by three teams each specialized in field requiring specific qualifications.

1. The first team will be responsible for the participation by the developing countries in trade events included in the Community programmes in favour of the associated and non-associated developing countries. Its duties will cover :
 - contacts with the management of fairs and specialized shows with a view to selecting and reserving exhibition sites;
 - contacts with major stores with a view to organizing "seminars" or "trade fortnights" for one or more developing countries;
 - contacts with the developing countries' trade promotion departments and offices with a view to determining the details of their participation : area of stands, nature of construction, choice of materials, interior fittings, decoration, additional equipment, products exhibited (quantities, volumes, etc.);
 - contacts with specialized bodies with a view to encouraging participation and with the mass media for the dissemination of information on the events;
 - contacts with trade organizations in Europe and in the developing countries with a view to the preparation, at trade fairs and shows, of meetings between those in the trade in order to improve the exchange of information between firms;
 - preparation of meetings (halls, organization and secretarial assistance) ;
 - hiring sites for the stands in fairs and large stores;
 - preparation of invitations to tender for the construction of the stands;
 - construction of the stands;
 - evaluation of the results of the participation by the developing countries in the trade events in terms of trading results and improvement of the quality of participation.

2. The second team will be responsible for organizing trade missions and its tasks will cover :

- studies, in liaison with European trade organizations, relating to European purchasing missions in the developing countries;
- approaches to the developing countries' promotion offices with a view to the organization of such missions in the country concerned;
- negotiations with trade organizations on the nature and amount of Community contributions;
- contacts with public or private bodies in the Member States that could assist the Community with the organization of these missions;
- contacts with travel agencies for the practical preparation of the missions;
- evaluating the trading results of the missions in question, in liaison with the subcontracting organizations.

3. The third team will be responsible for training schemes in the areas of trade and technical assistance and its main duties will be :

- preparation of seminars in the developing countries on marketing and international trade questions;
- recruiting firms or individuals to take charge of the courses, conferences product-by-product studies, group discussions, etc.;
- examining the developing countries' request for technical assistance in the very varied fields of marketing and sales promotion (quality, presentation, packaging, transport, agents, design, et. .), discussion with the representatives of the applicant developing countries of the job descriptions and evaluation of the results of these operations on the basis of reports supplied by the individuals or firms with whom contracts have been concluded.

- market research and surveys and, in general, trade information and documentation work;
- the implementation of any trade promotion schemes adopted by the Commission in favour of one or more developing countries. In general this involves promotion campaigns for a product on the market of one or more Member States;
- examining, together with the developing countries, the trade documentation they are preparing with the Community's aid and participation in drafting information sheets on products, specialized brochures and all other specialized documentation.

C. THE AGENCY'S STAFF COMPLEMENT

The staff are allocated as follows :

Managerial staff	8
Administrative staff	10
Technician	1
Administrative and accounting officer	1
Secretarial staff	12
Subordinate staff	2
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	34

In the opinion of the Commission the staff complement of 34 people matches up to the tasks of the Agency as described. Recruitment of personal will be carried out in a progressive manner as and when the different services of the Agency are brought into operation in relation to the development of their activities.

D. ORDER OF MAGNITUDE OF ANTICIPATED COSTS

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1. Initial installation costs	180.000
2. Operating costs	120.000
3. Expenditure on staff	<u>750.000</u>
	1.050.000

REPORT

on the creation of the GSP Documentation, Study and Advisory Agency

By contract signed with the Commission of the European Communities, the undersigned was charged, with a view to the establishment of the GSP Documentation, Study and Advisory Agency, with carrying out the following task on the Commission's behalf:

- (i) identifying the problems facing industries and importers' associations as a result of the generalized preferences and sounding out the ideas of national authorities on what the function of the Agency should be;
- (ii) making any suitable suggestions as to the tasks to be assigned to the Agency and as to its operation.

This is a report on the results of the mission which the undersigned was required to undertake.

Introduction

As soon as the first approaches had been made it proved necessary to sound out the beneficiary countries of the Community's GSP too in order to identify correctly their needs and desiderata. In agreement with DG I, these surveys were carried out with the help of the UNCTAD/UNDP team responsible for the GSP seminars project, that of the Indian representatives (India was the first country to support the idea of an Agency and to press for its creation subsequently), that of ASEAN and the Central American countries.

The first part of this report will sum up the main basic ideas which represent the points on which the views of each of these groups converged most closely. It will then set out, in the second part, the tasks to be undertaken by the Agency as suggested by these generally-held ideas and then make a few suggestions as to the operation of the Agency.

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I. The creation of the Agency: the ideas of the national authorities and the desiderata of the developing countries and of the private sector in the Community

As far as the national authorities are concerned, the need for the Agency is recognized. It should form the key element in the back-up for the generalized preferences.

The Agency should be used as the instrument par excellence for improving the utilization of the GSP, in other words:

- (i) easier use for all beneficiaries (the GSP scheme is very complex);
- (ii) more widespread use if possible over the whole Community and a greater use quantitatively through better adaptation to the

structural and cyclical trend of business in the Community (the sensitive and semi-sensitive sectors have reached saturation point as regards improvement; imports under the GSP are concentrated on the first sector and to a lesser degree in the second sector, while in the sector of non-sensitive products there are great opportunities for a wide range of products and on a large scale);

- (iii) better spread of utilization among the various beneficiaries (over 50% of imports under the GSP in the sectors of sensitive and semi-sensitive products come from five beneficiaries);
- (iv) more profitable utilization for exporters in the developing countries (because of insufficient information and no real security at the technical level for imports under the GSP, exporters hardly benefit from the financial advantages resulting from the duty-free arrangements).

The Agency should also be designed to fulfil the needs and desiderata of the beneficiary countries and their regional economic groupings in a practical manner. In this connection, it was stressed by all that the Agency, which is aimed at countries not associated with the Community, represents above all a political effort illustrating the Community's will to take on more responsibility in respect of those countries following the successful conclusion and bringing into operation of the ACP-EEC Convention of Lomé. This is why particular attention should be paid to turning the Agency to good account. This should be done in such a way - particularly as far as the timing and choice of international context are concerned - as to enable the Community to draw the maximum political benefit from it.

From the angle of industry the business situation is not favourable to new initiatives to promote the GSP. Although the GSP is not being called in question, there are doubts about the utilization - described as abusive - of the GSP by certain over-competitive countries. There is interest in the Agency as an instrument to moderate imports under the GSP, which ought to be reserved primarily to those from the developing countries that most need to export under the scheme. It is recognized that the Agency, in time

and given certain conditions, could be useful for establishing conversion measures, preparing for the transfer of certain industrial activities to the southern hemisphere and working out investment policy for firms.

For importers, the Agency fills a need. The International Wholesale and Foreign Trade Centre, which embraces the national horizontal organizations and European sectoral organizations, stressed the problem of uncertainty as to whether customs duties are to be reintroduced, which tends to complicate the award of purchasing contracts, and thought that the Agency should deal with the resultant difficulties. The importers are aware that their role is important: it is upon them and upon the consumers that the success and coverage of the GSP depend in the final analysis, especially when business conditions are difficult. The Agency could help them by enabling them to become better acquainted with the exporting firms in the beneficiary countries, their export products and, last but not least, the export barriers.

For a number of beneficiary countries which are reasonably representative, such as India and the ASEAN and Central American Common Market countries, the Agency - the creation of which was announced a long time ago and has now become urgent - could play a key role in improving GSP utilization. The question of security at the legal and technical levels crops up again and again: how can one make any industrialization plans (one of the three agreed objectives of the generalized preferences) when the GSP may at any time be reduced, or even withdrawn, since it is completely autonomous and often even arbitrary? How is it possible to negotiate sales contracts on good terms when the exporters cannot foresee the moment when the customs duty will be reintroduced? Inadequate knowledge of the GSP and the general lack of information on EEC markets place the developing countries' exporters in a situation where they are greatly dependent on importers. It will not, of course, be the Agency's job to solve political problems such as those concerning the duration of the GSP and security at the legal level; it could, nonetheless, contribute towards attenuating certain difficulties on the practical level. It could, for example, provide a certain degree of security at the technical level by making available to exporters among other things, up-to-date information on the degree of utilization of each quota (and each national quota share)

and of each ceiling, which is not yet possible at present. It could publish for each product information on the trend of GSP utilization and of imports over past years so that exporters have access to data on the size of the market and on competition. Above all, it should set up a central index of all importers by branch of industry. Every year, it should publish, in the most common languages, a guide to the very complex rules governing the annual schemes. It should also arrange meetings for GSP users: importers, exporters and even candidates for industrial cooperation projects. (A point that was emphasized was the provision of simultaneous interpretation because the language question was in many instances a major barrier to the development of contacts.) Finally, the Agency would enable exporters to have direct access to the information they need; this would facilitate the task of the beneficiary countries' authorities and that of their diplomatic missions accredited to the Community.

For the representatives of the UNCTAD Secretariat, and particularly for the UNCTAD/UNDP team working on the GSP project the Agency would be a precious instrument for promoting a better knowledge of the GSP and especially of its impact, which would make it easier to improve the utilization of the GSP and give a better distribution of the burden among the donor countries. The UNCTAD Secretariat expects the example given by the Community to be followed by other donor countries. It is prepared to cooperate with the Agency in the exchange of experience and information of all kinds.

II. Suggestions as to the tasks to be allotted to the Agency and its operation

1. The Agency's tasks

In the light of the requirements and desiderata described above, three types of task should be allotted to the Agency.

Providing documentation and information

The Agency's first task would be to publish in all the official languages of the Community and in Spanish, at the beginning of each calendar year, a practical guide to the Community's GSP. This guide would transform the numerous regulations and decisions governing each annual scheme into a simplified but complete and precise manual of instructions, easily understood by all users (importers and exporters).

The second task would consist in keeping, for use by importers and exporters, constantly updated statements of the unused quota under each ceiling subject to surveillance and each individual maximum country amount linked to that ceiling (and, if possible, of each tariff quota with its national quota shares).

Undertaking studies

The purpose of undertaking studies is to provide as systematic information as possible on the GSP's role in relation to trade and economy.

For this work, the Agency would base itself on three indexes it would have to compile:

- (i) one of importers who use or are affected by the GSP (urgently requested by the beneficiary countries);
- (ii) one of exporters in the beneficiary countries who use or are affected by the GSP (requested by the importers);
- (iii) a comparative index of imports under the GSP into the preference-giving countries.

The analyses and studies to be carried out by the Agency would concern the GSP's impact on the industrialized countries' import trade, on the beneficiary countries' export trade and, subject to the information available, on the economy of the developing countries.

Providing advice

The Agency would not be able to provide a true advisory service in the initial stages. It would be able to do this only later,

when it had built up a sufficient store of experience and when a number of political options had been taken at Community level.

During an initial stage, the Agency's scope in its advisory capacity would be somewhat restricted. To start with, it would make available to GSP users on the importing and exporting sides the information (accompanied by appropriate commentaries based on detailed analyses) contained in the indexes of importers and exporters referred to above. Secondly, it would provide them with opportunities to meet and organize meetings for them together with the essential infrastructure. Precise details would also be supplied to all interested exporters, on a product-by-product basis, of the extent of the GSP tariff benefits which could be turned to good advantage to facilitate the conclusion of sales contracts.

At a later date, the Agency would be able to extend its advisory activities:

- (i) for exporters by encouraging or facilitating the trade promotion of the developing countries' industrial manufactured products in the context of the GSP;
- (ii) for developing countries' industries by providing them with analyses of the prospects on the sectoral markets or even for specific products in the Community;
- (iii) for Community industries by providing data on the opportunities for extending their activities and establishing themselves in the developing countries.

2. The Agency's operation

To enable the Agency to carry out the threefold task sketched out above, a number of conditions have to be met.

First, as far as the design of the Agency itself is concerned, the idea is to set up an operational instrument that is effective and in as close touch as possible with the users. It should be neither a civil service department nor a consultancy bureau but a centre that provides a service and is

at the disposal of business firms. Placed under Commission supervision, the Agency should be able to operate in a sufficiently autonomous manner to adapt itself constantly to the working conditions and needs of the business world. The Agency should adopt the operational style of working used in the private sector.

The Agency should be provided with the appropriate means. The creation of a large unwieldy staff should be avoided: ten or so executive officers, with assistants and secretaries should suffice. The equipment should include adequate computer facilities and meeting rooms equipped for simultaneous interpretation. The Agency should be able to rely on having a sure supply of basic data, for example on use being made of the GSP (from the Commission and the national authorities).

Finally, concerning work methods, the Agency should concentrate to start with on the documentation and information side of its task. Only gradually, as it builds up its resources, will the Agency be able to begin carrying out studies and providing advice. The Agency should work in constant liaison with national centres of the same type ("Import Opportunities Office for the Developing Countries" in the United Kingdom", Centrum tot bevordering van de import uit ontwikkelingslanden" in the Netherlands, "Bundesstelle für Aussenhandelsinformation" in Germany, and so on) and cooperate with the GATT/UNCTAD Trade Promotion Centre and the UNCTAD Secretariat. In the initial stages the first bodies to receive the information on the unused balance of ceilings and tariff quotas should be the International Wholesale and Foreign Trade Centre and the trade promotion institutes of the beneficiary countries. In setting up the indexes of importers and exporters, the Agency should draw on the experience of the Import Opportunities Office for the Developing Countries which uses the "Company profile" formula to identify the firms requesting its services.

Brussels, 10 January 1976

M.V. di Martino

II

(Preparatory Acts)

COMMISSION

**Proposal for a Council Regulation establishing a European agency for trade cooperation
with the developing countries**

(Submitted by the Commission to the Council on 12 October 1976)

THE COUNCIL OF THE EUROPEAN
COMMUNITIES,

Having regard to the Treaty establishing the
European Economic Community, and in particular
Articles 113 and 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European
Parliament,

Having regard to the opinion of the Economic and
Social Committee,

Whereas by its resolutions of 30 April 1974 and
3 March 1975 the Council reiterated its wish to
improve the use of the generalized preferences
scheme and actively to contribute towards the
development of trade relations with the developing
countries; whereas it has to this end requested the
Commission to put before it concrete proposals for
the implementation of the resolutions adopted;

Whereas the appropriate use of the Community's
generalized preferences scheme, and the exercise of
the responsibilities incumbent upon the Community in
the matter of trade promotion for the benefit of the
developing countries raise particularly wide-ranging
and complex problems because of the volume of
trade involved and the interests at stake and whereas
the relevant implementing measures to be taken in
the Community and the developing countries must be
carried out under optimum conditions;

Whereas, with a view to facilitating Commission
action and making administration as flexible as
possible at the level of execution, a European agency
for trade cooperation with the developing countries
should be set up as a decentralized body managed on
business lines and under the supervision of the
Commission, for which it will receive Directives;

Whereas the Treaty has not provided the specific
powers necessary for setting up such an agency;

Whereas the agency will be set up within the
framework of the European Communities and will
function in accordance with Community law and
with the Directives given to it by the Commission,
and whereas the conditions under which certain
general provisions will apply should be defined,

HAS ADOPTED THIS REGULATION:

Article 1

A European agency for trade cooperation with the
developing countries, hereinafter called the 'agency',
is hereby set up.

It shall have legal personality.

In each of the Member States, it shall enjoy the most
extensive legal capacity accorded to legal persons. It
shall exercise its activity exclusively in the general
interest.

It shall be non-profit making.

It shall be managed on business lines.

The agency shall have its seat in Brussels.

Article 2

The aim of the agency shall be to facilitate by means of practical measures the achievement of the Community's objectives in the sphere of trade relations with the developing countries.

- (i) As regards generalized preferences its task shall be to provide information, documentation and advice for business firms, in particular Community importers and developing country exporters.
- (ii) As regards trade promotion, its task shall be the execution of projects and action programmes defined and approved by the Commission.

The agency shall, where necessary, ensure complementarity in these two fields.

In carrying out the tasks entrusted to it by the Commission the agency shall cooperate closely with the national bodies of the Member States specializing in trade cooperation with the developing countries and shall establish appropriate contacts with those concerned.

Article 3

The agency shall be run by a managing director assisted by two heads of department. The managing director and the two heads of department shall be appointed by the Commission. Their term of office shall be three years and shall be renewable. The managing director and the heads of department may be dismissed by the Commission.

Article 4

The managing director shall be responsible to the Commission for the administration of the agency. In the performance of his duties the managing director shall observe the general and specific Directives given to him by the Commission. He shall in all

circumstances submit to supervision by the Commission and be accountable to it.

The managing director shall be the legal representative of the agency.

The managing director may delegate his powers to the heads of department or to members of the staff of the agency.

Article 5

The managing director shall be assisted by a management committee composed of four members appointed by the Commission and selected from within the Commission's departments responsible for implementation of the generalized system of preferences and for trade promotion activities.

The task of the management committee shall be to advise the managing director, either at his request or on its own initiative.

The chairman shall convene the management committee at least twice a year, as agreed with the managing director.

Article 6

The managing director shall, by 31 March each year at the latest, send the Commission the operating budget of the agency for the following year. This budget, which shall include an establishment plan, shall be forwarded by the Commission to the Council with the preliminary draft budget of the European Communities.

The budget of the European Communities shall each year, under a specific heading, include a subsidy for the operating of the agency.

The managing director shall adopt the estimate of revenue and expenditure before the beginning of the financial year, adjusting it to the subsidy granted by the budgetary authority.

Article 7

The Commission shall communicate the annual action programmes to the managing director of the agency so that they can be carried out as soon as possible after the Community budget has been approved.

Projects not contained in the annual action programmes shall be sent to the managing director of the agency as and when they have been approved.

The appropriations to cover the operational expenditure of each department of the agency shall be fixed by the Commission when it sends each programme or project to the agency.

Article 8

The managing director shall, by 31 March each year at the latest, prepare an annual general report on the activities and financial situation of the agency for the preceding year and shall submit it, after receiving the opinion of the management committee, to the Commission.

Article 9

A balance sheet adopted on 31 December, to which a revenue and expenditure account is annexed, shall be drawn up annually. It shall be addressed, by 1 March at the latest, to the Audit Board provided for in Article 206 of the Treaty, which shall report on the agency's accounts.

The managing director shall each year draw up a management report on the preceding financial year.

The Commission shall receive, by 1 May at the latest, the balance sheet, the revenue and expenditure account, the report of the Audit Board and the management report of the managing director and shall grant the latter a discharge in respect of his management duties.

The above documents shall be annexed to the accounts of the preceding year and the Commission shall submit them annually to the Council and the European Parliament pursuant to the fourth paragraph of Article 206 of the Treaty.

Article 10

The provisions governing the staff of the agency shall be adopted by the Council, acting on a proposal from the Commission.

Article 11

The managing director, the two heads of department, the staff and all other persons participating in the activities of the agency shall be required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.

Article 12

The Protocol on the privileges and immunities of the European Communities shall apply to the agency.

Article 13

The contractual liability of the agency shall be governed by the law applicable to the contract in question.

The Court of Justice of the European Communities shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by the agency.

In the case of non-contractual liability, the agency shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by the agency or its servants in the performance of their duties. The Court of Justice shall have jurisdiction in disputes relating to compensation for any such damage.

Article 14

Member States, members of the management committee of the agency and third parties directly and personally involved may refer to the Commission any act of the agency, whether express or implied, for the Commission to examine the legality of that act.

Referral shall be made to the Commission within 15 days of the day on which the party concerned first became aware of the act in question.

The Commission shall take a Decision within one month. If no Decision has been taken within this period, the case shall be deemed to have been dismissed.

Article 15

The Commission is authorized to take all steps required for the setting up and operation of the agency and its bodies.

The initial cost of setting up the agency shall be charged to the Communities' budget.

Article 16

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

FINANCIAL RECORD

drawn up for the 1976-1977 budget years

A. PART I : INTERVENTION APPROPRIATIONS

Establishment of a European Agency for Commercial Cooperation with the developing countries.

1. RELEVANT BUDGET HEADING CODE

A new heading has to be created

2. TITLE OF BUDGET HEADING

Aid for the operation of the European Agency for commercial cooperation with the developing countries

3. LEGAL BASIS

113 and 235 EEC

4. DESCRIPTION, OBJECTIVES AND JUSTIFICATION OF THE PROJECT

The mission of the Agency is to carry out duties intended to facilitate generally the achievement of the Community's objectives in the field of trade relations with the developing countries through practical schemes in two distinct but complementary fields : use of the GSP and trade promotion.

5. FINANCIAL APPROPRIATIONS (in u.a.)

5.0 MULTI-ANNUAL TIMETABLE

1977 : 760.000 u.a.

1978 : 870.000 u.a.

5.1 PATTERN OF UTILIZATION DURING THE FINANCIAL YEAR NOW BEING PREPARED

The expenditure to be incurred during the financial year will be concerned with appropriations for operating. The Agency should start to operate at the beginning of 1977 and will reach its normal pattern of activities in 1978.

5.2 METHOD OF CALCULATION

For the equipment and the rent the prices have been calculated on the basis of those in effect in Brussels in 1976.

For staff costs salaries have been calculated on the basis of those which have been estimated for similar posts in the private sector plus expatriation allowances.

6. TYPE OF CONTROL TO BE APPLIED

The rules for financial control will be those provided by the financial regulation of 25 April 1973.

B. PART 2 : ADDITIONAL DATA TO BE PROVIDED FOR A NEW PROJECT (a)

7. OVERALL COST OF THE PROJECT FOR THE WHOLE OF ITS EXPECTED DURATION

The Agency's operating costs during the first year will be 1,050,000 u.a. Its operations will continue thereafter without it being possible to estimate the overall cost.

8. INFORMATION REGARDING STAFFING AND THE APPROPRIATIONS FOR ADMINISTRATIVE EXPENDITURE NECESSARY FOR THE IMPLEMENTATION OF THE PROJECT

The project will be implemented without affecting the present staffing of the Commission and does not necessitate additional administrative expenditure for the Commission.

9. PROJECT FINANCED FROM

The Budget of the European Communities.

(a) The Commission Decision of 28 November 1973 on new budget procedures mentions the need to draw up a "financial memorandum" for each new project consisting of the two parts of this financial record.