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Cooperation and
development : towards a
Community policy on a
world scale

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EUROPEAN COMMUNITIES
Commission

1. On 16 July 1974 the Council of the EEC, in the form of the Ministers responsible for cooperation and development, carried through an important stage in implementing a Community development policy. The Council approved two Resolutions. One concerned the principle of Community financial and technical assistance to the *non-associated* developing countries and the other bore on the harmonization and coordination of Member States' cooperation policies.

Approval of these two Resolutions marks the end of a preliminary phase in the work done within the Community since the end of 1972 to define, in accordance with the guidelines emerging from the October 1972 Paris Summit Conference, a 'global cooperation and development policy on a world scale'. It is now possible to draw up an initial balance-sheet.

2. That the Community has taken over fifteen years to advance in practical terms towards an overall cooperation and development policy—lack of which has been regretted not only by the developing countries—is mainly because the Treaty of Rome does not explicitly give any overall mandate to the Community in this respect. This is hardly surprising since cooperation in development is a relatively recent phenomenon which, in its true sense, postdates the creation of the Community.

Again, the fact that Member States have since been extremely hesitant to remedy this omission in the Treaty is largely because they regarded cooperation in development as a matter of foreign policy, which itself has long evaded every attempt at coordination between the Member States of the Community.

This being so, and unable to define a comprehensive policy towards the developing countries overnight, the Community has had to make do with the constituents of a cooperation policy.

The most familiar of these so far has been the *Association* policy, which though often criticized on account of the historical background surrounding its conception, has in its evolution

become the star example of a global approach to development cooperation, though one with geographical limitations.

A second element materialized in the shape of the *Community commercial policy*, which over a long period was the only available vehicle at Community level for a policy towards all of the developing countries.

Finally, for some years now the Community has been able to fall back on *food aid* as the only means of cooperation (outside of the commercial policy) which is not restricted to certain developing countries which have made individual agreements with the EEC.

Since they were not a Community responsibility, the other components of the cooperation and development policy, and particularly financial and technical cooperation (except as applied in the Association policy and represented by food aid), nearly all continued to depend on the sovereignty of the Member States and were thus put into effect without any Community-inspired coordination.

3. It was against this background that the Commission took the big step of publishing in July 1971 its '*Memorandum on a Community Cooperation and Development Policy*'¹ followed in February 1972 by its '*Programme for Initial Action*'.²

In publishing these papers the Commission wanted to highlight the risk of confusion and diminished efficiency which inevitably results when policies are applied piecemeal at varying national and Community levels. The Commission wished to show how far the Community was bereft of any means of action when it came to meeting the expectations of developing countries who had not negotiated any individual scheme with the Community, and that at a time when the Community's attraction for those countries was growing. The Commission's desire was to initiate a

¹ Supplement 5/71 — Annex to Bull. EC 9/10-1971.

² Supplement 2/72 — Bull. EC.

debate within the Community institutions and the Member States on the guidelines and resources for an overall consistent cooperation policy which would enable the Community to shoulder its major economic responsibilities more effectively than before.

On the basis of the ideas expressed by the Commission, the discussion was soon taken up in the Economic and Social Committee and the European Parliament. The first Council debate on these concepts was held in September 1972. This was the first time in the history of the Community that the Council was meeting at the level of Ministers responsible for cooperation and development.

4. Nevertheless it was the Paris *Summit Conference* of October 1972 which marked the decisive turning-point in the initial discussions.

In this respect the Paris Declaration offered two prime advantages. Firstly, by giving the Community a very wide mandate on cooperation and development, it pushed aside the legal and political barriers which had been impeding the Community and provided the political basis to initiate the practical process of defining a Community cooperation and development policy. Secondly, it demonstrated that the antithesis between the 'world-widers', who argue that the Community must adopt a world approach to the problems of development and the 'regionalists', who prefer to attack on a limited geographical front, can be transcended by entrusting the Community and the Member States with the task of advancing along both avenues at the same time, in following up and developing the cooperation policy on regional lines and in steadily unfolding a global policy on a world scale. The signpost of the Summit Conference therefore points towards a constructive composite of the regional and world proportions of the Community cooperation policy, whereas until then the problem had always been stated in terms of alternatives.

5. So starting from the guidelines laid out by the Paris Summit Conference, the *Cooperation and Development Group* set up by the Council

and made up of senior officials from the Member States and the Commission began work in December 1972 with the mandate to 'define the principles and aims of a global and consistent cooperation and development policy on a world scale'. The work went on throughout 1973 and the first half of 1974.

For its part, the Council i.e. the Ministers responsible for cooperation and development, managed, during its sessions of June and November 1973, to reach agreement on a number of issues. But the most solid headway was made during the sessions of April, June and July 1974, which signalled the breakthrough towards a worldwide policy.

6. At the same time and working from the blueprint of the Paris Summit the Community made significant progress along the 'regional' lines of its cooperation policy.

Since 1973 it has in fact been engaged in negotiations with a group of more than forty *African, Caribbean and Pacific developing countries* (ACP), the most extensive negotiations the Community has ever undertaken. A new global model of cooperation is being defined, involving nearly all the vehicles for cooperation and development. The agreement now being hammered out is intended to take over from the Yaoundé Convention and the Arusha Agreement, which both expire on 31 January 1975. It will very probably embrace, as new partners of the Community, the other countries of Black Africa and the Commonwealth countries of the Caribbean and the Pacific. The Conference of Ministers in Kingston, Jamaica on 25-26 July 1974 opened the political doors to the final stage of the negotiations.

In parallel with the negotiations with the ACP States, the Community last year actively followed up the negotiations begun in 1972 and 1973 respectively with the three Maghreb countries (Algeria, Tunisia and Morocco), Israel and Spain, as part of the global approach towards the *Mediterranean countries*. Besides a preferential import scheme for the products from

those countries, the agreements to be made will cover economic cooperation and, with regard to the Maghreb countries, financial and technical cooperation plus action for the benefit of their migrant workers in the Community. Moreover, the Community has declared its willingness to review its relations with Malta, Cyprus, Egypt and the Lebanon.

The Community is thus confirming the crucial importance it attaches to following up and developing the 'regional' side of its cooperation policy. At the same time it is showing that progress towards a worldwide policy definitely does not mean, as some feared, any erosion of the advantages enjoyed by the countries with whom the Community has negotiated, or is committed to negotiate, special relationships.

The 'worldwide' approach has even helped to advance the 'regional' cases insofar as certain Member States preferred to see a new balance take shape before plunging wholeheartedly into developing the Association policy and preferential agreements.

7. In response to the Summit mandate aimed at defining a global policy, the Community authorities adopted a wider approach than that indicated by the letter of the Paris Communiqué, which referred to the following four items: improvement of generalized preferences, promotion of commodity agreements, greater volume of public aid and improvements to the terms for such aid.

From an analysis of work done, three focal points can be discerned (which were actually already indicated in the Commission's 1971 Memorandum) around which can be grouped the various guidelines set out:

(i) amplification of the policies which are and will be conducted by the Community with respect to the whole of the Third World;

(ii) coordination and harmonization on a Community basis of national and Community cooperation and development policies at both the design and operational stage;

(iii) development of new Community cooperation policies and especially the creation at Community level of further instruments for financial and technical cooperation.

Since parallel negotiations were under way with the ACP States and certain Mediterranean countries, the work in all three directions has focussed on the features of common interest to *all* the developing countries, especially those of them which have no special relationships with the Community.

The results in these three areas have crystallized into a set of Resolutions or Recommendations,¹ which the Council of Ministers responsible for cooperation adopted during its sessions of 30 April and 16 July 1974.

8. With regard to the *amplification of existent Community policies*, the Council approved a particular Resolution on the scheme of *generalized tariff preferences* which the Community is granting to the developing countries. The Resolution contains a set of guiding principles for expanding and enhancing the scheme.²

The main elements on which the Ministers reached agreement here are: gradual curtailment of the list of products subject to a tariff quota, a substantial rise in the ceilings limiting duty-free imports and better coverage of processed farm products.

Most of the agreed improvements have already been incorporated into the 1974 preferences scheme. The Commission's proposed plan for 1975 goes even further in this direction.³

A second Resolution adopted by the Ministers in this context concerns the policy to be followed on *commodities*.⁴ In this field, which bristles with commercial policy problems and has long served as the world and Community arena for clashes between the champions of

¹ See Annex.

² See Annex, I.

³ Bull. EC 6-1974, point 2311.

⁴ See Annex, II.

liberalism and the exponents of common organization of the markets, the results of work done have been largely outdated by recent developments on the international raw material markets. The Community will therefore have to give priority to taking fresh stock in this area, based on the new situation which has emerged, and try to find a fitting solution to this problem, which is of crucial importance for the developing countries.

In the third field of *food aid*, the Council, rather than express any conclusions, preferred first of all to make a more thorough scrutiny of the Memorandum on a new food aid policy, which the Council laid before it in March 1974. The Memorandum's main recommendations consists of an increase in the volume of aid, more continuity of supplies and more variation in the range of products, depending on the nutritional needs of the recipient countries and on what the Community can offer,¹

Review of this Memorandum has already yielded one significant result, namely the Community's agreement to prolong for one year the International Food Aid Convention under which the Community annually provides 1 300 000 tonnes of cereals or cereal products to the countries of the Third World.

9. With regard to the second aspect of the work being done (which in contrast to the above represents almost completely new ground for the Community), namely the *harmonization of national and Community cooperation and development policies*, the Council adopted a number of conclusions on specific matters all within the province of financial aid and approved a general guideline for harmonizing policies.

This general guideline² consists of promoting *close coordination between Member States and the Community* both operationally and with regard to the attitudes to be taken within the competent national authorities on cooperation and development. Since policy harmonization is not an end in itself, the underlying objective of the Resolution is to

boost the effectiveness of the Community's cooperation drive through greater consistency between the various policies.

The initial results of this harmonization process, which has actually been going on since the Paris Summit, are recorded in four papers dealing respectively with the volume, terms and geographical allocation of aid and the external debt burden of the developing countries.

Concerning the *volume of aid*, the Council passed a Resolution³ to the effect that the Member States will set themselves the joint objective of an actual increase in public aid for development and will undertake as far as they can to keep their aid flow completely detached from any budget problems or difficulties with their balance of payments.

Moreover, eight Member States have reaffirmed or expressed for the first time their resolve to attain as swiftly as possible the goal of an annual flow of public development aid equivalent to 0.7% of their GNP, an objective which the United Nations set in 1970 for the second Development Decade. These Member States have furthermore agreed to move towards this objective at a pace in direct proportion to their distance from it, an exception to this general order existing for certain countries, in particular circumstances.

Regarding the *financial terms and conditions of aid*,⁴ the Member States, including Ireland and Luxembourg who are not on the OECD's Development Aid Committee (DAC), have agreed on a set of joint principles which are all aimed at improving the conditions for aid, especially in favour of the twenty-five least advanced developing countries identified by the United Nations, at adjusting these conditions to the individual circumstances of each beneficiary and at strengthening the harmonization of conditions at the level of the various developing countries.

¹ Bull. EC 3-1974, points 1303 to 1313.

² See Annex, III.

³ See Annex, IV.

⁴ See Annex, V.

In adopting these principles which obviously also apply to Community aid proper, the Member States have endeavoured to help towards solving the increasingly acute problem of the developing countries' external debt burden, and have confirmed the DAC recommendation on the terms and conditions for aid which most of them had endorsed in 1972.

In a Resolution on the *developing countries' external debt burden*¹ the Member States likewise confirmed the need to get together between themselves and with the other industrialized nations in order to prevent an escalation of private export credit which is a frequent source of over-indebtedness in the developing countries. As a counterweight they agreed in the same Resolution to increase public aid on favourable terms for those countries already bearing or likely to bear a heavy external debt. Furthermore, they are planning to grant technical assistance to help the developing countries to install or improve national machinery for recording and monitoring outstanding export credits.

Lastly, and again in the field of cooperation policy harmonization, the Council approved a Recommendation arranging for exchange of information between Member States and the Community on the *geographical breakdown of aid* which they grant.² The long-term purpose is to secure closer complementarity in the distribution of all national and Community aid without necessarily standardizing the various programmes.

10. The most significant results have certainly been gained in connection with the creation, on the Community plane, of *additional instruments for financial and technical cooperation*.

Here, the Council has authorized the initiation of a Community technical cooperation programme and approved the principle of financial and technical aid from the Community to the *non-associated developing countries*.

Regarding the two Resolutions concerning technical assistance,³ they provide the Community with the opportunity of action in favour

of *regional integration between developing countries* and towards *promoting the developing countries' exports*. These are two areas, where the Commission had proposed priority action on the Community's part in its 1971 Memorandum. The two Resolutions, one of which dovetails with a particular side of the Community, while the other constitutes valuable support for Community efforts in the tariff sphere, will be implemented this year by a series of specific projects for the benefit of countries or groups of countries in Asia or Latin America.

But the most difficult and decisive step towards a Community cooperation policy on a world scale was made by passing the Resolution on *Community financial and technical aid to the non-associated countries*.⁴ By providing a basis for granting more extensive aid outside the Associations, aid which can exceed the bounds of the specific technical assistance projects described above, this Resolution completes the Community's battery of instruments for its world policy; it provides the vital ingredient for for the policy to be deemed 'global'.

Since this Resolution is very much an innovation, implementing it will require further additional work within the Community to define the possible proportions and shape of such aid to the non-associated countries.

But the Community had no intention of waiting for the Resolution to be activated before demonstrating its resolve to honour its heavier commitments. Before even adopting the text, it gave an initial earnest of its resolve to intensify its action at world level and so to meet the expectations of the developing countries, by taking the initiative, ahead of the Sixth Extraordinary Meeting of the United Nations General Assembly, of proposing *international emergency action in favour of the developing countries hardest hit by the recent*

¹ See Annex, VI.

² See Annex, VII.

³ See Annex, VIII and IX.

⁴ See Annex, X.

trends of international prices. This action to offset the losses incurred by many developing countries in the wake of the rising prices of oil and other essential imported goods, will according to Community estimates provide those countries with a sum of about 3 000 million dollars. In a letter to the Secretary-General of the United Nations, the Community reaffirmed its resolve to make a substantial contribution to this action to the extent of one sixth of the total collected and with a maximum of 500 000 000 dollars.

11. Gauged in terms of practical and immediate impact on the developing countries, the results gained so far may seem modest, especially when compared with the Community's potential as assessed abroad, particularly by the developing countries in question. But if one considers the situation as seen in 1971/72, the progress made since, if not spectacular, is at least considerable.

Moreover it represents no more than a preliminary stage, which in several respects has simply laid the foundation for further developments. Although certain lines of action which have been defined are to be promptly and firmly crystallized into development cooperation, others, like the harmonization of national and Community policies, will not make themselves completely felt until the end of the process recently started.

Furthermore, although many features of cooperation were dealt with in the initial stage, others are still almost uncharted territory. This is the case in the broad field of private aid patterns and applies also to another cardinal issue, namely the resolute and systematic quest for closer accord between the Community's internal structural policies and the aims of cooperation and development.

So although we may feel satisfied with the Community's progress towards a global cooperation policy at world level and may record that Europe is now apparently more receptive

and sensitive to the fears of all the developing countries, we must bear in mind the effort still to be made in order to attain completely the objective set by the Summit Conference.

Annex

There follows the texts of the nine Resolutions and the Recommendation (on the geographical allocation of the aid) adopted by the Council.

I. Improvement of the generalized preference scheme

During the annual preparation of Community Regulations the Community will examine the measures which could improve the generalized preference scheme.

As a preliminary step, during the imminent preparation of Regulations for 1974, the Community will:

(a) for products falling within BN Chapters 25 to 99 other than textile products:

(i) seek in particular, on the basis of a case-by-case examination

— to shorten the list of products subject to tariff quotas;

— to raise cut-off levels (butoirs);

(ii) with a view to raising the ceilings, use the 1971 figures for calculating the basic amount, unless other provisions are rendered necessary by economic circumstances, on the understanding that the supplementary amount will continue to be fixed in accordance with the latest available statistics.

(b) for products falling within BN Chapters 1 to 24:

undertake a case-by-case examination, with a positive approach, of possible ways and means of significantly improving generalized preferences by extending both the number of products covered and the margin of preference, taking particular account of the interests of the least developed countries.

II. Commodity agreements

The Member States and the Community:

— confirm their interest and support, in appropriate cases, as regards international commodity agreements and arrangements with a view to achieving market stabilization and an increase in exports from developing countries;

— should adopt a common attitude in order to improve the operation of existing agreements, facilitate their renewal and permit the conclusion of new agreements and arrangements where appropriate;

— recall that in addition to contributions from producer countries and international financial bodies, voluntary contributions from consumer countries would facilitate the operation of existing agreements and the conclusion of new commodity agreements and arrangements;

— will continue to consider ways and means of solving the whole problem of commodities, including export revenue from those commodities.

III. Harmonization and coordination of the cooperation policies of Member States

The Member States and the Community shall set themselves the aim of approximating their development cooperation policies to an appropriate extent in order to make them more coherent and consequently more effective. In this connection, it is important that the aid activities of Member States gradually approximate to one another in proportion to their respective contributory capacities by giving the greatest possible consideration to the recommendations adopted by the appropriate international bodies.

The following shall be implemented in order to achieve this aim:

(a) intensification of exchanges of information and experience on the objectives, principles

and methods relating to development cooperation policies, in order to achieve concerted positions in this area;

(b) mutual consultation on aid policies concerning in particular those developing countries in which the Community is carrying out some special activity or in which two or more Member States are undertaking development projects;

(c) consolidation, for the examination of projects of common interest, of consultations with regard to associated countries for which aid from the Community and the Member States is combined, in order to improve co-ordination of this aid;

(d) mutual consultation on positions to be adopted by the Member States and the Community in international bodies;

(e) cooperation with international organizations concerned with development aid.

IV. Volume of official development assistance

The Member States of the Community shall adopt as their common aim an effective increase in official development assistance, taking into account their respective economic abilities to contribute. The attainment of this aim should lead progressively to improved burden sharing among Member States in the provision of aid.

With these considerations in mind, in pursuing this aim, the Member States shall:

(a) make efforts to attain as soon as possible the target for official assistance of 0.7% of the GNP mentioned in the International Development Strategy for the Second Decade, as adopted by the UN;

(b) to the extent that they are at present further from the target, progress towards it at a faster rate than those at present nearer to it: however, the three Member States¹ which have domestic structural difficulties and a

relatively low *per capita* income or whose aid programmes are of comparatively recent origin will be permitted more time than the other Member States to reach the target mentioned in paragraph (a) of this Resolution;

(c) make efforts to prevent as far as possible the volume of their official development assistance from being adversely affected by budgetary difficulties or balance of payments problems.

With a view to achieving the aim of an effective increase in official development assistance, and irrespective of the budgetary methods employed by the Member States, the volume of the various national programmes should be made the subject in the Community framework of regular exchanges of information which, without duplicating the work of the DAC, will make it possible to measure the efforts to increase projected national aid.

V. Terms of official development assistance

The Community and the Member States which accepted the DAC recommendation, and Ireland and Luxembourg, declare their intention to apply the DAC recommendation of 17 October 1972 on financial conditions for aid.

To this end, the terms of their aid must in each particular case take account of the circumstances peculiar to each developing country or to each group of countries.

In order to improve the financial terms of their aid, the Member States and the Community should make every effort, above all within the Community, to seek greater harmonization than exists at present in the terms for the granting of aid, particularly where the poorest countries are concerned, in accordance with the terms of paragraph 8 of the abovementioned DAC recommendation.

¹ Italy, Ireland and Luxembourg.

The Member States and the Community declare their readiness to grant aid to the 25 least developed countries, mainly in the form of grants or loans on especially favourable terms.

More particularly, the Member States and the Community will make every effort to increase the overall proportion of grants in their development programmes and, in appropriate cases, may apply the procedure of two-tier loans.

When considering the terms of aid, the Member States and the Community will, where appropriate, take account of the work carried out within the DAC concerning the criteria to be applied for determining the terms of aid.

VI. Problems of the debt burden of developing countries

As regards developing countries who have, or who are likely to have, a large debt burden, the Member States consider it necessary to:

— increase official development assistance on favourable terms, to prevent too fast an increase in the debt burden of recipient countries;

— concert among all the industrialized countries with a view to preventing the excessive expansion of private export credits granted to countries with levels of debt giving rise to concern, without prejudicing possible technical assistance to developing countries which might request it, in respect of the machinery for recording and supervising such credits;

— adopt a coordinated approach, within the appropriate bodies, as regards multilateral consolidation operations.

Desirous to preserve the international creditworthiness of the developing countries, and in order not to discourage the pursuit of prudent financial policies, the Member States consider that debt relief for developing countries should remain an exceptional measure only to be contemplated where there is a real danger that the country will default on payment, and a

measure which should be adapted to suit the circumstances of each individual case.

VII. Geographical distribution of aid

The Member States and the Community:

(a) agree, with a view to the geographical distribution of all national and Community aid, to arrange an exchange of information followed by consultations on the geographical destination of the aid to be granted by the Member States and the Community; this information procedure and these consultations will take place in the framework of the Community, account being taken of current procedures in the framework of the DAC and the relevant documentation from that body;

(b) acknowledge the fact that the variety of situations arising from significant economic, historical and political factors should be taken into account.

VIII. Regional integration between developing countries

The Community will give a favourable reply to the requests for aid from developing countries or groups of developing countries which have begun the process of setting up or consolidating arrangements for economic cooperation or regional integration in those cases where it considers that it can make an effective contribution.

IX. Promotion of exports from developing countries

The following measures, which would make a useful contribution to the promotion of exports from developing countries, shall be adopted:

(a) reinforcement of the activities already undertaken in the Member States while at the

same time concerting those activities more and more closely at Community level;

(b) without detracting from the priority which should be given to the continuation of those activities already under way and the results achieved within the EEC/AASM Association structure, the development of Community activities for the benefit of other developing countries, in the form of:

(i) dissemination by the Commission of information on Community regulations;

(ii) additional specific technical assistance supplied by the Community at the request of the developing countries to help promote their exports, financed by appropriations entered in the Community budget;

(c) a concerted approach to the problems of promoting the exports of developing countries examined within international bodies, and dealing particularly with:

— the activities of the International Trade Centre of UNCTAD/GATT and UNIDO,

— the draft Resolutions on this subject examined by UNCTAD.

X. Financial and technical aid to non-associated developing countries

The Council confirms the principle of financial and technical aid from the Community to non-associated developing countries.

The amount of this aid and the details of how it is to be given are to be fixed by common agreement.

In taking its decision on this principle, the Council intends to give priority to financial commitments to be entered into in respect of the associations at present under negotiation and reaffirms its determination to make the efforts necessary for this purpose.