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**Commission memorandum on a Community
policy for development co-operation**

Summary

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INTRODUCTION

1. The Treaty of Rome, which organized between the Member States of the European Economic Community the strongest internal ties, so as to bind together their material interests and thus prepare them for a common political destiny, did not in so doing neglect the external ties established between certain members and many developing countries.

On the basis of Part IV of the Treaty and various protocols annexed to it, links of association have been created and developed—links calculated to encourage, by a variety of methods, the economic and social development of the Associated African States and Madagascar (AASM), of three East African countries, and of several other countries, particularly in the Caribbean area. Furthermore, a start has been made on a region-wide policy within the Mediterranean Basin, beginning with the declarations of intent appended to the Treaty.

2. There is no doubt that what is known as the “Yaoundé” Association policy has been for the Community the technical testing-ground—and a clear indication—of its political will to take increasingly into account its responsibilities towards all developing countries.

For most of these countries, while they had active links of co-operation with each of the Member States on a bilateral basis, the Community only seemed to be a customs and agricultural organization liable to be an obstacle to the expansion of their trade and, in any event, without the means of actively co-operating in the solution of their development problems.

Such an initial, excessively negative image of the Community has been corrected, as has been amply proved by the rapid growth of its trade with the Third World.

The favourable direction this trend has taken has been deliberately promoted by the commercial policy measures which the Community has taken, mainly in the form of various preferential and trade agreements, of independent tariff concessions on products of importance to the Third World, of the policy of world agreements, and finally of the elaboration of generalized preferences for finished and semi-finished products, which came into force this year.

3. It is noteworthy that several of these measures were most often taken simultaneously and, to some extent, in connection with the different stages and solutions which have marked the growth of the Yaoundé Association.

The Community has sought to move towards a balance between the active and complete, but geographically circumscribed policy which it had adopted in its relations with the AASM, and the solutions which it felt it should offer to the other developing countries because of its growing weight in world trade.

It is important to stress this fact because it disposes of a fruitless quarrel between regional and universal solutions to the problems of development.

4. Because underdevelopment is not uniform throughout the world, because of the special links shaped by geography and by history, and because the means of actions which it could deploy hitherto were limited, the Community embarked on a regional policy of development co-operation which is now part of the Community patrimony and must be maintained, improved and reinforced.

But it has also progressively begun taking other Third World interests into consideration, it has engaged in a regular dialogue with other regions such as Latin America and in co-operation in measures of worldwide scope such as those which are the *raison d'être* of UNCTAD. This policy is not a substitute for the association policy mentioned above, but must be its necessary complement.

5. Though this is the case, it must be added that the developing countries as a whole expect more from the Community, especially in view of its enlargement and the second Development Decade, while the Community recognizes that the tariff policy instruments used hitherto no longer offer more than limited possibilities.

That is why the Commission considers that the time has come for the Community to work out a development co-operation policy which is at the same time general and selective (that is, suited to particular cases). Its guidelines would be a better co-ordination of the resources of Member States and those of the Community, so as to improve on what has already been achieved and take it further by new activities and by new instruments of more general application.

6. The Community's interests, the commitments it has already undertaken, the prospects of enlargement and of the next UNCTAD already make such a policy imperative for the coming years.

In this connection, it is enough to mention the adaptation of the Mediterranean agreements to an enlarged Community, the renewal of the agreements with the Maghreb countries on a broader basis, the negotiation of the association with the AASM and with some Commonwealth countries under the enlarged Community, the measures relating to commodities, to generalized preferences, etc.

But while all the subjects that have been mentioned are, in a certain sense, the core of the programme for action, there are others that should not be neglected; these the Commission is also presenting in this memorandum, in the hope that they will be considered in depth, and as constructively as possible, by the Community's institutions.

7. The Commission is aware that a genuinely common policy for development co-operation will only be possible when important new steps have been taken towards economic and political union.

This is why it envisages an approach that will be progressive as regards action and the necessary instruments.

I. NEED, URGENCY AND SIGNIFICANCE OF A COMMUNITY POLICY FOR DEVELOPMENT CO-OPERATION

A. Need for a Community policy

1. The Community's growing personality and its attraction for developing countries

Through the position of principal partner which it has achieved in international trade, through the growing influence which it enjoys in the world as a powerful economic entity approaching completion and tending towards political unification, and through its declared will to give its backing to the growth of the developing countries, made known both in the international bodies and by its association with the AASM, the East African States and certain Mediterranean countries, the Community exerts a genuine attraction on these countries as a whole.

This force of attraction will inevitably tend to increase over the next few years. The progress which is expected in the formation of the economic and monetary union, and that hoped for in the political field, is bound to give the Community added weight and increased responsibilities towards the rest of the world, and therefore to encourage developing countries to turn increasingly towards it. It would not be reasonable that an entity whose integration is to be taken to the stage of a common currency and of common economic policies, and whose political personality will no doubt tend to become more explicit over the years, should remain as ill-equipped as it now is, when it comes to assisting the progress of the developing countries as a whole.

The Community is ill-equipped not only because the Treaty establishing the EEC did not specifically provide for means of technical and financial co-operation except in favour of the AASM and the Overseas Countries and Territories (OCD) but also because, having failed to give itself any other means of action, it has only been able to respond to pleas from other developing countries—if we except food aid and some individual agreements—by having recourse to the one instrument of tariffs and quotas, whose possibilities will be increasingly limited. The conclusion of many association agreements and preferential trade agreements with developing countries, and also other agreements and various concessions on the common customs tariff—generalized preferences especially—have it is true made it possible to reconcile to some extent the interests of the associated countries and of other developing countries. It does seem, however, that the Community can hardly go further along this road if it wishes, in the years to come, to retain the substance of its association agreements, particularly with the AASM, and at the same time to avoid serious difficulties both internally and with certain industrialized countries as well as with other developing countries. The

enlargement of the Community, which is going to enhance its international significance and could increase the number of associated countries, will appreciably reinforce the need to give the Community means to co-operate in developments that are more in keeping with its weight and with the responsibilities attaching to its growing personality.

2. Risks of incoherent action arising from the present division of responsibilities between the Member States and the Community

Increasing recourse to commercial policy as a means of development co-operation has brought about a *de facto* division of responsibilities between the Member States, which control the levers of technical and financial co-operation, and the Community, which establishes the common commercial policy. Since, moreover, the Member States exercise their national responsibilities independently, starting from different historical and economic backgrounds and without adequate co-ordination, the Community and the Member States, to a greater extent than other developed countries, are exposed to the risk of divergent and incoherent strategies whose damaging consequences for the effectiveness of international co-operation have rightly been stressed by international experts (Pearson Report, etc.).

At the present stage of European unification, the Community and the Member States must make a very special effort to meet the requirement of greater coherence which the United Nations has made one of the major themes of the second Development Decade and the necessity of which has also been stressed by the European Parliament: greater coherence in the joint use of the specific instruments of co-operation which they now share, but also greater coherence between internal economic policies (agriculture, industrial, social, etc.) and co-operation policy.

Consequently, the Commission thinks it necessary to carry out an overall survey of this mixed bag of policies currently applied by the Community and the Member States towards developing countries, so as to arrive at greater coherence within the Community—the essential prerequisite for the effectiveness of everybody's efforts, and for the very existence of a Community policy.

B. The time has come to define a Community policy

The Commission did not want the drawing up of this memorandum to be put off till later because it is convinced that, at a moment when the Community is starting on the road to economic and monetary union, and at a time when it is preparing for its own enlargement, it is important that the Community should also express its will to link its own progress more closely

to that of the developing countries, and to include among its basic aims the systematic pursuit of a better international distribution of prosperity and the multiplication of opportunities for social fulfilment offered to ever wider groups of human beings who were previously underprivileged.

International co-operation for development, too, has taken a new and probably decisive step forward. The second Development Decade (1971-80) has just begun: it is necessary that, by the end of the ten years to come, the progress achieved should be sufficiently conclusive and sufficiently encouraging for hope to take the place of doubt, and tenacity to take the place of disappointment, in the industrialized countries and in the developing countries.

Furthermore, by making the second Decade the joint responsibility of the developing countries and of the industrialized countries, and by giving both, as terms of reference, the international strategy which they worked out and adopted together, the United Nations General Assembly is giving mankind an additional chance to base relationships between industrialized and developing countries on close co-operation and on organized solidarity rather than on confrontation.

The Commission recommends to the Community institutions that they define without delay, on the basis of this memorandum, the means that will enable the Community to shoulder more effectively its responsibilities as a major economic unit and to make its own contribution to the establishment of a more just international order.

It should be noted that a good many of the points worked out in the strategy have a direct bearing on the Community as such and impose upon it the obligation of defining a common line of action for the purpose of implementing them. In this connection, a first deadline is nearly upon us: the third UNCTAD will be held next spring.

C. The significance of a Community policy

While it does not claim that by the end of the seventies—the horizon for this memorandum—the Community should take the place of the Member States and conduct a common development co-operation policy, the Commission is nevertheless of the opinion that during the next ten years, though the Community's achievements should be maintained and taken further, its possibilities for co-operation should be gradually enlarged, the individual countries' policies should be progressively harmonized, and a Community conception of international co-operation should little by little see the light of day. Action by the countries individually will continue to exist, but its effectiveness will be improved by being concerted, and the guidelines will be defined jointly.

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The body of reflections and actions which this requires is set out in detail in a memorandum, of which this note is a summary. In this summary we present, in the first place, the main lessons to be drawn from twelve years of co-operation between the Member States and the Community on the one side and developing countries on the other; we then specify the general guidelines and the main types of action for a Community development policy.

This summary is accompanied by two working documents,¹ one of which (Annex I) contains a detailed analysis of twelve years of co-operation with developing countries, while the other (Annex II) contains information and statistics.

The Commission will later submit a third document containing an evaluation of achievements and developments, enabling the step to be made from general guidelines to a programme of action.

¹ Not published here.

II. CO-OPERATION OF THE MEMBER STATES AND THE COMMUNITY WITH DEVELOPING COUNTRIES

A. Action by Member States

Action by individual Member States falls mainly under the heading of financial and technical aid in the broad sense and has the following characteristics:

1. The composition, the geographical distribution, the purpose and the amount of official and private aid flowing from Member States to developing countries vary substantially from one Member State to the next. While in 1969¹ all achieved the objective of transferring at least 1% of their GNP to developing countries, taking official and private aid together, they did not all manage the target of 0.7% in official aid: on this point quite considerable inequalities exist between Member States. Quite substantial differences may also be noted as regards the ratio of grants to loans in bilateral official aid and as regards the terms of official loans. Finally the volume of aid has been subject to fairly wide variations over a period of time.

These divergences reflect the fact that Member States take into account historical, economic and political considerations, which are often different from state to state, and the lack of adequate co-ordination between bilateral policies.

2. While Member States have made an undoubted effort to increase the amounts which they allocate to developing countries, it remains a fact that the depreciation of currencies diminishes the real impact of this effort on the recipients, and that the growth in their aid is not always proportional to that of their GNP.

3. Action by Member States to assist developing countries involves some imbalances in so far as some sectors which are important to developing countries—for instance the social aspects of relations between Member States and developing countries, or transport problems—have not been considered as attentively as others.

4. Co-operation with developing countries is part of the foreign policy of the Member States. They do not go in for multilateral aid to any great extent, and keep most of their resources for bilateral action, being concerned, to a varying degree, to take commercial and economic considerations into account through the practice of tied aid.

¹ The first provisional figures available for 1970 show a decline in the financial effort of some Member States by comparison with 1969.

B. Action by the Community

1. Association with the AASM

(a) The policy of association with the AASM has gradually taken on a character that goes far beyond the mere application of preferential trade measures and of technical and financial aid. The most authoritative voices in the AASM stress, unceasingly and emphatically, the fact that association is in the first place a political option, which aims at the maintenance and development of privileged relationships of every kind between Europe and Africa: the AASM say that they have deliberately preferred the Community as the first foreign partner in their development.

At the same time, and increasingly, they express the view that the Community, despite the magnitude of its effort, does not seem to attach the same significance to its commitment in the association.

Having suffered at various times in the past an erosion of the preferences which they enjoyed on the Community market, and faced today with the generalized system of preferences, they fear the disappearance of the trade element of the association. Yet the economic effectiveness, the political significance and the distinctive character of the association depend, precisely, on the combined use of trade and financial instruments, and on the joint institutional machinery which has its main *raison d'être* in the overall character of the association.

(b) The difficulties encountered by the association are not helped by the constant criticism on the part of certain industrialized countries and the Communist countries. This criticism, which has focused on the trade arrangements of the association, must however be assessed in terms of the general economic situation of the AASM and of the real volume of this trade, which on a world scale is marginal.

(c) In the sector of financial and technical co-operation, the Community's contribution to the economic and social development of the AASM is continuous and free from the disturbances which sometimes arise in the political relations between some of these countries and one or other of the Member States. The AASM have on several occasions expressed their satisfaction with the objectivity and effectiveness of this co-operation.

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The association agreement with the three East African countries is another Community achievement and is, through some of its aspects, closely linked to the association agreement with the AASM.

2. Community policy towards the countries of the Mediterranean Basin

The Community has established, or is in process of establishing, special links with most of the countries along the shores of the Mediterranean, whether these be European countries which could not yet accede to the Community for political or economic reasons (Greece, Turkey, Spain, Portugal, Malta and Cyprus), or some of the countries which have had historical relations with Member States and in whose case there is a declared intention of entering into an association (Morocco, Tunisia, Algeria, Libya), or countries directly concerned by the development of a balanced European policy in the Mediterranean (Israel, UAR, Lebanon). Preferential relations have already been established with most of these countries in the form of associations (Greece, Turkey, Morocco, Tunisia, Malta), preferential agreements (Spain, Israel) or non-preferential agreements (Yugoslavia, Lebanon).

These countries' will to co-operate results from certain identities of interests and from a multiplicity of links due to proximity and tradition. This proximity and these affinities imply a considerable degree of interdependence, going beyond trade and extending to labour, tourism and all manner of invisible trade.

The close interconnection of the political and economic interests involved, and the influence that Europe can exert in this region, contribute to making the development of the Mediterranean Basin a natural extension of European integration.

The Commission considers that, taken as a whole, the agreements concluded with the Mediterranean countries are no more than an inadequate expression of Europe's interest in this region. Through these agreements the Community has so far made only a limited contribution to the economic development of this part of the world.

3. Community policy towards Latin America

The Community's relations with Latin America differ in a number of important ways from those with Africa and the Mediterranean Basin.

- (i) Though long-standing and involving strong affinities of various kinds, these relations are less close, if only because of geographical distance.
- (ii) The human and economic dimensions of Latin America are several times greater than those of the AASM and the Mediterranean countries. This raises in acute form the problem of the disproportion between this region's needs and the Community's resources, and therefore that of selectivity.

- (iii) Very great differences exist between the levels of development and the economic prospects of the various countries and regions, differences which call for a policy that is broken down by regions.

For the last two years, the Community's policy towards Latin America has been taking shape: in July 1969 the Commission sent a memorandum to the Council on relations with the countries of Latin America, systematically analysing the questions arising from these relations. The Council considered this document, which gives an overall view of the problems and makes it possible to assess the diversity in the economic structures and needs of the individual countries, to be an appropriate starting-point for the Community's further studies on the matter. Such studies were undertaken in 1970 and 1971.

On the initiative of the Latin American countries, permanent machinery for dialogue between them and the Community was decided upon on 1 June 1971.

4. Trade and commercial policy

(a) On the quantitative results of trade between the Community and developing countries, it must be pointed out that since the Community was established, the trade balance of these countries has shown a substantial surplus with the Community whereas it has been very much on the debit side in relation to the rest of the world. The growth in purchases by the EEC from developing countries has been very rapid, while its exports towards these countries as a whole have grown much less fast. The Community's trading deficit has enabled developing countries to finance a very large share of their purchases from other developed countries and to fill part of their overall trade gap. Hence these countries have a credit balance with the Community, which is to be set beside their trade deficit with the rest of the world. It is therefore clear that developing countries, taken as a whole, have gained considerably from European economic growth, which has greatly strengthened the Community's import capacity.

Nevertheless these results, though favourable from an overall standpoint, should be evaluated in the light of the structure of the Community's imports (relatively large share of petroleum among the commodities, and the rather small share, as yet, of manufactured goods in total imports from developing countries) and also the sometimes very unequal growth of the different flows of trade with the various groups of developing countries.

(b) Positive results could not have been achieved if the general character of the Community's commercial policy had not been as liberal as it has been and if the Community had not consistently endeavoured to reconcile the interests of other developing countries with those of its associates. In any event, the opening-up of the Community market is only one instrument of commercial

policy. The very success of these measures of tariff and quota disarmament condemns this instrument to the gradual loss of its effectiveness. This only serves to make recourse to other instruments more necessary and urgent.

The Community has made extensive use of the opportunities offered to it by the Treaty to weave a fairly complex web of bilateral, regional and worldwide commitments. Some of the Community's partners tend of course to reproach it with failing to have a coherent strategy in undertaking this action. This reproach is at the same time well-founded and exaggerated; while it is sometimes difficult to find a guiding thread in the Community's action, it nevertheless remains true that the problems which the Community has played a part in solving could not be settled satisfactorily through the dismantling of tariffs and quotas alone. In its use of this instrument the Community has gone as far as it could.

Its action has reached a culminating point in the decision which it has taken to put into practice, from 1 July 1971, its offer of generalized tariff preferences. The outcome of concerted action at international level, first between developed countries—among which the Community and its Member States played a leading role—then between developed and developing countries, this decision is the most important initiative through which the Community has chosen to show that it is ready to shoulder its responsibilities on a world scale. This decision is accompanied by terms and conditions which make it possible to take into account the diversity of typical underdevelopment situations, and to prevent the generalized preferences from widening the gap between the more advanced and less advanced developing countries, particularly the Associated States.

5. Food aid

The food aid which the Community has been dispensing since 1967 has given it the possibility of enlarging its co-operation geographically. However, better use could have been made of this instrument:

- (i) As regards cereals, the subdivision of annual aid running at one million tons between a Community share and national programmes has entailed a definite lack of coherence in the selection of action to be undertaken; it has also had detrimental effects on the management of the cereals market. It is regrettable that it has not yet been possible to achieve a substantial increase in the Community's share, even though food aid is linked with the common agricultural policy and its subdivision causes lack of coherence. Nor has it been possible to resolve the problems of liaison between development aid and food aid, and those of supervision of the utilization of the Community's share of the aid, in an entirely satisfactory manner.

- (ii) The Community has channelled the greater part of its aid in the form of milk products through the World Food Programme. Experience here once again shows the need for better co-ordination between bilateral and multilateral action.

6. Points of contact between development co-operation policy and other policies

Co-operation policy goes beyond the mere use of the traditional financial and commercial instruments. Its effectiveness also depends on the compatibility of economic and social policies with the objectives sought through development co-operation.

In this connection, the present distribution of powers between national decision-making centres and the Community varies considerably: agriculture, for example, falls entirely within a Community policy system, whereas the other sectors of economic and social activity are still mainly the responsibility of the domestic authorities, whose policies are scarcely co-ordinated at all.

Community decisions in fields such as social affairs, transport, research and taxation show little sign of any consideration being given to the problems of developing countries, even if work on the Medium-term Economic Policy Programme is beginning to give some place to the problems of mutual relations between the Community and developing countries. In the social sector, for instance, it is found at present that the attitudes of Member States are often quite different towards migrant workers from non-member countries, even if, among guidelines for the future, the Commission proposes in its memorandum on Community social policy that priority should be given to the improvement of living and working conditions for migrant workers, especially those from developing countries.

The Commission's memorandum on Community industrial policy specifically refers to the problems of developing countries, and the Community's offer on generalized preferences bears witness to a genuine effort as regards manufactured industrial goods. We must however continue to make use of every appropriate means to facilitate the access of industrial products from developing countries to the markets of the Community. In this connection, the industrial policy guidelines for the textile sector, which the Commission has just defined, take this requirement into account. The main lines of action that should be explored concern in particular sales promotion, tariff and non-tariff import arrangements, and aid for reorganization of the Community's structures of production taking into account the developing countries' need for economic diversification and industrialization.

The same goes for the agricultural sector, whose products only occupy a small place as yet in the Community's offer on generalized preferences, and which is open to international competition to a limited extent only. - It must

be recognized, however, that agriculture has to face the grave difficulties that are encountered by any sector in process of rapid change and that, under this heading, the Community's institutions have had only restricted scope for manoeuvre so far. For example, the Community has as yet been unable to accede to the International Sugar Agreement, an instrument of co-operation which is particularly important for many developing countries. This state of affairs is fortunately being changed by the possibility of enlargement of the Community.

C. Present pattern of the instruments of co-operation

1. Currently powers and responsibilities in the field of co-operation are divided in the Community as follows:

(a) Technical and financial co-operation

(i) Each Member State defines, on its own authority, the total amount of official resources which it allocates to technical and financial co-operation, the composition of this amount, its geographical distribution, the aims and principles that direct the use of these resources, and the proportion that is channelled through multilateral organizations.

Each Member State also plays the main part as regards measures to encourage the private sector to contribute to the economic development of developing countries: taxation, credit, investment guarantees.

(ii) The Community's scope in this field is limited: it has been able to act on a relatively large scale only in the case of Turkey, Greece, the AASM and the Overseas Countries and Territories, and even then within the limits of the resources available to the European Development Fund (EDF) and the European Investment Bank (EIB).

By virtue of its technical and financial co-operation activities, the Commission is a member of the OECD Development Assistance Committee (DAC). Furthermore, the Community participates, with observer status, in the work of international bodies such as UNCTAD, ECOSOC, ECA and UNIDO.

(b) Commercial policy

Since the Common Market entered its definitive stage, the Community has had a major instrument of co-operation with developing countries as a whole; it also embraces credit insurance and export credits. Systematic efforts to harmonize and co-ordinate domestic policies on the latter had been made at Community level even before the end of the transitional period.

Under this heading it intervenes in the international bodies as a fully responsible entity when the matters under discussion fall exclusively within its competence, or through a joint delegation of the Community and the Member States when the issues being discussed cover at the same time Community matters or matters of interest to the Community and matters under the jurisdiction of the Member States (negotiation of the Sugar Agreement, international arrangements on grains, etc.).

(c) *Food aid*

In food aid the Community has an additional instrument for co-operation with developing countries as a whole; however, the amount to be distributed under the Food Aid Convention, particularly in the form of cereals, is split between Community action and bilateral action by the Member States.

(d) *Economic and social policies*

The decisions taken on the establishment of economic and monetary union, and the current discussions, particularly on common policies in the social sector (e.g. reorganization of the European Social Fund) and in the industrial and technological sectors, are such as to encourage a gradual change in the present situation towards a more thorough co-ordination of domestic policies and towards the allocation of new responsibilities to the Community institutions.

2. If one had to summarize the present situation very broadly, one could say that in the common commercial policy the Community has an instrument which tends to have increasing weight in international co-operation, while the Member States still retain the essential powers as regards technical and financial co-operation, and as regards economic policies, with the exception of the common agricultural policy.

As a result of this splitting of responsibilities, the co-operation policies of the Community and of the Member States show, at present, three obvious weaknesses:

- (i) lack of common viewpoints and of co-ordination between the Member States on their domestic co-operation policies, which leads to duplication of efforts, conflicts and, as a result, loss of efficiency;
- (ii) the special situation of the Community which, because its integration is still incomplete, can only reconcile the latter gradually with the requirements of international co-operation for development;
- (iii) the difficulties which the Community encounters in trying to pursue a balanced co-operation policy towards developing countries as a whole.

III. PRINCIPLES AND GUIDELINES OF A COMMUNITY DEVELOPMENT CO-OPERATION POLICY

A. Principles

The basic purpose of any development co-operation policy is the systematic pursuit of a more harmonious distribution—and better adapted to modern times—of well-being throughout the world, in other words the pursuit of better conditions of life and of fulfilment for mankind. This presupposes that co-operation is not confined to the application of a series of measures or of means intended to develop economic potential alone in the countries of the Third World: for while human progress is largely dependent on the economic take-off which is needed to make available the resources that are necessary to social, health and cultural progress, it is equally clear that no lasting economic development is possible unless it goes hand in hand with improvements in the standard of education and health of the people at whom it is aimed. Hence even though it is for the governments of the developing countries to establish the priorities and the guidelines of their action, it is the industrialized countries' duty to help to achieve them as well as co-operating in economic development.

1. The objectives of co-operation are indivisible

In a nutshell, the purpose of any Community co-operation policy can only be achieved through the attainment of interdependent objectives.

(a) Diversification of the developing countries' economies

It is necessary to modernize the economy of developing countries and to diversify their production not only horizontally but also vertically, that is they must process their raw products industrially. This naturally presupposes the gradual creation or development of essential infrastructure, especially industrial. It also presupposes the taking of measures—on a social and on a human plane—that are necessary for the full utilization of such infrastructure, and particularly the taking into account, from the outset, of the need to provide the indispensable vocational and technical training and further training.

All these measures must fit into development plans which are the prime responsibility of the developing countries themselves. But they will only be fully effective if, going beyond national limits, which are often narrow, they are undertaken in a wider and preferably regional perspective.

In particular, diversification and industrialization require developing countries to be able to find external outlets for their products; if the developing countries had to rely exclusively on import substitution, their economic growth would be deprived of an essential mainspring and the deterioration in their terms of trade would be remedied only in part.

(b) Reorganization of economic structure within the Community

It follows that the Community, along with the other developed countries, must accept and even encourage the privileged access to its market of products exported by developing countries.

This liberalization of trade with the developing countries, the potential of which co-operation is intended to increase, obliges the Community to accept that its economic structure should gradually change in a way that will be helpful to the economic diversification and industrialization of developing countries, and that it should take the internal measures that will make it possible to foresee and to soften the impact of these structural changes on the sectors affected by diversification and liberalization of trade. Otherwise the changes in the productive apparatus of developing countries promoted by economic growth would be slow, would scarcely affect world trade and would not, therefore, encourage a satisfactory international division of labour.

(c) Concerted action

Diversification must be achieved through concerted action at three levels: between developing countries, between developed countries, and between the former and the latter. This will make it possible to respect the sovereignty of States in the matter, while ensuring greater effectiveness of any action considered. This concerted action may be organized in appropriate regional frameworks (association) and at world level.

These goals must be achieved progressively as European integration is achieved. It will therefore be necessary to establish a close liaison between the progress of the Community's integration and that of development co-operation.

2. Interdependence of the instruments of co-operation

The interdependence between the aims is inevitably also to be found between the instruments and the policies required to attain the aims according to schedule.

(a) The experience of the past ten years shows that the external factors which influence the economic growth of developing countries do not arise exclusively from financial and technical co-operation. They arise as much, and

even more, from world demand for products, by reason of the dynamic relationship between exports and growth. Hence it is appropriate that, in addition to technical and financial co-operation, there should be the conditions for a more vigorous expansion and a speedier diversification of exports from the developing countries: this means trade between the developing countries themselves and the economic co-operation that this implies, and their exports to the industrialized countries generally and the Community in particular.

(i) The expansion of trade between developing countries raises a problem to which the Community attaches great importance: this has to do with the need, for many developing countries, to organize their economic co-operation at regional level, this requirement being the more imperative the lower their level of development and of *per capita* income, and the smaller their population—and in Africa it is often small.

(ii) Exports from developing countries to the Community will not increase and become sufficiently diversified, even if they are competitive in some sectors, unless the Community makes an effort in three directions:

- First it must maintain its own economic growth at a high level. It is because the Community has promoted the economic expansion of the Member States that its establishment has proved so beneficial for the developing countries in their trade with the Community.
- Secondly it must step up the liberalization of trade, on a programmed basis so as to avoid unfavourable social repercussions, for all exports from developing countries, but differentiating the steps taken according to four categories of products: industrial products, processed agricultural products, similar and competing commodities, and tropical products. For the first two categories, the application of the generalized system of preferences will be a step forward which would probably not have been achieved without the impetus which the Community gave to the negotiations; for products in the third category, the granting of preferences should be backed, in the context of a policy for the organization of international markets, by the conclusion of world or regional agreements, already strongly supported by the Community; for tropical products, it is through a prices policy within the framework of world or even regional arrangements, rather than through further reductions in the CET, that the Community will endeavour to reconcile its obligations towards associated countries with its responsibilities towards other developing countries.
- In the third place it must combine the gradual liberalization of the commercial policy in respect of the developing countries with a number of accompanying measures such as:
 - co-operation and sales promotion to facilitate the penetration into the Community of products exported by developing countries;

- measures of aid, integrated into the medium-term economic policy, to facilitate the structural changes which would result for the Community from the progressive liberalization of the common commercial policy, and to absorb their social impact more effectively. It must be recalled that such liberalization implies that the Community's internal economic policies should be compatible with the aims of co-operation.

(b) For financial and technical co-operation, the Community and the Member States cannot limit themselves to the instrument of official aid alone. While such aid is necessary—and generally speaking it is a prerequisite—to encourage the diversification and modernization of the developing countries' economies, it is not however sufficient by itself.

It is essential that the private sector should make its own contribution to the implementation of the host countries' development policies as defined in their development plans. In this connection it seems essential to intensify, at Community and Member State level, public incentives to increase and guarantee the private sector's contribution and to organize the co-ordination of official and private action better.

The Community's development co-operation policy must take into account the desire of the host country to ensure that the progress of the modern productive apparatus should not in various ways be controlled wholly from outside.

That is why, in addition to the traditional forms of entirely private investments, there are increasingly to be found mixed forms, which permit the participation of domestic capital from the host country, progressive transfers of property and participation in management by nationals of the host country. Experiments are also being made with the participation of private foreign capital in the development of resources which themselves remain the property of the host country.

The Commission considers that the Member States and the Community should adopt an open-minded attitude to these various kinds of relations between the private sector and developing countries, which means in particular that the various methods of inducing private investment must be as flexible as possible in order to be adaptable to the particular situations that might occur.

Effectiveness of the private sector's contribution also requires that, in order to encourage the export to developing countries of goods and products that will be helpful to growth, for example plant and machinery, more should be done to co-ordinate export credit insurance and selective guarantees and to improve selectively the terms of export credits.

3. Coherence and co-ordination — necessary conditions for the effectiveness of Community policy

Since the instruments of co-operation are closely interconnected and complementary, the first condition that must be fulfilled in order to achieve an effective co-operation policy is that the instruments should be used in a coherent manner. The splitting of instruments and responsibilities and the coexistence of independent national policies demand special vigilance in this connection from the Community and from the Member States, which will have to bring about this essential coherence through appropriate co-ordination measures.

4. Complementary nature of national and Community action in the field of technical and financial co-operation

As a result of the growing responsibilities which flow from the Community's spreading international influence and from its power of attraction over the developing countries, it is not possible to impose strict geographical limits on its activity in the field of financial and technical co-operation. The second imperative which the Community and the Member States must therefore accept is to organize among themselves a distribution of the means and tasks of technical and financial co-operation in the light of objective criteria which ensure satisfactory dovetailing of national and Community action and, as a consequence, better overall effectiveness.

B. *Guidelines*

The Community's development policy should be structured essentially in terms of the four guidelines set out below, which form a whole:

- (i) development co-operation should be taken into consideration in the common policies;
- (ii) national policies and action should be progressively co-ordinated;
- (iii) what the Community has already achieved in the sphere of development co-operation should be carried further;
- (iv) additional possibilities for financial and technical co-operation should be made available to the Community.

1. Development co-operation should be taken into consideration in the common policies

Up till now circumstances have not allowed development co-operation as such to be treated as a priority objective in the process of European integra-

tion. It follows that most of the measures undertaken under the heading of development co-operation are of a somewhat subsidiary nature.

The Community and the Member States must in future ensure, more attentively than in the past, that common and Community policies are consistent with the aims which they intend to pursue through the specific instruments of development co-operation and that they encourage and facilitate the attainment of these aims.

This necessary integration of development co-operation aims into internal policies will of course have to come about gradually and according to a programme so that abrupt social and economic repercussions within the Community are avoided. But it is indispensable if the effectiveness of co-operation is to be secured and the Community's credibility in the developing countries ensured.

2. National co-operation policies should be progressively coordinated

In order to reduce the internal and external disadvantages which arise from the splitting of responsibilities between the Member States and the Community institutions, and from the coexistence of independent national policies, it is necessary first to strengthen operational co-ordination between the EDF and EIB and the bilateral aid bodies by giving this co-ordination a Community form and then gradually to co-ordinate the co-operation policies of the Member States and the Community.

On this guideline the Commission stresses that there is no question of arriving at uniform and identical policies, for each Member State has interests, aptitudes and limitations of its own, which it would be unrealistic to leave out of account. The goal sought is purely to bring about more coherence and effectiveness in a whole, within which the different levels of decision-making would continue to exist.

Already, though to a rather limited extent, the Member States discuss their co-operation with other industrialized, market-economy countries in the OECD Development Assistance Committee and in the United Nations bodies (UNCTAD and ECOSOC, regional economic commissions and other bodies concerned with the second Development Decade). But they do so non-systematically, sporadically, and in settings which do not readily lend themselves to the working out of a Community position. Hence divergences of views between them are frequent and sometimes lead to open conflicts which tarnish the Community's image. It is paradoxical, to say the least, that it has not been possible up till now to make such efforts systematically within the Community institutions.

It would therefore be illogical for the Community not to concert its action in this vital sphere from now on. The need for concerted action is of course reinforced by the possibility of the Community's enlargement and an increase in the number of Associated States, for enlargement will inevitably enhance the risk of incoherent action and divergences at the same time as it increases the Community's responsibilities towards developing countries; the need is also heightened by the implementation of an international strategy for the second Development Decade, which is going to make co-ordination more necessary in the DAC and in the United Nations bodies.

All these prospects warrant, and indeed require, the progressive harmonization of national and Community policies of development co-operation and the elaboration of a Community concept of development co-operation.

In this connection it will be noted that co-operation, while required generally, is particularly necessary in a number of priority sectors such as social matters, health and culture. The inadequacy of resources available for development activities as a whole, and the competition between different aims make it imperative that, in these fields above all, everything should be done to avoid duplication of effort and to make the best possible use of available resources.

In all these fields it is wise to act progressively and by stages.

One could start by organizing, on a permanent basis, exhaustive and reciprocal information between the Member States and the Community institutions on everything relating to development co-operation policy, if necessary region by region (AASM, Mediterranean countries, Latin America, Asia, Far East, etc.). This information service could be based on an improved formula of the commercial counsellors' reports.

But it will be necessary to supplement the exchange of information by confronting objectives and policies, so as gradually to reduce overlapping, divergences and gaps which may be identified as damaging to the overall effectiveness of co-operation, and so as to lay the foundations for a Community concept, taking national interests and differences into account.

To this end the following should be introduced successively at Community level:

confrontation of the intentions of all the Member States and the Community as regards the general pattern of their policies towards developing countries;

elaboration within the Community of a position to be upheld in all the international bodies responsible for co-operation;

an agreement whereby the Member States undertake not to accept new bilateral commitments without first consulting together to see whether it would not be advisable and possible to mount combined or joint operations.

With this in mind the Commission proposes to draw up a report each year on exchanges of information that have taken place and on progress in co-ordinating the co-operation policies of the Community and the Member States.

3. What the Community has already achieved in the sphere of co-operation policy should be carried further

While conscious of its general responsibilities towards the developing countries as a whole, the Community has up till now given a privileged position in its external relations to certain countries in Black Africa, to Madagascar and to countries in the Mediterranean area.

This main line of Community policy towards Africa to the south of the Sahara and towards the Mediterranean Basin must be maintained and, subject to certain conditions, developed. Starting from what it has already achieved, the Community will have to conceive and implement a policy of co-operation towards the developing countries as a whole.

(a) Association with Africa and Madagascar

During the negotiations for enlargement, the Community has reaffirmed its commitment to the original formula of association, which involves three facets—trade, financing and institutions—and its continuity, with express reference to this structure.

The free trade system established by the association is in conformity with GATT rules; it has operated without disturbing world trade or harming the interests of the rest of the world, as can be seen from the comparative growth of exports from the AASM and third countries to the Community, and those from the Community and other developed countries to the AASM.

While this system of free trade has in no way been damaging to third countries, far from it, it is an irreplaceable feature of the association, because on it largely depends the association's economic effectiveness and especially its political significance. It must therefore be maintained.

The association in no way prevents the Community from actively participating in the implementation of the international development strategy, as is shown by the leading part which it has taken in the elaboration and applica-

tion of the generalized system of preferences. In fact regional co-operation is a necessary complement to worldwide policies as it offsets their levelling effect and permits greater subtlety of action.

Everything therefore tends to the conclusion that the Community should go ahead with its policy of association with Black Africa and Madagascar on the basis of the present threefold structure, for this co-operation is a positive and lasting contribution to the growth of the AASM and to world equilibrium. Furthermore, the continuity of the association is important not only for the maintenance of political relations between Europe and Africa, but also as a powerful factor in inter-African relations.

Of course the Community, which is called to assume ever-increasing responsibilities in the world, will accept practical solutions that maintain the originality of the formula of association with the AASM, which would not be jeopardized by a flexible and open attitude of the partners to the various implications of the systems of free trade areas.

And if, as a result of the Community's enlargement, the extension of the association modifies some of the present basic features and makes adjustments necessary, the partners in the association should together seek fresh practical solutions which do not call its basic structure into question.

(b) Co-operation with the countries of the Mediterranean Basin

The countries that border the Mediterranean are impelled by urgent needs to seek co-operation with the Community, for it is their principal partner and their principal opportunity for development in commerce, tourism, employment, capital movements and the transfer of know-how.

For the Community, the Mediterranean area as a whole is of very considerable economic and commercial interest.

The Commission therefore considers that it is in the Community's interest to seek the means of making the existing commitments more homogeneous and more effective by progressively supplementing the trade provisions of the agreements by technical and financial co-operation to take in certain social aspects. This would endow the Community's Mediterranean policy with the instruments required for a balanced co-operation that is reciprocal in the broad sense of the term.

(c) Co-operation with developing countries as a whole

The policy of preferential access which the Community pursues in its relations with some developing countries corresponds to special obligations and interests, created not only by history and geography but by the clearly

complementary nature of their economies and by a host of traditional links which are not exclusively commercial.

Co-operation of this type, however, is feasible only if it covers a relatively small proportion of world trade and if it is confined to countries in relatively homogeneous geographical areas.

Taken beyond this point, the policy of association would tend to become diluted and would cease to be complementary to international co-operation; indeed it would be inimical to it because of the scale of the distortions and difficulties which it would lead to in world trade.

Co-operation with the developing countries as a whole, which is desirable, should be on the following broad lines:

- (i) The Community's action regarding exports from developing countries to the Community will not be confined to tariff measures but will also have to deal with non-tariff aspects, restrictive commercial practices, sales promotion and commodity prices (preferably within the context of the economy of each commodity).

In the tariff field experience will show whether the generalized preferences can be extended to all exports from developing countries, though of course within limits compatible with the coherence of Community policies, for instance with protection of the interests of countries with which the Community maintains preferential relations and with structural changes or adjustments within the Community.

- (ii) As regards the Community's exports to developing countries, the Community should harmonize the use made of commercial credits and aid credits, by selectively improving the terms, and reinforce measures to co-ordinate insurance and guarantees for export credit. These different steps should tend to encourage the supply of goods and products helpful to development, particularly plant and machinery.
- (iii) For direct private investments from the Member States, national incentive measures will be aligned if possible on the model that offers the widest range of possibilities, generalized so as to cover all developing countries. At Community level the first step will be to encourage the conclusion of bilateral agreements between the Community and developing countries in order to promote and protect investments on a joint basis, and the next step will be the establishment of a Community investment guarantee system.

4. Additional possibilities for financial and technical co-operation should be made available to the Community

Besides the resources required to strengthen co-operation with the African and Mediterranean countries, the Commission considers it necessary that

the Community should progressively be given the resources it now lacks to conduct a genuine development co-operation policy better adapted to the responsibilities and interests of the Community, better balanced geographically, and tailored to the diverse situations of the developing countries.

In present circumstances the Community clearly cannot be expected to embark on a world co-operation policy, involving considerable resources, from which any country, so long as it is developing, would be entitled to benefit. The Community should simply be given additional possibilities enabling it to respond appropriately to the requests for co-operation which developing countries, or groups of countries, are addressing to it and will tend to address to it increasingly in the years to come.

In order to decide on co-operation measures and the direction they are to take, reference must be made to a number of criteria that make for better dovetailing and greater coherence between Community and national action, so that their overall effectiveness is enhanced.

(a) Nature of Community action

Two such general criteria which must guide the choice of additional co-operation action to be undertaken by the Community are as follows:

- the first is that the scale of the Community is objectively better suited than the national scale to the effective pursuit of certain co-operation activities, for instance sales promotion;
- the second criterion is that the Community is specially suited to help developing countries to organize or reinforce their economic co-operation on a regional scale.

(b) Pattern of Community action

Since it is wished to keep Community co-operation free of any hegemonic intent of domination and any strictly mercantile considerations, the funds available should be allocated first and foremost in relation to the needs of the developing countries and to the sources, other than the Community, of privileged aid which they receive. Within each region, furthermore, preference should be given to the least advanced countries, their degree of development being of course assessed on a comparative basis in terms of factors such as their potential wealth in natural resources, their advantages as regards geographical situation, and their external payments possibilities.

Moreover, the fullest account should be taken of their real will to pursue an effective policy of general growth; one of the yardsticks could be their degree of commitment to regional economic co-operation.

A criterion relating to various affinities, historical and cultural for instance, would also be worth adopting for reasons of effectiveness, especially for technical co-operation; a certain preference being given to developing countries with which these affinities exist rather than to others.

These criteria could lead the Community to conclude, with some third countries, "co-operation agreements" establishing an intermediate position between association agreements and the general system applicable to other developing countries.

Such agreements could cover financial and technical co-operation, especially in the case of Mediterranean countries.

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By way of illustration of such additional possibilities, the following points can be made on co-operation with Latin America and Asia:

Latin America

Because of the concession of generalized preferences and successive reductions of duties on tropical products, there is only minimal room for manoeuvre in the tariff and quota sector where Latin America is concerned.

The importance of other forms of co-operation, particularly financial and technical, seems correspondingly greater. Action under these headings must be co-ordinated with commercial policy measures such as the generalized preferences.

To achieve maximum effectiveness of the Community's policy, and in view of the considerable differences between the degrees of development and resources of the countries and regions of Latin America, this policy must be structured on a regional basis and closely adapted to the characteristics of each region. The degree of reciprocity expected from these countries should be in relation to their level of development. Precise rules of selectivity must be applied to the choice of actions.

Special attention should be paid to assisting subregional integration.

Asia

As regards Asia, if we except certain trade measures relating to specific products and countries, the Community has not so far worked out an overall approach to its relations with this immense continent and to the possibility of contributing to its development.

In a general way, the comments and guidelines given above for Latin America are equally valid for Asia, but with important quantitative and qualitative adjustments: the magnitudes involved (e.g. area, population, needs) are several times greater; whereas *per capita* income, the rate of development, regional cohesion, and therefore the tendency to integrate, are all less. The structure of production, including that of agriculture, is very different from that found in Latin America.

This being the situation, it is even more difficult to work out a co-operation policy for Asia than for Latin America.

IV. MAIN TYPES OF ACTION

In view of the considerations set out above the Commission has in mind various types of action for the seventies. These are merely sketched out below, but the Commission will later define them more precisely. As the negotiations with the applicant countries have already shown in the case of some important problems, it is clear that the Community's enlargement will have implications for its co-operation policy and the way in which it is implemented. But in this context the Commission considered that the essential part of the policy which it is putting forward could and should be operated by the Community.

A. Action either arising from decisions taken before the memorandum or connected with approaching deadlines

Specific proposals will be made by the Commission regarding such action in accordance with the time-limits already set.

The essential points are:

- (i) adaptation of the agreements in the Mediterranean Basin to take the enlargement of the Communities into account;
- (ii) renewal on a broader basis of the agreements with Morocco and Tunisia, as provided for in these agreements, and the development and reinforcement of the Community's policy towards the Mediterranean countries in trade and other areas of co-operation;
- (iii) negotiations for a further period of association with the AASM and the East African countries in the context of the possible extension of this policy to other applicants;
- (iv) developments that will be called for by various activities already in hand, such as: generalized preferences, food aid, participation in UNCTAD III, participation in work under the second Development Decade;
- (v) for Latin America, implementation of measures decided on by the Council following a study of the Commission's memorandum on the subject.¹

¹ Council Document S/913/2/70 (COMER 211) Rev. 2.

B. Other action to be started or continued

1. Action connected with trade

As the opportunities for recourse to the instrument of tariffs and quotas are now limited, possibilities for action must be sought in three fields of commercial policy in the broad sense.

(a) Commodity agreements

The Community's activity in connection with commodities is generally based on the principles of the UN Trade and Development Board's Resolution No. 73(X).

So far as existing agreements are concerned, the Community should in the first place accede to the International Sugar Agreement by pursuing an internal policy that will gradually reduce its structural surpluses. The spirit in which the Community tackled sugar problems in the enlargement negotiations could, incidentally, open up interesting possibilities for certain developing countries which are major sugar exporters.

Under the International Coffee Agreement the Community should participate in long-term action, for instance measures concerning production which are written into the agreement but on which a start has scarcely been made.

For other products (cocoa, oleaginous products, tea, jute), the Community should renew its activity and take fresh steps where necessary.

If it should prove impossible to conclude world agreements, or if the conclusion of such agreements were to suffer delays detrimental to the developing countries, or again if for a given product a world agreement were not justified, the Community could envisage—whether for all developing countries or a region—the possibility of applying temporarily, as either an independent or concerted action, the intended provisions of the world agreements. Alternately it could, in accordance with the priorities arising from its commitments, seek *ad hoc* solutions to which further developing countries could accede.

(b) Non-tariff measures

In this connection the Commission will propose that advantage be taken of the harmonization of domestic legislation now in progress in the Community to protect trade names as far as possible, as this can often have the effect of increasing the use of natural products. The Commission wishes to reiterate what it has already said on several occasions, namely that the progressive abolition of the excise duties which are currently levied in some Member

States on products of interest to developing countries would be a measure that would greatly encourage imports into the Community of those products.

(c) Sales promotion campaigns to enable developing countries to increase their exports

Here the opportunities for co-operation are particularly extensive and readily lend themselves to Community action, which might take the following forms:

- (i) commercial training for nationals of developing countries to increase their knowledge of the Community market;
- (ii) establishment of a promotion service for the exports of developing countries, which would help public export promotion bodies, and even firms, in those countries to find solutions to their marketing problems;
- (iii) establishment of Community trade centres in some countries for the purpose of encouraging exports to the Community and, as a by-product, from the Community to the countries concerned;
- (iv) Community technical assistance to developing countries in connection with public health regulations and other rules so that their exports comply with Community legislation.

2. Co-operation on the social and on the human plane

In this field three types of action may be noted:

- (i) improvement of infrastructure (provision of hospitals, schools, housing, specialized institutes, etc.);
- (ii) training schemes (general education, vocational and other training courses, "*animation*" i.e. activity promoted by leaders in the local community, etc.);
- (iii) development of appropriate technical assistance which, generally speaking, is the essential prerequisite for the dynamic implementation of the preceding two types of action because at present the developing countries are very short of the necessary personnel at managerial level to carry them out.

Given the massive requirements of the developing countries in this respect and by comparison the relatively very circumscribed possibilities the industrialized countries have of action to satisfy these needs, it seems necessary, for action of this type in particular, to aim at coherent and co-ordinated implementation of the measures that are being considered. Here the Com-

munity framework certainly offers a first level of concertation which is essential to ensure the greater effectiveness of the efforts made by the Member States and the Community.

3. Technical and financial co-operation

(a) To ensure more regular flows of funds, it would seem necessary to endeavour to organize them in the context of multi-year programmes. The specific inclusion of a study of such flows in the Community's medium-term economic policy programmes, besides improving the regularity of flows to the developing countries, would also permit better progress towards achievement of the quantitative objectives of aid.

In this connection, the in many ways disturbing indebtedness of many developing countries makes it necessary to seek a better balance between official and private flows and, in the case of official flows, between grants and loans; the latter should, so far as possible, be "soft" loans. The programming of such flows is of undoubted importance for the achievement of this balance.

(b) In order to make financial aid and technical assistance more effective perhaps there could be a progressive untying, on a Community scale, of the Member States' bilateral aid,¹ for it is clear that the division of the Community into country-by-country compartments by tied aid is losing its relevance as the Community becomes more integrated.

(c) Because of its nature it is a specific function of the Community to give systematic encouragement to an obvious capacity for providing technical assistance for regional co-operation between developing countries. This should include:

- (i) courses and symposia for the nationals of developing countries that have embarked on a process of integration and for the officials of regional cooperation bodies;
- (ii) sending of qualified independent experts to such bodies;
- (iii) seconding of Community officials to these bodies.

It would furthermore be appropriate to consider possible financial contributions by the Community towards studies or projects having a direct bearing on regional integration.

(d) It will be necessary to undertake a study of all the problems arising from technical co-operation with developing countries with a view to finding a Community solution to them.

¹ The way in which this proposal is formulated will depend on whether it embraces both grants and loans or, if the DAC's work to untie loans should lead to an early agreement, grants only.

(e) In order to ensure greater effectiveness of private flows, and to further an active, coherent private investment policy in developing countries, steps to be taken include:

- (i) community co-ordination of domestic measures to encourage direct private investment and progressive alignment of such measures on the most comprehensive pattern existing in the Community;
- (ii) institution of a Community system of guarantees for private investment;
- (iii) concerted action with developing countries in order to make better access arrangements for private investment;
- (iv) establishment of a data bank dealing with investment opportunities in developing countries;
- (v) extension of the EIB's role to contributions towards the financing of Community exports to developing countries with which the Community cooperates on a privileged basis;
- (vi) establishment of subcontracting exchanges between industrialists in the Community and the developing countries;
- (vii) setting up of Community machinery for the notification of direct private investments in developing countries.

4. Other measures

(a) As regards applied scientific and technological research, the Commission will propose the formulation of guidelines to reinforce the scientific structures of developing countries and concerted guidance of the Member States' efforts in accordance with the specific needs of developing countries or groups of such countries.

(b) Along the guidelines which it set out in its memorandum on the common social policy, the Community will make appropriate proposals with a view to:

- (i) improving statistical data on the movements of migrant workers from developing countries;
- (ii) improving the integration of migrant workers into the economy and social background of the host countries;
- (iii) progressively extending to migrant workers from developing countries the advantages accorded to the Community's workers.

(c) The Commission will redouble its efforts to make public opinion more aware of development problems and to improve information about them through more efficient use of existing means and better co-ordination of information.

(d) Technical measures, for instance to achieve compatibility between production and foreign trade statistics, should make it possible to identify more accurately the effects of commercial policy measures on consumption and production in the Community.

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These various types of action, which should make up the Community's co-operation policy, can only progressively be given their final shape and brought into operation.

CONCLUSIONS

In deciding to compile this memorandum and transmit it to the competent Community institutions, the Commission's intention was to prepare the ground for a thoroughgoing debate at Community level on the problems of development co-operation. Anxious that such a debate should result in practical measures, the Community has sought to establish the fullest possible inventory of the conditions and methods of action required to implement a real policy of co-operation with the Third World. In so doing, it is conscious that the practical development of such a policy can only come about progressively and that, in particular, it will be necessary to programme and adapt any action envisaged in the light of the guidelines that emerge from the work to be done in the near future; the choice of priorities, for example, will have to be made with regard to the essential means that can be made available.

The Commission, however, wishes to stress the importance which it attaches to the principles and guidelines set out in this memorandum and draw attention to the fact that development co-operation is part of the logic of Community integration; for it is a component of the various policies to be implemented (commercial, agricultural, industrial, etc.) and one which cannot be sidestepped, especially as the first progress is made along the path of political co-operation.

Accordingly it is the Commission's view that this Community policy for development cooperation should take the aid policies being implemented by the Community and by the individual Member States as its starting point and improve on them. It will at the same time be necessary to supplement them with other initiatives on the scale dictated by the Community's weight in world affairs and by its future enlargement.

In any event the Commission is convinced that the primary condition for conceiving and implementing such a policy lies in the organization of close co-ordination between the policies of the Member States and of the Community, even before a progressive reinforcement of the Community's powers in this field becomes imperative. The ways and means of this co-ordination, to be undertaken within the framework of the Community institutions, will gradually emerge in the light of the experience that is gained, but it already seems necessary that there should be certain Council meetings, attended by the Ministers responsible for these matters in the Member States, reserved for the problems of development co-operation and that, to ensure that these meetings are fully effective, they should be prepared at every stage with an overall, and so to speak horizontal, view of the various problems of development.