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E U R O P E A N
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Report

drawn up on behalf of the Committee on Relations with African States and Madagascar

on the results of the fifth meeting of the Parliamentary
Conference of the EEC-AAMS Association held in
Antananarivo from 10 to 15 January 1969

Rapporteur : Mr. Vals

ENGLISH EDITION *)

*) This translation must not be treated as an official text. Readers are reminded that the official texts exist only in the Dutch, French, German and Italian languages.

By letter of 29 November 1968, the President of the European Parliament asked the Committee on Relations with African States and Madagascar, as the committee ultimately responsible, to draw up a report on the results of the fifth meeting of the Parliamentary Conference of the EEC-AAMS Association held in Antananarivo from 10 to 15 January 1969.

At its meeting on 1 December 1968, the committee appointed Mr. Vals Rapporteur.

The Committee on Relations with African States and Madagascar perused the draft report at its meeting of 28 February 1969 and adopted it unanimously on the same date.

The following were present: Mr. Vals, Acting Chairman and Rapporteur; Messrs. Bersani, Vice-Chairman; Achenbach, Aigner, Armengaud, Colin, Dewulf, Glinne, Hahn, Januzzi (deputizing for Mr. Spénale), Westerterp (deputizing for Mr. Schuijt).

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A

The Committee on Relations with African States and Madagascar hereby submits to the vote of the European Parliament the following motion for a resolution, together with explanatory statement :

Motion for a resolution

on the results of the fifth meeting of the Parliamentary Conference of the EEC-AAMS Association

The European Parliament,

- (i) having regard to its Resolutions of 20 January 1965⁽¹⁾, of 11 March 1966⁽²⁾, of 15 March 1967⁽³⁾ and of 15 January 1968⁽⁴⁾ ;
- (ii) having regard to the Report of its Committee on Relations with African States and Madagascar (Doc. 228/1968) ;

1. Is gratified at the effective co-operation which has developed between the institutions of the Association and which was particularly manifest at the Antananarivo session of the Parliamentary Conference and at the successful record of the Association over the last four years ;

2. Endorses the conclusions drawn up by the Parliamentary Conference in its Resolution of 15 January 1969 ;

3. Calls upon the Commission and the Council of the European Communities to give due consideration to the recommendations made on that occasion, particularly regarding choices to be made when the Association is renewed ;

4. Reaffirms its determination that the Association should continue in the same spirit and hold fast to the same aims ; trusts, at the same time, that the Community will bring its assistance arrangements into line with present-day needs :

- (a) by a new drive to expand trade still more and to promote sales of AAMS products at stabler and more profitable prices ;
- (b) through intensified and better co-ordinated action to promote the industrialization of the Associated States ;
- (c) by endowing the European Development Fund with greater resources ;

5. Urges the Council to abide by the commitments it has entered into so that negotiations on the new Convention may be concluded before 31 May 1969 ;

6. Asks its President to forward this resolution and the report of its responsible committee to the Council and to the Commission of the European Communities and, for their information, to the Presidents of the Parliaments of the Associated African States and Madagascar and to the members of the Parliamentary Conference of the Association.

⁽¹⁾ *Official Gazette* No. 20 of 6 February 1965, p. 281.

⁽²⁾ *Official Gazette* No. 53 of 24 March 1966, p. 778.

⁽³⁾ *Official Gazette* No. 63 of 3 April, p. 975.

⁽⁴⁾ *Official Gazette* No. C 13 of 5 February 1969, p. 8.

B

EXPLANATORY STATEMENT

1. The Parliamentary Conference of the EEC-AAMS Association held its fourth session in Antananarivo from 10 to 15 January 1969, thus completing five years of parliamentary co-operation between the elected representatives of the member States of the Community and those of the 18 Associated African and Malagasy States.

According to a now well-established custom, this report will be restricted to a general review of the results of this meeting.

The work of the Conference itself was prepared by the Joint Committee at meetings held in Brussels from 20 to 22 May 1968, in Brazzaville from 14 to 16 October 1968 and during the two days prior to the Antananarivo session. On completing its work, the Joint Committee submitted three basic documents to the Conference :

- (a) Report by Mr. Ebagnitchie on the fourth report on the activities of the Council of Association (Doc. EEC/AAMS 24),
- (b) Report by Mr. Rakotozafimahery on the report on the management accounts of the Conference for 1967 and on the provisional estimates for 1969 (Doc. EEC/AAMS 23)⁽¹⁾,
- (c) a working document by Mr. Dewulf on the problems of industrialization and on the difficulties of making scientific and technical progress in the AAMS (PCA/PC/86).

2. The scope of the debates on the reports by Mr. Ebagnitchie and on the working document by Mr. Dewulf and the highly factual problems tackled made this session one of the liveliest and perhaps one of the most interesting in the experience of the Parliamentary Conference of the Association.

3. The discussion on the report by Mr. Ebagnitchie bore on the activities of the Council during the year that had elapsed and on the Association's progress after five years of operation. In view of the nearness of the 31 May 1969 time-limit, the rapporteur endeavoured to conclude, from this record and in the light of the experience gained, what the prospects were for the new Association Convention and what form it should take. This latter part of the report

was, from the Afro-Malagasy standpoint, the definition of an attitude to the new Convention and should be seen in conjunction with that given in the report submitted to the European Parliament by Mr. Thorn⁽²⁾.

4. The working document by Mr. Dewulf gave rise to an extremely useful discussion of a problem which is, now more than ever, the focal point of AAMS interest, i.e. the industrialization of their countries and the conditions under which the Community could most effectively help them in this field.

5. The value and success of the Conference were due not only to the importance of the subjects dealt with but also to the active participation of Mr. De Koster, President-in-Office of the Council of the Communities, and Mr. Diawada, President-in-Office of the Association Council, (who also presided at the meetings of the contracting parties in the negotiations on the renewal of the Yaoundé Convention) and lastly, of Mr. Rochereau, a member of the Commission of the Communities.

Representatives of the Executive never failed to attend meetings of the Joint Committee of the Parliamentary Conference; indeed, attendance had even increased. The Antananarivo session saw for the first time a President-in-Office of the Association Council not only in attendance throughout the Conference but also actively taking part in the two days of preparatory meetings held by the Joint Committee. The President of the Association Council often cleared up important points and gave precise answers to questions from parliamentarians on both political and technical problems in respect of all the major issues dealt with at Antananarivo — trade, financial co-operation, private investment guarantees, the difficulties of industrializing the AAMS and the attitudes adopted by ministers at the first meeting of the contracting parties.

This 'participation' of representatives of the Council in the debates of the parliamentary bodies of the Association was all the more remarkable as it constituted a very important precedent. It was in striking contrast with the formal nature of the rare attendances of the President-in-Office of the Council at sessions

⁽¹⁾ The budgetary problems which the Conference dealt with did not occasion any interventions on the part of members and will not be referred to in this report.

⁽²⁾ Doc. 137/68, Report on the renewal of the Yaoundé Convention.

of the European Parliament and with his general statements on the activities of the Council.

6. With regard to the participation of national delegations, it is to be noted that only eleven so far of the eighteen AAMS have national parliaments; all of these, except Somalia, sent delegations. Congo-Kinshasa, Burundi and Upper Volta, on the other hand, which do not have parliaments, gave mandates to their Ambassadors to the Communities; four States sent neither delegates nor observers (Congo-Brazzaville, Central African Republic, Dahomey, Somalia).

The special political difficulties being experienced by some Associated States—whose parliaments stand provisionally dissolved—deserve our understanding. But it might be desirable for the European delegates on the Joint Committee to draw the attention of the AAMS to the disadvantages resulting from the non-attendance of representatives or observers as this might, rightly or wrongly, be interpreted to mean that some States were 'growing cold' about the parliamentary bodies of the Association.

7. For some States, provisionally without parliaments, to give mandates to their Ambassadors to the Communities for the Joint Committee and the Conference is only acceptable as a temporary arrangement. These Ambassadors sit both on an executive body, i.e. the Association Committee which comes under the Council, and on the parliamentary bodies as representatives of their countries with the right to speak (but not to vote); this constitutes an undesirable anomaly in regard to powers and should not be allowed to persist. The prerogatives of the non-parliamentary representatives of States ought to be more clearly defined; it should be established whether they may put forward amendments to a draft resolution and, consequently, sway the deliberations of normally elected parliamentarians, as was the case in particular on the Joint Committee at Antananarivo.

It would, however, be advisable, for obvious political reasons, for the 18 Associated States concerned to try and solve this problem amongst themselves so that the suggestions for dealing with the difficulties mentioned do in fact come from the Associated States.

(a) *Debate on the Report by Mr. Ebagnitchie on the activities of the Association Council*

8. The Conference appreciated the work done by the Council and welcomed the decisions it took at its meeting in Kinshasa on 23 July 1968. The Association Committee prepared this meeting very thoroughly and enabled the Council to take decisions regarding the definition of 'products originating in' which resolved practical problems arising in some of the AAMS. The Council also

looked into the special system for importing Madagascar meat into what is regarded as part of the Community customs area, i.e. the Isle of Réunion; all the delegates wished to put this on a par with a frontier system. As for sugar originating in the AAMS, the delegates welcomed the Community decision to make an advance—for the 1967-1968 season—to the Equalization Fund of the African and Malagasy Sugar Agreement. On the other hand they regretted that consultations had still not been held by the Association Council or Committee on implementing Article 11 of the Yaoundé Convention; this provides that the interests of the AAMS concerning agricultural products similar to and competitive with European products shall be taken into consideration. It was pointed out that the organization of the Community markets, under which there was a single price for sugar, came into force on 1 July 1968. As a result, sugar originating from the AAMS might be treated in the same general way as that from third countries after that date.

9. In another sphere, the AAMS noted that the Community had 'consulted' the Associated States at the Kinshasa session about the draft Association Agreement between the EEC and the three East African States (Kenya, Uganda, Tanzania); this was pursuant to Article 58 of the Yaoundé Convention; it did, however, deplore that this consultation took place so late in the day. With reference to the crux of the matter, however, the AAMS felt that the agreement broadened trade relations between the Community and these East African States in an atmosphere of mutual confidence and respect for each other's interests; it was of definite economic and political importance and seemed likely to help increase intra-African trade and co-operation. It is worth noting that there was real agreement between Europeans and Africans on the value of this new Association. Contrary to what might have been feared when the talks began, the new Association Agreement provoked no distrust among the 'original' 18 Associated States. In this connexion, several delegates, both African and European, recalled the open character of the Association.

10. With reference to *financial and technical co-operation*, the African delegates welcomed the fact that the Council had, at its Kinshasa session, amplified the guidelines previously established and placed the emphasis on aims which have come to have the main priority, viz:

- (i) co-ordinating the investments of the African States concerned in every sphere calling for regional co-operation,
- (ii) agreement on the industrialization drive at the multilateral level,
- (iii) joint action to modernize the rearing of livestock,

- (iv) widening agreements to improve the flow of supplies of animal products,
- (v) expanding foodstuffs production and
- (vi) improving the means of communication.

As for the record of the European Development Fund, the members were on the whole satisfied at the rate of commitments entered into and at the allocation of larger funds for scholarships and general manpower training, particularly in the technical sector. The General Rapporteur was gratified to note that the financial help extended within the Association in 1967-68 was comparable to that of the UN agencies for all the developing countries.

11. Summing up progress in *trade*, Mr. Ebag-nitchie, the Rapporteur, and other African delegates were far from satisfied. Relatively speaking, there was an overall fall-off in trade in 1967. Total trade increased by only 2.3 per cent as compared with the 9.7 per cent in 1966. The AAMS increased their purchases from the Community by 9 per cent (as against only 2.3 per cent in 1966) going up from 846m a.u. in 1966 to 926m a.u. in 1967; imports by the member States from the AAMS, on the other hand, fell by 1 per cent whereas in 1966 their imports had gone up by 15 per cent.

Nonetheless, the Rapporteur wished to emphasize the positive aspects of trade: the almost complete elimination of quantitative restrictions and a greater diversification of the sources of supply of the AAMS in their purchases from the six member States; France's share in exports to the AAMS has gradually decreased in favour of Belgium, Germany and Italy. This trend was normal and consistent with the aims of the Association. The AAMS have complained, sometimes strongly, about the delay in implementing some of the provisions designed to promote trade. One example was the EEC Council decision of 25 July 1967 concerning aid in favour of AAMS oleaginous products; this had been taken 18 months previously and had still not come into force because some member States had yet to ratify the decision. The AAMS particularly deplored the steady fall in world prices for oleaginous products of vegetable origin; some States had suffered serious losses as a result. Several delegates, furthermore, expressed concern about the possible introduction of a tax on oleaginous products of vegetable origin as suggested by the Commission in the 'Mansholt memorandum'. (This was to be part of the rationalization of the milk market.) Despite the assurances given by Mr. Rochereau on possible financial compensation for the AAMS to offset the adverse effects this tax would have on AAMS oleaginous exports to the Community, the AAMS felt that these various adverse factors would justify support from the Community to keep prices fairly steady; their view was that this principle should be embodied in the new Convention.

12. The problem of *consumer taxes* levied in some member States on tropical products from the developing countries (coffee and cocoa) has often been discussed.

The disagreement between African and European delegations has lasted some years and has not been resolved. In some interventions, indeed, a slightly stronger line was taken. Rightly or wrongly, the Africans attach great importance to the principle of eliminating these taxes; the delegation from one member State, on the other hand, repeated that their government cannot do without the large income derived from these taxes; these delegates were also convinced that a cut in these taxes would not lead to an increase in the consumption of the tropical products affected. In its closing resolution, the Conference agreed on the compromise formula which had already been adopted at previous conferences to the effect that the member States concerned should begin to review these taxes, set a ceiling on receipts from this source and look into ways of gradually reducing the incidence of these taxes.

(b) *Guidelines for renewing the Yaoundé Convention*

13. Several delegates recalled that the Association came into being as an integral part of the Treaty of Rome and that it could no more be separated from it than could the common agricultural policy, the trade policy or the social policy; several African delegates felt that the Association was irreversible.

Experience has shown that the system laid down in the Yaoundé Convention has proved satisfactory in terms of financial and technical co-operation but it has been less satisfactory with regard to trade. This is mainly because of world trade trends. In recent years the gap between the prosperous and poor countries has grown steadily wider.

The African and Malagasy delegates therefore expressed a desire that some of the provisions of the present Convention should be brought into line with new realities. The two points of attention were:

- (1) With regard to trade, a price guarantee for AAMS products should be provided for on the basis proposed by the European Commission in its memorandum of April 1967. At the same time, the AAMS should endeavour to create a joint trade organization—now under consideration—to market their products.
- (2) EDF interventions should place greater emphasis on industrialization than in the past. The new convention should make more specific reference to this imperative aim and require that the interventions be much more

diversified and yet much better co-ordinated and placed within a multilateral context.

14. There was agreement on these two points between statements by the parliamentary delegates of the 18 States and by President Diawara, representing the Association Council ; this agreement met the wishes expressed in Brussels by Mr. Hamani Diori, the President-in-Office of the African and Malagasy Common Organization (OCAM), when he visited the European Commission last October.

15. With regard to the first meeting of the contracting parties on 19 December, all members of the Conference were glad to note two very important decisions on points of principle : (i) the Community was in favour of a new Convention to ensure the continuity of the Association and (ii) the Community agreed to set up a third European Development Fund.

16. The Conference also discussed 'trade preferences' for tropical products and the statement by the Community at the negotiations of 19 December, that it intended to change the tariff system for some tropical products of interest to the third world, provided this did not jeopardize EEC/AAMS trade.

As regards 'preferences for finished and semi-finished products', the Community proposed to continue the present tariff system for a further period of association and confirmed that the member States wanted to co-operate in implementing the generalized system of preferences advocated in New Delhi. On this point, the Conference was, in its closing resolution, unanimously in favour of introducing a system of generalized preferences for the finished and semi-finished products of the developing countries ; it felt that the Association was not and must not hamper their introduction, although they should not negate the duty-free system enjoyed by AAMS exports to the Community.

In this respect, the President of the Association Council was expressing the unanimous wish of the 18 Associates represented on the Council when he said that the duty-free system should be held as one of the permanent bases of the Association and be applicable for more than the next five-year period.

17. With respect to *financial and technical co-operation*, the members of the Conference felt that the EDF ought to be allotted 1,000m a.u. for the coming five years ; they thereby endorsed the figure quoted in the report by Mr. Thorn on renewing the Association Convention ; this report had been unanimously adopted by the European Parliament on 2 October 1968.

18. Lastly, should the new Convention not come into force on 1 June 1969, *interim provisions*

should be enacted to ensure continuity of co-operation, particularly regarding financial and technical help : the Community should be authorized to take financing decisions in anticipation, to be set off against the resources of the third European Development Fund.

(c) *Problems of industrializing the Associated States*

19. The discussion on the working document by Mr. Dewulf gave a new emphasis to the Conference's debate. This subject had been raised many times but was never discussed at such length, either by the Joint Committee or by the Parliamentary Conference. All the delegates were wise enough to refrain from philosophical discussions and academic theorizing, trying instead to assess the practical implications of industrializing Africa, both for Africa itself and for the States of Europe.

As Mr. Dewulf stated in submitting his working document, the African delegates were even more emphatic that, although setting up 'substitution' industries in Africa was, indeed, a first step, it could not be an end in itself. Such industries were relatively easy to set up but they were also more vulnerable because they were usually protected and this shelter tended to be constantly consolidated to meet the needs of small domestic markets. Even if they were envisaged in a national or multi-national framework, it would be hard for them to be competitive. The real problem in the longer term was to set up basic industries and industries producing internationally-competitive exports which could penetrate the markets of the developed countries, particularly the EEC. This naturally implied industrial 'transfers' between Europe and Africa under a carefully devised international division of work. Far from minimizing the complex social and structural problems that would arise for Europe in the event of such 'transfers' and because these problems are complex and delicate, both the rapporteur and the African delegates generally trusted that they could immediately begin analyzing these matters together, in a spirit of sober realism. The Commission could make a special survey of the industries that could be transferred to Africa.

20. By giving direct encouragement to African industrialists and contractors, the Community could help promote such industrial co-operation. To this end, the European Commission should continue its successful work in manpower training ; it could do so with the help of the European Development Fund. To enable the AAMS to share in technological progress, European firms should be paired off with African enterprises ; this would make it possible to train or reintegrate all those to be responsible for running firms on the spot and allow for licence agreements and even joint management and joint trading organizations.

Mr. Rochereau pointed out that it would be wrong to suggest that industrial expansion was an alternative to agricultural development. The two were inter-dependent.

European delegates warned their African colleagues against the industrialization myth. The Africans replied, through their Minister, that these myths has been among the most powerful driving forces in the history of mankind; one example was the myth of independence which had, thanks to the joint efforts of men of goodwill, become a reality.

21. In view of the importance of this subject, the Conference unanimously passed a resolution⁽¹⁾ calling upon the Joint Committee to submit a report on the industrialization of the AAMS and the measures to be taken to accelerate the process in the light of the ideas discussed at this most recent session.

22. The industrialization of the Associated States is closely bound up with the problem of *private investments* and is, indeed, dependent on the inflow of capital. At the Antananarivo meetings, the guarantees to be given to private investment, particularly multilateral guarantees by the Community, generated a good deal of controversy. Some members felt that the investment codes in force in most of the AAMS gave adequate guarantees to private investors. Others felt that a multilateral guarantee against non-economic risks would be an additional incentive to private investors and increase the scale of investments. In view of the complex and delicate nature of this problem, the responsible Committee of the Parliament agreed with the Joint Committee that it should be more thoroughly examined at a later date.

Conclusions

23. The debates held in Antananarivo did not sidestep practical problems or 'paper over' disagreements between Europeans and Africans on how to promote the rapid economic expansion of the AAMS. Yet the African representatives were broadly satisfied with the Yaoundé Convention's approach to co-operation.

24. Those taking part in the Parliamentary Conference realized that the Association had made Africans increasingly aware of their common interests and of the need for them to act together with regard to the main problems of the Association.

25. At the last Conference, the Africans clearly expressed their two main concerns:

1. With regard to marketing their agricultural products, the Community should guarantee a 'normal' or minimum price—and thus have price support machinery—to ensure that African producers could rely on a certain income level. The Community should also review the system under which AAMS agricultural products, similar to and competitive with Community products, were imported, so that they might be exempted from any customs duty or levy.
2. The Community should step up its efforts to promote industrialization.

Concerning these two problems, the African delegates asked both the European parliamentarians and the representatives of the Council and of the Commission whether the Community was ready to give them the guarantees they required.

Expressed in sometimes blunt but quite unambiguous terms, these questions are ones that the Community will not be able to elude when the Association Convention is renewed.

In its memorandum to the Council of April 1967⁽²⁾ and in its second note to the Council on 13 November 1968⁽³⁾, the European Commission made bold and realistic proposals which went some way towards answering the questions of the AAMS; the Council should study these with the attention they deserve. With regard to the system of prices for AAMS products, Mr. Rochereau warned the Associated States against having illusions; he reminded them that the Community could not give them either a price guarantee or a marketing guarantee; it could do no more than envisage support machinery to regularize the prices of some of their products which were not covered by international agreements. In the new Convention, the Community might envisage import arrangements for agricultural products similar to and competitive with European ones which would give the AAMS more effective commercial and economic advantages than those it obtained under Article 11 of the Yaoundé Convention.

26. The active participation, not only of members of the Conference but also of the President-in-Office of the Association Council and representatives of the Council and Commission of the Communities at the Antananarivo meeting is in itself sufficient to underline the value of the discussions held at sessions of the Conference generally and at this one in particular.

If one were to attempt to assess the political and institutional implications of the debates held at the meetings of the parliamentary bodies of the Association, the following conclusions might

⁽¹⁾ See Annex II.

⁽²⁾ See Doc. 33/68.

⁽³⁾ See Doc. CEE 19.200/VIII/FED/68.

be drawn regarding the respective rôles played by the Joint Committee and the Parliamentary Conference :

(a) The initiative rests with the *Joint Committee* with regard to work and debates in camera on all Association problems. It prepares reports in the same way as a specialized parliamentary committee and submits draft resolutions to the Conference which carry the endorsement of the members ; this follows debates which are, on occasion, lively.

(b) The *Parliamentary Conference* is a forum in which only the members of the Joint Committee submit their conclusions. The function of the Conference is to secure the widest possible audience-endorsement for these conclusions. The presence at Conference sessions of leading parliamentarians (Presidents of Assemblies and political parties) means that the Conference is an organization of moment having a more direct access to a broader section of the general public.

Thus the Joint Committee, on the one hand, and the Parliamentary Conference, on the other, each have their special functions.

All the parliamentarians and members of the Executives who took part in the Antananarivo Conference were agreed on the value of an institutional dialogue ; over the five years of the Association, the Conference has provided the framework for very practical and profitable discussions. The results achieved make it reasonable to conclude that the new Convention will need to renew the present institutional system and retain the parliamentary bodies of the association.

Lastly, the Conference recalled the permanent and institutional nature of the Association ; its operating machinery should be overhauled and readjusted when conventions are renewed but its underlying principles must not be called into question.

Dear Sir,

I am writing to you regarding the matter of the...

As you are aware, the situation is becoming increasingly...

I am sure that you will understand the need for...

I am sure that you will understand the need for...

I am sure that you will understand the need for...

I am sure that you will understand the need for...

I am sure that you will understand the need for...

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I am sure that you will understand the need for...

I am sure that you will understand the need for...

I am sure that you will understand the need for...

Resolution⁽¹⁾

on the Fourth Annual Report on the activities of the Association Council

The Parliamentary Conference of the Association,

- (i) meeting in Antananarivo from 10 to 15 January 1969, pursuant to Article 50 of the Association Convention between the European Economic Community and the African States and Madagascar, signed in Yaoundé on 20 July 1963,
- (ii) having taken note of the Fourth Annual Report on the activities of the Association Council (Doc. 22/I-II) and the report of the European Commission to the Council on the management of financial and technical co-operation for 1967 (Doc. 22-III),
- (iii) having regard to the report submitted on this subject by Mr. Ebagnitche on behalf of the Joint Committee (Doc. 24 and 25),
- (iv) having heard the report of the President-in-Office of the Association Council,
- (v) recalling its Resolutions of 10 December 1964, 8 December 1965, 14 December 1966 and 7 December 1967,

I—*With regard to the institutions of the Association*

1. Is gratified at the increasingly useful discussions between the partners to the Yaoundé Convention and at the successful results of the Association Council's activities during the year under review ;

2. Regrets, however, that the only meeting held by the Association Council—the only political decision-taking body—during this year should have been the subject of successive reports and that it should have resulted, on the one hand, in a disturbance in the institutional activity of the Association and, on the other, in an appreciable delay in the opening of the negotiations provided for in Article 60 of the Convention ;

3. Again urges the Association Council that suitable measures be taken to avoid any hiatus in the operation of the Association's institutions and considers that the Association Council should see to it that its annual report reaches the Parliamentary Conference in June each year ;

4. Notes with regret that the resolutions of the Parliamentary Conference were not analyzed in any detail by the Association Council and Committee ; calls on both to make a careful study of these resolutions and asks that the Conference be subsequently informed of the results of discussions held on this subject ;

II—*With regard to financial and technical co-operation*

5. Expresses concern at the fall-off in AAMS exports, particularly of mining products, to the EEC in 1967 but recognizes that 1967 saw a slowing-down in economic activity in the member States ;

6. Notes with satisfaction that in their trade with the EEC, the AAMS are increasingly diversifying their sources of supply—a trend consistent with the aims of the Association ;

7. Welcomes the initial measures taken by the EEC under Decision 491/67/EEC of 25 July 1967 providing for financial help for AAMS oleaginous products ;

8. Deeply deplores the long delay in implementing this decision as a result of the slow ratification procedure in some of the member States ;

9. Expresses concern about measures envisaged to rationalize the EEC dairy produce market because the tax on all imports of fats and oil-cakes may seriously affect the volume of third world export receipts, particularly those of the AAMS, from the sale of these products which often represent a major proportion of their exports ;

10. Regrets that the work carried out in accordance with the conclusions which the Council's joint group of experts unanimously reached in March 1967 on marketing products originating from the AAMS, has not led to any practical result, with the exception of a programme enabling the AAMS to take part in trade fairs and exhibitions in Europe, and trusts that the survey commissioned with a view to setting up a joint export organization may rapidly lead to practical steps being taken ;

III—*With regard to financial and technical co-operation*

11. Welcomes the regular flow of EDF grants (i.e. non-repayable aid), so that all the resources ear-marked for such aid will probably be used up when the present Convention expires ;

12. Notes that the main emphasis of the EDF's work has been in the directly productive sectors but that the EEC's contribution towards creating new industries in the AAMS was not a very large one, most of its economic projects having concerned agriculture ;

13. Draws the attention of the Association Council to the slow rate of commitments regarding loans and to the fact that a large proportion of the

⁽¹⁾ This resolution was passed by the Parliamentary Conference of the Association on 15 January 1969 (*Official Gazette* No. C 13, 5 February 1969).

resources may still be left when the Convention expires ;

14. Is concerned at the appreciable time-lag which continues to obtain between the passing of projects and their being carried out ;

15. Considers that the decisions taken by the European Communities pursuant to the guidelines laid down by the Association Council were designed to ensure a more appropriate distribution of funds to promote a steady and balanced development of the Associated States as a whole ;

16. Endorses the Association Council's resolution of 24 July 1968 on the general guidelines for financial and technical co-operation regarding investments, technical assistance and the training of managerial and supervisory staffs ;

17. Particularly stresses the importance of training manpower and of stepping up the work done in this respect, mainly by increasing the number of scholarships ;

18. Regrets that the six member States of the EEC should have interpreted Annex VI of the Final Act of the Convention concerning the review of financial assistance in a restrictive and formalistic manner ;

IV—*With regard to the external relations of the Association*

19. Welcomes the fact that the Association partners compared and approximated their viewpoints, in accordance with Protocol 4 annexed to the Convention, at the second session of the United Nations Conferences on Trade and Development ;

20. Trusts that this co-operation will continue and develop in the future, particularly with a view to implementing the system of generalized preferences for finished and semi-finished products from the developing countries advocated by UNCTAD ;

21. Considers that the Association is not and should not be an obstacle to the implementation of this system of generalized preferences which should in no event jeopardize the duty-free system enjoyed by AAMS exports to the EEC, the Associated States being among the least-favoured countries in the sense defined by UNCTAD II in Resolution 24(II).

V—*With regard to the renewal of the Association Convention*

22. Welcomes the agreement reached on the Council on renewing the Association and on implementing Article 60 of the Convention ;

23. Wishes strongly to impress upon the Association Council the need to conclude the negotiations as quickly as possible and urges the 24 States to ensure that the necessary ratifications come through quickly, if necessary by recourse to the procedure for matters deemed urgent ;

24. Considers that the new Convention should follow along the lines of the Yaoundé Convention, both as to form and principles ;

25. Considers it essential to maintain Community preferences ; these have not, in fact, placed any check on the normal growth of EEC trade with the developing countries ;

26. Asks that the new Convention should represent a change in the present system with a view to the following points :

- (i) improving the procedure for two-way consultation and information to create an effective dialogue so that the interests of all parties may really be taken into consideration ;
- (ii) introducing new trade arrangements to obtain a substantial increase in AAMS exports to the EEC because a growth of trade under the preferential system is one of the main aims of the Association ;
- (iii) setting up the machinery, in accordance with proposals put forward by the European Commission, to ensure that :
 - (a) the economic and trade benefits accruing to the AAMS in respect of products similar to and competitive with European agricultural products are greater than those under Article 11 of the Yaoundé Convention ;
 - (b) there is support, for products not covered by world agreements, to stabilize their prices and eliminate short-term fluctuations in world prices ;
- (iv) recognizing the principle of 'profitable' prices for AAMS producers, whose interests must be taken into account when this machinery becomes operative ;
- (v) making a detailed analysis of the machinery for stabilizing the main tropical products to be set up under the Association ;
- (vi) providing a more precise definition of the term 'similar to and competitive with' with respect to agricultural products ;
- (vii) providing a special system for Malagasy agricultural products exported to Réunion, to be based on the rules for frontier traffic ;
- (viii) ensuring that all AAMS processed agricultural products get the benefit of the intra-Community system ; the member States could follow the example of the AAMS in invoking the escape clauses should there be any upheaval on their own markets ;
- (ix) eliminating disparities between the member States as regards the rules for importing AAMS products ;
- (x) overhauling consumer taxes charged on tropical products in some member States. A 'ceiling' could be set on the receipts from these taxes and the rates could gradually be reduced ;
- (xi) bearing in mind the growth of the gross national product of the member States, the increase in price of European exports, the rise in price of projects, the deterioration of the terms of trade

of the AAMS and the increase in population in these States, adjusting the amount of resources available to the European Development Fund ; this should have at least 1,000m a.u. for a period of five years ;

- (xii) maintaining the present proportion in the breakdown between non-repayable aid and loans; any residue of funds previously earmarked for loans could, one year before the new convention expired, be used in the form of gifts ;
- (xiii) maintaining the present system with regard to the breakdown of aid between beneficiary States ; the management body should be asked to take greater account of factors holding back action in the form of aid in some countries, uneven development and the special situation of the most isolated States, so as to ensure a smooth and balanced development of the Associated States as a whole ;
- (xiv) increasingly diversifying the arrangements for granting help, so as to step up the industrialization drive and do more in promoting the directly productive branches of the economy ;
- (xv) reviewing the conditions under which aid is granted by the European Investment Bank ; it should have wider scope, so as to do more in promoting investment in the Associated States ; in providing financial assistance, the EIB should attach more importance to the economic viability of projects than to the extent to which the Associated States could run into debt ;
- (xvi) examining the various aspects of implementing a multilateral guarantee against non-economic risks for private investments from the Community, so as to work out arrangements best suited to the interests of the Associated States ;

27. Considers that the new Convention should promote a regionalization of the development drive, particularly through :

- (i) a joint commitment by the signatories to promote regional groupings, especially of an economic or commercial nature ;
- (ii) a range of incentives to financial and technical co-operation to encourage the regionalization of

productive projects and particularly industrial ones ;

28. Stresses the need for an increased and sustained effort to promote industrialization in the Associated States, particularly :

- (i) by making specific reference to this in all the basic provisions of the new Convention dealing with economic development ;
- (ii) by envisaging a greater and more diversified use of resources and particularly—after making the necessary investigations—the constitution of 'own' capital in enterprises while at the same time maintaining a unity of design and action under the political authority of the Association Council ;
- (iii) by offering the AAMS the chance to increase the output of their young industries, both nationally and regionally ;
- (iv) by stepping up the work already in progress and, if necessary, by finding new ways of improving the basic services ancillary to industrial enterprises and the training and settling of the manpower and managerial grades of such enterprises ;
- (v) by endeavouring to secure the active co-operation of the national and international bodies working for industrial development ;

29. Should transitional provisions prove necessary, asks that action be taken in time to ensure a continuity of co-operation, notably with regard to financial and technical assistance ; the European Commission should be authorized to take financing decisions ahead of schedule and to offset the relevant amounts against the resources of the future Development Fund and finance the continuations of the scholarships programme and that of the trade fairs and exhibitions ;

30. Asks its President to send this resolution and the report relating thereto to the Association Council, to the European Parliament, to the Parliaments of the Associated States and to the Council and Commission of the European Communities.

Resolution(1)

following on from the debate on the working document concerning the problems of industrialization and the difficulties of making scientific and technical progress in the AAMS

The Parliamentary Conference of the Association,

- (1) being convinced of the need to increase the efforts of all the partners of the Association with a view to industrializing the AAMS ;
- (2) considering that accelerating the expansion of the industrial sector should be one of the priorities of the new form of association that is to come into force when the Yaoundé Convention expires ;
- (3) welcoming the important investigations on the possibilities of industrializing the AAMS carried

out by the Commission of the European Communities ;

- (4) having regard to the debate on the working document drawn up by Mr. Dewulf on the problems of industrialization and the difficulties of making scientific and technical progress in the AAMS which was submitted to the Conference on the initiative of the Joint Committee ;

Asks its Joint Committee to submit a report at its next annual meeting on the industrialization of the Associated States and the ways and means by which it could be accelerated.

(1) This resolution was passed by the Parliamentary Conference of the Association on 15 January 1969 (*Official Gazette* No. C 13 of 5 February 1969).