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Report

drawn up on behalf of the Committee on Development and Cooperation

on trade relations between the European Community and the countries of the
African continent

Rapporteur: Mr W.J. SCHUIJT

PE 45.547/fin.

English Edition

By letter of 26 April 1976 the Committee on Development and Cooperation requested authorization to draw up a report on events in Africa.

Authorization for a report on trade relations between the European Community and the countries of the African continent was given by the President of the European Parliament in his letter of 10 June 1976.

On 25 June 1976 the committee appointed Mr Schuijt rapporteur.

It considered the draft report at its meetings of 20 and 29 October 1976, 18 January 1977, 16 February 1977, 18 and 29 March 1977, and adopted the motion for a resolution and the explanatory statement unanimously on 29 March 1977.

Present: Miss Flesch, chairman; Mr Sandri, vice-chairman; Mr Schuijt, rapporteur, Mr Flämig, Mr Krall, Mr Lezzi, Mr Martinelli, Mr Pisoni (deputizing for Mr Bersani), Lord Reay, Mr Wawrzik and Mr Würtz.

The opinion of the Committee on External Economic Relations is attached. The opinion of the Political Affairs Committee will be given orally.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on trade relations between the European Community and the countries of the African continent

The European Parliament,

- having regard to the report of the Committee on Development and Cooperation and the opinions of the Committee on External Economic Relations and the Political Affairs Committee (Doc. 47/77),
- 1. Sees the Lomé Convention as an important component of the Community's development policy inasmuch as it may be described as a genuine development contract in favour of the ACP countries, which has introduced a new and decisive note into international development policy, particularly by the inclusion of such important elements as industrial cooperation, the stabilization of export revenues and guarantees on prices and quantities for sugar-producing countries;
- 2. Recalls the important part played by the Yaoundé Convention in developing the Community's relations with Africa and emphasizes the importance in this connection of the Lomé Convention as the logical and intensified continuation of this policy;
- 3. Takes the view that because of the former colonial relationships of some of its Member States and the resulting close trade and cultural links with Africa, the Member States of the Community also bear a special responsibility vis-à-vis this continent;
- 4. Calls upon the Community, nevertheless, to integrate its African policy into its overall development policy;
- 5. Welcomes the cooperation agreements between the EEC and the Maghreb States as an important step forward and a decisive breakthrough in the EEC's policy towards Africa;
- 6. Emphasizes in this connection the economic and political importance of the cooperation agreements with the Mashrek countries which are an essential part of this policy and hopes that these agreements will stimulate the Euro-Arab dialogue;

7. Points out to the Finance Ministers, who are simultaneously Governors of the European Investment Bank, that, having regard to the financial obligations of the Maghreb and Mashrek agreements, the funds of the European Investment Bank must, where necessary, be increased so that this policy - which is regarded as necessary - need not be financed from the financial aid which is intended for structurally weak areas in the EEC Member States;
8. Regards it as essential that, as the process of economic cooperation is intensified, suitable measures should be taken to protect private and public undertakings against political risks and considers it important that profits should be reinvested in the countries concerned;
9. Attaches great importance to the Euro-Arab dialogue as a means of facilitating political and economic cooperation between both groups and of promoting international trade relations;
10. Notes that South Africa's role as a potentially important trading partner of neighbouring African states and of the Community is hindered by its fatal policy of apartheid, and asks the Community and the Governments of the Member States to seek, if necessary together with the Governments in Africa with which the Community maintains special relations, possible ways of putting an end to the policy of apartheid and ultimately make possible a political system which guarantees civil rights and in which all citizens can participate without discrimination;
11. Calls for the independence of Namibia at the earliest possible date and for the establishment of a government which has the support of the majority of the population, thus making it possible for this country on gaining its independence to accede to the Lomé Convention by means of a simplified procedure;
12. Also declares its support for the independence of Rhodesia and the establishment of a government which has the support of the majority of the population, which would make it possible for this country also to accede, at a later date, to the Lomé Convention;
13. Regards it as particularly important that ACP countries which suffer economically as a result of political events in Southern Africa should receive special aid from the Community;
14. Regards the Declaration adopted by the EEC Foreign Ministers on 23 February 1976 as the first practical step towards a common policy on the problems in Southern Africa;

15. Urges the Community, in the interest of the African countries which maintain special relations with the Community by virtue of the Lomé Convention and also with a view to promoting normal trading relations, to pursue an active trade policy that can make a positive and effective contribution to the settlement of the grave problems in Southern Africa;
16. Condemns all foreign military intervention and all supplies of arms to the Southern African crisis area and declares its sole and exclusive support for political solutions to existing conflicts;
17. Endorses the position hitherto taken by the Organization of African Unity with a view to promoting African cooperation, and consequently instructs its President to forward this resolution to the OAU;
18. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTA. INTRODUCTION: Fundamental change in relations between the industrialized states and the developing countries

1. In recent years very important changes have taken place at international level in the relationship between North and South, that is, between the industrialized nations and the developing countries. These changes have been very rapid and the effects have been both economic and political. For the first time in history the international system has become a truly world-wide system, since the Third World bloc is now a powerful force in world politics. The role of the developing countries in world politics is no longer passive but active. The latest development is characterized by growing self-awareness of the Third World, the latent and persistent danger of a confrontation between North and South, the slowly receding world economic crisis and above all by the recognition that the individual factors in the world economy are much more closely related, and economic interdependence is much greater, than was previously assumed.

2. With unprecedented solidarity, the Third World countries are pursuing their aim of following up political independence with economic independence. Development policy is therefore not a technical subject confined to specialists but a matter of vital political importance. The central feature of the developing countries' list of demands is the creation of a new world economic order. Although not just the industrialized countries were enabled to expand their trade and production under the economic order of the post-war period, the difference in per capita income between the rich and poor countries has visibly increased. The average growth rate of 5.7% achieved in the developing countries conceals the fact that the poorest of them often have a very much lower rate of growth. We have come closer to the development objective, but it has not been reached under the existing economic system. The present world economic system is therefore in urgent need of correction since the oil crisis, the food deficit, the fertilizer crisis, the balance of trade deficits, inflation, recession and unemployment are symptoms of an imbalance which are no longer tolerable to this degree.

3. A radical change in the existing world economic order would not, however, solve the prevailing problems, but lead to appreciable current account deficits to the detriment of all concerned. The necessary restructuring can only result from carefully planned and long overdue reforms in the relationship between North and South; a satisfactory solution will only be brought about by a constant and evolutionary approach. The industrialized nations and the developing countries must agree on a new world order bargain to avoid a situation in which one side makes extravagant

demands and the other adheres rigidly to the status quo, and both are ultimately the losers. The aim is not confrontation but cooperation. The industrialized nations must therefore collaborate in creating a world order which encompasses all nations and the problems of interdependence as well as economic problems in the narrower sense. A social balance at world level, or at least a reduction in the existing gap, is urgently needed. If the small number of rich countries were to practice greater economic justice in their dealings with the large number of poor countries, the result would undoubtedly be a rise in productivity in the developing countries, increased incentive to work, improved trade relations and, finally, benefits for the whole world economy and thus a reduction in existing tensions. With the aid of a practical and methodical policy ways and means must therefore be found for achieving a balance of interests in the spirit of interdependence. Forms of cooperation must be developed - as already embodied to some extent in the Lomé Convention - which will create a useful and permanent balance of interests between the poor and rich countries and enable the developing countries to satisfy their basic needs. This balance of interests will be achieved not by a confrontation of opposing interests, but by closer identity of interests. It is not primarily a question of developing a theory of a new world economic order but rather one of integrating the developing countries as equal partners in the world economy as quickly as possible. The almost automatic consequence of this process, in which a cautious and pragmatic approach would have to be adopted, would be a new international economic order.

4. One other important point should not be overlooked. At a certain stage in their development nations lose interest in trade relations with underdeveloped countries. With the arrival of the post-industrial era the greatest part of their wealth has been achieved by the development of science and technology and the expansion of reciprocal trade relations between the industrialized nations. Hence, there is a great risk of the developing countries being left to solve their own economic problems, before a solution is found for the difficulties which developed during the colonial period. This is a serious risk and the leaders of the Third World are fully aware of it. This is also why they would like to forge new links as soon as possible with the industrialized nations, through UNCTAD, GATT and other special organizations inside and outside UNO. African, Asiatic and South American developing countries are seeking credits and customs and trade concessions from the USA, Japan, the EEC and other industrialized nations, to reinforce the mutual economic dependence between the developed and less-developed countries.

The problem for the Third World is in fact to put an end to its economic dependence on the developed countries. This one-sided dependence must be replaced by interdependence whereby the role of the developing

countries will cease to be peripheral and become part of a genuine partnership. This is only possible, however, if the industrialized nations are prepared to grant their weaker partners special and preferential rights or at least to give them just treatment. The changes in raw materials policy in the last few years has made it possible to regard this dependence as having a regional character in various spheres.

5. The European Community is aware of this. Not only necessity but its own interests, since it has to import 75% of its raw materials¹ and must have an eye to sales outlets for its finished products, have made it aware of the need to change the international structure in favour of the developing countries. Now that the complex nature of the world economy has revealed the interdependence between nations, the EEC has evolved a novel development concept, but commendably has never, in particular during the preparatory stages of the Lomé Convention, attempted to impose its ideas for solving the problems on others.

6. The European Community has concluded comprehensive cooperation agreements with the African, Caribbean and Pacific countries and later with the three North African states of Tunisia, Morocco and Algeria. These agreements establish a completely new form of relationship between industrialized states and developing countries. The Lomé Convention, the UNIDO Conference in Lima, the final act of the CSCE, the Seventh Special Session of the UN General Assembly, the North-South dialogue on raw materials and development problems, the fourth session of the UN Conference on Trade and Development (UNCTAD) in Nairobi, the EEC agreements with the three Maghreb countries and the Mashrek countries, the policy of generalized preferences, the Euro-Arab dialogue and finally the Council decision of 23 February 1976 on a common EEC African policy are inter-related processes and have compelled the European Community to change the character of its external relations, making it face up to its responsibility towards Africa and the whole Mediterranean area.

B. EEC's priorities in development policy lie in Africa

7. The days of colonialism are over. The political, economic and cultural relations between Europe and Africa are therefore placed on a new basis. African politicians, such as former President Diiori of Niger and Houphouët-Boigny of the Ivory Coast, have repeatedly put forward the view that closer cooperation between Africa and Europe would bring long-term advantages to both sides, and not just in terms of the economy. President Senghor of Senegal repeatedly refers to 'Eurafrica' - in his opinion nature and other circumstances make Europe and Africa complementary to one another. On the occasion of his visit to the Federal Republic of Ger-

¹ In contrast, the USA and the USSR import only 15 and 7% respectively of their raw materials

many he said on 18 October 1973 in Bonn: 'The idea of a 'Eurafrica' is one cornerstone of our foreign policy, while solidarity with the Third World is another ... Our complementary economic systems and cultures must now finally convince us that 'Eurafrica' is not simply a reality of the past and a problem of the present, but is also the promise of the future.' Finally, the advocates of 'Eurafrica' go on to say that our two continents have been linked for many decades by ties of civilization; language, administration, modern legislation and economic links. To ignore these circumstances in the development of Africa would be to disregard real potential. The fact that this potential was amassed during the colonial period does not seem to be considered an obstacle. On the contrary, it would appear that these ties are being used in the interests of both sides.

8. At this point there are sometimes sharp differences of opinion. The English-speaking nations, in particular, see in these ties the concealed continuation of colonial supremacy. For example, when the negotiations for the new association agreement began, several English-speaking associate states entered the negotiations on the basis that: 'Africa is not reserved for Europe.' They pointed amongst other things to the monetary dependence of the former Western and Central African territories on Paris and the special tendering procedures, and saw the reverse preferences granted to the EEC by the old associated states under the Yaoundé II Convention as a preserve of the former colonial powers.

Their main watchword is African unity. This is supported by confidence in their own intellectual powers, the economic capabilities and technical abilities (self-reliance) and the political solidarity of the African peoples. This confidence and solidarity are upheld vis-à-vis the outside world in line with the 'African Declaration on Cooperation, Development and Economic Independence,' adopted at the close of the Tenth Session of the Assembly of African Heads of State and Government on 29 May 1973 in Addis Ababa. The declaration is to some extent the economic policy counterpart of the political charter, which was the most important outcome of the constitutional meeting of the 'Organization of African Unity' in May 1963. Point C of the declaration of May 1973 states amongst other things that the governments of the African States undertake to 'coordinate and harmonize their attitudes during all negotiations to preserve the interests of the African nations.' This solidarity was demonstrated by the Africans in the negotiations on the ACP Convention and it is greatly to the credit of the EEC representatives that at no stage of the negotiations did they attempt to create political divisions within the ranks of the ACP. It was precisely this attitude on the part of the European Community that ultimately proved instrumental to the successful conclusion of the negotiations and the initialling of the new Convention. It should be mentioned that the negotiations with the ACP countries, some stages of which were extremely difficult, took less time than the negotiation of the agreement with the three Maghreb countries.

I. Lomé Convention

9. The convention signed on 28 February 1975 in Lomé between the EEC and 46 African, Caribbean and Pacific countries can be described as the only treaty to be concluded by industrialized and developing countries which comprises all the states of black Africa¹. The new convention can be seen as an attempt by the European Community to practise new forms of economic partnership in a regionally limited area, in particular in Africa. The Lomé Convention is the first response to the call made by the developing countries at the Sixth Special Session of the UN Assembly (April 1974) for a more equitable distribution of wealth between North and South. It lays the concrete foundations of a new world economic order. No other bloc of industrialized countries, either in the West or in the East, has so far made such substantial concessions to the developing countries as the European Community, and never before have the developing countries come so close to their aim of being treated as equal political and economic partners of the industrialized countries.

10. The accession of Great Britain to the EEC made it impossible to continue the association policy pursued hitherto, i.e. simply to extend the Yaoundé II Convention. The previous association policy of the Six, which related mainly to French-speaking Africa, was politically unacceptable for the British. In the accession negotiations it was therefore decided to extend the association policy to the Commonwealth countries in Africa, the Caribbean and the Pacific, a solution which was acceptable to all concerned. This solution is legally embodied in Protocol No 22 to the Act of Accession and was politically endorsed at the Community's second summit conference in October 1972. It was also decided at this summit conference to create an overall policy of development cooperation on a worldwide scale, alongside the regional association policy. Thus the development policy of the Community today comprises two components:

- particularly close cooperation with the associated ACP countries and
- less intensive cooperation with the other developing countries²

¹ With the accession of the Comoro Island, the Seychelles and Surinam to the ACP Convention and the conclusion of the negotiations with the Cape Verde Islands, Papua New Guinea, Sao-Tomé and Principe, the number of ACP countries will rise to 52.

² Compare in this connection the reports by Mr BERSANI on the Community's overall development cooperation policy, Doc. 42/75, 28 April 1975 and by Mr IWRSCHHEL on Community financial and technical aid to non-associated developing countries 1976 - 1980, Doc. 133/75, 18 June 1975.

11. The Lomé Convention consists of five main sections on:

- trade
- stabilization of export earnings (including the sugar protocol)
- industrial cooperation
- financial and technical cooperation
- institutions.

The sections on stabilization of export earnings and industrial cooperation are new in comparison with the Yaoundé Convention. The new convention also contains considerable improvements in various areas. Clearly, this report cannot deal with all the aspects of the Lomé Convention¹ but some important features can be mentioned.

1. Trade arrangements

12. The Community decided against the principle of the classic free trade zone with the reciprocal dismantling of trade barriers. It grants the ACP practically free access to the EEC market and does not demand a reciprocal arrangement from its partners. Apart from the obligation to treat the European Community states equally (without discrimination) and the principle whereby the Community must not be treated less favourably than (most-favoured) third countries, there are no restrictions on the ACP countries' trade arrangements. The abolition of the controversial reverse preferences of the Yaoundé Convention strengthens the position of the EEC with respect to the developing countries and at the same time reduces the tensions vis-à-vis the US in regard to trade policy. In the matter of originating products the Community agrees to treat the ACP States as one for customs purposes (cumulative origin). The corresponding Yaoundé ruling was more restrictive since it required that the production, treatment or processing on which the origin was based must take place in a single country of the association. 96% of present ACP agricultural exports, including sugar, can be imported into the Community without duty or any other barriers to trade. For the remaining 4% the Community grants substantial customs or price adjustment advantages.

13. Trade concessions are particularly important because they constitute one of the most important starting points for improving the economic situation of the developing countries. Experience in the last few years has shown clearly

¹ See FLESCH report on the Lomé Convention signed on 28 February 1975 by the EEC and the African, Caribbean and Pacific States, Doc. 283/75, 10 October 1975.

that development policy is not restricted to the classic measures of financial and technical cooperation. What use are growing financial resources to an already partly industrialized country, which wishes to export its industrial goods to the European market, if these are to a considerable extent cancelled out by customs charges and other trade restrictions? Experts in development policy have known for a long time that trade policy measures, particularly in the area of liberalization of imports, are usually much more important for the development of the recipient countries than any amount of direct financial aid, although this does not mean that direct aid may not be of vital importance in certain cases.

2. System for stabilizing export earnings (STABEX)

14. For the first time, industrialized countries and the developing countries which export basic products have agreed on a system guaranteeing the latter a certain level of export earnings. The STABEX system embodied in the convention for certain important export products safeguards the ACP countries against excessive fluctuations in world market prices and against failures in production caused by climatic conditions. It therefore offers a better basis for steady economic development. The Lomé Convention STABEX system is a compromise reached after exceptionally lengthy and technically complicated negotiations between the Nine and the EEC on the one hand, and their future partners on the other. There is no doubt that the system is still uneven. One particular criticism is that a large number of products cannot be included owing to insufficient financial resources. Thus, the amounts provided may not exceed 375 million u.a. during the term of the Convention. It is therefore likely that the aim of this agreement, which is to counteract the harmful effects of fluctuations in export earnings on the economies of the ACP countries, will not be satisfactorily fulfilled. At the first meeting of the ACP/EEC Council of Ministers of 14 and 15 July 1976 in Brussels, a desire was therefore expressed for the system to be improved, i.e. by extending the list of goods and providing the necessary funds.

15. Nevertheless, the adoption of STABEX represents a substantial innovation and addition to the Lomé Convention. It is the first real attempt to stabilize export earnings which has been embodied in writing in a treaty between industrialized and developing countries. The political significance of this arrangement cannot be over emphasized, because the EEC is hereby providing the first practical solution to a problem on which ultimately the creation of balanced and harmonious relations between raw material producing developing countries and raw material consuming industrialized countries depends. This system also fits in well with the concept of the Community's cooperation and development policy, which, with the aid of an extensive range of measures and allowing for the variety of situations, aims at providing

the developing countries with the necessary means for their expansion. STABEX is a decisive step in the right direction which offers the ACP countries firm guarantees and places upon the EEC much greater obligations than has so far been the case under existing raw materials agreements.

Also, the stabilization of revenues from important exports, as provided for in the Lomé Convention, is a further possibility in addition to the attempts to create an 'organization of the market in raw materials', since this stabilization concerns, not world market prices for the developing countries' products, but their foreign-currency revenues, and this is what the developing countries are essentially interested in.

As regards sugar, a substantial innovation has been introduced in relation to the Yaoundé Convention: the Community has undertaken a long-term obligation to purchase up to 1.4 million tonnes from the ACP countries at prices to be negotiated freely between exporters and importers. The Community has, however, agreed, if necessary, to purchase the quantities concerned at prices to be negotiated annually on the basis of prices prevailing in the EEC, which amounts to an indexation of sugar prices.

3. Industrial cooperation

16. In the autumn of 1974, before the final phase of the negotiations, the ACP countries set out in a memorandum their concrete proposals for industrial cooperation. For the first time, a section on industrial cooperation was included in the convention. The fact that a separate section is devoted to this subject is symptomatic of the changes taking place in international economic relations, which are aimed at allocating the developing countries a growing share in industrial production and in international trade in manufactured products. By including a section on industrial cooperation in the Lomé Convention the Community has fulfilled a particular wish of the ACP countries. At the same time it is helping to implement the resolutions adopted at the special session of the United Nations on raw materials in April 1974 and at the Second General Conference of UNIDO in March 1975 in Lima, under which the division of industrial production between the industrialized and the developing countries is to be improved. It will not be possible to judge the success of this industrial cooperation until experience has been gained and the results assessed by the Centre for Industrial Development. In this connection it is to be welcomed that at the first ministerial meeting between the EEC and the ACP (14/15.7.1976), fundamental agreement was reached on the establishment of an industrial cooperation information centre. Although the Community can only support the industrial development of the ACP countries by financial and technical cooperation support measures - it cannot oblige European businessmen either to shut down capacity or to invest in the ACP countries - this industrial cooperation can be seen as the beginning of a new era. In those ACP countries which can offer raw materials for processing, a suitable site, adequately trained labour and, above all, a favourable cli-

mate for investment, the basic conditions for industrial cooperation can certainly provide a vital stimulus for investment.

4. Financial and technical cooperation

17. The nature of the financial and technical aid can be summarized as follows: trebling of the European Development Fund, 80% of Community financing in the form of non-repayable aid and preferential treatment for the poorest ACP countries. The fund will amount to 3,400m u.a.¹, including 400m u.a. in the form of loans from the European Investment Bank. Public Community aid of some 600m u.a. annually is not an insignificant sum (previous payments to the AASM amounted to some 200m u.a. per annum), especially in the light of the Community's financial obligations to the other developing countries. On the other hand, the sum available under the European Development Fund should not be overrated, since the total aid effected through the Community was no more than 8% of the bilateral and multilateral aid provided by the Nine in 1973. During the negotiations it was extremely difficult to increase the resources of the fund, as requested by the ACP countries, because the economic and, in particular, the financial situation of the Community had deteriorated considerably from 1973 to 1975. Unfortunately the application and use of EDF resources have not yet been included in the Community budget, so that it is still not possible for control to be effected by the European Parliament. One important innovation is that the ACP countries have been granted a form of 'co-participation' in the activities of the EDF, i.e. there will be active participation by the receiving countries in the individual stages of the implementation of a project.

5. Appraisal of the new convention

18. It is not yet possible to say how far the Lomé Convention will serve as a model for relations between industrialized and developing countries. This is not so much because of the inadequacies of certain provisions or the short duration of the agreement, but is rather a fundamental question of the political, economic and development policy value of such association agreements. A global agreement of this kind has the advantage that it helps towards a coherent policy of cooperation, extending beyond the narrower area of the traditional capital and technical aid into other areas such as trade, tourism, industrial cooperation and the labour market, and therefore opens the way for more effective coordination of individual measures. Global agreements between industrialized and developing countries also reduce the risk of differences in treatment and exclusive development of certain regions in a single economic area and contribute to regional cooperation and integration on both sides. The disadvantages of such agreements are to be seen particularly in

¹ In addition there are 160m u.a. for the OCT

those countries which are not subject to the agreement. During the period covered by the Yaoundé Convention (1963 - 1975), for example, in Africa the gap between French-speaking and English-speaking developing countries became wider. The Lomé Convention covers the whole of black Africa south of the Sahara as a single economic area, but neglects the developing countries of Latin America and Asia. The inclusion of these countries would, of course, far exceed the economic and financial strength of the Community. A treaty comprising all developing countries could only be achieved on a worldwide basis, i.e. involving all the major Eastern and Western industrialized nations.

19. Critics of the Lomé Convention often point out that the resources available for financial and technical cooperation, industrial cooperation and the stabilization of export earnings are modest. This is partly true, but it does not alter the fact that this convention is politically the most important agreement which the enlarged Community has so far signed. At the same time, it shows that the enlarged European Economic Community is capable of undertaking action in the sphere of foreign policy, since neither the Community of the Six nor the individual Member States would have had the political and economic strength to conclude such a comprehensive agreement. Whereas the Yaoundé Convention was only of secondary political importance and moreover was politically controversial, the Lomé Convention can be seen as a political event of international significance. With the new convention the EEC has taken an important step in international development policy which has already produced a great response throughout the world. The Lomé Convention can be described as a genuine development contract in favour of the ACP countries, in which the Community has given the signal for cooperation with some of the world's poorest countries. This association has a solid foundation and could serve as a pattern for cooperation between the developing and industrialized countries. It is of considerable importance that the mutual and close cooperation between Europe and the associated partners is taking place on the basis of complete equality. The Community must, however, take especial care to ensure that the consultation machinery provided for in the Convention is properly applied, so that the existing basis of trust is developed and not impaired¹.

II. Cooperation agreements with the Maghreb countries

20. The first association agreements with Morocco and Tunisia, which came into effect after lengthy negotiations in 1969 were modest in scope. They fulfilled the promise of association which had been given on the conclusion of the EEC Treaty in 1957 in the Declaration of Intent in favour of the

¹ Attention has frequently been drawn to this point by ACP representatives, as, for example, at the meeting in Lomé of the Joint Committee of the ACP-EEC Consultative Assembly

countries of the Franc-Area. Both agreements provided for limited preference arrangements but no financial aid. This arrangement remained unattractive for Algeria, as long as no solution for the wine problem could be found. The negotiations with Morocco and Tunisia, as well as with Lebanon and Israel (second trade agreement from 1970) and Spain (preferential trade agreement from 1970) showed clearly how difficult it was to reconcile the interests of the agricultural producers in the Mediterranean inside and outside the Community, although at the same time a common EEC agricultural policy had been adopted for such important products as citrus fruits and olive oil. In addition there was constant pressure from the USA, which was concerned about its market shares.

21. Tunisia, Morocco and Algeria, were concluding their negotiations with the EEC on new agreements (7, 8 and 17 January 1976 respectively) just as the West Sahara conflict between Morocco and Algeria was reaching its first peak. The agreement with Algeria is of particular political importance because this country plays an influential role within the Group of 77 as spokesman for the Third World.

In the identical preambles to the new agreements between the EEC and the three Maghreb states the partners declare their firm intention 'to establish a new model for relations between developed and developing states, compatible with the aspirations of the international community towards a more just and more balanced economic order.' This new model is to be expressed in a combination of various development measures within the framework of a contractual relationship between equal partners, secured by adequate long-term prospects and a permanent dialogue. Provision has been made in the agreements for a Cooperation Council, supported by a Cooperation Committee and if necessary specialist committees. This is an institutional arrangement which goes further than the usual joint committees for the implementation of agreements.

22. The agreements form a solid basis for intensifying relations between the partners and will help to improve the economic and social situation of the Maghreb. They provide for the implementation of provisions and measures for economic, financial and technical cooperation, in trade and in the labour sector. The agreements between the EEC and the Maghreb countries, which also must be seen in relationship with the Lomé Convention, are in the nature of cooperation agreements. It is particularly gratifying that particular stress is to be placed on regional cooperation and the implementation of integrated projects. The core of the new agreements is the section on cooperation, whose implementation will be facilitated by EEC aid to the Maghreb states.

This will amount to a total of 339 m.u.a. in subsidies and cheap credit over the next five years. This is equivalent to exactly one-tenth of the financial aid granted to the ACP countries. So, together

with the trade agreements reached, the Maghreb agreement is similar to the Lomé Convention, and at the same time has paved the way for the negotiations with the Arab States in the context of the Mashrek discussions.

23. Compared with the Lomé Convention, the Maghreb agreements have the advantage that they have been concluded for an indefinite period. This arrangement should have a favourable effect on the implementation of development projects of a long term nature. Although the Lomé Convention and the Maghreb agreements are based on the same political aims, there are certain differences between them. In the first place, the agreements with the Maghreb countries have not been negotiated together but individually with each country. From the geographical point of view, the Maghreb countries are much closer to Europe, are economically stronger than the ACP countries and some of their products are in direct competition with EEC products. The arrangements for the import of Maghreb products are therefore not so generous as in the Lomé Convention which allows 99.3% of ACP products free access to the EEC market. The following differences are also to be noted:

- the Maghreb agreements contain no arrangements similar to the ACP sugar protocol,
- there is no STABEX system,
- technical and financial aid is less significant,
- they contain a more comprehensive non-discrimination clause,
- basically they lay down the principle of free trade in the future; at the moment the implications are the same as for the ACP countries,
- for the workers from the Maghreb states employed in the Community there are special clauses as regards social equality.

24. From the economic point of view the Maghreb agreements can be described as logical developments, because the exports from Tunisia, Morocco and Algeria, which are very close to Europe, are mainly intended for our continent. In a subsequent review of the agreements the Community should, therefore, carefully examine the agricultural problems of these countries. Morocco, which is an important agricultural exporter, has already let it be known that it is not very happy about the agricultural arrangements because it had expected some kind of division of labour in

this sector. This is also an important starting point for helping the developing countries because the manufacture and export of industrial products is still in its beginnings. Helping agricultural exports to the industrialized countries is at the moment often the only means of improving the trade balances of the developing countries. The signing of this cooperation agreement is moreover an important step by the European Community towards taking greater responsibility in the Mediterranean and in a certain sense the new agreements can be described as supplementing the Lomé Convention. The overall approach of the Community's Mediterranean policy has achieved a decisive breakthrough by means of these agreements. They offer a variety of opportunities for co-

operation and lay the foundation stone for collaboration by Europe in the industrialization of the Maghreb countries. The Maghreb agreements can also be considered as a touchstone for the implementation of the Lomé Convention, since, if these agreements should fail, the EEC would only be left with the traditional form of development aid which provides for little reciprocity and has less symbolic force.

III. Cooperation agreements with the Mashrek countries

25. The timetable for working out a Community Mediterranean policy provided that in July 1973 negotiations should begin with those developing countries which intended to enter into a new association. As the approaching negotiations related to all the independent African states, preparations began early in 1973 in the Organization for African Unity, to which the three Maghreb states and Egypt also belong. Accordingly these four countries took part in the opening of the negotiations in July 1973 which ultimately led on 28 February 1975 to the ACP-EEC Convention of Lomé. It was only the prospect of an agreement with the Community as part of its Mediterranean policy which caused these countries subsequently to withdraw from the ACP negotiations and it was then possible for the latter to concentrate on countries south of the Sahara.

26. As part of an overall approach to Mediterranean policy, the way is now clear for cooperation agreements similar to the Maghreb agreements to be concluded with other Mediterranean countries which are in a comparable economic and development situation. These comprise the Mashrek countries, which is the Arabic name for the countries of Syria, Jordan, Egypt and Lebanon lying at the Eastern end of the Mediterranean. The first round of discussions with Egypt (28 January 1976), Syria and Jordan (2 and 4 February 1976) - because of its internal difficulties negotiations with Lebanon are not scheduled to begin until 15/16 February 1977- showed that the negotiations have no prospect of success so long as the Community does not grant to the Mashrek countries what it has already granted to the Maghreb countries - namely, financial aid. Egypt, Syria and Jordan have left no doubt that they consider that balanced equal treatment, i.e. similar financial aid, is indispensable.

27. The EEC thus found itself in something of a dilemma, since Israel, with which a preferential trade agreement as part of the 'overall approach' with the prospect of a free trade zone was signed in May 1975 and came into force on 1 July 1975, also demanded balanced equal treatment, at least in the sense that it should be given access to European financial aid by a section of the agreement on cooperation which has yet to be negotiated. France (for political reasons) and Ireland (as a country with a lower per capita income than Israel) had at first been against such an

arrangements for Israel. On the other hand the Egyptians were unhappy about the fact that Brussels had promised financial aid to the oil producer Algeria, but will not give them proportionately increased financial aid. The opening up of the Common Market, by comparison with the trade concessions already granted to Israel last summer, is considered inadequate by Egypt. Even the customs preference agreement with the Community concluded in 1973 did not meet Cairo's expectations. In trade with the Community Egypt is sinking even deeper into the red: from 207 m u.a. in 1973 to 969 m u.a. by the end of 1975.

28. At their meeting on 19/20 July 1976 in Brussels the Foreign Ministers of the Community gave their agreement to finance forming part of the mandate for the negotiations with the Mashrek countries on a trade and cooperation agreement. The total sum was fixed for a five-year period at 270 million units of account, made up of 145 million units of account from EIB funds and 125 million units of account from the Community budget. These funds are divided as follows among the three countries: Egypt 170 million u.a., Syria 60 million u.a. and Jordan 40 million u.a. In accordance with a decision of the Council of Foreign Ministers of 13 December 1976, the financial protocols cover a period extending up to 31 October 1981, which in effect means a period of less than five years after signing for the Mashrek countries. Cooperation with Israel is also to be supplemented by a financial protocol, under which a sum of up to 30 million u.a. is to be available for the period ending 31 October 1981. It was politically necessary for the EEC to promise finance to the Mashrek countries and to Israel analogous to the Maghreb agreements, because difficulties would otherwise have arisen for the Community's overall Mediterranean policy as drafted in 1972.

29. It is self-evident that the EEC cannot employ power politics in the Mediterranean. The aim of the Community's Mediterranean policy must rather be to create a new economic balance between the Mediterranean states so that it can develop into an area of peace and prosperity. Cooperation with the southern Mediterranean states should not, however, be to the disadvantage of the agricultural regions of the northern Mediterranean area which are already in need of development. The Community countries north of the Alps have not yet fully understood the vital importance of the future of the Mediterranean basin to the security of the whole of Europe and its supplies and thus its political future.

30. In connection with the Community's Mediterranean policy, which mainly has to be decided on a political basis, brief reference will now be made to the financial implications. The Community countries are in a difficult situation in this respect, insofar as the Foreign Ministers have entered into financial obligations with the Maghreb countries, Malta, Yugoslavia, Portugal and now the Mashrek countries and Israel as well, which are to be met from the

European Investment Bank's own resources. At the moment the Bank procures about 1,000 million dollars per annum on average on the capital markets to fulfil its obligations to promote regional and structural policy projects in the Member States. Now it also has to earmark 400 million u.a. (1975-1979) for the ACP countries, and other resources for the Maghreb agreements (167 million u.a.), for the financial protocol in favour of Malta (26 million u.a.), for the immediate aid to Portugal (150 million u.a.), which has only been promised for two years and will probably be increased soon. Yugoslavia, which has had a trade agreement with the EEC since 1 October 1973 and considers it important to be treated not as a state-trading country but as a Mediterranean country, has been granted a loan of 50 million u.a. from the Investment Bank. Under the decisions adopted by the Community's Foreign Ministers in mid-October 1976, the Mashrek states' share of the finance is 145 million u.a., and this figure will be further increased when negotiations with Lebanon have been concluded while Israel is to have 30 million u.a. To this must be added the resources promised in principle by the Council of Ministers totalling 310 million u.a. for Turkey and 290 million u.a. for Greece (five years) ; details of this aid, part of which will be provided by the European Investment Bank, have still to be laid down in financial protocols. Financial aid of this order is only possible if the Bank's resources are increased and if such aid is not deducted from the resources which are allocated to the structurally weak areas of the Member States of the EEC via the Investment Bank. The Finance Ministers, who are at the same time Governors of the Bank, are therefore urged to make the additional resources available for this policy.

31. The close economic ties of our contracting partners and the financial obligations entered into under the ACP Convention and the overall Mediterranean policy will have far-reaching consequences for the economy of the Community. In particular, the promotion of industries and other production sectors which are partly in competition with our own economy will affect development in the Community itself. Where there is normal growth the burdens will be bearable. The question, however, is what happens if there is no increase in growth in Europe but stagnation or even a reduction? It is also important for producers, trade unions, bankers and businessmen to be involved in this cooperation process. Trade investments in the form of joint projects and long-term contracts could be very successful. As businessmen cannot undertake certain risks, cooperation between private enterprise and the authorities is indispensable. The function of the official bodies should consist mainly of negotiating with the governments of the receiving countries, guaranteeing private and public undertakings against political risks and possibly giving financial support and defining the framework for the development projects.

C. Euro-Arab dialogue

32. The expansion of the Yom Kippur War and its influence on Arab oil policy made it essential for the European Community to define its attitude. On 6 November 1973 the Community Foreign Ministers published a declaration on the Middle East in which the Community's Member States summarized their position on the Middle East question. The positive response of the Arab states to this Middle East declaration was fully confirmed five weeks later when four Arab Ministers, including the Oil Ministers of Saudi Arabia and Algeria, appeared in Copenhagen to submit, on behalf of the 20 member states of the Arab League, their proposal for a dialogue to the summit meeting of the Community's Heads of Government. This was fortunate inasmuch as the Heads of Government also adopted at that meeting the 'Declaration on a European Identity' which had been in preparation for so long and point 13 of which reads:

'The Community will implement its undertakings towards the Mediterranean and African countries in order to reinforce its long-standing links with these countries. The Nine intend to preserve their historic links with the countries of the Middle East and to cooperate over the establishment and maintenance of peace, stability and progress in the region.'

In January 1974 France presented a concrete plan for the initiation of a Euro-Arab dialogue and in the subsequent weeks a consensus formula was worked out. This expressed the view that this initiative should not hamper international efforts in the oil and raw materials sectors nor interfere with the diplomatic efforts for a peaceful settlement in the Middle East.

33. The Euro-Arab dialogue has not so far produced any concrete measurable results, but its most important effect is that it takes place at all. It is to the benefit of the dialogue that, apart from a network of bilateral links, the Community already maintains a number of contractual relationships with some Arab countries. These are mainly agreements which have been negotiated and concluded with the Mediterranean countries as part of the Community's overall concept, that is with the North African and other African and Arab states bordering on the Mediterranean. The agreements not only provide for customs advantages but also real cooperation in the economic and financial sectors. Some Arab countries, namely the Sudan, Mauretania and Somalia, are also parties to the Lomé Convention. The Mashrek countries, with whom negotiations have now been concluded, are also participants. The Euro-Arab dialogue is therefore supplementing existing relationships, in that links have been established between the Nine and the Arab states where previously there were none. As the Community already maintains close relations

with Israel, this dialogue has a logical political place in the overall concept of European policy on the Mediterranean and Africa: it ensures parallelism, which is the chief element in any policy aimed at equilibrium.

34. For the Arab countries this dialogue is an important component in the justification within the Arab world for the inception of preferential relations with the European Community, but also a means of confirming their expectations that in between the major powers of the USA and the USSR there is another source of support. The Arabs would like to stay at an equal distance from the major powers and maintain some cooperation with both super-powers. They consider the Europeans as their partners on this route towards the future. They place more hopes in the Euro-Arab dialogue in the long term, because they believe that in this way they can be kept out of the rivalry between the super-powers and their interests. In their view Western Europe holds the important political role in these efforts of the third force, strong enough if necessary to offset the influence of one or the other super-power. This is where Europe's opportunities lie, and Europe can only utilize these opportunities within the European Community, since no European industrialized country on its own will be able to make the contribution which the Arabs expect from Europe. To this extent the Euro-Arab dialogue is considered to supplement the Community policy entered into with the Lomé Convention in such a way that a system of Mediterranean agreements should now follow as a logical development.

35. Cooperation between Western Europe and the Arab world can theoretically take place on two levels: the level of the Middle East conflict, with its political and military dimensions, and political and economic cooperation outside this conflict. It is clear that at the level of the Middle East conflict the Community has too few opportunities for influencing developments alongside the super-powers. Arab expectations are therefore mainly concentrated on the economic sphere. In this sphere the dialogue can be based on very real mutual interests. The economy of the European countries suffers from a certain geographical restriction, and in particular it lacks energy and raw materials. It is highly dependent on imports and exports and always needs trading partners in order to remain viable. The importance of the Arab market for Europe is shown by the fact that in 1975 exports to the Arab League countries rose by 44%, while imports fell by 16%. The Arab countries, on the other hand, require technologists and know-how in industry, agriculture, marketing and other services. They need employment for their population in their own countries to prevent them emigrating to foreign industrial centres, and they also need access to a large market, for example the European Community market. The Arabs can purchase industrial plant anywhere in the world, but only Europe is a real partner for what comes afterwards, and ultimately determines success or failure, namely, maintaining skilled production and selling their products in the long term on markets which are within reach.

36. The importance of the European component in determining the future economic and political course of the Arab world has become strikingly clear in the establishment of the Euro-Arab dialogue. This is probably the first time that two such different economic areas and cultures have attempted to define fundamentally their mutual relations in direct discussion. In view of the multiplicity of economic and social structures, it is difficult to establish general and flexible outline conditions and it is obvious that such a complex undertaking needs time for solving all the problems. In the Arab world there are rich and poor countries, sparsely populated desert areas and heavily populated regions. The Member States of the Community also have differing economic structures and do not have the same technical abilities. So far no concrete projects have been undertaken but the negotiations hitherto have shown that the Euro-Arab dialogue can certainly produce real results which will be to the benefit of both sides.

37. The long-term aim of this dialogue should be economic interdependence between the two areas and the creation of a large single area around the Mediterranean. The intensity of the cooperation will of course ultimately make it inevitable for political questions to be included. This dialogue is not a question of exclusive relations between one side and the other, but involves close cooperation finding its natural basis in the geographical, historical, cultural and human circumstances. Although there are signs of a successful long-term form of Euro-Arab cooperation, it is not yet possible to be precise about its future form. This is, of course, characteristic of the whole situation in the Arab world, since political reality shows that this part of the world is in a state of dynamic development, the outlines of which are not yet clearly defined. In any case, the Euro-Arab dialogue is subject to what must necessarily be a long-term process. The European Community must first understand the changes now taking place in the Arab world and must also be prepared to revise the hackneyed ideas of the past. If Western Europe can do this - and in view of the geographical proximity this should in fact be possible - the foundations will be laid for the construction of new and fruitful relations between Europe and the Arab world.

38. In Euro-Arab relations today we are witnessing a turning-point characterized by the joint political, economic and cultural dialogue between the nine EEC Member States and the twenty states of the Arab world, which is taking place at a number of levels and is expected to bear fruit in the long term. This dialogue is essentially based on certain principles, conditions and objectives which call for mutual trust in an equal degree from both sides. It embraces virtually all the spheres in which states can cooperate, and represents a qualitatively new attempt at forging links binding two regions. It marks the beginning of a new chapter in the history of these two neighbouring regions, which complement one another and are predestined for far-

reaching mutual cooperation. Europe's interests lie in ensuring uninterrupted and cheap supplies of crude oil, while many oil-producing Arab countries are primarily concerned to secure the best possible prices for their mineral wealth and develop their own economies so that when their oil resources are exhausted in the foreseeable future, their prosperity will not be threatened. For this they need the assistance of the industrial countries. It may therefore be said that there is a close correspondence between the interests of the industrial and the oil-producing countries, whose realization has merely been delayed.

Like the rest of the Western world, the EEC needs oil and the cooperation of the oil-producing countries if it is to solve the problems connected with foreign currency surpluses. The oil-producing countries, on the other hand, have a long-term need for the industrial countries' know-how and productive capacity in order to make proper use of the petroleum dollars flowing into their coffers. These differences of interest, which are temporary rather than basic, might well be reconciled through far-reaching cooperation between the two sides. To achieve this will require much time and patience.

39. The Arab states also see the Euro-Arab dialogue as connected with the new international economic order, under which the less industrialized countries will promote their own industrialization and expect the industrial countries not only to export the machinery and technologies needed by the developing countries but also to open up their markets to the latter's finished and semi-finished products, while the industrial countries should, in the Arab view, specialize further in goods and services of a more sophisticated nature. Finally, it may be said that the Euro-Arab dialogue is in the interests of both sides. Politically, it serves to remove the traces of former enmities, misrepresentations and misunderstandings. It makes possible political and economic cooperation to the advantage of both sides and, moreover, promotes international peace and security.

D. Europe's attitude to developments in Southern Africa

40. The report is concerned mainly with commercial relations between the European Community and Africa. However, since economic and political aspects are closely linked - one example being the Middle East conflict, as a result of which the Euro-Arab dialogue came into being - it is necessary in this context to consider also developments in Southern Africa, and especially the attitude of the European Community towards conflicts in that part of the world, for it is hardly conceivable that Europe should dissociate itself from this responsibility, particularly at a time when it is obliged to consider what its proper place is in a newly-emerging international balance of forces. This point was brought out very clearly on 17 November 1976 at a meeting between representatives of the Commission and members of the Committee on Development and Cooperation. Many speakers on that occasion emphasized that

the EEC must not take an indifferent attitude to Africa's political problems: Europe cannot afford to be represented in Africa merely by the Lomé Convention; its political presence is also required. In line with its economic position in the world, the European Community consequently has a duty to help in solving the problems in the extreme south of Africa, to guide developments into more peaceful and reasonable paths.

41. Portugal's defeat in her colonial war in Africa and the resultant independence of Mozambique and Angola initiated developments in Southern Africa the implications of which cannot yet be fully seen. Not only was the Angolan Civil War surprising because of foreign involvement in the internal affairs of the former Portuguese colony, but also developments in two other regions of Southern Africa, namely South West Africa/Namibia and Rhodesia, are full of imponderables. In addition, there are the internal difficulties of the Republic of South Africa.

I. Role of the OAU and the United Nations

42. Since it was founded in 1963, the Organization of African Unity has played an important part in the political and diplomatic foreground of the conflict over a change of power in Southern Africa. The adoption of the 'International Convention on the Suppression and Punishment of the Crime of Apartheid' by the 29th session of the UN Assembly, the special fund to support the liberation movements operating in Southern Africa which was decided on a few months ago and to which the churches are allowed to contribute and the description of South African apartheid policy by the then US Ambassador to the UN during one of the latest South Africa debates in the UN Security Council as an 'ugly crime', are only some of many examples of successful action by the OAU. The resistance of the OAU to the white bloc in Southern Africa was shown with great clarity at the OAU conference at the end of July 1975 in Kampala. Resolution 422 (XXV) of the OAU Council of Ministers states, for example, that the 'abominable and retrogressive apartheid regime' of South Africa and the 'rebel racist minority régime' of Rhodesia must be completely isolated and opposed by every means. It is not possible to discuss here the fact that many of the states standing behind this resolution disregard, as much as the minority governments which they are opposing, the civil and human rights which they are constantly upholding, but this should not remain unmentioned. For the future policy of the OAU towards the remaining white bloc in Southern Africa it is important that the 12th Summit Conference of African Heads of State and Government also endorsed the 'Declaration of Dar-es-Salaam on Southern Africa' adopted in April 1975 by the 9th Extraordinary Meeting of the OAU Council of Ministers. The corresponding resolution states amongst other things that the government in Pretoria - and this applies also to South West Africa and Rhodesia - is a 'product of colonialist conquest now

operating as a fully-fledged fascist power bent on perpetuating the ruthless domination of the indigenous people.' Like the latest OAU conferences in Dar-es-Salaam and Kampala, the debates on South Africa, South West Africa and Rhodesia at the 29th and 30th sessions of the UN assembly were marked not by a spirit of détente but one of confrontation. This is not surprising because the OAU in recent years has been increasingly successful in making the General Assembly of the United Nations its mouthpiece in this matter. For example, at the request of the OAU the former 'Special Committee on Apartheid' of the UN General Assembly was renamed by Resolution 3324 D (XXIX) as 'Special Committee against Apartheid.'

II. Urgent need for a European policy on Southern Africa

1. The fate of the Republic of South Africa also concerns Europe

43. In spite of Pretoria's external efforts to achieve détente, South Africa's internal conflicts continue to persist. The fate of the Republic of South Africa will depend on whether the white, black, mixed-race and Indian citizens of this state succeed in establishing together a national order which is free of all discrimination, in place of the existing system conceived exclusively by white Africans. If this should fail, all the newly formed links between Pretoria and Zambia, Mozambique and a number of other black African states will not last long either.

44. In the Republic of South Africa there has been a menacing build-up of conflict issues. If the long-overdue internal détente in South Africa does not materialize, there will probably be a civil war soon, which could spread into an international conflict. The black majority of the population cannot be deprived of any political involvement and responsibility in and to the state. There will be no peace while non-whites are treated as second-class citizens. The policy of 'separate development' of the different population groups has failed to reduce tensions in South Africa. The policy of détente pursued by the South African Prime Minister, Mr Vorster, has so far not been apparent internally and has served mainly to arrange discussions with black African states; it is part of foreign policy but not home policy. The South African Prime Minister still seems to be of the opinion that he can uphold the unfortunate policy of apartheid if he promises economic aid to the black African countries with whom he is holding talks, leaves Namibia and convinces the white minority government in Rhodesia to allow the black majority a share in power. Improved relations between South Africa and its neighbouring states could perhaps make the internal problems easier, but a change can only be brought about by internal reforms. There are undoubtedly white Africans who are prepared to dispense with one or other aspect of the apartheid policy, but there is still no readiness to allow a genuine internal balance

45. In the face of the threatening crisis in South Africa, a country which is of great importance for economic and other reasons, the widespread passivity of the Western world in the past seems almost incomprehensible. Instead of being actively involved in a settlement which would take account of the justified interests of all strata of the population of the South African Republic, mere lip service is paid to resolutions by the United Nations and the Organization of African Unity. This policy, supporting the maximum claims of one party to the conflict, seems almost more disastrous than total passivity, since it could ultimately contribute to the development of an atmosphere which would make a peaceful compromise impossible. If this policy is continued, all the possibilities which are still open to an honest arbitrator today might be eliminated.

46. Whereas the attitude of the OAU member states and the other states of the Third World, as well as the Communist states of Europe and Asia, which are always ready to cooperate for reasons of opportunism, is characterized by firmness and solidarity, the UN debates indicate the vagueness of the Western world's approach. This is clearly shown by comparing the speeches and voting of the Western delegates. Whereas the Western countries are prepared in the Middle East debates to acknowledge without reservation Israel's right to national existence, there is no such attitude in favour of the white Africans and the other South African minorities. We cannot go into details here but there is no doubt that more or less all Western states proscribe Pretoria's internal policy, like the UN General Assembly, and financially support the UN's information activity on the policy of apartheid, but consistently oppose all OAU proposals on military intervention against South Africa and on economic isolation of that country. It is also completely incomprehensible that the Western countries, in order not to lose their influence in the Third World, especially in Black Africa, are apparently satisfied to support the OAU proposals. Such attitudes will scarcely help to change or replace the untenable political order in South Africa since Pretoria rightly sees this as the self-appointed task of the white Africans. Such a policy would hardly bring a solution to the South African problem any closer.

47. The American Secretary of State, Mr Kissinger, announced the new African policy of the United States in April in Lusaka. He made it quite clear that the United States were committed to supporting the interests of black Africa - the establishment of black majority governments while at the same time preserving minority rights for the whites. He has frequently repeated this new concept of American policy on Africa in public speeches and before the American Congress. Although the USA has, legally speaking, settled the racial issue, certain social problems remain, and its hands are therefore somewhat tied; this means that particular responsibility falls upon the European Community, Canada, Australia, Japan, and other states.

48. It is a political and ethical mistake for the European Community to have so far concerned itself so little with the political events in the Republic of South Africa. The statement by the Foreign Ministers of the Member States on 23 February 1976, which was drawn up in the context of political cooperation, constitutes a starting point. While condemning South Africa's apartheid policy it does not contain any formula, any approach for easing or eliminating the discriminatory racial policy. In this connection it is gratifying to note that on 28 October 1976 Mr Kaufmann, Permanent Representative of the Netherlands to the United Nations, rejected, on behalf of the EEC, the fictitious status of independence announced by South Africa two days earlier for the Transkei, the first of the 'Homelands' for black people, on the grounds that this step would merely consolidate the effects of apartheid in this area. The European Economic Community's policy towards South Africa has so far been undistinguished. Instead of giving the policy on South Africa an important place in the foreign policy of the Community, the Community has lived through the drama in a passive rather than active role. South Africa is certainly a long way away, but it is nevertheless of great political and economic importance to us¹. One only has to consider the shipping routes past the coast of South Africa and the raw materials which it supplies. It has over 70% of the world's gold reserves, 75% of the world's chrome reserves, the world's largest deposits of platinum, vanadium and manganese as well as large deposits of iron ore, fluorite, diamonds, uranium, coal, silver, nickel, titanium, lead, tin, zinc, copper, magnesite and phosphates. It is therefore greatly in the interests of the Community for there to be no disruptions to the many contacts with South Africa, because Europe is a continent which is short of raw materials. This will not be the case, however, if everything remains as it is, because the present situation must inevitably lead to a catastrophe. Since the recent events in Soweto in particular, the political situation has become dangerously tense. The European Community, together with other Western states if possible, should therefore endeavour as speedily as possible to develop a strategy for a peaceful solution that will take account of the interests of all sections of the population. It can only be hoped that there are still black politicians in South Africa who are prepared to play their part in implementing such a solution. The time-bomb is ticking away inexorably and the time available for achieving an agreed solution seems to have become very short.

49. Within the framework of the Lomé Convention special programmes should be prepared and adopted for ACP countries in Southern Africa. They should

¹ See the figures on the EEC's trade with South Africa in Annex I

continue to include the following measures:

- establishment of an aid programme,
- improvement of their position as regards exports,
- trade concessions for beef and veal,
- more intensive industrial cooperation,
- food aid.

Article 59 of the Lomé Convention expressly lays down that exceptional aid may be accorded to ACP states faced with serious economic difficulties. Since the Mozambique Government imposed sanctions on the Rhodesian regime in March 1976, following which the Benguela route was closed, there was a case for granting aid of this kind to Botswana, Malawi, Zaïre and Zambia. Lesotho was also in urgent need of aid (this was discussed at length at the Joint Committee meeting in Lomé from 1 to 4 December 1976) as a result of the fictitious independence of the Transkei, the first 'Homeland' for black people, which has had the effect of cutting some road links. The EEC should also give some timely thought to the question of how regional cooperation between the ACP states in Southern Africa could be organized when Rhodesia and Namibia have gained their independence. At the request of Botswana, Tanzania and Zambia, the Commission intends to provide scholarships for Namibian students, and also proposes to assist the UN Institute for Namibia in Lusaka, which is training administrators for a future independent government of Namibia.

2. Namibia and Rhodesia

50. Namibia is another problem to which Europe cannot remain indifferent. As far back as 1966 the United Nations declared independence for the former territory of South West Africa which was under the mandate of the League of Nations and the trusteeship of UNO; even today it is administered by the Union of South Africa under conditions which the International Court of Justice and the United Nations consider to be illegal. In 1971 the International Court of Justice declared that the Member States of the United Nations should regard the presence of South Africa in Namibia as illegal. There have been major debates in the UN about Namibia and from 5 to 8 January 1976 in Dakar there was an important conference concerned with human rights in Namibia. An action programme was adopted demanding political and economic independence for Namibia and corresponding sanctions against the Republic of South Africa. In the case of Namibia, it is important that it already possesses an internationally accepted legal status.

51. Our committee has long been intensively concerned with the Namibia question. This problem was also considered under the Yaoundé Association. Thus, at the conclusion of the meeting of the EEC-AASM Joint Committee on the island of Mauritius (23-25 October 1975), a special declaration called for a simplified procedure to facilitate Namibia's accession to the Association after independence¹. Several written questions have also been addressed to the Council of the European Communities², the answers to which did not prove particularly satisfactory. In the difficulties of political and economic integration of Europe, consultation between the Member States over problems such as Namibia, which are of world-wide importance, should not be forgotten. The present situation in Namibia is extremely precarious for peace in Southern Africa, and the Nine must therefore adopt a joint position on the Namibia problem, along the lines of Resolution 385 of the UN Security Council, which will help to produce a just solution for this country, with SWAPO involvement. The statement by the Foreign Ministers on 23 February 1976, which recognizes the right of Namibia to self-determination and independence, can be seen in this connection as a first step in the right direction.

52. When the Prime Minister of Rhodesia, Mr Ian Smith, unilaterally declared independence on 11 November 1965, the then British Prime Minister Wilson thought that economic sanctions would remove the rebel regime in a matter of weeks. In fact the economic sanctions which were imposed in 1966 by the British Parliament and the Security Council of the United Nations on Rhodesia, which were extended by UN Resolution No. 253 of 29 May 1968 into a full boy-

¹ See Minutes of the Joint Committee, CPA/CP/311, 18 December 1974, Annex IV, 2

² See Questions: No. 333/74 by Mr Glinne on the attitude of the Member States and of the EEC towards the international status of Namibia, OJ No. C19 of 27 January 1975, pages 3-4;

No. 166/75 by Mr Glinne on concerted action with regard to UN Security Council measures on Namibia - OJ No. C80 of 5 April 1976, pages 3-4;

No. 161/75 by Mr Glinne on the application of the decree of the United Nations Council for Namibia, OJ No. C81 of 6 April 1976, pages 1-2.

coff and embargo, should have been sufficient to overthrow the government in Salisbury. After all 92.0% of Rhodesia's trade in 1965 was concerned with exports. Ten years later things were still going well economically for Rhodesia and even the severest critics of this regime had to admit that the boycott had promoted rather than retarded the economic and industrial internal development of the break-away colony; many new jobs have been created and with a relatively low rate of inflation the gross national product doubled between 1969 and 1973. This was only possible, of course; because the boycott was broken by almost all Western states, the USSR and the Eastern bloc and even by many African states. In recent months, however, the economic situation has deteriorated, if only because the whites are beginning to leave the country. In addition, the likelihood of a peaceful transfer of power to the black majority has virtually disappeared. With the failure of the British efforts at the Geneva peace conference at the end of January 1977 to establish a basis for negotiations, the final phase of the Rhodesian tragedy may well have begun, unless some miracle intervenes. In view of the 22:1 ratio of blacks to whites and the increasing black guerrilla activity, there is a growing danger that white supremacy will collapse overnight like a house of cards. In a situation which seems almost hopeless one can only support the appeal by the British Foreign Minister, Anthony Crosland, to Ian Smith not to slam the door finally on a peaceful settlement.

53. As in the case of Namibia, the Community's Foreign Ministers also spoke out on 23 February 1976 in favour of independence for Rhodesia and the establishment of a black majority government. At the summit meeting of the Heads of Government in April 1976, the Position of the Community have partly disregarded the sanctions against Rhodesia for years, the Commission ought to do everything possible to consult with the Member States concerned¹. On the other hand it must be emphasized that, as members of the United Nations, all Member States are obliged to implement the United Nations sanctions and measures. It should also be pointed out in this connection that although the measures adopted by the UN Security Council against Rhodesia are being ap-

¹ Official statistics show, however, that the EEC's trade with Rhodesia is on a much more modest scale than with South Africa, Mozambique and Angola (see Annex I)

plied in the area of trade, they were taken to maintain peace and security in that part of the world. Therefore they do not come within the scope of Article 113 which embodies the principle that the Community has the sole responsibility for the common commercial policy with respect to a non-member state of the EEC². At all events, our committee is of the opinion that the question of Rhodesia must be continually discussed within the framework of political solution will be achieved at the Geneva Conference. The Community, for its part, should consider in good time how economic assistance can be given without delay to an independent 'Zimbabwe' ruled by a black majority.

² See in this connection Written Questions Nos 526/75 and 527/75 by Mr Patijn to the Council and Commission on the implementation by the EEC of sanctions against Rhodesia; OJ No. C89 of 16 April 1976, pages 6-9.

III. Following the statement on 23 February 1976 the Community should now submit concrete proposals:

5.4. In conclusion it can be said that the statement on Africa adopted by the Foreign Ministers of the Member States within the framework of political cooperation represents a starting point for the development of a Community policy in this sphere. It is not clear, however, why the Community merely repeats and endorses the attitudes which have already been set out in the resolutions of the OAU and the United Nations. The Community must evolve its own opinion about policy in Southern Africa so that it is in a position to undertake an active dialogue in this area. In view of its multiple relations with the states of Africa under the Lomé Convention, the overall approach of its Mediterranean policy and the incipient Euro-African dialogue, the EEC cannot shun its political responsibility towards the southern part of Africa. As the super-powers, in the absence of world-wide détente, will tend to mark out their spheres of interest in Africa, the European Community has an important role as a mediator.

5.5. The Community must now draw concrete conclusions from the statement of 23 February 1976¹ and then take action. It should consider, above all, commercial policy and the arms sales by individual Member States in this area. The Community must be clear about the question of South Africa, for this is one of the richest countries of the earth in terms of raw materials and is economically the most highly developed state in Africa. It should work out compromise solutions for South Africa and discuss these with its most important partners. The Community, with its not inconsiderable economic influence in Pretoria, should make representations and above all put forward two concrete demands: elimination of the discriminatory internal policy, i.e. abandonment of the policy of apartheid, and independence for Namibia. As the issues of conflict in Southern Africa have increased menacingly and the present situation must lead sooner or later to disaster, a sense of urgency is needed. Otherwise the Community could soon be confronted with a conflict centring on the Republic of South Africa, a potential nuclear power. There is no question that the relationship between the EEC and Southern Africa one day will have a decisive influence on the relationship between Europe and the countries participating in the Lomé Convention and the other African States. Certainly the nature of the Lomé Convention is predominantly economic but the political influence of this Euro-African cooperation cannot be denied. No one will dispute that smooth and normal economic development in our continent depends to a great extent on the state of the relationships between Africa and Europe. Apart from economic questions, the presence of Cuban - and, as recently reported, also Vietnamese - troops in, and the supply of Soviet weapons to a number of countries in Africa, including South Africa,

¹ See Annex II

also represent increased danger for the free part of Europe. This external military involvement in internal African affairs is also in conflict with the final act of the Conference on Security and Cooperation in Europe (CSCE) and cannot be reconciled with the policy of détente.

The main difficulty and therefore the main danger for Europe is that differences still persist between the countries of the Community in their historical, political and economic motivations. Reference must therefore be made once again to the often quoted 'political will,' because only this will enable the 'common interest' to be defined that ultimately leads to 'Community action.'

EEC trade with Rhodesia, South Africa, Angola and Mozambique
(in '000 EUA)

Rhodesia

1974: EEC imports	.....	672
EEC exports	.....	4,261
1975: EEC imports	.....	847
EEC exports	.....	4,230

South Africa

1974: EEC imports	.....	2,318,346
EEC exports	.....	3,035,371
1975: EEC imports	.....	3,234,095
EEC exports	.....	3,099,665

Angola

1974: EEC imports	.....	199,888
EEC exports	.....	195,037
1975: EEC imports	.....	117,070
EEC exports	.....	107,032

Mozambique

1974: EEC imports	.....	151,871
EEC exports	.....	145,798
1975: EEC imports	.....	120,542
EEC exports	.....	----

Text of the Declaration adopted by the Foreign Ministers of the Member States and published at the end of the political cooperation meeting held in Luxembourg on 23 February 1976

1. The Ministers for Foreign Affairs of the nine countries of the Community, meeting in Luxembourg and recalling the decisions which they have adopted with regard to the People's Republic of Angola, examined the problems arising in that area of Africa.

2. It is with great attention and considerable concern that the Ministers have followed events in Angola which have resulted in great suffering, loss of many human lives and serious damage to the economy. They call for the re-establishment of the peaceful situation necessary for the reconstruction and development of Angola.

3. The Ministers for Foreign Affairs consider that it is for the Angolan people to settle its own destiny. In this connection, they expressed great regard for the efforts made by the OAU to find an African solution to the difficulties, and eschewed anything which might interfere with a successful outcome. They condemned all external military intervention and expressed the firm hope that this would soon be brought to an end. In the interests of the prosperity of the region they hoped that peaceful and constructive cooperation would be established, presupposing friendly relations between the African States involved.

4. The Ministers confirmed the basic position of the Nine Member States of the Community:

- readiness on the part of the Nine to develop cooperation to the extent that such relations are desired by African States, and the rejection of any form of action by any State aimed at the creation of a sphere of influence in Africa;
- respect for the independence of all African States and the sovereign right of these States to define their national policy without foreign interference;
- support for OAU measures to promote African cooperation;
- the right of the Rhodesian and Namibian peoples to self-determination and independence;
- condemnation of the apartheid policy of South Africa.

OPINION

of the Committee on External Economic Relations

Draftsman: Mr Laban

On 28 September 1976, the Committee on External Economic Relations appointed Mr Laban draftsman.

It considered the draft opinion at its meetings of 18 January and 25 January 1977 and adopted it unanimously with three abstentions on 15 February 1977.

Present: Mr Kaspereit, chairman; Mr Schmidt and Mr Martinelli, vice-chairmen; Mr Laban, draftsman; Mr Baas, Mr Bayerl, Mr Bersani, Mr De Clercq, Mr Didier, Mr Klepsch, Mr L'Estrange, Mr Molloy, Mr Pucci, Sir Brandon Rhys Williams (deputizing for Mr Spicer), Mr Sandri, Mr Thornley and Mr Vandewiele.

1. At the present time, Autumn 1976, the decolonization of Africa is almost complete.

The 50 or so already independent states will soon be joined by the French territory of the Afars and Issas (due to become independent in 1977) and Namibia (independent by the end of 1978 at the latest). Rhodesia (Zimbabwe) seems at last to be moving towards a government representative of the vast majority of the population of that country. Only South Africa, seems, for the time being at least, to be the exception to this general rule and still maintains almost intact the legal and economic structures of 'white power'.

2. There are many contradictions among the young newly independent states (when the Treaties of Rome were signed in 1957, only eight African states already enjoyed international sovereignty).

Not only is there the traditional opposition between white Africa (Arabic and Berber language groups) and black Africa but also the ideological conflicts between 'progressive' and 'moderate' Africa. The artificial nature of the boundaries handed down from the colonial age and the diversity of cultures inherited from the former colonial powers (United Kingdom, France, Belgium, Portugal, Spain, Italy) have only exacerbated these differences and contributed to the failure of any pan-African dream.

3. Since the birth of the Community, the African continent has been seen as a geographical area in which, because of its proximity to Europe and the special responsibilities of several Member States there, the Community's development aid could be most effectively concentrated.

So, virtually from the start the Community created the basis for an African policy, whereas it still does not have, in 1976, comparable policies for south-east Asia or Latin America.

This African bias of the development aid policy (finding its practical application in the European Development Fund which operates principally in Africa, and the implementation of the Yaoundé I and Yaoundé II Conventions, as well as the Arusha agreement with Kenya, Uganda and Tanzania) was to remain unchanged until the enlargement in 1973, in spite of the Community's wish, expressed in 1963, to extend the association to other developing countries with similar economic and production structures to the Associated States (Declaration of Intent of 2 April 1963).

4. The accession of the United Kingdom in 1973 obliged the Community to extend its African policy to almost all the states of black Africa and to other geographical areas (the Caribbean and the Pacific) and to consider the problems of those countries of the Indian sub-continent and south-east Asia which were members of the Commonwealth.

At the same time, the Community stated its intention of launching an overall Mediterranean policy and opened negotiations to this end with the Arab countries of North Africa.

5. Now, at the end of 1976, most of the countries of Africa enjoy (or are about to enjoy) privileged trade relations with the Community:

- Algeria, Morocco and Tunisia signed, in April 1976 - under the Community's Mediterranean policy - cooperation agreements on which the European Parliament has just delivered its opinion (see Pintat report - Doc. 307/76);
- On 18 January 1977 Egypt, Syria and Jordan concluded with the Community an agreement similar to those between the Community and the Maghreb countries;
- The Saharan and the sub-Saharan states, former colonies of France, the United Kingdom, Belgium, Italy and Spain (including the islands of Madagascar and Mauritius) are signatories to the Lomé Convention and enjoy the substantial trade benefits granted by the Community to the signatory countries. Guinea-Bissau (former Portuguese Guinea) is now also a party to the Lomé Convention;
- Most of the territories which have achieved independence since 1974 are preparing in their turn to sign the Lomé Convention. This is the case for the Cape Verde Islands, São-Tomé and Príncipe (former Portuguese possessions); the Comoro Islands (excluding Mayotte) and the Seychelles (former overseas countries and territories (OCT) for whom accession is almost automatic).

Angola and Mozambique, which became independent during 1975, have not yet made known their decision to open negotiations with the Community for accession to the Lomé Convention. However, when the time comes, accession should not pose any serious problems.

6. Three countries still have no privileged links with the Community: Libya, the Republic of South Africa (including - for the time being - Namibia, which is still dependent, and the Transkei whose 'independence' will not be recognized by the Community) and Rhodesia (subject to international sanctions as long as the present white government holds on to power).

7. Libya, it is true, (like all the African countries except South-Africa and Rhodesia and, for the time being, the Comoro Islands and the Seychelles) benefits from the Community scheme of generalized preferences which has been in operation - with regular improvements - since 1971.

8. This brief opinion is not the place to go back over the points of view expressed at the time by the Committee on External Economic Relations on the Lomé Convention, the Community's Mediterranean policy, the agreements with the Maghreb countries or the Community scheme of generalized preferences.

We feel it would be more appropriate to take a more detached view of the various features of Community policy and ask the following broader questions:

- is it possible for the Community to have a uniform trade policy vis-à-vis the countries of Africa?
- should not Africa's place in the Community's development aid policy be reconsidered?
- is the importance of the Community's trade relations with the Republic of South Africa compatible with the Community's policy towards other African countries?

(a) Is it possible for the Community to have a uniform trade policy vis-à-vis the countries of Africa?

9. We have stressed from the beginning of this opinion the importance of the differences and discrepancies between the individual states of the African continent, which make themselves felt in their relations with each other and with the developed countries. With the exception of the Republic of South Africa, (although in this country the statistics must be interpreted in the light of the great differences in incomes between the white population and the others) Africa does have one common denominator: underdevelopment. It should also be stressed that this too is very unevenly spread: what does Gabon, with a low population and substantial energy resources have in common with Rwanda or Upper Volta, both landlocked, both lacking resources, and both densely populated?

10. It would seem that, for the purposes of its African policy, the Community has decided to keep to the traditional division between Arabic or Berber-speaking Africa to the north of the Sahara and black Africa to the south. (Mauritania and the Sudan, members of the Arab League and straddling the demarcation line between white and black Africa were signatories to the Lomé Convention). In effect, according to the reasons given by Commissioner Cheysson, the Maghreb and Egypt (included in the negotiations with the Mashrek countries) constitute a kind of intermediate area between Europe and the more underdeveloped area of black Africa.

11. This division, of course, like any other division, is an arbitrary one. The problems of Egypt differ little from those of the Sudan which shares many characteristics - through a common historical heritage - with its neighbour to the north. Moreover, in many respects, the under-development of Egypt (40 million inhabitants, 75% illiterate, usable surface area of the size of Belgium) is much more chronic than that of many countries of black Africa.

12. The trade concessions granted by the Community to the African countries (except as we have seen Libya, the Republic of South Africa plus Namibia, and Rhodesia) are indeed substantial. A brief analysis of the content of the agreements with the Maghreb countries and the Convention of Lomé demonstrates this:

- the three agreements with Algeria, Morocco and Tunisia provide for free access to the Community market for all non-agricultural products (apart from two exceptions which will disappear by the end of 1979). Agricultural concessions cover between 80 and 90% of agricultural exports from these three countries and vary between 20% and 100% of the CCT. In return, the Community receives no reciprocal benefits for its own exports (on these points see Pintat report, Doc. 307/76, points 22 to 32).
- Egypt will enjoy similar advantages when negotiations with the Community are complete.
- The first title of the Lomé Convention on trade cooperation mentions the need to provide additional advantages for the ACP States' trade.

For this purpose products originating in the ACP enter the Community free of customs duties and of charges having equivalent effect and without quantitative restrictions (apart from certain limitations on certain agricultural products subject to the organization of the market under the Common Agricultural Policy).

According to figures provided in Miss Flesch's report on the Lomé Convention (Doc. 283/75, point 15) 99.2% of the overall value of imports originating in the ACP will be given free access. In addition, the Convention provides (chapter 2) for EEC finance for improving the ACP States' foreign trade structures.

In return for these considerable benefits, the Community receives no guarantee of preferential treatment for its exports.

13. In addition to the almost completely free access provided for by the agreements we have just mentioned, the Community grants, to almost all African countries, as we have seen, the benefits of the Community system of generalized preferences, the importance of which has recently been stressed by the Committee on External Economic Relations (see Cousté opinion on the 1977 system, PE 45.616/fin.).

14. The Community cannot offer the African countries any more benefits in the framework of a trade policy because these countries already enjoy free access to the Community market. Further aid to eligible African countries would therefore have to be granted under the development and cooperation policy.

The Community has agreed to take part in efforts to formulate a new world economic order, the shape of which is still being discussed in the North-South Dialogue. In any case, this re-structuring should transcend the purely Euro-African framework and cover all the relations between developed and developing countries. The machinery introduced by the Community to give a new dimension to its relations with developing countries already goes well beyond the bounds of trade policy in the strict sense (financial cooperation, guaranteed export earnings, special advantages to the poorest countries).

(b) Should not Africa's place in the Community's development aid policy be reconsidered?

15. In 1976, Africa continues to be by far the major beneficiary of the aid which the Community gives to developing countries. It is true that a number of Caribbean and Pacific countries are also signatories to the Lomé Convention. However, their total population is very small (less than 5 million inhabitants in the 9 non-African signatories to the Lomé Convention, excluding Surinam and Papua-New Guinea which have not yet officially acceded).

Naturally, we are not forgetting the aid which the Community grants to certain non-African Mediterranean countries (Portugal, Turkey, Greece, Cyprus, Malta). And of course the Community system of generalized preferences was set up to a certain extent to counterbalance the concentration of Community aid on Africa. Nevertheless, it remains true - and contacts with representatives of Latin America, South-East Asia and the Indian sub-continent bear this out - that the Community's development aid policy is directed almost entirely towards Africa.

16. Although this situation is easily explicable for historical reasons (at the time of the signing of the Treaty of Rome, the overseas territories of the Six were situated almost entirely in Africa) and by the closeness of the economic links between the newly independent states and their former colonial powers throughout the sixties and early seventies, is it defensible? Without going over the traditional argument (never settled) between the supporters of regionalism (concentrating aid on a given area) and globalism (spreading development aid over all the developing countries), we feel that it would be desirable, at a time when the global nature of economic problems is an accepted fact, to envisage a better balance in the spread of Community development aid. Latin-America, South East Asia and the Indian sub-continent are all areas open to European influence. In many parts of these countries underdevelopment is even more critical than in most of the African countries and population problems even more dramatic. All these facts should be taken into consideration and, in our view, justify more balanced action by the Community. This does not, however, mean that trade policy as regards Africa should in any way be changed for the worse.

17. Thus, the Community cannot afford to neglect the African continent in the future. The serious nature of the political problems arising there in recent months, particularly in Southern Africa preclude such a policy. Moreover, the Community is directly involved in the Rhodesian conflict. Any loss of influence by Europe would be matched by the intervention of other foreign powers in the continent, as events in Angola following Portuguese decolonization have demonstrated.

18. Nevertheless, we feel that in the last analysis the Community has everything to gain from greater balance in its development aid policy. In particular, it should intensify its trade relations with under-developed areas outside of Africa, without damaging the extremely close trade relations existing with that continent. In this context maximum priority should be given to the poorest countries in the matter of trade concessions and financial and food aid.

(c) Is the importance of the Community's trade relations with the Republic of South Africa compatible with the Community's policy towards other African countries?

19. Whether we like it or not, the Republic of South Africa is the economic giant of the African continent. With 6% of the total population of Africa it accounts for more than half of its electricity production and consumption, a third of its total gross national products, more than a fifth of its agricultural production, approximately 30% of its exports and 25% of its imports.

South Africa's richness in raw materials and precious minerals are very attractive to the Community countries who lack these.

20. We are aware that for the past two years South Africa - partly as the result of dramatic falls in gold prices - has been experiencing serious economic problems, further aggravated by the growing resistance of the black population to the discriminatory apartheid policy of the white minority government.

Nevertheless this country remains by far the Community's best African customer. The Federal Republic of Germany (19% of South Africa's imports) and the United Kingdom are in first and second place respectively as suppliers to the Republic of South Africa. Italy and France are in fifth and sixth positions (behind the United States and Japan). The recent conclusion of a contract between France and South Africa for the construction of two nuclear power stations in that country (for which several other Community countries were bidding) demonstrates the interest and competition aroused by the richness and the potential of the South African market.

21. Is the intensity of these economic and cultural links compatible with the Community's policy towards countries north of the Limpopo and with its support for black nationalist movements in Namibia (South West Africa) and Zimbabwe (Rhodesia)?

In other words, can the Community, without being self-contradictory carry on a generous aid policy towards black Africa, while developing relations with South Africa whose internal policy is based on diametrically opposite principles (maintenance of the supremacy of the white minority, apartheid and development of 'Bantustans').

22. It would seem in this particular case, contrary to the opinion expressed by certain countries, that trade is inseparable from politics.

The Community gives no preferential aid to the Republic of South Africa, merely maintaining normal diplomatic relations. Bearing in mind the fact that, under increasing pressure from the developing countries, the United States and various European countries, majority governments will, in the years ahead, indeed in the months ahead, inevitably come to power in Namibia, Zimbabwe and South Africa, the Community cannot escape using its economic and political influence to have introduced in South Africa a system of government based on the principles of liberty and equality on which both the Community itself and its development policy are founded.

It does not take a prophet to see that in the not-too-distant future South Africa will become completely isolated and, if it is not itself forced to put an end to apartheid and by democratic processes involve the black majority in the government of the country, it will be engulfed in violence and bloodshed, making peaceful coexistence between the black and

the white populations impossible. Such a conflict in which foreign powers such as the Soviet Union and China would become involved might lead to a world war. There is so far little evidence that the South African government is prepared to contribute itself to a peaceful solution of the country's internal problems. The EEC has adopted an extremely passive attitude towards the situation. It is therefore very desirable that measures should be adopted if possible in conjunction with other Western countries to provide the necessary basis for the solution of these problems. Lack of action might well in the near future jeopardize cooperation with the countries of the Third World (including the Arab nations).