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Report

drawn up on behalf of the Committee on Development and Cooperation

on the proposal from the Commission to the Council (Doc. 367/76) for a regulation establishing a European agency for a trade cooperation with the developing countries

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PE 46.540/fin.

English Edition

By letter of 22 October 1976 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation establishing a European agency for trade cooperation with the developing countries.

On 28 October 1976 the President of the European Parliament referred this proposal to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for its opinion.

On 29 October 1976 the Committee on Development and Cooperation appointed Mr Sandri rapporteur.

It considered the draft report at its meeting of 24 November 1976 and adopted it unanimously.

Present : Miss Flesch, chairman; Mrs Walz, Mr Lagorce and Mr Sandri, vice-chairmen; Mr Bersani, Mr Deschamps, Mr Espersen, Mr Flämig, Sir Geoffrey de Freitas, Mrs Kruchow, Lord St Oswald and Mr Walkhoff.

The opinion of the Committee on Budgets will be presented separately.

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The Committee on Development¹ and Cooperation hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on a proposal from the Commission of the European Communities to the Council for a regulation establishing a European agency for trade cooperation with the developing countries

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council,¹
 - having been consulted by the Council (Doc. 367/76),
 - having regard to the Council resolutions of 30 April 1974 and 3 March 1975,
 - having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on Budgets (Doc. 445(76)),
1. Welcomes the Commission proposal as it has repeatedly called upon the the Commission to draw up proposals for the establishment of an agency for the improvement of trade cooperation with the developing countries;
 2. Regards the creation of the planned agency as a political gesture confirming after the conclusion and entry into force of the Lomé Convention the Community's resolve to strengthen cooperation with non-associate countries as well;
 3. Considers it essential to provide exact information on terms of EC trade and export opportunities, so that the developing countries can make better use of existing schemes;
 4. Welcomes the fact that the agency will form the most important part of the additional measures to improve generalized preferences, as the use made of the preference system in 1974 and 1975 was no higher than 65% and 67% respectively;
 5. Agrees with the measures which are to be taken by the Agency in favour of trade promotion programmes;

¹ OJ No C 256, 29.10.1976, p.2

6. Considers that, for practical reasons, the agency must have its seat near the offices of the Commission and of the trade and diplomatic missions from the developing countries;
7. Considers it necessary to gear procedures and staffing levels to the special requirements of the agency;
8. Agrees that the agency should be established in the form of a European agency with legal personality and financial autonomy, under the direct supervision of the Commission;
9. Shares the opinion of the Commission that to finance operating costs an annual subsidy must be granted from the Community budget;
10. Takes the view that the appropriations of 1,055,000 u.a. provided by the Commission for 1977 should be increased if necessary to ensure the independence of the agency;
11. Calls upon the Commission to submit an annual report to it giving a detailed account of the work, results achieved and finances of the agency.

EXPLANATORY STATEMENT

1. The Commission proposal provides for the establishment of a European agency for trade cooperation with the developing countries. The agency is primarily intended to improve the utilization of the generalized system of preferences and to carry out trade promotion programmes to help the developing countries. The agency is necessary not simply because of the growing number of Community measures to help developing countries in these two areas, but also because of the operational and commercial nature of the new tasks which, as the Commission rightly stresses, are difficult to reconcile with the procedures of a public administration.
2. The creation of an agency for trade cooperation must be seen in the context of an overall Community policy of cooperation with developing countries. Special mention should be made here of the Council resolutions of 30 April 1974 on the improvement of the use of the generalized preferences scheme and on financing specific technical assistance schemes to promote the exports of non-associated developing countries by appropriations to be entered in the Community budget. In another resolution of 3 March 1975 the Council confirmed its resolve to make a sustained effort to improve generalized preferences, especially encouraging the beneficiary developing countries to make better use of the Community scheme by providing them with more information. The establishment of the agency must be seen in this context as one of its tasks would be to help to improve the utilization of the generalized preferences. Mention should also be made of the trade promotion schemes laid down in the Lomé Convention.
3. In the past, particularly in dealing with the generalized customs preferences scheme for 1976¹ and for 1977², the European Parliament has repeatedly called upon the Commission to continue its efforts to provide better information on preferences available, particularly by the submission of proposals for the creation of an agency for documentation and information.

¹ Dondelinger report on the Commission's proposals for application of generalized customs preferences for 1976, Doc. 285/75, 10 October 1975.

² De Freitas report on the Commission proposals for application of generalized customs preferences in 1977, Doc. 332/76 11 October 1976

Parliament is therefore in agreement with the Commission's proposal. It regards the establishment of such an agency primarily as a political gesture confirming the Community's resolve after the entry into force of the Lomé Convention, to increase cooperation with non-associated developing countries as well. The idea of an agency to promote trade was supported not simply by Parliament, but also by the Economic and Social Committee¹ and the governments of the Nine². It need hardly be added that all measures to promote trade will be welcomed by all the developing countries concerned.

4. As mentioned earlier, the agency is intended to make an active contribution to the improvement of trade relations between developing countries and the Community. Your Committee regards an agency of this kind as a necessary means of providing the developing countries with detailed information on EEC terms of trade and export opportunities, for this is the only way of ensuring that better use is made of existing systems. In previous resolutions Parliament has often stressed that more must be done to help the developing countries to secure wider opportunities in world trade, as this is one of the most important factors making for the improvement of their economic situation. For what use are technical and financial aid and industrialization projects, if the developing countries cannot sell their products in the industrialized countries? The industrial countries, particularly the EEC, must therefore make greater efforts to make it easier for the developing countries to sell the few products in which they are competitive in European markets.

5. The agency will be responsible for carrying out measures to promote the objectives of the common development policy in the trade sector, through practical schemes in two distinct but complementary fields: better use of the GSP and trade promotion. To carry out this dual task the agency has two distinct departments, one for the GSP and the other for trade promotion.

6. The intention is that the Agency should be the cornerstone of the additional measures to improve the generalized preferences. Measures of this kind are most important as improved utilization of the generalized preferences has been necessary for some time. Thus in 1974 for example 3,250m u.a. were available under the preference system, but only 2,100m u.a. were used, a mere 65%; 3,680m u.a. were available in 1975 and only 2,540m u.a. were used, i.e. 67%. For 1976 the Commission estimates the utilization of the preference system at between 59 and 65% and for 1977 between 46 and 54%³. Your committee therefore calls upon the Council to adopt the

¹ Opinion of 15.9.1975

² Report by Mr Di Martino of 10 January 1976, Annex II, COM(76) 505 final.

³ COM(76) 505 final, p.3.

proposal from the Commission as soon as possible thus allowing the Agency to play an active and effective role in the application of the generalized system of preferences for 1977.

7. In the field of generalized preferences, there are four objectives:

- to make their use easier for beneficiary developing countries; it is a complex system and they have often complained of this in the past;
- to increase and spread its use more evenly over the whole Community, while adapting it to the structural and cyclical trends of the economic sectors of the Community affected by the GSP; at present imports eligible for preferences are concentrated in the sectors of **sensitive and semi-sensitive** goods while in the sector of non-sensitive goods there are unused import opportunities;
- to spread its use more evenly among the beneficiary countries; so far, half of the imports under GSP of sensitive and semi-sensitive goods come from five countries alone;
- to make its use more profitable for developing country exporters who because of inaccurate information derive scarcely any financial advantage from customs exemption.

8. Both qualitative and quantitative methods must be used to achieve these objectives. The first requirement is for the collection and processing of data on an extensive scale. There are three aspects to this task.

Documentation

- introduction and operation of card index systems;
- statistical survey based on these systems, of the effects of the GSP on the export trade and the European import trade;
- factual survey, based on comparison of and trends in GSP imports in the individual donor countries.

Information

- annual publication-in the official languages of the Community, in Spanish and if possible in Arabic - of a guide to the GSP;
- updated statements for use by importers and exporters of the unused quotas under each ceiling subject to surveillance and each individual maximum country amount linked to that ceiling;
- organization of GSP users' meetings.

Providing advice

- on the effects of the GSP on trade contracts yet to be concluded;
- for individual sectors of industry or products in the Community.

9. The trade promotion department will be responsible for carrying out trade promotion programmes for the ACP countries and other developing countries, particularly under the Community programme for general assistance to exports from developing countries. It will have three tasks:

- assistance for participation by the developing countries in trade events (organization of fairs and trade weeks in Europe and the developing countries);
- organization of trade missions for European buyers in the developing countries or for developing countries' producers in Europe and the organization of information seminars on sales techniques and other specific subjects;
- training and technical assistance schemes (organization of further training courses, secondment of experts, market surveys, preparation and distribution of commercial literature).

10. We must agree with the Commission that because of the need for prompt action, and their operational and commercial nature, requiring direct and constant contact with the private sector, the new additional tasks of promoting trade and improving the GSP are difficult to reconcile with the administrative and financial procedures of the Community. It should be remembered that the timetable for many trade promotion schemes is set by independent bodies and cannot be changed. It follows that the necessary preparations must be completed within a fixed and narrow time-scale with the help of numerous organizations and individuals in the developing countries, and in the Community. Experience in the Member States has shown that similar difficulties have arisen in promotion schemes for their own products on foreign markets. In the Member States the problem was solved by setting up semi-public bodies to cooperate with the Ministries for Foreign Affairs, Economic Affairs and Foreign Trade.

11. These operational requirements are dictated by the broader trade relations between the Community and the developing countries, and while differing on some points according to whether the GSP or trade promotion is involved, they do run parallel to and complement each other. It cannot be disputed that there must be a properly structured unit responsible for the improvement of the preference system and trade promotion, with the sole task of implementing the schemes, programmes and projects mentioned above. For practical reasons this Community agency should be located near the Commission and the trade or diplomatic missions of the developing countries, so that contacts may be made without delay at any time.

12. Your committee agrees that the agency should take the form of a European agency with legal personality and financial autonomy, under the direct supervision of the Commission. As the agency will work primarily with the private sector and the foreign trade organizations of the developing countries and the Community countries, its working methods and its staff will therefore need to be adapted to these requirements.

13. In the matter of financing, your committee supports the Commission's view that independently of various items of revenue, operating costs should be covered by an annual subsidy from the budget of the European Communities. In this respect it notes with satisfaction that the Commission has earmarked a sum of 1,050,000 u.a. for 1977, and recommends an increase in this amount, if necessary, to ensure the independence of the agency. Parliament also calls upon the Commission to submit an annual report to it, containing detailed information on the activities, results achieved and the financial management of the agency.