Overseas
Development
Institute

Britain the EEC and the Third World

Lord Campbell of Eskan
Anthony Kershaw, MP
Gerhard Schiffler
Tom Soper
Christopher Trapman
Charles van der Vaeren
David Wall

The Overseas Development Institute in conjunction with the Society for International Development (United Kingdom Chapter) sponsored an International Conference on 26–27 April 1971, on the implications for developing countries of United Kingdom entry into the EEC. The venue was The Royal Society.

The purpose of the conference was, first, to improve understanding of the institutions and policies relating to developing countries of the United Kingdom on the one hand and the EEC on the other; second, to judge and compare the good and the less good qualities of each, with a view to ensuring that harmonisation of policies would be so far as possible on the basis of their highest common factor; and third, to make progress in clarifying and defining particular problem areas and countries.

The conference was successful in all these aims. The major ingredient in this success was the high quality of the papers presented at it. The four main ones are included here, together with an extract from the opening address by Lord Campbell of Eskan.

Two of the papers were prepared in Britain. One is an official view by Anthony Kershaw, MP, of how Britain sees the developing countries in the context of the negotiations: the other is a contrasting 'unofficial' critique of EEC trade policies by David Wall. The other papers were prepared in Brussels by two officials from the EEC Commission, Gerhard Schiffler and Charles van der Vaeren, who took part in the conference in their personal capacities.

With all complex and important issues, it is to be expected that there will be controversy as well as consensus. So it was here. Most participants, however, felt at the end that there had been progress through argument and discussion towards some measure of agreement. This process is something which it is both very difficult and also very important to reflect in a report of the proceedings. It has been admirably achieved by Tom Soper in his synopsis of the discussions which precedes the other papers.

The volume concludes with a note on the EEC's common agricultural policy by Christopher Trapman of ODI, and useful statistical appendices, also compiled within ODI.

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Britain, the EEC and the Third World

Report of an international conference
jointly sponsored by the
Society for International Development
and the Overseas Development Institute
at The Royal Society, 26–27 April 1971

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Report of the conference

Tom Soper[1]

1 The broad issues

Introduction

With the intention of informing and clarifying the complex scene of Britain, the Community and the Third World, the Society for International Development and the Overseas Development Institute convened an international conference of officials, business and academic participants, to discuss and analyse the present framework of Community relations with the less developed countries of the World (LDCs) and the problems and issues that presented themselves in the light of the British application to join the European Community. This was not a seminar to debate whether or not Britain should enter the Community: the intention was to examine and comment on the framework that already existed covering trade, aid and investment, a framework that the Community had been building up over the past twelve years; and the possible effects that British membership of the Community would have on relations between the industrialised rich countries of the world and the poorer developing ones.

What was quite clear – and this produced no dissent at all – was that the relationship between an enlarged Community and the LDCs was no marginal matter. In terms of capital flows – both public and private – in terms of technical assistance and in terms of markets for the products of the LDCs, this particular group of western European countries was of crucial importance. And it was perhaps the realisation of this that made it necessary at the beginning of the conference to deploy arguments portraying the record of the Community towards the LDCs both in its most favourable light and in its least favourable – but with the awareness that such a presentation was inevitably something of a caricature on both sides.

A Critical View

The critical view presented the Community in a sombre light.

Firstly, it was argued that Britain was seeking membership in order to exploit opportunities inside the Community – opportunities that were by no means assured – and that to do this she was apparently willing to pay something of the order of £500 million per annum in support of a European agricultural system which in itself was highly controversial and

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subject to criticism from both within and outside the Community. This figure of £500 million was more than twice the gross British aid programme to the LDCs, and it was suggested that this was a telling indication of the relative order of priorities that the British Government had in these matters. The Community, the conference was told, clearly regarded self-sufficiency, as exemplified by the Common Agricultural Policy (CAP), as its first priority, and Britain was subscribing to this.

Secondly, the whole case for a larger British contribution to the developing world through trade and aid operations rested on the assumption that the United Kingdom economy would expand in the dynamic environment of the European Community. But, it was suggested, there was no proof that this would be the case: indeed the full weight of much authoritative economic analysis had gone in precisely the opposite direction, indicating that the British economy would be more likely to suffer than flourish in the present Community framework. If this were the case, then however much we might wish to help more the LDCs, we should not be in a position to do so; especially if we were under balance of payments pressures.

Thirdly, the European Development Fund (EDF), which was the channel for Community aid to the less developed countries, had not been created with the objectives of making an efficient instrument of aid, but simply as part of the bargain between France and the other five members of the Community who had, for European political reasons, agreed to share the burden of maintaining France's former dependencies overseas. Furthermore it was less than international in scope, being partial in its geographical coverage and excluding operations in India and Pakistan – two of the most important of the LDCs in terms of size and need.

Fourthly, so far as trade was concerned, the LDCs' share of total EEC external trade was falling, and represented a smaller proportion of total imports into the Community than into the United Kingdom. As for the Community offer under the General Scheme of Preferences (GSP), this, it was felt, was not all that generous. Further, the main thrust of EEC trade with LDCs was on the basis of preferential trading blocs, thus splitting the world into exclusive groups, with benefits accruing to one group – the associates – at the expense of those LDCs not associated. The USA had condemned this and had made it clear that their own GSP would not be applicable to any country that, under the Community association arrangements, gave reverse preferences or benefited from 'special' preferences, such as under the Yaoundé scheme.

Thus, from the points of view of the Community's internal development policies, its aid framework and its trading relations covering form, content and purpose, the Community was depicted as an organisation whose record and objectives left much to be desired. Its whole raison d'être was to protect and prefer those inside the Community – with certain exceptions for a special group of outsiders – and it was by its very nature inward looking.

As it was the declared policy of all parties in Britain, whether in power or opposition, that the future of the developing countries was of vital concern to the United Kingdom, it was relevant to ask whether the European organisation that Britain was seeking to join had attitudes, machinery, policies and intentions that were broadly in accord with British views.

A Favourable Appraisal

The favourable presentation of the record of the Community identified broadly the same areas of activity as did the critical case, but emphasis was placed on a somewhat different record of experience and interpretation of it. It was true that LDC trade as a proportion of total Community trade had fallen, but it was pointed out that this was a world wide phenomenon and the EEC record was no worse, indeed probably better, than others. The increase in trade between the Community and LDCs had been greater than that between the USA and LDCs, or between the United Kingdom and LDCs. Further, trade between those countries not associated with the EEC had increased more rapidly than with those associated, thus giving the lie to those who claimed that the EEC was exclusive in its relations with developing countries, and that it was benefiting one group at the expense of others. It was conceded that association was originally conceived as a somewhat exclusive link-up primarily for French speaking ex-dependencies, but this was regarded as no longer the case: other non-francophone countries had become associated, and the chances were that following British membership still more would do so. The EEC's performance on tariff reductions in the Kennedy round was seen as satisfactory, and a scheme for generalised preferences for LDCs was to be introduced in 1971.

As for special association agreements, it could be argued that the more there were, the less exclusive they became; and thus this could be seen as a step towards reducing barriers to world trade, not as an extension of the barriers. Furthermore, one had to look at trends, and when a comparison was made between the tariff structure of the Community today and the structure of the national tariffs of the individual members of the Community twelve years ago, the developments were remarkable. The Community, it was maintained, had become more outward looking over the past twelve years than the trend for each of the member states would have individually indicated, and there had been a marked change of direction from exclusive discriminatory protectionism. The aid record of the Six was described as good, both at the Community level (comprising the operations of the EDF and the trading agreements) and at the member state level with the individual bilateral programmes. Indeed on aid as a percentage of GNP, Belgium and France and Holland had better records than the United Kingdom, and though none had reached the UN target of 0.7% of GNP for official aid, all members of the Six had met the target of 1% of GNP for total flows.

The European Development Fund was operationally very good, and the institutions set up under association agreements represented a new approach to a co-operative endeavour, between industrialised and non-industrialised countries, that was proving highly successful.

From the point of view of the British Government, although it was recognised that there were differences of emphasis and of method in both the United Kingdom and the EEC in dealing with countries of the Third World, there was no doubt that both the United Kingdom and the Community were moving in the same direction and shared a similar outlook.

This, then, presented two divergent views to the conference; but in reality, the majority of human institutions are neither wholly evil nor wholly good, neither completely useless nor totally efficacious. One is throwing a dice that shows up more regularly with threes and fours than with sixes and ones; and so far as the Community was concerned, and possible British membership of it, the issues were inevitably very blurred. One was not coping with static conditions, but with something that was changing already and would change still further if the Community of Six turned into a Community of Ten. What one was seeking to do at this conference was not to try to chalk up points for or against the Community and British membership of it, but rather to try to find, in the words of the Chairman, Lord Campbell of Eskan, the highest common factor derived from what Britain could offer to the Six, and from what the Six could offer Britain, for development in the Third World. It was to an examination of this that the conference turned its attention.

2 Aid and the European Development Fund

Looking in more detail at the European Development Fund (EDF), a number of considerations emerged from the conference discussions.

Firstly, the Fund had to be seen as part, and only a relatively small part, of the total aid effort of the member countries of the Community. The bulk of aid was still bilateral and channelled to Asia, Latin America and Africa in the light of individual decisions of the member governments. The European Development Fund was a Community aid instrument, and although related to bilateral operations it was separate from them.

Secondly, although initially created within the framework of a colonial regime, this had now changed. The Fund under Yaoundé I, and more particularly under Yaoundé II, was the result of negotiations between the six member countries of the Community and the eighteen Afro-Malagasy associates, who were sovereign independent states. Within the institutions of the Community and outside, these states had criticised certain aspects of the Fund's operations, but they had clearly been sufficiently satisfied to engage, after the initial implementing convention

of the Treaty of Rome, in two other regimes of association.

Thirdly, although recognising that the six member countries were by far the stronger partners in the initial negotiations setting up the Fund, and in the subsequent executive framework of institutions that had been created, attempts were being made to incorporate the LDC associates in such a way as to enable them to play a part in the decision making processes. The Association Council, the Committee of Association, the Parliamentary Association and the Association Court of Law were all parts of a system which encouraged a close and continuing dialogue among partners in co-operation. Indeed, it was contended that it was the only forum where the interested African States could make themselves heard by the direct donors, on matters of aid and trade.

Fourthly, it had developed a method of providing aid on five year commitments. Four-fifths of Community aid was in the form of grants; and for the rest, the terms of lending were soft. Moreover the money provided by the Fund could be spent on local costs as well as on imports. It had also progressed far in combining technical assistance with capital provision. With regard to the problem of tied aid, the system of allowing contracts to be taken up by countries in both the Six and the Eighteen (and presumably in future the Ten and the Eighteen, plus other associates who had negotiated an association agreement which included provision of aid) could be seen as a valuable step in the right direction. The assistance that was being given to encourage exports of LDCs in the markets of the Community was also a unique and encouraging move.

Fifthly, the EDF was still primarily although not exclusively an Afro-Malagasy fund. It could at present be used only within the context of formal association agreements; but aid was distributed on the basis of project analysis and not on a country pattern.

It was this discriminatory nature of the Fund's operations and its geographical concentration on a small part of the developing world – essentially Francophone Africa – that caused most worry to those who were concerned about the impact of British membership of the Community on Commonwealth LDCs. If Britain joined the Community, would she be required to contribute to a Fund which had severe restrictions on its geographical coverage? The answer to this was that there would be no immediate contribution by Britain to the Fund, but that when and if the third regime of association was negotiated (the present Yaoundé Convention and Treaty of Arusha expire in January 1975), then Britain as a member of the Community would be expected to play her part. At the moment, the Fund's resources were $900 million over a five year period. The United Kingdom would almost certainly be required to contribute not less than 20% of this total, or at least $200 million, i.e. $40 million (say £17 million) per annum. In fact the final figure would probably be more than this, as the enlarged Community would generate an enlarged EDF, and there would be more beneficiaries. But this may be an indication of the rough order of magnitude.

Although this figure was not vast, the British and Commonwealth concern was whether the additional sum provided to the EDF would come out of the existing aid projections that had already been made by HMG. If so, it would represent an additional contribution to Africa and hence reductions for India and Pakistan – as had already happened multilaterally with the new emphasis on Africa that was being given by the World Bank, through the International Development Association. Already African countries received some 40% of British aid – a proportion felt by some to be excessive. The view of HMG on this was that India and Pakistan would not suffer. (Furthermore, some of the present members of the EEC, notably Germany, were already deeply involved in the India and Pakistan aid consortia.) From this, one had to infer that additional British contributions to Africa via the EDF would be offset by a reduction in bilateral contributions. The EDF in short would become a major instrument of disbursing British aid to Africa, with a corresponding reduction in bilateral commitments. This of course kept the balance in continental terms, but it still left unanswered the problem of distribution within Africa, as use of the Fund was restricted to associates. Here one was up against the problem of which African countries would seek association. East Africa had already done so, but without aid commitments. What would be the position of Nigeria and Ghana, of Botswana, Lesotho and Swaziland? The difficulty over all this was that one was dealing with imponderables and the EDF was itself in an intermediate stage. The Community was not geared to cope with the range of issues that individual members of the Six could deal with. The question was not whether the Community as such would do certain things with the EDF, but whether the member countries would allow these things to be done. Much in this respect would depend on how large a part of their total aid effort the member countries would agree to channel through the EDF.

Here, as with so many other matters, the Community of the Ten would be very different from the Community of the Six. With regard to the British aid programme, the chances were that the Overseas Development Administration (ODA) would look at the EDF as one of a number of aid instruments. There would be a thorough examination of it in terms of its criteria for aid allocation, the spread of its disbursements, the speed in channelling funds to projects, etc. – in short, its effectiveness. It could be appraised in comparison with other multilateral organisations such as the Regional Development Banks and the International Bank for Reconstruction and Development (IBRD); and Britain, as a member of the Community, could work to strengthen the EDF's effectiveness. Further, it was pointed out, the British Government's administrative structure was so organised that decisions on where to put the main emphasis of multilateral aid disbursement could be taken without undue complications. All of this was something that could be examined after Britain became a member of the Community, and not before from the

outside. Even so, it was reassuring to many at the Conference to hear that HMG had no intention of abandoning its involvement in India and Pakistan. A promise of an absolute sum in aid to these countries could not be made, but there was expression at the conference of a firm intent not to let these two countries down, three or four years from now, when the British contribution to the EDF became imminent.

3 Trade

The conference discussions on the trade policies of the Community were largely focussed on whether their policies were protectionist and discriminatory; if they were, to what extent they differed from other countries' protectionist and discriminatory policies; and what direction they were likely to take following British membership of the Community.

The subject was a difficult one to handle, and not least because the trading patterns of many countries, and in particular of Britain and the Commonwealth, were already undergoing profound changes. It was difficult to identify the long term trends, and still more difficult to project these trends into the future. What the situation would be when and if the Community of Six became the Community of Ten, was a hazardous exercise in forecasting.

The charges of protection and discrimination against the Community were bound up with concern over the common agricultural policy (CAP), the problem of sugar, and the association arrangements covering a number of issues including the special preferences accorded to certain associated countries, mainly in Africa and the Mediterranean, the reciprocal preferences granted by the associated countries to the European Community, and the adoption of the general scheme of preferences (GSP).

The Common Agricultural Policy

With regard to the Community's agricultural policy, the point was stressed by some that this policy was principally concerned with a variety of internal matters of the Six European member states, and that it paid scant attention to the trade effects of its structure on third countries.

It was however maintained, in reply to this charge, that comparable studies had shown that the level of support given to agriculture in the Community differed little from that accorded by other industrialised countries to their own agricultural sector. In so far as the level of protection affected the volume of internal production, and in consequence access to the markets of the developed countries, it was argued that the Community was no less liberal in its policies in this respect than were other rich countries. There were many at the conference, however, who did not accept this. Further, the CAP was seen by some as crucial so far as US trade policy was concerned. If British entry to the EEC reinforced the

autarkic effects of this policy, there was likely to be a boost to protectionist sentiment in the USA. It was argued that if any US Administration were to maintain a liberal trade course, it must retain the support of the farm lobby in order to obtain the necessary legislative authority to negotiate the further freeing of world trade. More directly so far as LDCs were concerned, two major commodities were identified as being likely to suffer particularly from the CAP. These were beef exports from Argentina, Uruguay and Kenya, and grain from Asia.

But the main emphasis of the conference discussion arising out of the CAP was on its impact on cane sugar through the fostering of beet production inside the Community.

Sugar

With regard to sugar, this was, as always, seen as a matter of quite special significance. For many Commonwealth countries it was their lifeblood, and indeed in some instances their only lifeblood. If satisfactory arrangements could not be made for them, the outlook was not just bleak, but hopeless. Three crucial points were made in criticism of the Community's policy:

1 any reduction in an enlarged Community's imports of cane sugar would inevitably be taken up by increased beet sugar production;
2 a reduced tonnage from cane at a higher price would not help, as it would reduce throughput and therefore employment and the efficient use of assets;
3 tonnage displaced from Britain could not simply be switched to the world market. The increase of beet sugar production in Europe would have the effect of reducing the size of the world market. If, therefore, Commonwealth sugar was displaced from Europe, it could be put on the world market only if other countries reduced their quotas to make room for it. The diminution of the Commonwealth quota through the enlargement of Europe would thus not only damage the economic and social foundation of the Commonwealth countries concerned, but would weaken and could wreck the International Sugar Agreement, which would in turn injure the economies of many other developing countries.

This was a formidable indictment, resting on the nature of the EEC's existing sugar regulations, which provided guaranteed market and price for EEC producers up to the whole of the Community's requirements. There was therefore relief among the critics of EEC policy at the conference when it was pointed out by a representative of the Commission that the additional sugar requirements of the enlarged Community would be of the order of 1.3 million tons, which neatly matched the volume of exports from sugar producing LDCs in the Commonwealth. But various other sensitive issues were stressed in the discussions. The conference was reminded that in the 1963 negotiations the Caribbean had been offered association as something quite distinct from the sugar issue. Some sur-

prise was therefore felt at the implications that in the present negotiations the question of association for the Caribbean could not be settled until the sugar issue had been resolved. The Caribbean was interested in association in its own right; and the attention of the conference was drawn to the fact that although sugar was of dominant significance in the area, there were other exports such as bananas which needed to be accommodated under association arrangements. What was not clear was whether the option of association had been offered to the Caribbean; and whether this offer, if it had been made, was related to sugar or was independent of it[1].

Preferences and Association

This opened up the wider issue of the Community's policy on preferences. The Community indeed had supported a generalised scheme of preferences (GSP). This was a revolutionary development and was cited at the conference as an indication of the way things were changing inside the EEC, and as indicative of the extent to which the Community was moving away from its more exclusive relations with overseas developing countries. It was indeed maintained that the GSP should be viewed as one element in a genuine policy of development assistance, and as a first step towards a further liberalisation of world trade. The action of the Community in the field of generalised preferences was described as the first beginnings of a more purposeful common policy embracing the whole of the Third World. The GSP would be introduced on July 1st 1971. Under this scheme for liberalisation of trade in manufactured and semi-manufactured products, the only exceptions were for some processed agricultural products (chapters 1–24 of the Brussels tariff). For a range of these processed agricultural products tariff reductions were offered, whilst for all the other manufactured products in chapters 25–99 of the Brussels tariff, the developing countries would obtain duty free entry up to a ceiling corresponding to the value of EEC imports from LDCs in a base year (1968), plus 5% of total imports from sources other than the beneficiary countries under the scheme. To avoid discrimination in favour of the most competitive of the LDCs, imports of a given product at a preferential rate from any one country might not exceed fifty per cent of the ceiling fixed for that product. Hong Kong was included in the EEC scheme, although in the case of this country exceptions had been made for exports of textiles and shoes. In the case of sensitive products such as certain textiles, plywood, crockery, assembled transistors and products derived from petroleum, the developing countries within the scheme would as a whole be limited to a total no more than 5% higher than total imports to the Community from all sources other than beneficiaries.

[1]The association issue was subsequently resolved by Mr. Rippon's statement to Parliament on 17 May 1971 (Hansard, col. 885).

There was no doubt that under the scheme a large number of manufactured products would enter the Community duty free, and this from countries which were both inside and outside the association arrangements of the EEC. Concern, however, was expressed because not all agricultural commodities were covered. This was a matter of real worry to Commonwealth LDCs, as it followed that British membership in the Community would result in the free access to the United Kingdom currently enjoyed by Commonwealth exporters being diminished, unless such countries became associated. But one could not discuss the matters in general terms. When one examined specific commodities of particular relevance to LDCs, one found that in addition to the association arrangements some crucial commodities were admitted to the Community duty free. This was reassuring, but it was of relevance only to some products and to some countries, not for all – a particular worry being the position of India and Pakistan.

India and Pakistan would almost certainly suffer from Community duties on cotton textiles, jute textiles and coir products; and other countries would suffer from the Community's remaining duties on processed agriculture.

The particular problem here was that the United Kingdom had placed relatively few restrictions on the entry of manufactured products into her market, though the position of textiles was due to change in 1972. On joining the Community she would, however, be required to accept the common external tariff (CET), which imposed some impediments.

The matter was complicated as there seemed to be some divergence of view at the conference as to how significant an impediment trade tariffs really were, and what benefits were in fact obtained from trade preferences. Some argued that they had little effect, while others conceded that while tariffs on manufacturing goods were not a crucial element, for primary and semi-processed agricultural products they made a great deal of difference. In general it was accepted that increasing freight and insurance charges were in danger of eroding some of the advantages LDCs in fact receive from the wide variety of preference schemes.

The conference was reminded, too, that the Australian action in giving preferences to the importation of certain exports from developing countries had resulted in a great increase of imports into Australia from India. On the other hand, there had been a relative decline in Commonwealth exports to the United Kingdom, despite the preferences they had in the British market. It was also pointed out that Latin American countries, in spite of having no preference in Europe, had increased their share of imports by the Community.

The British scheme was due to come into operation before the end of 1971. Duty free entries without ceilings were to be granted for industrial products in chapters 25–99 of the Brussels tariff, but there were a number of exceptions including most textiles and apparel, hydrocarbon oils,

perfumed spirits, matches and portable lighters. Duty free entry or tariff reductions were proposed for a range of processed agricultural goods (chapters 1–24, Brussels tariff).

Whether the British or the Community GSP scheme was the better one was difficult to judge, and conference members were divided on this; with each scheme having supporters and opponents from both developed and underdeveloped countries. But what was clear was that as trade relations with other countries was a matter for the Community to decide, and not for the individual member states, then if Britain became a member, there would have to be harmonisation of the two schemes.

But at this point a new complication arose. It was pointed out that access to the American market under the GSP scheme of the USA might not be open to those LDCs that entered into association with the Community. This was because one of the conditions of association was the granting of reverse preferences. Unless there was a removal of these, the advantages of generalised preferences would be withheld in the USA. It appeared to be a question of choosing between advantages under the American preference scheme or advantages under association with the EEC. It seemed one could not have both.

The conference therefore posed the question of why the Community insisted on reverse preferences. They had never been an essential part of the Commonwealth system. Many African Commonwealth countries, for example, received privileges in the United Kingdom market yet gave nothing in return. Indeed a somewhat anomalous position had now arisen in that three Commonwealth countries in East Africa had become associated to the Community and had granted preferences in their home markets *to* the Six and *against* the United Kingdom. In discussing this matter, two factors emerged, one psychological and one technical. The psychological argument put up by those who favoured reverse preferences was that if two countries or groups of countries entered into a special relationship, there should be a quid pro quo. De facto the Six gave greater advantages to the associates than they received from them; but de jure each gave the other benefits, and this was an important element in cementing the relationship. The technical reason was that under the GATT, reciprocity was required. Such reciprocity was on the basis of creating a customs union or free trade area covering all products; and in the case of association, although there were exceptions, such as certain products covered by the CAP, the majority of products were involved. It was even suggested that the Community would be prepared to give up reverse preferences, if the agreement of her GATT partners could be obtained. In practice, the associated LDCs could, if they wished, invoke escape clauses to counteract the advantages they gave to the Community, provided they did not grant third countries more favourable treatment than they gave to the Community.

The question was also raised about the compatibility of the Community having a GSP and, at the same time, special trade relations with

selected associates. The explanation was that it merely recognised that different developing countries were at different stages of development. In the Community the view was taken that in Africa, in particular, there were many countries that were among the least developed in the world, and they needed special preferences if they were to have any share in the markets of industrialised countries. The Community had taken cognizance of this and were making provision for at least some of the least developed LDCs.

With regard to association and possible future development in this field, it was emphasised that there were a number of parties involved. One had to think of relations between new members of the Community and the existing associates; of relations between an enlarged Community and Commonwealth LDCs, including new associations; of relations between existing associates and new associates; and of the responsibility of an enlarged Community for LDCs in general. With regard to the options that were open, a number of guidelines were emerging. The Community felt that enlargement of it, either through new member states adhering or through further admission by association, required that association should not lead to weakening of the position of the existing associated states. Secondly, the wishes of the existing associates would have to be taken into account in any negotiations affecting them. Thirdly, there were great differences among LDCs, and these differences required that some received more favourable treatment than others. Fourthly, an enlarged Community did not carry with it a sharing of the existing burdens towards LDCs, but the acceptance of greater responsibilities. Fifthly, association should continue to give LDCs the opportunity of a continuing dialogue with the member states, and of pressing their views as a group rather than individually.

4 Some other issues

A number of issues that were of major significance could not be adequately discussed at the conference in the time available. But their importance was clearly recognised and a report of the proceedings would be incomplete without reference to them.

Firstly, there was the whole field of private capital flows towards LDCs. It was pointed out that the impact of private investment in the developing world was still far from clear. But what was not in question was that the flow from the European Community was substantial. Germany had recently been investing more overseas than the USA, and France and Italy had each invested more than the United Kingdom. One therefore needed to ask what effect an enlargement of the Community would have on these flows. This was something very hard to judge, but it seemed possible that the removal of tariffs within an enlarged Community would tend to discourage certain investments across European frontiers;

undoubtedly some investment had taken place in Europe to jump over the existing barriers. But whether this would release more capital for investment in LDCs was a moot point. In any event, the development of a European capital market facilitating flows inside the Community might well offset any diminution of investment following the removal of tariffs. Conference members however were clearly worried about the impact on capital flows of British membership of the Community, and the matter came up with regard to sterling. At present, overseas sterling area countries had preferential access to the London capital market, and it was suggested that this privilege might have to go if Britain joined the Community. On monetary matters generally, it was realised that the moves towards monetary union in the Community were at a very early stage, and that there were many different views on these complex matters among the member countries; but the negative attitude of the Six toward linking SDRs with aid was sharply criticised by some members of the conference.

The movement of people was also a matter that needed closer examination. There was the issue of rights of establishment of business concerns, and also the migration of individual workers. The system in the Community was that movement between the member states and associates was conducted on a basis of reciprocity: if a worker or a business establishment from one country of the Six wished to move to an associate, comparable access had to be given to a person or organisation who might wish to move from the associated country into the member state. But nationals of member states had freedom of movement; and on this the conference saw the possibility of anomalies developing over the question of movement of people from French departments overseas, who were nationals of France, and of the migration of Asians in East Africa who held British passports.

5 Global considerations

Where did the enlarged Community stand in world terms? What effect would the creation of this great group have on international economic relations?

A world view inevitably had to cover a canvas so wide that details were blurred. And as one was forced to look into the future, the perspective itself ran the risk of distortion. But the sort of tentative panorama that was painted for the conference by some participants indicated the possibility of a world in which moves towards non-discrimination, and a reduction in obstacles to free trade principles that had dominated international trade since 1945 under the GATT framework, were being undermined. It seemed as if the whole framework of non-discrimination was being abandoned. No one knows whether this *would* happen, but it clearly *could*. One could envisage a Pacific area growing very rapidly in economic terms, with Japan as the main pole of economic growth; there

could be a western European region with special interest in the Mediterranean basin and in the African continent; and a North American region with a particular concern for Latin America. Within this scenario, India and Pakistan seemed to be in a sort of no man's land.

It was pointed out that if such a world developed, the political implications would be immense. The prospect of increased Japanese influence in the Pacific would not be generally welcomed. It might make the USA more protectionist in its policies towards trade, and might also push more American aid into the Pacific region to counter Japanese influence. On the European side, if Britain joined the Community and the CAP was strengthened in its protectionist characteristics, then the prospect for an outward looking US trade policy was dismal. Already the existing CAP was on the verge of turning the attitudes of US farmers away from greater liberalisation of trade.

The host of special trade arrangements that the European Community was building up with selected overseas countries reinforced this division of the world into a few regional blocs. Both in trade and aid matters it seemed that Africa and the Caribbean were being looked after, but that less consideration was being shown to India and Pakistan.

But there were others at this conference who felt this vision of the world of the future was a distortion of likely trends. Was the world really moving towards exclusive regional trading blocs, that would clog up all the moves that had taken place in the past quarter of a century towards liberalisation? It had to be recognised that the tremendous growth in world trade in the 1960's – from which all had benefited – had been largely due to the trade liberalisation that had taken place. So far as the Community was concerned, the impact of the Kennedy Round was reducing the preferential advantages enjoyed by those countries already associated, and within the framework of association some of the discriminatory preferences had no de facto validity, as the tariff for non-associates was nil. Also the increasing number of trade agreements could be seen (as the British Government saw it) as a process of breaking down barriers to trade, rather than increasing them.

But was it necessarily the case that non-discrimination was so desirable in the world today? It was described by one conference member as a principle that had evolved following the second world war and which had relevance mainly to the needs of the rich industrialised countries at the time. Did it follow that what was convenient for their needs was necessarily appropriate for all countries in the world, including the LDCs? Further, one could not simply think in terms of ideal blueprints. An enlarged Community could properly join with the USA and Japan in a global initiative for the further liberalisation of international trade: but if one could not in practice achieve this, then regional groupings might well be an answer. This certainly was a more healthy prospect than a world in which all the industrialised countries turned in on themselves and left the LDCs on their own.

Extract from the opening statement by Lord Campbell of Eskan[1]

. . . . Our subject for discussion during these two days is as immensely complicated as it is immensely important. I think I must make it clear at the very beginning that we are *not* here to consider whether Britain should or should not join the EEC. We are concerned with an equally important but quite different question – what could be the effect – for better or worse – on the developing countries if Britain does enter the Community.

Now some people say that Britain in Europe will be tremendously good for the Third World, because a more prosperous Britain will be able to increase trade with, and aid for, the developing countries. But it is as well to remember that the strength of a developed country is no good to developing countries unless an adequate part is devoted to helping them. Others say that British entry into the EEC will adversely affect these countries because our comparatively liberal trading policies may be reversed through our membership of an enlarged protectionist bloc, and some of our aid may be diverted to countries which would benefit less from it.

It is our task here to look at these problems. If our conclusion is optimistic, we must see how Britain in Europe can better help the Third World. If we are less optimistic, we must look at the safeguards which ought to be provided.

It was suggested that a theme for this conference might be – 'there must be common ground between Britain and the Six to see that nothing is done in the Brussels negotiations to worsen the position of any developing country'. I wonder whether that's not too negative and whether our aim shouldn't rather be – that an enlarged Community should take what is best from all the individual countries' policies towards the Third World – the highest common factor, *not* the lowest common denominator.

In a subject as large and as difficult as this, it is very easy to get lost in generalties. We have therefore tried to focus today's sessions – which I hope will form the foundation for tomorrow's discussions – on certain key questions. First we shall be looking at the political background, then at trade, and third at Association. And we are going to be helped this afternoon by a panel of three wise men[2] with particular knowledge of the developing countries. Discussion does not of course have to be limited to

[1]President, Society for International Development (UK Chapter) and Member of Council, Overseas Development Institute.

[2]His Excellency Mr. B. R. Patel, Ambassador of India in Brussels; Hon. R. J. Oukò, Minister for Common Market & Economic Affairs, East African Community; Mr. John Southgate, CBE, Executive Director, Commonwealth Sugar Exporters Association.

the matters considered in these preliminary talks, but we may find it helpful in reaching conclusions tomorrow if we can follow some broad lines of inquiry and if we can ensure that our discussions are based as firmly as possible on facts.

As a Chairman's privilege I want now to put forward a few points which I suggest we might cover. I propose to adopt the Socratic technique of asking questions – but not the Platonic technique of providing the answers: those are for the conference to provide. I also think it may help if we look at the developing countries not as whole, but in groups.

My first group would be all those countries which are neither associated with the Six nor members of the Commonwealth. These are mainly in the Far East, the Middle East and Central and South America. To what extent will British entry into Europe affect them? How will they benefit or lose in terms of trade or aid? What about Argentine meat, Brazilian coffee or Iranian oil, Siamese rice and rubber?

Next there is the large collection of States which are already associated with the Six, either through the Yaoundé Convention or through looser forms of association. These can be put very roughly into two groups. There are the Mediterranean countries with which some of the Six have had close historical and political links and which rely on much the same sort of agricultural trade as the southern members of the Community. Not forgetting special cases such as the newest Mediterranean associate – Malta. And then there are the much less developed ex-colonial countries of West and Equatorial Africa, Madagascar and Somalia, with far smaller populations and – on the whole – a far lower standard of living. All these countries have certain privileges in Europe and, in return, certain obligations towards the Six.

What will British entry mean to them? Will they be able to exploit a larger market in Britain, hitherto limited by Commonwealth preference? Will they expect to get a substantial slice of British aid? An understanding of these existing Associates will, I believe, be important in any assessment we may make of the advantages or disadvantages of a British move into Europe for the third – and highly significant – group, the developing countries of the Commonwealth.

Now this – as we all know – is a very large part of the developing world. Just to put this in perspective, the total population of the 18 Yaoundé countries numbers about 76 million. The total population of the developing Commonwealth numbers about 800 million, – and about 700 million people alone live in the developing democracy of India and in Pakistan. And in terms of trade, the developing Commonwealth accounts for over 30% of all the Third World's exports: the Yaoundé countries account for 4%.

If Britain enters Europe, all the Commonwealth countries stand to lose their trade preferences in the British market, but those which succeed in negotiating association agreements with an enlarged Europe *may* gain greater advantages, in return of course for assuming obligations towards

all Community countries. What will be the balance sheet in terms of gains and losses in Trade? Will greater access be assured for them in the rich European markets – and here I think we need to consider a point which is sometimes overlooked – will Association be enough to ensure access to Europe, or are existing bilateral trade arrangements between certain developing and certain European countries such, that something more – a special arrangement – will be required for particular commodities? As an example, what about Caribbean bananas?

And this of course leads me to a further important point. Does Association cover *all* commodities on which these Commonwealth developing countries depend for their livelihood? We know, for instance, it does not cover the important case of sugar. Are there others, excluded or likely to be excluded, under the terms of the EEC's Common Agricultural Policy, or in some different way?

Yet again, what will Association mean for the traditional trading patterns of some Commonwealth developing countries? A case in point is the West Indies which must trade with us and with North America. Can this continue if they associate with Europe?

So far I have mentioned only the problems of Association. What will happen to those huge Asian countries of the Commonwealth if – as seems likely – they are not offered Association? Will cotton textiles, on which both India and Pakistan depend for so much of their inadequate export earnings, have access to an enlarged Europe on terms even as good as their present access to Britain? Are they merely going to be offered UNCTAD generalised preferences like all the other developing countries, and if so, what will this mean?

My last point on trade relates to trading blocs in the world. The Commonwealth trading system and Britain's trade relations outside the Commonwealth system, although sometimes accused of being discriminatory according to the purest international standards, nevertheless do allow some reasonable access to the goods of the developing countries – both the primary commodities and the semi-manufactured goods which are so important to them. And we don't demand reverse preferences from the countries with which we trade.

Yet Britain lives by trade and our comparatively open system does provide two-way advantages. If I may take another example from the West Indies – the area of the developing world I know best – the desperately poor countries of the Commonwealth Carribbean import by value more British goods per head than any of the major countries of Western Europe. In fact the British trade surplus with these countries in 1970 was absolutely staggering, – £124 million for Britain against £83 million for the Commonwealth Caribbean, not counting the invisibles.

Will this comparatively liberal attitude to trade with the Third World, from which we too in Britain have so much benefited, continue if Britain enters Europe?

I have posed a good many questions about trade because I believe that

it is ultimately through trade and particularly through liberalised trading relations between the rich and the poor countries, that development in the Third World can really take place. Any developed country which seeks to shut its market to the exports of the developing world makes that progress immeasurably slower and more difficult.

But I have not forgotten the importance of Aid. I fully realise what an immense contribution it has made to development since the War. And do not let us forget that it was Marshall Aid, generously given, which first placed prostrate Western Europe on its feet again after the Second World War and provided the impetus for the growth which has since taken place, both before and after the formation of the Community.

We know that the EEC countries – and particularly France – are on the whole more generous than Britain in the volume of their aid. How will our entry into Europe affect our aid policy? Shall we give more and shall we give it to the countries which need it most? If we become contributors to the European Development Fund, will this mean less British aid for countries which do not benefit from the Fund? How does the Fund work, which countries benefit from it now and what do they think about it? And to my mind a most important point, will the 700 millions of India and Pakistan get less aid and the 175 millions of Commonwealth and EEC Africa get more? We should think too about South America's position. In short, if there is to be a European Development Fund financed by the Ten, can it embrace all the developing countries and not just the countries which are associated? . . . .

The developing countries in the official negotiations

Anthony Kershaw, MP[1]

I Introduction

Reasons for British application

It is not the aim of this paper to persuade those not in favour of Britain's entry into the European Economic Community of the British Government's case. Nevertheless, in the context of our relations with the developing nations, it is important to set out very briefly a note of the reasons for Britain's entry.

Governments of both political persuasions over the last decade have concluded that it is in the long term economic interests of this country to be a member of the European Community, provided that fair and equitable terms can be negotiated. There has also been no doubt in the minds of successive British governments that it is also in our long term political interests. This view has been reinforced by the belief that Europe as a whole will also benefit from the enlargement. Without this conviction the negotiations would not have got as far as they have.

Outside Europe it will enable us to bring more influence to bear in wider fields for example in the Western Alliance and in the world as a whole. We believe that an enlarged Community will not only make for the greater prosperity of a larger Europe but also that success at Brussels will mean a larger, stronger and more prosperous Europe which in turn should benefit the rest of the world, not least the developing countries. Some would see Britain's entry into the EEC in terms of black and white, as a direct conflict between the interests of Britain and Europe and the interests of the Commonwealth. British entry will undoubtedly lead to some changes in patterns of trade with developing Commonwealth countries. But it must be remembered that these patterns are in any event constantly changing, and that a prosperous Britain, and a prosperous Europe, will provide the best market for the exports of the developing world.

II Britain and the developing world

The issues with which this Paper deals will, I think, be made clear if I set

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out briefly the policies that Britain has hitherto pursued towards developing countries, before turning to the possible impact on those countries of our entry into the EEC. The Prime Minister summarized these policies when, speaking at the General Assembly of the United Nations on 23 October 1970 he said:–

'Our . . . task in the years ahead must be to promote economic and social development. This will come about mainly through the growth of international trade and aid. And I put them in that order of priority. The relationships between the industrial and the developing nations will be determined, will be settled, for years to come by the attitude which each one of us adopts to this question'.

Our traditional links with the developing world are both widespread and strong. They are not limited to any geographical area, nor to a strictly defined group of countries. They are thus not covered by a single institutional framework. But, as is well known, we have always considered that we have a special responsibility to those developing countries which belong to the Commonwealth and these have attracted our particular interest.

Trade

Britain is one of the most important markets for developing countries. The value of her imports from developing countries is exceeded only by the imports of the EEC and the USA, and represents over 4% of our GNP as against the USA's 1% and the EEC's 3%. Imports from the Third World amount to over one-quarter of our total imports.

This is partly due to the United Kingdom's economic structure and partly to deliberate policy. As an industrial nation, the United Kingdom relies heavily upon imports of food and raw materials and is the World's largest market for foodstuffs and among its largest for raw materials. Since the exports of primary commodities account for some 86% of the developing countries' earnings from exports to the whole world, the importance of the British market to them can be readily seen. For some developing countries exports of foodstuffs and raw materials to Britain are the main source of export earnings. To get a balanced view however one must remember that over a quarter of British imports from developing countries have been not raw materials but manufactured and semi-manufactured goods.

Both the structure of the United Kingdom's economy and a deliberate attempt to help stimulate the trade of developing countries are reflected in British tariff policy. Several important foodstuffs and raw materials including wheat, crude rubber, raw fibres (e.g. cotton and jute), metallic ores, unwrought metals, tea, coffee, cocoa, sugar and tropical hardwoods, enter Britain duty-free; and those primary commodities which are dutiable in the full tariff pay a low rate of duty of between 5% and 10% ad valorem. This liberal import policy is further strengthened by reductions of duty on imports from the Commonwealth Preference Area (CPA), and

by purchasing arrangements safeguarding the entry of certain products to the British market. Of these arrangements, the most important to developing countries is the Commonwealth Sugar Agreement.

Commonwealth preferences are not necessarily reciprocal: Ghana, Nigeria, Sierra Leone, Kenya, Tanzania, Uganda and Zambia do not grant reciprocal preferences to British exports, and Malaysia has abolished most preferences on them (Burma although not a member of the Commonwealth belongs to the CPA and does not extend reciprocal preferences to British exports). Preferential margins granted in the UK range from nil on fuels to 2%–3% on raw materials, 5%–10% on food, drink and tobacco and 20% or more on those manufactures which enter duty-free from the CPA.

The benefits derived from preferences depend on the commodity pattern of trade, since manufactures attract greater margins of preference than raw materials or foodstuffs. The average value of the preference margin on imports from developing members of the CPA has risen with the rise of manufacturers to one-quarter, and the fall of basic materials (other than petroleum) from two-fifths to one-fifth of British imports from developing countries. The system of Commonwealth preference is partly responsible for the fact that the Commonwealth countries have contributed the greater part of the expansion in the export of manufactured goods from the developing world; nearly one-half of all exports of manufactures from the developing countries to the rest of the world originate in Hong Kong and India alone.

Most developing countries have been placing increasing emphasis on manufactures and semi-manufactures. Britain has recognised early the need for creating a market for these products. At the first UNCTAD in 1964 the British delegation led by Mr Heath played a leading role, particularly through its sponsorship of the idea of a scheme of generalised preferences. We believe that the British offer which should come into force some time this year, is generous and as good as any that we could make in our present circumstances.

Aid

Alongside a favourable commercial policy, aid is the other essential element of British policy towards the development of the Third World. Like most other industrial countries, Britain recognises that the financial resources needed for development must be increased, on the one hand by private investment and on the other by official development aid. The geographical scope of our aid is being progressively extended, especially through contributions to multilateral bodies. Since 1929 when the Colonial Development Act recognised Britain's responsibility for the development of her dependent territories, aid has grown over the years until it was, after 1958, extended to cover, first independent Commonwealth countries and then developing countries outside the Commonwealth.

The total net flow of official resources grew but slowly between 1960

and 1969 but gathered momentum in 1970, when it reached £189 million. In 1969 it represented 0.39% of GNP. Moreover, the terms of aid have been consistently favourable. This trend continues. Of the total value of new Government to Government loan commitments entered into during 1970, 90% was interest free and 99% carried a grace period for capital repayments. When taken together with grant commitments, the grant element[1] of the total of official development assistance was 86% of the commitments.

The forward estimates of public expenditure in the period up to 1974–75 announced in October 1970 show that the gross aid expenditure in cash terms will grow progressively from £245 million in 1971-72 to £340 million in 1974-75. The rise in the last two years of this period will represent increases of some 13% per annum. This, incidentally, is in striking contrast to the restrictions that are being applied to British public expenditure as a whole. The total net flow of financial resources (which include private investment and guaranteed private export credits) fluctuated in the 'sixties around the $800 million mark. The Prime Minister re-affirmed in his speech to the United Nations General Assembly the United Kingdom's acceptance of the 1% target by 1975. In fact, the latest figures show that this target was reached in 1969, when, after constraints on private investments were removed, this total net flow went up to a figure representing more than 1% GNP.

III The EEC and the developing countries

In any examination of the developing countries and Britain's negotiations for entry into the EEC we must make careful note of the current Community attitude both in matters of trade and in aid towards the Third World. Before examining the level of trade between the EEC and developing countries it might be helpful to look very quickly at the framework in which special trading arrangements can be developed.

Conventions of Association

The most significant of these is the Yaoundé Convention which governs relations between the Communities and the eighteen associated states in Africa. This provides for the establishment of a series of free trade areas and the progressive dismantling of tariffs and quotas. The Yaoundé Convention also provides for its own enlargement to include other African

[1]The 'grant element' of a loan is intended to measure the extent to which its terms are 'softer' than those for normal commercial transactions. The most convenient way to understand this is in terms of interest foregone. These calculations assume a commercial interest rate of 10%. Thus an interest-free loan for one year, discounted back at 10%, is said to have a 'grant element' of 9.1%.

countries with similar economies. Kenya, Uganda and Tanzania have concluded two successive agreements (the Arusha Conventions) with the Communities along the lines of the Yaoundé Convention as regards trade (but without aid or institutions). Dependent territories which become associated with the Communities under Part IV of the Treaty of Rome benefit from arrangements similar to those in the Yaoundé Convention.

Association under Article 238

Association arrangements under Article 238 of the Treaty of Rome have been made in the case of Greece, Turkey and Morocco and Tunisia. In essence a trading arrangement is negotiated which, while basically designed as a free trade area or customs union, is tailored to suit the needs of the individual countries. The Communities have concluded trade agreements with Spain and Israel in which tariff reductions are on a preferential basis. They have also concluded non-preferential trade agreements with Iran and the Lebanon.

Declaration of Intent

There is one more point to be noted which is relevant to the arrangements between developing countries and the EEC. The EEC Council of Ministers issued a Declaration of Intent in July 1963 which confirmed the offer made during the previous British negotiations for entry, that association under what was later negotiated as the Yaoundé Convention should be open to independent Commonwealth countries in Africa and the Caribbean. This Declaration provided that the Communities would be ready to negotiate with countries of similar economic structure to the present associates, with a view to:

a) their full accession to the Association Convention according to the procedure in Article 238;

b) some other form of association including reciprocal rights and obligations, notably in respect of trade; or

c) trade agreements to facilitate and develop trade between such countries and the Community.

Trade

Building upon this institutional framework, the Community has entered into numerous agreements of different kinds with developing countries. These range from the very close association of the Yaoundé type, through looser agreements, such as that with the East African Community (Arusha Convention), to preferential and non-preferential trade arrangements. All of these have the improvement and liberalisation of trade as their basis. Whilst it is natural that the closer forms of association are between the Community and the developing countries with whom Community mem-

bers have the closest ties, this is by no means exclusively so. Links range from English-speaking Africa to Communist Yugoslavia. As the institutionalised links develop so does the level of trade from the developing world. EEC trade with the developing countries in manufactures is increasing, as the following United Nations figures (they exclude petroleum products and unworked non-ferrous metals) show:

(figures of imports in million dollars)

	1962	1969	Percen ncrease (annual average)
EEC (total)	839	1726	10·8
Germany	232	741	18·1
France	440	458	0·6
Italy	87	240	15·5
Belgium/Luxembourg	28	78	15·4
Netherlands	50	198	21·6
EFTA (total)	658	1233	9·4
UK	545	869	6·9

Source: TD/B/C.2/102 (UN Statistical Office)

Thus, the Community's imports have risen faster than EFTA's imports or Britain's alone, and would have been further ahead but for France's flat performance.

A closer look at some of the commodities that make up these figures shows the following comparative record of expansion:

	1962 Imports ($ million)	Average annual per cent increase	
		From developing countries	From world
Textiles			
EEC	86	15·8	12·9
UK	130	1·6	6·1
Clothing			
EEC	35	30·1	22·0
UK	62	12·5	10·3
Leather and footwear			
EEC	28	25·3	17·0
UK	40	7·4	5·7
Wood products & furniture			
EEC	72	14·4	11·4
UK	68	4·1	4·2
Engineering & metal products			
EEC	25	22·8	13·3
UK	41	8·4	15·9
Miscellaneous light manufactures			
EEC	14	25·7	17·7
UK	31	13·4	12·9

Source: TD/B/C.2/102 (UN Statistical Office)

The flatness of UK imports in the important textile group is striking, compared with the more than 15 per cent annual growth of imports into the Six. In all other groups listed the Six have raised their imports from developing countries more rapidly than from the world as a whole. (Although Britain's imports of textiles from the developing countries are of course still significantly higher than those of the EEC countries combined).

Aid

Most of the Six have, by current standards, a good record in expanding economic aid and private investment in the countries. The Colonial legacy has left a deep imprint on the aid pattern as it has for Britain. The Six's aid-giving is still largely bilateral, and their aid policies are separately determined, though their aid flows through Community institutions are increasing. Britain in the Community would be similarly participating in these institutions while continuing her bilateral programmes.

Community Aid

The Preamble to the Treaty of Rome includes the following words:

> '... intending to confirm the solidarity which binds Europe and overseas countries and desiring to ensure the development of their prosperity ...'.

Thus in addition to the Six's bilateral aid, there is a multilateral contribution from the Community, which its economic growth has done much to make possible.

European Development Fund

The Community's collective aid effort is gaining in importance. In 1969 technical assistance grants passed the $100 million mark for the first time. The main source of aid has been the successive European Development Funds (EDF), set up to make grants, loans and advances for social and economic development in the eighteen African and Malagasy states (AASM) associated first under the Treaty as dependencies, and subsequently under the 1963 and 1969 Conventions signed at Yaoundé. Nearly all of the second EDF (established in 1963), totalling $730 million, has now been committed. The Second Yaoundé Convention of July 1969 provided for the commitment of $900 million (in the third EDF) over the following 5½ years, most of it as grants. So far, the chief beneficiaries of EDF expenditure have been the ex-French and Belgian possesions in Africa to which by far the greatest part of the money has been directed.

European Investment Bank

A second Community aid channel has been opened by agreement in the 1969 Yaoundé Convention, and the European Investment Bank (EIB) is to be allowed to operate in the associated states instead of, as before, within the Six only. This Bank, unlike the EDF, figures in the Treaty of Rome. Article 130 empowers the EIB to make loans and guarantees, on a non-profit basis, to finance development projects and, where resources are inadequate, projects of common interest to several members, with the object of contributing to the balanced and smooth development of the Common Market in the interests of the Community. The Bank will invest $100 million in the Yaoundé associates over the period of the new

Convention and its interests rates can be softened by the use of part of the new EDF.

Bilateral Aid

Whilst in strict terms it is only in the aid effort of the Community as such that Britain will be required to participate after enlargement, it is important to bear in mind that, with the exception of Luxembourg, each member of the Community has its own responsibility towards the developing nations. Their individual records in this field give us an indication as to the nature of their attitude towards developing nations as a whole.

Whilst there are specific criticisms that can be laid against the efforts of each of the five countries there is little to gainsay the fact that their official development assistance rose by one-half between 1960 and 1969 compared with 42 per cent for all the Development Assistance Committee (DAC) countries and under 6 per cent for Britain. Moreover Belguim, the Netherlands and Germany, have accepted the targets set for the United Nations second development decade of transferring 0.7 per cent of GNP in official aid, while France has accepted the principle of a target but has argued that it should be in the range of 0.6–0.7 per cent. The West Germain aid programme was in 1969 40 per cent higher than that of Great Britain in dollar terms and the terms of German lending are gradually being eased. In addition to this, private investment in developing countries from the Six has in recent years been remarkable.

This should serve to ease the fears of those who consider that Britain's association with the Economic Community will prevent her from continuing to discharge her responsibilities to the developing world since, on the whole, the aid record both multilateral and unilateral of the Six members of the present Community is encouraging and outward looking. As far as the negotiations are concerned, the question of how British official aid will be channelled through the Community effort after enlargement has not yet been discussed. Nevertheless, it is fully expected that we shall play our part in the Community programme to promote development, within the framework of our own official aid programme.

IV Generalised Preference schemes

One of the most important factors in the relationship between Europe and the developing world is the effect of the generalised preference scheme, proposed in a resolution of the UNCTAD Conference in New Delhi in 1968. A brief note on the respective British and EEC schemes may be helpful.

United Kingdom Offer

The United Kingdom proposes to grant duty-free entry for industrial

products in Chapters 25 to 99 of the Tariff (including raw materials, with some possible exceptions still to be decided upon) other than *most textiles and apparel* and *goods subject to revenue duties*. Duty-free entry is offered on a number of textiles, including *carpets* and *floor coverings* of all materials, *twine, cordage and ropes* and goods made therefrom, *yarn and fabrics of jute, of paper and of miscellaneous vegetable fibres*, and *felts and felt articles*. In addition to textiles the main category of goods excluded are those subject to revenue duties: *hydrocarbon oils, perfumed spirits, matches* and *portable lighters*.

Duty-free entry or tariff reductions are also proposed for a range of processed agricultural products (Chapters 0–24) covering over 140 tariff positions. Among the products for which duty-free entry is proposed are: *bone meal, currants* and *certain other dried and preserved or otherwise prepared fruits and vegetables, tomato juice* and *certain other fruit and vegetable juices, glycerol and glycerol lyes, chocolate and sugar confectionery, sweetened cocoa powder* and *biscuits and cakes*. A 50 per cent duty reduction is proposed for *beef extracts and juices* and *canned tuna*. It is proposed to reduce the duty on *extracts, essences and concentrates of coffee* to the Commonwealth Preference rate.

The inclusion in our scheme of a number of goods is conditional upon the consent of countries in the Commonwealth Preference Area which have trade agreement rights to margins of preference in the United Kingdom market. The Commonwealth preference arrangements will continue in parallel to the generalized scheme. Developing Commonwealth countries will also be able to benefit from the inclusion in the United Kingdom offer of a number of products (for example, *clocks and watches* and *musical instruments*) on which they at present have to pay a Commonwealth rate of duty.

Since the purpose of the scheme is to increase the export earnings and to promote the industrialisation of the developing countries, imports from these countries may be expected to become more competitive and to increase to the extent that this purpose is fulfilled. Nearly all imports from the developing Commonwealth countries already enjoy duty-free entry in the United Kingdom market and the scheme will therefore bring about little change in the customs duties on imports from those countries. The main advantages will accrue to non-Commonwealth developing countries. The United Kingdom has reserved the right to withdraw or modify the concessions on any products within the scheme. The grounds for such action would normally be the import of a product in increased quantities and under conditions which, in the Government's view, cause or threaten serious injury to domestic producers of similar or directly competitive products. Arrangements will be made to obtain sufficiently detailed import statistics to enable the scheme's efforts on trade to be kept under review.

The United Kingdom offer is also subject to a number of other qualifications. First, the scheme may have to be modified if it becomes necessary

to keep it broadly in line with those of other preference-giving countries. Second, account will have to be taken of the extent to which Commonwealth developing countries benefit as a result of all the schemes. Third, in the event of successful negotiations for entry into the EEC, our scheme would have to be assimilated to that of the Community.

European Economic Community Offer

The EEC propose to grant duty-free entry to all manufactures and semi-manufactures in Chapters 25 to 99 of the Common External Tariff, *without exception*. There will be no safeguard arrangement linked to injury to domestic industries, but the amount of imports from developing countries that will benefit from duty-free entry will be subject to limitation within quota ceilings. These will be calculated under a standard formula applicable to all products, under which each ceiling will have two elements.

The first, the basic amount, will be the total value of imports of the product from the beneficiary countries in a base year, 1968. To this will be added a supplementary amount calculated by taking 5 per cent of total imports into the Community from all sources other than the beneficiary countries. Trade between the member states is excluded from the total from which the 5 per cent will be calculated, but imports from the Community's associated states in Africa and elsewhere (which already receive duty-free entry) will be included. The additional amount of the quota will be calculated from the total imports into the Community from non-beneficiary countries in the most recent year and will be recalculated annually on the basis of the latest available figures (but will not be reduced). Once the ceiling for duty-free entry has been reached in any year, further imports from developing countries will be charged the full rate of duty, but will qualify for duty-free entry again at the start of the following year.

The way in which this formula will be applied can be shown by taking a hypothetical example. If imports of a given product into the EEC in 1968 from the beneficiary countries were $1,000 and $10,000 from all other countries (excluding trade between the Six), the quota would be made up of the basic amount of $1,000 plus an additional amount of 5 per cent of $10,000. This would give a total quota of $1,500.

A ceiling under this formula will in principle be available on all the manufactures and semi-manufactures in Chapters 25 to 99. The Community has stated that it intends to enforce the ceilings only on a limited range of goods that are considered to be sensitive. Another provision in the formula is that preferential imports of each product from any one developing country will not as a general rule be allowed to exceed 50 per cent of the total ceiling for that product. This is intended to limit the preferences granted to the more competitive developing countries and to reserve a substantial share for the others. The ceilings on cotton textiles will be calculated according to the same formula, but duty-

free entry will be accorded only to those developing countries from which imports into the Community are already subject to quantitative restrictions under the GATT Long Term Arrangement, for the duration of that arrangement, and to other beneficiary countries which are prepared to give similar undertakings. There will be similar special arrangements for coir and jute textiles.

Industrial raw materials falling within Chapters 25 to 99 of the Tariff are excluded from the Community scheme. The Community intends to follow a definition of primary products produced by the UNCTAD Secretariat in 1965 and in addition to exclude metals up to the manufacturing stage to ingots. Tariff reductions, mostly averaging about one-fifth but with some larger ones, are offered on a range of processed agricultural products. Preferential entry of these products would not be limited by means of a tariff quota, but an escape clause related to injury will apply.

The countries and territories associated with the EEC will continue to enjoy their existing preferential arrangements.

Upon enlargement, it will be necessary for the two schemes to be harmonised. Preliminary discussions on this are expected to get under way later this year in Brussels, since the EEC have said that they will put their scheme into operation some time in the Summer. The EEC's scheme is broadly comparable to the schemes of other countries. Indeed, to the extent that it includes cotton textiles and a range of processed agricultural products, it may be said to have advantages for certain developing countries over some other donors' schemes. The Government is therefore confident that the process of harmonisation will not work to the detriment of the beneficiaries of either of the proposed separate schemes. The EEC's scheme which, like the others, is aimed at the development of industrial processes, will, on balance, tend to favour countries in South America and Asia, regions in which the Community is criticised for its lack of development assistance.

V The negotiations

In each of Britain's negotiations with the Community, the problems of developing Commonwealth countries have always constituted a significant factor in the negotiations themselves. A major part of the 1961–1963 negotiations was concerned with seeking safeguards for Commonwealth interests. The situation has changed in many respects since then. There has in the intervening years been a considerable diversification of Commonwealth trade: in 1959 the developing Commonwealth sent 24 per cent of its exports to the United Kingdom; in 1969 this percentage had dropped to 16. Again, the UNCTAD Scheme for Generalised Preferences will when it is implemented make it possible for the exports of a number

of developing Commonwealth countries not only to enjoy free entry into the United Kingdom but also into the rest of the EEC and other developed countries. Thirdly, some Commonwealth countries have, quite independently of Britain's applications, made arrangements with the Communities. Fourthly, with the development of the Communities, the British Government has accepted the fact that if its negotiations are to succeed, they must be on a narrower front than in 1961–63.

It will be helpful to look in some detail at the arrangements which it has been the Government's aim to secure in order to safeguard essential Commonwealth interests in terms of individual countries or groups of countries.

Negotiation Aims

(a) Associable States

These include the independent Commonwealth countries in Africa, the Caribbean, certain developing islands of the Commonwealth, and the dependent territories (excluding Gibraltar and Hong Kong).

During the 1962 negotiations it was agreed that association under arrangements to succeed Part IV of the Treaty of Rome would be available for independent Commonwealth countries in Africa and the Caribbean; that it would remain available for those who did not initially apply; and that the enlarged Community would alternatively be willing to negotiate trade agreements with them. Association with EEC was at that time viewed with considerable suspicion by some African Commonwealth countries as a form of neo-colonialism and they were reluctant to contemplate applying for it. In 1964 Part IV Association was replaced, in the case of independent African countries, by the First Yaoundé Convention. At the time of signature of the Convention, the EEC Council of Ministers issued their Declaration of Intent.

Since then Nigeria has concluded a limited association agreement with the Community, which was never ratified and has since lapsed. Kenya, Uganda and Tanzania have negotiated two successive association agreements which, however, unlike the Yaoundé Convention, have no aid provisions. Ghana, Sierra Leone and Gambia have all shown some interest in association with the EEC. The attitude of a number of African Commonwealth countries has therefore undergone a marked change since 1962. The Government's negotiating position has been that for all these countries there should be a confirmation of the Community's 1963 Declaration of Intent, which would not necessarily bind them to accept the type of association now in force under the Yaoundé Convention, but would offer them the right to do so if, upon renegotiation of the agreements, they considered it in their interests.

As for the dependent territories (excluding Gibraltar and Hong Kong) the Six agreed in the 1962 negotiations that association under Part IV of the Treaty of Rome would be available. Theoretically, it would be

possible for our dependent territories to be included at once in the Protocol extending the provisions of the Yaoundé Convention to them. However, it would be administratively easier to delay their inclusion until negotiations begin for a new convention to include independent Commonwealth developing countries.

(b) Countries for which Association is not at the moment considered appropriate

These include Hong Kong and the Asian Commonwealth countries.

Hong Kong

For Hong Kong the British Government sought her inclusion in the Communities' UNCTAD Generalised Preferences Scheme, either on the same basis as other claimants to beneficiary status, or on a basis which gave Hong Kong at least significant benefit under those arrangements.

Asian Commonwealth countries

The countries concerned are India, Pakistan, Ceylon, Malaysia and Singapore. The provisional agreement over India, Pakistan and Ceylon reached in the 1962 negotiations was complex. Much has changed since then. Some of the items which were then of paramount interest are of less significance now, either because trade in them has diminished, or because the Community's tariff on them has been reduced.

The Generalised Preferences Scheme will also be of considerable benefit to the Asian Commonwealth. It will provide increased access to the markets of non-Commonwealth developed countries. It will however require the Asian Commonwealth countries to share existing preferential benefits in our market with non-Commonwealth developing countries and they will therefore wish to ensure that they obtain compensating advantages in the markets of other donor countries. Our position in the EEC negotiations, in the light of these considerations, was to review the position of the Asian Commonwealth when details of the UNCTAD Preferences Scheme became clear.

The achievements so far

Against this background of the aims for the Commonwealth, we should now examine the achievements since the start of the negotiations, for the developing Commonwealth countries. In general this aspect of the negotiations has made good progress. We have examined with the Six and the other applicants the dimensions of the problems involved and we have achieved much that is necessary for those whose interests are at stake.

Commonwealth countries in Africa

The European Community have agreed that the alternatives offered under

the Community's 1963 Declaration of Intent should be open to all Commonwealth African countries. This Declaration, as mentioned above, envisaged either a Yaoundé Convention association or a more limited form of association under Article 238 of the Treaty of Rome, or a non-preferential trade agreement. The decision as to which of these alternatives the African Commonwealth countries should adopt lies in their own hands. The advantages of association with the Community are therefore fully open to these African countries. They stand to gain similar advantages to those now enjoyed under the Yaoundé Convention by the ex-French territories in Africa. These comprise advantages with regard to trade and aid and the right to control their own economic relations with the Community through the institutions set up under this Convention. They may prefer some other form of link with the enlarged Community as provided for by the alternatives of the Community's offer. Whatever they may choose Her Majesty's Government is convinced that their interests will be safeguarded after Britain's entry. The Community has included for this purpose the three countries of Botswana, Lesotho and Swaziland, although it is recognised that there remain certain problems arising from the position of these countries which still need to be considered.

The Associated States of The West Indies and other dependent territories
The Community has agreed to Association under Part IV of the Treaty of Rome for these territories. In the view of the Government this achievement can only serve in the best interests of these States.

The Asian Commonwealth
The undertaking of the Six to examine with us after enlargement with these countries the problems that might arise in the field of trade with a view to reaching appropriate solutions, when viewed together with the advantages that should accrue from the Generalised Preferences Scheme, is in the view of the Government a substantial guarantee for the future trading position and prosperity of the Asian Commonwealth countries. This is especially true in the light of the Community's expression of its desire to extend and reinforce trade relations with these countries.

Hong Kong
The Community has indicated that it has prepared to include Hong Kong in principle as a beneficiary of their Generalised Preferences Scheme. This offer will considerably improve Hong Kong's future trading position with the enlarged community, and the proposals have been accepted. The British Government has also assured the European Community that it will in addition use every means to encourage other developed countries which are preparing a Generalised Preference Scheme also to include the Colony as a beneficiary.

Outstanding problems

Sugar

The present CSA continues indefinitely, but includes a clause permitting Britain to withdraw from its obligations with effect from the end of 1974 if this is necessary as the result of the successful negotiations for EEC entry. Until that date we shall of course fully honour the agreement.

Many developing Commonwealth countries, not only in the Caribbean, are heavily dependent upon their foreign exchange earnings from sugar. For example, Mauritius receives well over 90 per cent of its foreign exchange earnings from exports of sugar. The importance of sugar to these countries is not only an economic one: because of the numbers of persons for whom it provides employment it is as vital socially as economically. If arrangements cannot be made for continuing sugar exports from these countries they face not only economic problems but also social upheaval and all that that entails.

What concerns the British Government in the Brussels negotiations are the arrangements after the end of 1974. It is necessary to plan sugar cane production years ahead and the sugar producers require to know what the position will be after 1974 so that they can plan and finance the rolling on of sugar production. As you know, Mr. Rippon, the Chancellor of the Duchy of Lancaster, visited the Caribbean in February and saw at first-hand the problems both economic and social. As a result of this visit, he was able at the last Ministerial meeting in Brussels on 16 March to emphasise to the Community the great political significance of the problem. It would be a tragedy – and, in terms of sheer self-interest, a gigantic blunder – if the enlargement of the Community were to produce economic and political chaos in the countries concerned.

We have tabled proposals to the Community for a form of continuing arrangement for Commonwealth sugar after our entry, subject to review. We await the Community's reaction to these proposals. We are confident that it will be possible to work out satisfactory arrangements with the Six for sugar from developing Commonwealth countries. The Community has accepted the principle of derogation for developing Commonwealth sugar producers. We are now awaiting the Community's reactions for the implementation of the proposals.

Association for the independent Caribbean countries and other developing Commonwealth countries

We have already seen that Her Majesty's Government has invited the Community to make the alternatives of its 1963 Declaration of Intent available to independent Commonwealth countries in the Caribbean and other developing countries (Mauritius, the independent Pacific countries of the Commonwealth – Fiji, Tonga and Western Samoa). These countries fall economically and socially into the same category as those of Africa to whom the offer has already been made. The Community has asked

that as far as these countries are concerned they would look at the position in the light of developments for safeguarding the long-term interests of the developing Commonwealth sugar producers, mentioned above. Mr. Rippon's recent tour in the Commonwealth Caribbean served to confirm that an offer of association by the Community would go a long way to protect the vital interests of these countries and we continue to regard this as a basis of our negotiations on their behalf in Brussels.

Other commodities

Several other commodities from the developing Commonwealth will be affected by enlargement of the EEC. The Government is well aware of these. In some cases their prospects will be safeguarded by association, already offered or requested; in others special arrangements may be necessary.

VI Conclusion

This paper has tried to set down in objective terms an account of the Government's aims and achievements for the Commonwealth developing countries in the light of our negotiations. It is important to stress here that the Community has shown throughout these dealings that it understands our concern to protect the interests of our developing Commonwealth partners. This is a hopeful sign for the future. The Community has proved itself to be an outward-looking Community, one with an impressive aid record and investment record towards developing countries. This record has been improved by the Community's own financial and economic improvement. It has always been the Government's view that this contribution to solving the problems of less prosperous countries will be enhanced when Europe is enlarged.

The Community shares this view. Signor Malfatti, President of the European Commission, said in his annual address this year to the European Parliament that the Community's policy of association with the various developing countries must be seen as a progressive advance towards the Community policy on development co-operation. This would not be confined to tariffs and trade but would move towards a wider range of means of action so that it could react in a manner better suited to specific situations. He also said that the Community would persevere in its determination to perform its duties to the developing countries to the full. These are aims and aspirations fully shared by the British Goverment.

Trade issues for the developing countries

David Wall[1]

In a world trading environment in which many changes are currently taking place it is difficult to isolate the likely impact of any one change. It is especially difficult to estimate the likely impact of the entry of the United Kingdom into the European Economic Community on the interests of less developed countries. This is partly because it is necessary to take into account the many (both competitive and complementary) interests involved, and partly because there has been no indication from either side to the current negotiations of any detailed policy position with regard to safeguarding the interests of the countries of the Third World. It is important, however, to bring the issue to the forefront of public discussion because of the special nature of the United Kingdom's relationship (through its central role in the Commonwealth) with the Third World, and because of what I regard as the inward-looking biases of the European Economic Community.

One way of measuring the importance of developed countries to the less developed is to look at their importance as trade partners. Roughly 20% of the total imports of the European Economic Community comes from less developed countries, while the United Kingdom derives around 26% of its imports from those countries. The difference in percentage points between these two figures is small. But if we take them as extremes of possible effects following the United Kingdom's entry into the European Communities, then the absolute value of trade represented by the difference is of crucial importance.

Thus if the trade pattern of the United Kingdom in this respect were to adapt to that of the Community, it would entail a fall in her imports from the less developed countries of around one billion dollars. (Michael Lipton has pointed out that these aggregate figures hide the fact that if, after entry, the UK's imports of sugar and textiles were to fall to EEC proportions of total consumption, and nothing else happens, then the total percentage of imports from LDCs into the UK would fall by much more than one billion dollars). The opposite extreme would be achieved if the Community import pattern changed to that of the United Kingdom – in this case the Community's imports from less developed countries would rise by over four billion dollars. The difference – about five billion dollars – is roughly equivalent to one-eigth of all industrial countries' imports from less developed countries.

The validity of the figures quoted in the last paragraph depends on the assumption that the import patterns differ at present because of differ-

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ing policy measures which affect conditions of production and consumption, rather than differences in consumer preferences. While it would be difficult to substantiate this for every commodity, there is a considerable body of evidence available to support the belief that the EEC's lower ratio of imports from less developed countries reflects more restrictionist policies vis-a-vis those imports than is the case for the United Kingdom. Examples of this contrast abound. The Community operates a sugar policy which guarantees the whole of the Community's market for sugar for domestic producers (including overseas Departments such as Guadaloupe and Martinique), while the Commonwealth Sugar Agreement guarantees a substantial part of the United Kingdom's market for sugar to less developed producer countries. Similarly the major member countries of the Community tax the consumption of beverages imported from the less developed Third World, the United Kingdom does not.[1]

Moreover, of products of export interest to less developed countries, a wider range enters the United Kingdom free of duty than is the case with the Community. Where duties are applied, those imposed by the United Kingdom are frequently lower. Finally, both the United Kingdom and the European Economic Community operate preferential tariff systems in favour of selected less developed countries. But more (and bigger) countries benefit, on a wider range of products, from the United Kingdom's system, and fewer are required to provide reciprocal concessions.

To the extent, then, that the relative trade performance of less developed countries in the markets of the United Kingdom and the European Economic Community can be explained by policy factors, it is obvious that the less developed countries have an intense interest in the outcome of the negotiations concerning the United Kingdom's application for membership of the European Economic Community. This is especially true for the less developed countries belonging to the Commonwealth. And yet the negotiations concerning the possible expansion of the Community are proceeding with almost no attention being given to the impact of such expansion on the Third World in general and the less developed Commonwealth in particular. All that has emerged on this score are the following statements:–

1 Attention will be given to the interests of beneficiaries of the Commonwealth Sugar Agreement (which covers Australia as well as less developed countries);
2 Dependent territories of the United Kingdom (except for Hong Kong and Gibraltar) will be treated in the same way as overseas territories of existing members;
3 Some Commonwealth African countries will be allowed to apply for 'association' with the Community;
4 Caribbean Commonwealth countries can be expected to negotiate

[1]The removal of such taxes may not have any great effect on total consumption but, it would allow LDC exporters to impose equivalent taxes or price increases—which would mean a significant increase in foreign exchange receipts for them.

trade agreements for the specific products in which they are interested;

5 The problems of the Asian members of the Commonwealth would be studied during the time the United Kingdom was going through the transition to full membership of the Community. Nothing is held out for the remaining independent less developed countries other than hope for benefits from the UNCTAD sponsored Generalised Scheme of Preferences (GSP) and 'spill-over' effects from the growth of Community income.

That the nature of the situation is not fully appreciated by the British Government is clearly demonstrated in Mr Rippon's statement to the House of Commons on 10 December 1970. In this he said:–

'We are concerned that the enlarged Community should have good trading relations with the developing countries as a whole, including the Commonwealth.

We must be desperately concerned about the trade of all these small developing Commonwealth countries. The best way we can protect it is to ensure we are strong enough within the enlarged Community to be able to buy what they have to sell.'

This statement misses a very important point. The amount and source of imports from less developed countries into the European Economic Community and the United Kingdom is to a large extent determined by policy measures rather than by economic strength. The issue now is whether or not an enlarged Community, including the United Kingdom, would increase the severity of the existing restrictions on imports from the Third World. Furthermore, a question which must be raised is whether or not the process of enlarging the Community may slow down the process of world-wide liberalization of trade which has been taking place since the end of World War Two. The first signs that it might have been evident in the protectionist lobbies in the USA during the last few years.

Mr Rippon's 'desperate concern' is in fact inconsistent with one of the prime objectives of the Community which is to enhance its own economic strength by increasing its self-sufficiency. This is not to say that enhanced economic strength is incompatible with increased flows of imports from less developed countries. The argument being made here is that while such enhancement of economic strength (whatever this means) is a necessary condition for increased flows of imports from the Third World, it is not sufficient. The most important requirement is a desire to reduce discrimination against imports from poor countries. There is little evidence at present of such a desire.

What does Mr Rippon mean by the phrase 'good trading relations'? At present both the members of the European Economic Community and Britain (as a member of EFTA) collectively discriminate against imports from less developed countries and impose impediments to some imports from that source. In addition, Britain and the Community favour some less developed countries over others. British membership of the Com-

munity would automatically worsen the trade prospects of several less developed countries if their benefits under the Commonwealth Preference System, Commonwealth Sugar Agreement, and the Textile arrangements, were abolished and not replaced by any compensating benefits. Finally, if Britain were to adopt the Community's offer of preferences under the UNCTAD scheme, then the value to a number of important less developed countries of Britain's participation in that scheme would be much reduced. Mr Rippon's phrase has a hollow ring to it.

There have been no definite, detailed statements concerning changes in the trade policy of the Community towards less developed countries consequent on its enlargement. It is therefore not possible to set out definite predictions of the effects of that enlargement on the trade prospects of the less developed countries. All that can be done is to identify forces which are at work in any case, allowing for possible changes which have been indicated, and assess the likely impact of these forces on the Third World, broken down into groups with similar interests.

The two most important policy-determined factors which are at work are the Yaoundé Convention and the UNCTAD preference schemes.[1] The most important modifications which must be allowed for are those contained in the statements listed above concerning the less developed members of the Commonwealth.

Groups of countries can be identified according to the degree to which they could expect preferential treatment to be extended to them by the expanding Community under the Yaoundé Convention (and other special arrangements) as qualified by the coming into operation of the UNCTAD sponsored Generalised Scheme of Preferences (GSP)[2]. This last qualification is an important one, as it could seriously reduce the value of the preferences currently extended by the Community and the United Kingdom to the members of their preference schemes. The final outcome is uncertain, as so far there has not been any indication as to whether the GSP operated by an enlarged Community would take the form of that currently offered by the Six or that offered by the United Kingdom. In fact one of the reasons why it was not possible to arrive at one standard GSP was the difficulty of reconciling a uniform scheme with the interests of different developed countries' currently preferred less developed trading partners.

As they presently stand, the offers of both the Community and the United Kingdom contain the proviso that the preferences to be implemented after ratification would to some extent depend on the outcome of negotiations with members of their existing preference schemes. In addition, the United Kingdom scheme includes the qualification that if less

[1]This paper is confined to an examination of trade policy measures. It should be noted, however, that the operation of the Common Agricultural Policy also adversely affects the interests of many LDCs.

[2]The EEC GSP is to operate as from 1 July 1971.

developed Commonwealth countries which lose benefits under the present Commonwealth Preference System do not receive adequate compensatory benefits in other markets under the GSP scheme, then the United Kingdom offer will be modified. A similar clause is contained in the Community's offer with regard to its Yaoundé associates. But in this case the safeguard will be implemented via the operation of a tariff quota system, which will limit import preferences for less developed countries which do not currently benefit from special preferential trading arrangements with the Community. An, as yet, unknown factor which limits the value of these safeguards is the fact that the United States' scheme is qualified by a proviso, which states that the continued operation of the United States scheme is conditional on the elimination of the special preferences implied by such safeguards, and also the reverse preferences which they entail.

There is another crucial difference between the two schemes. While the offer of preferences for processed agricultural products in the United Kingdom scheme is based on zero tariffs for developing countries, that in the Community scheme is based on quite small cuts in the full tariff rate. This would frequently leave quite substantial protection (up to 34%) for processing industries within the Community and in the beneficiary countries of the Community's existing preference schemes. For the most part imports of these products enter the Community duty free from the AASM and other countries which currently benefit from the special preferential arrangements.

At the present time it is impossible to know whether the UNCTAD preference offer of the enlarged Community would be more like the present United Kingdom offer or that of the present Community. There has been no official guidance on this point. Clearly any attempt to guess at the likely outcome is, at this stage, a matter of political judgement. It is the author's opinion that the joint offer is most likely to take the form of the current Community offer.

In that case current beneficiaries of the Commonwealth Preference System which would not be included in the special preferential arrangements of the enlarged Community under the Yaoundé Convention, or a similar preferential arrangement, would find their traditional tariff-free protected markets for processed agricultural products in the United Kingdom closed by one of the highest tariff barriers in the world. Their only hope would be for specially negotiated trade agreements with the enlarged Community. It is unlikely that in such a situation the United Kingdom would hold out against its fellow Community members and their client states in French-speaking Africa, to ensure that no losses are incurred by such Commonwealth countries. Indeed, as the bilateral trade agreements, and all other specially negotiated arrangements of the Community are based on substantial reciprocal concessions, such losses are virtually guaranteed.

The preceding paragraph was concerned with *processed agricultural*

products exported from Commonwealth countries which would not be given rights similar to those under the Yaoundé Convention. There is another group of Commonwealth countries which would almost certainly incur substantial losses following the United Kingdom's membership of the Community. It is composed of those countries which are developing markets in the United Kingdom for *manufactured goods*, and which would be excluded from benefits under the Yaoundé Convention. Except for textiles, there are no quantitative restrictions on imports into the United Kingdom of manufactured goods from less developed Commonwealth countries. Such trade has in recent years contributed significantly to the economic development of several Commonwealth countries, especially among those in Asia and the Caribbean. These countries will lose their protected markets in the United Kingdom.

The Community GSP offer, which is being held up to them as compensation, will place restrictions on the total value of imports of manufactured products which would benefit from preferences – both on the initial level of such imports and its rate of expansion. In addition, no beneficiary of the scheme will be allowed to supply more than half the total preference quota in any year.

The rigidity and arbitrariness of these rules presents the possibility of some serious anomalies arising. For example, if a beneficiary, on the basis of the preferences, develops a competitive advantage in a specific manufactured good, it will find that the value of the Community preference is dependent on the level of the Community's imports from *developed* countries *and* uncompetitive less developed countries. This follows from the rules that no beneficiary can provide more than half the quota, and that the quota is set at a level equal to the value of the Community's imports of the product from beneficiaries in 1968, plus 5% of the c.i.f. value of imports from non-beneficiary (developed) countries. The countries which stand to lose significantly in certain products in that situation include India, Pakistan, Malaysia, Singapore and Hong Kong.

So far we have identified one group of countries – those Commonwealth countries which would not benefit under special, Yaoundé-type arrangements. The outcome for them would depend partly on the composition of their exports and partly on the nature of any trade agreements they may be able to negotiate with the enlarged Community. On the basis of the evidence we have to hand, however, they would almost certainly all be net losers as a result of the United Kingdom joining the Community. That is, their gains from the GSP of an enlarged Community would not offset the losses they would suffer as a result of the UK abandoning Commonwealth preferences and *its* GSP offer. The losses of these countries, added to the losses of consumers in the United Kingdom, would be balanced by the gains of producers either in the enlarged Community, or the Community's specially preferred suppliers (not all of which are less developed countries), or other less developed countries with which the Commonwealth countries would have to compete on an equal

footing. It is to these last two groups of countries which we will now turn our attention, having noted in passing that domestic producers in the enlarged Community would benefit from the increased protection implied by the changes.

The first group is composed of those countries which would be associated with the enlarged Community by the Yaoundé Convention or its replacement, and other countries with special trade links. At present the association arrangements take several forms. The French overseas departments are treated as part of the Community itself and will be more-or-less unaffected by the changes. Overseas dependencies of France and Holland are extended the same commercial policy treatment by the Community as is applied to intra-Community trade, including similar rights and obligations under the Common Agricultural Policy. The existing Associated States and remaining dependencies (except Hong Kong) of the United Kingdom are likely to be offered a similar arrangement. The Yaoundé Convention ostensibly created a series of free trade areas between the Community and eighteen ex-colonies of the Six. Nine Commonwealth countries in Africa (the black states, and possibly Botswana, Lesotho and Swaziland) would, it has been stated, be offered the same treatment. For the East African countries this would be a replacement of their existing association links with the Community.

For the most part the overseas departments and dependencies are very small units and the impact of the proposed changes on them will be ignored here. Any benefits they receive would have little effect on the total markets of other countries. Any losses they incur can be regarded as grounds for compensation from their metropolitan powers. Our real concern is with those countries associated with the Community via the Yaoundé Convention, or which have been promised such association. So many, at present not quantifiable, factors have to be allowed for that the final outcome of the changes in terms of their impact on the trade interest of these countries is difficult to assess.

First, the GSP would reduce or eliminate their special preferences for manufactured products, although any interests they have in this field would be to some extent safeguarded by the tariff quota restrictions of the Community's scheme. In fact, as none of the present or proposed beneficiaries under Yaoundé have any significant interest in exports of manufactured products, the benefits of these restrictions will probably accrue to Community producers and producers in non-Community developed countries. Secondly, the present beneficiaries under Yaoundé would have to share with their new fellow-associates their heavily protected market in the Community for processed agricultural products. They would receive in return free access to a newly protected UK market. But as for most items they are less competitive than the Commonwealth countries in Africa, they would be unlikely to make such inroad in the UK and would probably stand to lose much of their market in the Six. *Prima facie* it would appear then that the market situation of the Com-

monwealth African countries offered associate status under the Yaoundé Convention would improve, largely at the expense of the present associates. But the long-term continuance of such benefits will be in jeopardy as long as the Community and United States viewpoints on discriminatory preference schemes remain unreconciled.

The remaining group of countries to be considered consists of the non-Commonwealth countries which will not have any special access to the market of the enlarged Community, other than via the GSP. On the assumption, made above, that the scheme operated by the enlarged Community would be closer in form to the offer of the Six than that offered independently by the United Kingdom, then the, for the most part, trivial preferences offered on *processed agricultural products* can be discounted. These preferences are unlikely to have any significant effect on trade flows.

For *manufactured products* the situation is unclear. Those countries which would benefit under the GSP and which have developed export lines in manufactured goods (mainly Taiwan, Korea, Philippines, Mexico and Argentina), could make a once-for-all gain. The limit of such a gain for an individual country would be: the mfn rate of duty multiplied by half the Community's tariff quota under its GSP. It is unlikely to have any marked effect on the total foreign exchange earnings of the countries in question. And against this gain must be set the *new* limitations imposed on the *growth* of such preferential trade, and the expansion in the number of less developed countries which will not be subject to such restrictions (the Commonwealth African countries).

Summary and Conclusions

The enlargement of the European Economic Community following the accession of the United Kingdom and the other applicants would create the world's largest trading bloc, in which imports from non-members (including less developed countries) would be discriminated against. On its own this would represent a substantial worsening of the overall trade position of the Third World. But two other changes must also be allowed for. First, there would be an increase in the number of less developed countries which would have access to the markets of the Community countries for many products on terms equal to those enjoyed by the members of the Community. And secondly, the probability that the enlarged Community would operate its GSP along the lines of that currently being offered by the Community has to be taken into account.

This paper has been reasoned in terms of the broad changes in commercial policy structure that would be faced by less developed countries with export interests in the enlarged Community. On these terms it has been argued that while Commonwealth countries which would receive association rights with the enlarged Community would stand to benefit, these benefits would largely be at the expense of countries which currently

enjoy rights of association with the Six and of Commonwealth countries which would lose their special preferences in the United Kingdom market. Hong Kong in particular would find itself with a substantially worsened trade environment. It was also argued that the GSP likely to be operated by the enlarged Community might confer some small-scale, short-term benefits on some less developed countries exporting manufactured goods, but that such benefits would be at the expense of the long-term interests of all less developed countries. If it is also allowed that the process of enlargement of the Community implies a force which would operate to slow down the momentum of world-wide liberalization of trade, then the conclusion that such enlargement would involve a serious threat to the trade interests of less developed countries is one which is difficult to avoid.

Such a result must almost necessarily follow from the creation of a situation in which some of the world's largest, protectionist-minded countries are permitted to dictate the terms on which they will allow imports into their markets, without fear of retaliation. It is natural that they should attempt to use their monopsonistic trading power to create the trading environment most conducive to their own interests. The British Government has indicated that its negotiating position is based on the principle that British interests come first, and that consideration of the interests of its trading partners in the Commonwealth and elsewhere will not impede the negotiations. It is clear that so far the British Government has given little thought to the effect its joining the Community would have on the trade interests of less developed countries, both within and without the Commonwealth. No attempt has been made even to calculate the magnitude of that effect. In those circumstances Mr Rippon's phrase expressing concern can only be regarded with scepticism by the countries of the Third World.

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Enlargement of the EEC and Community policies in the field of trade

Gerhard Schiffler[1]

Author's note:
This paper represents the author's personal views, and in no sense commits the institution to which he belongs, namely the Commission of the European Communities.

I Introduction

In dealing with the responsibility which an enlarged Community will have in the matter of development it is necessary first of all to look at the concept of development policy in the EEC as it is today. The first part of the paper therefore outlines – without any pretensions to being exhaustive – some essential aspects of the Community's regional development policy; the emphasis will naturally be on the Yaoundé Conventions. The second part describes the ways in which the Community is already active today in some fields of development policy outside the regional framework. In the third and last part there is a discussion of the prospects that lie ahead for an enlarged Community in the development field, particularly the evolution of association arrangements in the future.

The paper is concerned primarily with trade matters. Financial aid and technical assistance are dealt with by Dr. Charles van der Vaeren in the paper entitled: 'Enlargement of the EEC and Community Policies in the field of Aid'.[2]

II The Community's Development Policy within a Regional Framework

(1) Fundamental principles of association

Although it is unnecessary to deal in detail with the origin of the association based on Part IV of the Treaty of Rome, it may be appropriate to reiterate the basic features.

The preference given to a number of African countries through the association with the EEC arose from the consideration that it was not possible to break the economic links that had grown up in time without

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[2]See page 59.

replacing them with something else, for both European and African interests would have been badly hit. And so the EEC has been given a task in part of Africa which it presumably would not have sought of its own accord without the colonial heritage of some Member States.

With the independence of the overseas territories, and subsequently through the Yaoundé Conventions, the association developed from an exclusively internal, multilateral arrangement under the Treaty into an external relationship of the Community based on mutual rights and obligations. This association has now acquired political stature of its own, as the Associated African States and Madagascar (AASM) have become true contractual partners of the EEC.

(2) Aid by trade – one of the important features of the association

On the trade side, association is based on the principle of the establishment of a free trade area with reciprocal rights and obligations, to the extent that the latter can be assumed by developing countries. It therefore consists of according the associated countries preferential treatment, and this is undoubtedly the most contested feature of the association. The developing countries in competition with the AASM feel themselves at a disadvantage; the AASM in their turn consider the EEC preference to be insufficient and regret that they are being reduced progressively.

Criticism of EEC preferences, however, generally overlooks the fact that by no means all products imported from the AASM into the Community enjoy preferential treatment. For a significant number of products of interest to the AASM there is a nil duty under the Community's external tariff as, for example, for groundnuts, palm kernels, copra, cotton, tropical woods, copper and ores, which make up a considerable part of their exports. In addition, a number of agricultural products do not enjoy, as a rule, more than a modest degree of preference, as the Community is for understandable reasons not in a position to include the AASM in its agricultural market organisation, and consequently to lift the barriers to such trade in the same way that it has done between the Member States.

The aim of the preferences is clear: it is to open markets for the AASM in the EEC – or to maintain open their earlier markets – in order to enable them in this way to cover a part of their growing foreign currency needs by increased exports. And so financial aid, technical assistance and aid through trade are complementary. Indeed, it is doubtful whether one or the other on its own would have been viable in the framework of institutionalized cooperation such as is to be found in the association.

It could be asked what effect the reduction of customs barriers vis-a-vis the AASM has had on their exports to the Community and whether the expected development of trade has really come about. The Community's imports from the associated countries went up from $896 million in 1958 to $1,718 million in 1969. This corresponds to an annual growth rate of

6% as against 7.1% growth for the developing countries as a whole. But if petroleum is not taken into consideration – it is exported from the AASM in small quantities only – the rate for the developing countries as a whole drops to 5.1%.

The conclusions may be drawn that the EEC preferences, which have been criticised so sharply, have not in fact had the effects hoped for by the AASM and feared by the other developing countries. Does this mean that the EEC has taken the wrong road?

The value of customs preferences is of course strongly disputed and can hardly be proved with mathematical precision. It would be too simple, however, to draw the conclusion that they should be dropped because they have not achieved all that was hoped. Who could prove that, without them, exports of this or that product would not have suffered seriously?

As regards the destination of their exports to the Community, the AASM have diversified their outlets quite appreciably, for exports to each of the Six have expanded at different rates.

AASM exports to EEC Member States (cif)
Annual growth rates—1958-1969
(%)

EEC as a whole	France	Belgo-Luxembourg Economic Union	Netherlands	Federal Republic of Germany	Italy
6·0	2·8	6·9	9·4	11·3	13·4

Source: Statistical office of the European Communities

Exports to the former mother countries (France and Belgium) are only increasing slowly, while the Netherlands, Italy and Germany have stepped up their imports at a rapid pace – appreciably higher than the Community average. Indeed if one takes into account the respective growth of exports from the AASM to each of the Six, it will be seen that the French market, which absorbed 53.3% of the AASM's exports to the Community in 1959, took no more than 38.8% in 1969. In contrast the share of the other Member States has risen.

The decrease in importance of the French market for the Associated States is all the more evident if one considers only the countries previously administered by France. Exports from those countries to France, which accounted for 81% of their exports to the EEC in 1959, represented no more than 56% in 1969, while the market of each of the Member States accounted, in relative terms, for about twice as much in 1969 as in 1959.

The conclusion is clear: that the most marked increase in AASM exports has been to those Member States which earlier they did not number among their traditional customers. This geographical diversification of the associated countries' exports is a logical result of the association, which has created all kinds of new links between the AASM and the Member States other than France.

In order to fulfil their obligations arising from the establishment of a free trade area, the associated countries for their part are required to do

away with customs duties and quantitative restrictions hampering the import of goods originating in the Community, except in so far as they are necessary to protect infant industries or to meet balance of payment difficulties or budgetary requirements. Hence there are what are known as reverse preferences, which are no less contested than the preferential treatment granted by the EEC to the AASM.

Looking at the trend of exports from the Member States to the AASM, it can be seen that they went up from $663 million in 1958 to $1,117 million in 1969. This corresponds to an annual growth rate of 5.6% as against a growth rate of 5.9% for exports from all industrial countries to the AASM. This suggests that the reverse preferences, which incidentally by no means apply to all imports coming from the EEC, have not had the effects feared in many quarters. Regarding the origin of the AASM's imports from the EEC, there has been a similar diversification to that we have already seen in connection with AASM exports to the EEC. The former mother-lands are expanding their exports to the associated countries at a relatively slow pace, while the Netherlands, Germany and Italy are increasing their sales to the associated countries at a rate far higher than that of the Community as a whole.

As a result of these developments, France and Belgium accounted for only 59.4% and 11.2% respectively of Community exports to the AASM in 1969 as against 65.8% and 16.9% in 1958. This diversification within the Community of the associated countries' sources of supply also derives from the logic of the association because of the many new links established between those countries and the Member States other than France. It must be remembered, moreover, that with the setting up of the association the advantages which France enjoyed earlier in part of its former territories have progressively been extended to France's European partners.

(3) Institutional aspects

So long as the overseas countries were associated only by virtue of the close ties they had with their then mother countries, there was no need for institutional provisions. They were represented vis-a-vis the Community by their mother countries. Once a great part of them had become independent, it was necessary to set up joint bodies under Yaoundé I. In them the contracting partners could manifest their political will and work out in common their position on practical issues.

This resulted in the creation of:

(a) an *Association Council* at ministerial level, consisting of representatives of the Common Market Council of Ministers, the European Commission, and one representative each from the associated countries. It meets once a year normally to survey the broad working of the Convention. The office of chairman alternates between a member of the Common Market Council of Ministers and a member of the Government of an associated country;

(b) an *Association Committee,* with powers delegated from the Council, at ambassadorial level. Its composition follows the same pattern as that of the Council;
(c) a *Court of Arbitration* consisting of a president, appointed by the Council of Association, and four members, two nominated by the Community and two by the associated countries;
(d) a *Parliamentary Conference,* composed of members of the European Parliament and of the legislatures of the associated countries, which meets once a year.

The setting up of these institutions, and their composition, is perhaps the clearest illustration of the principle of friendly co-operation between equal partners, which underlies the whole concept of association between the Community and the developing African countries.

(4) Special features of regional arrangements

In considering the pros and cons of the EEC's existing regional arrangements, the following points deserve emphasis:–

(a) The criteria chosen by the OECD and the United Nations for assessing the stage of development – whether per capita income or the ratio of industrial income to the total income of a country – show that the AASM belong to the poorest countries. And if we look at aid from the angle of industrialized countries' responsibilities towards the developing countries there can hardly be any objection to supporting the particularly needy countries with regional comprehensive aid.
(b) It may be observed, furthermore, that this association does not have any particular disadvantage for the remaining developing countries. In no way has it proved to be a factor disturbing world trade, as all participants in such trade have been able to take advantage of the economic growth of the Community, many even more so than the countries linked with the Community through association.
(c) Criticism of the Community's policies towards developing countries generally ignores the fact that a distinction must be made between what the Community does and what the Member States do. This, too, is a source of frequent misconceptions. The EEC Treaty makes no provision for a Community policy towards developing countries. The expressions 'development aid policy' and 'development aid' are at any rate not to be found in the EEC Treaty.

In practice, however, the Community's development policies as they are today may be summarised as follows:–

(a) Comprehensive development measures by the Community – embracing aid through trade, financial aid and technical assistance – in a relatively small, geographically clearly defined framework;
(b) Worldwide aid by the Member States in the framework of bilateral arrangements or as contributions to multilateral organizations other than the European Development Fund (EDF);

(c) Action by the Community at world level, but mainly limited to trade measures.

(5) Other association agreements with countries whose production and economic structures are comparable with those of the AASM

The association established by the Treaty of Rome and developed by the two Yaoundé Conventions is in no way an exclusive club which discourages new members. Far from it. Other countries whose production and economic structures are comparable with those of the eighteen Associated States are invited to accede to the Yaoundé Convention or, alternatively, to conclude separate conventions or negotiate trade agreements with the Community.

Nigeria was the first Commonwealth country with which the Community decided to open negotiations. These resulted in the conclusion of a special association agreement, which was signed in Lagos on 16 July 1966. It expired on 31 May 1969 before it could be implemented.

Following in Nigeria's footsteps, the three Partner States of the East African Community showed an interest in establishing closer links with the EEC. A first association agreement, signed in Arusha on 26 July 1968, could not be ratified for lack of time, since it expired on the same day as Yaoundé 1, that is to say on 31 May 1969. A second agreement, negotiated last summer and signed, again in Arusha, on 24 September 1969, took effect on 1 January 1971 and will expire on 31 January 1975. Unlike the Yaoundé Convention, this Agreement does not provide for financial aid or technical assistance.

III The Community's development policy beyond the regional arrangements

The association agreements between the Community and a number of developing countries have proved to be an effective instrument of co-operation. Community effort on behalf of developing countries is not, however, confined to the measures set out in these agreements.

The Treaty of Rome requires the Community to act as a Community in the field of tariff policy; consequently, the Community can use its common customs tariff as an instrument of development policy. In its association policy the Community has endeavoured not only to take the interests of the AASM into account but also to reconcile their interests with those of other developing countries who compete with them. For example, the Community suspended or reduced the common customs tariff duties on a number of tropical products when Yaoundé I came into operation, thus reducing the preferences enjoyed by the AASM. A similar step was taken on the entry into force of Yaoundé II on 1 January 1971. In particular, the external tariff was reduced for coffee, cocoa

and palm oil. The United Kingdom and the Community have, by agreement, suspended duties on tea and tropical woods. In the Kennedy Round the Community undertook to make reductions in the common customs tariff which in part also benefit the developing countries.

The Community also played an important part – it might even be said a decisive one – in elaborating the system of generalized preferences for manufactures and semi-manufactures exported by developing countries. The point must be made, regarding the immediate effects of the introduction of this system on the AASM, that the associated countries are not very much affected by the products covered by the generalized preferences. However, incentive to invest in the associated countries – incentive which derives from the special preferential arrangements under the association – is likely to be diminished by the grant of generalized preferences to all developing countries. It should be noted that the advantage which would accrue to the Associated States on the setting up of generalized preferences would, according to the UN Economic Commission for Africa, amount to $1.1 million only.

Moreover, bilateral negotiations with a number of developing countries have led to the signing of agreements in which the Community makes concessions in respect of specific products of special interest to these countries. For instance, a range of manufactures from India and Pakistan now enter the Community free of duty. It must further be noted that the Community is also a party to international commodity agreements and to the activities of the various international bodies concerned with development aid. This has enabled it to help define development strategy for the coming decade.

To sum up, the Community has endeavoured to make its responsibilities towards the associated countries compatible with its responsibilities towards the other developing countries.

IV Enlargement of the Communities

With regard to the responsibility which an enlarged Community will bear towards developing countries, it is desirable to distinguish three sets of problems:

(1) Relations between the new members and the developing countries already associated with the Community;
(2) Relations between an enlarged Community and the developing countries of the Commonwealth;
(3) An enlarged Community's responsibility towards other developing countries.

(1) Relations between the new members and the developing countries already associated with the Community.

The Community assumes that the applicant States accept the Treaties

and their political objectives, and all decisions taken since the Treaties come into force and the options taken in the field of development. The enlarged Community must therefore be prepared to continue with the association policy that has been pursued so far. On both the legal and the institutional planes, however, we must make a distinction between (i) the Associated Overseas Countries and Territories, (ii) the AASM, (iii) the three East African States and (iv) the associated developing countries in the Mediterranean basin. Arrangements for the first three groups of countries have common features, in that the Community's commitments are comparable where they cover the same ground and that the current agreements will expire on the same date, that is to say on 31 January 1975.

As far as the Overseas Countries and Territories are concerned, mutual commitments are, in a way, automatic since their association is based on Part IV of the Treaty. New Community members would therefore have to accept the rights and obligations on which association is based on the entry into force of the accession treaties.

As for the AASM, it can be assumed that agreement in principle would have to be reached during the membership negotiations on future commitments to be undertaken by the new members. Conversely, the AASM must agree to treat the enlarged Community in exactly the same way as they now treat the existing Community. It would be virtually impossible to apply these principles by the time the accession treaties come into force. It can be assumed, furthermore, that the interval between the entry into force of the accession treaties and the opening of negotiations for new association agreements will be short. This being so, these negotiations could well be conducted by the enlarged Community. In the meantime the status quo could be maintained in relations between new members and the AASM.

Negotiations for the renewal of the Arusha Agreement are also scheduled to begin not later than 1 August 1973. These negotiations too could be conducted by the enlarged Community.

(2) Relations between an enlarged Community and the developing countries of the Commonwealth

(a) **Dependent territories of the United Kingdom**

The dependent territories of the United Kingdom would be associated with the enlarged Community on the terms which are set out in Part IV of the Treaty of Rome and in a related Council decision that now apply to the Overseas Countries and Territories.

Since the arrangements governing the association with the Overseas Countries and Territories expire on 31 January 1975, a comprehensive arrangement would have to be found from that date onwards for all the dependent countries both of the present Member States and of the United Kingdom, with the exception, however, of

Gibraltar and Hong Kong, which are countries that do not lend themselves to association. It should be noted that there is a joint Anglo-French proposal concerning association with the enlarged Community of the New Hebrides condominium on the lines of Part IV of the Treaty of Rome.

(b) **Independent developing countries of the Commonwealth in Africa, the Indian Ocean and the Caribbean**

For the 12 independent developing countries of the Commonwealth situated in Africa – Gambia, Ghana, Kenya, Malawi, Nigeria, Sierra Leone, Tanzania, Uganda, Zambia, Botswana, Lesotho, Swaziland – there is agreement to offer a choice between three formulae: accession to the Yaoundé Convention, an association agreement sui generis, or a general trade agreement. As regards Botswana, Lesotho and Swaziland, however, this offer would stand only if those countries, should they choose association, granted the enlarged Community the same tariff advantages that they give to South Africa; furthermore, rules of origin would be necessary to guarantee the Community against the risks of deflection of trade which could arise from the special situation of those countries.

As has already been mentioned, renegotiation of the Yaoundé and Arusha Agreements should begin on 1 August 1973. By this date, then, an enlarged Community would have to be in a position to open negotiations with existing associates and with Commonwealth countries seeking association. It is understood that until 1 February 1975 the status quo will be maintained between the United Kingdom and the countries in question.

The independent Commonwealth countries in the Caribbean (Barbados, Guyana, Jamaica, Trinidad and Tobago), in the Pacific (Tonga, Western Samoa and Fiji), and in the Indian Ocean (Mauritius) pose a special problem. It can be said that their production and economic structure are by and large comparable with that of the AASM. Since, however, most of them are primarily interested in outlets for their sugar – a problem related to the future of the Commonwealth Sugar Agreement, which is still under discussion – the task of defining the precise form of their relations with the enlarged Community is being left to a later date.

(c) **Independent developing countries of the Commonwealth situated in Asia, the Far East and Oceania**

As the problems arising from the nature of the relations between countries of this category and the enlarged Community cannot be resolved through a form of association, the United Kingdom will, in the course of the transitional period, progressively have to apply common customs tariff duties to products originating in those countries. During the transitional period the enlarged Community will examine any points which may arise in the light of the effects of

implementation of the generalized preference system, which should in the normal course of events go a long way towards dealing with these countries' problems. It is understood that the enlarged Community will examine with the countries concerned any problems affecting trade in order to seek suitable solutions.

(3) An enlarged Community's responsibility towards other developing countries

An expanded Community will have to be alive to the great responsibility that it will have in the sphere of development poilcy over and beyond regional arrangements. It is in the nature of things that this policy will in the first place be focussed on measures outside the sphere of financial aid.

In other words, action by the present Community would be continued by an enlarged Community. This would include the harmonization of measures adopted by the Community plus its new members to grant generalized preferences to developing countries, participation in international commodity agreements, and the adoption of a united stand in international organizations concerned with development. Some thought will also have to be given to the opportunity provided by an enlarged Community of taking measures to promote trade and stabilise prices.

(4) Trade policy aspects

Enlargement of the existing association will have a number of consequences not only for the AASM's competitive position on the enlarged Community's market but also for the situation of other, non-associated developing countries. A question to be asked is whether it makes sense to maintain the present preferences for all products or whether it will not be necessary to make consequential adjustments here and there. The answer to this question depends of course primarily on which Commonwealth countries wish to join an association with the expanded Community. If it is assumed that all African cocoa producers would become part of the EEC's preferential area, it does not seem to make much sense to maintain a preferential duty for cocoa, for this would cease to have any purpose once roughly 80% of world production is located in the enlarged Community's preference area. The mistake must not be made, however, of generalizing too much since the situation is not necessarily the same for one product as for another. But one thing is already certain: whatever countries become new members of the present African association, the trade content of the association will not be the same. For the trade part of the future association, additional measures will have to be taken, either to supplement the customs preferences or partly to replace them. In this context, mention should be made of the Commonwealth Sugar Agreement, which has shown that there are other, more effective means

of promoting the exports of the developing countries than preferential treatment.

There will certainly be much discussion on the reverse preferences. This question may have to be assessed differently according to whether it involves countries which already accord preferential treatment to current and future members of the Community or those which do not. Countries which are already giving reverse preferences today enjoy tariff autonomy even though members of the association; that is they may negotiate trade arangements with non-member countries on the condition that the Community has the right to benefit from most-favoured-nation treatment.

V Summary and Outlook

It may be concluded that enlargement of the EEC would cause the Community to expand its activities in the sphere of development both within and outside the association framework.

The basic premise should be that the association with the African States, as it exists today and as it is beginning to develop with the prospect of enlargement of the Communities, must be maintained and taken further. With the growing political success of association and the increasing realization of African public opinion that association is in no way an instrument of neo-colonial influence, the relationship is becoming increasingly attractive to non-associated Africa.

A new member of the Community would be required to maintain with the developing countries relations identical with those now maintained with them by the Six. Conversely, the associated developing countries would have to accord any new member the same treatment as they already accord the Six.

The enlargement of the Community is therefore bound to lead to an expansion of overseas association. An enlarged Community will have to step up its development activity and broaden it at the same time. In the sphere of trade new, more effective instruments should be sought other than customs preferences, which are sometimes of limited effect only. In particular, an equilibrium must be found between the measures which involve intensification and those which entail a broader base. The latter should not mean a step backwards, or any sacrifice of what has already been achieved.

But the enlarged Community, as the largest importer of the developing countries' produce, would also have an enormous responsibility towards developing countries as a whole. This will be reflected in the growing importance of the role played by the Community in international organizations dealing with developing problems and in the need for ever-closer coordination of action in those areas of development policy for which

Member States will continue to be responsible.

Community development policies should not take the place of the development efforts by the Member States themselves. Rather, the two should be complementary. The idea of turning development policy, as far as financial aid is concerned, into a Community instrument at political level may at first not be feasible. But it seems indispensable that there should be agreement within the expanded Community on a minimum degree of development strategy and coordination of development policies measured on a worldwide scale.

Enlargement of the EEC and Community policies in the field of aid

Charles van der Vaeren[1]

Author's note:
This paper only tackles a few of the many facets of a wide and important subject, with a view to 'priming the pump' of the discussion; therefore it does not include specific conclusions but it merely draws attention to various factors to be considered. It deals only with independent LDCs, since the question of dependent territories is fairly simple and has already been settled in its broad lines in the current negotiations.

Among the points which have been left aside, but will certainly have a bearing on the final solution to the problems considered, are the United Kingdom policies and practices in the field of aid to development, as they compare to those of each of the Member States of the present Community.

Finally, the paper reflects only the personal views of its author, and not those of the Commission of the European Communities.

I Introduction

When considering the effects of the enlargement of the Community on the developing countries, in the field of aid to development, one has first to take into account the content of the present aid extended by the Community as such. New members would indeed be bound by aid provisions of the association agreements signed by the Community until these expire, and new agreements cannot but be negotiated by the enlarged Community against the background of what already exists.

Secondly, one has to examine the changes to be brought about by the enlargement on the various factors which are apt to influence the aid content of the association agreements of the enlarged Community. These factors concern, on the one hand, the contributing capacity of the former and new Member States, their aid policies, and the financial flows presently taking place from these countries to developing ones on a bilateral basis. On the other hand, they concern the relative needs of developing countries which already receive aid from the Community, or receive it from the States now negotiating for membership.

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In what follows an attempt is made to elaborate a little on some of these basic factors, but more research work should be done in this field, in order to provide the member States and the Commission with the information required both to elaborate the policy of the enlarged Community and to negotiate thereafter with developing countries.

It is indeed tempting to try to draw right now a development aid scheme for the enlarged Community. But much will depend in fact upon political attitudes taken by the new Member States with respect to the evolution of the Community's aid policy, and also by the developing countries to which this enlarged Community would then offer its co-operation. Among the main question marks are the following:

i Would the United Kingdom favour an extension of multilateral aid through the Community channel, or try to keep it to a minimum, preferring to play the bilateral game with the developing countries?

ii How would the relevant Commonwealth countries react to an enlarged Community's offer to negotiate an association agreement?

iii If these countries wished to conclude such an agreement, would they ask for a Community aid element (Yaoundé model) or not (Arusha model)?

iv If they tried to conclude a trade-and-aid association, would they and the presently Associated African States and Madagascar (AASM) wish to negotiate together for a common agreement, or would they prefer to deal separately with the enlarged Community?

v Would the Community be inclined to extend its financial and technical aid outside the scope of an association framework (e.g. by means of food aid as at present) and to achieve, through aid, political or commercial aims in preference or in addition to the present development objectives?

As regards future relations with developing countries, certain basic principles have already been agreed upon by the representatives of the Community and the United Kingdom during the present negotiations, but many political unknowns still cast a shadow on the possible effects of the enlargement of the Community on these countries, in particular in the field of aid to development. By reflecting together on these issues, we might help our respective authorities to make their choices at the appropriate time.

II The present financial and technical co-operation between the Community and developing countries

The bulk of development aid presently extended by the Community as such outside Europe is a part – and an important one – of an association agreement concluded with a group of 18 developing countries located in

or around the African continent, the Associated African States and Madagascar (the AASM)[1]. A marginal part of its aid goes to territories which depend politically on one of the Member States and are also economically associated with the Community. Finally, the Community grants some food aid to various developing countries in the world, in response to specific requests from them.

Certain association agreements signed by the Community with developing countries do not include aid provisions. During their negotiations with the Community, the East African associated States – Kenya, Tanzania, Uganda – first expressed the wish to see an aid chapter included in their association agreement, but to have it discussed after other matters; the Community declared itself prepared to consider their request in a positive way, but the three countries finally decided to sign the draft agreement as it stood, without any aid provision. This does not mean, of course, that the same States will take the same position when they negotiate the renewal of their association with the Community once it is enlarged. Indeed, one might expect the opposite.

These negotiations would take place after the 1st of August 1973, at the same time as those for the renewal of the second Yaoundé Convention between the EEC and the AASM. It would be politically unrealistic to envisage that, after the enlargement of the Community, the terms of a new association agreement would be less favourable than now for the AASM, taking into account the evolution having taken place meanwhile in the associated countries.

The second Yaoundé Convention is, like the first one, open to third developing countries with an economic structure and production comparable to those of the AASM. However, a system of financial and technical cooperation between the Community and some or all of these third countries could also be included in another association agreement, different from the Yaoundé Convention. What is a firm rule, so far, is that the Community does not extend its aid, except for food aid, outside an association agreement. Only in the institutional and legal framework of an association, preferably with a group of developing countries, can aid take the form of a true co-operation between equal partners.

One of the main characteristics of the Community's association policy, with a view to fostering the development of its associates, is that it addresses itself to a regional group of less developed countries, and that these make up a large number of the least developed countries in the world, both in terms of their present social and economic situations, and in terms of their rate of economic progress: This regional aspect of the

[1]For background information on this subject, see my paper entitled: 'Evolution of Financial and Technical Cooperation between the EEC and Associated Developing Countries', copies of which are available from The Commission of the European Communities, 200 Rue de la Loi, 1040, Bruxelles, Belgium. See also: 'The European Development Fund and its Operations with Africa' by Tom Soper, first published in the **Journal of Administration Overseas**, Vol. VII, No. 4, October 1968; available as an ODI offprint from: Research Publications Services Ltd., Victoria Hall, East Greenwich, London SE10.

Community's policy thus follows criteria both of efficiency and equity.

For political reasons, some of the Member States of the Community allocate their bilateral aid in a different way; they tend to spread it widely over developing countries in the world, including Commonwealth countries. Table I shows that:

(i) only 40–50% of the official financial flows from the Member States and the Community as such go to the associated developing countries outside Europe; the bulk of official aid flows is still in the form of bilateral assistance to non-associated countries;

(ii) the Member States are directing through the Community channel a minor, though increasing, share of their total official flows to developing countries (3.5% in 1962 – 8.6% in 1969); and their contributions to international development organizations are, on the average, as large as their contributions to the Community's multilateral aid institutions;

(iii) the Community's share in the total aid effort towards the AASM has been increased to a significant degree, while bilateral efforts have been kept nearly constant.

Of course, one could easily imagine that, with the 'deepening' of the Community, the Member States would not only coordinate and harmonize more thoroughly their bilateral and multilateral aid, but gradually multilateralize also a larger share of their total aid effort. If Community aid were to represent, not one tenth, but one third or even one half of the official bilateral flows to developing countries, the limitations of this aid to the present regional framework would certainly have to be revised, especially if the Community had been enlarged in between, and if each Member State wished to retain a certain bilateral aid relation with many countries benefiting from the aid of the Community as such.

III Facts and figures about the enlargement of the Community

(a) Contribution of the new Member States to Community aid

Apart from the basically political decisions to be taken in this respect, the main criterion for determining the share of the United Kingdom in the Community's aid to development will be her contributing capacity, which must be determined mainly by the level of her average and total national income, relative to those of the Six, but irrespective of her previous bilateral efforts in favour of developing countries.

The United Kingdom gross national product represents about 25% of that of the Community. However, her average product per head is now 15% lower than in the Community. Some other factors should also be taken into account, like the comparative (i) rate of growth of the GNP and (ii) state of the balance of payments, in both of which the present situation of the United Kingdom is less favourable than that of the Com-

Table 1: Official financial flows from EEC Member States to LDCs, in particular to AASM and overseas dependent territories
—(net disbursements; $ mn)

	1962	1963	1964	1965	1966	1967	1968	1969
AASM								
bilateral	358·8	390·9	370·6	380·0	334·5	380·6	358·2	357·9
multilateral (EEC)	50·7	57·0	76·0	95·4	100·0	91·6	101·3	111·6
Total	409·5	447·9	446·6	475·4	434·5	472·2	459·5	469·5
Overseas dependent territories								
bilateral	138·6	186·3	228·1	230·8	279·5	289·0	316·7	319·0
multilateral (EEC)	3·2	6·4	7·8	9·8	10·6	5·1	10·4	8·4
Total	141·8	192·7	235·9	240·6	290·1	294·1	327·1	327·4
Total AASM + ODT	551·3	640·6	682·5	716·0	724·6	766·3	786·6	796·9
Other LDCs								
bilateral	868·7	780·8	726·6	736·7	698·7	857·9	916·7	972·3
multilateral	—	—	6·0	12·0	26·0	22·0	30·0	52·3
Total	868·7	780·8	732·6	748·7	724·7	879·9	946·7	1,024·6
Contributions to international organizations	99·0	76·0	43·0	127·0	181·0	136·0	118·0	193·3
Total all LDCs	1,519·0	1,497·4	1,458·1	1,601·7	1,630·3	1,782·2	1,851·3	2,014·8

Source: *Development Assistance*, Report by Edwin M. Martin, Chairman of the Development Assistance Committee, OECD.

munity, but should gradually improve after the enlargement.

There is, however, an important political factor which would certainly influence the willingness of the United Kingdom to channel through the Community a substantial amount of development aid, namely the approximate volume of the total aid of the enlarged Community which would be likely to benefit Commonwealth developing countries. But this would in turn depend upon the number and the socio-economic weight of such countries which would seek to conclude with the enlarged Community an association agreement including financial and technical cooperation.

It would certainly not be out of place to suggest that, with the enlargement of the Community and with the extension of the association of developing countries with it, a larger share of the total official aid efforts of the Member States should be channelled through the Community. It is indeed surprising that the Member States' contributions to the European Development Fund have increased at a much slower pace than their GNP at current prices:

Average annual rate of increase of Community's GNP	**Average annual rate of increase of contribution to EDF**
(at current prices; %)	
– 1958–1964 : 9¾	1st (1958–64) to 2nd (1964–70) EDF : 3⅞
– 1964–1971 : 8	2nd to 3rd EDF (1971–75) EDF : 3

There is thus already a wide margin of contributing capacity on which a substantial increase of the total Community's aid could be based, in order to provide a fair share for Commonwealth developing countries, without reducing the volume of common aid already flowing to the AASM.

(b) **Aid needs of presently associated and Commonwealth developing countries**

So far, the United Kingdom authorities have expressed their agreement with the view that the enlarged Community should offer an association status to those developing countries having an economic structure and production comparable to those of the 18 African signatories to the Yaoundé Conventions, as has been stated in the declarations of intent issued in 1963 and again in 1969 by the Community. This offer would of course interest mostly Commonwealth countries in Africa. We shall thus henceforth concentrate our attention on the relative aid needs of these 'associable' countries, leaving aside the possibility that the Community would increase very substantially its common aid effort and extend it to other groups of developing countries – in particular in Asia and the Far East.

Most of the Commonwealth "associable" countries belong to the same geographical areas as the presently associated countries. If they would receive aid from the enlarged Community, this aid would be

particularly well placed and equipped to help closer economic ties between these Commonwealth countries and their neighbours. It is well known that, except probably for Nigeria, the industrialization and indeed the economic progress of most less-developed countries in Africa depend to a large extent upon the interconnection of their national markets.

As for the volume of finance which the enlarged Community would devote to its cooperation with the Commonwealth associated countries, it is a *priori* clear that this volume could hardly be fixed to leave them with less aid than for the AASM. Both the United Kingdom and the present Member States would certainly insist on equality of treatment between all associated countries. The problem is then to know, first what the needs of the Commonwealth countries are, and secondly how they compare with those of the AASM.

The needs of the newly associated countries may vary widely, according to the number and the weight of those which would want to become associated and those which would prefer not to. Let us first compare a few rough indicators for the AASM and the Commonwealth 'associable' countries of Africa as a group (see tables II and III on pages 66 and 67) and then see how this comparison changes if some of the latter countries are left out.

(a) Volume, density, and rate of growth of the population –
The 'associable' countries counted 114 million inhabitants in 1968; this is expected to rise to about 190 million in 1985; their rate of population growth is roughly 3% per annum, and the density is now on the average 30 per km² (11.5 per sq. mile). The AASM had 70 million inhabitants in 1968, which will increase to roughly 104 million in 1985; the rate of growth is nearly 2½%, and the average density only 7 per km² (2.7 per sq mile).

(b) GNP per head –
Both groups of countries (the associated ones and the 'associable' ones), have a generally low level of income per head; around $110 as an average, on the basis of UN figures.
Of course these national accounts data should only be given a rough indicative value for the countries concerned[1], but it appears that both the associated and 'associable' countries should be considered as 'least-developed countries', and that their needs for development aid are very large and comparable.

(c) Economic structure –
The analysis of the GNP breakdown suggests that the AASM and the Commonwealth 'associable' countries in Africa have a fairly comparable economic structure. Altogether agriculture, manufacturing industries, and trade represent about the same shares of the GNP in both groups of countries. On the other hand, the share of public

[1]Comparisons between GNP per head data in different groups of developing countries should, in particular, take into account the widely different levels of internal prices.

Table II: Economic indicators for the AASM in 1968

Country	Area Km2	Population millions		Official (DAC) 'aid' 1968 ($'000)			Utilization of resources (% of total GNP)		GNP (at market prices)				
									Origin in %				$
		1968	Projection 1985	France	Total bilat.	Bilat. + multi-lateral	Gross domestic capital format	Exports	Agricul-ture	Extracting industries	Manufac. & build. industries	Services & public adminis-tration	per head 1969
Not allocated				71·40	71·40	71·40							
Mauritania	1,085 200	1·0	1·53	5·60	6·14	9·06	19·6	31·8	42·0	27·2	9·8	21·0	160
Senegal	196,800	3·6	5·20	28·50	32·73	45·44	10·8	15·8	32·6	0·3	17·3	49·8	225
Mali	1,203,800	4·8	7·42	10·10	10·74	19·69	10·5	6·2	48·2	—	12·6	39·2	85
Ivory Coast	322,500	4·0	6·20	29·00	35·58	45·64	15·0	27·5	37·2	0·3	18·1	44·4	304
Upper Volta	269,100	5·0	7·30	12·60	16·12	21·90	12·0	11·3	51·0	0·4	13·8	34·8	50
Dahomey	115,800	2·5	3·90	6·00	9·29	16·68	13·4	16·3	53·2	—	11·9	34·8	71
Niger	1,189,000	3·6	5·45	14·40	20·47	28·27	12·2	11·2	58·3	—	12·2	29·5	95
Togo	56,500	1·7	2·73	3·20	7·47	10·65	11·5	18·5	42·8	6·1	19·7	30·4	125
Cameroun	476,500	5·6	7·10	17·70	26·39	40·28	12·0	18·4	48·6	0·1	10·9	40·4	144
Chad	1,295,000	3·4	5·00	11·30	13·13	21·48	9·0	11·8	47·8	—	10·6	41·6	78
R.C.A.	616,400	1·4	1·86	10·70	11·62	16·99	13·8	17·5	36·7	7·7	11·9	43·7	134
Gabon	267,000	0·5	0·55	7·50	8·70	8·85	15·4	37·6	25·5	23·6	14·6	36·3	550
Congo–B.	342,000	0·9	1·20	15·00	16·10	39·73	—	26·6	35·3	1·8	13·1	50·3	201
Congo-K.	2,345,000	16·7	25·30	3·20	67·87	65·73	12·0	22·6	23·2	6·8	21·9	47·6	280
Rwanda	26,400	3·02	4·61	0·80	11·48	14·79	—	9·6	69·3	2·2	10·2	18·3	45
Burundi	27,700	2·4	3·60	1·30	9·90	13·52	4·8	9·7	71·7	—	6·6	21·7	53
Madagascar	591,000	7·0	10·60	26·00	27·05	39·78	8·8	12·5	37·8	0·7	10·6	50·9	120
Somalia	637,700	2·7	4·08	—	18·51	25·03	—	18·7	—	—	...	...	62
Total or Average	11,063,400	69·8	103·64	363·60	420·69	554·91	12·1	19·0	44·8	4·5	13·3	37·3	110

Source: United Nations *Yearbook of Statistics, 1970.* United Nations Economic Commission for Africa: *Review of the Economic Situation of Africa 1970*

Note: — nil or negligible ... not available

Table III: Economic indicators for the Commonwealth 'associable' Countries in Africa, in 1968

Country	Area Km2	Population (millions)		Official (DAC) 'aid' 1968 ($'000)			Utilization of resources (% of total GNP)		GNP (at market prices)				
									Origin in %				$
		1968	Projection 1985	U.K	Total bilat.	Bilat. + multilateral	Gross domestic capital format	Exports	Agriculture	Extracting industries	Manufac. & build. industries	Services & public administration	per head 1968
Cambia	10,400	0·4	0·5	2·8	2·9	3·1	11·9	25·4	59·0	—	5·1	35·9	151
Ghana	237,872	8·4	14·3	14·3	72·7	73·7	9·6	15·1	—	2·4	...	...	288
Kenya	582,700	10·0	16·0	23·6	40·3	57·8	15·3	21·3	34·8	0·5	18·8	45·9	127
Uganda	236,096	8·0	11·5	8·6	18·0	19·2	9·2	24·9	56·4	2·5	11·5	29·6	96
Tanzania	939,690	12·3	16·5	3·6	26·3	33·2	12·2	24·3	50·0	1·9	11·2	36·9	74
Malawi	126,337	4·3	7·0	18·1	22·6	25·5	11·5	16·2	58·3	0·1	12·8	28·8	69
Nigeria	923,850	61·0	107·0	12·3	69·2	101·9	8·9	13·0	54·9	2·6	12·7	29·8	66
Sierra Leone	72,300	2·5	4·5	1·1	9·6	10·3	8·8	23·7	32·4	19·1	10·6	37·9	177
Zambia	752,620	4·7	6·7	25·2	46·1	42·6	21·1	37·7	8·2	35·4	17·3	39·3	345
Botswana	575,000	0·6	1·5	13·7	15·2	16·4	18·9	15·8	44·2	—	13·1	42·7	108
Lesotho	30,300	1·0	2·0	10·3	11·8	14·7	7·8	8·7	66·7	1·4	2·8	29·1	75
Swaziland	17,400	0·3	0·8	7·1	7·2	8·3	12·9	42·4	28·9	14·5	19·7	36·9	201
Mauritius	1,865	0·8	1·4	9·1	9·2	8·6	10·2	32·0	26·1	—	23·6	50·3	217
Total or average		114·2	189·7	149·8	351·1	415·1	12·2	23·5	43·3	8·0	13·3	36·9	109

Source: *Development Assistance* Report by Edwin M. Martin, Chairman of the Development Assistance Committee

Note: — nil or negligible ... not available

administration is twice as large in the AASM as in the Commonwealth group, but this is compensated in the latter by a larger share for private transport and services.

An analysis of the utilization of economic resources brings out a similar picture. The rate of capital formation is comparable on average in the two groups of countries. There is, however, a marked difference in that private and public consumption is more important in the AASM, whereas the share of exports is on the whole larger in the Commonwealth countries.

Of course these average data cover a certain variety of situations within each group of countries, but this should be taken into account when establishing differential conditions of aid for the poorer and for the not-so-poor amongst those least-developed countries.

(d) Development 'aid' received –

A rough comparison of official 'aid' received in 1968 by the AASM and by the Commonwealth countries of Africa shows that the 18 AASM got $555 million (or $7.9 per head), whereas the 13 Commonwealth countries received $415 million (or $3.6 per head). Both these total and average figures are only rough indicators, of course: on the one hand, only grant-equivalent data would be fully comparable and significant; on the other hand, the size of the population is only a very partial indicator of the relative needs. However, the difference between $7.9 and $3.6 per head raises the question of a possible disequilibrium in the efforts presently made in favour of the two groups of African LDCs by the main bilateral and multilateral aid sources.

In this respect, it is also interesting to note that, whereas the United Kingdom gives practically no aid to the AASM, the Member States of the Community contributed in 1968 18% of the total official 'aid' to the Commonwealth countries of Africa.

In comparing so far the AASM with the Commonwealth 'associable' countries of Africa, we have assumed that *all* these countries will indeed become associated with the enlarged Community (probably some time after the present Yaoundé and Arusha Conventions have expired, i.e. in 1975) and benefit from its financial and technical cooperation. This hypothesis may not materialize, at least partially: some of these 'associable' countries may wish to conclude an association agreement of the Arusha type, i.e. without aid, or perhaps not be associated at all.

Let us now make two different hypotheses, chosen at random, in order to see how the political choices to be made by the 'associable' countries will bear on the needs for aid of the new and old associated countries.

First hypothesis:
Let us assume that Nigeria and Malawi will not benefit from financial and technical cooperation. The enlarged association would then be reduced to roughly 141 million inhabitants in 1975, instead of 225 million. If the Community's aid were to be allocated equally at the Yaoundé II rate of roughly $2.5 per head per year, the total amount needed annually would be $350 million, instead of $560 million. Indeed Nigeria only received in 1969 some $102 million official aid from bilateral and multilateral sources together. Moreover, there would be some reduction in relative need for aid of the associated Commonwealth countries, as compared to that of the AASM, since the effect of excluding Nigeria and Malawi from the group would be to push up its average income per head from $115 to $144, according to UN data.

Second hypothesis:
Let us assume that Sierra Leone, Zambia, and Swaziland will not take part in the financial and technical cooperation. The group of African countries assisted by the enlarged Community would then count about 217 million inhabitants in 1975. There would thus be very little reduction in the total amount of aid required annually on the rough and indicative basis stated above, especially since the needs of the non-associated Commonwealth countries would, in this case, be lower than the average, and not higher as in the first hypothesis. The average income in the three countries excluded was around $260 per head in 1968, and their economies were among the most industrialized of the countries concerned.

Many other hypotheses could of course be worth considering, and among them that in which the enlarged association would be open, not only to the AASM and the Commonwealth countries of Africa, but also to some other LDCs, located in the Caribbean area or in Asia and the Far East, having an economic structure and production comparable to those of the presently associated States. However, the chances are that such an hypothesis would be less reliable politically than those concerning the African Commonwealth countries.

The EEC's common agricultural policy and imports from third countries

Christopher Trapman[1]

Note:

There are two main elements affecting the access of third country exports to the markets of the EEC. One is the structure of the Common External Tariff (CET) – whether or not there are customs duties, and if so, the rate at which they are imposed. The other is the Common Agricultural Policy (CAP).

The influence of the former is reasonably easy to apprehend: the duties are published and their operation conforms to standard international practice. The effects of the CAP on third country exports, on the other hand, are indirect – though powerful – and much harder to discern. The following paper, which was prepared by Christopher Trapman while he was working as a Research Officer at ODI, is intended to clarify some basic points about the workings of the CAP, and especially about the system of levies on imports. It is hoped that the information which it contains will provide useful background material for conference participants.

In order to understand the operation of the Common Agricultural Policy and its effect upon non-member countries, it is necessary to state briefly why the need for a common policy for agriculture should arise. Prior to the Treaty of Rome, the Governments of member countries had followed agricultural support and protection policies at different levels of intensity and with different degrees of success. All recognised the need for protection by some means or another of their farming community, although emphasis differed between justification on purely social grounds of maintaining rural employment and reasonable incomes to farmers at the cost of the consumer, and attempts to keep food prices down. While some differences in farmer policies of Member States were so great as to seem irreconcilable, it was at the same time recognized that without a common policy for agriculture, the full principles behind the Treaty could never be implemented.

The objectives of a common market extending to agriculture and agricultural trade as laid down in the Treaty of Rome were expanded, still only in general terms, at a conference of officials of ministries' and farmers' organisations who met at Stresa in July 1958. These emphasised, inter alia, the need to increase trade between member countries, to achieve a balance between supply and demand, to avoid encouragement

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of surpluses and to give scope to the comparative advantage of each region. Essentially a common protective policy towards outside suppliers was inherent in these objectives and a common external frontier for all agricultural produce was envisaged by the early seventies.

The principle of the use of the variable levy was accepted at an early stage as a means of adjusting current external market prices up to internal target prices, and thus protecting EEC producers from competition from lower prices prevailing on world markets outside. It was not, however, until 1968 that a Common Agricultural Policy (CAP) was formulated for a group of agricultural products which included cereals, pigmeat, eggs, poultry meat, fruit and vegetables and wine. The list has since been added to and at present the following commodities are accommodated in one sense or another under the Common Agricultural Policy of the EEC.

Grain:	Wheat, barley, oats, rye, maize, buckwheat, millet, durum wheat, canary seed, grain sorghum, flour, cereal meal, malt, starches, gluten and other processed products from cereals.
Rice	
Dairy products:	Fresh milk and cream, concentrated and sweetened milk and cream, powder milk, butter, cheese and curd.
Poultry Meat	
Eggs	
Pigmeat	
Fruit and vegetables:	Apples, apricots, cherries, clementines, lemons, mandarines, oranges, peaches, pears, plums, strawberries, table grapes, artichokes, asparagus, beans, brussel sprouts, cabbage, carrots, cauliflower, celery, chicory, cucumber, endives, garlic, lettuce, onions, peas, spinach and tomatoes. Also processed products of the foregoing.
Vegetable oils and fats	
Oilseeds:	Colza, rape, sunflower seed etc.
Olive oil	
Sugar:	Sugar beet, refined sugar, raw sugar, molasses.
Non-edible horticultural products:	Live trees, plants, cut flowers.
Tobacco	
Wine	

However, despite the fact that all the above are covered by the CAP, the effects of this policy are by no means uniform to all, especially when one examines the different aspects of protection from third country products.

Before examining different methods of protection which discriminate against cheaper goods produced in third countries it may be helpful to give brief definitions of terms used under CAP pricing policy. Unfortunately terminology is not always precise and is used with different meanings in different circumstances. Each year the Council of Ministers, acting on proposals from the Commission of the EEC decides upon:

Target or Indicative prices — in the case of cereals, oils, fats, milk, sugar and tobacco.

Basic prices — in the case of pigmeat, fruit, vegetables and wine.

Guide prices — in the case of cattle and calves.

These prices *represent the level which it is hoped that wholesale market prices will attain in the area of biggest deficit* (which, in the case of grains is Duisburg in the Ruhr.) They are fixed to enable farmers to plan production and to give economic guidance to all market users. The CAP aims at keeping the market price as close as possible to the target/basic/guide price.

In order to keep prices at about this level, the council also fixes an *Intervention Price* in the case of most of the above commodities (for exceptions see Table I below) which is *the price at which member governments or their agencies are obliged to buy up commodities offered to them.* It is usually calculated as a percentage of the target/guide/basic price and is a form of guaranteed price, comparable in effect to the United Kingdom farm price support policy for some products. In the case of cereals this level ranges between 5% and 10% below the target price.

In addition for cereals, refined sugar, oils, oilseeds and tobacco, it has been necessary to fix *Derived Target and Intervention Prices* at a number of centres at varying distances from the area of greatest deficit, which are generally lower than the basic prices by the amount of the lowest cost of transporting grain from the local centre to the basic intervention point.

Similarly in order to relate international prices to the basic community price, the Commission calculates transport and handling costs from the main ports so that the council can fix a minimum duty-paid import price or:

Threshold Price — in the case of cereals, dairy products, beef and veal, sugar and olive oil.

Sluicegate Price — in the case of pigmeat, eggs, poultry meat and wine.

Reference Price — in the case of fruit and vegetables.

Threshold and sluicegate prices are implemented by means of **levies** or *variable import taxes fixed by relating the threshold price to the lowest offers of imported commodities.* The amount of the levy is adjusted to the world market situation every day in the case of grains, fortnightly for dairy products and quarterly in the case of pigmeat. The amount of the levy is changed to take account of (a) monthly movements and annual adjustments of the threshold/sluicegate price and (b) changes in offers of commodities c.i.f. at the EEC customs border. Assuming that

Table 1 EEC support arrangements under CAP

	Variable Levies	Threshold Prices	Sluicegate Prices	Reference Prices	Customs Duties (CET)	Target Prices	Basic Prices	Guide Prices	Intervention Prices	Derived Intervention Prices	Export Restitutions	Quality Standards
not Durum Wheat Grains or Rice	X	X	—	—	—	X	—	—	X	X	X	—
Durum Wheat	X	X	—	—	—	X	—	—	X	X	—	—
Rice	X	X	—	—	—	X	—	—	X	X	X	—
Raw Milk	—	—	—	—	X	X	—	—	—	—	—	—
Butter	X	X	—	—	—	—	—	—	X	—	X	—
Milk Products	X	X	—	—	—	—	—	—	—	—	X	—
Fat Cattle	X	X	—	—	X	—	—	X	X	—	X	—
Veal Calves	X	X	—	—	X	—	—	X	—	—	X	—
Meat	X	X	—	—	X	—	—	—	—	—	X	—
Pigmeat	X	—	X	—	—	—	X	—	X	—	—	—
Eggs	X	—	X	—	—	—	—	—	—	—	—	X
Poultry Meat	X	—	X	—	—	—	—	—	—	—	—	X
White Sugar	X	X	—	—	—	X	—	—	X	X	X	—
Sugar Beet	—	—	—	—	—	X	—	—	—	—	—	—
Fruit and Vegetables	X*	—	—	X	X	—	X	—	X	—	X	X
Non-Edible Horticultural Products	—	—	—	—	X	—	—	—	—	—	X	X
Vegetable Oil	—	—	—	—	X	X	—	—	X	X	X	—
Oilseeds	—	—	—	—	—	X	—	—	X	X	X	—
Olive Oil	X	X	—	—	X	X	—	—	X	—	X	—
Wine	X	—	X	—	X	—	X	—	X	—	—	X
Tobacco	X	—	—	—	X	X	—	—	X	X	X	—

* Countervailing charge having similar effect as levy.

Source: *Food Farming and the Common Market* by Michael Butterwick and Edmund Neville Rolfe, O.U.P. 1968.

threshold/sluicegate prices were constant, levies would go up as c.i.f. prices fell and would go down as c.i.f. prices increased.

Variable import taxes in the case of fruit and vegetables when imposed are known as *Countervailing Charges.*

With regard to exports from the community, in the case of grains (excepting durum wheat and rice), dairy products, beef and veal, sugar, fruits, vegetables, oils, oilseeds and tobacco, *Restitution or Refunds* are granted *to enable commodities purchased on EEC markets to be exported at the level of world market prices* and are the counterpart of levies applied to imports. They are, in effect, export subsidies.

A further factor which should be mentioned is that in the cases of eggs, poultry meat, fruit and vegetables and wine there are distinct *Quality Standards.* Only products subject to the common rules which satisfy the quality standards are acceptable as imports from non-member countries and in intra-Community trade.

There are particular difficulties that arise in trying to ascertain the level of levies facing countries exporting to the Common Market in the case of most products covered by the CAP, caused by the fact that Levies can alter daily in the case of cereals, every two weeks in the case of dairy products and up to four times in a year for pigmeat. For most products not covered by CAP external levies, there is a reasonably straight-forward and fixed Common External Tariff facing third countries, which provides preferential treatment to Associate Members.

However, for the sake of clarification the following is an attempt to set out the alternative arrangements which may apply as tax barriers to imports into the EEC.

(a) An import may face duty under the Common External Tariff (CET) with no levy applied to it. This is so in the case of *raw milk, some oilseeds, non-edible horticultural products* and *vegetable oil.*

(b) An import may face the imposition both of duty under the CET and a levy. This is the case with the majority of products covered by the CAP.

(c) An import may be duty free under CET, but face the imposition of a levy, as in the case of *sugar, oil cake made from olive oil* and *molasses as animal feed.*

(d) An import may be free both of duty under the CET and levies, as in the case of *breeding animals, some oilseeds, raw vegetables for dyeing and tanning, meat extracts and juices,* and a few other insignificant items.

It is important to note that only the Associated States of Guadeloupe, Martinique, Réunion and Guiane benefit from full exemption of the external CAP tariffs and from CAP support prices. In principle, import policy provisions of the CAP are applicable to imports from all other third countries including Associated countries. However, certain ad hoc measures have been made to mitigate the effect of the policy for exports from Associate members. For example, a variable levy on rice has been

imposed at a reduced rate for Associated territories, and levy-free quotas have been agreed for products processed from rice and cereals from these countries. For vegetable oils and oilseeds arrangements have been made to subsidise Associated countries' exports to the extent of any shortfall of world prices from a predetermined target price. Both the Yaoundé II and Arusha II Conventions allow for special arrangements to be made case by case (after consulting with the respective Association Councils) for exporting agricultural products covered by the CAP to the Community.

The following gives a brief description of the tariff protection arrangements by commodity under the CAP:

(a) **Grains**

Threshold prices, which are the same at all EEC ports, do not change during the crop year, except to make allowance for monthly increments, which are provided to give incentives to farmers to store their own grains, and maintain a balanced supply of grain coming forward from farms to the market.

Levies are common to the whole community and change to take account of the changing prices on the world market. If prices increase, levies are reduced and if prices fall, levies rise. By 2.15 p.m. each day the Commission's Price Information Office in Brussels receives up to 1,000 quotations for spot and future shipments from national agencies. Price developments can also be checked direct with grain markets, and when the lowest c.i.f. price for each grain is established, the levy is calculated and approved by 6.00 p.m. the same evening, to come into effect by midnight. In order to give some flexibility to the trade, levies are not changed if market prices shift only slightly. For instance with maize, offers can rise or fall by 75 cents per ton without the levy being changed. There is a further element of flexibility whereby the trade can fix levies in advance for future shipments, by issuing dated import licences. Importers are penalized if they fail to use their import licences and if the shipment is not landed during the month indicated at the time of the licence application.

(b) **Dairy Products**

Variable levies are applied to butter, cheese, processed milk and lactose. Threshold prices from which the levies are derived are based, as with other processed commodities, on the internal target price of the basic product and on average manufacturing costs, together with an element of protection for the home processing industry. Products other than cheddar, tilsit and butter are divided into the following twelve groups, designated by a pilot product, to which a number of other products are assimilated, and each with a different threshold price:

Powdered whey	Parmesan
Powdered whole milk	Emmental
Powdered skimmed milk	Gouda

Condensed milk, unsweetened	Butterkase
Condensed milk, sweetened	Camembert
Blueveined cheese	Lactose

Exports of dairy products are given subsidies to cover the disposal of surpluses on lower priced external markets.

(c) **Beef and veal**

A basic level of protection against imports of live cattle is provided by a common external tariff of 20% ad valorem. A levy is applicable as a protection against imports of medium grade fat cattle based on internal market prices. The levy consists of the difference between the guide price and the duty-paid import price. When internal market prices, on selected Community markets, fall to 105% of the guide price, the levy is reduced to 50% of the full rate. Once internal prices fall to the actual guide price levy, imports become liable to the full rate of levy. For purposes of calculating the amount of the levy, the import price is deemed to be the prevailing average c.i.f. price for equivalent medium grade cattle on a number of representative third country markets (Britain, Ireland, Denmark and Austria). Levies for carcass meat, offals, derived beef and veal products are calculated according to a large variety of co-efficients relating them to fresh meat and cattle. For frozen beef, a special levy is calculated on the world price for such beef, but there are provisions for waiving the levy fully or partially, as in the case of frozen beef for the processing or canning industry when supplies of such meat are low in the EEC (the foregoing only applies to amounts imported over and above the 22,000 ton quotabound in GATT for corned beef and frozen meat at fixed tariffs of 26% and 20% respectively.)

(d) **Mutton and lamb**

Neither of these two products are covered under the CAP. There is a 20% common external tariff bound in GATT on both, and additionally France imposes minimum import prices.

(e) **Pigmeat**

Protection against imports from third countries is provided by sluicegate prices and levies. The latter comprise two elements, one consisting of the difference between feed grain prices in the EEC and world market prices – and the other a 7% tariff based on the average sluicegate price in the previous year. Sluicegate prices are determined by the Council of Ministers for three months in advance.

(f) **Eggs**

Levies are raised on imports of eggs into the Community which are offered at lower than sluicegate prices. These levies consist of two components: (1) A variable component equal to the difference in the feed cost of producing eggs inside the community and outside it, due to the difference in the price of feed grains in the Community (threshold prices) and on the world market (calculated quarterly).

(2) a fixed component equal to 7% of the average sluicegate price for shell eggs for the four quarters up to 1st May preceding the 1st August on which the component is fixed. It is fixed for a period of twelve months ahead.

Sluicegate prices upon which levies are based are fixed quarterly in advance, taking into account changes in feedgrain prices on the world market during the preceding six months. The c.i.f. price which forms the basic of the supplementary levy is determined by the lowest current offer on the world market. Should abnormally low offers arise on one or more markets a second 'free at frontier' price is determined, on which the supplementary levy applicable to those countries' exports is based.

(g) **Poultry meat**

Measures for protection against imports of poultry meat are essentially the same as for eggs, with levies reinforcing sluicegate prices for poultry meat, live poultry and day-old chicks. Only imports of poultry livers and certain kinds of preserved meat and offals are limited to lower rates of duty under GATT.

(h) **Sugar**

For imports of sugar from third countries threshold prices are fixed for white sugar, raw sugar and molasses in the light of the target price, with allowances being made for transport costs from the area with the highest surplus to the most distant deficit area (Palermo in Italy). The system of import levies is based on the lowest offer price on the world market. The CAP sugar policy covers sugar produced in the French Overseas Departments of Guadeloupe, Martinique, and Réunion and these countries benefit from derived intervention prices, for sugar produced within a regulated quota of 465,000 tons.

(i) **Fruit and vegetables**

Producers of fruit and vegetables in the EEC enjoy a similar type of protection against imports from third countries as producers of other CAP commodities.

Reference prices for all products are fixed by the Commission corresponding to the lowest market prices in the area of greatest surplus for each product. If import prices remain below the reference price for more than three consecutive days a countervailing duty is applied equivalent to the difference between the reference price and the import price. Import prices are calculated at a number of main internal markets with the allowance made for transport costs from the frontiers, as well as customs duty.

In the case of processed fruit and vegetables, import levies are collected according to the degree of sugar content in the produce. A further measure of assistance to EEC producers of fruit and vegetables is the granting of refunds on exports, equivalent to the duty under the CET, plus any countervailing duty which may be applicable.

(j) **Non-edible horticultural products**
A fixed CET import duty is only applied to imports of these products from third countries.

(k) **Vegetable oil and oilseeds**
Oilseeds generally enter the EEC duty free. Some **vegetable oils** are subject to duties under the CET while animal oils and fats are dealt with by the same terms as the respective regulations covering the livestock products from which they are derived. There are, however, separate regulations for olive oil and oil seeds. Levies are raised on imports of olive oil which are offered at lower than threshold prices. The internal market for oilseeds is protected by means of dificiency payments to seed crushers, and there is no levy arrangement for imports.

(l) **Wine and tobacco**
In the case of wine, a levy is raised on the difference between the lowest import offers from third countries and the CAP sluicegate price. Tobacco is subject to duties under the Common External Tariff of the EEC. There is no system of levies at present.

Appendix

Developing countries producing commodities covered by the CAP are listed below. The list should be interpreted with caution. In particular, it should be noted that the United Kingdom also maintains its own protective apparatus on a number of the products listed. The products themselves all account for 5% or more of the exports of the countries concerned.

In considering the list it should be noted that while EEC Associates may expect a duty preference under the CET, preferences under the levy system must be negotiated case by case after ratification.

Algeria	wine, fruit
Angola	maize
Argentina	meat, chilled, frozen and canned: wheat maize
Barbados	raw sugar, molasses, tobacco
Brazil	sugar, animal and vegetable oils and fats
British Honduras	fruit, prepared and preserved; sugar
Burma	rice, fresh vegetables, oilseed cake and meal
Cambodia	rice, maize, fruit and vegetables
Chad	fresh, chilled and frozen meat
China, Taiwan	fruit and vegetables, sugar
Costa Rica	meat, fruit and vegetables

Cuba	sugar
Dahomey	oilseeds, animal and vegetable oils and fats
Dominican Republic	sugar
Ethiopia	fruit and vegetables, oilseeds
Fiji	sugar
Gambia	oilseeds, vegetable oils
Guyana	rice, sugar
India	fruit and vegetables, sugar
Indonesia	oilseeds and vegetable oils
Ivory Coast	fruit and vegetables
Jamaica	sugar, fruit and vegetables
Kenya	meat, cereals, maize
Lebanon	fruit
Malagasy	rice
Malawi	maize, vegetables, tobacco, oilseeds and vegetable oil
Mali	livestock, oilseeds and vegetable oil
Mauritius	sugar
Mexico	meat, cattle, vegetables and sugar
Morocco	fruit and vegetables
Mozambique	maize, sugar
Nicaragua	meat
Niger	oilseeds, vegetable oils, livestock
Nigeria	oilseeds, vegetable oils
Pakistan	rice
Panama	fruit, sugar
Paraguay	meat and meat products, tobacco
Peru	sugar
Philippines	sugar, animal and vegetable oils and fats
Rhodesia	tobacco
Senegal	oilseed cake and meal, vegetable oils
Sierra Leone	oilseeds
Sudan	oilseed cake and meal, oilseeds, crude vegetable material
Syria	fruit and vegetables
St. Kitts-Nevis	cane-sugar
Anguilla	cane-sugar
Tanzania	fruit and vegetables
Thailand	rice, maize, fruit and vegetables
Togo	oilseeds
Trinidad & Tobago	sugar cane and beet
Tunisia	tobacco, wine, olive oil
United Arab Republic	cereals, rice, fruit and vegetables
Uraguay	meat and meat products, beef
Uganda	sugar
Upper Volta	livestock, oilseeds, vegetable oil

Statistical Appendix

Note: — nil or negligible

... not available

Table 1 EEC and EFTA Imports from LDC's of Commonwealth, Yaoundé and Rest of World: 1959 $m

SITC		Austria	Denmark	Norway	Portugal	UK	Sweden	Switzerland	EFTA*	Germany	Benelux	France	Italy	Netherlands	EEC
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Total imports														
	Commonwealth LDC's	37·5	35·5	30·5	11·0	1,869·5	73·5	39·7	2,086·2	419·1	75·9	137·0	153·3	168·1	953·4
	Yaoundé Associates	2·2	7·1	3·5	1·2	29·7	5·4	7·5	56·6	88·3	207·9	455·5	60·4	42·2	854·3
	Other LDC's	49·0	135·1	89·0	124·8	1,998·9	263·5	115·0	2,775·3	1,431·7	357·6	1,629·1	767·2	664·5	4,850·1
	Total LDC's	88·7	177·7	123·0	137·0	3,898·1	342·4	162·2	4,918·1	1,939·1	641·4	2,221·6	981·9	874·8	6,657·8
	World	1,144·6	1,594·3	1,314·4	475·8	11,172·3	2,408·9	1,913·4	20,023·7	8,477·3	3,444·6	5,087·0	3,347·0	3,938·8	24,294·7
0	**Food & live animals**														
	Commonwealth LDC's	11·0	8·0	5·4	0·3	686·3	13·1	11·8	735·9	114·8	8·4	11·4	33·2	46·6	214·4
	Yaoundé Associates	0·7	2·4	1·7	—	9·7	1·8	2·4	18·7	21·4	11·6	176·4	28·4	17·1	254·9
	Other LDC's	26·3	67·3	32·8	28·7	468·3	91·5	52·1	765·7	451·6	92·3	424·7	160·2	167·7	1,295·8
	Total LDC's	48·0	77·7	39·9	29·0	1,164·3	106·4	66·3	1,520·3	587·8	112·3	612·5	221·8	231·4	1,765·1
	World	178·7	232·4	132·6	41·9	3,921·0	290·2	305·6	5,102·4	2,082·9	443·3	900·6	545·9	558·8	4,531·5
1	**Beverages & tobacco**														
	Commonwealth LDC's	1·2	0·4	0·7	0·2	97·1	0·5	0·2	100·3	7·4	3·0	—	—	4·0	14·4
	Yaoundé Associates	—	—	—	—	—	—	—	—	0·3	0·1	7·4	—	—	7·8
	Other LDC's	0·6	12·6	—	0·5	1·7	0·2	5·2	20·8	17·1	6·1	245·9	—	17·8	286·9
	Total LDC's	1·8	13·0	0·7	0·7	98·8	0·7	5·4	121·1	24·8	9·2	253·3	—	21·8	309·1
	World	11·1	35·5	10·7	6·1	341·0	28·2	43·2	475·8	156·6	55·5	287·7	15·0	52·1	566·9
2	**Crude materials, inedible**														
	Commonwealth LDC's	11·4	17·2	11·4	9·2	475·0	24·4	17·0	433·3	213·4	50·0	102·6	92·1	69·2	527·3
	Yaoundé Associates	0·8	2·7	1·0	0·8	10·8	1·8	4·5	22·4	48·2	55·5	172·9	8·1	13·2	298·1
	Other LDC's	17·8	26·3	14·2	49·3	364·2	37·3	31·6	538·6	394·8	66·9	268·6	141·2	122·0	993·5
	Total LDC's	30·0	46·2	26·6	59·3	840·0	63·5	53·1	994·3	656·4	172·4	544·1	241·4	204·4	1,818·9
	World	132·1	162·4	87·6	86·0	2,455·4	183·6	179·8	3,286·9	1,861·1	636·9	1,150·8	921·6	548·4	5,118·8
3	**Mineral fuels & lubricants**														
	Commonwealth LDC's	—	1·7	0·8	0·4	121·0	14·1	0·3	138·3	0·2	0·2	—	0·6	17·2	18·2
	Yaoundé Associates	—	—	—	—	—	—	—	—	—	—	15·1	—	—	15·1
	Other LDC's	—	23·5	26·2	44·8	1,020·5	115·9	4·2	1,235·1	381·7	157·9	597·4	403·8	329·0	1,869·8
	Total LDC's	—	25·2	27·0	45·2	1,141·5	130·0	4·5	1,373·4	381·9	158·1	612·5	404·4	346·2	1,893·1
	World	122·7	202·0	115·2	53·7	1,311·0	361·2	160·8	2,326·6	661·3	396·0	1,009·6	585·2	536·1	3,188·2
4	**Animal & vegetable oils & fats**														
	Commonwealth LDC's	2·5	0·6	—	—	65·5	0·5	1·2	70·3	4·1	1·9	0·2	5·1	4·4	15·7
	Yaoundé Associates	0·5	1·9	0·6	—	—	1·3	0·1	4·4	13·5	11·4	50·5	6·5	5·4	87·3
	Other LDC's	1·7	1·1	0·2	3·6	16·1	3·2	1·2	27·1	23·6	1·8	3·9	27·8	13·9	87·0
	Total LDC's	4·7	3·6	0·8	3·6	81·6	5·0	2·5	101·8	41·2	15·1	54·6	39·4	23·5	190·0
	World	22·0	9·3	14·2	6·3	150·6	18·0	11·2	231·6	142·8	29·5	80·8	84·4	66·1	403·6
5	**Chemicals**														
	Commonwealth LDC's	—	—	7·6	0·1	8·9	—	—	16·6	0·7	—	1·0	—	7·9	9·6
	Yaoundé Associates	—	—	—	—	—	—	0·1	0·1	0·7	0·1	2·1	—	—	2·9
	Other LDC's	—	1·1	0·1	0·2	11·1	1·1	0·5	14·1	10·2	1·0	19·3	4·4	3·7	38·6
	Total LDC's	—	1·1	7·7	0·3	20·0	1·1	0·6	30·8	11·6	1·1	22·4	4·4	11·6	51·1
	World	95·2	134·8	80·9	48·6	387·4	183·1	154·2	1,084·2	334·7	228·1	229·1	231·0	243·6	1,266·5
6	**Manufactured Goods**														
	Commonwealth LDC's	0·6	4·9	1·5	0·3	312·3	15·4	6·8	341·8	62·2	11·3	20·3	20·8	9·9	124·5
	Yaoundé Associates	0·3	—	—	0·3	7·6	0·3	0·1	8·6	3·4	128·0	29·4	18·3	6·2	185·3
	Other LDC's	1·8	2·3	1·4	1·2	80·1	11·0	18·0	115·8	147·6	23·1	45·9	18·5	8·1	242·2
	Total LDC's	2·7	7·2	2·9	1·8	400·0	26·7	24·9	466·2	213·2	162·4	95·6	57·6	24·2	552·0
	World	216·4	403·1	296·1	96·3	1,517·1	544·2	508·6	3,581·8	1,825·9	811·9	658·0	482·6	917·4	4,695·8
7	**Machinery & transport equipment**														
	Commonwealth LDC's	—	—	—	—	26·9	1·5	—	28·4	0·2	0·2	—	1·2	0·1	1·7
	Yaoundé Associates	—	—	—	—	1·0	—	—	1·0	—	0·6	—	—	—	0·6
	Other LDC's	—	—	16·5	—	18·7	1·5	—	36·7	0·3	4·1	0·9	10·8	0·7	16·8
	Total LDC's	—	—	16·5	—	46·6	3·0	—	66·1	0·5	4·9	0·9	12·0	0·8	19·1
	World	301·5	349·0	506·6	116·8	707·6	625·5	—	2,990·3	752·3	643·5	639·2	378·7	764·3	3,178·0
8	**Miscellaneous manufactured articles**														
	Commonwealth LDC's	—	1·0	2·6	—	56·0	4·8	—	64·4	13·5	1·0	0·4	0·6	1·6	17·1
	Yaoundé Associates	—	—	—	—	0·2	—	—	0·2	0·3	0·1	0·3	—	—	0·7
	Other LDC's	—	—	—	—	1·2	0·2	0·6	2·0	3·5	0·1	1·4	—	0·5	4·5
	Total LDC's	—	1·0	2·6	—	57·4	5·0	0·6	66·6	17·3	1·2	2·1	0·6	2·1	22·3
	World	64·7	65·2	70·5	20·0	338·4	174·4	165·5	898·7	557·7	192·6	116·2	99·5	210·3	1,176·3
9	**Other transactions**														
	Commonwealth LDC's	—	—	—	—	3·9	0·1	—	3·9	0·9	—	—	—	0·2	1·1
	Yaoundé Associates	—	—	—	—	—	—	—	—	—	—	0·1	—	—	0·1
	Other LDC's	—	—	—	—	—	—	—	—	1·8	—	3·6	—	0·3	5·7
	Total LDC's	—	—	—	—	3·9	0·1	—	3·9	2·7	—	3·7	—	0·5	6·9
	World	0·2	0·5	0·1	0·1	42·8	0·5	1·2	45·4	82·1	7·2	15·0	3·1	41·5	148·9

* Excluding Finland.

Source: Compiled from OECD *Statistics of Foreign Trade*

Table 2 Imports of OECD countries from LDC's of Commonwealth, Yaoundé and Rest of World: 1969 $m

SITC		OECD Total	EEC	EFTA	Benelux	Netherlands	Germany	France	Italy	UK	Other EFTA	Other OECD
		1	2	3	4	5	6	7	8	9	10 (3-9)	11 [1-(2+3)]
	Total imports											
	Commonwealth LDC's	8,762·4	1,810·8	2,615·8	155·4	259·2	680·8	479·8	438·5	2,177·1	438·7	4,335·8
	Yaoundé Associates	2,098·1	1,718·8	167·5	479·8	122·8	248·1	668·8	200·2	130·8	36·7	315·5
	Other LDC's	29,740·8	11,255·3	4,766·8	920·6	1,334·4	3,651·1	2,538·5	2,607·0	2,766·1	2,000·7	13,615·0
	Total LDC's	40,601·3	14,784·9	7,550·1	1,555·8	1,716·4	4,580·0	3,687·1	3,245·7	5,074·0	2,476·1	18,266·3
	World	191,885·9	75,577·7	44,009·9	9,988·6	10,993·5	24,929·0	17,219·8	12,499·7	19,956·3	24,533·2	72,298·3
0	**Food & live animals**											
	Commonwealth LDC's	1,556·0	219·1	774·0	9·9	65·0	89·9	16·0	36·4	694·2	79·8	562·9
	Yaoundé Associates	645·1	488·5	24·7	14·6	63·6	104·1	256·1	49·8	15·5	9·2	131·9
	Other LDC's	6,969·3	2,343·6	1,022·9	183·3	324·7	790·0	501·5	546·2	404·9	618·0	3,602·9
	Total LDC's	9,170·4	3,051·2	1,821·6	207·8	453·3	984·0	773·6	632·4	1,114·6	707·0	4,297·7
	World	25,162·2	10,511·3	6,317·8	1,036·0	1,354·6	3,927·5	2,078·0	2,115·3	4,200·6	2,117·2	8,333·1
1	**Beverages & tobacco**											
	Commonwealth LDC's	92·5	10·0	63·0	2·5	3·4	3·5	0·2	0·1	59·4	3·6	19·5
	Yaoundé Associates	8·8	5·7	0·8	0·4	—	0·2	5·0	—	—	0·8	2·4
	Other LDC's	323·9	190·2	39·4	10·6	8·6	48·1	121·8	2·5	8·6	30·8	94·2
	Total LDC's	425·2	205·9	103·2	13·5	12·0	51·8	126·0	2·6	68·0	35·2	116·1
	World	2,782·8	978·3	755·3	122·6	131·6	404·5	217·0	102·5	441·0	314·3	1,049·2
2	**Crude materials, inedible**											
	Commonwealth LDC's	2,172·8	582·4	380·8	55·1	63·6	181·5	165·8	116·0	270·7	110·1	1,209·6
	Yaoundé Associates	734·7	553·1	80·3	59·4	39·1	108·1	259·8	86·5	55·7	24·6	101·3
	Other LDC's	5,038·0	1,674·5	708·1	139·0	123·2	648·4	335·8	428·7	406·3	301·8	2,655·4
	Total LDC's	7,945·5	2,810·0	1,169·2	253·5	225·9	938·0	761·4	631·2	732·7	436·5	3,966·3
	World	24,945·4	9,847·5	4,640·9	1,247·6	1,033·8	3,436·7	1,909·9	2,219·5	2,834·7	1,806·2	10,457·0
3	**Mineral fuels & lubricants**											
	Commonwealth LDC's	681·5	135·3	202·4	13·3	50·4	31·8	36·1	3·6	118·3	84·1	343·8
	Yaoundé Associates	27·4	21·1	3·1	1·9	0·6	2·1	16·1	0·4	2·2	0·9	3·2
	Other LDC's	12,509·4	5,460·3	2,192·1	468·9	761·9	1,397·7	1,372·0	1,460·0	1,587·5	604·6	4,857·2
	Total LDC's	13,218·3	5,616·7	2,397·6	484·1	812·9	1,431·6	1,424·2	1,464·0	1,708·0	689·6	5,204·0
	World	19,530·0	7,952·4	4,248·0	892·8	1,071·7	2,207·9	1,964·6	1,815·5	2,184·6	2,063·4	7,329·6
4	**Animal & vegetable oils & fats**											
	Commonwealth LDC's	103·1	21·8	66·7	1·3	4·7	8·4	2·1	5·0	63·2	3·5	14·6
	Yaoundé Associates	83·9	77·1	1·8	3·1	7·7	14·2	45·2	8·2	0·9	0·9	5·0
	Other LDC's	295·8	148·2	30·9	5·5	23·9	49·8	31·2	37·2	14·0	16·9	116·3
	Total LDC's	482·8	247·5	99·4	9·9	36·3	72·4	78·5	50·4	78·1	21·3	135·9
	World	1,770·0	622·3	270·4	54·1	103·8	181·8	147·9	134·6	175·5	94·9	277·3
5	**Chemicals**											
	Commonwealth LDC's	183·3	32·9	96·6	—	19·7	4·5	4·4	2·2	43·1	53·5	53·8
	Yaoundé Associates	10·5	6·4	0·7	—	0·3	1·9	3·8	0·2	0·5	0·2	3·5
	Other LDC's	344·6	105·9	67·4	4·9	23·5	30·7	30·8	18·3	28·4	39·0	171·2
	Total LDC's	538·4	145·2	164·7	4·9	43·5	37·1	39·0	20·7	72·0	92·7	228·5
	World	12,592·3	5,526·5	3,442·7	724·8	917·1	1,560·2	1,349·1	975·3	1,111·3	2,331·4	3,623·1
6	**Manufactured goods**											
	Commonwealth LDC's	2,403·2	595·1	718·1	64·4	23·9	208·2	143·7	154·9	612·2	105·9	1,367·9
	Yaoundé Associates	683·0	559·5	56·7	400·6	10·0	16·5	77·4	54·4	55·2	1·5	66·8
	Other LDC's	2,750·5	1,366·4	492·6	101·1	38·5	525·0	212·8	202·7	275·3	217·3	900·5
	Total LDC's	5,836·7	2,234·1	1,267·4	566·1	72·4	749·7	433·9	412·0	942·7	324·7	2,335·2
	World	40,386·2	17,435·0	10,004·5	2,693·6	2,472·0	6,341·7	3,780·7	2,147·1	4,415·9	5,588·6	12,946·7
7	**Machinery & transport equipment**											
	Commonwealth LDC's	239·8	16·5	46·9	0·8	3·3	8·2	1·0	3·1	43·3	3·6	176·4
	Yaoundé Associates	5·7	5·1	0·3	0·2	0·3	—	4·3	0·2	0·3	—	0·3
	Other LDC's	448·3	75·8	62·1	4·3	16·0	32·4	12·2	11·2	35·9	26·2	310·4
	Total LDC's	693·8	97·4	109·3	5·3	19·6	40·6	17·5	14·5	79·5	29·8	487·1
	World	46,147·1	15,592·9	10,161·9	2,451·1	2,622·9	3,939·3	4,213·5	2,366·2	3,165·9	6,996·0	20,392·3
8	**Miscellaneous manufactured articles**											
	Commonwealth LDC's	1,173·6	191·2	332·0	6·8	23·8	138·8	13·1	8·3	233·2	98·8	650·4
	Yaoundé Associates	1·1	0·5	0·1	0·1	—	—	0·2	—	0·1	—	0·5
	Other LDC's	764·7	147·3	62·0	2·9	14·2	110·0	19·0	4·7	22·3	39·7	555·4
	Total LDC's	1,939·4	339·0	394·1	9·8	38·0	248·8	32·3	13·0	255·6	138·5	1,206·3
	World	16,159·6	6,052·2	3,871·2	751·7	1,164·5	2,081·7	1,552·3	502·0	1,232·4	2,638·8	6,236·2
9	**Other transactions**											
	Commonwealth LDC's	137·7	5·1	18·6	0·1	0·6	3·9	0·1	0·2	18·4	0·2	114·0
	Yaoundé Associates	2·8	1·1	—	0·1	0·1	0·4	0·1	—	—	—	1·7
	Other LDC's	210·1	31·5	5·0	0·7	1·7	24·5	0·6	4·7	4·3	0·7	173·6
	Total LDC's	350·6	37·7	23·6	0·9	2·4	28·8	0·8	4·9	22·7	0·9	289·3
	World	16,159·7	6,052·2	3,871·2	751·7	1,164·5	2,081·7	1,552·3	502·0	1,232·4	2,638·8	6,236·3

Source: Compiled from OECD *Statistics of Foreign Trade.*

Table 3 Share of LDC's in import totals of OECD countries: 1959 and 1969 — % (Derived from tables 1 and 2)

SITC		EEC	EFTA	Benelux	Nether-lands	Germany	France	Italy	UK	Other EFTA	Other OECD	OECD Total
		1	2	3	4	5	6	7	8	9	10	11
	Total imports											
	1959											
	Commonwealth LDC's	3·9	10·4	2·2	4·3	4·9	2·7	4·6	16·7	...	...	...
	Yaoundé Associates	3·5	2·8	6·0	1·1	1·0	9·0	1·8	0·3	...	...	...
	Other LDC's	20·0	13·9	10·4	16·9	16·9	32·0	22·9	17·9	...	...	...
	Total LDC's	27·4	27·1	18·6	22·3	22·8	43·7	29·3	34·9	...	...	...
	1969											
	Commonwealth LDC's	2·4	5·9	1·6	2·4	2·7	2·8	3·5	10·9	1·8	6·0	4·6
	Yaoundé Associates	2·3	0·4	4·8	1·1	1·0	3·9	1·6	0·7	0·1	0·4	1·1
	Other LDC's	14·9	10·8	9·2	12·1	14·6	14·7	20·9	13·9	8·2	18·8	15·4
	Total LDC's	19·6	17·1	15·6	15·6	18·3	21·4	26·0	25·5	10·1	25·2	21·1
0	**Food & live animals**											
	1959											
	Commonwealth LDC's	4·7	14·4	1·8	8·4	5·5	1·2	6·0	17·5	...	...	...
	Yaoundé Associates	5·6	0·4	2·7	0·3	1·0	19·6	5·1	0·3	...	...	...
	Other LDC's	28·6	15·0	20·3	30·0	21·7	47·2	29·3	11·9	...	...	...
	Total LDC's	38·9	29·8	24·8	38·7	28·2	68·0	40·4	29·7	...	...	...
	1969											
	Commonwealth LDC's	6·2	2·1	1·0	4·8	2·3	0·8	1·7	16·5	3·8	6·8	6·2
	Yaoundé Associates	2·6	4·6	1·4	4·7	2·6	12·3	2·4	0·4	0·4	1·6	2·6
	Other LDC's	27·7	22·3	17·7	24·0	20·1	24·1	25·8	9·6	29·2	43·2	27·7
	Total LDC's	36·4	29·0	20·1	33·5	25·0	37·2	29·9	26·5	33·4	51·6	36·5
1	**Beverages & tobacco**											
	1959											
	Commonwealth LDC's	·2·5	21·0	5·4	7·6	4·7	—	—	28·4	...	...	...
	Yaoundé Associates	1·4	—	0·2	—	0·2	2·6	—	—	...	...	...
	Other LDC's	50·6	4·4	11·0	34·2	10·9	85·5	—	0·5	...	...	...
	Total LDC's	54·5	25·4	16·6	41·8	15·8	88·1	—	28·9	...	...	...
	1969											
	Commonwealth LDC's	1·0	8·3	2·0	2·6	0·9	0·1	0·1	13·4	1·1	1·9	3·3
	Yaoundé Associates	0·6	0·1	0·3	—	—	2·3	—	—	0·3	0·2	0·3
	Other LDC's	19·4	5·2	9·0	6·5	11·8	56·2	2·5	2·0	9·9	9·0	11·6
	Total LDC's	21·0	13·6	11·3	9·1	12·7	58·6	2·6	15·4	11·3	11·1	15·2
2	**Crude materials, inedible**											
	1959											
	Commonwealth LDC's	10·3	13·2	7·9	7·7	11·5	8·9	10·0	28·5	...	...	...
	Yaoundé Associates	5·8	0·8	8·7	—	2·6	15·0	0·9	—	...	...	...
	Other LDC's	19·4	16·4	10·5	22·2	21·2	23·3	15·3	14·8	...	...	...
	Total LDC's	35·5	30·4	37·1	29·9	35·3	47·2	26·2	43·3	...	...	...
	1969											
	Commonwealth LDC's	5·9	8·2	4·4	6·2	5·3	8·7	5·2	9·6	6·1	11·6	8·7
	Yaoundé Associates	5·6	1·7	4·7	3·8	3·1	13·6	3·9	2·0	1·4	1·0	2·9
	Other LDC's	17·0	15·3	11·1	11·9	18·8	17·6	19·3	14·3	16·7	25·4	20·2
	Total LDC's	28·5	25·2	20·2	21·9	27·2	39·9	28·4	25·9	24·2	38·0	31·8
3	**Mineral fuels & lubricants**											
	1959											
	Commonwealth LDC's	0·6	6·0	—	3·2	—	—	0·1	9·2	...	...	...
	Yaoundé Associates	0·5	—	—	—	—	1·5	—	—	...	...	...
	Other LDC's	58·6	53·0	39·9	61·4	57·7	59·2	69·0	77·8	...	...	...
	Total LDC's	59·7	59·0	39·9	64·6	57·7	60·7	69·1	87·0	...	...	...
	1969											
	Commonwealth LDC's	1·7	4·8	1·5	4·7	1·4	1·4	0·2	5·4	4·1	4·7	3·5
	Yaoundé Associates	0·3	0·1	0·2	0·1	0·1	0·8	—	0·1	—	—	0·1
	Other LDC's	68·7	51·6	52·5	71·1	63·3	69·8	80·4	72·7	29·3	66·3	64·1
	Total LDC's	70·7	56·5	54·2	75·9	64·8	72·0	80·6	78·2	33·4	71·0	67·7
4	**Animal & vegetable oils & fats**											
	1959											
	Commonwealth LDC's	4·0	30·2	6·4	6·7	2·8	0·2	6·0	43·5	...	...	...
	Yaoundé Associates	21·5	1·9	38·6	8·2	9·8	62·5	7·7	—	...	...	...
	Other LDC's	21·6	11·7	6·1	21·0	16·5	4·8	32·9	10·7	...	...	...
	Total LDC's	47·1	43·8	51·1	35·9	29·1	67·5	46·6	54·2	...	...	...
	1969											
	Commonwealth LDC's	3·5	24·8	1·9	4·5	4·6	1·4	3·7	36·0	3·7	5·3	8·8
	Yaoundé Associates	12·4	0·7	5·6	7·4	7·8	30·5	6·1	0·5	0·9	1·8	7·2
	Other LDC's	23·8	11·5	10·2	23·1	27·4	20·9	27·5	8·0	17·9	41·9	25·3
	Total LDC's	39·7	37·0	17·7	35·0	39·8	52·8	37·3	44·5	22·5	49·0	41·3
5	**Chemicals**											
	1959											
	Commonwealth LDC's	0·8	1·5	—	3·2	0·2	0·5	—	2·3	...	...	...
	Yaoundé Associates	0·2	—	—	—	0·2	0·9	—	—	...	...	...
	Other LDC's	3·5	1·3	0·5	1·5	3·0	8·4	1·9	2·9	...	...	...
	Total LDC's	4·5	2·8	0·5	4·7	3·4	9·8	1·9	5·2	...	...	...
	1969											
	Commonwealth LDC's	0·6	2·8	—	2·1	0·3	0·3	0·2	3·9	2·3	1·5	1·4
	Yaoundé Associates	0·1	—	—	—	0·1	0·3	—	—	—	0·1	0·1
	Other LDC's	1·9	1·9	0·7	2·6	2·0	2·3	1·8	2·5	1·7	4·7	2·7
	Total LDC's	2·6	4·7	0·7	4·7	2·4	2·9	2·0	6·4	4·0	6·3	4·2
6	**Manufactured goods**											
	1959											
	Commonwealth LDC's	2·6	9·5	1·4	1·1	7·5	3·0	4·4	20·6	...	...	...
	Yaoundé Associates	3·9	0·2	15·8	0·7	0·2	4·4	3·7	0·5	...	...	...
	Other LDC's	5·2	3·2	2·8	0·9	8·1	6·9	3·8	5·3	...	...	...
	Total LDC's	11·7	12·9	20·0	2·7	15·8	14·3	11·9	26·4	...	...	...
	1969											
	Commonwealth LDC's	1·8	7·2	2·4	1·0	3·3	3·8	7·2	13·8	1·9	10·6	6·0
	Yaoundé Associates	3·2	0·6	14·9	0·4	0·3	2·0	2·5	1·2	—	0·5	1·7
	Other LDC's	7·8	4·9	3·7	1·6	8·3	5·6	9·4	6·2	3·9	7·0	6·8
	Total LDC's	12·8	12·7	21·0	3·0	11·9	11·4	19·1	21·2	5·8	18·1	14·5
7	**Machinery & transport equipment**											
	1959											
	Commonwealth LDC's	0·1	0·9	—	—	—	—	0·3	3·8	...	...	...
	Yaoundé Associates	—	—	0·1	—	—	—	—	0·1	...	...	...
	Other LDC's	0·5	1·2	0·6	0·1	—	0·1	2·9	2·6	..	...	...
	Total LDC's	0·6	2·1	0·7	0·1	0·1	0·1	3·2	6·5	...	...	...
	1969											
	Commonwealth LDC's	0·1	0·5	—	0·1	0·2	—	0·1	1·4	0·1	0·9	0·5
	Yaoundé Associates	—	—	—	—	—	0·1	—	—	—	—	—
	Other LDC's	0·5	0·6	0·2	0·6	0·8	0·3	0·5	1·1	0·4	1·5	1·0
	Total LDC's	0·6	1·1	0·2	0·8	1·0	0·4	0·6	2·5	0·5	2·4	1·5
8	**Miscellaneous manufactured articles**											
	1959											
	Commonwealth LDC's	1·4	7·1	0·5	0·8	2·4	0·4	0·6	16·6	...	...	...
	Yaoundé Associates	0·6	—	0·1	—	0·1	0·3	—	0·1	...	...	...
	Other LDC's	0·4	0·2	—	0·2	0·6	1·2	—	0·4	...	...	...
	Total LDC's	2·4	7·3	0·6	1·0	3·1	1·9	0·6	17·1	...	...	...
	1969											
	Commonwealth LDC's	3·2	8·6	0·9	2·0	6·7	0·8	1·7	18·9	3·7	10·4	7·3
	Yaoundé Associates	—	—	—	—	—	—	—	—	—	—	—
	Other LDC's	2·4	1·7	0·4	1·2	5·3	1·2	0·9	1·8	1·5	8·9	4·7
	Total LDC's	5·6	10·3	1·3	3·2	12·0	2·0	2·6	20·7	5·2	19·3	12·0
9	**Other transactions**											
	1959											
	Commonwealth LDC's	0·7	8·6	—	0·5	1·1	—	0·4	9·1	...	...	...
	Yaoundé Associates	0·1	—	—	—	—	0·7	—	—	...	...	...
	Other LDC's	3·8	—	—	—	2·2	24·0	0·7	—	...	...	...
	Total LDC's	4·6	8·6	—	0·5	3·3	24·7	1·1	9·1	...	...	...
	1969											
	Commonwealth LDC's	0·1	0·5	—	0·1	0·2	—	—	1·5	—	1·8	0·9
	Yaoundé Associates	—	—	—	—	—	—	—	—	—	—	—
	Other LDC's	0·5	0·1	0·1	0·1	1·2	—	0·9	0·3	—	2·8	1·3
	Total LDC's	0·6	0·6	0·1	0·2	1·4	0·1	1·0	1·8	—	4·6	2·2

Source: Derived from Tables 1 & 2.

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Table 4 Increase in imports of EEC and EFTA countries from LDC's: 1959-1969 — %

SITC		EEC	EFTA	Benelux	Netherlands	Germany	France	Italy	UK
		1	2	3	4	5	6	7	8
	Total								
	Commonwealth LDC's	89·9	25·3	104·7	54·2	62·4	250·2	186·0	16·4
	Yaoundé Associates	101·1	195·9	130·7	191·0	180·9	46·8	231·5	340·4
	Other LDC's	132·1	71·8	157·4	100·9	154·9	55·8	239·9	38·4
	All LDC's	122·1	153·5	142·7	96·1	136·2	65·9	230·5	30·2
	World	211·1	119·8	190·0	179·2	194·1	238·5	273·4	78·6
0	**Food & live animals**								
	Commonwealth LDC's	2·3	5·2	17·8	38·3	−21·7	40·3	9·6	16·4
	Yaoundé Associates	91·4	32·1	25·9	271·9	395·2	45·5	75·4	59·8
	Other LDC's	80·9	33·6	98·6	93·6	74·9	18·1	240·9	−13·5
	All LDC's	72·9	19·9	85·0	95·9	67·3	26·3	185·1	−0·2
	World	132·0	23·8	133·9	142·6	88·6	130·6	287·4	7·1
1	**Beverages & tobacco**								
	Commonwealth LDC's	−30·6	−37·2	−16·7	−15·0	−52·7	...	...	−38·8
	Yaoundé Associates	−26·9	...	300·0	...	−33·3	−32·4	...	...
	Other LDC's	−33·7	89·4	73·8	−51·7	181·3	−50·5	...	405·9
	All LDC's	−33·4	−14·8	46·7	−45·0	108·9	−50·3	...	−30·2
	World	72·5	58·7	120·9	152·6	158·3	−24·7	583·3	29·3
2	**Crude materials, inedible**								
	Commonwealth LDC's	10·4	−12·1	10·2	−8·1	−14·6	61·6	26·1	−43·0
	Yaoundé Associates	85·5	258·5	7·0	196·2	124·3	50·3	967·9	415·7
	Other LDC's	68·6	31·4	107·5	0·8	64·1	25·0	204·3	11·5
	All LDC's	54·5	17·6	47·0	10·5	43·0	39·9	161·8	−12·8
	World	92·4	41·2	95·8	88·7	84·7	65·9	140·9	15·5
3	**Mineral fuels, lubricants**								
	Commonwealth LDC's	643·4	46·3	6,550·0	193·0	15,800·0	...	500·0	−2·2
	Yaoundé Associates	39·7	...	...	...	...	6·6	...	...
	Other LDC's	192·0	77·5	196·8	131·6	266·0	129·8	261·4	55·5
	All LDC's	196·7	74·6	206·2	134·8	274·9	139·2	262·4	49·6
	World	149·2	82·6	125·5	100·0	234·0	94·6	210·3	66·7
4	**Animal & vegetable oils & fats**								
	Commonwealth LDC's	38·9	−5·1	−31·6	6·8	104·9	1,050·0	−2·0	−3·5
	Yaoundé Associates	11·7	−59·1	−72·8	42·6	5·2	−10·5	26·2	...
	Other LDC's	70·1	30·9	205·6	71·9	111·0	700·0	33·8	−14·0
	All LDC's	30·3	−2·4	−34·5	54·5	75·7	43·8	27·9	−4·3
	World	54·2	16·8	83·4	57·0	27·3	83·0	59·5	16·5

		EEC 1	EFTA 2	Benelux 3	Netherlands 4	Germany 5	France 6	Italy 7	UK 8
5	**Chemicals**								
	Commonwealth LDC's	242·7	481·9	...	149·4	642·9	340·0	...	384·3
	Yaoundé Associates	120·7	600·0	...	...	171·4	80·9	...	...
	Other LDC's	174·4	378·0	390·0	535·1	201·0	59·6	315·9	155·8
	All LDC's	184·1	434·7	345·5	275·0	219·8	74·1	370·5	260·0
	World	336·5	217·6	217·8	275·8	365·7	489·1	322·1	187·1
6	**Manufactured goods**								
	Commonwealth LDC's	378·0	109·9	469·9	141·4	235·5	607·9	638·1	96·0
	Yaoundé Associates	201·9	559·3	213·0	61·3	385·3	163·3	197·3	626·3
	Other LDC's	464·5	325·4	337·7	375·3	254·7	363·6	995·7	243·7
	All LDC's	304·7	171·9	249·4	199·2	252·1	353·9	615·3	135·7
	World	271·3	179·3	231·8	169·6	247·3	474·6	344·5	191·1
7	**Machinery & transport equipment**								
	Commonwealth LDC's	870·6	65·1	300·0	3,200·0	4,000·0	...	158·3	61·0
	Yaoundé Associates	850·0	−70·0	−66·7	...	...	...	...	−70·0
	Other LDC's	351·2	69·2	4·9	290·2	9,800·0	1,355·6	3·7	92·0
	All LDC's	409·9	65·4	8·2	2,350·0	8,120·0	1,844·4	20·8	70·6
	World	390·7	239·9	281·2	243·3	423·8	559·3	524·3	347·2
8	**Miscellaneous manufactured articles**								
	Commonwealth LDC's	1,018·1	415·5	680·0	1,387·5	928·1	3,175·0	1,283·3	316·4
	Yaoundé Associates	−28·6	−50·0	0·0	...	...	−33·3	...	−50·0
	Other LDC's	3,271·1	3,100·0	2,800·6	2,740·0	3,042·9	1,257·1	...	1,758·3
	All LDC's	1,420·2	491·7	716·7	1,709·5	1,338·2	1,438·1	2,066·6	345·3
	World	414·6	330·6	290·3	454·3	273·1	1,237·9	404·5	264·5
9	**Other transactions**								
	Commonwealth LDC's	363·6	376·9	...	200·0	333·3	...	...	371·8
	Yaoundé Associates	1,000·0	...	...	...	...	—	...	...
	Other LDC's	452·6	...	...	466·7	1,261·1	−83·3	...	...
	All LDC's	446·4	505·1	...	380·0	966·7	−78·4	...	482·1
	World	306·4	8,602·2	10,440·3	280·5	2,435·9	10,246·7	16,093·5	2,779·4

Source: Derived from Tables 1 & 2

Table 5 Exports and imports of less developed countries to and from the developed countries: 1959

		EXPORTS							IMPORTS						
		World	EEC	UK	Other Industrial Western Europe	Industrial Western Europe	US and Canada	Japan	World	EEC	UK	Other Industrial Western Europe	Industrial Western Europe	US and Canada	Japan
		1	2	3	4	5 (Cols. 2+3+4)	6	7	8	9	10	11	12 (Cols. 9+10+11)	13	14
Total LDC's	$ million	22,683·7	5,469·2	3,519·8	552·9	9,541·9	5,881·8	1,260·2	23,964·6	5,726·6	3,173·0	838·3	9,737·9	6,215·9	1,480·2
	(%)	(100·0)	(24·1)	(15·5)	(2·4)	(42·1)	(25·9)	(5·6)	(100·0)	(23·9)	(13·2)	(3·5)	(40·6)	(25·9)	(6·2)
Latin America	$ million	7,425·7	1,332·0	694·1	222·7	2,248·8	3,284·1	181·8	7,516·4	1,395·6	395·6	357·0	2,148·2	3,640·5	153·2
	(%)	(100·0)	(17·9)	(9·3)	(3·0)	(30·3)	(44·2)	(2·4)	(100·0)	(18·6)	(5·3)	(4·7)	(28·6)	(48·4)	(2·0)
Other Western Hemisphere	$ million	1,387·1	162·2	266·7	62·0	490·9	510·7	3·4	1,787·0	203·0	285·7	25·9	514·6	334·6	14·5
	(%)	(100·0)	(11·7)	(19·2)	(4·5)	(35·4)	(36·8)	(0·2)	(100·0)	(11·4)	(16·0)	(1·4)	(28·8)	(18·7)	(0·8)
Middle East	$ million	4,335·8	1,493·2	735·2	101·2	2,329·6	424·2	320·7	3,047·7	838·2	522·1	151·3	1,511·6	521·5	163·4
	(%)	(100·0)	(34·4)	(17·0)	(2·3)	(53·7)	(9·8)	(7·4)	(100·0)	(27·5)	(17·1)	(5·0)	(49·6)	(17·1)	(5·4)
Africa	$ million	3,869·3	1,753·8	931·3	80·2	2,765·3	370·6	61·2	4,608·1	2,135·9	880·2	119·5	3,135·6	281·2	144·8
	(%)	(100·0)	(45·3)	(24·1)	(2·1)	(71·5)	(9·6)	(1·6)	(100·0)	(46·4)	(19·1)	(2·6)	(68·0)	(6·1)	(3·1)
Asia	$ million	5,545·4	701·0	851·4	84·8	1,637·2	1,287·4	675·1	6,777·8	1,112·7	1,030·8	169·6	2,313·1	1,597·1	994·8
	(%)	(100·0)	(12·6)	(15·4)	(1·5)	(29·5)	(23·2)	(12·2)	(100·0)	(16·4)	(15·2)	(2·5)	(34·1)	(23·6)	(14·7)
Commonwealth LDC's	$ million	5,617·1	913·2	1,670·2	124·1	2,707·5	996·2	352·4	6,508·7	1,014·5	1,771·8	166·3	2,952·6	1,122·2	504·3
	(%)	(100·0)	(16·3)	(29·7)	(2·2)	(48·2)	(17·7)	(6·3)	(100·0)	(15·6)	(27·2)	(2·6)	(45·4)	(17·2)	(7·7)
Yaoundé Associates	$ million	1,074·9	758·6	52·0	9·1	819·7	104·0	2·2	927·8	623·4	40·7	18·7	682·8	71·1	5·6
	(%)	(100·0)	(70·6)	(4·8)	(0·8)	(76·3)	(9·7)	(0·2)	(100·0)	(67·2)	(4·4)	(2·0)	(73·6)	(7·7)	(0·6)

Source: IMF/IBRD *Direction of International Trade.*

Table 6 **Exports and imports of less developed countries to and from the developed countries: 1968**

		EXPORTS							IMPORTS						
		World	EEC	UK	Other Industrial Western Europe	Industrial Western Europe	US and Canada	Japan	World	EEC	UK	Other Industrial Western Europe	Industrial Western Europe	US and Canada	Japan
		1	2	3	4	5 Cols. (2+ 3+4)	6	7	8	9	10	11	12 (Cols. 9+ 10+11)	13	14
Total LDC's	$ million	39,806·7	10,885·5	4,368·8	1,263·0	16,517·3	9,067·9	4,402·0	40,332·4	9,481·9	3,793·1	1,565·8	14,840·8	11,065·8	4,906·1
	(%)	(100·0)	(27·3)	(11·0)	(3·2)	(41·5)	(22·8)	(11·1)	(100·0)	(23·5)	(9·4)	(3·9)	(36·8)	(27·4)	(12·2)
Latin America	$ million	9,670·7	2,248·5	689·6	384·9	3,323·0	4,386·2	565·6	11,111·4	2,135·0	545·3	545·1	3,225·4	5,061·3	510·6
	(%)	(100·0)	(23·2)	(7·1)	(4·0)	(34·3)	(45·4)	(5·8)	(100·0)	(19·2)	(4·9)	(4·9)	(29·0)	(45·6)	(4·6)
Other Western Hemisphere	$ million	1,794·5	160·5	241·0	95·4	496·9	872·0	44·6	2,569·3	376·4	298·3	70·3	745·0	717·7	58·0
	(%)	(100·0)	(8·9)	(13·4)	(5·3)	(27·7)	(48·6)	(2·5)	(100·0)	(14·7)	(11·6)	(2·7)	(29·0)	(27·9)	(2·3)
Middle East	$ million	8,491·5	2,830·0	1,159·4	317·3	4,306·7	354·3	1,610·3	5,750·6	1,880·5	907·0	350·6	3,138·1	823·2	471·0
	(%)	(100·0)	(33·3)	(13·7)	(3·7)	(50·7)	(4·2)	(19·0)	(100·0)	(32·7)	(15·8)	(6·1)	(54·6)	(14·3)	(8·2)
Africa	$ million	8,589·3	4,532·9	1,333·4	275·8	4,942·1	772·9	335·5	7,159·1	3,282·8	965·6	225·9	4,474·3	823·3	318·5
	(%)	(100·0)	(52·8)	(15·5)	(3·2)	(57·5)	(9·0)	(3·9)	(100·0)	(45·9)	(13·5)	(2·6)	(52·1)	(9·6)	(3·7)
Asia	$ million	9,254·3	1,056·2	889·7	184·6	2,130·5	2,661·5	1,689·0	13,245·1	1,711·4	983·9	347·8	3,043·1	3,626·3	3,502·1
	(%)	(100·0)	(11·4)	(9·6)	(2·0)	(23·0)	(28·8)	(18·2)	(100·0)	(12·9)	(7·4)	(2·6)	(23·0)	(27·4)	(26·4)
Commonwealth LDC's	$ million	8,771·6	1,276·1	1,591·9	288·0	3,156·0	2,121·3	973·7	10,108·0	1,454·1	1,644·1	303·0	3,401·2	2,656·0	1,254·7
	(%)	(100·0)	(14·5)	(18·1)	(3·3)	(36·0)	(24·2)	(11·1)	(100·0)	(14·4)	(16·3)	(3·0)	(33·6)	(26·3)	(12·4)
Yaoundé Associates	$ million	1,575·9	1,116·7	63·4	16·0	1,196·1	154·1	33·3	1,375·9	899·9	57·9	29·2	987·0	112·3	49·6
	(%)	(100·0)	(70·9)	(4·0)	(1·0)	(75·9)	(9·8)	(2·1)	(100·0)	(65·4)	(4·2)	(2·1)	(71·7)	(8·2)	(3·6)

Source: IMF/IBRD *Direction of International Trade.*

Conference Programme

Monday, 26 April, 1971

Introduction

Rt. Hon. Lord Campbell of Eskan, Hon. President, Society for International Development (UK Chapter) and Member of Council, Overseas Development Institute

The developing countries in the official negotiations

Chairman:	Rt. Hon. Lord Campbell of Eskan
Speaker:	Mr. Anthony Kershaw, MC, MP, Parliamentary Under-Secretary of State, Foreign and Commonwealth Office

Trade implications for the developing countries of UK entry into the EEC

Chairman:	Rt. Hon. Lord Campbell of Eskan
Speaker:	Mr. David Wall, Lecturer in Economics, University of Sussex

Association with the EEC and the options for developing countries

Chairman:	Rt. Hon. Mrs. Judith Hart, MP.
Speakers:	Dr. Charles van der Vaeren and Mr. Gerhard Schiffler from the Directorate General of Development Aid, EEC Commission, Brussels
Discussants:	His Excellency Mr. B. R. Patel, Ambassador of India in Brussels Hon. R. J. Ouko, Minister for Common Market and Economic Affairs, East African Community Mr. John Southgate, CBE, Executive Director, Commonwealth Sugar Exporters Association

Tuesday, 27 April, 1971

Plenary Session

Presentation and discussion of issues arising from previous day

Chairman: Sir Geoffrey Wilson, KCB, CMG, Deputy Secretary General, Commonwealth Secretariat

Speaker: Mr. John Pinder, Director, Political and Economic Planning

Group Discussions

Co-ordinator: Mr. John Pinder

Discussion Leaders:
Group 1 – Mr. Hugh Corbet, Director, Trade Policy Research Centre
Group 2 – Mr. David Fiennes, CBE, Director, Investeco
Group 3 – Mr. Uwe Kitzinger, Official Fellow and Investment Bursar, Nuffield College, Oxford

Plenary Session

Groups report in panel discussion

Chairman: Mr. John Pinder

Discussants:
Mr. Hugh Corbet
Mr. David Fiennes
Mr. Uwe Kitzinger

Summing up

Chairman: Mr. Antony Tasker, CBE, Director, Overseas Development Institute

Speaker: Mr. Paul Streeten, Warden, Queen Elizabeth House, Oxford

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