Robert Lemaignen, The Association of the Overseas Countries with the European Economic Community (8 September 1960)

Caption: On 8 September 1960, Robert Lemaignen, French Member of the Commission of the European Economic Community (EEC) from 1958 to 1961, defines the meaning of cooperation between the Community and the countries of Africa.

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I. The Association of the Overseas Countries with the European Economic Community

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It has been said that the nineteenth century was the century of the explosion of national movements in Europe. It will perhaps be said that, after the atom, the twentieth century was the century of the explosion of nationalism in the underdeveloped countries, in the East to begin with (first half of the century), then in Africa (second half).

The explosions of African nationalism have become almost daily news. Africa is today one of the stakes in world politics, both for the East and for the West.

What, then, is Europe’s policy towards Africa, the policy of that Europe of the Six which has traditional links with Africa based on culture, on language, on trade? Of that Europe which today approaches Africa afresh as a Community, offering association of the overseas countries with the Common Market — an association which may doubtless be considered as the first global approach to the problem of underdevelopment, since it covers simultaneously institutions and trade, investments and technical assistance.

In dealing one by one with these four chief headings under which our work falls, I should like to show the great flexibility of the provisions found in the Treaty of Rome. The authors of the Treaty cannot in 1957 have imagined that there was any serious possibility of halting the course of destiny and avoiding all change in the conditions of 25 associated overseas countries, populated by 55 million people, where political development has since then been proceeding at a terrific pace.

Political development — the adaptation of institutions

Was not the Treaty of Rome politically out of date overseas almost as soon as it had been implemented? Association with the Common Market, settled at a time when the most advanced of these countries was still no more than semi-autonomous in internal affairs, once again appeared as a status “granted” from above and settled by the metropolitan territories responsible without consulting the principal beneficiaries.

It was all the less easy for Africa, with its characteristic passion for equality, to tolerate such a situation when its accession to international sovereignty was to take place two or three years later without further ado. There was great danger that the association might be still-born.

What was to be done, in particular, for these associated countries which were day by day gaining their independence and were turning to the European Community to ask it in what way and on the basis of what clauses they could continue their association?

Should the reply be that the transition to international sovereignty constituted a radical transformation of the former conditions, that the former associates were from now on to be considered as non-member countries without any links of association with the Community and that long and laborious diplomatic negotiations on the basis of Article 238 of the Treaty would consequently have to be undertaken? Or was the reply to be that independence did not necessarily mean breaking off existing association relations, once these were freely confirmed by associated countries which had become sovereign states?

Considerations of opportuneness finally weighed the balance in favour of the second solution, which permits more immediate results by avoiding the complications of weighty negotiations in each particular instance; there must in any case be general negotiations for the renewal of the Implementing Convention relating to the Association since the authors of the Treaty were wise enough to restrict the validity of this Convention to the five years ending on 31 December 1962.

Pending these negotiations, the Council of Ministers of the Community has followed the recommendations of the Commission and proposed to Togoland — which has accepted it — a pragmatical solution which is likely to serve as a precedent for all the associated countries acquiring international sovereignty: in the event of any such country expressing the wish to continue its association with the EEC in accordance with Part Four of the Treaty of Rome and the terms of the Implementing Convention, it is possible to meet its wishes until this Convention is revised and replaced by a new one on 1 January 1963.

It was therefore admitted that until this date association relationships would be maintained as a de facto state of affairs; accession to independence could not interrupt these relations once the parties were in agreement to continue them; all that is needed, then, is to make arrangements to adjust them provisionally. Togoland has been invited to discuss these arrangements, which will cover procedures for the direct representation of this Republic with the European Economic Community if and where the Government in Lomé does not wish to be represented by the French authorities. It is therefore most probable that the Community will shortly be welcoming in Brussels a Togolese chargé d'affaires who will be associated in one way or other with any work in certain EEC organs which is of interest to Togoland. Similar solutions will probably be adopted for other associated countries which, on attaining international sovereignty, declare that they wish to continue their association with the Common Market.

This important decision shows that the EEC considers itself as having responsibilities towards its overseas associates which do not disappear — quite the contrary — when these acquire independence, and that it can imagine flexible solutions, uncloyed by too many legal niceties, capable of adapting the Association to political developments by giving the associates the chance of making their voice heard in Brussels.

Expansion of trade

The development of trade between member and associated countries, which is one of the purposes of association, is to be furthered by two principal measures: the progressive abolition, through customs and quota disarmament, of all trade discrimination between the Six in the overseas markets; and the opening of European markets to the tropical products of the associated countries, which will benefit on these markets by the protection afforded by the common external tariff.

In theory, the associated overseas countries cannot lose by these arrangements. This holds true for their imports, as the increased number of sources of supply is likely to exercise on the level of local prices that healthy pressure which can only come from broad competition. It also holds true for their exports, since free access to an expanding market of 160 million consumers must facilitate the disposal of tropical raw materials.

In practice, and although it is naturally not possible in the first year to note substantial changes in the pattern of trade, an analysis of trade statistics for 1959 already yields some interesting facts.

To begin with, contrary to much-publicized fears and even accusations, the preference granted to the associated countries has not resulted in diversions of trade at the expense of other, non-associated, countries. On the contrary, the trade of the six member countries of the EEC increased in 1959 by 10 % with Ethiopia, 23 % with Nigeria, 25 % with Ghana, 33 % with the Federation of the Rhodesias and Nyasaland, 51 % with the Sudan and 52 % with Liberia.

Secondly, this increase in trade with the non-associated African countries has not occurred to the detriment of those associated. Although for the latter a fall of about 12 % can, it is true be noted in 1959, the main cause is the changed parity of the French currency which renders direct comparison of the 1958 and 1959 figures impossible, these being expressed in units of account. On the contrary it is interesting — since for the associated countries the marketing of their products is a crucial question — to note that Germany increased its imports from these countries by 17 %, Italy by 33 %, the Netherlands by 9 % and the Belgo-Luxembourg Economic Union by 19 %.

It nevertheless remains true that two further remedies can and must be applied to the extreme fragility of the economy of the overseas countries: industrialization and stabilization of the income of rural producers.

Industrialization certainly helps in this direction; it tends to soften the impact of fluctuations in the prices of raw materials, because semi-finished or finished products, being more easily kept in stock, are much less sensitive to cyclical fluctuations. In this connection it is important to note that the Treaty of Rome, which is an instrument for free trade, has provided for an important exception to free trade precisely for the purpose of protecting the nascent overseas industries against the effects of a competition which would probably prove fatal: Article 133 expressly states that the overseas associated countries and territories "may levy customs duties which correspond to the needs of their development and to the requirements of their industrialization or which, being of a fiscal nature, have the object of contributing to their budgets".

The stabilizing of the incomes of rural producers is today becoming fashionable but the problem is far from new. In fact, during the last 50 years, the eighteen most important primary products, representing about 90 % of the production of the tropical countries, have experienced annual average fluctuations of 14 % in prices, 19 % in volume and 23 % in export income.

To take a particularly striking example, what really happened in 1958? During that year the fall in the prices of the raw materials produced by the tropical countries was on the average around 20 %. Since sales of these products amount to about $25,000 million, the poorer countries thus lost $5,000 million, largely to the advantage of the richer countries.

Now it is generally accepted that the world total of government and private aid to the development countries did not exceed $4,000 million for 1957-1958. What is the point of investing if the practical effect of the investments is to be cancelled out by the instability of prices for basic products?

It is therefore more urgent than ever to find the elements for the solution of this grave problem. This can be done on two different levels: on the world level first, as the state of certain markets (like that for coffee, where stocks are equal to two years' supply) has reached such a point that only sweeping measures can be of any use, and also, for many other products, on a purely regional plane, by following the regulatory techniques which have proved their worth both in the British territories and in the overseas French and Belgian countries. On this point the Commission has already submitted to the Member States certain suggestions which are still under discussion. The fact that the EEC is at present the leading world importer of raw materials (with about one-third of the trade in primary products) more than justifies it in taking the initiative in these matters.

Capital investments

One of the chief means of action available to the Community in the associated overseas countries is the European Development Fund (EDF), a Community organ administered by the institutions of the Community. Over the five-year period 1958-1962 this Fund is making a global contribution to the investments of our associates in the form of grants amounting to $580 million.

There is no point in describing here how the EDF is financed or the rules and procedures by which it operates, since this has been done in an earlier issue of this Bulletin. It is preferable to ask first what positive results have been achieved.

In this connection there can be no denying that the Fund got away to a slow start. In fact, nothing more could be done in 1958 than install the institutions of the Community itself, finalize and approve the regulations of the Fund, and recruit the necessary specialists. The first financing convention with an associated overseas country (Ruanda-Urundi) was therefore signed only on 7 April 1959, and it is indeed 1959 which can be considered as the first year of real activity on the part of the Fund: 69 projects were approved, for a total expenditure of some $50 million.

The rate of approval of investment projects having risen considerably, 1960 appears as a year of normal activity. On 30 June 1960 the volume of projects launched was already twice that at the end of 1959: 105 projects had been approved for a total amount of nearly $100 million. It is foreseen that by the end of

1960 the Fund will have committed more than $160 million in respect of 180 projects.

Let us broaden the scope of this discussion and set the EEC effort against the overall endeavours of the free world to provide financial help for the development countries as a whole.

Mr. Paul Hoffman, Managing Director of the United Nations Special Fund, puts the amount of financial aid to the free world for 1957-1958 at $2,400 million of government aid (86 % bilateral and 14 % multilateral) to which must be added $1,600 million to allow for the flow of private capital to the development countries. Thus overall financial aid is around $4,000 million per annum. This figure does not seem to have changed appreciably in 1960.

The chief contributors are the UN and IBRD ($350 million) annually, the United States ($1,500 million), Great Britain ($600 million) and France ($1,200 million). In relation to the national income, it is known that it is a member country of the EEC (France) which bears the heaviest burden: the $1,200 million which it devotes annually to development aid represents more than 2 % of the French national income.

According to Mr. Hoffman, the $4,000 million per year contributed by the free world does not mean more than $3.20 per head, since it is shared out — very unequally — among 1,250,000,000 people. Considered in relation to this mass of humanity, the additional public aid afforded by the EEC Development Fund (on the average $116 million yearly) would therefore represent no more than a minute addition to the effort of the free world: less than 10 cents per head.

In fact, this additional aid is applied specifically to 55 million people living in the overseas countries associated with the EEC. It thus represents for them a supplementary public contribution of $2.10 per head added to the bilateral efforts made by the six member countries, to which the European Community's aid is by definition complementary, and also to the investments of private capital which cannot fail to follow the public investments. If a more specific example is desired, the public aid of the EEC to the overseas countries maintaining special relations with France ($100 million annually on average) should be compared with the bilateral public aid which France grants these same countries ($200 million annually on average). As France has not relaxed its own efforts — quite the reverse — the action taken by the EEC evidently means an actual net increase of 50 % in public investment in the associated overseas countries of the franc area. This is a considerable contribution.

Technical assistance to countries in course of development

Technical assistance — or, better, technical co-operation, since this name is now tending to be used in place of the old one — covers all forms of aid involving the communication of knowledge. It is necessary both before and during the investments; it prepares the way for financial aid and more often than not determines its practical value.

What must be remembered is the enormous and unsatisfied demand from the non-committed countries for supervisory personnel and technicians and, above all, the gap still existing between these unsatisfied requirements and the means at present being made available to the development countries, whatever the scale of these means may be.

The multiplicity of the agencies — multilateral, regional, bilateral, private — interested in technical co-operation is such that it is a delicate undertaking nowadays to obtain an overall view of the results achieved. The EEC Commission, wishing to have a clear picture before laying down a general policy towards the development countries, has had such a composite picture prepared; as far as I know this had never been done before.

This study shows that the present volume of technical co-operation activities financed from public funds in the whole world amounts to $500 million yearly or a little more than one-fifth of total public aid to all underdeveloped countries. This technical aid, of which nearly half is financed by the six member countries of the EEC alone — in particular under bilateral agreements — represents an important response to the demand for technicians and occupational training media. In the world as a whole to-day, it may be estimated that a total of 25,000 scholarships for students and trainees are made available to the underdeveloped countries each year and 52,000 experts, supervisory personnel and technicians are brought in from outside.

However impressive these figures may appear, they are tragically inadequate. Mr. Paul Hoffman estimates that 1 million experts, supervisors and trained technicians would be necessary to undertake large-scale development in the 100 backward countries populated by 1,250 million people. In the face of these requirements, it is evident that the 25,000 odd scholarship holders and the 52,000 experts in technical collaboration can do no more than plug up the worst holes.

The European Economic Community therefore wishes to assume its share of the burden in this field too. From the resources of its budget or those of its Development Fund, the Community is already engaging in certain technical co-operation activities for the benefit of the overseas countries associated with it. It welcomes in its services young African and Malagasy civil servants who are enabled to complete their professional training and acquire knowledge of European problems, while inevitably bringing to the Brussels services their invaluable experience as born Africans. The Commission finances planning studies, research for the evaluation of natural resources (mineral and agricultural in particular), demographic studies, institutions for technical or occupational training.

The Commission is specially concerned to make better use of technical potential at present existing in the six member countries in the form of outstanding research institutes which have long specialized in tropical problems and which are not employed to full advantage. The first emergency measure has just been decided upon: a special programme of 100 scholarships, financed by the Commission’s budget, will be applied from the beginning of the next university year for nationals of the associated overseas countries to be given post-graduate specialist training at the institutes of the six member countries.

Finally, the Commission wishes to enlarge its technical co-operation activities by going beyond the associated countries to make its own contribution to the vast effort of co-ordinated aid to development countries at present being undertaken in the West through the newly established Development Assistance Group: this Group has already held two meetings in Washington and Bonn and at the end of September a third meeting in Washington, with technical co-operation high up on the agenda. The EEC Commission has therefore submitted for discussion to the national experts of the six member countries a general plan for large-scale action in this essential field. This plan is based on two concrete proposals:

(a) The creation of a European Development Institute managed on an equal footing by the giving and receiving countries; this Institute would work for the benefit of all development countries, on a double task of technical co-operation: on the one hand, occupational training and research, on the other, the dispatch to the underdeveloped countries concerned, and at their request, of field teams consisting of experts in various aspects of technical co-operation with specific missions, in particular the evaluation of natural resources and planning. This Institute, which would make possible an additional effort of technical co-operation on a Community basis, would work in close liaison with a number of institutes and research and training centres which it would recognize as acting for it in the participating countries and in the development countries themselves.

(b) The organization, also an equal footing with the receiving countries, of a Regional Technical Co-operation Plan covering the African Continent as a whole. The purpose of this Regional Plan, which would be to some extent modelled on the methods used in the Colombo Plan for South and South-East Asia, would be the co-ordination, without too much red tape, of bilateral co-operation policies. It is important to note that according to the Commission’s idea this plan would be very open, both at the receiving end, since it could include non-associated African countries which expressed the desire to participate, and at the giving end, since it would appeal to other European countries outside the Six with responsibilities in Africa and also to the United States, which is already providing substantial support for the Colombo Plan in Asia.

The keyword: co-operation

The conception of the plan which I have outlined itself brings me to the close of this study. We cannot stress too much the idea behind what we are doing for development countries. This idea is the sharing of management on an equal footing between the countries contributing and those benefiting, for the keyword of policy today in the non-committed countries is co-operation.

It is surprising how many technically perfect plans, inspired moreover by the best intentions, have encountered indifference, suspicion, or downright hostility and finally failed purely and simply, because the need for co-operation, and the fact that the development countries have not only their dignity but also rich experience to contribute, were not understood.

This is true in particular of relations between Africa and Europe, whether in the framework of the association with the Community of the Six or in a larger setting. For, to quote from the writings of Gabriel d'Arboussier, the former President of the Grand Council of Dakar, whose words should be meditated by both Europeans and Africans:

"Europe to-day has need of three elements: space, energy and raw materials. Africa is waiting for men, technicians and capital. The mutual interest of the two continents and the working out of their destiny are to be found in an exchange of gifts".

Brussels, 13 September 1960.