

Co-operation with developing countries

The Community has embarked on a bold policy towards the Third World — the establishment of a new relation based on principles of fair and equal treatment.

Besides its granting of financial aid, it works for long-term economic co-operation. While respecting its partners' own objectives, it seeks to combine its technology and know-how, its markets, capital and products (in particular agricultural), with the resources of its partners and their desire to develop their countries.

The Community's development policy includes:

- a generalized system of tariff preferences for exports from less-developed countries;
- financial aid;
- food aid;
- a trade and aid convention with 46 countries in Africa, the Caribbean and the Pacific;
- trade agreements with countries in Africa, Asia, Latin America, the Mediterranean basin, and the Middle East.

Generalized preferences

The Community is the world's largest importer of goods from the less-developed countries, consistently buying more from them than it sells to them. To make it easier for developing countries to sell in Community markets, the Nine became in 1971 the first countries to adopt the generalized system of preferences proposed by the United Nations Conference on Trade and Development (UNCTAD). Under this scheme, they admit duty-free imports of manufactured and semi-finished products and some processed

farm goods from the less-developed countries. The Community has regularly extended and improved the scheme. Today, over 100 countries benefit, and trade valued at more than \$4 million is involved.

Financial aid

The Community and its member states are the world's largest source of aid for the less-developed countries.

The bulk of Europe's aid comes from the individual states. In 1973, seven EC states supplied \$8.3 billion in government and private aid, or 0.93 per cent of the EC's gross national product. (Figures for Ireland and Luxembourg were not available).

The Community as such operates joint aid programs through the European Development Fund and the European Investment Bank for the benefit of developing countries associated with the Community.

In 1974, the Community resolved to grant financial and technical aid to non-associated developing countries as well. The first aid for non-associates went to help the poorest developing countries, which were suffering from severe balance-of-payments problems caused by higher prices for food and raw materials. The Community is allocating \$500 million. An initial \$150 million was contributed in 1974, \$30 million to the special United Nation's emergency fund and the rest directly to 17 countries in Asia, Africa and Latin America.

Aid from the Community as such totalled \$400 million in 1973, of which \$294 million went to countries linked by trade and aid

agreements and \$106 million to other countries.

Food aid

Since 1968, the Community has taken part in international food-aid programs involving cereals. By 1974, 1,869,440 tons of grain had been supplied through central Community machinery. Independent of international programs, it supplies powdered milk, butter-oil, sugar, and dried eggs. It carries out emergency programs to fight famine, drought and other natural disasters. It helped the Sahelian countries when they were stricken by drought, delivering to them in 1974 130,000 tons of cereals, 14,000 tons of milk-powder and 6,000 tons of butter-oil.

Africa, the Caribbean and the Pacific

The EEC Treaty provided for a five-year association between the Community and Belgian, Dutch, French and Italian overseas dependencies, mainly in Africa. When these became independent states, the Community offered to renegotiate its association with them as equals.

A new five-year Association Convention was signed at Yaoundé, Cameroon, in 1963, and a second, also at Yaoundé, in 1969.

The Conventions provided for free-trade areas between the Community and 18 associated states in Africa, and Madagascar, while allowing the associates to apply fiscal duties or tariffs to protect their infant industries.

The EEC Treaty set up a European Development Fund of \$581 million for Community grants to the associates from 1958 to 1963.