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NEGOTIATIONS BETWEEN AFRICAN COUNTRIES AND THE EUROPEAN ECONOMIC COMMUNITY (EEC)

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NEGOTIATIONS BETWEEN AFRICAN COUNTRIES AND THE EUROPEAN ECONOMIC COMMUNITY (EEC)

The First Ministerial Conference on Trade, Development and Monetary Problems, held at Abidjan, Ivory Coast, from 9 to 13 May 1973, considered at considerable detail "Africa's Relations with the European Economic Community".

2. On the occasion of the Tenth Anniversary of the Organization of African Unity, which coincided with the Tenth Assembly of Heads of State and Government (Addis Ababa, May 1973), the Abidjan recommendations were submitted in Document CM/509. All the recommendations, including those relating to future relations with the European Economic Community, were endorsed.

3. The Assembly of Heads of State and Government, in endorsing the Eight-point Principles that were to guide African EEC negotiations, also decided that Africa should have a common approach and draw up a common platform. The objective of the whole exercise was to be "to permit African countries to promote economic measures that are fundamental to their future development such as the diversification of their economies, the expansion of their exports, the maximization of their export earnings, the extension of their economic and social infrastructure, and the promotion of economic co-operation and integration among themselves".

4. To this end, the Assembly adopted the following principles to guide Africa in its negotiations with the EEC:

(a) The principle of non-reciprocity in trade and tariff concessions given by EEC;

(b) The extension, on a non-discriminatory basis, toward third countries, of the provisions on right of establishment;

(c) The revision of the rules of origin must be formulated so as to facilitate the industrial integration of African countries and, in particular, they must grant the status of original products to all goods which have been produced in one or several of the

African countries (whether or not they are members of African groupings) or which have been processed in accordance with mutually accepted criteria, irrespective of whether or not they enjoy preferential relations with EEC;

(d) A revision of the provisions on the movement of payments and capital to take account of the objective of monetary independence in African countries, and the need for monetary co-operation among African countries;

(e) The dissociation of EEC financial and technical aid from any particular form of relationship with EEC;

(f) Free and assured access to EEC markets for all African products, including processed and semi-processed agricultural products, whether or not they are subject to the Common Agricultural Policy of EEC;

(g) The guaranteeing to African countries of stable, equitable and remunerative prices in EEC markets for their main products in order to allow them to increase their export earnings;

(h) Any form of agreement made with EEC should not in any manner adversely affect Intra-African Co-operation.

5. On adoption of the Eight Principles, the Current Chairman of the OAU, H.E. Major General Yakubu Gowan, Head of State of the Federal Republic of Nigeria, graciously invited all the Trade Ministers of Member States to initiate the implimentation of the directives of the Assembly on this issue.

6. The essential purpose of the Second African Ministerial Conference on Trade (Lagos, July 9 - 11, 1973), was to formulate and agree on appropriate procedures and to establish adequate machinery for the forthcoming negotiations.

7. In so far as this was the First Trade Ministers' meeting after the adoption of the principles by the Assembly, it may be useful to summarize some of the points that emerged.

8. Three points of varying importance were adopted by the Ministers. These were:

- An African spokesman to put forward the African position in a Joint Ministerial Meeting with the EEC;
- On the basis of the platform (Eight Principles) adopted by the Assembly, the African spokesman would, in the form of a Declaration, deliver the African position to his European counterpart, the Chairman of the EEC Council of Ministers;
- The establishment of an Ad Hoc Secretariat to service the work of the African Group negotiating with the Commission of the European Communities.

9. Ministers of Trade of the thirty-six Member States negotiating with the EEC reconvened in Brussels and met with the Council of Ministers of the EEC for the official opening of negotiations. Official Declarations of Intent were exchanged, and October 17 and 18 were set for the next Joint Ministerial Session.

10. At this same Session, the Caribbean and Pacific negotiating States also delivered statements.

11. African Ministers, meanwhile initiated work on the establishment of the machinery for negotiations with the EEC. A Committee of African Ambassadors and Plenipotentiaries was set up and charged with preparing the documentation and reports on the technical and detailed implications of the Eight Principles. The Committee was further directed to work out an effective and appropriate machinery for negotiations in time for the next Trade Ministers Meeting scheduled for Dar-es-Salaam from 1 to 3 October 1973.

12. In the Dar-es-Salaam meeting, several important procedural issues were resolved and the outline of a negotiating machinery emerged. At the apex of this machinery are the Trade Ministers. Next in the Organizational ladder comes the Committee of African Ambassadors and Plenipotentiaries. This Committee is composed of resident African Ambassadors accredited to Belgium and the EEC and non-resident African Plenipotentiaries charged with negotiating on behalf of their respective countries. In the third tier of this hierarchy fall the expert groups composed of national experts who are charged with preparing the technical details of all negotiable issues.

13. The Ad Hoc Secretariat for negotiations was now resolved to be based in Brussels and was to be responsible for servicing the meetings of the Ministers, the Ambassadors and the national experts. It was thus to perform all the familiar functions of a Secretariat.

14. A set of Rules of Procedure for the smooth functioning of the meetings of both the Ministers and the Committee of Ambassadors were adopted in the Dar-es-Salaam meeting. The Rules were specifically designed to facilitate the election of bureaux and to ensure the equitable rotation of the post of Chairman in both meetings.

15. The Caribbean and the Pacific negotiating States participated as observers. Furthermore, this meeting was the first occasion on which the Trade Ministers of all Member States of the OAU gathered for the purposes of negotiating with the EEC. Henceforth, only Ministers from the thirty-six negotiating African countries were to meet with a view to co-ordinating views and positions on the negotiations.

16. In their Joint Meeting with EEC Ministers during 16 and 17 October in Brussels, African Trade Ministers, in a general declaration and through a spokesman, elaborated the African stand on various Trade, Financial and Technical Co-operation issues. On this occasion, the Caribbean and Pacific countries endorsed the African Declaration and for the first time did not make a separate statement. This marked the emergence of two groups involved in these negotiations: the African-Caribbean-Pacific (ACP) Group on the one hand, and the Commission of the EEC on the other.

17. During this October Session, the establishment of the Ad Hoc Secretariat was taken up in earnest. Its establishment and budget were approved by the Ministers. In a resolution the Secretary-General of the OAU was directed to advance US$150,000 to the Ad Hoc Secretariat. This sum is recoverable from the thirty-six Member States negotiating with the EEC. Furthermore, the Administrative Secretary-General and the Committee of Ambassadors were empowered to appoint the staff of the Secretariat.

18. In the transitional period, between the formation of the Ad Hoc Secretariat and the commencement of negotiations, the EAMA and Arusha Secretariats serviced the meetings of the African Negotiating Organs.

19. The July and October Joint Ministerial Meetings paved the way for the comencement of substantive negotiations. On November 14, 1973, the Committee of Ambassadors and Plenipotentiaries of the African-Caribbean and Pacific (ACP) Group met with the EEC Commission, which is negotiating on behalf of the Council of Ministers of the EEC.

20. In this inaugural session of actual negotiators, the procedure for the negotiations, the time-table of events, and the legal implications of commitments of the negotiating States at this level were resolved. A spokesman for each of the negotiating groups (ACP and EEC), two committees of experts on Trade and on Financial and Technical Co-operation respectively, as well as a drafting Committee to be set up when areas of agreement emerge, were agreed on. The formulation in legal form of the agreement to be arrived at and the establishment of relevant institutions to service the agreement, were held over for a third "Institutional Committee" that is to be established towards the end of negotiations.

NEGOTIATIONS: FIRST AND SECOND PHASES (Nov. 14, 1973 - Feb. 6, 1974)

21. At the point of writing this report (end of April), three phases of negotiations have elapsed. The first and second phases of the negotiations lasted from 14 November 1973 to 6 February 1974. The outcome of these two phases have been submitted, in a report by the Committee of African Ambassadors and Plenipotentiaries, to the Second Session of African Trade Ministers held in Addis Ababa from 20 to 22 February 1974.

22. The report of the Committee of African Ambassadors and Plenipotentiaries was divided into two parts: the body of the report setting out, in detail, the positions taken on the various topices being negotiated on, and synpotic tables showing the positions of the negotiating parties on the Trade, Economic, Financial and Technical Co-operation fields.

23. As the Chairman of the Committee of Ambassadors and Plenipotentiaries is likely to report in detail on the implementation of the directives of the Tenth Assembly, as well as the later implementation decisions of the Trade Ministers, the General Secretariat, with a view to avoiding duplication, will restrict its report to a straightforward reproduction of the positions of the negotiating parties as outlined in the synoptic tables (Annexes I and II).

24. The first and second phases climaxed with the Second Session of the Trade Ministers' meeting. The report of this Session, thus marked a watershed in these negotiations. On the one hand, it put the seal on African positions as previously adopted by the Ambassadors, and on the other, gave a fresh mandate for the third and fourth phases of the negotiations. This report is reproduced in Annex III to this document.

THIRD PHASE: March 6 - April 8, 1974

25. The third phase of the negotiations was overshadowed by the EEC's insufficient mandate to continue negotiations. African activities in this phase were, therefore, devoted to the meetings of Expert Groups that were directed by the Ambassadors to continue to amplify previous positions adopted and to take up in earnest new areas for future negotiations. Consequently, the Committee of Ambassadors and Plenipotentiaries met with their EEC counterparts in a Negotiating Plenary Session only once. On this occasion, the ACP spokesman outlined the ACP position in three areas: (a) Export Earnings, (b) Erosion of Preferential Margins, and (c) Industrial Co-operation. The positions on each, as announced by the ACP spokesman on the 27th of March 1974, will be summarized in the following paragraphs.

Export Earnings:

26. In this area the ACP position was a reproduction of the appropriate paragraph of the Report of the Ministers' Meeting. The Ministers directed, and the Ambassadors reiterated, that "Fully aware of the importance of the problem facing us to seek appropriate means for increasing the value of our export earnings by incorporating into the future agreement provisions aimed at achieving the following priority objectives:

(a) to enable the ACP countries to increase their export earnings regularly so as to provide constant financial resources for their development;

(b) to guarantee remunerative prices for ACP products;

(c) to protect these countries against reduction of earnings due to fluctuations in production and consumption;

(d) to put an end to the deterioration in the terms of trade, particularly by establishing a close link between the prices of ACP countries' export products and the prices of the goods and services coming from the developing countries;

(e) to establish a balanced division of costs arising from freight charges."

27. The above five points constitute no more than an outline of objectives of a "stabilization" scheme for export earnings. Community negotiators were in "no position" to respond to this outline. They assured, however, to study the matter in earnest and to furnish, at a future date, the EEC's position on the scheme.

Erosion of Preferential Margins:

28. Notwithstading trade concessions and preferences the EEC might offer the ACP countries, the Generalized System of Preferences of the EEC, when submitted within the framework of UNCTAD, or indirectly through the Multilateral Trade Negotiations under the auspices of GATT, would erode possible preferences offered to the ACP countries. The Common External Tariff (CET) of the EEC would continuously be lowered. Both the Treaty of Rome and the Treaties of Accession to the Community call for continued lowering of CET. Under these circumstances, the ACP countries deemed it necessary to negotiate for a series of "compensatory measures" that would go some way in alleviating the loss in preferences that would result from EEC obligations under both their treaties as well as the application of the Community's GSP.

29. The ACP position on this topic did not progress much beyond general formulations of principles that would govern the future scheme. These are:

(a) The need for "compensatory measures" to offset erosion of preferences;

(b) The rejection of any interference with the process of liberalizing trade;

(c) ACP's unwillingness to side with the EEC in the forthcoming Multilateral Trade Negotiations and Intensive Inter-governmental Consultations under UNCTAD.

30. Possible areas where "compensatory measures" can be directed were identified (by the ACP) as "Trade promotion" and "Industrial Co-operation". The EEC promised to make its position known at some future date.

Industrial Co-operation:

31. During this whole third phase, only one plenary negotiating session was held in March 27, 1974. In this session, the ACP spokesman put across to EEC negotiators, the position of the former on Industrial Co-operation.

32. The spokesman underlined the past and present ills of industrialization efforts of western countries in ACP countries. In a preamble to the major objectives of Industrial Co-operation, he pointed out that "Industry has a tendency to concentrate in a few growing centres. This is so within the confines of a single country; and it is even more the case in a regional or international setting. The Industrial Co-operation which we envisage should therefore aim at expanding the industrial bases in ACP countries while at the same time increasing the competitiveness of ACP industrial exports in foreign markets. This co-operation should go beyond the establishment of isolated industrial projects in a few places and aim at the creation of an industrial environment in which individual projects, as well as projects located in different countries, are mutually reinforcing; and in which the opportunities for regional co-operation are fully exploited".

33. In a survey of past industrial "co-operation" between ACP countries and Europe, the spokesman compared the past with future developments in this field. "...What we have in mind for the future", he said, "should be radically different from the old type of co-operation in which the ACP countries provided the raw materials to feed European industries, and industries owned and managed by European investors in ACP countries. Under this type of "co-operation", ACP raw materials and cheap labour provided the basis for a large accumulation of wealth from industrial activity, out of which the host countries shared very little whether in the form of revenue, the expansion of infrastructure or the acquisition of technological know-how and management expertise. It is clear from past experience that the real existence of industrial activity in the developing countries and the location there of the most modern factories, provide no guarantee that

industry would make a substantial contribution to domestic incomes, economic diversification, or the transfer of technology. Indeed, in spite of the relatively high rate of growth achieved by many ACP countries in the industrial sector during the past decade, industry still plays a very small role in total economic activity and still contributes very little to the standard of living in the vast majority of our countries".

34. The Industrial Co-operation advocated by the ACP countries would have the following major objectives:

- redressing the situation outlined in paragraph 38,
- transforming ACP raw materials beyond the stage of initial processing and enabling ACP countries to achieve a major break-through for their industrial exports;
- deepening industrial development and providing more extensive linkages between industry and the rest of ACP economies thus leading to a substantial growth in employment and incomes;
- aiming at "a new kind of division of labour" that would reflect present technological and economic realities and would ensure "a fairer distribution of the fruits of Industrial Co-operation".

35. The ACP spokesman concluded his remarks on this subject by posing four questions that any future ACP-EEC Industrial Co-operation should aim to answer:

(i) "Would our European partners be prepared to allow free and unimpeded access to their wealth of knowledge and experience in the regard within the context of our Industrial Co-operation?

(ii) Would our partners be prepared to mobilize their scientific and technological infranstructure for the task of adopting technology to the specific needs and requirements of ACP countries?

(iii) Would they be prepared to make the adjustments in their production patterns that would enable a new and more rational division of labour to be established between us?

(iv) Would they join us in establishing arrangements that would reconcile the interest of private industry and private investors in Europe with the declared policy of many of our countries to exercise increasing control over their industrial sectors?"

36. The scope of the Industrial Co-operation being sought by the ACP countries is far-reaching. It introduces a new and significant dimension into the negotiations. The objective is no less than a new Industrial Revolution, this round, in the developing countries. EEC negotiators were staggered by the scope of the effort being envisaged. It remains to be seen whether the Commission of the European Communities would rise over old frameworks such as the Yaounde II Convention, and would bring forth the will and the vision required for the design of a new world of co-operation. Exploitation comes naturally to certain systems. It is hoped that the Council of Ministers of the EEC would have the vision and the necessary political will to go someway in answering the questions posed by the ACP Negotiators.

37. At the time of writing, phase four of the negotiations have yet to start. The Secretariat will be represented in this round as well and would report to the Council in the form of an addendum if time allows. Failing this, the Secretariat would circulate a note summarizing the events of the fourth phase. At any rate, in the verbal presentation of this report on the negotiations, the fourth phase will be adequately covered.

38. The political implications of these negotiations and the impact of world events, as they unfolded in the course of negotiations, will be treated in the Secretary-General's report on events and developments since the last summit. The content and scope of the Special General Assembly Session on Raw materials and Development, and its relevance to these on-going negotiations, will be taken up in a separate report.

REPORT OF THE SECRETARY-GENERAL ON THE PROGRESS OF NEGOTIATIONS BETWEEN AFRICAN COUNTRIES AND THE EUROPEAN ECONOMIC COMMUNITY

SUBJECT: SYNOPTIC TABLE OF THE POSITIONS OF THE NEGOTIATING PARTIES ON TRADE QUESTIONS AND RULES OF ORIGIN

SUBJECT	ACP POSITION	EEC POSITION
General principles	Free and unlimited access for all their products whether processed or not, whether subject to the Common Agricultural Policy or not.	Free entry for ACP commodities to Community market, but subject to special treatment to be defined during the negotiations for some processed and non-processed agricultural products.
	Abolition of tariff and non-tariff barriers as well as measures having equivalent effects.	Free entry = exemption from custom' duty and other taxes having equivalent effect = abolition of the quantitative restrictions.

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I. COMMON AGRICULTURAL POLICY

SUBJECT	ACP POSITION	EEC POSITION
	1. The ACP countries requested that all agricultural products that fall under CAP should be granted free and unlimited entry into EEC market.	The general rule of free access to EEC market will apply to tropical agricultural products such as coffee and cocoa. However, a few exceptions will have to be made for some agricultural products subject to the CAP. For these products the Community will offer special treatment more favourable than the general treatment applied to third countries.
	2. The ACP countries are of the opinion that the Community interpretation of the concept of economic interest as expressed in current arrangements does not correspond to the real nature of the ACP economies. This concept should be defined in such a manner as to take into consideration production capacity - past, present and future.	The EEC maintains that the totality of products subject to the CAP are not of economic interest to our countries. This position is founded on our present trade position in Europe, without taking into account the negative effect of present treatment of future production.
	3. The ACP suggest an overall approach in determining the treatment applicable to products affected by CAP.	The EEC maintains that these products should be dealt with product - by - product. Therefore it will present proposals for dealing with this product by product examination of the products which are subject to CAP.

2. RULES OF ORIGIN

SUBJECT	ACP POSITION	EEC POSITION
Guidelines	The group attaches great importance to the definition of flexible, simple and liberal Rules of Origin in the new Agreement.	The existing regulations are designed to speed up the task of our respective customs' services and those of national undertakings.
1. Wholly produced goods a) primary products b) fishery products	The ACP believe that the expression "their vessels" should apply : 1) where vessels are registered in one of the Negotiating States; 2) where vessels sail under the flag of one of the Negotiating States; 3) where vessels are chartered by one of the Negotiating States. Any of these three conditions should suffice to confer the concept of origin to fishery products.	The EEC agrees to the criterion of wholly produced goods. They also accept that the current definition of "their vessels" is too stringent. The Community is willing to work relaxations to enable the development of ACP fishery fleet.
2. Processed and semi-processed commodities	Maintenance of sufficient processing and value-added not exceeding 25% fob. as basic criteria. Changes in tariff heading = sufficient processing. - In case of processing or sufficient processing where changes in tariff position are not involved, the criterion of Added-value should be used. (Rate of assessment = 25% of the fob. value of the exportable finished commodity. We reject lists A and B.	Maintenance of sufficient transformation criterion with possibility of modifying lists A and B and rejects the value-added criterion not exceeding 25% fob.

SUBJECT	ACP POSITION	EEC POSITION
2. (contnd)	Value to be taken into consideration: 1) imported non-originating raw materials 2) exportable finished products = f.o.b. stage	Maintenance of the current system 1) c.i.f. value; 2) ex-factory price.
3. Cumulative treatment of origin	Materials imported from developing countries and incorporated in the manufacture of ACP's finished or semi-finished commodities should be considered as originating in the ACP countries.	The Community intends limiting the cumulative treatment of origin to countries signatory to the agreement.
4. Basic materials list	Primary products incorporated in the manufacture of industrial commodities in the ACP countries and which are mostly obtained at unfavourable terms in the ACP countries, should be considered as originating in the ACP.	
5. Direct consignment	On direct consignment issues, the documents required should be the same as those normally required in the international commodity transit matters.	Issue to be settled within the context of administrative cooperation.

3. NON-TARIFF BARRIERS

ACP POSITION	EEC POSITION
1. Elimination of all non-tariff barriers and measures having equivalent effect both at Community and national level.	1. Many of these non-tariff barriers are applicable at national level, therefore the Community is prevented from entering into negotiation on them because the Member States themselves have found it difficult to come to an agreement on their harmonisation.
2. In cases where such measures cannot be eliminated entirely, as for example, the health and phytosanitary regulations, they should be modified.	2. Where, however, some harmonisation has been achieved, the Community is willing to accord the same treatment to Negotiating States as that presently applicable between its Member States.
	3. The Community does not apply quantitative restrictions in the existing association agreements, except to a limited number of agricultural products, and the Community confirmed that it will not apply such restrictions under our future agreement either.

4. RIGHT OF ESTABLISHMENT AND PROVISION OF SERVICES

ACP POSITION	EEC POSITION	COMMENTS
No position yet.	The ACP countries are entirely autonomous in deciding what treatment they should give nationals and firms of the Community countries. But two principles must be observed: (a) No discrimination between nationals or companies of the Member States of EEC. (b) If an ACP country accords favourable treatment to a third country, it must apply most-favoured nation treatment to Community countries. In order to encourage regional economic integration between the ACP States, the Community is ready to accept an exception to the principle of most-favoured-nation treatment.	

5. CURRENT PAYMENTS AND CAPITAL MOVEMENTS

ACP POSITION	EEC POSITION	COMMENTS
No position yet.	The principles that the EEC is proposing in this field for future agreement are not monetary provisions proper. These provisions will not hinder the monetary independance and monetary cooperation between ACP countries. No special monetary links will be set up between the Community and ACP countries. The Community proposal consists of 3 main points: (a) The parties should authorise payments connected either with trade or with arrangements relating to financial and technical cooperation. (b) As regards investments and related capital movements and current payments, the ACP States should apply treatment which does not discriminate between the nationals or companies of the different Member States of the EEC. (c) In the field of current payments and capital movements, the most-favoured-nation clause should apply. The Community accepts a waiver of the principle where regional economic cooperation between Negotiating States and other developing countries are concerned.	

Subject: SYNOPTIC TABLE SHOWING THE POSITIONS OF THE NEGOTIATING PARTIES ON ECONOMIC, FINANCIAL AND TECHNICAL COOPERATION QUESTIONS

A. GLOBAL AMOUNT OF AID

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
1. Overall volume of aid	Global amount to be fixed as soon as possible at the highest possible level on the basis of mutually agreed criteria. would be	From the indication in the statement made at Ministerial level, the advantages being enjoyed by the current Associated States would be maintained, even improved and the Associable States zould be placed on an equal footing. As for the timing of this discussion on the global volume of aid, the Community suggests it should be postponed to a later date, as this matter is still under consideration within the Community.	

B. PROGRAMMING OF AID

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
1. General Principle	EEC aid should be programmed in such a way that each beneficiary State will know before signing the Convention the amount of aid it can expect from the EEC during the period covered by the Convention.	Community aid must be programmed in such a way that each recipient State can obtain as clear an idea as possible of the aid it can expect during the period covered by future Convention. The Community doubts whether apportionment of aid before the Convention is signed is possible or likely to make national planning more practicable or realistic, particularly owing to rapid economic and monetary developments and is of the opinion that the programme must be comprehensive and must deal with sectoral and geographical guidelines, project priorities and costings. The complex work involved could be done in the course of discussions between each State and the Community once the Convention is signed.	

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
2. Responsibility for preparing programmes for use of aid	The beneficiary States shall have the responsibility for preparing their own programmes for aid utilisation.	Each State should be responsible for drawing up its own aid utilisation programme together with an order of priority for its sectoral programmes and its projects. Community prepared to provide technical assistance upon request by State.	There is apparent agreement on this principle. However, the EEC circumscribes the 'responsibility' of each state for preparing its own programme by requiring discussion and mutual agreement on each state's programme in the context of fixing its indicative amount.
3. Outline Convention	On the basis of this programme the EEC will sign with State in question an outline Convention of financing which will stipulate the amount of aid reserved for the State in question: Later on the State will submit its projects to the EEC when they are ready following its own priorities in order to use the credit open to it.	The exact form the results of the work on the programme will take - outline convention, exchange of letters or other instruments - seems to be a matter which could be examined in detail later. It is the content that is important.	There is no apparent disagreement at this stage.
4. Flexibility of programmes	The programmes of the different States should be flexible enough to take account of any new projects or adjustments to old projects resulting from modifications in the States' priorities: The periodic revision of the aid programmes of the different States should also be provided for during the period covered by the Convention.	The aid programme will have to be sufficiently flexible to enable account to be taken of changes in the country's economic situation, new projects or adjustments to old projects arising from a change in the recipient State's priorities. Each programme will be periodically reviewed during the period covered by the Convention.	There is apparent agreement on this principle.

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
6. Scope of aid	No restriction should be provided for with respect to the area of aid application and each beneficiary State should have the right to determine the sectors in which it wishes for the intervention of Community aid.	The scope of aid should be limited only by the aims which we shall jointly set for it.	The EEC position would appear to limit our autonomy in this sphere.
6. Exceptional aid	Programming shall not cover exceptional aid to mitigate the consequences of natural disasters.	National plans would not cover exceptional aid to mitigate the consequences of natural disasters.	There is apparent agreement in principle.

C. PARTICIPATION IN THE MANAGEMENT AND ADMINISTRATION OF AID

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
1. General Principle	The beneficiary States should be able to participate in the management and administration of aid especially at the following stages : - during aid distribution among the States; - during examination of projects from the States; - during the implementation of projects.	No specific EEC reaction to this matter of principle.	Many points of detail still require further discussion.
2. Arrangements for periodic discussion	Within the institutions to be set up for the application of the agreement being negotiated, arrangements should be provided for in order to : - bring about exchange of views at least once a year; - define the guidelines of financial, technical and economic cooperation; - examine the problems resulting from the implementation of financial, economic and technical cooperation. - ensure that aid objectives are achieved.	Within the framework of the institutions to be set up to implement the future convention provision will have to be made for thorough discussions at least once a year between the Community and our States in order to: - define financial and technical cooperation policy and guidelines; - examine the problems arising from its implementation; - ensure that the cooperation objectives are met.	There is apparent agreement on the need for such discussions, at least once a year.

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
3. Participation in Financing Decisions	Decisions on financing demands should be jointly made by EEC authorities and representatives of the beneficiary States. For this purpose an EDF Committee should be created and entrusted with the power to take decisions on the financing of projects. This committee should be composed of representatives of the beneficiary States, the Secretariat of the Associated States and representatives of the Community.	This matter will be dealt with by the Working Party on Financial and Technical Cooperation when we deal with the question of institutions to be set up to administer the Convention as a whole. The Community is not yet able to take a decision on the substance of the ACP proposals. This matter raises some problems for the Community.	No agreement at this stage even to the principle of our participation in financing decisions.
4. Responsibility for implementation of projects	The national organisations of the beneficiary States should be entirely responsible for the implementation of projects financed by the EEC.	The national and regional bodies of the recipient States will be fully responsible for the implementation of projects financed by the Community.	Apparent agreement (but see next line)
5. Technical Assistance for project implementation	Responsibility for initiating all requests for technical assistance must lie with the recipient States.	The regional and national bodies should be able to take on much of the work connected with the implementation of projects. Experts could examine later, in what way financial and technical cooperation can help these bodies to play their part to the full in this field. (Responsibility for initiating requests for technical assistance rests with national and regional bodies concerned).	

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
6. Negotiation of works contracts and tenders for supplies	The national organisations should be the only ones authorised to negotiate and conclude works contracts and supply tenders as well as technical assistance contracts.	The national and regional bodies will be the only ones competent to negotiate and conclude public works and supply contracts and technical assistance contracts. Procedures for invitations to tender, rules for selecting consultant firms and negotiating contracts with them will have to be examined in detail later. Community currently considering these rules and procedures.	Apparent agreement in principle, subject to later agreement on proposed rules and procedures.
7. Participation of national firms in project execution	Economic, financial and technical Cooperation must promote the increased participation of national firms and individuals in the execution of projects.	It will be necessary to encourage participation by enterprises and consultant firms of the recipient States in the implementation of projects. We should determine at a later stage the details of the preference (as to price or otherwise) which they are to be accorded. Community has taken considerable step to accommodate the ACP preoccupations in this respect by making the transition from a preference confined to supply contracts to a preference extended to works and service contracts.	Apparent agreement in principle, subject to agreement on details to be examined later as regards the preferences to be accorded.

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
8. Role of Controller Delegé	Highly recommended that the role currently played by the Deputy Controller in project implementation should be radically modified.	Although the details of this matter will have to be finalised later, we agree that there should be a change in the Deputy Controller's roles with his supervisory role giving way increasingly to an advisory function	The EEC position implies a gradual transformation of the role of Deputy Controller while our position envisages a more rapid transformation.
9. Transfer of functions of paying agent to Central and other national financial institutions	The ACP demand that the functions of the EDF disbursing official in our States be conferred on the Central Banks or other national financial institutions.	The Community will continue to examine, with an open mind, this highly technical matter which has raised some difficulties which the Community does not, however, consider to be unsurmountable.	Community not yet in a position to give their reaction to the substance of the ACP proposal.

D. OTHER SUBJECTS

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
1. Regional Schemes	Although ACP States welcome regional schemes, they should not take priority over national projects. These operations must go hand in hand with the priorities established by the countries concerned. ACP experts will examine later with their Community counterparts the proposals of the latter on regional schemes.	The EEC envisages itself playing a special role in regional cooperation. It is up to the Partner States to take the necessary initiative and political decisions. It suggests specific instruments for regional cooperation whose application should be agreed by all the States involved should be provided by the future Convention. The Community suggests four points : i- Technical assistance for regional cooperation bodies; ii- A regional dimension in the planning and use of aid; iii- Financial support for individual agreements to open up markets; iv- Reserving part of the EDF for regional cooperation measures.	Interesting proposals to be examined later by the experts, and then by the ACP Ambassadors.
2. Special aid for less favoured	Specific measures and appropriate conditions should be adopted in favour of the least developed, land-locked and island countries in order to help solve specific problems which impede their development. Experts should discuss these issues later.	Is envisaging the possibility of applying special measures for the less favoured countries. It will take no initiative in establishing a once and for all definition of these countries. Their special problems should be taken into account in the application of the special measures, to be jointly examined : - application of particularly favourable financial aid terms to these countries;	Proposal to be examined further at experts level, and then at Ambassadorial level.

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
		- intensified technical assistance in the preparation of development programmes and schemes; - special support for national economic development departments and those responsible for development matters; - greater finance for important maintenance expenses or the operation of development investment; - particularly extensive support for small enterprises and small-scale basic developments; - priority for generous application of measures to encourage regional cooperation, examples are transport infrastrucute aimed at opening up countries in the interior and projects for and siting regional industries in the less favoured countries.	

SUBJECT	ACP POSITION	EEC POSITION	REMARKS
3. Economic Cooperation	The system for financial and technical cooperation should be geared more to transforming the structures of our economies and to increasing their capacity to absorb capital. Hence the necessity for a new international division of labour. This will imply: - renunciation by the EEC of certain uneconomic activities within the EEC countries; - transfer to our countries of processing activities based on certain raw materials and minerals and mineral resources; - transfer of techniques and technology; - sub-contracting activities; - industrial promotion in general.	The EEC welcomes the ACP's desire to see true economic cooperation between itself and our States with a view to transforming effectively the structures of the ACP economies and increasing their capacity to absorb capital.	The ACP will insubsequent weeks draw up proposals for economic cooperation. The Community has requested a written document on the ACP proposals to facilitate further discussions.

AFRICAN GROUP FOR
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Annex III

Subject: Conclusions of the Proceedings of the Council of Ministers responsible for Negotiations with the EEC. 2nd Session, Addis Ababa, 20th-22nd February, 1974

Part I - OPENING SESSION

1. The Council's Second Session was opened on 20th February, 1974 at 3.00 p.m. and adopted its agenda for the second session. [See Appendix I (N.44/74/AG(Min)].

2. A list of delegates from member countries was circulated to the meeting. [N.43/GA/74]

3. In the absence of H.E. Citizen NAMWISI, Commissioner of State for Commerce of the Republic of Zaire and currently Chairman of the Council, the meeting was presided over by H.E. Mr. Babacar BA, Minister of Finance and Economic Affairs of the Republic of Senegal, currently first Vice-Chairman of the Council.

4. This opening session was honoured by the presence of H.I.M. Haile Selassie I, Emperor of Ethiopia, who delivered a very important and touching address which was distributed during the meeting.

5. The Administrative Secretary-General of the Organization of African Unity, Mr. NZO EKANGAKI, then made a statement which was also distributed during the meeting.

6. Lastly, the Chairman of the Council, H.E. Mr. Babacar BA, thanked His Imperial Majesty for kindly consenting to open the Council's Session personally, thus making the occasion a very important and solemn one. He further expressed warm and sincere thanks on behalf of the delegates from the African, Caribbean and Pacific countries for the warm welcome accorded to them by the people and government of Ethiopia. He also drew the attention of the Council to the importance of this meeting during which the Ministers would have the occasion to assess the outcome of the first and second phases of the negotiations with the EEC on the basis of the report submitted by the Ambassadors [Document ACP/AG.16/74(Amb).]

7. After a brief adjournment the Council resumed its work and proceeded with the elections of the following members of the Bureau:

   - Chairman:
     H.E. Ato KETEMA YIFRU, Minister of Commerce, Industry and Tourism (ETHIOPIA)

- First Vice-Chairman:
  H.E. Al Hadji I.M. GARBA-JAHUMPA, Minister of Finance, Commerce and Industry (GAMBIA)

- Second Vice-Chairman:
  H.E. Emile KASA MAPSA, Minister of State in charge of the Embassy of GABON in Brussels (GABON)

- Third Vice-Chairman:
  H.E. T.S. MANGWAZU, Ambassador of Malawi, Representing the Government of MALAWI.

8. The Council of Ministers admitted as observers delegations from Algeria, Egypt, Libya, Morocco and Tunisia who are Member States of the OAU.

9. The Council meeting was adjourned at 6.00 p.m. to resume its deliberations on 21st February, 1974 at 9.00 a.m.

PART II - SESSION OF 21ST - 22ND FEBRUARY, 1974

10. At the opening of the Session on 21st February, 1974 at 10.00 a.m. the current President, H.E. Ato KETEMA YIFRU, made a statement circulated under Reference No. N.48/74/AG.

11. The Council adopted the provisional Agenda proposed by the Committee of Ambassadors and Plenipotentiaries, which is attached as Appendix 2 to this document [ACP/N.24/74/AG(Min)].

2. Examination of the Report of the Committee of Ambassadors and Plenipotentiaries on the state of progress of the first two phases of the negotiations with the EEC [ACP/AG.16/74(Amb.)Rev.2]

12. The Report of the Committee of Ambassadors and Plenipotentiaries was presented to the Council by the Chairman of the Committee, H.E. Ambassador Olu SANU [See Document N.45/74/AG(Amb)]. (Appendix 3).

13. Members of the Council then discussed the report at length after which they appointed a Drafting Committee composed of representatives from Nigeria, Ivory Coast, Zaire, Kenya, Malawi, Dahomey, Cameroon and Guyana. This Committee was charged with the task of drawing up the draft report of the session to guide the Ambassadors and Plenipotentiaries for the continuation of negotiations between the ACP and EEC.

14. The Council examined the Draft Report of the session presented by the Drafting Committee. The final Report appears in Appendix 4 to this document [ACP/N.49/74/AG(Min) Rev.1].

15. After adoption of this Report, the Council examined and approved resolutions No. 2/74/AG(Min) (Appendix 5) and No. 3/74/AG(Min) Appendix 6).

3. Procedural questions: Rotation of the Chairmanship of joint meeting of the African, Caribbean and Pacific Groups, and also of the Plenary Committee for negotiations with the EEC

16. The Council, in a desire to strengthen the solidarity between the African Group and the Caribbean and Pacific Groups, in the framework of these negotiations with the EEC, decided, with the agreement of the Representatives of these Groups at this session, that henceforth, at the level of the Committee of Ambassadors and Plenipotentiaries, one Negotiating Group would be set up by the Representatives of the African, Caribbean and Pacific countries (ACP) and would have one Bureau, consisting of:

- A Chairman (Africa)
- A First Vice-Chairman (Caribbean)
- A Second Vice-Chairman (Pacific)
- A Third Vice-Chairman (Africa).

17. The Provisions of the Rules of Procedure of the African Group for Negotiations with the EEC relating to the Constitution of the Bureau of the Committee of Ambassadors and Plenipotentiaries (Article 7) will be adjusted accordingly.

4. Exchange of views on the coordination to be established between the African Group for Negotiations and the other OAU Member States Negotiating separately with the EEC (Proposal to be made to the Ministerial Conference in Algeria on African Common Market)

18. On this matter, the Council gave its President a mandate:

- On the one hand to request the Administrative Secretary General of the OAU to include this point in the provisional Agenda of the Fourth Session of the Conference of African Trade Ministers, scheduled for April 1974 in Algiers, and
- on the other hand, to address letters to the competent authorities of the Maghreb countries regarding this necessary coordination.

5. Date and Place of the next Session of the Council

19. The Council decided to meet in May 1974 in Dakar, thus responding to the kind invitation of the Republic of Senegal.

6. Other Business

20. No other question was brought to the attention of the Council.

21. The Council, before separating, congratulated the Bureau, and particularly the Chairman, on the efficient way the work had been carried out.

22. Lastly, the Council adopted a motion thanking His Imperial Majesty Haile Selassie I for the welcome given to the delegations.

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N.47/74/AG(Min)

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AFRICAN GROUP FOR
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APPENDIX I
to N.47/74/AG(Min)

Addis Ababa, 20th February, 1974.
N. 44/74/AG(Min)

AGENDA FOR THE OPENING SESSION OF THE
2ND MEETING OF THE COUNCIL OF MINISTERS OF
THE AFRICAN GROUP FOR NEGOTIATIONS WITH THE
EEC

[Addis Ababa, 20th February, 1974, 4.30 p.m.]

1. Opening address by HIS IMPERIAL MAJESTY EMPEROR HAILE SELASSIE I, Emperor of ETHIOPIA.

2. Opening Statement by the Secretary General - OAU.

3. Opening Statement by the Chairman of the African Group.

(Suspension 10 minutes)

4. Meetings of Heads of Delegation.
Plenary Session:

5. (a) Election of Members of the Bureau for the African Group, Council of Ministers:
   - 1 Chairman
   - 3 Vice-Chairmen

   (b) Organization of work.

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AFRICAN GROUP FOR
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APPENDIX 2
to. N.47/74/AG(Min) 3

Brussels, 8th February, 1974
EB
ACP/N.24/74/AG(Min.)Rev.

Agenda of the 2nd Session of the Council of Ministers of the African Group for negotiations with the EEC
(Addis Ababa, 20th - 22nd February, 1974)

1. Approval of the draft Agenda.
[ACP/N.24/74/AG(Amb.)Rev.3]

2. Examination of the Report of the Committee of Ambassadors and Plenipotentiaries on the state of progress of the first two phases of the negotiations with the EEC.
[ACP/AG.16/74(Amb.)Rev.2].

3. Procedural questions:
   - Rotation of the Chairmanship of joint meetings of the African, Caribbean and Pacific Groups, and also of the Plenary Committee for negotiations with the EEC.
     [Verbal Report by the Chairman of the Committee of Ambassadors and Plenipotentiaries]

4. Exchange of views on the coordination to be established between the African Group for negotiations and the other OAU member States negotiating separately with the EEC.
[Proposal to be made to the Ministerial Conference in Algeria on African Common Makret].

5. Date and Place of the next session of the Council.

6. Other business.

AFRICAN GROUP FOR
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ANNEX 3
to Note N.47/74/AG(Min)

Addis Ababa, 20th February, 1974.
N.45/74/AG(Min)

STATEMENT BY THE CHAIRMAN OF THE COMMITTEE OF AMBASSADORS AND PLENIPOTENTIARIES TO THE SECOND SESSION OF THE COUNCIL OF MINISTERS OF THE AFRICAN GROUP RESPONSIBLE FOR NEGOTIATIONS WITH THE EEC

(Addis Ababa, 20 - 22 February, 1974)

Mr. Chairman, Your Excellencies,

In accordance with the mandate your Council has given us, the Committee of Ambassadors and Plenipotentiaries of the African, Caribbean and Pacific States began the negotiations with the European Economic Community from 21st November, 1973 to 6th February, 1974.

During the period under consideration, the ACP countries and the EEC have exchanged ideas on their respective positions on most of the questions to be covered in the negotiations. Thus, the different parties are now in a position to assess the results achieved during this phase of the negotiations by pin-pointing on the one hand, those questions on which agreement could be reached without serious difficulties, and on the other hand, the "problem questions" the solution of which would require new instructions for the Ambassadors and Plenipotentiaries to enable them to proceed with the negotiations.

The report circulated to you contains the factual positions of both parties on the issues so far covered in our negotiations with the EEC. It will be seen from the report that the negotiations so far have not been fruitless. On a number of areas, the EEC has moved a good way to meet our positions. However, there are the "problem areas" to which the plenipotentiaries would like to invite the special attention of your excellencies.

The first area relates to the products that are subject to the Common Agricultural Policy of the EEC. Here the EEC maintains that a few exceptions to these products will have to be made, and for these products, the Community will offer us special treatment more favourable than the general treatment applied to third countries. This will be determined product by product during the negotiations and for the duration of the Convention. In the meantime however, the Community has promised to give us their detailed proposals on this subject.

While maintaining our basic principle of free and unlimited access for our products your excellencies will need to give further guidelines to the Committee of Ambassadors to look into the detailed proposals to be provided by the EEC as it would be premature to reject the proposals before they are known.

On the question of erosion of preferential margins which could result from the GATT Multilateral Trade Negotiations and the intensive inter-governmental consultations on commodities under UNCTAD, Mr. Chairman, Europe has told us that they have taken this particular point of concern very seriously. However, they are asking us more or less to agree to make a common front with them at international levels to prevent further liberalisation for all developing countries in order to maintain our present margin of preferences. In our view this would be an impossible position for us to accept and we have taken the view that it would be preferable to work out special measures which would compensate the ACP countries for the erosion of preferential margins. Your excellencies are invited to discuss this and give further directives.

Mr. Chairman, on the question of the definition of originating products, the basic difference between our position and that of the EEC is in defining the concept of originating products and in particular the definition of "their vessels". As shown in the summary information before your excellencies, the EEC rejects the criterion of value-added to which we attach importance and proposes instead to maintain lists A and B in a modified form. They agree that the current definition of "their vessels" is too stringent and are willing to make some relaxation.

The Committee of Ambassadors is of the view that while maintaining our position with respect to the "value-added" criterion the whole of this subject requires further study with a view to making Europe liberalise their definition of rules of origin. However, on the definition of "their vessels", it may be possible to reformulate our own position in terms of the criterion of sufficient participation in vessel ownership and operation.

With regard to non-tariff barriers, the Community has drawn our attention to the fact that it has not yet established a harmonised policy in a number of areas. In those areas which have already been harmonized, the Community is prepared to apply to ACP countries arrangements that are neither less nor more favourable than the country members apply among themselves. This would mean that while the Community would lift, with respect to ACP countries, the quantitative restrictions which it applies to third countries, ACP countries would still face a number of restrictions on areas where no Community rules exist and where member countries rules and legislations are still applicable.

Mr. Chairman, with regard to the problem of export earnings, the Committee of Ambassadors is of the view that we should be concerned more with the expansion than with the stabilization of our export earnings. The matter is still under study by the Committee and we will put forward our proposals to the Community as soon as we are ready. Your excellencies' views on this subject will very much help us in arriving at our proposals.

Turning now to the field of economic, financial and technical co-operation, the Council of Ministers is invited to note the substantial agreement reached so far. However, there are a few issues which will require further guidance from your excellencies. As regards the global amount of aid, Europe is not willing to give the figure until a later date. Furthermore, with regard to our proposal that ACP countries should participate in the management of aid, the Community, while agreeing in principle to this proposal, has not given specific details of its reaction to this issue. On the question of indicative figure for each negotiating state, the Committee of Ambassadors has not made much progress because of some differences of opinion.

The Community has responded positively to our request on the financing of regional projects, and it remains for us to provide more detailed proposals on this topic at an appropriate time.

Mr. Chairman, your excellencies, this sums up the position of our negotiations so far.

While the platform for our negotiations will continue to be based on the eight principles laid down by the Heads of State and Government, your Excellencies may wish to consider whether, in the light of the negotiations so far, new directives should be given to the plenipotentiaries on the interpretation of these principles and on the extent of flexibility that could be assumed in applying them in the problem areas. In giving these directives your excellencies may wish to take into account the conjuncture of recent developments and current trends in the international economy.

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APPENDIX 4 to Note N.47/74/AG

Addis Ababa, 22nd February, 1974.

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N. 49/74/AG (Min) Rev.I

AFRICAN GROUP FOR NEGOTIATIONS WITH THE EEC

REPORT OF THE SECOND SESSION OF THE COUNCIL OF MINISTERS

1. The Council of Ministers of the African Group for Negotiations with the EEC held its Second Session in Addis Ababa, Ethiopia, from 20 to 22 February 1974. This meeting was attended by the Ministerial delegations from the thirty-five African countries as well as the representatives of the Caribbean and Pacific countries which have adopted a common stand since 21 November 1973 for the negotiations with the EEC. Representatives of Egypt, Algeria, and Morocco attended as observers.

2. The Council of Ministers studied in detail the Report submitted by the Committee of Ambassadors and Plenipotentiaries from the African, Caribbean and Pacific countries on the problems and outcome of the first stage of the negotiations as they arise from the statements made by the European Economic Community and the ACP Group since 21 November 1973.

3. The Council of Ministers noted with satisfaction that all the points covered by the ACP Ambassadors and Plenipotentiaries faithfully reflect the fundamental principles in the African Declaration adopted by the 10th Session of the OAU Summit Conference which were to serve as basis for negotiations between the African countries and EEC Member States.

4. The Council of Ministers expressed its support and appreciation of the work done by the Ambassadors and Plenipotentiaries. Consequently, it reaffirmed its determination to maintain the common front formed by the negotiators from the African, Caribbean and Pacific countries and reconfirmed the stand taken and defended by the Ambassadors and Plenipotentiaries in Brussels, on behalf of the ACP Group, on each one of the aspects of the future Agreements.

5. The negotiations with the European Economic Community should therefore aim more particularly at obtaining, for the African, Caribbean and Pacific countries, arrangements which will safeguard the best interest of the

peoples of these countries in the fields of trade, economic, financial and technical co-operation on the basis of the fundamental principles of the African Declaration.

A. Trade

1. General Principles

6. The fundamental objective of the trade relations to be worked out between the two parties should be the rapid increase and diversification of ACP exports to the European Economic Community without injury. The intensification of trade relations between ACP countries on the one hand, and between ACP countries and third countries on the other. This should be done through establishment of a liberal policy encompassing liberal and simplified definition of the rules of origin which will allow optimal access of ACP products to the markets of EEC States. The policy should also aim at elimination of all types of non-tariff barriers.

2. Access to the Community Market

7. The basic arrangement for trade between the ACP and EEC countries should be free access of all the products of these countries to the Community. This rule which should be applied to all products whether processed or not, whether covered or not by the Common Agricultural Policy, should include exemption from customs duties as well as quantitative restrictions and any levies liable to impede access of our products to the European markets.

8. The Ambassadors and Plenipotentiaries should continue to study in details all proposals to be submitted to them by EEC including those on the Common Agricultural Policy and submit their recommendations to the Council of Ministers.

3. The Rules of Origin

9. In this area, it is important to work out with the Community the definition of simple and flexible rules to promote the expansion of exports from the ACP to the EEC countries. To this end, it would be advisable to defend both the criteria of sufficient processing and complementary value added; the latter should be maintained at a level which will take into account the urgent needs and the present limits of industrial development of the least favoured among the ACP countries.

10. With regard to the fishery products, the criteria for ownership and operation of "vessels" should pay due regard not only to the ownership and operation and the fact that in certain cases these "vessels" are registered in the Negotiating States, but also to the charter leasing of these vessels by one of the parties to the future agreement.

4. Non-tariff barriers

11. The forthcoming agreement should result in the elimination of all non-tariff barriers which, at national or community level, impede the access of ACP products to European markets. In this connection, besides quantitative restrictions and measures with a similar impact stemming from a common agricultural policy, the agreement should at least include machinery for the harmonization of European legislation on any other non-tariff barriers and their speedy elimination so as to increase the preferential advantages enjoyed by ACP products in the EEC.

5. Problem of export earnings

12. The scheme for increasing the value of export earnings of ACP products to be incorporated into the forthcoming Agreement should give priority to the following objectives:

(a) allow ACP countries a sustained increase of their export earnings so as to assure them of increased financial resources for their development;

(b) guarantee remunerative prices for ACP products;

(c) protect these countries against any reduction in export earnings resulting from variations in production and consumption;

(d) arrest the deterioration in the terms of trade, notably by establishing a close link between the prices of the export products of ACP countries and the prices of the goods and services originating from the developed countries.

(e) establish an equitable distribution of shipping freight burdens.

6. Erosion of preferences

13. Having regard to the proposed policy of trade liberalization within the UNCTAD/GATT framework, the Group of ACP countries is against making a common cause with any group of developed states in opposition to the liberalization of world trade.

14. The co-operation Agreement being negotiated should thus include machinery to compensate for the erosion of preferences for ACP products in EEC markets. Such compensatory machinery should, notably, be provided for in the drafting of special measures in the fields of industrial development and infrastructure, as well as the stepping-up of production and trade development.

B. Economic, Financial and Technical Co-operation

15. Ambassadors and Plenipotentiaries should continue their discussions with the EEC with a view to guaranteeing:

(a) The determination of the volume of financial aid which exceeds both the "acquired rights" of Associate States and the equity treatment promised the future Associate States. In fact the volume of aid should meet the real needs of economic and social development of all the ACP States. With this in mind, the Ambassadors and Plenipotentiaries will make it a point to propose to their partners in negotiations criteria and indeed the indicative amount of the volume of aid;

16. (b) Programming of Aid. The Council recognizes the need for the programming of aid which would take into consideration any development planning by the countries concerned. However the Council, considering that any attempt at pre-distribution of aid among recipient countries would constitute a divisive factor deems it unnecessary to recommend this measure.

17. (c) Participation in the administration and management of Aid

Having taken note of the efforts made by the Ambassadors and Plenipotentiaries in this field, the Council recommend that they continue along these lines with a view to bringing about the full and active participation of ACP countries in all aspects of the administration and management of aid.

18. (d) Industrial Co-operation

Having noted the state reached in the discussions by the Committee of Ambassadors and Plenipotentiaries on this matter, the Council recommends that they pursue their efforts in this area in order to be able to submit proposals to the EEC while taking into account the interest and priorities fixed by the ACP. In this

connection, special attention should be paid to regional economic and technical co-operation as well as to the transfer of technology as well as international division of labour within the framework of genuine co-operation.

19. (e) Special measures for the least developed countries

The Council invites the Committee of Ambassadors and Plenipotentiaries to study and propose to the EEC as soon as possible special measures concerning the least developed of the negotiating group as regard trade and economic, financial and technical co-operation.

CONCLUSION

20. In its desire for effectiveness and the safeguarding of the interests of the ACP countries, the Council of Ministers deemed it important to invite the Committee of Ambassadors and Plenipotentiaries to endeavour systematically to maintain or take the initiative to present positions which reflect the views of the Governments concerned in the various sectors of activities to be covered by the co-operation agreement. Such comprehensive proposals summing up the optimum requirements of the Negotiating States should be made in other areas and especially the areas of increasing export earnings, the definition of special measures designed to compensate the erosion of preferences, the criteria of which should govern the fixing of the volume of aid, the programming, administration and management of this aid, special measures for the least developed among the negotiating countries and for BLS countries etc.

21. To define this concrete ACP position, the Committee of Ambassadors and Plenipotentiaries should continue to make the best use of the ACP Group of Experts, the Secretariat in charge of the negotiations, consultants and technical services of the Secretariats of the Organization of African Unity, the Economic Commission for Africa and the African Development Bank. By deciding to take or maintain the initiative to submit concrete proposals to the European partners, the Committee of Ambassadors and Plenipotentiaries should constantly be guided by the exigencies of the current world economic situation which should give the countries which are producers of raw materials a stronger position in all dealings involving economic, commercial financial and technical co-operation with the industrialized countries.

AFRICAN GROUP FOR
NEGOTIATIONS WITH
THE EEC

RESOLUTION N° 2/74/AG (Min)
ADOPTED BY THE SECOND SESSION OF THE COUNCIL
OF MINISTERS

The Council of Ministers of the African Group for negotiations with the EEC, meeting in its second session in Addis Ababa from 20 to 22 February 1974,

Having examined the report submitted by the Committee of Ambassadors and Plenipotentiaries from the African, Caribbean and Pacific countries on the problems and outcome of the first stage of the negotiations, as they arise from the statements made by the European Economic Community and the ACP since 21 November 1973;

Considering the provisions of the African Declaration on Economic, Financial and Technical Co-operation adopted by the Tenth Session of the Assembly of Heads of State and Government, meeting in Addis Ababa in May 1973, and, in particular, those concerning relations to be established with EEC;

1) Reaffirms the determination of the African States to pursue negotiations undertaken with the EEC within the framework of the provisions of the African Declaration on economic, financial and technical co-operation and, in particular, as regards relations between Africa and the EEC;

2) Reiterates the firm determination of African, Caribbean and Pacific States parties to these negotiations with the EEC to maintain and strengthen the common front and solidarity;

3) Notes with satisfaction that the stands defended by the Ambassadors and Plenipotentiaries faithfully reflect the fundamental principles in the Declaration adopted by the OAU Heads of State and Government in May 1973;

4) Confirms the stand which the Ambassadors and Plenipotentiaries presented and defended in Brussels, on behalf of the ACP Group on each of the aspects of the future Agreement with the EEC;

5) Invites the Ambassadors and Plenipotentiaries to pursue negotiations with the EEC in the same spirit and with a view to obtaining for the African, Caribbean and Pacific States, arrangements which will safeguard the best interests of the peoples of these countries in the fields of trade, economic, financial and technical cooperation.

Done at Addis-Ababa, 22nd February, 1974
The Council of Ministers.

Conformable
The Executive Secretary
S. Djim SYLLA

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