

"Europe and Africa"

An Address by  
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I wish to talk to you today about the relations of our nations of the Atlantic world with the developing nations - those now in the dawn of their national political and economic development.

No one in the West, I think, has the slightest doubt that we have responsibilities to the developing nations, of which I count more than 90. We and these nations are agreed on this fact : that poverty, hunger, disease and despair are not the natural condition of man in the 20th century.

Since we accept this view, by what principles should our action be guided ?

I have suggested elsewhere that our great universities may illuminate such principles through more special research in the sociological, political, economic and technical problems of these developing countries. This is no longer something we can regard as an esoteric field of study.

In the meantime, we cannot wait for future scholarship. The realities of development problems are already upon us. It is not simply a question of providing aid. It is the challenge of planning the advancement of the free world, of which we are citizens and into which we invite the developing nations as partners.

For the European Economic Community, some of the lines of our relationship with the developing countries are clearly visible. Let me illustrate this with a few figures. They put in perspective our economic

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relations with the 90 developing countries :

Twenty-two of these countries send more than half, and in individual cases up to 90 %, of their total exports to the Community. Fourteen of these countries are in Africa.

We take more than a third of the exports of a further 14 countries, and more than 20 % of yet another 21.

In other words, of the 90 developing countries in the free world, 57 are dependent on the European Economic Community for 20 to 90 % of their exports. The significance of this trade to their economic development is obvious.

The relationship of these 57 countries with the United States and the Soviet Union is fundamentally different. Whereas all these countries together send almost 40 % of their exports to the European Economic Community, the United States take less than 12 % and the Soviet Union little more than 2 %. All the 90 developing countries together send almost 22 % of their exports to the European Economic Community, 18,5 % to the United States and about 5 % to the Soviet Union.

I think that the Community's special task towards the developing countries - especially those in Africa - emerges very clearly from these figures. The Member States of our Community recognize this responsibility and are acting accordingly.

Certain of the EEC countries, notably France, retain special relations with developing countries previously in a colonial status and now independent. There is no logical reason why these economic ties should be severed when they remain in the best interests of both sides.

Nevertheless, the provisions of the Treaty of Rome relating to the association of 16 African countries with the Community were politically out-dated when the Treaty, which determines the association, came into force. The provisions were written for "dependent territories", some of them under colonial administration. In the meantime all these

countries had become independent. 15 of them have told us that they want to remain associated with the Community at least for the period of 5 years ending in 1962, when the implementing agreement expires.

This association carries certain benefits for these developing nations. First, they are eligible for aid from the \$ 580 million Development Fund of the EEC which was established in their behalf. Already \$ 129 million of the Fund have been allotted for development of 140 projects. Secondly, the associated countries enjoy unilateral trade advantage with the Community. Specifically, their goods will enter our common market free of duty; but the associated countries themselves may levy duties on the goods they buy from us.

We of the EEC are prepared to continue this association in the future. Still more is involved than good will on our part, which I shall illustrate.

Nevertheless, while we regard the associated countries as welcome friends in our common economic house, we cannot overlook other developing countries which do not have such special relations with us. We do not want to put these latter states at an unfair disadvantage with their overseas neighbors who do have special links with Europe.

We must maintain an open mind and understand the concerns of those African nations not yet linked with us but which may desire association in the future. I am thinking, for example, of statements from Nigeria which have broached the possibility of closer contact with the Common Market.

Since any future ties between our Community and Africa will be the result of free political decision on both sides, the structure which emerges will have to satisfy African interests.

For example, African states which are not at present associated with us might well be interested equally in a co-ordinated commercial policy for the most important raw materials markets - such as peanuts, coffee, timber, cocoa or bananas. For the fate of Africa - of the

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associated as well as the non-associated countries - turns on the success or failure of the harvest and sale of not more than 4 to 5 products. The French-speaking African countries have already established the O.A.C.E., a kind of African O.E.E.C., which will have its administration in the capital of Cameroun and is to undertake progressive regional planning. We for our part shall have to see whether this regional co-operation, aimed at bringing about a balanced structure of economics and production across the national frontiers, will remain limited to the overseas countries associated with us. There is already, indeed, talk of the European Common Market being faced, in a few years' time, by an African Common Market, that is to say a production and trading unit which would necessarily display a new - and greater - economic and political self-assurance.

To turn now to our future action. What must we do? In practical terms there is already one policy which the West clearly cannot pursue. The developing nations, with more than 40 million inhabitants, have an average monthly income of only \$ 8.00 per person. We cannot, therefore, engage with them in free trade along the lines we pursue in Europe. Free trade is to the benefit of the developed nations. When we follow such a policy among industrial nations, we do so because it promotes the division of labor, increases productivity and raises the standard of living. But the developing countries are only beginning to share in this division of labor. Full trade liberalization would be a damaging blow to their infant industries. If we were to demand it, we certainly would open ourselves to the charge that the medicine of liberalism was no more than a new dose of colonialism.

This, therefore, makes it necessary that we plan measures to support prices and organize markets and outlets for goods. Such a suggestion will certainly make liberal theorists shudder, but this, I think, is because they do not normally think in political terms. Nevertheless, such measures must be applied until the Africans develop an economy that can operate under modern conditions.

Indeed, if we do not offer an enlightened trade policy to the African countries it may never be possible to fit these young nations into the freetrade world. We must face the fact right now that there will be no short-term return on perceptive investment policies for Africa. But just as the six states of the European Economic Community have made sacrifices to obtain higher goals, European policy in Africa will require economic sacrifices. Things being as they are, it is only logical that the economically stronger party should set an example.

To summarize at this point, there is no question as to whether the West is to extend aid to the developing countries. As President Kennedy has said, this help must be extended "because it is right". Going further, our own European Community already has laid considerable groundwork for economic association with those of the developing nations whose historic ties with her were closest. These relations must not be pursued unmindful of their economic impact on other developing nations. Regional African cooperation must also be reconciled with any Western aid program. Finally, we concede that the clothes of unbridled free trade are just now ill-fitting for our African friends. How then shall we unite these various concerns in a comprehensive philosophy of Western aid for developing nations ?

The question will be faced in part when members of the European Parliament of our Community meet in June in Strasbourg with members of the new African parliaments. These parliamentarians will discuss the outlines of association to continue beyond 1962 when we are no longer guided by all the provisions of the Treaty of Rome and the attached agreement. We are, therefore, very close to decisions that could affect our relations with Africa for years to come.

Our member states are generally agreed on creating closer and special links between the Europe of the Six and Africa, but there are differences on specific problems. I believe that some of these arise from fears that all bilateral relationships may be excluded by a common EEC policy.

Bilateral aid is not to be excluded, nor is private initiative to be hampered. But we must take care that bilateral action does not lead to a new one-sided economic dependence of African states on Europe. This would be resented as much as was their previous political dependence. In my view multilateral assistance in the name of the Community is to be the centerpiece of our African development policy.

Let me turn now to the specific relationship between our European Economic Community and the developing nations of Africa.

What concrete steps can we take ?

Let me single out one problem, which is at the centre of discussions : the question of preferences.

Under the Treaty of Rome and the present Implementing Convention, which expires at the end of next year, a kind of free trade area is set up between the Community and the associated countries. The Community's removal of customs duties for the benefit of the associated countries is a matter which really affects little more than the four or five tropical products for which these countries need outlets in Europe. The present association arrangements further mean that customs duties charged by the associated countries on imports from the Community are gradually being abolished - which is of course intended to increase the outlets in Africa for the Community's industrial products. At the same time, however, the interests of the associated countries are not neglected. In the first place, they have the explicit right to introduce duties where they need them to protect their own growing industries. Secondly, experience has shown that in countries such as these, industrial imports may well play an important part in triggering off a process of development, because they show local entrepreneurs that there is a market for the goods concerned; and the pressure they may exert on the balance of payments may in itself act as a stimulus to home production in their countries. Some economists therefore hold the view that during the initial stage imports of the developing countries should not be subject to restriction.

As I have said, the mutual reduction of customs duties between the Community and the associated African countries has not yet gone very far. With the time approaching for renewal of the Implementing Convention, the question now arises, whether such an arrangement should be taken over into the future association arrangements. It is natural that Member States like France, whose trade with developing countries is virtually limited to these associated states, take a different point of view from that of other Member States like Germany or the Netherlands, whose trade with the associated countries is infinitesimal, and who obtain the bulk of their tropical imports from other areas, such as Latin America, or from other African countries.

The level of the Community's external tariff is vital for these tropical products. Clearly, an external duty of 16 % on coffee - a product which is of decisive importance for the good or ill of more than one country - means a considerable disadvantage to the Southern or Central American suppliers if the associated African countries are granted duty-free entry into the Community. These other suppliers and the Member States who traditionally trade with them therefore may well dislike these so-called "preferences". When the Treaty was concluded a certain balance of interests was struck by granting customs quotas, making possible a certain volume of imports into some Member States at low duty rates, or even free of all duties. On the other hand, it is hard to see how the associated countries could be deprived without compensation of advantages which guarantee them a certain additional income and to which they are entitled by the present association arrangements.

And there is more to it than that. France has granted to its former African colonies further special privileges, which far exceed these preferences. For some tropical products its former African territories are in principle the sole suppliers; other producers have a chance of trade only if demand exceeds the delivery capacity of these countries. France has adopted, for instance, price support measures enabling the African

territories to sell their produce at prices sometimes considerably above those of the world market, and has thereby opened up a source of appreciable additional income to them. However, this former privileged position in the French market of the associated African states will gradually disappear as the Common Market becomes a reality. The closed French market cannot be maintained as soon as France opens its frontiers to the other five Member States and the produce of the other tropical countries can then be imported through them. But we must not leave out of account this special form of present development aid which is very considerable when expressed in figures.

All this suggests that in considering the new association arrangements we should not simply dismiss the idea of a free exchange of goods between the Community and the African associated countries. Perhaps a middle-of-the-road solution can be found. To meet the interests of other tropical producer countries and the Member States linked to them by trade, we might consider reducing the Community's external tariff for the principal tropical products. The rate for coffee, to which I have referred, might be lowered from 16% to - say - 8%. This would mean a loss to the African countries, whose preferences then would be reduced by 8%. This loss might perhaps be compensated in some other way, perhaps by direct aid payments. It is, of course, not certain whether such a scheme would be workable in the case of all products. The most important of them would have to be studied in detail so as to determine the measures which would meet the particular market and production conditions.

These steps might be rounded off by the establishment of stabilization and guarantee funds for the chief products concerned. The Community would have to make payments into these funds when raw materials prices are falling; while at times of sharp price rises the producer countries might contribute to the funds part of their own increased income. The Community then, would be responsible for the original financing of these funds which should be possible without undue difficulty, as it requires no more than loans. On the other hand one disadvantage of such a



system would be that while such funds might mitigate excessive price fluctuations, they would be incapable of preventing a long-term decline. Nevertheless, some such support measures are of very great general importance because, as a result of international speculation, raw materials prices suffer considerable fluctuation to the detriment of producers. Over a period of 50 years the yield from the harvest of the 18 principal raw materials produced in the tropical countries has been exposed to fluctuations of 19 % annually. In 1959/60 alone, coffee and cocoa experienced price fluctuations of more than 50 %. Nearly all the resultant profits have gone to the consumer countries, that is to us.

These very price fluctuations raise the question of how much of raw materials production in the developing countries should be stimulated. This is the very commodity field in which prices are showing a steady decline. Building up some industry for the early stages of processing is important. That is why we of the European Economic Community must make greater use of our Development Fund to help the associated states plan their economic growth. I believe that our Fund should also be able to make loans as well as grants, which are at present our only Community instrument for development aid. We should also consider a system of loan guarantees through which we could help the associated countries enjoy lower rates of interest on loans obtained elsewhere.

But let us also take a wider view of the problem. The advancement of Africa and all developing nations is more than a matter of trade and loans and grants. These nations could not go forward without the education of leaders for the new era. Under bilateral agreements, numerous young leaders from developing countries are already studying in the Member States of our Community. The Commission of the EEC also has granted scholarships for the education of an élite for the developing countries. The number of scholarships must be increased drastically, but this should not be a one-way traffic. European students should go to Africa. Such ideas culminate in something the EEC Commission already has proposed, an Institute for Development Problems. It would be dedicated to technical

and educational cooperation between Africa and the States of our Community.

These few remarks, I hope, have shown the very real problems and responsibilities with which Africa faces the European Economic Community. What conclusions can we draw ?

Our first, I think, must be that a European policy for Africa is an absolute necessity. I need not emphasise what it would mean for all of us if, under the present menace to freedom, the entire southern flank of Europe were laid bare to the political forces of the East. But even if there were no East-West problem we should have to give the most careful attention to our relations with the African countries, both as a problem which involves our neighbours, and as perhaps the most urgent aspect of our policy to aid the developing countries.

A second conclusion is this : that already there is a European policy for Africa. True, it does not involve all of Europe, nor does it encompass all of Africa. But I hardly need point out how irresponsible it would be for us to sit and wring our hands until the iron curtain disappears or until all the free countries of Europe are ready for organised participation. For our part, I think we can be assured that the establishment of the European Economic Community has already initiated the beginnings of a European policy for Africa in the form of the association which I have described. The organic structure of this association makes it possible to tackle the urgent tasks in a way prepared over recent years and which, moreover, has met with the approval of those holding positions of responsibility in the young African countries. Indeed, it is a beginning which will facilitate future co-operation in a way that suits present-day conditions and the future political realities of the awakening African continent.

I have emphasised so far relations between the developing countries and the European Economic Community. But there must be a western policy - not just a European policy - to put these nations on the road of economic

advancement. This is obvious when we recognise only the breadth of the relations which we of the Community and the United States have with these countries. The Community and your country account for some 75 per cent of world import trade in the products so important to the incipient economies of the developing nations. Through the instrument of trade alone, the support which we extend to them is invaluable.

But trade is not enough. The slogan "trade, not aid" gained considerable currency in your country in the post-war years. The reference was to the generous but perhaps burdensome help which you contributed for the recovery of the European nations. We must recognise that this credo does not suffice for our relationship with the developing nations.

As I have emphasised, to leave these nations to the exigencies of trade in its purely commercial aspects would be to hinder, not advance, their economic development. We of the European Economic Community recognise this and I believe that eventually it will be broadly recognised throughout the West. We must find international means to offset the damaging fluctuation of prices in the raw material markets which encompass the fortunes, at least to-day, of the developing nations.

How may we approach this problem? Perhaps the tools for international action already have been suggested. There are several international organisations dedicated to this stabilisation of commodity prices. To cite two, there are the International Sugar Agreement and the International Coffee Agreement. The United States subscribes to the first and supports the second. The time may well be at hand when the western nations, in collaboration with the developing countries, can consider whether more instruments for price stabilisation are desirable.

Another possibility is central, western co-ordination of study efforts in the field of commodities, their prices and distribution, such as already are under way in the Food and Agricultural Organisation and the International Coffee Agreement. Such a co-ordinating group could well advance our understanding of market currents that work to the disadvantage of the raw material producing countries - namely the developing nations.

I will not detain you longer. I think we can all see that creating a western philosophy of aid for the less developed nations is a formidable task.

But the difficulty of a task is no excuse for ignoring it. We in the West have great responsibilities. We can discharge them fully only if we pool our efforts in a comprehensive and forwardlooking program that carries with it also the dynamism of our friends in the developing world, and thus enlists the hands and brains and efforts of everyone in the free world.

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