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EEC — EFTA: 'Arrangement' is topical

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COMMENTS

EEC — EFTA

'Arrangement' Is Topical

The 1967 foreign trade figures recently submitted by the EFTA Secretariat are the opposite of satisfactory. It is true that trade between EFTA countries rose by another 10 per cent over this period, but the ditch between EFTA and EEC countries even deepened. Total imports from the EEC increased by only 4 per cent, compared with 6 per cent the previous year, exports from EFTA countries to the Common Market fell by 2.4 per cent, compared with a rise of 4.4 per cent in 1966. This division of Western Europe into two economic blocs is likely to continue, unless it is possible to reach an approach soon.

There is no lack of plans for such an agreement. After the strict rejection of Britain's second application for membership, hopes are now concentrated upon the realisation of the "arrangement" proposed by West Germany's Minister for Foreign Affairs, Mr Brandt. According to its initiators, such arrangement is to be neither a definite association nor a staged plan, but rather a new intermediate step on the way towards full membership. Its central point will be negotiations between all EEC countries and all applicants for membership, without infringement of GATT rules. It is anticipated that there will be linear reductions of customs duties in the industrial sector and a greater volume of trade in the agricultural sector, based on general buying and selling agreements or special arrangements (as in the case of Denmark). This plan will be supplemented by the proposals for intensifying technological co-operation, drawn up by the Benelux countries.

Hitherto Britain has not commented on these suggestions, but the fresh deterioration of the economic situation will scarcely permit a genuine choice of alternatives in deciding between maintaining the membership application on the present conditions and acceptance of the "arrangement" proposal. ke.

Coffee Agreement

A Sop to Conscience

On 19th February, 1968, in London, the International Coffee Council agreed that the Coffee Agreement should be extended for a further five years. After long and tedious negotiations, agreement was finally

reached between Brazil and the USA on the question of coffee concentrates. The United States was to a large extent able to impose its demands for the protection of its powdered coffee producers against rapidly increasing imports of cheaper Brazilian goods.

Apart from a series of amendments to export quotas and import duties, it was agreed to found a support fund for those countries which have to restrict their production of coffee and diversify their economies.

The fundamental problems of commodity agreements lie not so much in technical difficulties, such as the effective restriction of supplies, but in a conflict of interests; this is very obvious from the two main results of the coffee negotiations.

Not the least significant reason for concluding commodity agreements is the desire to stabilise the foreign trade situation of developing countries and, consequently, their economic growth. The most effective way of doing this is to encourage the export of processed raw materials. This, however, runs contrary to the interests of industrial countries; such countries are not willing to open their markets to competitors from developing countries which have considerable advantages where raw materials are concerned. But what is the use of a support fund to encourage economic diversification, when the countries concerned are then unable to sell their new products?

One cannot help feeling that even the Coffee Agreement is more a sop to the conscience of advanced industrial countries than an effective aid for developing countries. ri.

Latin America

New Centre for Export Promotion

An Inter-American Centre for the Promotion of Exports (Centro Interamericano de Promoción de Exportaciones—CIPE) is to start work in April, according to its by-laws. With an annual budget of \$ 750,000, the new organisation will enter the struggle for better foreign trade conditions for the countries of Latin America. Some of the important tasks which CIPE will undertake are to investigate international markets, provide the foreign trade sectors of the Latin American economy with information about happenings on the world market and in connection with