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GATT: Dispute in the agricultural sector

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COMMENTS

EC

A New Start in Transport Policy

The European Commission is making another attempt to instil life in the common transport policy which has been stagnating for years past. It set out from the basic fact that the common transport policy has reached deadlock. The previous efforts to remove obstacles and create a common transport market had ended in failure.

The transport programme of the European Commission, which was discussed by the Ministers of Transport in late November, envisages two stages and is aimed more especially at the longer term. In the first, traditional stage of transport policy — until about 1976 — the emphasis will as hitherto be on harmonisation and liberalisation. In the second stage it will probably change more markedly. The demand for maximum development of operational efficiency and coverage will be balanced by considerations of the commonweal. Not only the interests of the various operators, but issues relating to environmental protection and regional development are to be taken into account. Coincidentally the transport services are to make a contribution of their own to the common aims of the EC, to economic integration, regional development, etc. This is to be achieved by coordinating the infrastructure investments of the individual countries, which are to be sustained by charges for the cost of road-building, etc.

In what disarray the common transport policy is at present is shown clearly by the time schedule for the transport programme of the EC Commission. The acute and pressing problems—the questions relating to the protection of the environment and regional planning as well as the coordination of infrastructure investments—cannot be taken in hand for several years. The detail problems of harmonisation and liberalisation, which have been tackled without success for years, will have to be solved first. It may be asked whether it would not have been better to combine the two stages of the transport concept.

kw.

EMU — Second Stage

Muted Hopes

It all began with the decision of the EC's Council of Ministers on March 22, 1971, to create "an area within which persons, goods, services and capital can circulate freely and without distortion of competition", and it is still to end with the fruition of all the harmonisation, coordination and liberalisation efforts in the European Economic and

Monetary Union which is scheduled to see the light of day on December 31, 1980. The process however seems more protracted and complicated than had been assumed. The sobering balance-sheet for the first stage (1971/73) had already revealed that the decision-making authorities had not got through their heavy work load. Their dispositions for the second stage are even more clearly behind schedule—in time and substance. In accordance with the fiat of the Paris summit conference the action programme, which is to be presented by the end of this year, but has been held up several times, stipulates that EMU's second stage shall be ushered in on time, on January 1, 1974. This programme provides, i.a., for the removal of technical obstacles to the movement of goods, the adoption of common tax systems, decisions on freedom of settlement, and the liberalisation of capital transfers. All the evidence suggests that the package left to the EC Council of Ministers to dispose of before Christmas is far too large to be wrapped up in such a short time.

That the Commission has given up stating clearly any prior conditions and instead now gives priority to achieving what is attainable in the present period of transition to "some" second stage is therefore understandable. Its way of thinking is more in line with the muted hopes of all nine governments. The Federal Government would, chiefly for reasons of stabilisation policy, like a two-year phase of consolidation in place of the second development period. France, on the other hand, deems a constructive extension of the first stage more urgent. Only Great Britain, Ireland and Italy perforce still cling to the original transition date because on it depends the activation of the regional development fund.

There is no "guilty" party which can be held responsible for delays and inefficiency. Reasons for these there are many: lacking will to political union, monetary turbulences, etc.

zz.

GATT

Dispute In the Agricultural Sector

After years of preparatory work the new GATT round which was to have opened on October 24, 1973, has been postponed *sine die*, at the very least until spring 1974, because the US Trade Bill designed to give the US delegation the requisite negotiating powers will not have passed Congress before then. In the circumstances the EC is in no hurry to tie its hands by defining the mandate for its negotiators. To bridge the interval a negotiating committee which assembled in Geneva

on October 24 is to discuss procedural questions and appoint various committees to deal with specific subjects.

That the negotiators parted after three days without anything to show for their labours is due to a tussle about the treatment of agricultural issues between Europe and America: the Europeans want the problems of the trade in agricultural products to be consigned to a special committee so as to take account of the specific features of the farm sector, whereas the Americans suspect that agriculture, which is of importance to them, would thereby be kept out of the general liberalisation negotiations; accordingly they are against industrial and agricultural products being dealt with separately. A proposal to shelve the decision on this point so that work can begin on undisputed questions was blocked by France whose views have prevailed against the other EC countries. The episode is an early confirmation of the expectations of those who have for a long time been sceptical about the new GATT round. ch.

Development Policy

A Development Pool of Donor Countries

Development aid will be given a fresh impetus in the next few years. That is the impression to be gained from the activities of the Federal Minister for Economic Cooperation Dr Eppler and the French Finance Minister Giscard d'Estaing at the meeting of the OECD Development Aid Committee (DAC) in Paris. Minister Eppler pointed out that the Federal Republic is the only major industrial country to have ceased tying its development aid to its own deliveries. Even countries in receipt of development aid loans for the specific purpose of buying goods have of late been allowed to use them for financing deliveries from third countries. India, for example, recently drew on a German loan of DM 20 mn to pay for copper from Zambia.

Special interest attaches to a proposal by the German delegation which could loosen further the ties on development aid by industrial countries. When granting capital aid, it is proposed, the donor countries should at least allow the beneficiary country to use its own supplies for the aid project. At a second stage, Dr Eppler suggested, all donor countries which do not tie aid to their own goods should set up a development aid pool and concede to each other the right to tender for supply contracts financed out of development aid from other pool members. This German proposal for untied development aid is however opposed by the USA and France.

The opposition to the proposal could be interpreted by many developing countries as an indi-

cation that development aid is after all basically a form of neocolonialism, that developing countries are only considered by the industrial countries as outlets for their own production. Such an impression would do no good to cooperation between developing and industrial nations. As regards the German proposal, it may be asked whether it would not be more sensible to abolish the ties altogether in future because that would be of great service to the desirable cooperation between developing countries of which the deal between India and Zambia is an example. iwe.

Israel—Africa

The World's Coin Is Ingratitude

Among Israel's casualties in the Yom Kippur war must be counted its relations with most African states. For 25 of the states in black Africa have broken off relations with Israel this year, more than half of them since the war began. Especially painful for Israel is the loss of old friends like Emperor Haile Selassie, self-styled "Lion of Judah", who traces his descent to the Queen of Sheba. The relations between Israel and Ethiopia were indeed a model of the special kind of development aid which Israel has been offering on the African continent.

Israel, itself a "young" state and unencumbered by the legacy of colonialism, was well acquainted with the difficulties of building a viable state and for this reason gave practical-technical assistance rather than capital aid in Africa: Israeli experts have been assisting African states since 1958, i.e., in setting up health services, in evolving administrations, in agriculture and irrigation. The Israeli development aid, besides, included military and civilian training: Israel provided 500 study places a year for African students.

In return for this aid Israel has received in Africa no gratitude or assistance. Libya, the Sudan, Egypt, Somalia and Uganda were pressing hard for the rupture of relations at the OAU meeting in Addis Ababa in May already. The decision of the African states to break off relations at this very moment shows, on the one hand, how the political self-assurance of the "young" African states has grown, and on the other, that Islam is exercising increasing influence in Africa. The economic benefits of practical foreign aid are held to be unimportant in comparison, at least as long as the African states can hope that the stream of Arab money will now overflow into their coffers. Oil millions, awareness of political influence and demonstrations of solidarity are nowadays weighing more heavily than constructive practical-technical work. bw.