

Note on the association of the overseas countries and territories with the Common Market (Brussels, 20 January 1957)

Caption: In this note from the Intergovernmental Conference on the Common Market and Euratom, the Heads of Delegation of the Six rehearse the political and economic arguments for the association of the overseas countries and territories (OCT) with the European Economic Community.

Source: Fondation Jean Monnet pour l'Europe, [s.l.]. Archives Jean Monnet. Fonds ARM. 16/9/19. Conférence intergouvernementale pour le Marché commun et l'Euratom, Bruxelles. MAE 195 f/57 gd.

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Heads of Delegation:
(closed meeting)

Note on the association of overseas countries and territories with the Common Market

The relations that some Member States of the Community have with overseas countries and territories necessitate the association of those countries and territories with the Common Market.

Such association will enable Member States to channel resources to those countries and territories in accordance with the principles laid down in the United Nations Charter regarding aid to underdeveloped regions, which they are determined to apply.

The creation of a large economic entity combining Europe's potential with that of the overseas countries and territories will ensure the structural development of those countries and territories, in their own interest and that of the Member States of the Community.

1. Economic issues

Economic relations between overseas countries and territories and the Member States of the Community shall be governed by gradual application of the principle of non-discrimination.

(a) Application of this principle means, first of all, that products from overseas countries and territories shall benefit from the regime that will apply to the products of Member States when the Common Market comes into being.

— Contracts shall be concluded between Member States of the Community and overseas countries and territories based on those envisaged for the distribution of agricultural products within the Common Market. Such contracts shall apply to products specific to the colonies that do not compete directly with European products.

The German Delegation has expressed reservations on this point.

(b) In return, each of the overseas countries and territories shall gradually apply to all Member States the same terms of trade as those enjoyed by the European country with which they have special ties.

— The principle of non-discrimination in trade also means that the benefits enjoyed by the citizens of states having special links with overseas countries and territories — with respect to private investment, participation in public tenders and the right of establishment for natural persons and legal entities — shall be extended to citizens of all the Community's Member States.

2. Investment issues

Member States' contributions to investment in the overseas countries and territories with which some of them have special links are a natural consequence of their desire to promote the economic and social development of those countries and territories.

Three types of investment need to be distinguished:

(a) Political investment

This means investment to cover 'sovereignty costs', and shall be a matter for the relevant European

metropolitan state alone. A precise definition is required.

(b) Social investment

The Member States of the Community shall contribute to such investment.

— The size of their contributions under this heading has yet to be determined; for some states this will be one of the factors determining their attitude to the whole arrangement.

— The Italian Delegation has raised the question of whether the funds allocated to such investment could take the form of loans.

(c) Economic investment

The Member States of the Community shall contribute to such investment.

With regard to practical implementation, two approaches have been proposed:

— the first is to draw up a plan covering a period of, say, 10 years, defining all the goals to be achieved irrespective of their short-term profitability.

— the second is to set up specific projects that have been officially defined as being in the public interest and include provision for expenditure on infrastructure. Each project would include the relevant funding arrangements.

The initiative for such plans and projects shall lie with the governments of the countries concerned. Their approval shall be the joint responsibility of the Member States of the Community and the European Commission. A fund separate from the European Investment Bank shall be established for this purpose.

— With respect to the source of funding, the Italian Delegation has said it would prefer funding for the planned investments to be in the form of loans rather than non-reimbursable grants.

Inclusion of the association principles in the Treaty

(a) The Treaty shall include a section defining the principles governing the association of overseas countries and territories with the Common Market. Since conclusion of the treaty negotiations is imminent, the practical arrangements for applying these principles will have to be negotiated at a later stage.

(b) The French Delegation considers the successful outcome of these negotiations to be one of the preconditions for moving from the first to the second stage of the transition period.

Formal reservations have been made on this point, in particular by the German and Netherlands Delegations.

(c) In any event, it is now clear that the procedure for determining whether the outcome of the negotiations complies with the principles laid down in the Treaty will depend on how precisely those principles are defined.

— Unanimity of the Member States would appear to be necessary if the principles laid down in the Treaty are defined only in general terms.

— However, the procedure stipulated in the EEC Treaty for moving from the first to the second stage of the transition period could be adopted if the principles laid down in the Treaty are sufficiently precise and include, in particular:

— an indication of the level of investment in the overseas countries and territories that the Member States of

the Community would commit themselves to over a given period,
— an indication of the cost-sharing criteria.