CHAPTER VIII

CONCLUDING THOUGHTS

EEC-India Development Cooperation: A summary finding

Observations and suggestions: International Scenario and 'Interdependence' laws?

India-EEC: A Study in Complementarity

'Survival' and the future!
Chapter VIII

CONCLUDING THOUGHTS

While in this final chapter, captioned the 'Concluding Thoughts' one might perhaps expect well cut-out and dried points for action, ad seriatum, or may be, a summary position of what all has been said and essentially stressed in the foregoing chapters. However, there is one aspect that basically cannot be forgotten; namely that a 'thought' after all, is a hand-maid of an 'intellectual process'. And when one sits down to talk of 'concluding thoughts', obviously it refers essentially to a kind of delineation of 'thrust' areas in the evolving intellectual story of the subject matter under research; it is not surprising, in this context, therefore, that these 'thoughts' could be in the nature of 'findings'/salient perceptions on the subject matter, related both to what has been spelt out in the introductory chapter, as well as, what could provide a further base, futuristically, for wider and varied research areas.

Taking up the issue of points for action, first, the OECD¹ advice, contextually is worth concluding upon:

¹. Vide OECD(1980) review of the development cooperation policies which highlights, inter-alia, that the past year has been a disappointing one for the cause of development cooperation - quoted in EUROPA, Vol.3, No.2, March-April, 1981 (Bangkok), p.16, 'Getting the North-South Dialogue down the right path', by Shada Islam.
"...in the field of development cooperation right now there is no case at all for sitting back and waiting for the world to change. There is plenty to do that is do-able and that runs little risk of being inconsistent with a grander design if and when the latter appears".

What this implies, in other words, would be that in order to dissipate the North-South tensions and to work constructively under the imperatives of global interdependence, both sides will have to work more intensely on the individual - smaller, more concrete issues, which will in the medium and short term, provide impetus to the larger questions being talked in the framework of the global round. It is here, ostensibly, that the European Community perhaps can play a very useful and constructive role.

A recent EEC Study\(^2\) on 'EEC-Third World Interdependence' admits, without mincing words, that the industrialised countries have a direct interest in raising the purchasing power of the Third World, since these countries represent the export markets of the future. The developing countries are already the biggest clients of capital goods and agricultural products exported by the Community. "......It is therefore clearly in Europe's own interest to help the Third World develop its resources. This requires, however, a much greater transfer of financial resources towards these countries without, at the same time, imposing an intolerable burden of debt upon them".

Further, the study underlines that if after the oil crisis of 1973, the developing countries had followed the example of the industrialised nations and reduced their economic growth and cut back on imports, the recession in the industrialised world would have been markedly worse. The figures for 1975, the first year when the recession in Europe made itself felt, are particularly eloquent; the Community's experts to the US fell by 17%, those to the EFTA dropped by 3.3%, while sales to the developing countries as a whole increased by 25%, and sales to the ACP countries, linked to the EEC through the Lome Convention by 35%.

A little reflection on the emerging tri-linear relationship of the issue-areas (Development - Cooperation, interdependence and international organisations), as discussed in the previous chapters, goes to underscore the picture that, in the EEC-India context, if 'Development Cooperation' is the objective to be achieved, under the given and inevitable forces of inherent nature of 'interdependence', then the parameter available for variation and maneuverability is nothing but the structure and processes obtaining under the international organisational regime, in other words, changing the rules of the game itself, vis-a-vis bodies like GATT, IMF and UNCTAD in the case of subjects, (Trade/Investment) under study. The moral of a simple geometrical analogy is relevant, namely that two points are always in a straight line, but in order to make the straight line determinable and unique, a third point has also to be defined and identified specifically. In the post-war
Bretton Woods era, development of West Europe and building up of the commensurate international bodies has been the bilinear game played, familiarly enough, right through the fifties and the sixties, since the concept of development cooperation was not at all understood, much less practical then. And so far as the question of interdependence is concerned, it was not taken seriously and broadly enough so as to allow even a minimal role to the developing world, until probably the world awake with a sudden shock of oil crisis, in 1973. All the erudite writing on Interdependence concept by Western thinkers, starting with Richard Cooper, Kenneth Waltz, Robert Keohane, Joseph Nye, Edward Morse, Richard Roseencare et al, has undoubtedly produced voluminous literature defining, measuring, interconnecting power and interdependence etc.; but the framework is essentially that of the industrialised

3. Talking of cooperation, Pelkmans observes in a recent work 'An enquiry into the properties of cooperation is impeded by the absence of a common, well accepted methodology... cooperation may be understood as any common action aimed at improving a working system, the term might require a further specification - for clarity, but part of its political appeal lies in this very vagueness' - Jacques Pelkmans.... Jacques Pelkmans, 'The Nature of International Economic Cooperation' under 'Economic Co-operation among Western countries' in Challenges to Interdependent Economics: The Industrial West in the coming decade (eds) Robert J. Gordon, Jacques Pelkmans (New York, McGraw Hill, 1979) pp. 97-124.
nations themselves. Appropriately therefore, the question gets raised, (as was done by Prof. H.S. Chopra in a recent EEC-JNU Joint Seminar) as to what is the concept of interdependence when it is referred to on the international plane and what its implications are?

4. Cooper, Waltz, Keohane, Nye, Rosencare et al - vide references annotated duly (Ch. I & II) - ibid.

5. Vide verbatim extracts of the Joint JNU-EEC Seminar (17th November 1980, New Delhi)

"The concept of interdependence operates best when it is implemented in relations between the members having the same political and economic strength. Observes Prof. Chopra 'After all, I am reminded of General De Gaulle that during the period 1964-66 many of the American firms were asked to quit the French soil because they were not only dominating the economic aspects but also trying to influence politically. This means that the concept of power in the relationship between the mightiest and the mighty could not prove to be successfully operative. The result was that it became unacceptable to General de Gaulle and the Multinational Corporations had to be asked to get out of it because the concept of national independence was paramount in its thinking and even new those policies have not been reversed considerably'.


"...No one should be deceived by the existence of the European Economic Community. Either the EEC had to become more than a Common Market, or else it would revert to national patterns......The present European generation has only a few years to decide between restoring an autonomous European civilisation or allowing Europe to become a subsidiary of the United States".
The answer to this thought provoking paper made by Prof. Chopra has been attempted in a modest way by trying to build a kind of general unification theory (G.U.T.), based on the perceived, indeterminacy, in figuring out domestic or national interest and foreign or international policy in absolute kind of vacuum, independent of each other and the logic of international interaction, after all, cannot be ignored too. Indeed, the political effects of rising economic interdependence are not always benign, one of the effects is to blur the traditional distinction between domestic and international politics. Interdependence in the ultimate analysis therefore has to be dynamically conceived as an inherently relative concept and a manifestation of the factum of reality that men and matters are intrinsically interassociated. This being so, gene are probably the days when the interests of the developing countries would be unilaterally ignored by the developed West, being a kind of league, bilinearly with their dominance in international bodies, without letting a 'third point' in the shape of 'third world' interests getting harmonised in the global relationship. In other words, this is precisely where the current debate hangs now in the demand of a NIEO, the global round of negotiations, Brandt Report and the recent deliberations at the Paris Conference of the U.N. on the least developed countries and at the Cancun (Mexico) Meet.

7. Cancun (Mexico) Meet (22 Oct. '81) was supposed to prepare the ground for the Global rounds.
One view therefore would be that true interdependence is not possible, without a genuine equality and sovereignty. To extend the argument further it would amount to deciphering that the nomenclatures such as 'asymmetric' interdependence and 'symmetric' interdependence have been brought into vogue with a nuance probably to clothe the obvious meanings, viz. the former is a sophisticated name (asymmetric interdependence) given to a relationship being governed by sheer dependence in practice, whereas the latter ('symmetric' interdependence) has been more in the nature of understanding the process of European integration (relationship among equals) and building up of the Atlantic Community (which too has exhibited signs of cracking up, of late). The point therefore is, that to limit the concept of 'interdependence' only to the bilinear relationship is not only an understatement but is bound to lead to contradictory inferences statically. Unless the third parameter of the interests of the 'have-nots' is taken into account (by suitably amending the international bodies' regime) it would perhaps be only a sort of mockery to even mention 'global interdependence' except of course, if the intention is in the nature of a cliche and the rhetoric.


9. Hahn and Pflatzgraff Jr., Atlantic Community in Crisis, etc., ibid, Chap. V.
Another dimension to the above would be the realisation that there is no point being naive in the game of Semantics that is often played in most of the international conferences on the North-South dialogue. Are the pious utterances made out at various meets by the EEC (and North, in general) really meant, or is it more as a sop for optical purposes. Take for instance Henry Kissinger\textsuperscript{10} or Cooper\textsuperscript{11} in the theme of common enterprise in the strain of professed interdependence etc. Do the examples bear out the precept? What is the pattern of voting like, in bodies such as the IMF or the TSB (Textiles Surveillance Body) of the GATT or the dragged on issue of the Common Fund under UNCTAD? Does one, therefore, infer that the phrase 'interdependence' has deftly been utilised in a double-edged sort of a device, in international negotiations, namely North telling South that it is certainly in the latter's interest to agree to the former's formulations (voluntarily or through North's dictates) which optically is a 'common enterprise', at the same time holding a veiled threat, that donot forget that politically and economically South is dependent on North. In other words, the connotation is that all right, in the modern era of UN development decades, North (optically) concedes 'interdependence', viz. that North would also be dependent on South, but the main emphasis is on the second syllable that really it is the South who have to depend on the North and therefore, in international fora, please behave and do not clamour.

\begin{itemize}
\item \textsuperscript{10} Henry Kissinger - vide n. 20 (Chap.II) op. cit.
\item \textsuperscript{11} Richard Cooper - vide n.2 (Chap. II) op.cit.
\end{itemize}
All the same, the European Commission in a communication sent to the EEC Council of Ministers in early 1980, stressed the increasing interdependence between the North and the South and underlined the fact that both sides had a new perception of the different problems, for example, energy, which were not clearly seen to be structural rather than merely cyclical. The Commission recommended, and Ministers accepted that the dialogue if it was to avoid generalities, should focus on three major and absolutely critical issues: energy, food and financing of external deficits of Third World countries.

In its report the European Council, the Commission stressed that 'the Community, its Member States and industries have an interest in seeing the gradual formulation of rules to ensure greater security and predictability in North-South relations in all spheres; on this depend the terms on which we get our supplies and access to markets whose rapid expansion has been one of the few growth factors for many sectors of our economies over the last few years, and must become so again as soon as possible.' This is where the Communities main interest lies in the global round of negotiations.

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13. Also the finding in the recent report The World Economic Crisis, a Commonwealth Perspective (Commonwealth Secretariat, London, 1980)
15. Commonwealth Summit (Melbourne, Oct '81) communiqué noted that the global round would cover wide fields and be a time-consuming process and immediate and effective action should be taken in such critical areas like trade, energy, food, money and finance - vide 'Stand for meet discussed' The Times of India, (New Delhi - 8 Oct. '81).
Particularising the EEC's general 'North-South' interaction and mutual relationship on the plane of EEC-India Development Cooperation, one could attempt, concluding thoughts, as fellows, in the nature of a summary finding:

**EEC-India Development Cooperation: A summary finding**

Since India entered into Commercial Cooperation Agreement with EEC, development cooperation between the two parties has grown in strength and as well as in diversity. Many new dimension of development cooperation have emerged and it has added strength to the conviction that much more could be achieved in future. To start with, food aid from EEC, in addition to small assistance for trade promotion measures, was the principal field of development cooperation wherein India has received over the last 5-6 years varying quantities of wheat, butter, butter oil and skimmed milk powder. The quantities of wheat provided to India were, however, small as compared to India's import requirements. This was comparatively small and food aid was given mainly to meet immediate consumption requirements of the recipient developing countries. In addition to contribution from the Community direct, India also received in 1974-75 and 1975-76 small quantities of wheat as bilateral food aid from some member countries of the EEC like U.K., Germany, France and Belgium.

**Support for food security systems**

With better output in India's food production, India stopped requesting EEC for wheat assistance for meeting immediate consumption requirements since 1976-77. However, it has been suggested to the Community to modify its food aid policy to
suit the changing conditions in the recipient developing countries like India.

India has, however, continued to receive both directly and through World Food Programme, the Community's food aid in the form of dairy products like skimmed milk powder and butter oil. This direct aid from EEC has been continuing since 1973-74, and India has also been receiving such aid, through World Food Programme for supporting India's Operation Flood Project (Phase-I) which was started in 1970. The Community's food aid either in wheat or in dairy products is generally given as a grant on f.a.s. basis and the counterpart funds generated by the sale of the products in the domestic markets is being used for financing mutually agreed development projects. Community's dairy product assistance has particularly helped in the successful completion of Operation Flood Phase I under which modern dairies were established in 4 major cities of India, i.e. Delhi, Calcutta, Bombay and Madras together with development of milk production and supplies at the village level through establishing malkmen's cooperatives. The WFP acted as an intermediary in assisting the Operation Flood Phase-I project and this project has also received the commendation from the UN Review Mission which is encouraging.

Financial assistance to non-associated developing countries

The second important plank of development cooperation between EEC and India relates to the emergence of EEC's financial assistance for rural development project in India. While the developing 64 ACP countries are well-knit with the Community in a scheme of development cooperation as provided under the Lomé Conventions, the so-called 'non-
associated' countries of Asia and Latin America were left out of this area of development cooperation. This was a shortcoming of the Lome Convention, so far as this group of developing countries are concerned. The Community is no doubt aware of this shortcoming and has been trying since the days of the 'FRESCO of Development' to evolve a scheme of assistance to non-ACP countries. The sense and spirit of this document spelling out the Community's cooperation strategy with the third world is epitomized in the words; 'to each according to his needs by bringing all our means to bear'. The original idea was to provide financial assistance to non-ACP countries for selected developmental projects chiefly for food production. The original amounts contemplated were 100 MUA per year for 1976, gradually raising to 200 MUA by 1980. However, in 1975, this progressive idea of assisting non-associated developing countries met with rough weather (chiefly due to opposition from the French) and was nearly given up. Thanks to the perseverance of progressive elements in the EEC Commission and efforts of the enlightened members of the European Parliament, the first agreement to provide financial assistance to non-ACP countries was launched in 1976 with 20 million MUA, almost 1/5th of the original

16. Million European Units of Account (roughly = 1.2)
figure of 100 MUA. India received 6 MUA out of this.

In 1977, the Commission's efforts in improving this area of development cooperation met with further success and the total amount was increased to 45 MUA. India continues as a major recipient country though with a reduced percentage to the total at 12 MUA (or 26% of the total).

Thus, over the last 3 years, the Community is gradually increasing its total financial assistance to non-associated developing countries. If this is a definite indication of the Community's determination to increase progressively the quantum of assistance to non-ACP countries, it would be a commendable move.

EDF\(^\text{17}\) and European Investment Bank\(^\text{18}\)

It is commendable how the European Investment Bank and the European Development Fund are working in cooperation, supplementing each other in assisting the ACP countries to find financial resources for development of their industries, mining and tourism projects. While under the 4th EDF, the total assistance provided over the 4-year period from 1975-79 is put at more than 3 billion UA, the European Investment Bank is to supplement this assistance by providing loans at concessional interest rates (with 3% concession-current rate of interest works out to be 6\%\(^{\text{1}}\)) amounting to some half a billion UA. This includes risk capital loan of 100 MUA. The EDF assistance is by and large (over 80\%) given as grants.

\(^{17}\) EDF (European Development Fund is the main instrument for carrying out Community's financial aid policy

Under the LOME Convention provisions, the assistance of EDF is provided only for supporting projects in the ACP countries covered by the Agreement. Non-ACP countries are not allowed to benefit from this Fund.

**EIB Assistance for non-ACP countries**

The European Investment Bank, also by the provision of its statute, is to assist in industrial development of the EEC countries and of the associated developing countries only. Thus, while the European Investment Bank together with the funds disbursed from the European Development Fund are available for correcting the structural imbalance in various economic sectors of the ACP countries contributing thereby to their economic and social development, no such financial arrangement exists for the so-called non-associated developing countries. There exists, however, a provision in the statute of the EIB under article 18 which provides that Board of Governors acting unanimously on a proposal from the Board of Directors may grant loans for investment projects to be carried out, in whole or in part, outside the European regions of member states. By drawing upon this provision, that EIB's operation to the ACP countries have been extended and by using the same provision again, it should be possible to extend EIB's areas of activities to non-ACP countries also. As stated before, EIB's loans to ACP countries are provided at subsidised interest rates (3%) which is met by the European Development Fund. The same facility will have to be extended to nonACP countries also.

**North-South Dialogue and 'Special Action'**

The progressive elements in the European Economic Community again asserted their role in the North-South dialogue at
Paris (1976) and were instrumental in bringing about the programme 'Special Action Assistance' to developing countries. This special Action assistance thought of as non-short operation involving one billion US dollars of resource transfer from developed to the developing countries was meant to be disbursed to the poorer developing countries whose development efforts have been adversely affected due to external situation and who are faced with serious debt servicing problems. It was, however, indicated that this Special Action Assistance was in no way a substitution for solving the debt problem of developing countries and was to be in addition to the normal official development assistance given every year by the OECD countries.

Debt problem of developing countries.

The debt problem of developing countries has been another important issue since the North-South dialogue (CIEC, 1976 Conference) in Paris. The developed countries, however, have not responded positively for the solution of the problem. In brief, the demand of the developing countries was for immediate and generalised debt relief for selected categories of poor developing countries and establishment of common norms and guidelines for solving future debt problem of interested developing countries. For least-developed, land-locked and island developing countries, the demand was for conversion of the outstanding loans into grant, while for most seriously affected countries (MSACs), the demand was for conversion of outstanding

loans on softer IDA terms (i.e. 50-year loan with 10-year grace period and service charge of 0.75% a year). As a response to this demand, EEC along with United States made a joint counter proposal which basically stood for 'case by case' approach to the problem. They did not recognise the debt problem as a 'generalised one' affecting the development prospects of developing countries which are facing a serious debt problem may ask for examination and appropriate relief by the developed donor countries through the intermediary of the World Bank. They basically have characterised debt problem as a 'resource transfer' and a balance of payment problem. Their proposal also implies suitable action by both debtor and creditor countries. Thus there has been a fundamental difference in the approach of these two groups and the impasse is still to be broken.

Foreign collaboration

Foreign capital is welcomed in India subject to conditions laid down in the FERA (Foreign Exchange Regulation ACT). In specified industries involving high technology and expert oriented projects, foreign capital is allowed to retain majority share holding not exceeding 74%. In other areas, they can hold only maximum of 40% of the shares, the rest being the Indian participation. 100% export oriented industries, however, may have wholly foreign owned equity. Subject to these conditions it is for the EEC industries to identify worthwhile projects in India and make investment. So far as projects in the third countries of Africa and Middle East are concerned, Government of India has shown her interest in entering into arrangements with EEC (e.g. Belgian) industries either on sub contract basis or on joint venture basis for mutual advantage and benefit.
Joint Ventures for mutual benefit

In the context of development cooperation, the question of the highly developed economies vacating certain areas of low technology industries in favour of developing countries is often discussed and even agreement is also found though at theoretical levels. That is, however, lacking is the willingness to act in this direction. In the context of furthering commercial cooperation between India and EEC, many areas have been identified wherein mutual collaboration and assistance could help in exploiting raw materials processing in India for its export to EEC market for final processing. Besides, certain pollution oriented industries could also be profitably left to be developed in India and their products imported by the European countries. Highly labour intensive industry like textiles is clearly another area which could eventually be assigned to a clear case of joint cooperation venture which would provide certain value-added element to iron ore producing countries like India while at the same time avoiding pollution risk for the developed economies who can use the pellets directly for making steel.

'Political Will' needed

Apart from identification of areas for cooperation, what is urgently required is the political will and determination on the part of the EEC (developed economies) to restructure their industries on the above lines. But as shown recently in the textile negotiations between EEC and other developing countries, the political lobbying power of the low-technology industries in the developed countries is so strong that the emergence of forward looking policy in those industries appears to be still a distant dream. In fact the current
atmosphere appears to favour an inward looking and protectionist approach by the Developed World. It is, however, heartening to note that the progressive elements in the EEC have publicly expressed on many occasions their opposition to any form of protectionism. It is therefore hoped that these professed objectives would be put into practice so that the interest of (India) the developing countries in having legitimate access to market is ensured.

Relevant here would be what Ambassador P.K. Dave (India's Ambassador to EEC, Brussels till September, 1981) concluded in a speech early this year at the 'College of Europe' at Brugge, Belgium.

"We are in the process of concluding of our negotiations with the EEC on a new Cooperation Agreement which will widen and deepen the cooperation between us. On our part we look forward in a spirit of optimism, to improved relations, increased trade both ways and to widen the scope to include cooperation in third countries. We believe firmly that India and the EEC have considerable complementarity and mutuality of interest. We believe that as EEC and its member states emerge from the present difficulties, as they certainly will, we shall proceed to strengthen our interdependence".

Observations: Suggestions: International Scenario and 'Interdependence' Laws?

It is seen that the slowdown in economic growth in the developed countries and the consequent growth in unemployment have brought about a surge of protectionist measures which affect, in particular, the low-cost products of labour-intensive industries in which developing countries have a comparative advantage. These measures are thus likely to have serious repercussions on the development process of the latter countries, while providing at best only a short-term remedy to the employment problem of the industrial countries. Moreover, given the structure of international production and trade, any immediate positive effects on overall employment that might be produced in the protecting countries are likely to be offset by negative secondary effects resulting from the restricted purchasing ability of the exporting countries.

The new protectionism sometimes involves a direct branch of the existing rules of international trade but, more often, circumvents these rules by resorting to 'agreed' or 'voluntary' restrictions. In all cases it amounts to a retreat from the commitment in favour of the standstill on new trade restrictions and, a fortiori, from the trade liberalising trend which accompanied, and to some extent helped, the growth in world output and trade in the previous quarter of century.

Imports of iron and steel products into the United States and the European Economic Community have become the object of extended anti-dumping procedures which take the form of a trigger price mechanism in the United States and of a minimum price regime in the EEC. A few developing countries are directly affected by these procedures. In any case, the danger exists that they might create a precedent for the introduction of the same or similar restrictions on other exports in which developing countries have a substantial export interest.

The point therefore is that the growing protectionism is affecting a significant and expanding proportion of world trade. It is a matter of concern to the international community at large and, in a special way, to the developing countries, whose experts are often the first to be restrained. The erection and perpetration of restrictionist regimes on export sectors of dynamic and critical importance to developing countries is a grave threat to the trade and development of developing countries and would undermine their reliance on international trade as an engine of growth and development; forcing them back on other measures of resource mobilisation. In the

21. These nomenclatures deployed in current International Trade Policy by the D.M.E.S.
22. (Developed Market Economies) are in effect NTB's (Non-Tariff Barriers) and anti-GATT in spirit and content.
circumstances, forward-looking adjustment assistance measures are called for in the developed countries, rather than import restricting measures which, in addition to their deleterious effects on exporting countries, further exacerbate the inflation problem in countries which decide not to take advantage of low-priced imports.

So far as the relationship of multinationals and Development Cooperation is concerned the summary position is that:

"The multinationals have developed distinct advantages which can be put to the service of world development. Their ability to tap financial, physical and human resources around the world and to combine them in economically feasible and commercially profitable activities, their capacity to develop new technology and skills and their productive and managerial ability to translate resources into specific outputs have proved to be outstanding....At the same time, the power concentrated in their hands and their actual or potential use of it, their ability to shape demand patterns and values and to influence the lives of people and policies as of governments, as well as their impact on the international division of labour, have raised concern about their role in world affairs. This concern is probably heightened by the fact that there is no systematic process of monitoring their activities and discussing them in an appropriate forum".

"Development Cooperation" concept in the EEC-India case has necessarily been examined under the framework of policy formulation by EEC made under several memoranda and reports. A recent report

23. On adjustment assistance and restructuring see, e.g. TD/B/C.2/198 (UNCTAD, April 1978).
25. Memorandum on a Community Policy on Development Cooperation: Synoptic and programme or initial actions (Communications of the Commission to the Council of 27th July 1971 and 2 Feb., 1972)
by EEC - a documentation bulletin, has been intended as a working paper for all those concerned with development problems in the Commission. This study collates all the known facts justifying the thesis of Europe's dependence on the developing countries, and vice-versa, in seven major areas - energy, raw-materials, EEC's exports to the LDCs, EEC's trade balance with the LDCs, the implications for Europe of the industrialisation of the developing countries, trends in LDC purchasing power, and

27. Community - Third World (1980) - op. cit., the salient points of the study are:

i) European dependence on the third world for its energy supplies, and the need to promote energy cooperation with the developing countries given that European dependence is not likely to reduce significantly in the near future, and the doubling of world energy requirements by the year 2000.

ii) European dependence on raw materials, and the need for market stabilisation and investment promotion in the developing countries, if Europe's supplies are to be safeguarded.

iii) The importance of the share of the developing countries in EEC's exports between 1973 and 1977 as compared to the industrialised countries whose imports have fallen.

iv) The fact that EEC's trade with the non-oil producing developing world has been very balanced as compared to the steep deficit of the Community vis-a-vis the OPEC countries since the oil crisis and the increasing deficits with USA and Japan.

v) An assessment that though there would be problems connected with restructuring Community industries due to the industrialisation of the developing countries, in the long run trade with these countries would create as many jobs as would be made redundant.

vi) The need to develop the LDC purchasing power in order that capital goods may be imported from Europe.

vii) The importance of increasing ODA to the LDCs in order to maintain their purchasing power and give them a better chance of coping with debt problems. This would at the same time create new needs for goods and services from the industrialised world.
LDC requirements for ODA and external capital. Just as the developing countries themselves seem to be increasingly turning to collective and national self-reliance through greater intra-regional trade and cooperation, this document highlights the importance of interdependence for the industrialised world, not only for a humanitarian and geographical motive, but for an economic one as well.

But the theme of Development Cooperation or simply (Cooperation) between a developed (EEC) and a developing region (India or South-Asia to be more region minded) raises, inter alia, a basic question, viz. whether it is appropriate

28. Analysing patterns of global interdependence represents the most recent stage in the development of an evolving theoretical framework in the analysts of internal conflict vide -


The author's investigations focus on the ties that bind nations in their attempts to meet their individual needs; substantive concerns are extended to determining the parameters of interdependence among nations, the mutual sensitivities and vulnerabilities, and shared utilities (Cheoucri with Ferraro, 1974). It is further reported in view of our interests in the underlying determinants of international behaviour we have begun to collect information on resource flows - both mineral and energy - as to identify the major networks of interdependencies among nations along a dimension which appears crucial to national security and international behaviour. Nazli Choucri with Vincent Ferraro, Energy Interdependence, Vol. 2 of Analysing Global Interdependence, (ed) Hayward R. Alker, Jr., Lincoln P. Bloomfield and Nazli Choucri, Cambridge; MIT Centre for Internal Studies (1974)
to take up the 'normative' slant, straighaway, in the familiar Developed Country - LDC relationship (even prescribing the DOs and DON'Ts for DC's) or would it be mere in the fitness of things to examine, the inherent characteristics of the concept of 'Interdependence' and some of the organising principles which lie behind the much intellectualised interdependence theory.

It is observed that Keehane and Nye's approach seems to accept more the Gesellschaft model of society rather than the Gemeinschaft approach. The alternative assumption of Gemeinschaft as the model of stable society.

The Gesellschaft model of Society stresses the competitive behaviour of its members, sees their interests as essentially conflicting, and implies that stability is essentially dependent on the proper management of the market place in which the competing interests interact. The Gemeinschaft model, on the other hand, points to the importance of consensus in obtaining stability, stresses such factors as loyalty, obligation and duty in relations between actors and sees interests as being liable to modification in the light of preferred relationships. Gesellschaft is reflected in the ideal type of the firm, or in traditional views of international society, whilst Gemeinschaft is reflected in the ideal type of the Community, the family, the church or the nation, does not appear finding favour with writers of interdependence literature, though Richard Cooper's ideas reflect

29. R.O.Keehane and J.S.Nye - ibid

30. These concepts Gesellschaft and Gemeinschaft can be referred originally vide Ferdinand Tonnies, Community and Friendship, tr. Charles P.Loomis (New York, 1963)

it in some measure. Illustratively speaking, higher levels of interconnectedness between states are seen to have created problems which should lead governments towards a recognition of their common interests. Based on the recognition it should be possible to make supranational arrangements to tackle common problems. Thus the realisation that interests are mutual is expected to precede the procedural or constitutional arrangements, and interdependence is seen to involve a learning process by which decision-makers are brought to recognise common interests. These views stress structural amendments and the transcending of the state system, whereas the alternative pluralist, Gesellschaft view points towards the maintenance of existing structures, and the satisfaction of competing interests, defined within these, in the new framework.

A problem in interdependence theory, as observed by an analyst recently is that it tends to ignore the relationship between Gemeinschaft and Gesellschaft, which is to be found in any political process. The form which this relationship takes usually is the modification of perceptions of self interest by such factors as emotional ties, preferences, 'we feeling', or the identification of mutual values. In this sense, the dominance of the Gesellschaft had dominated. The preference suggested by Gemeinschaft may lead to a clustering of cooperative

ventures - regimes - and outsiders may need to pay what could be called an interconnectedness premium in order to persuade a potential partner to give up cooperation with an insider. It is apparent that the size of the interconnectedness premium will vary both with the scale of the rewards to be obtained (self-interest - Gesellschaft) and with the extent of preference for arrangements with insiders (consensus, community or Gemeinschaft).

Paul Taylor, inter-alia, concludes that factors which affect the outcome of intergovernmental negotiations about further acts of positive integration include not only calculations of costs and benefits but also more deep-rooted loyalties, preferences and sympathies; interdependence theory has generally tended to underestimate the role of the latter in the process of establishing new regimes. In circumstances of economic divergence some proposals for positive integration are seen to run the risk of markedly unequal distribution of benefits between richer and poorer states though the scale of side payments required to compensate the poorer states will vary inversely with their perceptions of common bond.

India-EEC: A Study in Complementarity

Taking the clue from the much discussed innovation/special relationship of the EEC-ACP scenario, Indo-EEC relationship has been discussed/debated, in greater depth during the last couple of years. In order to avoid adhecism and to develop the future areas of Commercial Cooperation between India and EEC.

33. Paul Taylor - op cit, n -
on a more systematic and scientific basis, a Joint Project Planning Study of the Consultants (Mr. Smallman's team) was commissioned (1977) with EEC's assistance. This JPP report identified various project areas, pin-pointing micro-sectors, for promoting cooperation, based on 'comparative advantage' and made specific recommendations including financial/technical assistance. The report identified various product areas and also recommended measures for the evolution and diversification of Indo-EEC Trade. Such product areas offering scope include Marine Projects, leather and leather manufactures, engineering products, project construction and consultancy etc. The activities suggested in this context mainly include marketing improvements (and hence the Trade Centre at Brussels commissioned early this year); and also setting up, on behalf of EEC exporters, an EEC Technology (Information Centre at Delhi) to keep the Indian industry informed of new technology developments etc. The Smallman team, in short, perceived India and EEC as two societies of great contrast where the opportunity for the exchange of goods and services to mutual advantage must be very much greater than that currently achieved.

34. Practical profiles for EEC-India Cooperation have been identified (vide Appendix) on Joint-Project Planning.
In overall terms, though, it would appear that the EEC has no global economic policy towards 'developing countries' but only different layers depending upon a descending scale of political and economic interest. EEC's Third World policy thus is broad in two tiers, namely special contractual arrangements on a regional basis which include the Lome Convention, and the Mediterranean Region, and then action at the World level. The latter would comprise (a) EEC's annual unilateral offer of the GSP for preferential access of some manufactures and processed agricultural products (b) food aid and emergency aid (c) financial and technical aid to non-associated developing countries, and (d) and through non-governmental organisations (NGO), apart from a bilateral textile agreement under the MFA (Multi-Fibre arrangement under GATT).

Scanning Indo-EEC trade and commercial relations in particular (JDI countries in general), there emerge at least four negative features in Community's attitude:

1. There is discrimination in terms and conditions of access.
2. The legal, administrative and financial frame for the Community to discharge its commercial responsibilities is much too narrow.
3. There is reluctance to extend certain elements of its development cooperation policy to the non-associates.
4. Community's competence in the field of production and market development is too restrictive.

It would appear, therefore, that the primary thing that might be necessary for the EEC would be to evolve and develop
a global development policy and next, within this global framework, a wide ranging set of policy measures, should be evolved to regulate the Community's relations with (India) Asian countries, in tune with the spirit of JDI. Indeed if the Community succeeds in evolving a Development Cooperation Policy, in which differentiation is based on variation in needs and no on historical preference or discrimination, it would have made a major contribution to the rationale of global interdependence and New Economic Order. In the above backdrop perhaps it would be rational to conclude that a 'sound' bilateralism is the corner stone of a 'veiled' multilateralisation and 'optimal interdependence'. In other words, not necessarily as a corollary, but by simple logic of deduction and induction, it eventuates that important global interactions such as Indo-EEC economic and commercial relationships (EEC as India's largest trading partner) can be regarded as a case of 'sub-optimal' interdependence, provided of course, if 'sound' bilateralism is practiced. And it may not be necessary to in these concluding paras to attempt to philosophise as to what 'sound' ought to imply, since the 'message' as is delineated in the last few pages, is perhaps amply clear.

Speaking of Indo-EEC economic and commercial relationships, the pointer, inter alia, is admittedly to the renewal of Indo-EEC-CCA, which has to date been merely trade oriented rather

than overall economic cooperation providing wider scope. Moreover effective implementation is also sought by redesigning/reformulating the CCA so as to give it more teeth (upgrading the Joint Commission from European Commission to Council level)—at the decision-making.

**Decision-making in EEC: Change Warranted?**

Perhaps some food for thought would be necessary regarding the decision making process obtaining in the big paraphernalia of the EEC-Commission, Council and Parliament set up. Lately the Summit diplomacy has made some inroads into the traditional decision making process, as depicted below schematically.

### Traditional Decision Making Process

- **EP**
- **Commission**
- **CJ**
- **CPR**
- **ESC**
- **Council**

**Key**

- **EP**: European Parliament
- **CJ**: Court of Justice
- **ESC**: Economic and Social Committee
- **CPR**: Committee of Permanent Representatives
- **PC**: Political Committee
- **CS**: Council-Secretariat

### Present Decision Making Process

- **Summit**
- **Commission**
- **PC**
- **CPR**
- **Council**
- **CS**
The traditional EEC decision-making process posits a Commission which proposes and a Council which disposes. In the resultant Commission-Council Dialogue, decisions are Commission, comprising of independent and autonomous Commissioners, drafts EEC legislation according to its perception of the 'common good'. To this end being au-dessus de la mêlée - it is obliged neither to solicit nor to succumb to the advice or pressure of any one EEC-member. In short, it acts as the 'motor' of the Community by prompting integration-perpetuating the Community system.

An analysis (made by Juliet Lodge)\(^{36}\) of the role of Summits in EEC decision making process provides us with information explaining not only the initiation of the movement toward in depth integration, but also how progress toward that goal is maintained. The recurrence of summits accounts for the trend toward politicization of the EEC\(^{37}\) and institutionalisation of high politics at the supra-national level. Thus the Summit eventuates in a positive light as an integrative (and not mal-integrative) device. Would that, inter-alia, imply that the hope for sub-optimal interdependence in the context of India-EEC relationship does not necessarily lie at Brussels or New Delhi alone, but equally so at say Paris, Bonn, London, Rome and other capitals. Or would it

\(36\). Juliet Lodge, Toward the European Political Community: EEC Summits and European Integration; ORBIS, Vol19(1975)

by equally (if not more) productive to seek/negotiate solutions at multilateral fora - the North-South dialogue/Global Negotiations?

A word on Operationalising Interdependence

In the dynamic framework of global interdependence (as postulated) at the outset, in contrast to a static notion one finds that Indian economy, (having reached an intermediate stage of development) along with European Community (exhibiting integrative character) have untapped possibilities for attempting to resolve some of the most difficult and pressing problems that the International Community is currently facing. There is thus a need, (as observed by India's distinguished ex-Ambassador to EEC, Dr. K.B.Lall) for more intensive contact between India and EEC at the intellectual level, as also at the level of economic operators, if the full extent of their possibilities is to be realised.

The thrust of the above delineation, both theoretical and practical thus (zero in' to some such statement; while it may be easy to feel what the self interest (X and B individually) should ought to be statically, but in actual operation what is more relevant is the non-controversial mutuality of interest dynamically perceived; which is, in fact, the ideal manifestation of 'optimal' or say 'perfect' interdependence. To illustrate, for example, protectionism, statically perceived, might appear as an obstacle to LDCs, but often it can be supply constraints which hold back manufactured export growth. Unhelpful exchange rates, and tax and foreign investment regulations, for instance, may be significant factors. Then, there is also the other side
of the coin too - some reconcile to protectionism as a 'virtue in bad disguise', in as much as, but for the quantitative restrictions in the import regime of the EEC's textile policy, exports of certain categories of Indian textiles and garments would have been drastically 'eaten-into' by the forceful experts of some of the South-East Asian countries.

Therefore the moral that is churned out is not what 'one ought to do for the other', but what both together can do for a well-defined 'common-area enterprise', constructively, to achieve rational global interdependence. It has been observed by several thinkers (esp. W.W. Rostow) that in the North-South stalemate, the negotiating agenda is new structured in a way so familiar as to be regarded by most as tediously inevitable; how much more is the North prepared to give the South in trade-concessions, aid and technology. It is strictly a one-way street. But it is felt that the appeal to northern conscience and vaguely articulated long-run self interest is now an insufficient basis for serious progress in North-South dialogue/global rounds.

This situation has been likened to an observation Jean Monnet made in Washington early in 1946, in the wake of negotiations of the first British postwar loan. He said the British were wrong to make their appeal to Americans in terms of memories of Britain's gallant stand on behalf of the West. It would not last. On the other hand, Americans could not resist joining a promising enterprise. Therefore, he would

seek aid by first laying out the whole modernisation plan, emphasising what the British aimed to do for themselves. He was confident that, in such a constructive setting, Americans would be prepared to help meet the plan's foreign exchange requirements. He got his loans; and, indeed, it was this approach that rendered the Marshall Plan politically viable in 1947-48.

Conceptually, then it is felt that we now need a different approach: the definition of a common enterprise with explicitly recognised common interests; to which all parties, North and South might contribute. At its core, such a common enterprise requires a commitment by nations, North and South, to act

39. 'Commonality' based on India-EEC complementarity (Analysed specifically vide Smallman Report) results into the Trade Centre at Brussels and a corresponding EEC (Technology) Information Centre to come up at New Delhi.

Particular mention of the following could be done as a practical work of the INDIA TRADE CENTRE, Economic Mission of India to the EEC, Brussels.

(iv) Market Survey Report on Footwear in Belgium (March-April, 1981)
(v) Market Survey for Bicycles and Components in Belgium (April-May 1981)
(vi) Use of Jute as a medium of Packaging of Agricultural Commodities in EUROPE: A Study (May 1981)
(vii) Coir Floor Coverings in WEST EUROPE: A Study (May '81)
(viii) Market Survey of Shirts in Belgium (Jan. 1981)
in a significant degree, each with its own capacities, in terms of the requirements of the international community. It would appear that such an approach flows naturally from an assessment of where the world economy now stands and from certain quite specific common interests the North and South share in its future. Surely, in the end, one would get back to trade, aid and all the rest, as Jean Monnet got back to U.S. loans in 1946. But we have got to start from the State of the World economy, its problems and possibilities.

At the recently held Paris Conference of the UN on the Least Developed Countries (LDC), the later have asked that the volume of aid be doubled, in real terms, before 1985 and quadrupled by 1990. They had also urged that aid donors commit themselves to an aid target of 0.15 per cent of their Gross National Product (GNP) by 1985 and that 30 per cent of all bilateral and multilateral aid be channelled to the 31 poorest nations. 40

AID TO THE 31 POOREST COUNTRIES
(as % of GNP of donor countries 1979)

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| Million EUA | | | | |
|-------------| | | | |
| EEC/India: TRADE DATA | EEC Imports from India | |
| EEC Exports to India | |
| 1975 | 1082 | 908 |
| 1976 | 1122 | 1407 |
| 1977 | 1388 | 1641 |
| 1978 | 1860 | 1610 |
| 1979 | 2007 | 1827 |
| 1980 (1st six months) | 1152 | 1027 |

This shows that except for two years 1976 and 1977, the balance of trade has been unfavourable to India.

Source: UNCTAD

The above table indicates the present pattern of aid to the 31 poorest countries. All participants at the Conference seem to accept the principle that a special effort be made for the LDCs. Aid donors would either try to double the aid they give (but the expression 'in real terms' is absent from the final text of the agreement) or try to ensure that 0.15 per cent of their GNP be devoted to helping the poorest countries 'in the years to come'.
French President, Mr. François Mitterrand in an extraordinarily forthright speech committed his country to achieving the UN's official assistance target of 0.7 per cent of its GNP by 1988. He also pledged his government to five specific courses of actions: to persuading its partners in the EEC; and the group 'B' countries to enter into global negotiations, thus resuming the dialogue broken off so abruptly in New York in 1980; creating an 'energy subsidiary' of the World Bank, promoting a major transfer of resources to the developing countries, and particularly an official account to the least developed countries which he pointed out were unable to obtain resources in any other way; assuring all LDCs and the least developed in particular, greater stability and continuity of their foreign exchange earnings (and not just the prices of their experts); and lastly, helping them preserve their own national and cultural identities while encouraging communication among them. This last was a clear endorsement of the UNESCO attempt to foster a new international information order (NIIO). 42

41. 'Mitterand sets tone for North-South Dialogue' (By P.S. Jha), The Times of India (New Delhi, 3 September 1991).

The new French President's approach therefore comes as a fresh attitude to the conservative stand taken by the North so far. On the Ottawa Summit, as an instance one columnist has commented as follows:

"Since we cannot restore order let us collectively manage disorder".

This is what the leaders of the seven richest countries of the industrially advanced North really believe, despite what they say.

The recent input from France in this respect, during the visit of India's Prime Minister (Autumn 1981), is really heartening. It is felt that it would not be fanciful to say that Indo-French cooperation can be model for relations between an advanced country and a developing one. The Prime Minister commended France's understanding of the main principles of the economics of global prosperity and its interdependence.

Mr. Mitterrand sees a new French role in the European Economic Community in turning it into an effective instrument for maintaining stability and security. In an obvious reference to President Reagan's conservative stand on the Cancun North-South dialogue, Mr. Mitterrand significantly said that the

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43. 'Problems of Rich Ailing North', The Times of India (21 Aug. '81) by B. Wariawala.

EEC was currently the only possible intermediary between the 'most conservative trends' of the North and the most progressive elements in the South.

The most optimal axis, to sum up the strands of thoughts on EEC: India Development Cooperation, to one's mind could be a legitimate and pragmatic evaluation of the concept of 'Interdependence' in a nutshell.

The concept of interdependence (as we have examined in detail earlier) is often charged of having a normative bias and of being ill-defined.45

The charge of a normative bias in earlier conceptualisations of interdependence rests on a misconception of the traditional concept of the 'benefits' of interdependence and a failure to distinguish between normative and factual concepts.

Sir Norman Angell used the following story about two men in a boat to illustrate the nature of interdependence:

The boat was leadky, the sea heavy, and the shore a long way off. It took all the efforts of the one man to row, and of the ether to bail. If either had ceased both would have drowned. At one point the rower threatened the bailer that if he did not bail with mere energy he would throw him overboard; to which the bailer made the obvious reply that if he did, he (the rower) would certainly drown also. And

as the rower was really dependent upon the bailer, and
the bailer upon the rower, neither could use force against
the ether. 46

Sir Norman drew the conclusion from this anecdote that the
degree of interdependence varies inversely with the effective-
ness of the force. This story also goes to summarise the
basic elements of the arguments presented by Sir Norman, Muir,
and Delaisi.

First, the situation involves division of labour since
neither man can both row and bail.

Second, exchange is involved in the sense that each man
trades his labour for others - "I will row if you will bail".

Third, there are mutual benefits of this exchange in that
they both stay alive.

Fourth, each is dependent on the other in the sense that
the opportunity costs of breaking the relationship are high.

Fifth, this reciprocal dependency constrains each party's
behaviour with respect to the other.

Sixth, dependency is portrayed as a rather unpleasant
"fact of life" to be endured and adjusted to rather than as
a Gedsgend to be celebrated.

46. Sir Norman Angell, The Foundations of International Policy,
And seventh, Sir Norman's conclusion about the effects of interdependence on the effectiveness of force is a plausible, empirically testable proposition. It may not be true; but it is, in principle, falsifiable.

However, leaving all the theoretical and intellectual guess-work apart, nothing could be more germane to conclude our thoughts upon them the practical proposition flowing out from Paris (Mrs. Gandhi-Mitterrand Parleys).47

'Mr. Mitterrand emphasized that his government wanted the developing cooperation between India and France in economic, scientific, technical and cultural spheres to be an example of what the relations between countries of the north and south could be in the future'.

'SURVIVAL' and the future!

Summing up the research effort, Internal negotiations and commercial diplomacy are the pertinent areas where 'Interaction' has been studied. In the dynamic view of national interest and international interest, i.e. domestic and foreign policy, one can visualise that there cannot be a situation where there would be a fixed national interest and a fixed foreign policy, because if that were so, their variations - differentials, deltas would be zero. And in that case delta-n into delta-f cannot remain non-zero.

47. 'Mitterrand sees new French role in EEC', The Times of India (New Delhi, 14 November 1981) p.5.
Obviously because if either of the differentials \( \Delta n \) or \( \Delta f \) becomes zero, the equality would not hold good. In other words, making use of the new definition of interdependence, it follows that this delta, the sensitivity to change or this differential, is very important because there is always this uncertainty because of the logic of interaction and also because of the entropy law. In view of the continual changes and the interaction of forces in the domestic and international scene, it would be naturally fallacious and somewhat misleading, if one were to say, e.g. that the interest of a developing country like India lies in not opening its investment policy. It has been seen that India could not keep on holding to that position without loss to its national interests, and slowly the import policy was made liberal. Similarly, the European Community in spite of its internal problems could not get away from international pressure in the Commonwealth and in the international fora, and had to make a special dispensation for India and other South Asian countries through the JDI, i.e. Joint Declaration of Intent.

Now after this, one finds that Willy-nilly, EEC had also to concede things like the GSP, part IV of the GATT and lately the Common Fund. Now all this obviously amounts to the vindication of the dynamic hypothesis, viz. that it would not be correct to keep or to regard domestic interest and international interest as something permanent, otherwise their variations would be zero and their equality would not hold good.

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48. See e.g. S.S. Saxena, n.35 – ibid.
(survival constant). On the other side, one sees that by making use of these definitions, one can always explain the international events which are being followed in the Third World, and in the North and the South, leading to the various problems in the North-South stalemate.

Thinking in terms of Einstein's revolutionary idea, one finds that motion through 'ether' is a meaningless concept while motion relative to material body alone has physical significance. Now this can appropriately be seen to be applicable to international political economy, the relationship between the developed and the developing countries in general or EEC and India in particular. After seeing derivation of the mathematical formulation of the 'principle of uncertainty', in terms of domestic and foreign policies, it is easy to see that no amount of convincing is really necessary to prove the point that there are mutual interests between the developed and the developing countries. Just as in case of Einstein's idea, there is no such thing as the static approach or motion through 'ether', unless one takes the relative position of material bodies, having any physical significance. Similarly, by way of illustration, one can analyse the case studies whether it be in the trade field or investment or commodities or transfer of technology, etc. For instance, what good could there be of any sophisticated product, unless there is a market to accept such a product. It is a fact that in business and trade matters one talks of the research and development, the improvisation and improvement of product, the diversification of product, and on

49. Derived, theoretically in Chapter V earlier
50. Mentioned by several authors, e.g. Roger D. Hansen, n. - ibid.
the other hand the market research, the fashions, people's trends, psychological approaches etc. These are obviously tied together in business world to see that the products are sold and diversification of products become meaningful. Taking this clue from the microposition to the macroposition, it can be seen that it does not require volumes of arguments to prove that developed countries, by themselves, cannot survive, unless they take the developing countries with them, who have all the markets and all the kind of ground for them to really expand and test on their new products and new approaches. Therefore, it would be somewhat fallacious to patently ridicule the approach of the Brandt Report (as done by several thinkers in the West) or the talk of mutuality of interests as something funny! It is really not so funny because it is proved that domestic policies and foreign policies are so intrinsically intermingled that in the modern world of the political and economic relations (with the constraints of security, the arms race and economic factors) these two things are becoming increasingly difficult to disentangle. In other words, it is aptly summarised by the survival constant (delta-f and delta-n) that one cannot really take a one-sided view and it gets proved, therefore, that whatever be the hypothetical arguments to the contrary, the fact remains that the domestic and international policies in the national and international scene have got to be taken together.

The short point is that interdependence has to be perceived as a kind of a 'glue' or kind of 'ether', the cementing medium between the two main parameters, mainly the developed and the developing countries and the variables are the domestic policies and international policies. In other words, it is inconceivable
to think of a domestic policy of a country whether developed or developing, without necessarily seeing the interconnectedness or the interaction taking place between the domestic and foreign policies of both the units, which are interacting, and therefore, the theoretical tools used here in terms of entropy, in terms of 'order' turning into 'disorder', are found to be set into a meaningful pattern, proving thereby, that the imperatives of global interdependence cannot be ignored and the only way to really forecast the future through a dynamic concept of interdependence, through the capital delta($\Delta$), the generalised definition of interdependence, the Generalised Unification Theory, which in a nutshell would mean that in spite of the weaknesses in the negotiating strategies of the developing countries and their not being able to earn enough mileage because of lack of things to argue against, the more forces of interdependence would see that the West alone cannot run the things without taking the South into confidence and into their scheme of things, otherwise the shocks like the 'oil shock' or political shocks whether in terms of systemic changes taking place, whether it is Korea or Cuba or Central America or certain pockets of Africa, these phenomena are bound to take place and they cannot be ignored by telling that the Third World has to fend for itself and the first world or the North will merrily continue to enjoy, as in the club of a rich in the GATT, in the IMF in the World Bank.

In short therefore, the stage has reached where some rethinking has to be done about the basic laws, the post-Bretton Woods system has got to change in terms of world-wide monetary conference, in terms of money and to change the rules of the game and on the other side of the coin, that is trade, the GATT has also
to adjust to the needs of the over hundred developing countries which were not available for their say at the time, GATT came into existence. Therefore, it may not necessarily be a plea for an international trade organisation under the Havana charter, but certainly in micro sectors of the trading areas whether it is the subsidies or the safeguards or trying to check the trend of protectionism and other non-tariff barriers. A certain positive step will have to be taken which would mean things like restructuring, things like looking from the point of view of South developing the system of ECDC, that is trying to interact more among the equals rather than unequals, because unless such clusters of forces or waves are created, the message may not be brought home. The suggestion is not really to have a cartel-like as was done by OPEC countries but at the same time one would not like to be naive and to deny approaches to making such a cartel because what is ECDC after all or what is OECD in the North side. So given the human nature what it is, given the Maslow's theory of hierarchy of needs going up to self actualisation, given the interacting forces in the security and the economic field, that is the 'high politics' and the 'low politics', the sum and substance remains that development cooperation conceptually is a desirable proposition and one has to see that unless it is translated into brass tacks, into specifics, merely lip-service and rhetoric of interdependence, without really affecting transfer of resources, preparedness to have give and take etc., it will be seen that in overall terms the real progress at the world level, would not take place and the World Bank Reports, the GATT and other reports will continue to show that ills like recession in the North, the GNP not growing very fast in the South and the fears of the depression years are bound to be there.
Therefore it is not anybody's case to suggest that the North should do so much for the South or the South should go on demanding this from the North but the very fact that the domestic and international policy interaction of the micro units, both on the North and the South side or the East and the West side really engender a series of interconnectedness or series of waves in a fashion that there is no gain saying the fact, that in order to survive, one has got to learn to adjust like in the recent couple of decades. Illustrating the point, take for instance the GSP or the additional of part IV of the GATT or concessions in investment or allowing certain facilities for investment or basically the deliberations in the various bilateral joint commissions between India and member-countries of EEC. The point is that commercial cooperation agreement is a framework, but the real work has to evolve bilaterally. The real work of the joint commissions is obviously guided at bilateral level by the very imperatives of the domestic constraints and the international constraints. Take for instance the Indo-Belgian Joint Commission. Although the framework of European Community (EEC) is there for Belgium not to forget, but Belgium's problems are more, for instance, in finding investment opportunities in a country like India and India in particular wanting a specific technology here say of glass-cutting, diamond-cutting or joint ventures together.

Recently during the field study, it was found by talking to various bankers and to the Central Bank, Belgium, about the devaluation done by Belgium, that they feel that bilateralism will not pay and they should have a multilateral approach. Now this reaction of Belgium as a member of EEC, is not necessarily shared by bigger members, like Germany, France or England or Italy for
that matter. This being the case it has been referred\textsuperscript{51} that the centrifugal and centripetal forces within the ten-member community itself are found operating. Therefore, it would mean that there is no such thing as the united policy of the North to go on ignoring South in spite of the homilies and the preachings of the Brandt Report and UNCTAD sessions and so on and so forth. In actual practice, there are obviously examples not necessarily in the nature of hostile witnesses, but obviously guided by their own strong national interest that they are prepared to deviate, unmindful of the constraints of tariff and other policy measures at Brussels. This is what is really meant by the interaction. Interaction can be conflict, it can be cooperation\textsuperscript{52} and the whole effort is trying to go from order to disorder and the entropy, play the part. In fact, therefore, what has been done and attempted in this thesis is really, trying to conceptualise the forces of conflict and cooperation through certain tools; they might appear somewhat esoteric but they are real physical tools, useful in studying the process of interaction, the structure and the processes and these tools are really the ideas of entropy, interdependence being expressed through a generalised unification definition and the crux of the matter being that interaction will take place, 'high politics' will be less or more important than 'low politics', the negotiations will continue to succeed and fail, the charges of political will or lack of it, will continue to be made, GATT and World Bank being branded as the club of the rich and the South asking for more power,

\textsuperscript{51} Analysed by the author in earlier chapter and again in a subsequent footnote, n.61 in this chapter.

\textsuperscript{52} 'Logic of international interaction' is a meaningful concept - discussed earlier-chapter IV.
more voting rights and more shares will continue to be there and it is not surprising because the relationship \( \delta-n \delta-f \) implies that there has got to be a minimum value of \( S \), the survival constant without which the World cannot pull on.\(^{53}\)

This being so, the moral of the story is that one should not be required to prove across a table in any North-South dialogue to tell the North that you have duties towards the South (not duties really but certain actions have got to be taken in order to get a reaction, action and interaction) and the South will not necessarily try to prove that there is a mutuality of interests, since it is already a kind of a home truth. Would this inequality or equality-capitals, survival and the various models (proving when alpha is greater than beta or vice versa) not go to substantiate that such relationship is bound to continue? Certain measures can be suggested for the South on various fronts that is to consolidate their position either through ECDC or through regional groups because it will be a two-way tariff, the weaknesses of the deficiencies in the supply system, the lack of support and infrastructure, will be built up as a result of ECDC and secondly the weaknesses in the negotiations with the North will be corrected duly, by means of the group strength of either the Non-Aligned Movement or taking a position like the GSP or the multifibre arrangement or building up a cartel like OPEC. Now these are some of the thoughts for the South. Similarly, for the North they are welcome

\(^{53}\) This 'Survival' constant (incidentally rhyming with the author's name 'Saxena's constant') is the key result of the analysis of the dynamic nature of interdependence expressed mathematically. (Details in Chapter V earlier).
to do their Summits whether at Williamsburg or Versailles elsewhere, but the fact of the matter is that like Churchill, Attlee had no way left except to make India independent, similarly on the global basis, the North cannot really live without South, however great they may try by confusing politics with economics or vice versa. The arms build up, the security angle race, the rapid deployment force and other things between the two super powers are there for all to see. But the main point is that by themselves they cannot really dictate terms to the other world who have their own points of view, who may have become stubborn to a certain extent and Non-Aligned Movement or the Group of 77 approach is not allowed to dissipate or disintegrate, then one would see that the picture is not all that bleak. In short, there is no coming back from the position that seems to be round the corner, that is the imperative need of global negotiations to take place, the short term and the long term programmes to be chalked out, and any digresssor whether through confusing GATT with UNCTAD, or trying to build up things like trade in services, or the investment performance criteria, or trying to force investment through multinational corporations, are bound to be reacted upon like in De Gaulle's France or Servan Schriebers 'Le defi American.

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54) Relevant here are the recent communique of the Non-Aligned Meet (NAM-New Delhi, March 1983) as well as the just concluded CHOGM (Commonwealth Heads of Government meeting, New Delhi, November 1983)

55. J.J. Servan Schrieber, n.6 - ibid.
In conclusion it has been seen that interdependence turns out to be the basic law of nature. This interdependence apart from its general definition, has been expressed mathematically in terms of deltas, (∆n and ∆f). Now one can see that these variations or sensivities to change or the differentials are really the measures of uncertainty of country A being bothered or not very much concerned with country B or thereby giving the interdependence the shape of a matrix which symmetric or asymmetric. Now we have seen that in the North-South dialogue when things seem to have reached a stalemate, the actual situation is that developed countries for instance because of their internal constraints, (recession etc.) feel that their delta-n (∆n) is more important than delta-f (∆f) and they seem to be coming to a kind of impasse. But this may be for a short period, in the long run this survival factor, Capital S, will see to it that in order that these inequalities and equalities may hold good, some permutations and combinations are bound to take place and this is because of the permeating forces of 'interdependence'. The phenomena of the OPEC cartel or for instance, the changing affiliations in the 'high' political economy, where the security and the welfare interests are mixed up. Now this pattern in the shape of a Kaleidoscope is happening because of certain immutable relations and that is what is the key thesis of the entire research.

56. The same thing can also be expressed the other way round too, viz. on account of the permeating forces of interdependence, a unique permutation/combination takes place in a manner such that the inequalities_EQUALITIES hold good, throwing up a particular, finite value of S, the 'Survival' factor, which has to be non-zero (vide GUT).
This immutable law goes to explain the following things:

i) Why for instance there is a chance of confrontation or stalemate simply because in order for interaction to take place or to give a result one would never find that smoothness that if A is equal to B, B equal to C, then C equal to A. Now this involved nature of relationship is really expressed in the dynamic sense where one finds that the product of the two deltas has got to be non-zero.

ii) When one sees that the relationship between the two groups of countries whether North or South, or East or West if ever they are so motivated by domestic interests and national constraints, that for the time being they forget the international scene, then calamities like the depression have taken place which bring into sharp focus the interconnectedness of the parameters in international political economy, that to trade and money being the two opposite sides of the same coin. Now this interdependence among issues, interdependence among countries, can all be seen to be valid provided a dynamic view is taken. If one persists with a static approach then one would always come out with some kind of a fallacious prescription, that North should do so much for the South, they should transfer so much resources, they should transfer the technical knowhow etc. which in practice, frankly will never be done. It is obvious that if one side goes on demanding on the other, the other will have to see its own national and international environment, try to optimise or sub-optimise their interests, and then only make things available. Therefore, what is suggested as a result of this study is that the answer does not really lie in a direct confrontation or asking the North to do something for the South on moralistic considerations. On the other hand, the South will have to see first how best it can organise itself horizontally, how it can really suboptimise the resources within the regions.
the concept of ECDC, self-reliance etc. Then one would automatically find that there are patches of markets and pockets/areas, where technological gap, exist and then will have to be filled. Whenever it ties up with $\Delta n_{-1} \times \Delta f_{-1}$ means within a region or among countries, its national interests tallying with the North's international inputs from a certain region, then they will always pitch in, and they will always be the kind of interactions that we have seen in actual practice. Now Lome for instance is a glaring example of this kind of relationship.

European Community when it found itself in a tight corner because of the oil crisis was very keen to ensure the availability of certain raw materials and resources even radio active substances and promptly they thought of coming up with an agreement with the African, Caribbean and the Pacific group, although it was anti-GATT really. Now this shows that in terms of its community interests, the European Community felt that it cannot do without basic inputs and so the delta-f the foreign policy component immediately dictated that they enter into some such agreement. Similarly, one will have to see that in the South Asian instance, instead of saying that EEC should do so much for the South, it progress of its could be possible to be able to create a situation where for the progress of its own multi-national corporations, their own markets, their own requirements of skilled labour and other inputs, they will have to look to countries in South Asia just as they had to go to the countries in South-East Asia as they had to go to the African-Caribbean and the Pacific Group.

iii) Another inference one can draw from this relationship is that since the product of these uncertainties can vary, depend on the magnitude and direction, it will be decided only if on the trends as to who is dependent on whom and whether the
dependence is symmetric or asymmetric, but as a matter of fact this relationship and its labelling is more academic than real. While it is seen that England which was a strong mercantile power, continued to be so for some time. Similarly in the 60s when the superpower, (the only super-power - kind of) America, was in a way shown its place by de Gaulle's policy or for instance the attempt of the Third World, the OPEC group of countries by trying to come up of this price hike the second oil shock and now finding that the oil shock has been neutralised by the western countries and the problem through their banks has become more of a monetary nature. Now this changing trend itself suggests that there are no permanent friends or no permanent enemies, there is always a permanent kind of interest and these interests are really decided upon the variations in the 'respective uncertainties'. In short, therefore, on the face of it, it will be incorrect to say that EEC should do so much for South Asia or EEC should not do this and that; or for EEC to tell India that you should not expect latest technology from us, because we are more interested in Africa etc. Now this transient kind of a phase, is likely to mislead because one sees the intensity of the domestic forces of the European Community, there is no end to the South shouting to the North that you vacate certain areas for us, textiles should be our cup of tea really or that you give an adjustment assistance to your industry and so on and so forth. So these arguments of the 70s have really lost their credibility with the North and this is apparent before us now in the decade of 80. So this in itself proves that EEC-India relationship cannot be really labelled as symmetric or asymmetric, the fact continues that the European Community will need about 40% of imports, raw materials etc. It
will continue to need markets, it will continue to really be complimentary with certain areas and it is for a country like India to see that these complementarities are used to the best of mutual advantage and are not really taken as a kind of drag just because EEC-India relationship historically has had certain overtones.

In so far as suggesting more useful ways of thinking about organizing international economic cooperation in concerned one could perhaps argue for giving much more attention in North-South discussions to streamlining and strengthening global-level economic institutions; 2) vesting principal weight for the organization of global economic cooperation in a few key specialized agencies that operate on the basis of weighted, representational voting; 3) within those institutions making changes in both the weighting of votes and other decision-making procedures to give

57. Dr. Arjun Sengupta, "An analysis of the 'Mutual Interest' approach" Indian & Foreign Review, Vol. 18, No. 14, 1-14 May '81 pp. 9-21. In this analytical essay, Dr. Sengupta examines the principal propositions underlying the mutual-interest approach - and concludes that each of these propositions is a questionable, that the paradigm of mutual interest, as developed in the Brandt Commission report, cannot be sustained and that, if the South wants to bring about basic changes in the international system, it should be willing and prepared to adopt measures to strengthen it: bargaining position.

58. Emanating out of the academic papers read at the conference on 'Rethinking Global Negotiations' (New Delhi, 6-8 Jan, 1983), jointly sponsored by the ICRIER (Indian Council for research on International economic relations) and the International Economics Research Centre, Columbia University, New York. The (ICRIER) monograph summarises, Global Negotiations - a pragmatic approach (New Delhi, Feb, 1983).

A particularly incisive paper, in this context, reads John Gerard Ruggles, 'Political structure and change in the International Economic order: North-South Dimension' (Institute of War & Peace studies, Columbia University, New York). This paper was to be published as chapter 9 of The Antinomies of Interdependence: National Welfare and the International Division of Labor (ed) J.G. Ruggles, (Columbia, 1983).
recognition to the idea that dependence on the system as well as
the ability to affect the system deserves a voice in decision-
making and management and, thus to give developing countries a
greater voice; 4) involving national policy makers more closely
in consultations within these institutions while at the same time
strengthening the role of the international staffs so that full
account is taken of the interests of all affected parties and of
the requirements of the 'global economy.' The central U.N. Orga-
isation ought not to be empowered to exercise "control" over the
operations of the specialized agencies, but it should play a
more effective role as the universal forum, as a global monitoring
organ, and as an embodiment of what Stanley Hoffmann once referred
to as the "flickerings of 'universal consciousness.'"

Though none has a crystal ball, predicting the future, yet in
the general picture of international organizations and national
interests, OECD's 'INTERFUTURES' Scenario's are relevant. (Scenario
D would be an impossibility, so it appears, C probably less likely,
A would one extreme, therefore, B1, B2, B3, appear interesting).

Chapter IV has already analyzed, the various Models of EEC
depicting these different layers of a descending scale of political
and economic interest. Such a halting and discriminatory evolutions
of EEC's developmental policies can be explainable but not understan-
dable and therefore immensely debatable. It can be explainable,
inter-alia on account of the European Community (third world relation-
ship) not fitting into any well-known model, bilateral or multi-
lateral and further because EC is an ingenious multi-faceted instrument
of power. A very recent publication highlights the issue as follows:

59. Facing the Future: Mastering the probable and managing the
unpredictable (OECD, Paris, 1979)
The Scenarios, pp 85-87

60. India and the EEC (eds.) K.B. Lall, Wolfgang Ernst, H.S. Chopra
(Allied, New Delhi, 1984)
"While it functions more or less as an inter-state coordinating agency for the management of intra-community economic relations, it acquires, within its sphere, a solid unitarian form in its dealings with the other regional groupings and sovereign states. As a collectivity, its strength (here one recalls Rousseau's 'General Will' in the sphere of its responsibility) is more than the aggregate of its members. Without doubt, it must be reckoned as a strong economic power in its own right. But its strength varies from time to time and from area to area with the extent of cohesiveness in the national attitudes of its member-states. And the dividends (economic as well as political) from its deployment fall to the share of its member-states, though not equally but somewhat in proportion to their vigour and their contribution to the community consensus."

But the EEC's developmental policies, (granted their internal problems) and the concomitant 'centripetal' and (centrifugal) forces are certainly not understandable in the sense that, no smooth functioning can be expected of any mechanism naturally if it has been assembled in an ad-hoc manner by adding odds and ends, which seems to have been the case of EEC's developmental approach. No wonder therefore, the role and place of even the directorate general for development is immensely debatable at Beralement, the prestigious EEC headquarters at Brussels. Outgoes Claude Chyssen, incomes

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61. William Wallace in the conclusions to the book observes as below:


"...the underlying trends of divergence in structure and performance are secular phenomena ... it should also be clear that the convergence issue carries echoes of arguments about the community's objectives and proper role which go back through the 1960s to the Treaty of Rome and before. Some members of the Spaak Committee were well aware of the awkward questions of economic policy coordination and of regional imbalance...."
Edgard Pisani (incidentally both Frenchmen) as new Commissioner for development and a new strategy paper gets floated (Sept. 1982). There is absolutely nothing wrong in floating new ideas, but the fact remains that a meaningful scaffolding runs on a firm basic 'System' and not on the changing intellectual contours of individuals or figments of imagination (e.g. Colombo Plan 62). Ostensibly the basic structure and the systemic foundation of EEC's developmental policies would continue to lack, as long as ad hoc arrangements in the nature of Lomé and Yugoslavias are handled piecemeal. No one, surely, would grudge or deny the political imperatives for some directional orientation in policy-making but the basic point is that as in nature, (in macro-world & micro-world) so also in international relations, halting and haphazard quantum jumps always throttle the evolving glow; in other words the arguments of the perceptive controversy of corpuscular (Particle) versus the wave theory or the 'discrete' versus the 'Continuous' progression, are valid here too, as in theoretical physics (analyzed in great details).

62. (Vide appendix - Relevant extracts from FIELD RESEARCH).

63. The political importance of the recent (1979-80) EEC-Yugoslavia agreement was apparent on account of the haste with which the EEC conceded remaining points of disagreement when the late President Tito's illness was announced at the end of 1979. The EEC had a non-preferential trade agreement with Yugoslavia dating from 1973. Negotiations to extend this into a wide-ranging cooperation agreement began in 1978 (when the Indo-EEC, CCA also was due for renewal, expiring in April 1979). One finds the EEC-Yugoslavia agreement probably more generous than any of the other Mediterranean ones. For example, there will be more EIB loans (European Investment Bank) available for Yugoslavia. Trade concessions will also get importance on account of its large trade deficit with EEC, although as a developing country Yugoslavia already enjoys preferential treatment coming EEC's -GSP.
Chap. V-ibid) and can be appropriately appreciated through the dynamics of interdependence and the attempted GUT (Survival's facts), main parameters being the domestic interest and international necessities.

With this backdrop, it is apparent that the over-enthusiastic contours of 'high policies' and 'low policies' are betrayed often through attempts like 'organized free trade', and concepts like reciprocity and 'graduation' in the international trading system. Viewed in terms of GUT these are obvious aberrations and the survival factor S', is bound to operate for the balancing act, according to the immutable principle, based on the sensitivities of domestic and foreign interests. In short, the stalemate can be broken, provided the attitudes and the negotiating men and material are just able to make it within the permissible limits, defined by \((\Delta n A_f \sim S)\)

If the EEC's policies towards the Third World are to be made more consistent, in which direction should they point? — this is the pose in the latest book (ed) Christopher Stevens in which the present author has participated in the Forum on Development Policy after 1985.

E. Pisani's strategy paper would tend to develop a set of Concentric Zones, with Africa at the centre, that tailor commercial and financial provisions to the needs of different Third World country groupings and the capabilities of the EEC; to find a golden mean in administering aid between the 'rigid conditionality imposed by financing bodies and the irresponsibility of non-conditionality';

and to emphasise predictability in trade relations on the grounds that this is more important than any limited progress which might be made towards liberalising trade. Will it work, is the question

Edgard Pisani's aim is to put a cat among the pigeons; by throwing out broad and novel ideas he hopes to act as a spark that will ignite the latent interest (and interests) of all parties and enable the EEC to make a quantum leap in its Third World policy.

But one may still like to muse on the refrain 'will this work?' The answer is perhaps both yes and no. It is yes, somewhat, because the professed strategy is akin to that guiding the Brandt Commission of which E Pisani, was a member and the thrust of the Brandt Report, as the name implies is a programme for 'Survival' on the principle of mutual interest or in the nature of somewhat preached interdependence - normatively enough.

And the answer would be No, since the catch is discernible to an analytical eye viz. the matter rests on igniting the latent interests; latent or apparent, the discussion automatically gets shifted to the very fundamentals of international political economy (analyzed in detail in Chapters II to V) - the question of National interest, Nation State, Imperatives of 'high policies' and low

65. Christopher Stevens, 'New directions under Commission Pisani' in the same book, n. 64, p 202

66. It may be worth reflecting here that no nation-State can hope to progress in the international comity of nations by dint of ingenuity in foreign policy along (again mathematically covered by the GUT, Dn. of NS) unless the internal house is also in order. Philip Taylor's interesting study observes as follows, in his preface to the book: ......It's most significant contribution is the original explanatory model, introduced to demonstrate and explain internal stagnation and concomitant external progress in the European Community, when Europe speaks with one voice: The external relations of the European Community (Aldwyth London, 1979).
policies superimposed by the role of international organizations, interpreted in terms of logic of international 'interaction' and 'entropy' law—would suggest a pattern of concentric orbits or 'Orbital manners' of EEC's interactions, with Survival factor S, occupying the Centre (and not Africa or Yugoslavia momentarily—this is therefore the basic lacunae and explains the fuzzy and ad hoc nature of EEC's policies). Diagrammatically.

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\begin{array}{c}
\text{Environment: International Political Economy} \\
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In other words, as per the derivation of EEC's derived models (I to IV) interpreted through GUT, for any bilateral relationship to be viable, there has got to be a finite non-zero, value of factor S (Survival constant), thus far different layers of existing interacting relationship in the environment of international political economy definite values of S (S1, S2, S3, S4...) would be existent for each of the bilateral set of instrumentalities. No doubt, a country like India (on account of certain well-known considerations of EEC) figures rather low in it's economic priorities, but the main thrust of the thesis is that it is imperative for EEC (dictates of dynamics of interdependence) to basically evolve a systematic and continuous developmental policy for Third World (India) (as analyzed in earlier pages), rather than tinker with 'vacuous chatter' of the toothless, framework type commercial and economic agreements in an arbitrary — 'optical' manner; Keeping the 'Heatpieces' for consumption elsewhere. The point is not of alleged discrimination but that such overtones of attempted parochialism, just would not work, as already seen in the past and now hereby predicted by the
humble thesis of GUT. In other words, rather than frittering away energies and resources in a 'not true to oneself' manner, the time has come when the boldness of vision needs to be displayed by EEC and a 'Doctrinate' on development policy spelt out for the Non-ACP Third World. The suggestion is a positive one and not in the least in conflict or disharmony with any likely improvement in EEC III; after all both parties in the Lome relationship tend to perceive it as a positive sum game.

While welcoming the community's bold initiative in carving out a special relationship with the ACP countries, it is almost mandatory to emphasise that the preferential treatment envisaged should be in due course be extended to the non-ACP developing countries, otherwise the imminent danger is in respect of these special relationships leading to emergence of trade blocs and regionalisation of trade, indisregard of the comparative advantage and efficiency considerations. Now this cracking up of the evolving EEC policies into regional pattern is at once the paramount weakness being focussed in this analysis and needs to be analytically understood. In terms of the picturised 'concentric orbits', it is clear, (taking for example the scenario of 1960's - Yaounde agreements) that viewed regionally - say in terms of Africa along a particular concentric zone would always be the target of attack and criticism, like the familiar version of John Galtung (Exploitation, fragmentation and penetration). The problem arises, that viewed sectionally, the favoured bilateral interactions criss - cross into each other, pictorially
and hence appear adhoc and somewhat clipped instrumentalities in Development Cooperation. There relationships and interaction interfaces, would immediately fall into a symmetric design of concentric orbits if the focus is on the Survival of a continual relationship, consciously triggered as a 'Common enterprise' in the light of the conceptually dynamic framework highlighted in this research effort.

For the time being one might say that perhaps Piconi's ideas might generate some forward looking intentions, provided (to recall Christopher Steven's phrase) the spark ignites the latent interest, but surely, one cannot, uphold the risk of being naive about such transitory experiments. What if the good sense of 'eats' does not prevail on the pigeons?

To sum up, it tallies well, with the notion of 'accident' in our analysis of logic of interaction' (Chap. IV-bid) when one reflects on the future of 'Survival', as it were, of world order and disorder.

The question however of how to get the world out of its economic disorder, it is reported is not really one for economists. Tumlir feels that, indeed there is a sense in which to talk about economic crisis today is frivolous. There was a crisis in the 1930's when nobody could make sense of what was going on. But that is not the case today. What an Italian politician

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67. JAN TUMLIR, 'CRITICAL PERIOD IN INTERNATIONAL ECONOMIC POLICY' AT SCHWEIZ ISCHES INSTITUT FOR AUSSEINWIRTSCHAFTS - STRUKTUR - UND MARKTFORSCHUNG, AUSSERWIRTSCHAFTLICHES TAGUND 1981-2/3 Nov. 81, ZURICH
is reported to have told in this context, epitomises the matter, succinctly enough: "It's a waste of breath for economists to be telling us what we should do. We know it as well as anybody; we know it exactly. The point is that we are not doing it and won't do it until a crisis strikes - and then we'll probably do something else again".
Mr. S.S. Saxena
4, Market Road
New Delhi 110001.

Dear Mr. Saxena,

Thank you for your letter of March 13th.

I am sending, under separate cover, a package of publications, including the ones you requested.

As of 1978, Thomas Weisskopf was at the University of Michigan (Department of Economics), Ann Arbor, Michigan.

I hope you find the publications useful and that your sabbatical leave is productive. And I look forward to seeing you later in the year.

Sincerely,

Richard Blackhurst

Richard Blackhurst

Nicolás Pleeze
Dear Mr Saxena,

I am replying on William Wallace's behalf to your letter of 6 April, to say that the final reports emerging from this study have not yet been published, but will be appearing fairly soon, in book form, under the following titles:


Yao-su Hu. EUROPE UNDER STRESS. For publication by Butterworths later this year.

I would also draw your attention to two articles which were published during the course of this study:


I hope that this is of some help to you. William Wallace will be happy to see you when you come to London later this year and to discuss these questions further with you. I am sending you under separate cover copies of our latest newsletters for your interest. We do not have a regular mailing list except for our members; if you were yourself interested in becoming a member of the Institute, our Membership Department would be pleased to provide further information.

Yours sincerely,

Ann De' Ath (Miss)
Secretary to William Wallace

Sir Sada S. Saxena,
4 Market Road,
New Delhi 110001,
India.
Dear Mr Saxena,

Thank you for your letter of October 9. It is good to hear from you. It is even better to hear that you are still actively involved in your PhD-work.

I am looking forward to seeing you in Brussels next spring. Except for the period of 13 to 28 February I am in principle around in Brussels.

We should decide, once you are here in Brussels, whether it is feasible to arrange for an interview with Mr Haferkamp. However, usually his schedule is extremely tight so that it will be extremely difficult to arrange something.

Sincerely yours,

[Signature]

Dr. E. Rhein
Kabinettchef

Mr S.S. Saxena, I.A.S.
Director (Foreign Trade)
Ministry of Commerce
J.N.U.
4, Market Road
New Delhi - 110001
India
Dear Mr Saxena,

Thank you for your kind letter of 16 October.

I look forward to meeting you next spring, and hope the limited resources of our library can be of use to you. As Ann Weston and Vincent Cable will probably be away in India in March it would be best if you could be here earlier in February. Both are still engaged in project work regarding India's small scale industries. Other research officers you may like to meet are Tony Killick who is engaged in a major study project on the International Monetary Fund and economic management in developing countries and maybe also Jeremy Clarke who is presently working on labour conditions in Asian industries.

I'll be sending you by separate post our annual report, which gives you a good overview of present research done.

With best wishes,

Yours sincerely,

Andrea Sicsmen
Librarian

Mr S S Saxena
Director (Foreign Trade)
Ministry of Commerce
4 Market Road
New Delhi - 110001
Dear Mr. Saxena,

Thank you for your letter of 12 October 1981. I am leaving Florence in a couple of weeks and shall settle in Brussels again. My address there will be: Rue Bordiau 64, 1040 Brussels; you will also be able to get hold of me through the European Cooperation Fund, 51 rue de la Concorde, Brussels, tel. 512 89 38. Since I will be travelling a great deal it is alas not possible for me to indicate a fortnight during which I shall be in Brussels. The best thing to do would be to give me a ring once you are in the neighbourhood of Brussels.

Yours sincerely,

Max Kohnstamm

S.S. Saxena
Director (Foreign Trade)
Ministry of Commerce
c/o JNU
4, Market Road,
New Delhi - 110001
INDIA
Dear Mr. Saxena,

Thank you so much for your kind letter dated October 26, 1981.

We shall be glad to meet you and help you here in Brussels, during your stay i.e. between February and April 1982.

On your arrival here, we shall make all arrangements.

Yours sincerely,

Michel VANDEN ABELE,
Director

Mr. S.S. SAXENA
Director, Foreign Trade
Ministry of Commerce,
4C Market Road
NEW DELHI 110001 (India)
Dr. H.S. CHOPRA
Associate Professor & Head
West European Studies Division
JAWAHARLAL NEHRU UNIVERSITY
SCHOOL OF INTERNATIONAL STUDIES
New Mehrauli Road
NEW DELHI – 110067
India

My dear Chopra,

Mr. O. Marwah has just informed me that Mr. S.S. Saxena, who is doing his thesis with you on India's Economic Relations on European Economic Communities and who is a member of the Indian Administrative Service, would be interested in coming to Europe to undertake research including interviews with people involved with European Community in Geneva and other places.

During Mr. Saxena's stay in Geneva, the Asian Centre of the Graduate Institute would be prepared to give him all the facilities that he may need in order to permit Mr. Saxena to complete his work.

I must however inform you that we are giving this affiliation to Mr. Saxena on the understanding that this would not involve any financial obligation so far as the Asian Centre is concerned.

Harish Kapur
Director of the Asian Centre

cc: Mr. O. MARWAH
December 1, 1981

Mr. Sada S. Saxena
Director of Foreign Trade
Ministry of Commerce
4, Market Road
New Delhi - 110001
INDIA

Dear Mr. Saxena:

Thank you for your letter of 10 October, which was (slowly) forwarded to me from Paris.

I should be happy to meet with you sometime during your field study, though as you can see I am no longer resident in Europe. Should you be able to come to the United States during the period you indicate, I could meet with you at any time from February to May 1982 with the following exceptions: March 15 - 28 and April 12 - 18. Perhaps you might wish to indicate more precisely when you may visit the Boston area, so that I may set aside an appropriate date for a meeting.

I look forward to hearing from you soon and to meeting you next year.

Yours sincerely,

Benjamin J. Cohen
William L. Clayton Professor of International Economic Affairs

BJC:ctm
Dear Mr. Saxena,

I am sorry I could not reply earlier to your letter of 29 November.

This is to confirm that I expect to be in Geneva during the first fortnight of March 1982. I shall be pleased to talk to you about your research project and to see with you whether there is any available GATT documentation that will be helpful for your purposes.

With best wishes.

Yours sincerely,

M.G. Mathur

By, DILVENC, GATT
15 April 1982

Dear Dr. Saxena,

Thank you very much for your letter of 6 April. I also enjoyed our discussion and I look forward to the end result of your study on interdependence and the relation between India and the European Community.

In addition to the documents which you received earlier, I am sending you a copy of a speech which I delivered in 1978 in Istanbul at a conference on North-South issues. In this speech I tried to make some remarks on the concepts of interdependence and mutual interests.

I am also enclosing herewith a copy of the text of a statement which I made in The Hague on 25 February last at a seminar on EEC development policies.

Yours sincerely,

[Signature]

Jan P. Pronk
Deputy Secretary-General
of UNCTAD

Dr. S.S. Saxena
Director (Foreign Trade)
4, Market Road
NEW DELHI 110001
India
Dear Mr. Small,

Your Excellency was kind enough to spare whole of the forenoon today, for an academic discussion with me, on the subject of my research on EEC-India Development Co-operation, evaluating the concept of interdependence. The role of the international organizations such as the GATT, IMF and UNCTAD possesses an important bearing on my topic of research work as expressed by me personally, this morning. In this context therefore, the contribution of yet another international institution of the eminent standing such as the Commonwealth Secretariat possesses, would be of no less relevance on throwing light on the theme of 'interdependence' per se. On the other hand, it is surely much more relevant - more as a home-truth, since both India and the A.C.P. Countries are members of the Commonwealth, whose interaction with the EEC (and OECD, in general) could be commented upon. And this brings me Sir, to your individual eminence, not only as hailing from a representative OECD country (Canada) but also having been its permanent representative at the international fora, UNCTAD etc., and having recently covered UNCTAD-V (Manila) representing an international body (Commonwealth Secretariat, C.P.T.C, London).

2. Emanating from our discussion, I am attempting to summarise below (for your ready recapitulation) the very important points made by you which, inter-alia, you may kindly like to elaborate upon. Since this is a part of my empirical research - academically (which your Excellency is aware) please feel free to express in detail; may be in addition to what we discussed I could mention a few posses for your considered thoughts, comments and finally suggestions.

3. The poser uppermost in the mind is about the issue of 'Development Co-operation' itself, recalling that the 1960s was described as the FIRST DEVELOPMENT Decade. One would like to enquire as to what were the motives behind it. It is interesting to notice that it was about in the early 1960s that the Ministries or Departments of Development
Co-operation were set up in the various member states of the European Community (Britain, France, Germany etc., — you may please like to comment on the OECD perspective in general and Canada in particular). The question therefore, would be as to what were the parameters of this new approach and secondly what impact did it have on the functioning of the regional grouping like the European Community itself. Thirdly then, the issue which crops up is in regard to how the Member States failed to fulfill the basic perspectives of the First Development Decade? What was the nature of internal as well as the external constraints?

4. Another slant meriting elaboration, significantly, would be the question of 'Mutual interests' talked off in the Brandt Commission Report and elsewhere, almost in every Declaration and Communiqué at international conferences. The interests (reciprocal) may often be inter-disciplinary, viz., not necessarily economic but having a bearing on the political and security domains too (the well known 'High Politics' or 'High Politics' vs. 'Low Policies'). When, however, one argues in favour of mutual-interest based conception of Development Co-operation, particularly in the Third World context, hopefully, it is an endeavour to make it exploitation free. In other words, should not the whole process be expected in accord with the principle of equity and not out of altruistic motives or moral considerations. Would not the theme of Interdependence assume a sharp focus here? Kindly illustrate.

5. Finally, may I append a gist of points already made by you personally today.

Thanking you very much Sir, for sparing the time today and more so for having agreed to elaborate on this research note attempted.

Yours sincerely,

(SALA S. SAXENA)

H.E, the Commonwealth Deputy Secretary-General,
(Mr. C. J. Small),
Marlborough House,
Pall Mall,
LONDON SW1Y 5HX.

Encl: As above
The posture of conflict between the developed and the developing countries is counter-productive; just as the Non-aligned movement and the G-77 exists, in spite of some internal differences of opinion, the North could also possibly do something in this direction. In any case discussions and negotiations can be better done in small groups/blocs. More of 'Cancuns' ought to be helpful.

South-South collaboration is a good idea, possibly a Southern OECD could be envisaged (though Canada personally is somewhat averse to setting up of new institutions.)

EEC is here to stay, though facing its own problems of digesting Britain and further enlargement etc. Since 'South' is the real market, EEC (North in general) should help, build up South's purchasing power. The argument of North's labour unemployment and therefore protectionism is not really valid.

International Organizations have a role to play; the membership of the GATT would increase and an ITO (Havana Declaration) should eventuate. IMF & World Bank seem to be switching roles than those initially envisaged, Commonwealth limits itself to Technical Cooperation; UNDP is helpful; the voting rights system in IMF etc., would merit change in view of the role of the countries like Saudi Arabia, Brazil, private business and International Aid both to continue.
Dear Mr. Saxena,

Thank you for your letter of February 3rd. It was a pleasure to meet and chat with you last week.

The subject matter of your letter is very much in our minds these days as we will be launching this week an expert group on the obstacles in the negotiating process between the North and the South. Commonwealth Heads of Government, when they met in Melbourne last October, asked the Secretary-General to put together such a group and their meeting this week will be their first. This will be followed by two more meetings later in the year. I may have mentioned to you that Mr. A. Sengupta, Additional Secretary to the Prime Minister of India, will be the Indian member of the group.

It seems to me that what the group has to say, when it issues its report later this year, will be highly relevant to the questions you have listed. I would not, therefore, wish to anticipate their views. I suggest that you watch for their publication, which should become available about September.

You asked about the motives in establishing the First Development Decade. I think these were perfectly natural, given the state of development in many countries around the world. The motivation, therefore, was a genuine attempt to sensitize the world to the very serious development problems that existed at that time. Unfortunately, the problems which inspired the launching of the Development Decade are largely still with us and, indeed, are growing in terms of the very large number of people in developing countries who are living in absolute poverty. I am sure you will have studied last year's World Development Report which provides the unhappy statistical evidence for this statement.

Mr. S.S. Saxena,
Director (Foreign Trade),
Ministry of Commerce,
New Delhi.

c/o India High Commission,
India House,
Aldwych,
When one speaks of mutual interests and interdependence, one can no longer accept the concept that the states of the world are isolated. The economic structure of the world is such that any interaction of states affects the others. Although it is true that the concept of interdependence cannot be ignored in the consideration of economic problems, it is equally true that economic problems cannot be solved without political cooperation. It is in the area of political cooperation that the United Nations can make a significant contribution.

Yours sincerely,

[Signature]

(C.J. Small)
Deputy Secretary-General (Economic)
BIographies
c d:
ote

CHARLES JOHN SMALL

Canadian economist; born 19 December 1919, Chengtu, Szechuan, China; son of Rev. and Mrs. Walter Small; m. Jean McNeel 1946; four daughters

Educated Ontario, Agricultural College, BSA, and University of Toronto, BA. LL.D.h.c. (University of Guelph) 75

Royal Canadian Navy service 1941-46 in North Atlantic, Mediterranean, Normandy and Australia

Member Dept. of Trade and Commerce 1949-56; serving in The Hague (concurrently in Denmark, Belgium and Luxembourg) as Commercial Secretary (Agriculture) 1950-55; Department of External Affairs 1955-; Chinese Studies at University of Toronto 1956-57; seconded to Dept. of Trade and Commerce and appointed Canadian Government Trade Commissioner Hong Kong 1958-61; Ottawa 1961-63; Counsellor, Canadian High Commission, Karachi 1963-65; Permanent Representative of Canada to OECD, Paris 1965-69; Ambassador to Pakistan 1969-72, concurrently Ambassador to Afghanistan; Ambassador to People's Republic of China 1972-76, concurrently to Socialist Republic of Viet-Nam 1975-76; Ottawa 1977-78; Deputy Secretary-General (Economic), Commonwealth Secretariat (April 1978-).
Your Excellency,

I feel privileged to have had an interview with you, on the 8th afternoon, for an academic discussion on my research topic, namely inter-dependence among nations, in the context of EEC: India Development Co-operation (role of the GATT, IMF & UNCTAD). My field-study trip to Western Europe could not have been more timely than what it is now; I find myself lucky to have been specially invited over by your Excellency for your talk on the 11th February (Annual lecture at the London School of Economics) essentially on my topic: interdependence—a myth or reality.

Kindly do favour me with a couple of lines on the EEC/India-development perspective (symmetric, near-symmetric or asymmetric interdependence), if you so desire; enclosing a copy of your speech (as mentioned by your excellency). Your discourse was so enthralling—a real treat—that most of my questions, in fact, already stand answered.

Once again, it was both a pleasure and a privilege calling on you Sir,

Yours sincerely,

( SADA SHANKAR SAXENA )

H.E. Mr. Shridath S. Ramphal, Kt., C.M.G., Q.C.,
Commonwealth Secretary-General,
Marlborough House,
Pall Mall,
LONDON SW1Y 5HX.
18 February 1982

Dear M. Sunan,

The Secretary-General has left for India and so could not respond to your letter of 12 February. He has, however, asked me to send you a copy of his speech to the LSE Society and was very pleased to learn how much you had enjoyed listening to it.

Yours sincerely,

Mark Robinson,
Assistant Director,
Secretary-General's Office.

Mr. Sada Shankar Saxena,
c/o High Commission of India,
India House,
Aldwych,
London WC2.
11 February 1982

Dear Mr. Saxena,

It is not easy for me to find time for further appointments in the immediate future, but if you wish to try to find a time let me suggest that the best way to go about it is to discuss it with my secretary.

Yours sincerely,

Ralf Dahrendorf

(Professor Ralf Dahrendorf)

Mr. S.S. Saxena,
c/o High Commission of India,
Aldwych,
London W.C.2.
Dear Mr. [Name],

Thank you very much for your personal letter of the 11th instant intimating that you are extremely busy, and inspite of that having agreed to find time somehow, yesterday morning, for a fairly long discussion on the academic subject of my field of research. I am indeed grateful to you for having spared that much time.

Your 'erudite' analysis covered a vast area and if I may attempt to touch the broad contours, in summary, it pointed to:

EEC-India; in a way has been a rather odd story and a short one, which can be written in about five pages; EEC, unfortunately has limited aid and India has not figured in the priority; Development Departments/Ministries were set up in the sixties, in the member States as a sequel to the deliberations at the U.N; GATT seems to be O.K., since, after all, the rules are needed; Monetary system is the main area needing reform; apart from the economic aspects of perceived Interdependence, the risk of political changes is always there etc.

I would highly appreciate a little elaboration on these aspects, (if you are able to find time for dictation) or possibly a few offprints of your papers as personally requested. To sharpen the focus of my poster, let me put it this way: Firstly, when will the Community consider it urgent in its long term interest to evolve a coherent development co-operation policy with the Third World (India)? Secondly, how and when does the community propose to take initiatives to break the deadlock in global negotiations? Thirdly, has India a role in helping the Community to answer the foregoing questions? Academically, should India fail to succeed in its prime task of national economic and social development through its democratic framework, any systemic change that may ensue in consequence could run counter to western...
interests in this strategically important part of the world.

Sorry for intruding on your valuable time and awaiting your kind response.

Yours sincerely,

( S.S. Saxena )

Professor Ralf Dahrendorf,
Director,
London School of Economics,
LONDON.
24 February 1982

Dear Mr. Saxena,

Thank you very much for your letter. Your summary of our conversation is entirely correct.

So far as your questions are concerned, they find me in a more difficult position. For one thing I really cannot say anything about future developments at the EEC. I am not inside it and I have no privileged information about EEC plans. Under these circumstances I am afraid I have to ask you to turn to someone closer to the action today.

It was a pleasure to meet you.

Yours sincerely,

(Ralf Dahrendorf)

Mr. S.S. Saxena,
c/o High Commission of India,
Aldwych,
London WC2.
Dear Dr. Rhein,

It was a real pleasure and an enlightening experience for me to have had an opportunity for an academic discussion with you yesterday, in connection with my research dissertation on 'EEC-India Development Cooperation: role of the GATT, IMF & UNCTAD'. I felt extremely benefitted, intellectually, with the breadth of your vision in approaching the issues of EEC's external relations in general and cooperation with countries like India in particular.

Though somewhat sketchy, may I attempt below a very brief summary of the broad contours on which our discussion devolved. This is simply to help you elaborate certain aspects of our discussion for my academic record (though I quite realise your time constraints for a detailed dictation - looking to your busy schedule) and oblige.

Development Cooperation is a broader concept rather than equating it simply with aid (which some member countries of the Common Market tend to do); India could pitch in certain (semi-manufactured) intermediate sectors of imports into the Common Market and inspite of the Community's CAP, trade services apart from commodities are going to assume importance; the disposition & argument of the sixties may not be valid now for the eighties; Western Economies are perhaps at the bottom of the slump now, rather than at the middle; economies like Brazil, Canada & Australia are more relevant for EEC in certain aspects apart from the Lome group, Associated and the Mediterranean countries; the areas vacated by N.I.C.s. (e.g. textiles) would in due course fall more to the lot of South Asian countries (India, Pakistan...); on question of safeguards (Art.19 of the GATT) India need not have any fears on 'Selectivity' (though it is by itself a questionable concept), the problem is more in respect of U.S.-Japanese and U.S.-EEC exports/imports; there are certain signs of redressal of the EEC's economy, which perhaps would be vital for a country like India to take note of and develop perspectively the cooperation policies etc.

To sharpen the focus of the discussion, perhaps the poser could be: when would EEC consider it essential to evolve a specific doctrine, if any, towards India (South Asia) and secondly whether EEC in the present form (or in
the enlarged global role — video Colombo — Mr. Genscher’s approach towards a sort of United States of Europe perceives an imperative need to help solve the North-South issues and lastly whether India has a role to play, perhaps helping the EEC in that direction?

Thanking you once again for the time spared by you for a really useful (for me) academic session.

Yours sincerely,

Dr. E. Rhein,  
Kabinettschef,  
Vice-President Maastrichts Cabinet.

(SADA SHANKAR JAXENA)
6th March, '82

Dear [Name],

It was both a privilege and a pleasure for me to get in your chamber, yesterday morning, on my dissertation topic: EEC-India Development Cooperation: role of the GATT, IMF and UNCTAD. I am grateful for the time spared by you inspite of your busy schedule, important companionship and urgent work with Mr. Edgard Pisani, Commissioner for Development Cooperation.

Perhaps, if I may, I would attempt below a brief summary of the broad contours on which our discussion evolved - this is with a view to eliciting your enlightening elaboration for my academic record. I realise how precious your time is in the Commission, yet I am sure that for the purposes of an intellectual exchange of views you would always be able to find time for dictation, enclosing relevant extracts/papers on the concept of Development Cooperation, perceived globally (interdependence) as well as in the EEC India context.

The issues broached, inter-alia, included: What Development Cooperation should be conceived as an adhoc policy of more development aid or a systematic set of exchanges in international relationships; whether it should be a one sided affair or perception could be for mutual interests; the time is now ripe to consider these policy issues with the preparations for the re-negotiation of the Lome Agreement due next year; the global round of negotiations though very much desirable may not be materialising soon; there are several parameters to be considered before being able to say definitively that the slump in the Western economies is almost over; Pacific region (including Australasia) would appear to be the future growth area for EEC to tackle and the importance of South Asia (Indian subcontinent) would also be paramount etc.

In short, while responding on the above, you may perhaps also like to include a couple of sentences on
whether India has a role to play in the scheme of things and priorities for EEC in the context of its Development Cooperation policy.

Thanking you once again for the valuable time being spared by you.

With warm regards,

Yours sincerely,

(Sada Shankar Saxena)

Mr. Jean-Louip LACROIX,  
Cabinet chief to
Mr. Edgard Picard,  
Commissioner for Development Cooperation,  
Commission of the European Communities, Brussels
I am SIR,

Thank you very much for the personal interview accorded by you on the 16th afternoon, for academic discussion on my topic of Research 'EEC-India Development Cooperation: role of the GATT, IMF, UNCTAD'. As per your advice, separate discussions have been held with me with heads of divisions in the GATT e.g. Messrs. Toker, Linden, VanTinnen, Tumble and also Mr. Groom who introduced me to the GATT Library facility.

To top up my research discussions, I should be grateful for a little elaboration and your valuable reactions to the following few basic points, in the above context.

1) Recalling historically the somewhat abstruse nature of the birth of GATT (short of I.T.O. under KearnsaiChadha), how would you perceive the role of the GATT upto this day? in aiding/hindering, strongly influencing/moderating, the bilateral evolving policies between the North and the South (EEC-India case study in particular).

2) Can addition of Part IV of GATT (1948), GATT (1955; 11) and the Enabling Clause (MTNs - 1979) be reckoned as setting up a TREND in the offshoot direction. (Can Havana Charter be called of limited use)

3) Or in the latter niche, the recent closer integration in the world, internal economic environment with the intensification of mechanisation is a trend-setter too?

4) Discounting the rhetoric, do the trends amount to GATT as a Richman's club or its charge can be dismissed as 'Con's Pariah'?

5) On balance, would the developing countries have been worse off without GATT; the MFN clause (Adhked) has been a savios?

6) What is the future of GATT (Reform?) in the light of global, mutual interests?

Thanking you in view of personal reasons,

Yours sincerely,

S. S. Saurabh
Dear Sir,

I am grateful for the personal interview accorded by you, on the 22nd morning, in spite of your busy schedule, for academic discussions on my dissertation topic: 'Eco-India Development Cooperation: role of the GATT, IMF & UNCTAD. Needless to add how amply benefitted I felt, intellectually. Conversing with the Mind which has governed and headed an important organization such as UNCTAD, for several years now.

Evaluation of the concept of 'interdependence' being the thrust of the thesis, perhaps you may kindly like to elaborate, for purposes of my academic record, your reactions to the few basic issues listed below:

1. How should one rate the role of UNCTAD in assessing the evolving bilateral development cooperation policies between and among in the North-South Configuration (LDC-India as a Case Study)? Has UNCTAD strongly influenced/moderated/aided/hindered the process?

2. Viewed from the LDC's point of view, what would be an objective analysis, emerging from the deliberations & for e.g. of the Group B and Group D Countries at UNCTAD forum, in the context etc.?

3. Is global 'interdependence' more of a myth & a rhetoric rather than a workable reality? Can the 'East-West' trade and changes be integrated with the 'North-South' profile of market economy countries into a common system and would it be desirable?

4. The trends of 'managed' trade being so apparent in the 80s, does the answer for LDC's lie in EUDE? How should it work?

5. What is the future of UNCTAD (Reform? — merging with the GATT)?

Thanking once again, for the privilege of the personal, detailed discussions, and the advice and encouragement to remain in touch with Your Excellency,

Yours Sincerely,

H.E. Mr. Gamani Corea,
Secretary-General, UNCTAD, Geneva

(S.D. Saxena)
Mr. S.S. Saxena  
4 Market Road  
NEW DELHI 110001  
INDIA  

Dear Mr. Saxena,

I was glad to meet you last month - it was good of you to come to the hospital.

I promised to send some material on European policy, and have despatched under separate cover a copy of the preface I wrote to *The Second Enlargement of the EEC: Integration of unequal partners*, (ed. by Constantine Valtzos and myself, Macmillan, May 1982). It will be published very shortly.

Another relevant publication, just out, is "EEC and the Third World: a Survey 2". I believe that those resident overseas can buy copies from IDS at a discount (which I cannot!)

I look forward to seeing you again before long.

Yours sincerely,

Dudley Seers

(Dictated by Professor Seers & signed on his behalf in his absence overseas)
Dear Mr. Jan Pronk,

It was both a pleasure and a privilege for me to have had academic discussions with you last evening on my research field viz. 'EC-India Development Cooperation' roles of the GATT, IMF & UNCTAD. Thank you very much for sparing that much time - and more the promise of a continuing dialogue.

I would be grateful to receive your detailed observations, for purposes of my research record, on what your private secretary (present here) might have jotted down. Since the 'Development Cooperation and the Cease Of Interdependence' is the thrust of my thesis, Your Excellency as a Minister for Development Cooperation in Netherlands, might further like to add insights for my intellectual analysis - on this whole question of EC's relationship with its Member States ('Asymetric Interdependence') and EC's cooperation with South Asia (Indus) -- whether fitting into a kind of 'Asymetric' interdependence?

Thanking you, once again, once more.

Yours Sincerely,

M. JAN P. PRONK

MY SECRETARY-GENERAL

UNCTAD, NEW DELHI

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Sorry for this handwritten note - I am off now back to London & U.S.A., but my mailing address is NEW DELHI as given above.

Thanks.
Mr. S.S. Saxena
West European Studies Division
School of International Studies
JNU University
Now Mehreuli Road
New Delhi 67
India

23 June 1982

Dear Mr. Saxena,

Let me take this opportunity to thank you very much for your participation in our conference, "Europe and the South in the 1980s". We hope that you found the discussions helpful to your current work or to general policy questions in Europe in the North South dialogue.

As it was impossible for Robert Caroten to provide a summary which he had prepared to the conference in the final session, we anticipate sending this to you in an edited version next week. We may be publishing a volume of the collected papers and resume of the discussions of the conference early next year. We shall certainly circulate to you publication news about the edited volume by Chris Stevens, as soon as we have a final publishing commitment.

It was a pleasure to have welcomed you to the Institute. Please do not hesitate to keep in touch with us at any future date.

Yours sincerely,

[Signature]

Rita Cruise O'Brien
AGREEMENT FOR COMMERCIAL AND ECONOMIC COOPERATION
between the European Economic Community and India.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENT OF INDIA,

of the other part,

NOTING with satisfaction the progress achieved during the
operation of the said Agreement in the development of com-
mercial and economic relations between India and the Community;

BELIEVING that the time is opportune to give a new impetus to
the mutual relationship between India on the one hand, and the
Community on the other;

RECOGNIZING that the more dynamic relationship which both the
European Community and India desire calls for closer coopera-
tion across the whole range of commercial and economic ende-
avour to the full extent of their growing capacity to meet
each other's requirements on the basis of comparative advantage,
mutual benefit and consistent with their developmental needs;

PERSUADED that such cooperation should be realised in an
evolutionary and pragmatic fashion, as their policies develop;
RECOGNIZING their determination to expand mutual trade, and
recognising that trade is not an end in itself but a means of
achieving wider economic and social objectives, and as an
important instrument for furthering international economic
cooperation;
D.SIRIOUS of making their contribution to a new phase of international economic cooperation commensurate with their respective human, intellectual and material resources;

EMPHASISING their common commitment to the promotion of international economic relations founded on freedom, equality, justice and progress;

HAVE decided to conclude a Commercial and Economic Cooperation Agreement between India on the one part, and the European Economic Community; on the other, and to this end have designated as their plenipotentiaries;

who have agreed as follows:

**Article 1**

The Contracting Parties are determined to consolidate, deepen and diversify their commercial exchanges on the basis of comparative advantage and mutual benefit, with a view to increasing as much as possible mutual trade and its rate of growth.

**Article 2**

The Contracting Parties shall, in their commercial relations, accord each other most-favoured-nation treatment in conformity with the provisions of the General Agreement on Tariffs and Trade.

**Article 3**

The Contracting Parties shall grant each other the highest degree of liberalisation of imports and exports which they generally apply to third countries and undertake to discuss ways and means of providing maximum facilities compatible with their respective policies and obligations, with regard to products of interest to either Party.
Article 4

In accordance with their respective policies and objectives, and with the need, recognised by both Parties, to promote new relations of dynamic complementarity, based on comparative advantage and mutual benefit, in the industrial field between India and the European Economic Community, the Contracting Parties undertake to promote the development and diversification of their commercial exchanges to the highest possible level. To this end, they shall, in particular, take the following steps:

a) maintain consultation and cooperation in the solution of international commercial and economic problems which either Party may consider of interest;

b) use their best endeavours to maintain and strengthen an open and equitable international trading system and respect their obligations under the General Agreement on Tariffs and Trade;

c) intensify exchange of available information regarding their respective markets and industries, and their changing trends and policies with a view to identifying possibilities for increased production and improved marketing prospects in order to attain optimal overall economic growth;

d) promote visits by persons, groups and delegations from trade, economic and industrial circles to facilitate industrial and technical exchanges and contacts connected with trade, foster the organisation of affairs and exhibitions by both sides, and the appropriate provision of services including publicity for the development of trade in of special interest to either Party; items

e) support the institutions which have been or may be set up by them to enhance contacts and cooperation between their commercial organisations;
f) bring together economic operators of both sides to better identify sectors and products in which the production and exports of each should be developed, and support market development programmes, based on such identification;
g) promote studies for the fulfilment of the objectives of this Article.

Article 5

In the light of their respective policies and economic objectives, the Contracting Parties shall foster economic cooperation in all fields of mutual interest in order to contribute to the development of their respective economies, to raise living standards, and to meet their developmental needs. To this end the Contracting Parties agree to take the following steps:

a) promote industrial cooperation and transfer of technology through concerted measures at Community and national levels of both Parties for creating favourable conditions for such cooperation, on a long-term basis through a fuller utilisation of each other's material, manpower and technological resources, on the basis of comparative advantage and mutual benefit;
b) promote and facilitate increased and mutually beneficial investment, consistent with the relevant laws and policies;
c) support institutions which have been or may be set up by them to enhance contact and cooperation between their economic organisations;
d) facilitate exchanges of information on all subjects which may have a bearing upon the prospects for cooperation in the economic field;
e) encourage technological and scientific cooperation including joint programmes of research and development, for example in the fields of energy sources, energy conservation, energy related technology, protection and improvement of the environment.
Article 6

The Community will take all possible measures to intensify its support within the framework of its programmes in favour of non-associated developing countries, for India's development programmes, through direct concessional transfers as well as through institutional and other sources of finance in accordance with the rules and policies of such institutions.

The Parties shall encourage and facilitate the promotion of cooperation between financial institutions of the two regions.

Article 7

The Contracting Parties shall hold friendly consultations on any problems that may arise in the achievement of the aforesaid objectives and shall exchange information and seek to obtain mutually satisfactory solutions to these problems. At the request of either of the Parties, consultations shall be held as soon as possible, on any problems adversely affecting bilateral commercial and economic relations, and any representation on such problems made by either Party shall be examined in a positive manner.

Article 8

The Contracting Parties recognize that cooperation between operators and organisations concerned in the field of export to, and economic relations with third countries, especially developing countries, will be to their mutual benefit. Accordingly, they undertake to promote such cooperation and to create favourable conditions for furthering it.

Article 9

Without prejudice to the relevant provisions of the Treaties establishing the Communities, the present Agreement and any action taken thereunder shall in no way affect the powers of the Member States of the Community to undertake bilateral activities with India and to conclude, where appropriate, new economic cooperation agreements with India.
Article 10

The Contracting Parties agree to set up a Joint Commission whose tasks shall be to ensure the proper functioning of this Agreement, to devise practical measures for achieving its goals and to discuss and pursue effectively, in the light of its principles and objectives, all matters which may arise in the course of its implementation. It shall be incumbent upon the Joint Commission to examine any difficulties likely to hinder the development and diversification of commercial and economic cooperation between the Contracting Parties and to recommend practical measures for action by the Contracting Parties; while making such recommendations, the Joint Commission shall have due regard to the development plans of India and to the progress of economic, industrial, social, environmental and scientific policies of both Parties as well as their level of economic development.

The Joint Commission shall, in particular, be required:

a) to seek ways and means of encouraging the development of economic and commercial cooperation between India on the one part, and the European Economic Community on the other in accordance with the provisions of this Agreement;

b) To study and devise ways and means of overcoming trade barriers, tariff and non-tariff, in the various sectors of trade;

c) to examine and recommend ways and means for the progressive adaptation of the trade pattern and marketing structures of the Contracting Parties with a view to promoting the evolution of their commercial and economic relations in accordance with their complementary possibilities as well as the long-term objectives of the economies of the Contracting Parties, so as to avoid imbalances and maladjustments;
d) to make recommendations on the use of Community funds available for the implementation of the objectives of the present Agreement. In respect of such funds as may be put at the disposal of the Joint Commission by the Contracting Parties in a jointly agreed manner and in accordance with their respective criteria, to decide expenditure on relevant studies and activities;

e) to examine possibilities of and make recommendations for an efficient and coherent utilisation of all available instruments, besides most-favoured-nation tariffs and generalized preferences, to promote trade in items of interest to both Parties.

Article 11

The Joint Commission shall be composed of representatives of both sides, at an appropriately high level. The Joint Commission shall meet as often as necessary and at least once a year at an agreed time and place; periodically it shall review the implementation of this Agreement and lay down guidelines for future action. The Joint Commission shall meet alternately in Brussels and New Delhi.

Extraordinary meetings may be convened by common agreement at the request of either Contracting Party. If necessary the Joint Commission may set up specialized sub-commissions to assist it in the performance of its tasks.

The representatives of the Contracting Parties in the Joint Commission will transmit the agreed recommendations to their respective authorities, for consideration and action to be taken as speedily and effectively as possible. In the event of the Joint Commission being unable to adopt a recommendation on a matter considered by either Contracting Party to be urgent or important, it shall submit the view of the two sides to the respective authorities in order to arrive at a mutually satisfactory solution.

The Joint Commission shall adopt its own rules of procedure and programme of work.
ANNUX I

Declaration of the European Economic Community concerning
tariff adjustments

The Community confirms that the Generalized Scheme of Preferences (GSP) was autonomously put into force by the
European Economic Community on 1 July 1971 on the basis of
Resolution 21 (II) of the second United Nations Conference
on Trade and Development held in 1968. The Community is
prepared, in the course of its endeavours to improve the
system of Generalized Preferences, to take into account
the interests of India in the extension and strengthening
of its trade relations with the Community.

The Community is also prepared to examine in the Joint
Commission the possibilities for further tariff adjustments
to promote the development of trade between India and the
Community.

The Community understands that India will also be prepared
to discuss in the Joint Commission the Community's proposals,
if any, with regard to tariff adjustments by India bearing
on the development of trade between the Contracting Parties,
taking into consideration India's development needs.
Declaration of the Government of India concerning tariff adjustments

India understands that the Community is prepared, in the course of its endeavours to improve the system of Generalised Preferences, to take into account the interests of India in the extension and strengthening of its trade relations with the Community. In this connection, India will identify for consideration by the Community the areas in which the Community's Generalised Scheme of Preferences can be improved, more especially in the context of the provision of the Joint Declaration of Intent.

India further understands that the Community is also prepared to examine in the Joint Commission the possibilities for further tariff adjustments to promote the development of trade between India and the Community.

In this connection India will notify to the Community the list of the products in respect of which total tariff suspension is desired, for examination by the Joint Commission.

India will also be prepared to discuss in the Joint Commission the Community's proposals, if any, with regard to tariff adjustments by India bearing on the development of trade between the Contracting Parties, taking into consideration India's development needs.
PROTOCOL

CONCERNING COMMERCIAL AND ECONOMIC COOPERATION BETWEEN THE EUROPEAN COAL AND STEEL COMMUNITY AND INDIA

THE GOVERNMENT OF THE KINGDOM OF BELGIUM,
THE GOVERNMENT OF THE KINGDOM OF DENMARK,
THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE GOVERNMENT OF THE FRENCH REPUBLIC,
THE GOVERNMENT OF THE HELLENIC REPUBLIC,
THE GOVERNMENT OF IRELAND,
THE GOVERNMENT OF THE ITALIAN REPUBLIC,
THE GOVERNMENT OF THE GRAND DUCY OF LUXEMBOURG,
THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS,
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

OF THE ONE PART, AND

THE GOVERNMENT OF INDIA

OF THE OTHER PART,

HAVE AGREED AS FOLLOWS:

ARTICLE 1

THE PROVISIONS OF ARTICLES 1 TO 5 OF THE AGREEMENT FOR COMMERCIAL AND ECONOMIC COOPERATION BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND INDIA SIGNED IN ON SHALL ALSO APPLY IN THE MATTERS COVERED BY THE TREATY ESTABLISHING THE EUROPEAN COAL AND STEEL COMMUNITY.

ARTICLE 2

THIS PROTOCOL SHALL APPLY TO THE TERRITORIES TO WHICH THE TREATY ESTABLISHING THE EUROPEAN COAL AND STEEL COMMUNITY APPLIES, ON THE CONDITIONS LAID DOWN IN THAT TREATY, AND TO THE TERRITORY OF INDIA.

ARTICLE 3

THIS PROTOCOL SHALL ENTER INTO FORCE ON THE FIRST DAY OF THE MONTH FOLLOWING THE DATE ON WHICH THE CONTRACTING PARTIES NOTIFY EACH OTHER OF THE COMPLETION OF THE PROCEDURES NECESSARY FOR THIS PURPOSE. IT SHALL CEASE TO APPLY IF THE AGREEMENT REFERRED TO IN ARTICLE 1 IS ANNulled.
Declaration of the European Economic Community

In the course of the negotiations of the Commercial and Economic Cooperation Agreement between the Community and India, the Indian side presented a list of products for which a binding at zero of the rate of duty in the Common Customs Tariff of the European Economic Community was requested.

At present, these products which are covered by the Indo-EEC Jute and Coir Agreements enter the Community at zero rates of duty under the Generalized Scheme of Preferences (GSP).

5706 Yarn of jute or of other textile bast fibres of heading No. 5703

5710 A Co Woven fabrics of jute or of other textile bast fibres of heading No. 5703

5802 A I Coir mats and matting, and tufted carpets, carpeting and rugs

6003 A II Sacks and bags, of a kind used for the transport of goods, other than used.

The Community confirms that the above mentioned products have all covered at zero duty in the Generalized Preferences which were autonomously put into force by the European Economic Community on 1 July 1971, at resolution 21 (II) of the second United Nations Conference on Trade and Development held in 1964, and that it is not its intention to withdraw them from GSP in the foreseeable future.

The Community is prepared, in the course of its endeavours to improve the system of Generalized Preferences, to take into account the interests of India in the extension and strengthening of its trade relations with the Community.
Article 4

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German, Greek, Hindi and Italian languages, each text being equally authentic.
I. Legal bases of the Community's multilateral relations

1. The Community has legal personality by virtue of Article 210 of the EEC Treaty. According to the Court of Justice, this provision means that 'in its external relations the Community enjoys capacity to establish contractual links with third countries on the whole field of objectives defined in Part One of the Treaty. In order to attain these objectives (establishment of a customs union involving the abolition of all restriction on trade between Member States and the adoption of a customs tariff, the implementation of common policies in certain key sectors such as external trade, agriculture, transport, the harmonisation of the legislation of Member States, and so on), certain powers were transferred to the Community by the Member States and this transfer can only apply with regard to the Community's external relations, and in particular to its relations with international organisations.'

2. This emerges first of all from Article 113 of the Treaty, which concerns the commercial policy. Under this Article, the Community has exclusive external jurisdiction over commercial policy, that is all public measures designed to regulate external trade relations. Agreements with third countries in this sphere are negotiated by the Commission on the basis of directives issued by the Council on a proposal from the Commission. They are concluded by the Council on behalf of the Community in the light of the result of the negotiations conducted by the Commission.

Under Article 238 of the EEC Treaty the Community may also conclude association agreements with third countries or international organisations, the scope of which is not limited to the above-commercial external economic policy but can involve reciprocal obligations in all fields where the member states have
powers to the Community.

Article 235 of the EEC Treaty empowers the Community's institutions (the Council acting unanimously on a proposal for the Commission after consulting the Parliament) to the appropriate measure where action is not specifically provided for by the Treaty but nevertheless proves necessary in order to attain one of the objectives of the Community. The Court of Justice considers that this Article also applies to the sphere of external relations. Furthermore, the Court of Justice (1) considers that the Community's competence to enter into international commitments may result not only from powers explicitly conferred by the Treaty, but may also derive implicitly from the Treaty's provisions. In particular, whenever Community Law has created for the institutions of the Community powers within its internal system for the purpose of attaining a specific objective, the Community has authority to enter into the international arrangements necessary for the attainment of that objective even in the absence of an express provision in that connection.

3. With regard to the procedure to be followed for the conclusion of international agreements by the Community, pursuant to EEC Treaty Articles 113, 232 and 235, consider above or in application of rulings of the Court of Justice Article 228 states that such agreements shall be notified by the Commission and concluded by the Council.

4. Where the matters dealt with by an international agreement of an economic character are not strictly within the jurisdiction of the Community but are nevertheless of particular interest to the common market, Article 12
stipulates that the Member States shall proceed only by common action. The implementation of such common action is defined by the Council on a proposal from the Commission and this procedure confers a special role on the Community institutions, even for questions remaining within the jurisdiction of the Member States.

5. Among the provisions concerning external relations, mention should also be made of Article 229 of the EEC Treaty, which makes the Commission responsible on behalf of the Community, for relations with international organizations and confers upon it specific powers to that end. The scope of Articles 230 and 231 of the EEC Treaty, concerning cooperation of the Council of Europe and the OECD respectively, is limited to that of Article 229. 35

II. Community Participation in International Organizations

1. In order to be able to exercise its right of initiative vis-à-vis the Council correctly, the Commission must maintain relations pursuant to Article 229 of the EEC Treaty with the numerous international organizations whose activities may be of interest to the Community in one way or another. In practice, it is often found useful to place those relations on a formal basis by establishing working arrangements with the organization in question. The summary table shows that those arrangements - of which there are many - are generally of the nature of exchanges of letters providing for consultations.

the exchange of documents and information or procedures for participation in meetings. Cooperation with certain organizations, such as UNESCO, is formally structured (joint working parties). Where the arrangements lay down procedures for participation in meetings, it is usual for the Commission to participate as an observer.

2. The Community enjoys permanent observer status in many international organizations or their organs, such as the United Nations General Assembly, Economic and Social Council and certain economic and regional organizations. In addition, it is often accorded observer status in international conferences (Conference of the South or the Sea). In general, observer status enables the Community to participate in the work without having the right to vote. With certain organizations (United Nations Commission for Europe), the concept of "observer" is replaced by that of participant in an advisory capacity. The status is, in effect, the same.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

- Since 1961 the EC, as a customs union, has implemented the concessions as regards both rights and obligations.

- Participation in sessions of the Contracting Parties, of the Council and in working groups and various committees as regards matters within the Community.
The Community often shares observer status with intergovernmental organizations of the traditional type and is therefore in practice placed on the same footing as those organizations at least for the present. Given its particular nature the Community should in theory be given a status higher than that of observer when the international organization in question is discussing matters falling within the jurisdiction of the Community, even if only partially, in practice an approach along these lines offers no difficulties (1).

However, in many cases observer status is enough to enable the Community to state its position satisfactorily, with the support of the Member States, whose presence is always additional to that of the Community.

Community representation in intergovernmental organizations, within the frame.

A summary table lists all the international organizations in which the Community has observer status or its equivalent and indicates in each case the principal attributes of such status (1).

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1. UNITED NATIONS SYSTEM
   A. United Nations
GENERAL ASSEMBLY

Observer status - Resolution 3268 (XXIX) of the General Assembly, adopted 11 October 1974
- participation, without the right to vote, in the work of the Assembly and its Committees.

United Nations

Observer status based on Resolution 1995 (XXI) of the General Assembly, adopted 30 December 1964
- participation, without the right to vote, in sessions of the Conference, the Trade and Development Board, the subsidiary organs and working groups.

secretariat

International Monetary Fund

Participant, without the right to vote, in sessions since 1961 based on Article X, cooperation of the Agreement matters of establishing the IMF common interest.

work of the status which the latter have accorded it;

rests on practices that have been progressively worked out.

Since most of the organizations whose activities are of interest to the Community also deal with matters falling within the jurisdiction of the Member States, notably
are the Member States represented by national delegations but a formula for Community representation, known as "dual representation" is very often employed. This is a system whereby the Community is represented both by the Commission and by the Member States holding the presidency of the Council at the time, with the Commission representative normally acting as the Community spokesman on matters falling within Community jurisdiction. This form of Community representation has been adopted for the United Nations General Assembly, The Economic and Social Council and U.N.C.T.A.D. inter alia.
European Community Development Policy

Comprehensive Regional Cooperation Agreements

Multilateral Lomé

Bilateral

Activities at World Level

Generalized System of Preferences

Food Aid

Emergency Aid

Trade Agreements

Financial and Technical Assistance to Non-Associated DCs

All ACP States

Mashreq Countries

Israel