developing countries and multilateral agencies amounted to US $447 m. in 1970. Thus the British contribution to the EDF would have amounted to nearly 10 per cent of its total aid programme.

On the basis of the past trends and the declared policy of the EEC, it seems a reasonable assumption to make that the share of aid going through the EDF will continue to rise in the future and that the necessary adjustments will be made to take account of increase in the number of associated countries. This, therefore, means that a certain proportion of British aid, say between 10 to 15 per cent.[1] It has not been possible to estimate with any precision what proportion of British total aid would be channelled through the EDF. However, it is reasonable to expect that such a proportion would be influenced both by the number of Commonwealth "associables" likely to benefit from the Fourth EDF facility and on the British View of the merits of multilateral as against bilateral aid will be earmarked in the period 1975 to 1980 for disbursement through the EDF. Even if the current bilateral aid given to the associable countries is adjusted after their association with the EEC, it is reasonable to expect some diversion of the British aid to the Yaounde countries, since this is negligible at the moment. It may, therefore, be concluded that the relative if not the absolute amount of British aid going to the ACCs will be adversely affected by the enlargement of the EEC. Since Britain has been a significant source of development assistance to these countries, the overall effect could be considerable. This may be further reinforced by a similar shift of aid from the Six in favour of the associable Commonwealth developing countries should they decide to seek association.

VIII. SUMMARY OF MAIN FINDINGS AND RECOMMENDATIONS

(1) A study of the pattern and trends of trade of the Asian Commonwealth countries (ACCs) in the sixties indicates a steady decline in the importance of UK as an export market. On the other hand, the importance of Japan, the USSR and the USA has risen in most cases. The relative importance of the UK and the Six as export markets for these countries is shown below for 1970:

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[1] It has not been possible to estimate with any precision what proportion of British total aid would be channelled through the EDF. However, it is reasonable to expect that such a proportion would be influenced both by the number of Commonwealth "associables" likely to benefit from the Fourth EDF facility and on the British view of the merits of multilateral as against bilateral aid.

Per cent of Exports

	UK	*EEC*
India	11.6	6.5
Bangladesh	7.6	12.3
Singapore	15.1	7.5
Malaysia	7.5	18.2
Sri Lanka	22.8	9.0

(2) In terms of concentration of exports by products, the proportion of export earnings accounted for by three leading exports are: 27% for India, 30% for Singapore (including entrepot exports), 70% for Malaysia, 76% for Bangladesh (including exports to Pakistan), and 89% for Sri Lanka.

(3) A complete analysis of the implications for the ACCs of the enlargement of the European Economic Community (EEC) presents difficult and complex problems. This would require knowledge of how the rate and pattern of growth of the member countries is likely to be affected by the enlargement of the EEC. It would also be necessary to know the supply elasticities of exports from the ACCs. In addition, export prospects will be affected by the number and nature of the trade agreements entered into by the enlarged EEC with the third countries, the outcome of which for some countries will not be known for some years. Nevertheless, it is possible to indicate how the access for exports from the ACCs will be affected in a number of markets by the enlargement of the EEC.

(4) The major changes associated with the British entry in the EEC relevant for this study are: the abolition of Commonwealth Preferences - as modified by the UK Generalized Scheme of Preferences (GSP) - currently enjoyed by the ACCs: the adoption by UK in stages of the Common External Tariff (CET), the Common Agricultural Policy (CAP), and the GSP of the European Economic Community; and the arrangements made by the EEC with the third countries.

(5) These changes will have adverse effects on the access enjoyed by the exports from the ACCs in a number of markets. First, the current preferential access enjoyed by the ACCs in the British market in relation to the EEC will be replaced by a situation where they will be discriminated against in the same market. Secondly, the Commonwealth associable countries which up till now have enjoyed parity of access in the UK market with the ACCs will under the new arrangements enjoy a preferential treatment in the enlarged EEC should they so decide. Thirdly, the Yaounde Convention countries after the transitional period will also enjoy preferential access to the UK market whereas up till now they have been placed in a less favourable position. Fourthly, a number of other countries such as the members of the European Free Trade Area (EFTA), Mediterranean countries and others with which the Six have preferential trade

arrangements, which uptill now have had access to the British market either on equal or less advantageous terms than the ACCs, will now enjoy preferential treatment. Fifthly, all other countries which currently have less advantageous access to the UK market as compared with the ACCs, will be treated on par after the British accession to the Community.

(6) In the EEC market also, the ACCs will face greater competition from the three new members, the remaining members of EFTA, the developing Commonwealth countries which opt for association, and other countries with which the Six may in the future negotiate preferential trade agreements. Similar considerations apply with respect to access to the markets of all non-EEC countries with which the Nine have concluded or may in the future conclude preferential trade arrangements.

(7) It has not been possible to quantify the adverse effects on exports from the ACCs of the above changes associated with the enlargement of the EEC. The phasing out of the Commonwealth Preferences and the adoption by the UK of the GSP, CET, and CAP, of the EEC will have an adverse effect on a wide range of agricultural and manufactured exports from the ACCs. Furthermore, the more restrictive definition of "rules of origin" under the Community GSP as compared with that under the Commonwealth Preferences will accentuate these effects, particularly for countries like Singapore which are heavily dependent on imported materials and components for their manufacturing industry. The preferential access enjoyed by the Yaounde Convention countries in the British market and the associable countries in the enlarged EEC is also likely to have an adverse effect on a number of argricultural and processed exports from the ACCs.

(8) It is possible to identify individual exports which may be adversely affected by the EEC enlargement. For India, apart from a host of minor agricultural and manufactured products, the major exports likely to be adversely affected are: unmanufactured tobacco, leather and leather goods, oil cakes, sugar, cotton textiles, jute manufactures, coir products, and preserved fruits and vegetables. For Bangladesh, the main products of actual or potential export interest likely to be adversely affected are: manufactured jute, leather and leather goods, marine fisheries, newsprint and paper, nitrogen fertilizers, textiles, carpets, shrimps, and fishmeal. Exports from Sri Lanka which are likely to face greater competition are instant and packeted tea, coconut oil, desiccated coconut, cocoa beans, fish, shrimps, footwear, textiles, handicrafts, and processed fruits and vegetables. For Malaysia, the main exports likely to be adversely affected are vegetable oils, especially palm oils, canned pineapples, and plywood. A wide range of exports from Singapore are likely to be faced with less advantageous access, including: preserved fruit, pepper, coconut and palm oil, telecommunications equipment, foot-

wear, various kinds of electrical machinery, cutlery, toys, glass-wear, cotton fabrics, toys and paper products.

(9) There are several possible solutions of varying generality for dealing with the trading problems of the ACCs caused by the enlargement of the EEC. The most general approach is to aim at a really generous scheme of preferences to be offered collectively by the enlarged EEC. An ideal scheme would provide for duty-free and unlimited imports of manufactured and semi-manufactured goods from the developing countries, and would include agricultural and processed goods of export interest to them. This should be accompanied by more generous rules of origin for exports from developing countries.

(10) Should this not prove acceptable, it may be possible for the enlarged Community to negotiate trade agreements either collectively with all Asian Commonwealth countries or on a bilateral basis. Sri Lanka and Bangladesh have production and export structures which are closer to those of the associable countries than of other Asian countries. There would thus appear to be a strong case for offering them commercial advantages analogous to those which may become available to African, Caribbean and Pacific Ocean Commonwealth countries. India is already negotiating a Commercial Co-operation Agreement. Countries like Singapore and Malaysia could be offered the possibility of negotiating comprehensive trade agreements which will take account of their special interests and which could meet most of the problems likely to arise from the enlargement of the EEC.

(11) The third possibility is to conclude partial trade or individual product agreements. These could be concluded either at the global, or Commonwealth or individual country level. They could include such products as sugar, tobacco, jute and coir products, coconut and palm oil, and preserved fruit and vegetables. Their purpose would be to ensure continued access for these products in the enlarged EEC.

(12) To ease the problem of adjustment, the transitional measures could be applied in a more generous manner. One approach would be to delay the unification of the external tariff of the UK with respect to the ACCs until such time as alternative trade arrangements have been negotiated, as is intended for the associable countries. A less satisfactory alternative is that the unification of the CET should be interpreted to mean that tariffs on imports from the ACCs should be adjusted upwards gradually to the Community level and not apply the UK mfn rates to them at the time of the first move towards alignment with the common tariff.

(13) Finally, financial and technical assistance given to these countries could be adjusted to compensate them for less advantageous access to a number of export markets. However, unless this is done deliberately, the enlargement of the EEC is likely also to result in less relative aid being given to the ACCs from both the UK and the Six.