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EUROPE INFORMATION

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STABEX

DEVELOPMENT

STABEX

(a) Purpose of the system

1. The system for the stabilization of export earnings from agricultural commodities, Stabex, was set up with the aim of limiting the harmful effects of losses in the ACP States' earnings from their agricultural exports to the Community resulting from a drop in prices or production. Stabex is not designed to stabilize prices by market intervention.
2. The transfers (i.e. the payments made under Stabex) are used to finance programmes and projects in the sector where the losses occurred or, in the interests of diversification, in other sectors. Under the third Lomé Convention there are stricter rules and administrative practices concerning the monitoring of the allocation of transfers and the use to which they are actually put.
3. Transfers made to ACP States that are not classed as least developed countries may, in certain circumstances, be reimbursable.

(b) Regional scope

4. As a general rule only ACP exports to the Community are covered by Stabex but the system does provide for two possible extensions of the geographical coverage to include exports to other ACP States and to all destinations.

(c) Products covered

5. Stabex now covers agricultural products only (iron ore was covered under the first two Lomé Conventions).
6. The number of products covered has risen from 29 under Lomé I to 49 under Lomé III (see Annex 1).

Virtually all the agricultural commodities exported by the ACP States are now covered, the notable exceptions being sugar and meat, for which there are special protocols.

(d) Calculating transfers

7. To establish the basis for a transfer, export earnings from the product concerned in the year of application are compared with the "reference level" - the average of export earnings over the four previous years.
8. However, certain conditions have to be fulfilled for there to be entitlement to a transfer..

First, the loss should not have been caused as a result of a deliberate policy of the ACP country in question; only losses that the country has truly "suffered" give rise to transfers.

9. Second, there are a number of technical criteria that have to be satisfied:

- (i) exports of the product concerned must constitute a significant proportion of the ACP State's exports. This is calculated on the basis of the country's "dependence" (earnings from exports of the product in question in the year preceding the application year as a percentage of total exports), which has to be above a certain threshold (6% generally, but 1.5% in the case of the least developed countries);
 - (ii) the loss of earnings must constitute a certain percentage of the reference level, that is, the fluctuation in earnings must reach a certain threshold, known as the "fluctuation threshold" (again 6% or 1.5%);
 - (iii) sometimes losses in earnings from exports to the Community are offset by earnings from exports of the same product to other destinations. In this case only the "all destinations" loss gives the right to a transfer.

(c) Financial resources

10. Under the third Lomé Convention 925 million ECU has been allocated to cover Stabex commitments. This is divided into equal annual instalments.
11. These financial resources are topped up by repayments of transfers made under previous Conventions and by interest earned by investment of some of the Stabex money in the financial market.

List of the STABEX-products

	Positions of the harmonised custom system of the EC.
1. Groundnuts	12.02.10 12.02.20.00
2. Groundnut oil	15.08
3. Cocoa beans	18.01.00.00
4. Cocoa paste	18.03.10.00 18.03.20.00
5. Cocoa butter	18.04.00.00
6. Coffee	09.01.11.00 09.01.12.00 09.01.21.00 09.01.22.00
7. Extracts of coffee	21.01.10.11 21.01.10.19
8. Cotton	52.01.00
9. Cotton linters	14.04.20.00
10. Coconuts	08.01.10
11. Copra	12.03.00.00
12. Coconut/copra oil	15.13.11 15.13.19
13. Palm oil	15.11.
14. Palm nut and kernel oil	15.13.21 15.13.29
15. Palm nuts and kernels	12.07.10
16. Raw hides and skins	41.01 41.02 41.03.10 41.03.20.00 41.03.90.00
17. Bovine and cattle leather	41.04
18. Sheep and lamb skin leather	41.05
19. Goat and kid skin leather	41.06
20. Wood in the rough (1)	44.03
22. Sawn wood	44.07
23. Fresh bananas	08.03.00.10
24. Tea	09.02
25. Raw sisal	53.04
26. Vanilla	09.05.00.00
27. Cloves	09.07.00.00
28. Sheep's or lamb's wool	51.01
29. Final animal hair of Angora goats	ex. 51.02.10.50
30. Gum arabic	13.01.20.00
31. Pyrethrum	12.11.90.10 ex. 13.02.14.00
32. Essential oils (cloves, niaouli, ylang-ylang)	33.01.29.11 33.01.29.31
33. Sesame seed	12.07.40
34. Cashew nuts	08.01.30.00
35. Pepper	09.04
36. Shrimps and prawns	03.06.13 03.06.23
37. Squid	03.07.41.91 03.07.41.99 03.07.49.31 03.07.49.33 03.07.49.39 03.07.49.51 03.07.49.59 03.07.49.91 03.07.49.99
38. Cotton seeds	12.07.20
39. Oil cake	23.05.00.00 23.06.10.00 23.06.50.00 23.06.60.00 23.06.90.93
40. Rubber	40.01
41. Peas	07.08.10 07.13.10 07.13.20
42. Beans	07.08.20 07.13.31 07.13.32 07.13.33 07.13.39
43. Lentils	07.13.40
44. Nutmeg	09.08.10
45. Shea nuts	12.07.92
46. Shea nut oil	ex. 15.15.90.40 ex. 15.15.90.51 ex. 15.15.90.59 ex. 15.15.90.60 ex. 15.15.90.91 ex. 15.15.90.99
47. Mangoes	ex. 08.04.50.00
48. Dried bananas	08.03.00.90
49. Mace	09.08.20
50. Jute	53.03

(1) including squared wood
formerly STABEX-product 21

Stabex transfers by beneficiary country 1975-86

order	ACP State	Amount allocated	Amount repaid	Net amount received
1	Senegal	237,824,514	25,703,339	212,121,175
2	Côte d'Ivoire	158,279,454	51,363,934	106,915,520
3	Sudan (*)	142,538,551		142,538,551
4	Papua-New Guinea	97,092,426	4,327,470	92,764,956
5	Ghana	90,647,339	5,176,408	85,470,931
6	Ethiopia (*)	60,152,357		60,152,357
7	Tanzania (*)	50,473,947		50,473,947
8	Kenya	44,865,565		44,865,565
9	Togo (*)	42,427,080		42,427,080
10	Mauritania (*)	37,000,450		37,000,450
11	Gambia (*)	35,070,680		35,070,680
12	Mali (*)	34,662,670		34,662,670
13	Cameroon	33,655,272	4,064,981	29,590,291
14	Benin (*)	33,451,775		33,451,775
15	Niger (*)	29,264,387		29,264,387
16	Chad (*)	26,752,709		26,752,709
17	Solomon Isls. (*)	25,493,757		25,493,757
18	Vanuatu (*)	21,800,795		21,800,795
19	Swaziland (*)	21,414,187		21,414,187
20	Uganda (*)	20,595,453		20,595,453
21	Mozambique (*)	20,155,381		20,155,381
22	Sierra Leone (*)	18,328,403		18,328,403
23	Guinea-Bissau (*)	17,819,176		17,819,176
24	Madagascar	15,736,332	1,139,516	14,596,816
25	Burundi (*)	15,296,954		15,296,954
26	CAR (*)	14,708,201		14,708,201
27	West. Samoa (*)	14,066,942		14,066,942
28	Comoros (*)	13,936,537		13,936,537
29	Rwanda (*)	13,338,210		13,338,210
30	Burkina Faso (*)	13,147,123		13,147,123
31	Sao Tomé (*)	9,230,664		9,230,664
32	Liberia	7,586,943		7,586,943
33	Congo	7,361,677		7,361,677
34	Malawi (*)	7,304,614		7,304,614
35	Tonga (*)	7,084,853		7,084,853
36	Gabon	6,703,311		6,703,311
37	Dominica (*)	6,427,781		6,427,781
38	Kiribati (*)	5,521,481		5,521,481
39	Somalia (*)	5,512,701		5,512,701
40	Fiji	5,379,813	2,114,974	3,264,839
41	Grenada (*)	4,334,712		4,334,712
42	Jamaica	4,295,408		4,295,408
43	Mauritius	2,950,299		2,950,299
45	Cape Verde (*)	1,733,525		1,733,525
45	St. Lucia (*)	1,618,999		1,618,999
47	Lesotho (*)	1,290,959		1,290,959
44	Equat. Guinea (*)	1,079,795		1,079,795
48	St. Vincent (*)	913,286		913,286
49	Djibouti (*)	691,851		691,851
50	Tuvalu (*)	418,771		418,771
51	Belize (*)	342,364		342,364
	TOTAL	1,487,780,434	93,890,622	1,393,889,812

(*) ACP States not required to make repayments.

Stabex transfers by product 1975-86

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I Product/Group of products	I Year of application							
	I 1975-79		I 1980-84		I 1985-86		I 1975-86	
	I Amount	I % of total	I Amount	I % of total	I Amount	I % of total	I Amount	I % of total
I 1. Oils and Fats	I 177,959,153	I 45.65%	I 195,579,120	I 29.22%	I 259,082,153	I 60.45%	I 632,620,426	I 42.52%
I -----	I	I	I	I	I	I	I	I
I Groundnut Products	I 139,360,279	I 35.75%	I 133,258,043	I 19.91%	I 133,844,983	I 31.23%	I 406,463,305	I 27.32%
I Coco/Copra Products	I 10,571,240	I 2.71%	I 31,625,346	I 4.72%	I 57,022,580	I 13.30%	I 99,219,166	I 6.67%
I Palm Products	I 7,800,126	I 2.00%	I 6,712,032	I 1.00%	I 35,664,407	I 8.32%	I 50,176,565	I 3.37%
I Sesame Seed	I 2,632,923	I 0.68%	I 3,150,900	I 0.47%	I 955,047	I 0.22%	I 6,738,870	I 0.45%
I Cashew Nuts/Kernels	I	I	I 4,903,831	I 0.73%	I 7,619,419	I 1.78%	I 12,523,250	I 0.84%
I Shea Nuts	I	I	I 1,937,603	I 0.29%	I 3,342,833	I 0.78%	I 5,280,436	I 0.35%
I Oil Cake	I 17,594,585	I 4.51%	I 13,991,365	I 2.09%	I 20,632,884	I 4.81%	I 52,218,834	I 3.51%
I	I	I	I	I	I	I	I	I
I 2. Tropical Beverages	I 24,391,780	I 6.26%	I 397,669,542	I 59.41%	I 52,476,666	I 12.24%	I 474,537,988	I 31.90%
I -----	I	I	I	I	I	I	I	I
I Coffee	I 14,494,289	I 3.72%	I 246,582,657	I 36.84%	I 21,119,708	I 4.93%	I 282,196,654	I 18.97%
I Cocoa/Cocoa Products	I 1,521,161	I 0.39%	I 148,836,782	I 22.24%	I 12,392,678	I 2.89%	I 162,750,621	I 10.94%
I Tea	I 8,376,330	I 2.15%	I 2,250,103	I 0.34%	I 18,964,280	I 4.42%	I 29,590,713	I 1.99%
I	I	I	I	I	I	I	I	I
I 3. Textiles	I 63,936,851	I 16.40%	I 46,893,740	I 7.01%	I 41,546,835	I 9.69%	I 152,377,426	I 10.24%
I -----	I	I	I	I	I	I	I	I
I Cotton	I 43,359,441	I 11.12%	I 36,534,333	I 5.46%	I 38,074,641	I 8.88%	I 117,968,415	I 7.93%
I Sisal	I 20,577,410	I 5.28%	I 9,068,448	I 1.35%	I 3,472,194	I 0.81%	I 33,118,052	I 2.23%
I Mohair	I	I	I 1,290,959	I 0.19%	I	I	I 1,290,959	I 0.09%
I	I	I	I	I	I	I	I	I
I 4. Wood	I 39,992,067	I 10.26%	I 390,631	I 0.06%	I 50,044,155	I 11.68%	I 90,426,853	I 6.08%
I ----	I	I	I	I	I	I	I	I
I	I	I	I	I	I	I	I	I
I 5. Spices	I 5,207,237	I 1.34%	I 6,648,340	I 0.99%	I 5,145,403	I 1.20%	I 17,000,980	I 1.14%
I -----	I	I	I	I	I	I	I	I
I Vanilla	I 2,903,720	I 0.74%	I 5,159,394	I 0.77%	I 109,985	I 0.03%	I 8,173,099	I 0.55%
I Cloves	I 2,303,517	I 0.59%	I 851,095	I 0.13%	I 5,035,418	I 1.17%	I 8,190,030	I 0.55%
I Nutmeg and Mace	I	I	I 637,851	I 0.10%	I	I	I 637,851	I 0.04%
I	I	I	I	I	I	I	I	I

Stabex transfers by product 1975-86

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Product/Group of products	Year of application							
	1975-79		1980-84		1985-86		1975-86	
	Amounts	% of total	Amounts	% of total	Amounts	% of total	Amounts	% of total
6. Other	16,535,087	4.24%	22,180,504	3.31%	20,311,634	4.74%	59,027,225	3.97%

Bananas	5,813,366	1.49%	14,220,660	2.12%			20,034,026	1.35%
Beans			4,996,671	0.75%	19,186,589	4.48%	24,183,260	1.63%
Essential Oils	170,596	0.04%	1,339,873	0.20%			1,510,469	0.10%
Gum Arabic	848,489	0.22%					848,489	0.06%
Pyrethrum	608,802	0.16%					608,802	0.04%
Hides and Skins	9,093,834	2.33%	913,011	0.14%	736,814	0.17%	10,743,659	0.72%
Shrimps and Prawns			710,289	0.11%	388,231	0.09%	1,098,520	0.07%
7. Iron Ore (1)	61,789,536	15.85%					61,789,536	4.15%

TOTAL	389,811,711		669,361,877		428,606,846		1,487,780,434	

(1) No longer covered by Stabex under Lomé III.