

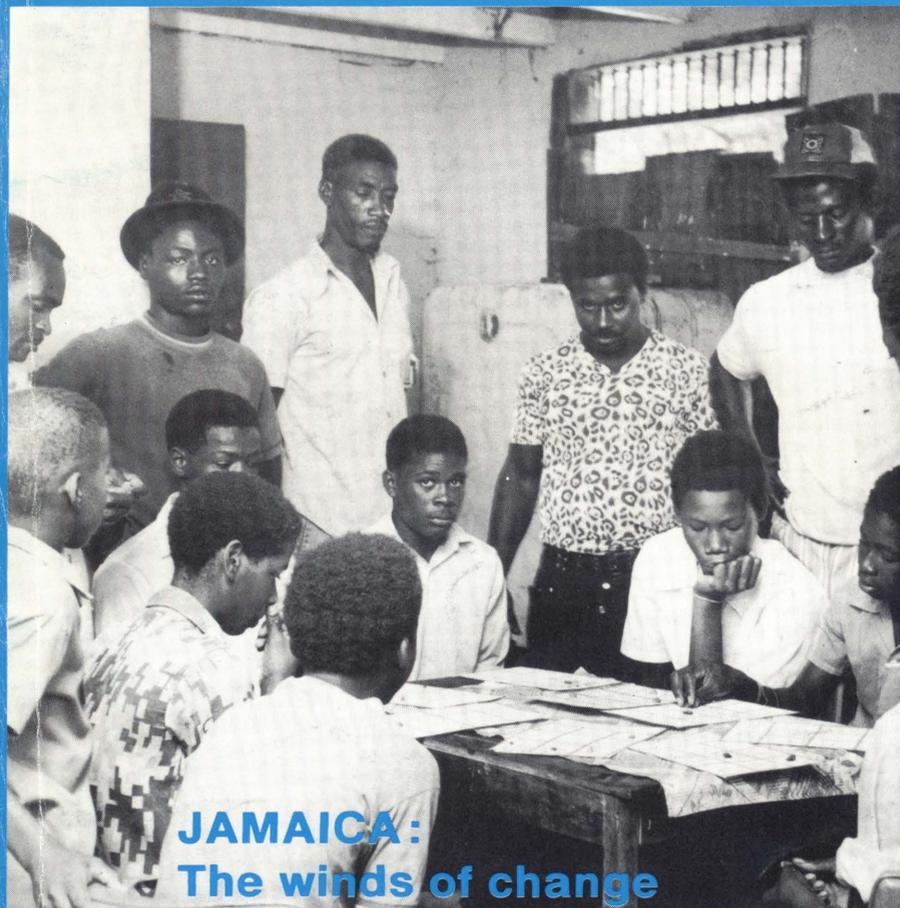


# the courier

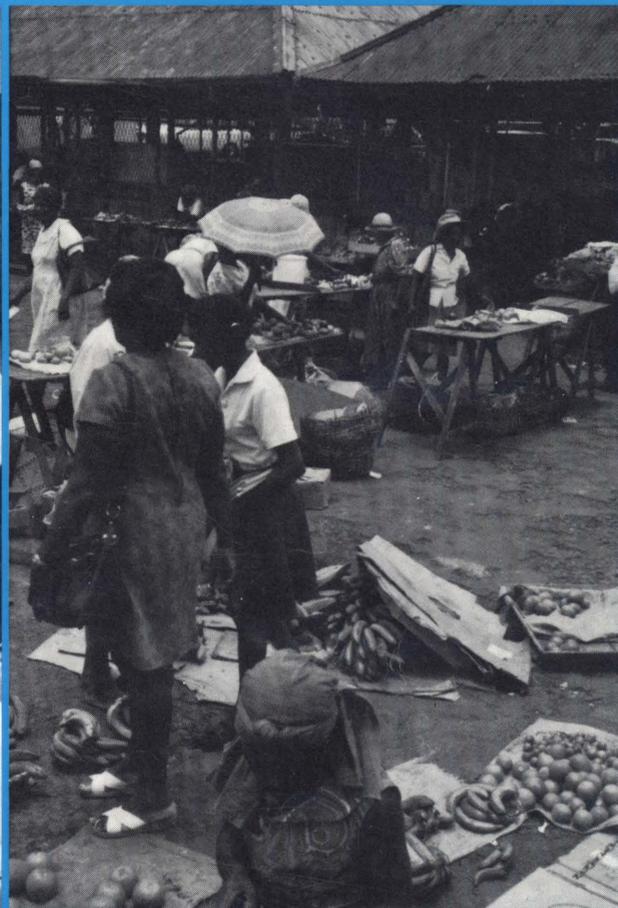
EUROPEAN COMMUNITY – AFRICA-CARIBBEAN-PACIFIC

Published every two months

No 45 — SEPTEMBER-OCTOBER 1977



**JAMAICA:**  
The winds of change



**GRENADA:**  
Spice and tourism...



THE EEC-THIRD WORLD  
TRADE PICTURE

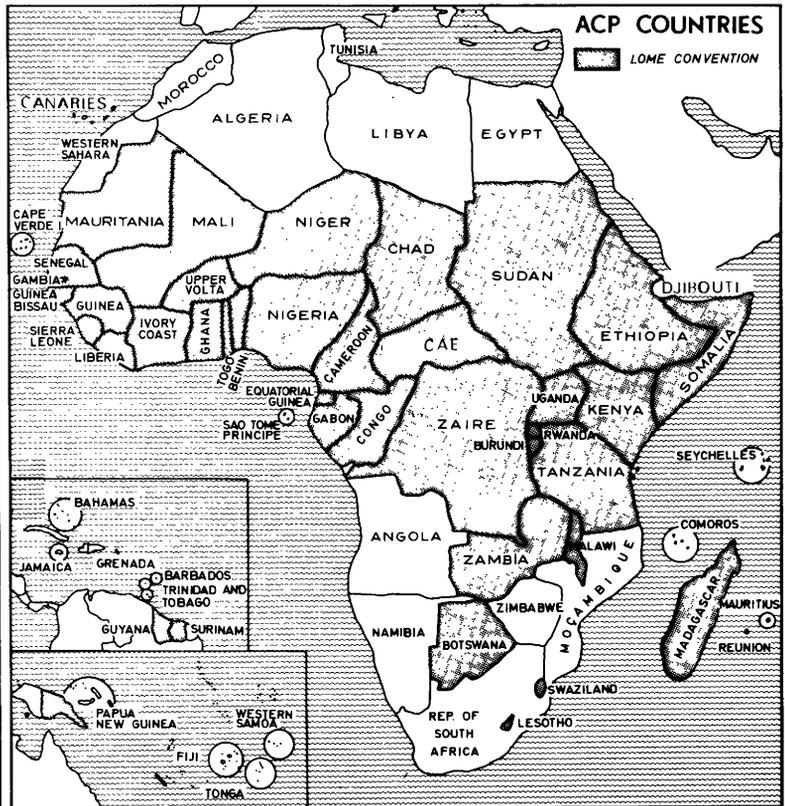
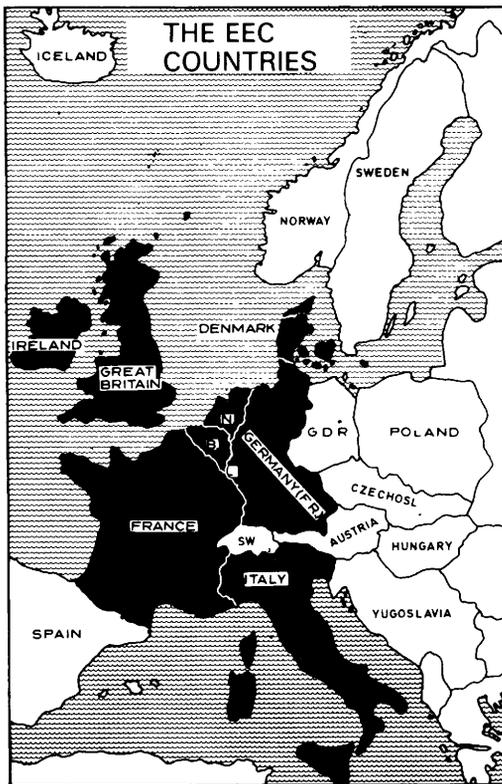
## THE EUROPEAN COMMUNITY

BELGIUM  
DENMARK  
FRANCE  
GERMANY  
(Federal Rep.)  
IRELAND  
ITALY  
LUXEMBOURG  
NETHERLANDS  
UNITED KINGDOM

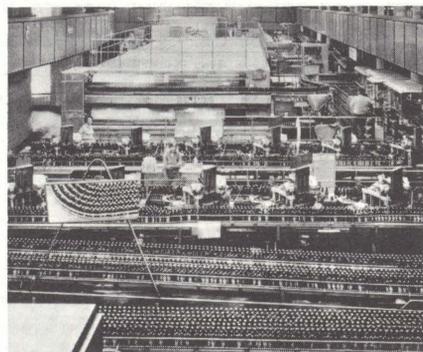
BAHAMAS  
BARBADOS  
BENIN  
BOTSWANA  
BURUNDI  
CAMEROON  
CAPE VERDE  
CENTRAL AFRICAN  
EMP.  
CHAD  
COMOROS  
CONGO  
EQUATORIAL GUINEA  
ETHIOPIA  
FIJI  
GABON  
GAMBIA  
GHANA

GRENADA  
GUINEA  
GUINEA-BISSAU  
GUYANA  
IVORY COST  
JAMAICA  
KENYA  
LESOTHO  
LIBERIA  
MADAGASCAR  
MALAWI  
MALI  
MAURITANIA  
MAURITIUS  
NIGER  
NIGERIA  
PAPUA-NEW GUINEA  
RWANDA

SAO TOME PRINCIPE  
SENEGAL  
SEYCHELLES  
SIERRA LEONE  
SOMALIA  
SUDAN  
SURINAM  
SWAZILAND  
TANZANIA  
TOGO  
TONGA  
TRINIDAD and TOBAGO  
UGANDA  
UPPER VOLTA  
WESTERN SAMOA  
ZAIRE  
ZAMBIA



**North-South dialogue.** The Conference on International Economic Cooperation (CIEC), which ended in Paris in May, left a muddled impression of having been neither a success nor a failure. What was achieved by those 18 months of talks? The "Courier" asked the co-chairmen of the CIEC committee which dealt with development: Messaoud Ait Chaalal, Algerian ambassador in Brussels, and Edmond Wellenstein, formerly the EEC Commission's director-general of external relations. They agree that the conference was "useful", but for Mr Ait Chaalal it failed to solve some of the Third World's principle problems while Mr Wellenstein stresses that it made real progress towards solutions. **Page 2**



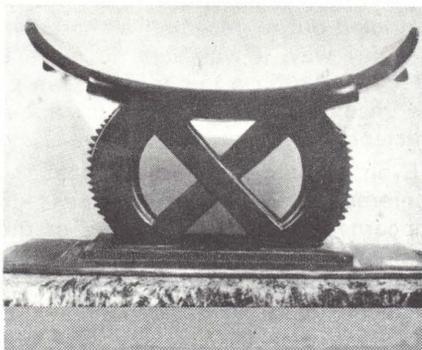
**Industrial cooperation.** The provisions for industrial cooperation were among the Lomé Convention's major innovations. Industrialization in the ACP countries requires the know-how of Western businessmen, who want good reasons for investing in developing countries. They will be taking the risks and their attitude to industrial cooperation is a key factor. But industrial cooperation must be beneficial to both sides and foreign investors will have to make concessions. The "Courier" continues a series of interviews with European businessmen by sounding out Danish attitudes to industrial cooperation with the ACP countries. **Page 12**

**Jamaica, Grenada.** The Caribbean's development problems are of a different order from those of the poorest developing countries. Where the latter are still trying to launch their economies, the Caribbean's problem is to keep the economy afloat in a sea of troubles. The Lomé Convention brought new aid approaches of particular relevance to the Caribbean, with trade, industrial and financial measures tailored to precise needs. What are these needs and how useful is EEC aid? The "Courier" reports on two very different Caribbean ACP countries, Jamaica and Grenada. **Page 16**



**Dossier.** "Trade not aid" is now a familiar development slogan, with the argument that increased trade between the industrialized and the developing countries is beneficial to both sides. But trade between the EEC and the developing countries is increasingly unbalanced. The Community now sells twice as much to the developing countries, and especially to the ACP, as to the US and East Europe combined, while only 40% of developing countries' exports go to the EEC. This Dossier outlines the changing trade pattern between the EEC and the developing countries. **Page 31**

**Ghana.** The National Museum of Ghana is a focal point of Ghana's rich cultural heritage, particularly of the "golden age" of Ghana when European traders and local kings struggled for control of what was then known as the Gold Coast. The museum's wide range of artefacts in brass, iron, some covered in gold, includes royal regalia and objects that were the basis of trade in the country, making an evocative display of the country's past. **Page 61**



# THE COURIER

EUROPEAN COMMUNITY —  
AFRICA - CARIBBEAN - PACIFIC

No 45 — September-October 1977

## CONTENTS

2. The North-South dialogue: success or failure?
8. EEC-ACP: Cheysson in Nigeria and Chad: Europe's contribution to African development and unity
10. Scy-Chazelles: a plea for intuition in a technological world
12. Industrial cooperation: Danish industry and the ACP countries
13. Interview with H. Brüniche-Olsen, president of the Federation of Danish Industries

### AFRICA - CARIBBEAN - PACIFIC

16. Caribbean: sugar and spice - a visit to Jamaica and Grenada
17. Jamaica: bailing out after the storm
21. From diplomacy into action: talking to Frank Francis, Permanent Secretary at the Jamaican Ministry of Foreign Affairs
23. Grenada: catching the trade winds
26. Guyana: the economic picture
28. Nigeria: grappling with urban crowding
30. In perspective: European public opinion and development cooperation

### 31. DOSSIER: The EEC-Third World trade picture

31. Geographical trends
34. Trade patterns by groups of products

### DEVELOPING WORLD

39. The European Community and the Third World (part 3)
47. A Christian view of European integration and development aid
49. EIB: 1976 financing operations in the ACP and OCT
51. Environment and development
53. Solar pumps in the Sahel
58. Petroleum-grown proteins
59. Give others your ideas on development

### THE ARTS

61. Ghana's golden past

BOOKS (inside back cover)

NEWS ROUND-UP (yellow pages)

## Success or failure ?

In the "News Round-up" of our last issue we briefly outlined the results of the Paris Conference on International Economic Cooperation (CIEC), generally known as the North-South dialogue, including the declarations made by EEC development commissioner Claude Cheysson at the end of the conference. We also printed the final communiqué, which was the only official document available at the time, in its entirety.

But a laconic final communiqué is not the last word on the results, the usefulness, and the horizons

opened up by a conference of this type. To get a better idea of what happened the "Courier" talked to Jean Durieux, deputy director-general in the EEC Commission, who participated in a great number of the negotiations in Paris, and the two co-chairmen of the development commission, which was one of the four large study groups set up by the CIEC, Messaoud Ait Chaalal, Algerian ambassador to the EEC in Brussels, and Edmond Wellenstein, a former director-general for external relations in the EEC Commission.

**Jean Durieux:** *The "Courier", would like to hear your views on the overall results of the Conference on International Economic Cooperation. What do you think of to the opinions you have seen in the international press, which ran from satisfaction to a belief that the final communiqué was no more than camouflage for a downright failure ?*

*Do you share the point of view of a number of journalists when they say that the principal claims of the industrialized countries were not satisfied at the conference? These main aims were taken as the constitution of permanent forums for consultation on energy, the problem of the protection of investments, and the security of supplies.*

**Messaoud Ait Chaalal:** I cannot give a precise answer to such a wide question. First of all, the question is why the claims of the industrialized countries were not satisfied. I consider that the question must be put the other way round why were the basic demands of the developing countries not satisfied? This conference could not really get under way until the industrialized countries agreed to widen the agenda to include all the problems facing the developing countries, and not restrict the conference solely to a debate on energy, which was certainly the case initially. This meant broaching every aspect of the world economic crisis, for it is the poorest developing countries which are bearing the brunt of this. This is why I should like to slightly correct your question. Of such results as there were, the most substantial, the most important, and the greatest number ought to have been in favour of the developing countries, for they were asking most.

---

### "Extremely limited" results

---

To deal now with the general point, as to whether the conference was a success or a failure, it goes without saying, that there are greatly varying opinions on this. I believe it is the old story of the optimist and the pessimist, the former with his glass half full, and the latter with it half empty. To say that it was a success would be basically untrue, and I don't consider it was. Personally, I have never seen this stated in any document whatsoever, whether by politicians by other responsible people, or in press reviews. Nobody has claimed it was a success, but it is true that there are numerous people who have spoken of failure, both in the developing and the industrialized countries. For my part, I consider that the results are extremely limited, and that they are far from meeting the hopes and expectations of the developing countries. One of the fundamental arguments put forward to justify the organization of this conference, was its restricted but representative character, the only way, it was said, to make it effective. We have to admit, in view of the results, that this argument about efficiency no longer holds water.

Even so, it cannot be said that the conference was a failure. As far as I am concerned that means rupture or the complete break-down of discussions between parties. My judgement is very balanced; there were very limited results, not meeting, in any way the desires of the developing countries,

but we avoided total breakdown. Failure was avoided in so far as the idea of continuing dialogue was never destroyed. The fact that there was a common communiqué, and that there are prospects of pursuing the discussions on the main topics in other international organizations, leaves me hopeful that there is still a chance of settling these problems.

**Edmond Wellenstein:** I agree in part with the conclusions drawn by my colleague Ait Chaalal, with whom I spent 18 months in the development commission. Firstly, I should like say that to speak in terms of the success or failure of such a conference is perhaps beginning the question. As far as I am concerned, my judgement would be based on whether the conference had been useful or not, whether this new formula of restricted and representative participation had proved worthwhile, and whether or not it had taught us anything. If we ask if this conference gave the developing countries everything they asked for, the answer is no. But nobody expected this. On the other hand, if you ask if positive results were obtained on a certain number of concrete questions, which would not have been obtained if this conference had never taken place, then the answer is yes they were.

---

### "Very appreciable" progress

---

At the centre of the discussion, to my mind, was the question of raw materials and the whole concept of



PHOTO CEE

Messaoud Ait Chaalal (left) with Edmond Wellenstein

*“the question is why the basic demands of the developing countries were not met” (Ait Chaalal)*

UNCTAD's integrated programme, especially the Common Fund. This was a main theme throughout the dialogue. If I were asked to estimate what the Paris talks produced in May and the first few days of June, I would reply that a comparison must be made with what UNCTAD achieved two months before. I think the conclusion is extremely simple. The UNCTAD session was still a dialogue between people deaf to all but the sound of their own voices, on the vital question of whether they were for or against a Common Fund. In Paris a definite answer was given. We said a Common Fund was necessary, and that this question should be gone into more deeply in the appropriate forum, that's to say UNCTAD. Furthermore there is now a real will to negotiate a Common Fund as part of a policy to stabilize the raw materials trade. If you compare the debate on the Common Fund in Nairobi with the one in Paris, the progress achieved is undeniable.

As regards another central question, that is official development aid, the

American government of the time was not in a position to carry through the discussions, because this presupposed agreement between the American Congress, which has the last say in these matters, and the government. The relations between the Congress and the Executive in the last weeks of the Ford government, did not allow it to put a proposal before Congress. The domestic political situation made this impossible, and so any action on the aid question had to be postponed. As a result the dialogue dragged on, 18 months being much longer than originally scheduled. Out of the last six months, only the last two were really put to use. For four months we had to wait while the new American government was installed, decided its policy, and resumed contact with the congressional leaders. So we did nothing between December and April. This distorted the progress of the dialogue which ideally should not have lasted more than a year.

But to return to the central question of official development aid, following

the 7th special session of the United Nations General Assembly, it was clear that there was a degree of backsliding. Now, however, we have a political commitment from Japan to double her official aid within five years, and one from the new government of the United States to do the same within the same period. For the first time we have documents which break new ground, going far beyond the ones we have seen up to now. If I take the Paris declarations and compare these point by point with where we were six weeks before, the difference is measurable. In particular I can see that very appreciable progress has been made on a whole series of questions. I do not mean by this that all the problems have been solved, but who would have expected that? I personally never thought they would be. But I believe that this type of dialogue between a restricted number of people created a new political atmosphere where there was a need to make commitments rather than avoid them. The dialogue had a greater reality than the huge

meetings of the UN Assembly or UNCTAD, for example, where one can always hide behind a speech. In Paris it was very difficult to escape with just a speech, because we only had two choices—doing something, or nothing. For these reasons I would say the conference has been useful, while admittedly leaving much to be desired.

If you ask me if I agree with the view that the conference did not manage to satisfy the principal claim made by the industrialized countries on energy problems, my answer is that I never saw it as a simple demand that could be satisfied on the spot. I believe that as the world gets better organized, and reaches agreement on raw materials, for example, and on other products which are subject to negotiation and agreement between producers and consumers, we shall sooner or later, inevitably, come to the same type of agreement on energy. Energy raises an immense number of problems, but in a world where every aspect of economic life is increasingly discussed, it would be very strange if the day did not come when there was a forum to examine all the aspects of the energy question; and we must not forget that petroleum is gradually being replaced by new forms of energy, some of which have probably yet to be discovered. The problem of energy is vital for the future of the world, but any arrangements must not involve any intrusion into the sovereign rights of either producer or consumer countries, although such agreements would have to be respected by both.

If I can make another point which you have not brought up yourself, it is that to discuss everything also implies discussing with everybody. We know that the North-South dialogue was representative up to a certain point, but large parts of the world were totally absent, as for example the countries with centrally planned economics and immense countries such as China, which were neither directly or indirectly represented. If we are to have an effective policy aimed at establishing a better balance between the different countries which make up our world, all these countries must be represented and must be ready both to give and take.

**Messaoud Ait Chaalal:** Mr. Wellenstein has raised a very important point about the usefulness of the dialogue. From the moment things are discussed there is always a possibility of reaching agreement, or at any event a compromise in the short or long term. Nobody can dispute the usefulness of our 18 months of dialogue. Even during the intervals between the sessions of the

specialised commissions, or during temporary suspensions, both parties continued to work, and consult each other on the major questions.

---

### **A thorough examination of economic problems**

---

There was another valuable factor in the more thorough examination of problems. This is perhaps the first time in the history of international relations that all the major economic problems of the day have been elaborately gone into and considered as a whole. Up to recently, the difficulty was that these problems were divided into a great number of highly specialized compartments completely isolated from each other. The Paris conference introduced something new with an overall view of the various problems and their relationship with each other. This is evident from the approach to the negotiations, the negotiations themselves, and from the results. This relationship between the problems we examined was so obvious that we finally had to set up mixed working groups to deal with questions that overlapped.

---

### **The Third World is no longer a "marginal problem"**

---

The second point which deserves mentioning is the fact that for the first time, to my mind, the industrial countries had to consider seriously the major problems of development. My impression has been that in large international meetings, good intentions were stated at the time but very little became of them afterwards.

Leaders in every sphere and public opinion have never before been so conscious of the gravity of the vital problem of development, on which hangs the entire future of the world economy. The Third World must no longer be considered as a marginal problem as it has been for decades, but as a question of primary importance among the major problems which face us today. I think this question must have been gone into more deeply and been more fully understood than ever before during the North-South dialogue.

---

### **Permanent solidarity**

---

The third point I should like to stress is that this dialogue has proved that the Third World has also learnt something from what might be called "permanent solidarity". This solidarity emerged during all those important, long and laborious discussions. It's clear now that the Third World is aware that its main asset, is its solidarity and its cohesion, even though there may be a large number of conflicting interests and divergences. This is a perfectly natural situation if you remember that we number 120 different countries. Here then are the three outstanding points which seem to me to have emerged from the negotiations during the North-South dialogue.

Getting down to brass tacks Mr Wellenstein has touched on a certain number of concrete considerations such as the problems with the Common Fund and official development aid which various international bodies such as the FAO, the World Food Council or IFAD have to work out. They will do so in the light of a whole series of decisions which were taken at the Paris conference and will support what is being done elsewhere. This is all very well, but for my part I should like to make known the great disappointment of the Third World countries that several questions remain unanswered and decisions on them indefinitely delayed. Action on these matters would have ensured the success of the dialogue.

---

### **Export earnings**

---

There were at least two basic questions for us. The first concerned the valorization and protection of the purchasing power of developing countries' export earnings. As long as no solution is found to this question no real progress will have been made, and no decisive turning point reached in international economic relations. For the foreseeable future the developing countries will remain exporters of raw materials and commodities. These provide their main resources and the only serious motive to development. If one really wishes to usher in a new era of harmonious international economic dealings, if one really wishes to make a practical reality of the universally expressed wish to work towards new

relationships in the interest of each individual and of the world as a whole, a way has to be found to end the deterioration of the terms of trade. That would really enable the developing countries to set out along the path to progress. It would be not only in the interest of the Third World itself, but also to the advantage of the industrialized countries, as I said earlier.

It is now evident and recognized by everybody that the rate of growth experienced by the industrialized countries during the '60s and '70s has now come to an end. What is becoming increasingly clear is that any growth shown by the industrialized countries will very much depend on the contribution made by the developing countries. If the latter do not have the means to enable them to become authentic partners, it is certain that the industrialized countries will find their economic expansion considerably curbed or even experience a serious recession. The developing countries are undoubtedly today along the key figures in the world economic picture. Although they have a lot of leeway to make up they have a labour potential of the first magnitude, a considerable reservoir of resources, and they offer valuable markets for exports. This is the interdependence of which I have spoken. Helping the developing countries become fully-fledged partners and getting them well on the road to progress will at the same time serve the interests of the industrialized countries, and also ensure the balance of the world economic system. The industrial countries

must give their full attention to this problem and correct the legacy left by colonialism.

---

### The debt problem

---

The second point on which the developing countries have concentrated their efforts is indebtedness. Mr Durieux is well aware of this since he took part in the laborious negotiations on the problem of external debts. We all know that indebtedness seriously threatens the future of many developing countries. We tried in the course of the negotiations in Paris to reach agreement on ways to relieve some of the strain on the poorest countries, those suffering most from the economic crisis, and perhaps help them get out of a difficult situation.

However, the fact is that we were not able to come to any agreement on current terms for debts, rescheduling, or on any long term policy to cope with the debt problem. Failure on this was one of the most damaging things for the developing countries.

---

### Put principles into practice

---

Finally I should like to stress a matter which has very serious consequences

for the developing countries. We feel that even when we have made some sort of progress on matters of principle, our partners of the industrialized countries were not fully prepared to put them into practice. Take, for example, the question of industrialization, which we argued about for some considerable time. We did manage to agree on a certain number of fundamentals, such as the target set by UNIDO, which is to bring the share of the developing countries in world industrial production up to 25% by the year 2000. No doubt this is a target which everybody considers important, but when one sees the reactions of our partners in the industrialized nations when it comes to finding the ways and means of achieving this target, one realizes that putting a principle into practice is not so easy, and the principle runs the risk of becoming a dead letter. For example when the time came to take concrete measures, to facilitate access to the markets of the industrialized world for products from the developing countries, our efforts proved fruitless. In the same way, we achieved no results when considering the means of redeploying industry towards the developing countries. Certainly as far as the Common Fund is concerned, as Mr Wellenstein underlined, we have got past the primitive stage of simply being either for or against. We have finally managed to agree on the need for it. But a question mark still hangs over the Common Fund, because when we tried to make it a little more than an idea, we came up against very serious differences of opinion. Our apprehensions have subsequently proved justified. I recently read a number of declarations by Mr Cooper (the US delegate) on this question where he admits to the existence of very serious divergences of view. Even with agreement on principle, very wide differences still exist as regards the form the fund should take, how it should function, and what its main purposes should be. UNCTAD should be able to iron these problems out, but as we were left with unsolved problems on our hands this time, we are very circumspect about what will happen next time.

**Jean Durieux:** *The CIEC was greatly different from those conferences held according to established international procedures. It was a new experience in that it was restricted while remaining representative, and covered, as Mr Ait Chaalal underlined earlier, practically all the problems arising from what is known as the North-South question. It*



*“Are there any points on which real results would not have been achieved without this conference? Yes, indeed.” — Wellenstein*

also lasted long enough to enable certain questions to be gone into more thoroughly, which, as both co-presidents have pointed out, must be to the credit of this conference. More careful examination leads to improved mutual understanding and a better atmosphere.

The results of this new experience have been judged very differently. Perhaps the most frequent judgement on the conference is that it functioned quite satisfactorily at the preparation and analytical stages, during the studies and the expression of various points of view. But when it came to getting down to actual negotiation, scarcely any more results were achieved than normal international institutions might expect using conventional procedures.

Is this your opinion? And if so, do you think that one of the shortcomings of the CIEC was that we were under an illusion, namely that the Group of 19 had plenty of room to manoeuvre and a certain flexibility in their negotiations with the Group of 8? Although chosen to be representative, the 19 formed a very small group, if you compare it with the colossal number of developing countries whose interests they had to represent, while this was not the case for the Group of 8.

**Edmond Wellenstein:** I am not really qualified to reply for the Group of 19, although I always considered it my job in Paris to work on behalf of both groups. As co-presidents of the development commission, neither I nor Mr Ait Chaalal, ever allowed ourselves to stray into partisan conduct. We always did our utmost to see that progress was made on all the questions to be discussed.

What I can say, however, is that in some cases the Group of 19 were able to negotiate very efficiently. In others, it appeared to me to be very much hampered by the fact it represented a much larger group (the Group of 77 has 120 members) and could not allow itself to wander far from the lines the larger group had mapped out. I found this unfortunate, for I think that with a little more give and take, much more would have been done. In this connection I could take the very serious question of the debt of the poorest developing countries. In the course of the discussions on this problem, several of the members of the Group of 19, among others Mexico and Brazil, made it quite plain that they wanted absolutely nothing to do with it. They seemed unconcerned, since they were at another stage of development, with the gravity of this problem for the members

from the poorest countries. We were not simply witnesses to this. Mr Durieux and I exhausted ourselves trying to work out a constructive proposal for the settlement of the debt problem. The Community and especially the EEC Commission played a great part, but the sad fact is that after God knows how many hours of effort we managed to drag out a proposal which from the practical point of view was never discussed. The declaration in the final communiqué was based on a different concept. The idea put forward by the Group of 19, which reflected the views of the Group of 77, aimed at a sort of moratorium tantamount to wiping out the debts of certain categories of countries. The Group of 8 always wished to study the problem country by country. This does not mean there were not a number of interesting ideas in the proposals tabled by the industrialized countries, and I only regret that at the time the Group of 19 did not take that fact into consideration and say to themselves, "we're going to sound this out". I am sure that if they had done so, this could have led very quickly to a number of immediately applicable proposals in the case of heavily indebted countries, and to other very substantial results. But we shall never be certain of this, since the concepts were thought to be so totally different on either side that the Group of 19 could not bring itself to try to see the sense behind the proposal of the Group of 8, and the same was true the other way round. Both sides remained deaf to entreaties. This does not mean that the Group of 8 remained indifferent to the problem itself. It did indeed try to come up with an answer.

The same goes for the very important question, rightly brought up by Mr Ait Chaalal, of stabilizing export earnings and avoiding their deterioration. In the final phase of the conference the industrial countries proposed a way of protecting these earnings. This was again a Community move and was somewhat similar to the Lomé Convention system. Although no conclusion was reached on this point, we have been left with a number of perfectly valid proposals, on which, I am convinced, we can build something in the not too distant future. So in these cases, I don't think we can talk of failure, especially as proposals actually reached the table and simply have to be taken up again and pushed through to the appropriate international organization. Once again I suggest things should be given more of a chance, and I invite the Group of 19 to find out the opinion of the Group of 77 on the declared intentions of the Group of 8, and to examine them together,

with a view to getting the maximum out of them. There are several other proposals tabled by the industrialized countries which should be made the most of, which contain further potential for action to improve the balance between the developing and the industrial countries, and I can do nothing but agree with what Mr Ait Chaalal said earlier, that it is in everybody's general interest and in the interest of the entire world for this balance to be struck, and for all the great riches of the world to be shared.

---

## Inadequate negotiations

---

**Messaoud Ait Chaalal:** I can start by saying that I agree with the critics when they say that there was not enough negotiating at the Paris conference, but as to why deserves an explanation. If there was a lack of negotiations, this was in no way the fault of the Group of 19. You will recall that already in September, after the break in August 1976, it was first of all intended to form a number of working groups to conduct negotiations, but we finally ended with what we called "contact groups", which were not even official, because the Group of 8 would not have it otherwise, and indeed did not wish for negotiations in the proper sense of the word. You can remember the real state we got into over the way we were working. We wanted to put an end to this whole phase of analysis, research, and paper-piling, and move into the phase of negotiation which we called "action-orientated". Unfortunately, we did not always manage to do this. We felt that there was a very great reluctance, and sometimes no wish at all, to decide on the way to conduct the North-South dialogue and bring it to a conclusion. This was a pity, because we are convinced that if we had managed to get into serious negotiations, we would have perhaps been able in four to six months to get beyond the stage we actually reached. Both parties would very probably have made a number of approaches and you as much as we would have been obliged to seek solutions. I admit that there were some objective factors which held up progress, for example the American elections. There were also a host of other problems even from the EEC, for we could do nothing while things worked their way up from Council meetings to the summit. In the final reckoning, the only real negotiations were restricted to about a fortnight at the end of May and the begin-

ning of June. No further time was devoted to negotiations, and this is a very important point when trying to explain why the results were so thin on the ground.

As far as the position of the Group of 19 is concerned, we never kept it a secret that we were the representatives of a much larger group which had laid down all the main lines of approach to all the problems concerning development. But this is all, and my colleague Mr Wellenstein can witness that this in no way meant that the Group of 19 had no room to negotiate when keeping to the basic principles agreed by the Group of 77. I will remind you in this respect that during the final phase of negotiations at ministerial level, Mr Bouteflika put forward 10 proposals, all different, in an attempt to find a solution to such problems as industrialization. This is to show you that our colleagues and friends in the Group of 77 trusted us to conduct the negotiations. We had a certain margin of flexibility which we did not hesitate to use, and we showed this in other commissions. It must be said that in some areas attitudes were much more uncompromising than in others, but generally speaking, when one compares the positions adopted in January 1976 with the statements made in June 1977, I am convinced that any impartial observer would agree that some positions had very greatly changed. These moves also enabled us to avoid failure,

in the strict sense of the word, through a complete break-down of the conference.

**Jean Durieux:** *The negotiations have not really come to an end, as they will be continued in different forums. Once the results achieved so far have been put before the UN General Assembly, they will be followed up at UNCTAD, by the Development Commission, by GATT and so on. In other words, now that the overall approach of the CIEC is over, where through the two co-presidents in particular the problems could be considered as a coherent if somewhat simplified whole, we shall now be falling back, to a certain extent, onto a system in which all these problems are split up and shared out between specialized and rather isolated institutions, with all the risks that this involves. In view of this I should like to ask for your views, misgivings and hopes for the future.*

**Edmond Wellenstein:** There have been various views put forward as to the purpose of the Paris conference. Some people thought that this dialogue was in some way going to become permanent and continue in the same way. For my part, I never thought this. I have always thought of it as a rather special variation, which had never been seen before within the framework of international discussion, and which had the particular merit of enabling all the threads of the different

negotiations going on in various forums to be pulled together. This gave, as Mr Ait Chalaal said, an overall view of the diverse problems in a different, restricted, but representative setting.

## A limited dialogue

The dialogue could lead, in my opinion, to a sort of inventory being made of all current problems and to attempts to make progress on a certain number of points, without it ever claiming to replace such organizations as UNCTAD, the FAO or any other United Nations agency. In short, definite limits had to be set so as to avoid any overlapping or conflicting decisions which might create a very unfortunate situation. For this reason I have never thought that the dialogue was going to continue beyond the end of 1976 as was originally decided, although for the reasons we mentioned earlier, it was prolonged for a further six months. Personally I do not find the fact that things are now going to return to normal as something unexpected, sad, or unusual. On the contrary, it is perfectly understandable. If you ask me if, in future, we shall again in certain special circumstances make use of this system, my answer is that we may, but I don't think this can be predicted. To change the subject, I said earlier that there were several matters which the Paris conference had examined without reaching agreement. But nevertheless the discussions have served to fill the files with additional ideas and suggestions, and I fervently hope that the relevant international organizations will take these up again in a spirit of both enthusiasm and political realism.

**Messaoud Ait Chalaal:** I entirely agree with Mr Wellenstein. For us, from the very beginning the North-South conference was to be an exceptional forum with necessarily very definite limits. You will recall that when we made our ministerial declaration in 1975 we spoke of this, and there cannot have been the slightest ambiguity as to the nature of the conference. The second point on which we have always insisted was that this conference should never be isolated from the United Nations' framework. We were determined to avoid damaging the authority or undermining the responsibility of the United Nations in any way whatsoever. This explains why we wished to associate the UN as such, and its specialized agencies, with our work. It is not by pure chance that the UN Secretary-General was present at both the open-



PHOTO CEE

**Manfred Caspari (centre), deputy director general of external affairs at the EEC Commission, at the Paris conference with Messrs Wellenstein and Ait Chalaal, who considered that the CIEC was "useful" but did not solve the main problems of the developing countries**



Claude Cheysson with Felix Malloum, President of Chad.

*The European development commissioner said the EEC had a contribution to make to African unity as well as to African development*

Europe, which had in the colonial past contributed to the division of Africa, now by "an extraordinary historical turnaround" was contributing to its unification, simply by giving it the opportunity to express itself through the solidarity and the unity of the ACP group. The future of Africa lay in the assertion of the identities of its countries and in their security, so that no dangers should threaten their frontiers, he said.

At a news conference at the airport, Mr Cheysson returned to this theme, saying "anything which affects the integrity of a partner state of Europe worries us", adding that anything which threatens the balance which exists in Africa" in the framework of frontiers inherited from the colonial period is a danger to the peace and independence of all Africa".

Mr Cheysson then went on to Nigeria for a two day official visit from June 30 to July 1. During the visit he met the Nigerian head of state, Brigadier-General Olusegun Obasanjo, the Chief of Staff, Supreme Headquarters, Brigadier Shehu Yar'Adua, the Commissioner for Industries, Dr. R.A. Adeleye, the Commissioner for Economic Development,

Dr. Adewoye, the Permanent Secretary for External Affairs, Alhaji Y. Sanusi and the Secretary-General of the Community of West African States (ECOWAS), Dr. Boubacar Ouattara.

At a state dinner, Dr Leton, Commissioner for Establishments, told Mr Cheysson that the EEC should take into account the needs of Nigeria's "teeming population". In spite of oil revenues, Nigeria had a low per capita income. Mr Cheysson, replying, spoke of the significant contribution of Nigeria to the North-South dialogue, and the fact that the negotiations for the Lomé Convention had been led by Nigeria, "speaking for 45 other countries". He also denounced "the abhorrent regimes" in southern Africa, and reaffirmed the European Community's support for majority rule. Of the Lomé Convention, he said that it was intended to organize relations between Europe and Africa for some time to come. Europe was dependent on Africa and in the future might become more dependent still. He also expressed a concern at the decline of European investment in Africa, and hoped that the second Lomé Convention would help to rectify this.

Addressing a meeting of the Association of Nigerian Chambers of Commerce, the Commissioner said that the basis of the Lomé Convention was economic, and the focus of all economic effort was the operators—the traders, the bankers, etc. It was they who needed the technology Europe could provide. Mr Cheysson also noted that Nigeria "wrote the chapter" on industrial cooperation in the Lomé Convention, and he mentioned the Centre for Industrial Development now functioning in Brussels, which was designed to make "the two ends of the story meet"—it was a switchboard to introduce ACP entrepreneurs to partners in Europe. It would be especially useful for small and medium-scale businessmen.

The discussions with the Nigerian authorities centred in the main on the implementation of the indicative programme for Nigeria which was signed in May 1977 in Brussels (see "Courier" No 44). Details of the programme, which lasts until the end of the Convention in 1980, are now available; the emphasis is especially on training and the transfer of technology.

It includes:

- provision of training for 400-500 man-years;
- provision of technical cooperation for 100-200 man-years;
- preliminary feasibility studies for two industrial development centres and/or industrial estates. Assistance in staffing and equipment of the projects is also in the programme;
- assistance to Nigerian universities and research institutions. This could cover such areas as data banks, the Resources Management Institute, computer services, information systems, the National Science and Technology Agency as well as university departments.

The training and technical cooperation offered covers a number of sectors, notably trade, industry (including the oil industry), agriculture and water, and social services. The trade sector includes technical assistance for the 1st Lagos International Trade Fair.

As Mr Cheysson pointed out, Nigeria can call on the services of the Centre for Industrial Development in Brussels, one of the institutions set up by the Lomé Convention. Dr Akinrele, Nigerian Deputy Director of the Centre, was present in Lagos during the visit of Mr Cheysson, and was present at some of the meetings. □ K.W.

ooo

ing and closure of the Paris conference, and that he was the only figure to address the public on both these occasions. Furthermore throughout most of the 18 months of dialogue we were honoured by the presence of permanent observers from the United Nations and from all the specialized organizations and agencies. They made a very valuable contribution to our deliberations and to our work as a whole. As to the future, will it be possible in a given situation to turn again to the same sort of conference? I am very sceptical about this in view of the fact that the Paris conference was not conclusive. If it had given rise to more tangible and substantial results, I believe the Paris experiment could have created a new way of looking at things and it might have been possible to argue more convincingly in favour of such a system. If that had been the case, I think we could have considered repeating this experiment to discuss certain aspects of the world economy. Naturally it will be for the UN and the different organizations within it to decide if this experiment could be attempted again.

**Edmond Wellenstein:** A word again about the verdict on the Paris results. It is extremely difficult for anybody who is not acquainted with the various declarations and documents to form an opinion, and when I arrived here this morning I found that some of the Paris documents were still not available.

---

### Final communiqué "not enough"

---

The journalists who did not follow the discussions in detail, only had the final communiqué on which to base their opinion, and as this only contains the main headings of the various items, it is not really enough on which to form a valid judgement.

I would give as an example the special action programme<sup>(1)</sup>. Certain countries such as Sweden, Canada and Switzerland have taken action over the question of indebtedness, and they have in fact wiped out the debt of a certain category of countries. But if you read the final communiqué, you would know nothing about this. This shows how immediately after the conference the press did not have all the details required for a proper appraisal. □

(1) The \$1000 m special action programme in favour of the poorest countries.

## Cheysson in Nigeria and Chad:

# "Europe's contribution to African development and unity"

EEC development commissioner Claude Cheysson visited Chad and Nigeria in June. The visits took place in the framework of relations between the Commission and all the ACP countries: the visit was also of interest in that the two countries provide an example of the extreme diversity of situation of ACP countries, and how the Lomé Convention is a sufficiently flexible structure to meet widely different development requirements.

In Chad on June 28 and 29, the Commissioner had a meeting with the President, General Felix Malloum, and a working session with government ministers and officials, chaired by the Minister of the Economy, Planning and Transport, Kerim Togoï. This meeting reviewed the operation of different aspects of the Lomé Convention in Chad, especially the implementation of the programme under the 4th EDF. Discussions concentrated on Chad's main development priority, the opening up of routes to the sea, the most important of which is the construction of the road from Moundou in Chad to Gidjiba in Cameroon (to link up eventually with the Trans-Cameroon railway), and the road from Bongor to Lai, which is part of the main arterial road in southern Chad.

Opening the session, Mr Togoï underlined the particular problems posed by Chad's "unsupportable" landlocked condition which made it one of the least-favoured countries of the planet. Chad, he said, was a country where "everything seemed to be a priority", and it was hard to arrive at a just division of resources when infrastructure, social services and investment in directly productive sectors were all of paramount importance. Replying, Mr Cheysson noted with satisfaction that two-thirds of the resources of the 4th EDF would be allocated to the rural sector.

Chad has received 24.4 million EUA from the 1st EDF, 33.5 million EUA from the 2nd EDF and 46.5 million EUA from the 3rd EDF; the indicative programme for the 4th EDF is around 60 million EUA. Chad also received 5 million EUA special Sahel aid in 1973 as well as regular food aid contributions and \$3 million from the Cheysson Fund in 1975-6.

Mr Cheysson also carried out a programme of engagements related to EDF projects:

1. The inauguration of a water tower in Ndjama, part of a scheme for improving water supply to outlying quarters of the capital, financed from the 3rd EDF at a cost of about 11.5 million EUA.

2. The signature of a financing convention for 280000 EUA from the 3rd EDF for the provision of an emergency ward for Ndjama Hospital. Mr Galmaï Youssoubomi, Secretary of State for External Affairs, signed for Chad.

The exchange of toasts at a state dinner given by President Malloum underlined the significance of the visit. The Chad President stressed that in receiving Mr Cheysson, Chad was receiving the Europe of the Nine. He requested that Mr Cheysson should pass on to EEC Commission President Jenkins the message that Chad was resolved to work for cooperation between Europe and Africa, and between Europe and the Third World. The President mentioned the difficulties of a country that was landlocked and threatened by drought, which meant that it should receive particularly favourable attention. "We have decided to face the challenge of under-development" he said, "but the reinforced aid of the EEC is indispensable and to be desired".

In reply, Mr Cheysson expressed concern at current conflicts in Africa.

# EEC-ACP meeting at Scy - Chazelles

## A plea for intuition in a technological world

The hard face of international cooperation was transformed at the last meetings of the EEC-ACP Consultative Assembly and Joint Committee in June, held in the peace of the Robert Schuman Centre at Scy-Chazelles in the hills near the Luxembourg-France border. Instead of discussing the material aspects of development aid, EEC and ACP ambassadors and parliamentarians spoke of the human considerations. The language was often emotional, and the moral for the Europeans was that in the industrialized countries there is less and less place for something the "underdeveloped" world values greatly—intuitive understanding.

"Development begins in the heart", said a delegate from the Middle East, and it is this human warmth that the representatives determined to bring into the second Lomé Convention.

Robert Schuman, a former French foreign minister, is considered the founder of the European Community. His desire to unite a war-torn Europe across the banks of the river Rhine finds a reflection now in the rapprochement of the countries north and south of the Mediterranean.

In the peace of Scy-Chazelles, it was the EEC delegates who listened, perhaps for the first time, to what the ACP countries had to offer them—if there is material poverty on the one side, there is spiritual poverty on the other, and in the latter respect Europe received a timely warning.

One top official of the ACP-EEC Council of Ministers said at the end of the first day that she had heard words at Scy-Chazelles she had never heard before in all the days and nights they had worked together. These were the words that led the current vice-president of the European Parliament to conclude: "I never imagined that such profound thought could emerge from so few hours of work. There is material inequality between us, inevitably, but how should we determine the level?

Criteria based on wealth will disappear, but we have much to learn about the real ways of measuring things. We must change the established, or apparently established, order. We have seen it held up to question. Our ignorance of your soul, your heart and your state of mind is frightening. We must come together. We will never do things in the same way again."

The message from these "underdeveloped" continents was an appeal to a Europe in danger of losing its soul. "Perhaps we are deviants", the head of the European Institute of Ecology in Metz suggested; "we have developed the powers of analysis of the human brain and this has provided us with our technological development, but we have allowed our intuitive faculties to lie dormant. We know where power will lead us if it is not wisely used and this is why we must be ready to listen to what traditional societies have to say. We need their help to find our lost soul and to ensure that there is a future for life on Earth."

The African ambassadors and politicians declared from the start that the spirit of Lomé was an understanding between the needs and possibilities of all concerned.

"For us, cooperation is working together to form a chain. That is how we see it. That is how we should go about it, how we should achieve it, by setting the example. We shall affirm our independence whenever we meet with disdain, but, otherwise, we shall be working beside you to build a better world.

"The spirit of Lomé is a vision of the world, a brotherly vision, far beyond economic considerations. It concerns people as people. There are problems, undeniably, but we must create a desire to overcome them and it is friendship which will bind men together, beyond conventions. The spirit of Lomé shows that man is capable of self-improvement.

### IN THE INTERESTS OF THE PEOPLE

*"The important thing is to create the right atmosphere, the right climate for our future collaboration. We are not doing this for our nations alone. We are looking beyond our frontiers, mindful of what all mankind expects of us."*

Robert Schuman, Bonn, 14 January 1950 (quoted by Konrad Adenauer in his memoirs)

The world is slipping slowly towards ever-deeper divisions between the continents.

Yet, in many countries, people are weaving the strands of a future worldwide union of nations holding each other in mutual respect.

Almost half the independent nations of the world have begun to build a *de facto* solidarity by implementing the economic and financial provisions of the Lomé Convention. In the same spirit, agreements have been signed between the EEC and each of the Mediterranean countries and a dialogue has been established between the Community and the Arab World.

As at the beginning of the ECSC a quarter of a century ago, the vision of those negotiating the agreements went further than their immediate aims and contains the seeds of a political will in the service of peace.

It is therefore important today to look more closely at:

- what the spirit of Lomé actually involves;
- how Lomé can lead to reconciliation in the management of world wealth;
- how the current tendency towards international confrontation can be steered towards cooperation.

The Robert Schuman Centre for Europe is following the way opened by those for whom the European Community was only a first stage in the building of a new world. In 1977, it invites reflection on these questions in a spirit of common duty.

History has perhaps entrusted the 90 or so countries now involved in the Lomé Convention, the Euro-Arab Dialogue and the Mediterranean agreements with a major task, that of drawing on the spiritual resources of their centuries-old cultures so that, beyond any relations of force, they can combine to bring hope to a world on the brink of despair and lead the way to unity at the service of all mankind.



Robert Schuman

*His ideas and his political will were behind the creation of the EEC which has become the most powerful trading group in the world*

"With poverty on one side and wealth on the other, you could have war, but Schuman showed us how to pool our riches. Europe is trying to reach us. It is holding its hand out, but its hand is not fully outstretched and neither is ours. The burden of history, slavery and colonization is still upon us. But the weight of it should not be a brake on either Europe or the ACP countries. We must rid ourselves of our complexes of superiority and inferiority if we are not to be faced with colossal problems."

As the African co-chairman said to an ex-Belgian official in the Congo, who apologizing for all the indignities that Europeans, in spite of their technological help, had inflicted on Africa through their feeling of superiority:

"You have spoken from your heart. You have put your finger on the problem that really concerns us and we thank you."

Other African representatives said: "We must not go through life as a pirogue crosses a river. We must leave a mark. Robert Schuman left us something vital and dynamic. Europeans

have had to go through wars to find out that it is unity that brings peace and it is in unity that Europe is seeking brotherhood.

"There are dangers threatening the spirit of Lomé. Our association has not been formed once and for all'. It emerged from a generous idea and it is worth defending. It is not a showcase. It is a human, political construction and should be treated with respect.

"Lomé must be made into an integrated convention. The social and cultural side of things must be catered for in the practical provisions. The mass media must help create real brotherhood. At the centre of Lomé, there are people. Lomé is an attempt to free man from poverty and ignorance. One man is worth another.

We need a policy that is centred on people, for people, whatever their country, colour or wealth, are human beings.

"Man is not an animal. He has a creative spark. The only truth is in creation. God is the creator and where men unite to work together, there is creation.

"Stabex (the export earnings stabilization system) is a work of creation. I see Robert Schuman's silence and prayer before proposing the European Coal and Steel Community as the metaphysical contact of man, which enables creation to take place.

"The world of Lomé, human love, the spirit of union and peace which is Lomé's message, will be spread by success. Creation is its own proof. It needs no advertising. This hope must be protected and handed down to future generations. People must be trained to fit into our societies. I feel that freedom has no frontiers. The past has given us a passion for the future. We have come together again and we must work for the future together. It is a unique experience that I have had here. A weight has fallen from my shoulders and greater freedom has appeared.

Robert Schuman was a great European, indeed a great man. His followers must labour to see that his work lives on and brings to mankind the fruits we expect of it." □

## **Danish industrialists and the ACP countries**

The "Courier" No 39 contained a series of interviews with British, Dutch, French and German industrialists on the possibilities and problems of investment and industrial cooperation in the ACP countries. They felt that considerable possibilities were open to European industrialists in ACP countries, although there were still a number of practical and psychological difficulties. The practical problems were and still are the weakness of infrastructure (transport and communications), the small size of ACP markets, which means a low level of demand—hence the need for real economic groupings (see "Courier" dossier No 44 on regional cooperation)—and, above all, the shortage of skilled workers.

### **Denmark — a model for ACP development**

The "Courier" has continued its survey of EEC business by meeting a number of Danish industrialists who cooperate or are interested in cooperating with the ACP states.

Denmark's size (43000 km<sup>2</sup>) and population (some 5 million) make it an EEC country on the same scale as many ACP states. Although it is a "big" industrial country which gets most of its income from manufactures, three-quarters of its land is farmed and it is primarily an agricultural country where industrial development has kept pace with the progress and modernization of the rural sector, which produces the country's only raw materials.

Denmark gives 0.57% of GNP to development aid for non-industrialized countries. It is in fifth place behind countries such as Sweden (with 0.82%) and the Netherlands (with 0.72%). However, Danish businessmen are not great investors in the developing countries, particularly the ACPs. Industrial cooperation, Danish bosses feel, is not just a question of capital transfers to the developing countries. It would be better and more profitable for both developed and developing countries if finance went hand in hand with the transfer of the right sort of technology, in association with local industrialists.

As to the other problems of investing in the ACPs, the European businessmen particularly mentioned the uncertainty of economic policies in these countries and various risks not necessarily linked to the current economic or political set-up in the various countries. Briefly, the industrialists interviewed felt that the ACP countries did not adequately publicize their economic priorities or their attractions and incentives to invest. This meant that potential investors needed to gather a great deal of information. The ACPs are, of course, making considerable efforts to build the sort genuine industrial environment that will satisfy potential investors, but, given the ground there is to cover, progress may seem slow.

They take their own country as an example: Denmark has no industrial raw materials, like so many ACPs, but it has nevertheless become highly industrialized, has one of the highest standards of living in the world and an egalitarian social system. They therefore feel that the best way of helping the ACPs would be to take an active part in building and managing firms, since there is no point, as they see it, in setting up industries in ACP countries if they do not meet domestic demand before turning to exports.

### **Where can Danish industrialists help the ACP countries?**

**Carlsberg-Tuborg Breweries.** — The ACP countries have long produced beer and soft drinks. What, then, is the point of cooperation between Danish and ACP producers?

Per Green, executive director of the Carlsberg-Tuborg breweries in Copenhagen, feels that brewing can help the ACPs in two ways—via scientific research and the transfer of technological know-how. Carlsberg-Tuborg has a major scientific research centre which has perfected methods of production of certain granulated substan-

ces and some enzymes that can be used in medicine and would be of great interest to the developing countries. In the agricultural sector, Carlsberg-Tuborg has come up with methods of producing hops and malt in the developing countries, which means that they could now grow their own raw materials for beer.

However, Danish breweries have little experience in the ACPs, because, as Mr Green says, the developing countries are not at all, or only slightly, interested in obtaining the manufacturing licences which would enable them to develop at the same time as mastering the technology involved. And, the head of Carlsberg says, "we prefer to cooperate by selling patents rather than by just transferring capital", which, moreover, involves other risks.

### **"The African countries lose millions each year"**

**Paul Bergsøe and Son.** — This is one of the most modern iron and steel companies in the world. Paul Bergsøe, the director of this major Danish firm, which does most of its trade with North and South America, says that the lack of smelting works in the ACPs is an

enormous handicap to their development and means that African countries lose millions of US dollars every year through the non-recovery of waste from their non-ferrous metals. Mr Bergsøe suggests that the best way of helping the developing countries, particularly the ACPs, would be to promote local industries, in cooperation with private European investors, instead of transferring actual cash to these countries, particularly since the shortage of managers (European engineers are no longer as willing to go abroad), the slowness of administrative procedures and the small ACP markets are considerable obstacles that discourage European industrialists every bit as much as the non-economic risks. However, Mr Bergsøe does see the possibility of dealing with the ACPs via an association between European governments, ACP governments and European and ACP private capital.

The main advantage of this, Mr Bergsøe felt is that it avoids the host countries being dependent on foreign countries at the same time as getting businessmen in the countries concerned involved in national industrialization.

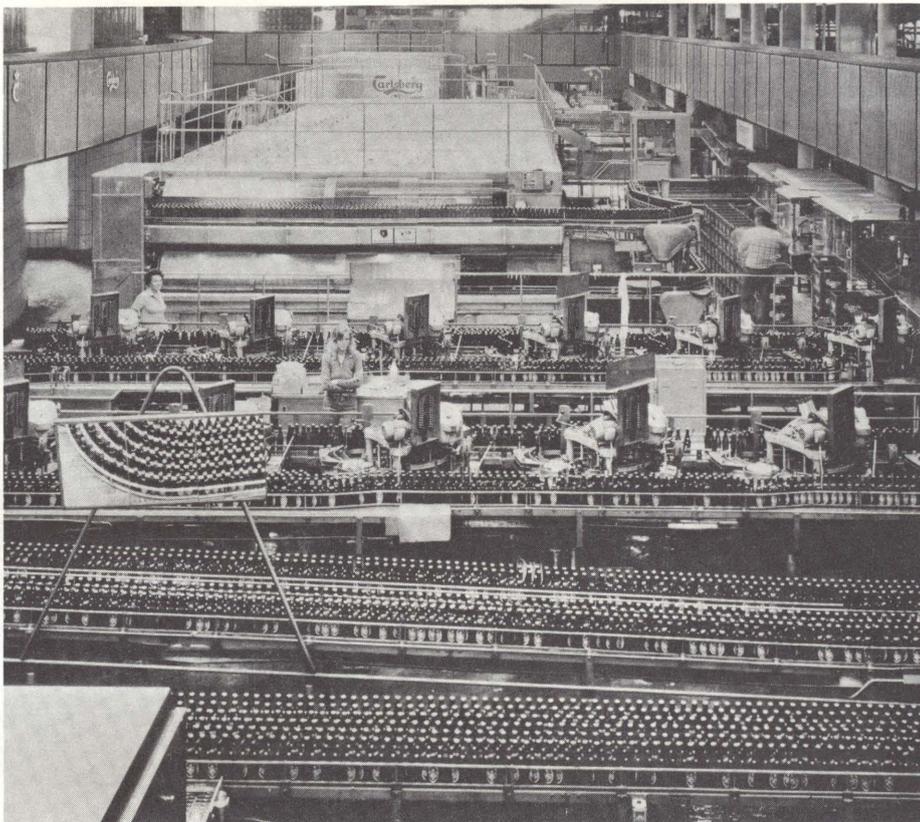
**The Industrialization Fund for Developing Countries (IFU).** — Denmark has a fund aimed at helping the developing countries to promote industrialization. It is an official fund with a capital of DKr 400 million(1), but it is not run by the government itself.

Professor Kjeld Philip, the Chairman of IFU's Board of Directors, sees the same problems as the industrialists in industrial schemes in the developing countries. The fund therefore concentrates on granting loans or participating in capital formation with local industrialists. The viability of firms founded on studies (for which aid may also be given from the fund), and participation on the boards of directors of new industries, are two of the main criteria for providing aid from the fund.

Danish businessmen and funding organizations consider that their participation in setting up and managing firms is an essential part of cooperation with the developing countries. Mr Brüniche-Olsen, Chairman of the Federation of Danish Industries, explains below the general point of view Danish industrialists have about industrial cooperation with the developing countries, particularly the ACPs.

LUCIEN PAGNI

(1) 1 EUA = DKr 6.82.



Bottling at the Carlsberg brewery

*Denmark prefers to offer development aid in the form of technology rather than capital*

## H. BRÜNICHE-OLSEN (\*):

**• The European businessman must make personal contact to succeed in the ACP countries**

**• There should be guarantees to cover both foreign investors and the host countries**

► *Danish public opinion seems to be in favour of the EEC's aid policy, even if it is opposed to the EEC in most other fields. What is the general attitude of Danish businessmen?*

— Possibly Danish public opinion has changed since we joined the Common Market, but I don't myself believe there is any serious change, of course, some

30% of the country was against the Common Market when we had a referendum, and small circles have continued their propaganda against it since then, while those in favour have not bothered with propaganda because they have no reason to any more. So if you've got the impression that an important part of the Danish population is against the Common Market, that might be true to a certain extent, but on the other hand it's my impression that the people who are against it

(\*) President of the Federation of Danish Industries, director of the Danish Sugar Corporation (Copenhagen).

are talking much louder than those who are for it. So I'm not sure that the impression given by Danish newspapers and discussions really illustrates the situation. Everyone who is aware of the facts knows that the Common Market has been an advantage in many respects. For instance, the agricultural system has given us a stabilisation of prices which we would not have got outside. The economic situation in Denmark would probably have been much worse than it is if we were not in the EEC. For instance, we are now in the currency snake, which has been a great help during these difficult years. So I'm convinced that a realistic evaluation shows that the Common Market is good for Denmark, and I think the majority of people would be in favour of it if we started a serious discussion again.

As regards relations between the Common Market and the developing countries, I'm sure you know there has always been a very positive reaction towards development in Denmark. Although we have economic difficulties, we pay a larger share of our GNP than the other countries in aid, partly on a bilateral and partly on a multilateral basis. That means the Danish people are absolutely in favour of good relations with, and good assistance to, the developing countries. We also feel that the EEC has done more for the developing countries than a number of large countries or groups of countries in the industrialized world, so we are absolutely in favour of the Lomé Convention and the agreements that have been made by the EEC.

► *Some European industrialists feel the main obstacle to investment in developing countries is uncertainty as to its value; others feel the problem is the political instability. What do Danish industrialists think of these problems?*

— My impression is that it's difficult to talk of their general attitude, but that it would be correct to assume that uncertainty as to political risk is an important consideration. On the other hand, we do understand that some developing countries are reluctant to accept foreign investments, and I feel some agreement should be made between industrialized and developing countries, perhaps within the UN, which on the one side would give investors assurance of fair treatment in the developing countries—for instance, that they will not be nationalized without compensation—and on the other,



H. Brüniche-Olsen

***“Despite our economic problems, we give a higher percentage of GNP to development aid than other countries”***

would give the developing countries an assurance that the foreign investors will behave in a decent way.

► *I understand the Danish government insures 90% of investments in the developing countries, and some other EEC countries have set up a sort of guarantee. Isn't this enough?*

— It's quite a good arrangement and these two guarantees work well in a number of cases. Most of the industrialized countries have arrangements for guarantees of this kind. But it's only a partial solution. It's not possible to give this kind of guarantee in all cases and investments cannot be guaranteed if they were made before such an arrangement came into force.

### **Danish technology suitable for the ACP countries**

► *Do you think Danish industrialists really want to invest in the sectors of most benefit to the host country's economy?*

— Firstly, I should say that Danish investment in the Third World is so far fairly limited. We have frequently discussed why this should be, since we

have an arrangement for public participation in overseas investments. I don't know why our investments are so limited. There might be several reasons: for instance, Danish firms are relatively small; raising money has been rather expensive in Denmark for some time, with an interest rate of around 15%—about twice as high as Germany or France; another reason might be that establishing a new company in a developing country is quite a job, involving the transfer of technology and management, and not every firm has technology and management to spare. It's difficult to find the necessary surplus of managers and machines in a small firm. Still, we are a little disappointed. Now, do we have anything of interest to offer the developing countries? I believe we have some very important technology to offer, since a good deal of Danish industry is related to agriculture. Many firms supply farm machinery or machinery for processing agricultural produce and I feel that many developing countries are now aware that they would do better to start their industrialization process from agriculture rather than by setting up huge steel mills and suchlike. So I think Denmark does certainly have something to offer the developing countries. It's just a question of really getting started.

► *As regards the ACP countries in particular, do you think they give a clear enough idea of their own policies for European investors to identify the best opportunities?*

— I think, from personal experience, that the only way to get a really clear picture is to go there yourself. Contact has to be made with the local people and the development corporations. That is the most important thing. The UN has the UNDP, UNIDO and other organizations collecting information from the developing countries for the benefit of the industrialized countries, and they're doing a good job, but I still believe it's necessary to have thorough contact with the country in question if both sides are to benefit.

► *The smaller EEC countries often have technology that corresponds better to the developing countries' requirements than that of the bigger countries. As regards management training, do you think it would be possible to establish, within the Lomé Convention framework, a sort of training council for private EEC and ACP industrialists and Commission experts*

to survey the situation and organize training according to the developing countries' needs? I have the impression that supply and demand in this area is fairly chaotic...

— This is very important and it might be a good idea to set up some kind of institution. But I'm always afraid of setting up new bodies that may just turn into huge bureaucracies. So I repeat, I think you should go there yourself and talk directly to the people concerned. However, although by being on the spot you can solve questions of detail, there may be some overall aspects that cannot be solved by going there yourself. Your idea is alright, but it should not be a substitute for direct contact.

▶ *The Centre for Industrial Development is now operational. Do you think it will be a help?*

— Yes, but again I think it's absolutely necessary not to lose contact with the people on the spot. If the Centre can be run on practical lines, rather than as a place to theorize about the future and so on, then I think it will be very useful.

▶ *Would you give me an outline of your own background?*

— Our company was founded more than 100 years ago as a sugar firm, which we remained for 60 years or so before starting to diversify into sugar-beet seeds, then machinery which we started exporting for the sugar industry and later for dairy production. In recent years we have established financial cooperation with five firms in this sector in Denmark, while still being involved in agriculture. So we are able to offer knowhow and machinery for sugar production, cattle breeding, seed production and processing, and the dairy industry.

### **It is in the ACP countries' interests to export refined sugar**

▶ *What is your opinion of the Lomé Convention's sugar protocol?*

— We feel the Lomé Convention is alright. Of course, we feel a certain level of sugar production should be maintained within the Common Market; we have maintained it; but at the same time, sugar should be considered in the Lomé context. There you could question the quotas, and help satisfy

the ACP producers. There is a conflict of interests here, but my feeling is that the Lomé Convention is reasonable and I'm sure Danish public opinion is behind it.

▶ *ACP sugar producers are not very satisfied with the implementation of the Lomé sugar protocol—they point out that there was no mention of the storage levy they are required to pay, for instance. Does the difficulty come from the EEC producers and refiners?*

— There is no point in hiding the conflict of interests between EEC and ACP sugar producers. The sugar workers have many votes in the EEC countries, so for political reasons it's necessary to pay attention to them. On the other side, when sugar prices were high quite a number of ACP producers didn't want to sell to Europe, so let's not forget that.

▶ *What can be done to improve the Lomé Convention on this point?*

— This is difficult. We obviously need to find a good balance between EEC sugar production and imports from the ACP countries, but I should add that I think there will be room for all of it because world sugar consumption is going to increase. Despite the economic problems so many countries are facing at present, the forecast is that there won't be enough sugar in future unless production is increased. The ACP countries will supply this—the cane industry rather than the beet—so I feel this problem will solve itself within a few years.

▶ *If the ACP countries exported refined rather than raw sugar, would this be a solution?*

— No doubt, because that represents an important difference between cane and beet sugar. The cane sugar is almost all sold raw, and the beet refined. The cane could just as well be refined directly. That would then transfer employment to the developing countries. But there are still some technological difficulties, firstly to refine the sugar on the spot, and then to transport it overseas. It is more difficult to handle than raw sugar.

▶ *As a final question, do you think a global arrangement like the Lomé Convention is the best way to organise economic cooperation between the developed and the developing countries?*

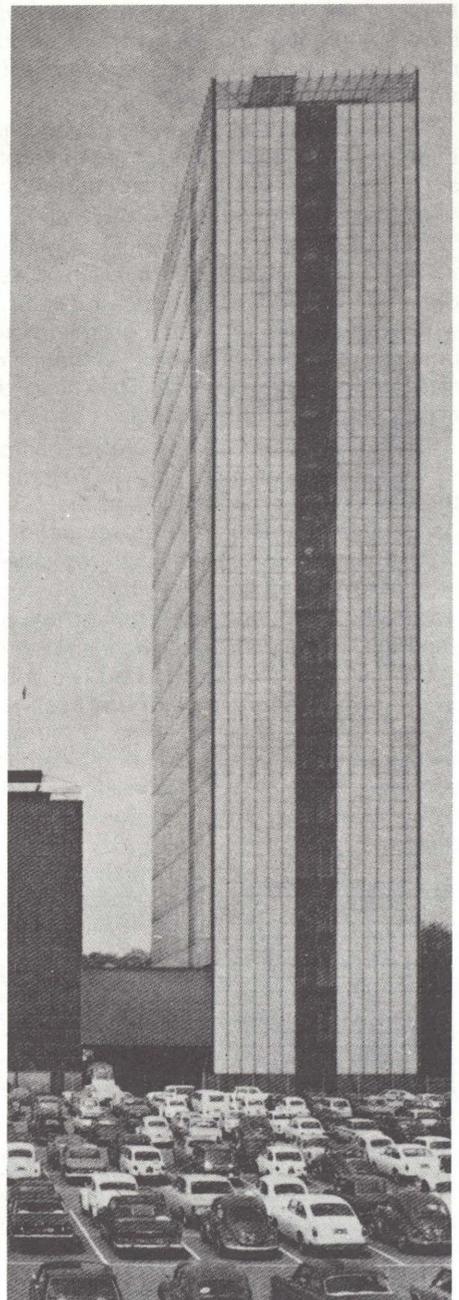
— That's a very difficult question. I feel the Lomé Convention is among the

best arrangements so far, but it could be improved, and I feel it will be.

▶ *Does this overall kind of pact make it easier for businessmen to invest in the developing countries?*

— I feel we should have a general agreement, and I feel it should have obligations on both sides. We ought to be able to find an international agreement whereby both sides, the developed and the developing countries, undertake obligations within the framework of a reasonable cooperation. □

Interview by  
L.P.



*Carlsberg's headquarter in Copenhagen*

# A visit to Jamaica and Grenada

There was hesitation on both sides before the Commonwealth Caribbean joined the Lomé Convention negotiations with the EEC. The Commonwealth countries in general were unsure how Britain's absorption into the EEC would affect them, and on the European side it was sometimes felt that the Caribbean's more sophisticated level of development was incompatible with the rest of the ACP group. If that sophistication was apparent during the negotiations, it has not saved the Caribbean from the devastating effects of world-wide inflation and recession.

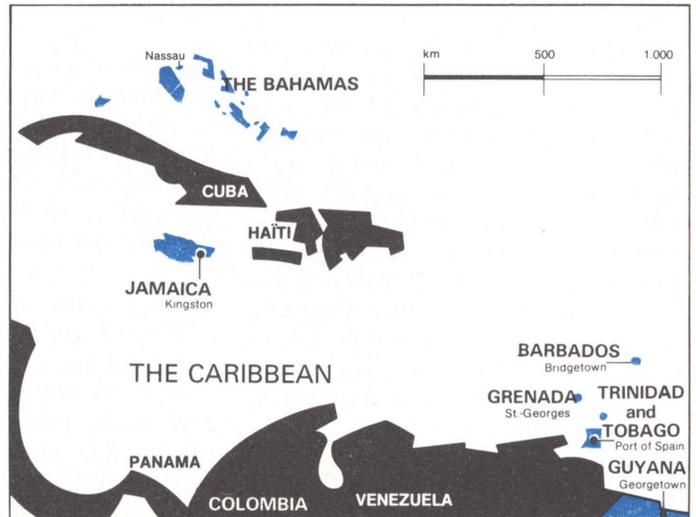
The Caribbean's problems are of a different order from those of the poorest African regions, but the more advanced developing countries have often been the hardest hit by the oil crisis, the turmoil in the commodity markets and the unbalanced terms of trade.

These are a new generation of problems, for which the Lomé partners have tried to find new solutions. And the new aid tactics, tailored to immediate and particular needs, are of special relevance to the Caribbean.

The Caribbean ACP countries share certain basic economic problems, such as their small size, their long dependence on traditional markets and their uneasy relationship with foreign capital; and social difficulties, such as high unemployment, disaffection among the young and high rates of population growth. They share a number of regional organizations and the expertise needed to run them.

They also share a new relationship with Europe. The EEC's aid allocation to the Caribbean is higher per capita than to its African partners and there is particular emphasis on regional projects. The real impact of Lomé will not be felt until this aid package is fully unwrapped, and some of its knots are unfamiliar.

Despite their similarities, the Caribbean ACP countries are separate nations and face the same problems from different positions. The "Courier" visited two very different countries, where the governments had just been re-elected at the start of this year—Jamaica, once a sugar giant, where the industrial boom of the '50s and '60s has left an unbalanced economy reeling from recession; and Grenada, the tiny Spice Island, a postcard paradise staking its future on tourism.



## JAMAICA

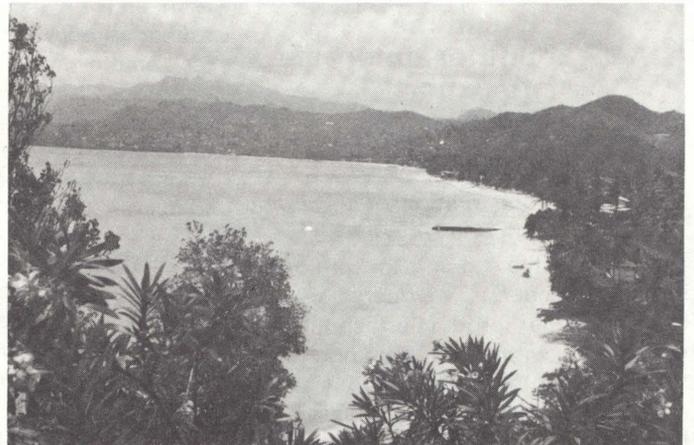
Area: 4411 sq. miles  
 Population: (end 1974) 2 017 191, 46% under 14 years of age (about 75% of African descent, 15% Afro-European, European, Middle Eastern, East Indian, Chinese, et al.)  
 Capital: Kingston  
 Main products: Bauxite, alumina, tourism, light manufactures, sugar, bananas  
 GNP: US \$2390 million (1974, at market prices)  
 Per capita GNP: (1975) J \$1 100  
 Currency: Jamaican dollar (J \$)—two-tier exchange rate now at:  
 basic rate: J \$0.9091 = US \$1  
 special rate: J \$1.25 = US \$1

## GRENADA

Area: 133 sq. miles  
 Population: (1976) 108 000, 47% under 15 years of age  
 Capital: St George's  
 Main products: Cocoa, spices, bananas, tourism  
 GNP: US \$40 million (1974, at market prices)  
 Per capita GNP: (1977) US \$330  
 Currency: East Caribbean dollar (EC \$): EC \$2.70 = US \$1



Landscape — Richmond Hill Hotel Gardens (Kingston)



Caribbean land and seascape (near St George's, Grenada)

API — ERROL HARVEY

# JAMAICA

## Bailing out after the storm

"We apologise for this inconvenience. Soon everything will be beautiful, just for you", said the sign on the temporary airport buildings in Jamaica. It might have been taken to refer to the country as a whole. Despite the severe difficulties Jamaica is facing, the national habit of grumbling fails to conceal a basic optimism.

### The economic hurricane

The tourist brochures describe Jamaica as the country that has everything—except money, the Jamaicans add. Jamaica went from a surplus of J \$56.7 million at the end of 1975 to a deficit of J \$183 million. Both export earnings and overall trade were down by some 20% on 1975 and the balance of payments crisis brought the economy to its knees. The trade deficit was 10 times bigger than in 1962, the year of independence.

The reasons for the crisis were mainly external. In the wake of the oil price rises, world recession continued to hit the bauxite and alumina industries hard. Production of Jamaica's principal export (it is the world's second biggest bauxite producer) fell by nearly a third. Sugar prices plummeted to one sixth of their record level two years before, and there was an unlucky deal with Iran which had not honoured a purchasing contract for a large quantity of Jamaican sugar. The banana industry, where production had halved in three years, was only beginning a slow climb back. Continuing drought affected all agricultural production. There was practically no new investment or reinvestment in the demoralized manufacturing sector. 1976 was "Jamaican Tourism Year", but tourism, the second source of income in Jamaica, was down by 14% over the previous year and the government bought a number of hotels to save jobs.

Crisis measures were introduced with some success. Progressive restrictions reduced imports by 17.2% over 1975, with stringent controls on consumer goods, petroleum products and certain raw materials. Export produc-

tion was encouraged and two anti-inflation packages helped counterbalance soaring wage demands and tax increases.

The 1976/77 budget was only 4.3% bigger than the previous year's, which had contained a 33.8% expansion. The sugar industry managed to reach the level of the 1975 crop, despite reorganization problems, and banana exports rose.

The present prospects are somewhat better. With world trade beginning to recover, the bauxite industry was already picking up at the end of last year. Like the hurricanes that have encouraged new growth in the Caribbean by destroying old plantations, the economic hurricane was an ill wind if it blew no good into Jamaica's economic structures.

### Reshaping the trade pattern

Jamaica shares with the other Caribbean ACP countries the problem of exporting too little to influence international markets and of having an "open" economy tied to traditional buyers (87% of Jamaica's visible trade last year was with dollar and sterling areas). The tie may be a mooring in an economic storm, but it is a restraint and it rubs against national pride. Leslie Wilson, director of foreign trade in the foreign ministry, said: "the govern-

ment has been looking at diversifying trade since it came to power. Ideally, we would like to trade 50/50 with the East and the West, which fits in with the non-aligned stance of the government and is anyway just plain common sense."

### Openings in the East

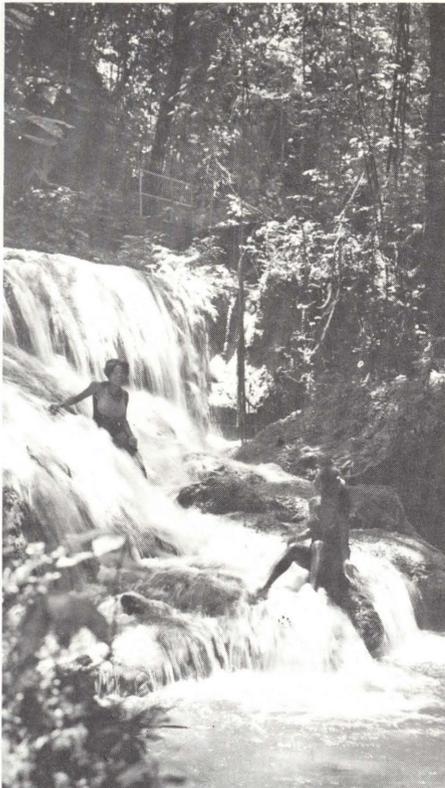
Jamaica has been making approaches to East Europe, although without going as far as Guyana, which has formally applied to join Comecon. A Jamaican trade mission was in the USSR in May to strengthen a trade link established mainly through sales of pimento, and a trade mission to East Europe was being prepared. The executive director of the Jamaica National Export Corporation, Peter King, said: "if the developing world ever hopes to get on its own feet it must seek its own markets and deal directly with them. The problem for many developing countries is that the former colonial power acts as their broker, which puts them in a much less competitive position. We often sell to a sister Caricom country through a broker in England, which is totally ridiculous."

Besides looking for new markets, Jamaica is aiming to sell new products. The JNEC handles this, promoting non-traditional exports such as tropical fruit and flowers, furniture, clothes and crafts. These, especially plants and flowers, are already challenging tourism as Jamaica's biggest dollar earner. "Last year these were worth about J \$100 million and roughly half went to Caricom countries", Mr King said. "With the exception of the UK, Europe is a non-traditional market for us, and we are hoping to break into the EEC under Lomé. There are a number of problems—the language difficulty, the



Bauxite mining in Jamaica

API — ERROL HARVEY



*Water for pleasure (Somerset Falls, Jamaica)...*

distance, the problem of getting to know how the European entrepreneur operates—but we have asked for some ECU 3 million under the EDF for export promotion, which we hope will help us make commercial contacts in Europe and develop an Export Trading House.

"Besides offering us access to Europe, the Lomé Convention has brought us into closer contact with the other ACP countries, and we are looking at the African market.

"We feel in Caricom that instead of processing imports we must make greater use of our own raw materials. In Jamaica there has been some rethinking on how small manufacturing businesses can best be developed and we have had a great success in grouping these to provide economies of scale and common services. The Export Trading House is aimed at helping small manufacturers who can't afford to leave the country; it would handle credit, documentation, shipping, packaging and marketing abroad, and should give them a tremendous boost," Mr King said.

### Chicken and egg

But trade is a two-way affair and the balance of payments crisis in Jamaica has brought import restrictions which inevitably hamper the export drive. An Emergency Production Plan was launched in May to concentrate on

basics such as food and clothing and a five-year plan is due out in December. At the same time, a two-tier exchange rate was introduced, effectively devaluing the Jamaican dollar by 37.5% for imports not considered essential. This is complicated to operate and, while it restricts imports of consumer goods, it also increases the cost of inputs for export industry. Mr Wilson described it as "a chicken and egg situation".

### Back to the soil

"In the 1950s Jamaica got caught up in the glamour of industrial development, to the detriment of agriculture", in Mr Wilson's careful phrase. GDP doubled in the 1950s and per capita income nearly trebled. Agriculture, which provided 31.5% of GDP in 1950, was only providing 12% in 1960. The boom years continued up to the 1970s, although more soberly and with occasional lapses. Per capita income rose twelvefold from its 1930 level to make Jamaica richer than most of Latin America. Bauxite was the magic wand and private foreign investment poured in, dominating not only the mineral sector but also export agriculture, food processing, light manufacturing, banking and hotels.

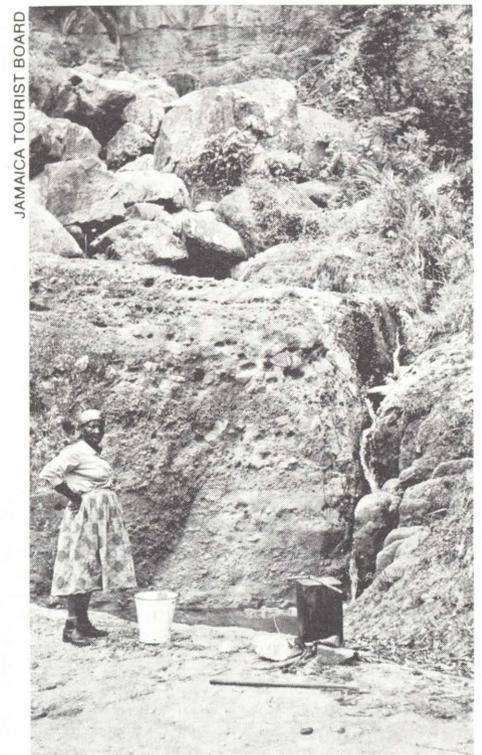
What it failed to provide was enough employment. In 1960 unemployment reached 13%, in 1970 nearly twice that. Emigration has been a traditional Caribbean solution to unemployment—one Jamaican in eight lives abroad—but this tightened up, especially in Britain, and the recent emigrants from Jamaica have been those the country can least afford. Deputy Prime Minister David Coore recently estimated that 2000 of Jamaica's 10000 professional people had emigrated (many to Miami) and \$300 million had left the country. Now there is an annual limit of \$50 that a Jamaican can take abroad without permission. The expensive villas above Kingston are to let while the city slums become more crowded daily. Jamaica's first priority is to generate jobs, and that means a new look at agriculture.

### A new image

"The Jamaican landscape is practically the same as it was 50 years ago", a professor of history told me, i.e. many peasant smallholdings and a few large estates (on a recent assessment, 2% of the farms covered 63% of the farmland). Sugar and bananas were traditionally Jamaica's main products (Caribbean sugar was the biggest single industry in the world in the early 17th century), yet agriculture overall was only contributing 9.1% to GDP by 1972. At the same time, it employed

29% of the labour force and provided over half the raw materials for the secondary sector. The problem is how to keep people on the land and end the stagnation of domestic farming. It is as much a social as an economic problem. Jamaica, always turned to the outside world, is a sophisticated developing country. The tertiary sector provides over half the GDP. Whether or not agriculture still has popular connotations of slavery, young Jamaicans are well aware of the lifestyle of the West, and as one commentator put it, "our boy don't want to ride a donkey any more and he can't afford a Chevy, so why should he work?" A farm worker's weekly wage is around four times the shop price of an ordinary household broom, and even then Jamaican agricultural exports are generally too expensive to be competitive on world markets.

"We are refocussing our thinking on agriculture, but we will have to learn from bitter experience. If you expand beyond a certain point, the economies of scale work against you. I don't think our sugar production will ever exceed half a million tons, and there are other uses for the land besides sugar and bananas. We don't want to prop up these industries merely for the sake of sustaining jobs. What we must do is tailor our production to the market situation, both internal and external, and this is why international commodity arrangements are so important. There is a vast difference between the



*And water for necessity: Jamaica is short of it*



API — ERROL HARVEY

### Harvesting of sugar cane

*“A very difficult time for this industry”*

new kind of commodity arrangements and the old colonial kind,” Mr Wilson said.

The Emergency Production Plan has put new emphasis on farming for the local market, but the backlog of traditional methods will take a lot of shifting. On emancipation in 1833, the ex-slaves took to the hills, and on many smallholdings it will never be possible to use a tractor. Fertilizer prices have soared. Generations of hardship have bred distrust of new methods—how can you explain soil bacteria levels to a farmer who plants his yams according to the phases of the moon? Schools are being encouraged to teach market gardening, but what pupil will grow up to be a farmer if his teacher sends him to work on the vegetable plot as a punishment? An Agricultural Marketing Corporation has been set up to improve distribution, but even this has critics who feel existing structures should be improved before new ones are introduced.

## Sugar

Export agriculture is more open to change. The sugar industry in particular is used to shake-ups. There were about 130 sugar factories in Jamaica in 1900, only 15 in 1972, and old ones are still being closed in an attempt to rationalize an industry that has proved



API — ERROL HARVEY

### Banana fields in Jamaica

*A sector which is still a major employer*

incapable of adapting to a commodity market in a state of turmoil. The Lomé sugar protocol and the new International Sugar Agreement which is being hammered out are of fundamental importance as replacements for the Commonwealth Sugar Agreement, under which Jamaican sugar production rose steadily, the acreage under sugar increasing sixfold in 30 years, to its record level of over half a million tons in 1965. Since then production has fallen by a third. But protectionist agreements alone will not solve the industry's structural problems of low productivity and high underemployment.

Wesley Wainwright, chairman of the Sugar Industry Authority, said: “it is a very difficult time, although sugar is more resilient than other crops which have been hit by the recent drought. We are reorganizing the sugar industry and we are negotiating with the World Bank to finance a major programme to increase the crop yield and our refining capacity. Irrigation is very important and we are looking for help with this. Smut disease is another problem we have had. The reorganization involves setting up workers' cooperatives, giving the workers a share in the ownership of the sugar industry. The government, which now owns around 60% of the industry, has acquired some sugar estates and turned them into cooperative farms, with pilot schemes, and these have had encouraging results

—although not without teething troubles. This reform will be one of the landmarks of the present administration.

“As regards the long-term prospects, sugar is definitely here to stay. It employs about 50000 people and we know how to grow it. Before thinking of turning the land over to other uses, it should be realised that some 130000 acres, mostly foreign-owned, are lying idle, and that is nearly the same amount of land as is currently under sugar.”

## Bananas

Bananas brought in over half Jamaica's export revenue in 1938 and only 4% in 1972. The fruit was practically wiped out by Panama disease from 1938 to 1942 and destroyed again by a hurricane in 1951. Traditionally produced by the small farmers, along with cocoa, coffee and coconuts, Jamaican bananas cannot compete with the big Latin American and African plantations and the producers have been subsidised by the government since 1969. Nonetheless, both quality and productivity have considerably improved and there is a good demand for the smaller, tastier Caribbean banana. A big EDF-backed project should be a real encouragement for an industry which again is a major employer.

## Other agricultural products

Citrus fruit, pimento, molasses, cocoa, coffee and ginger all offer good prospects to Jamaica without really living up to them. Production of the famous Blue Mountain coffee, for instance, is hampered by the famous Blue Mountains, with their problem of soil erosion. Traditional land ownership systems and production difficulties, together with foreign competition, drought and market problems, have been obstacles, but cocoa in particular has developed successfully.

## From bauxite to aluminium?

All developing countries want to process their own raw materials and in no case is the reason more evident than with bauxite. Approximately four tons of bauxite are needed to make two tons of alumina, worth twice as much, and one ton of semi-finished aluminium, worth about 36 times as much as the original bauxite. Jamaica has the biggest known bauxite deposit in the world and has never made an ounce of aluminium. Electricity is needed to turn the one into the other—up to 20000 kWh a ton—and Jamaica cannot afford it. The added value from processed bauxite would obviously be immense; even if the processing remained in foreign hands, there would be great benefits in the form of job creation and taxable revenue. Trinidad and Tobago does have the energy, and is dutifully shouldering some of Caricom's economic burdens on the strength of it. But the political and economic situation, both within the Caribbean and as regards the uncertain relationship between Caribbean governments and North American money, is too entangled for Jamaican aluminium to be a likely prospect in the near future. Agreement was reached on starting an aluminium smelter in Trinidad and Tobago involving Jamaica and Guyana, but Trinidad premier Dr Eric Williams has since indicated that his country will go it alone. So far, the foreign aluminium companies have preferred to take the bauxite home and process it near their industrial markets, which also avoids the political risks of leaving the entire operation in a developing country.

## The social situation

Last year Jamaica faced a crippling balance of payments crisis, a state of emergency was declared during a wave of violence, and the government was overwhelmingly re-elected. As the tourist brochures say, "anything can happen in Jamaica". It was a measure of the popularity of Premier Michael Man-

## EDF projects in Jamaica

Project	Amount (million EUA)	Progress as of July 1977
Micro dams and pumps	3.7	Loan agreement signed in May 1977. Implementation to proceed
Water tanks	1.8	Awaiting completion of project above (second phase)
Bananas	3.067	Loan agreement signed May '77
Training programme	2.79	Pluriannual Programme approved EDF Committee March '77
Early childhood education	0.93	Project still in stages of definition
Adult education	0.93	—
Industrial Development Corporation	0.93	Jamaican government to define project
Squatter settlement upgrading	0.93	Jamaican government forwarded revised dossier July 1977
Jamaica Development Bank	1.86	Dossier prepared
Export promotion	2.79	Two accelerated procedures for technical assistance completed (80000 EUA). Third in hand for technical assistance in September.

ley and his socialist People's National Party, which took over in 1972 on a policy of social reform.

## Heavy manners, but no repression

Jamaica has been scarred by a bad patch of violence since independence, much of it political, and the latest state of emergency was not lifted until six months after the general election. The Gun Court prison, with its barbed wire and watchtowers, is an ominous new feature of Kingston and the villas in the hills have bars to prevent break-ins. Yet

the atmosphere is the opposite of repressive. Mr Manley adopted the phrase "heavy manners" to describe the clamp-down on violence—use it, and people smile. A frequently used word is "involvement"; both Mr Manley and his father, who was a Prime Minister before him, drew their following from the trade union tradition that has involved Jamaican workers in the political process for a long time. There was a high turn-out at the polls, and with the "Daily Gleaner" thundering indignantly, slogans appearing on walls and satirical revue continuing to flourish, although perhaps more cautiously, Jamaica gives the impression of being a highly mobilized country even without the services of the new ministry of national mobilization.

The massive unemployment is the result of the structural imbalance in the economy, made worse by the population explosion and the restrictions on emigration. The per capita income figures conceal wide income disparities. With half the population under 15 years old and half the adult population, according to a 1970 estimate, illiterate, an immediate priority is education, which takes the second biggest chunk of the budget. The formal school system can only offer secondary education to one child in six and the new five-year education plan stresses alternatives such as JAMAL, the Jamaican adult literacy programme, under which volunteer teachers hold classes wherever they can in their own time. JAMAL has carefully avoided the "cat sat on the mat" approach to provide relevant



JAMAL adult education class

teaching material, and its success is indicative of the enthusiasm for self-improvement in Jamaica.

## Training

At the top end of the educational scale, Jamaica needs technicians and middle-level managers. Perhaps the British left a social prejudice in favour of the "liberal" professions, in which the island is eminently represented; certainly the lure of new opportunities and better salaries has encouraged a brain drain. "Everyone wants a white collar job these days," Mr Wilson remarked, but apparently not just any white collar job. A senior civil servant described how attempts to prune the civil service had been frustrated for two years, partly for lack of the money required to pay off officials under an "inherited" pension system, and a university professor commented, "there is feather-bedding everywhere". Institutes such as the Finance and Accounts College of Training and the College of Arts, Science and Technology are helping to put the balance right, but Jamaica continues to import foreign technicians as its own graduates leave. Some see this as proof of a sense of inferiority instilled in colonial times; for Mr A.Z. Preston, Vice-chancellor of the University of the West Indies, "we're overconfident—that's the problem".

## "Age quod agis"

Jamaica as a playground for the rich, and the get-rich, is temporarily empty, but it will never be drab. Its mixture of colour, culture and creed—"black power is just one of our fads", I was told—gives the island a strong sense of national identity, and the influence of the Puerto Rican economic model in the 1950s and the Cuban model now should not be exaggerated. Abroad, Jamaica will continue to be a skilful negotiator in the rich-poor debate, and trade, coming under the same ministry as foreign affairs, will be of the first importance. At home, conservatives may see the government as trying to level Jamaican society faster than resources permit; yet, where the divisive effects of the boom years had already been halted, the economic collapse could help reverse them by encouraging the building of a more self-sufficient and less vulnerable economy. For the moment, the motto of one of the island's oldest schools appears to summarize policy in most areas: "age quod agis"—do the best you can.

# From diplomacy into action

## Talking to Frank Francis, Permanent Secretary at the Jamaican Ministry of Foreign Affairs

► *Mr Francis, you spent five years in Brussels, during which you played a leading part in the EEC-ACP negotiations. What were the main changes you noticed when you came back to Jamaica?*

— Perhaps the price increases struck me first—it's almost frightening. The increased activity of the government in a number of areas is also very noticeable. Another change I should mention is personal, in that my area of responsibility here in the foreign ministry is so much wider than it was in Brussels; the subjects we dealt with there were wide-ranging, but always within a particular context.

## The diplomacy of cooperation

► *The Lomé negotiations were an example of modern diplomacy on an unusually large scale. Do you feel the nature of diplomacy is changing?*

— Clearly a country must have representatives overseas to look after its interests, in both bilateral and multilateral situations. The need for that does not change. Perhaps the character and content of diplomacy is changing in that it is now oriented more towards economic interests. The whole practice of diplomacy started with a relatively small number of countries, whose objectives presumably were economic but who practised them through political means; whereas in today's world, where there are a very few super-powers and a large number of other countries who cannot be in the super-power game, the purely political side is probably less important. This is particularly true of the smaller and newer countries.

► *How much did the Caribbean group influence the Lomé Convention?*

— I believe we played a significant role, but I don't want to give the impression that we hogged the show. In a number of respects we had advantages. There were aspects of the negotiations with which we were very familiar ourselves, such as sugar, and the whole question of commodity trade —

not only the general idea but the detailed aspects of the Stabex scheme, for instance, were not new to us. From Caricom, we were familiar with such matters as rules of origin under a preferential trading system. I think this sort of recent experience made our contribution useful. Perhaps our influence was more obvious on the trade than on the aid side, although we certainly had some ideas about the quality of aid.

► *Looking back, what did you get out of Lomé that has really proved useful, and how did you get it?*

— I would put at the top of the list the fact that we were able to negotiate for so long, in such detail and with such a continuing show of oneness among the ACP group. This was and still is very important. Then, the sugar arrangement was naturally important for us in the Caribbean, although we are still having difficulties in implementing it. The Stabex scheme represents a significant step in the right direction in international terms, although the Caribbean has not drawn anything from it yet. And the EDF is now beginning to make itself felt in the Caribbean.

► *Will the Caribbean ACP countries be as active in the renegotiation of the Lomé Convention in a year or so?*

— I would expect the Caribbean to play a very full role in the next set of negotiations, as we did in the first. I think that what happens during this next year in the various international fora is going to condition the formulation of our negotiating objectives, and I doubt if any party to the Convention would hazard any detailed ideas at the moment.

## Cooperation in action

► *EDF projects in Jamaica are beginning to get off the drawing-board. How successful has the EEC been in putting words into action in the Caribbean?*

— I don't think the EEC has had any difficulty in making itself known. There was some hesitation in Brussels about including the Caribbean in the Lomé

deal, but I like to think that that has disappeared and that the implementation of the Convention, as far as it has gone, shows that we are capable of acting as a single group.

▶ *Perhaps we could look at some particular areas of the implementation of the Convention. The 10% of Lomé aid put down for regional cooperation is of particular importance to the Caribbean. What is being planned under this heading?*

— We certainly have an interest in formulating regional projects along with the other Caribbean ACP countries for EEC finance. We want to put forward these projects through our own regional institutions so that there is a direct Caricom-EEC link.

▶ *Under Stabex, you haven't put in any claims yet.*

— Unfortunately, we haven't made the thresholds.

▶ *Isn't that a good thing?*

— That might be discussed at length! The one thing Jamaica might have an interest in is bananas, where we're a decimal point or two short of the Stabex threshold.

▶ *What about microprojects?*

— This very definitely interests us, and recently we've been seeing how we can make use of this.

▶ *And what's happening under industrialization?*

— The Centre for Industrial Development is now getting started in Brussels and should prove very valuable. But this is an area in which I fear we have not pushed as hard as we ought to have done, and I hope we will be more pushy in the next few months.

▶ *Is it fair to say that Jamaica made industrialization too much of a priority in the 1950s, to the detriment of agriculture?*

— In the short term, this is perfectly true. My own reaction is that as between agriculture and industrialization one doesn't talk of priorities. They are both vital. But the experience of the last 15 or 20 years shows that if you attempt to ascribe priority to the one rather than to the other, you can get out of kilter and create problems.

▶ *Will you be asking for food aid from the EEC?*

— We haven't approached Brussels for any substantial amounts so far, but because of the whole series of difficulties we are going through at the moment, we are proposing to put in a rather larger request for food aid.



**Frank Francis**  
*A diplomat in action*

▶ *How will the two-tier exchange rate affect the financing of aid projects?*

— Well, a fixed amount expressed in units of account will be expressed in a greater number of Jamaican dollars than before. Since the projects are expressed in Jamaican dollars, this might mean more dollars are made available, in which case all I think will happen is that we may be able to finance additional projects in order to use up our full allocation of units of account. It's a nice thought that some of this money might be transferred into our foreign exchange reserves. But the value of the aid arriving in Jamaica remains unchanged in terms of foreign exchange.

### **Slow administration and poor foreign technicians**

▶ *You've described something of the diplomatic side of cooperation. As regards putting aid into action, many foreign aid advisers seem frustrated by what they see as the slowness of developing countries to take advantage of the help they are trying to offer. Some of the reasons put forward for this are: that the foreign technicians don't know the country they are working in, nor how to work with the people; that in many developing countries the local authorities are politically appointed and not always very sure of the technicalities of their jobs; and often there are young people in positions of authority who lack experience. Do you think this frustration exists, and if so, that these are some of the reasons for it?*

— I think it is perhaps true that developing countries tend not to use the development funds available to them

as fast as they might. We have had some problems with this in Jamaica. And I think all the reasons you mention as examples probably hold true in particular cases. The allegation that foreign technicians are not attuned to the countries in which they are working is generally true, although of course there are many exceptions, and it is an aspect of development cooperation that deserves more attention. It is one of the reasons why, during the negotiations in Brussels, there was insistence on the provision which says, roughly, that it should be possible for technical assistance to come from other ACP countries and be financed by the EDF. A number of ACP delegations mentioned this experience and it was felt that if expertise of sufficient quality was available, the ACP countries would wish to be able to take it from amongst themselves rather than from Europe. It's a question of understanding attitudes and hang-ups.

▶ *The expertise might be more readily available among developing countries if their own qualified people stayed at home. Should there not be more emphasis on creating high-level jobs as well as low-level ones, to stop emigration?*

— This is generally true. There is no question that Jamaica is suffering from a brain-drain and I suppose this is true for most developing countries. There are two reasons for it: one is that young people naturally want to see somewhere else and cope with new challenges, and the other reason is very simply that they can get better salaries abroad. I don't know what the answer is. If we attempt to match the salaries all sorts of crazy things happen. I think we must exchange technical assistance among the developing countries more and more.

# GRENADA

## Catching the trade winds

Grenada is the most southerly of the string of Windward Islands that separate the Caribbean from the Atlantic. Reputedly the most beautiful island in the West Indies (and the first to have produced a "Miss World"), its wall-to-wall volcanic mountains have imposed an orchard economy rather than the plantation agriculture that founded the fortunes of flatter, coralline neighbours such as Barbados. Grenada's nutmegs, mace, cloves and cinnamon have given it the name "the Spice Island".

Spice drew Columbus to the Caribbean in 1492, although he did not "discover" Grenada until later. Since independence in 1974, this small island is more than ever eager to be discovered, not least by the tourists who seem to offer the best prospect of economic growth in the longer term.

### Foreign contacts

Miss Gloria Payne, Permanent Secretary in the Ministry of Planning, Development and Training, said: "three years of independence have allowed us to establish contacts with a wide range of countries and different funding agencies. This has broadened the scope of our opportunities. We are now in the United Nations, the Organization of the American States and the ACP group, as well as Caricom, the East Caribbean Common Market and WISA (the West Indies Associated States). This is important not only diplomatically but commercially, as we are moving towards non-traditional markets such as the United States. Previously we sent all our crops to Britain.

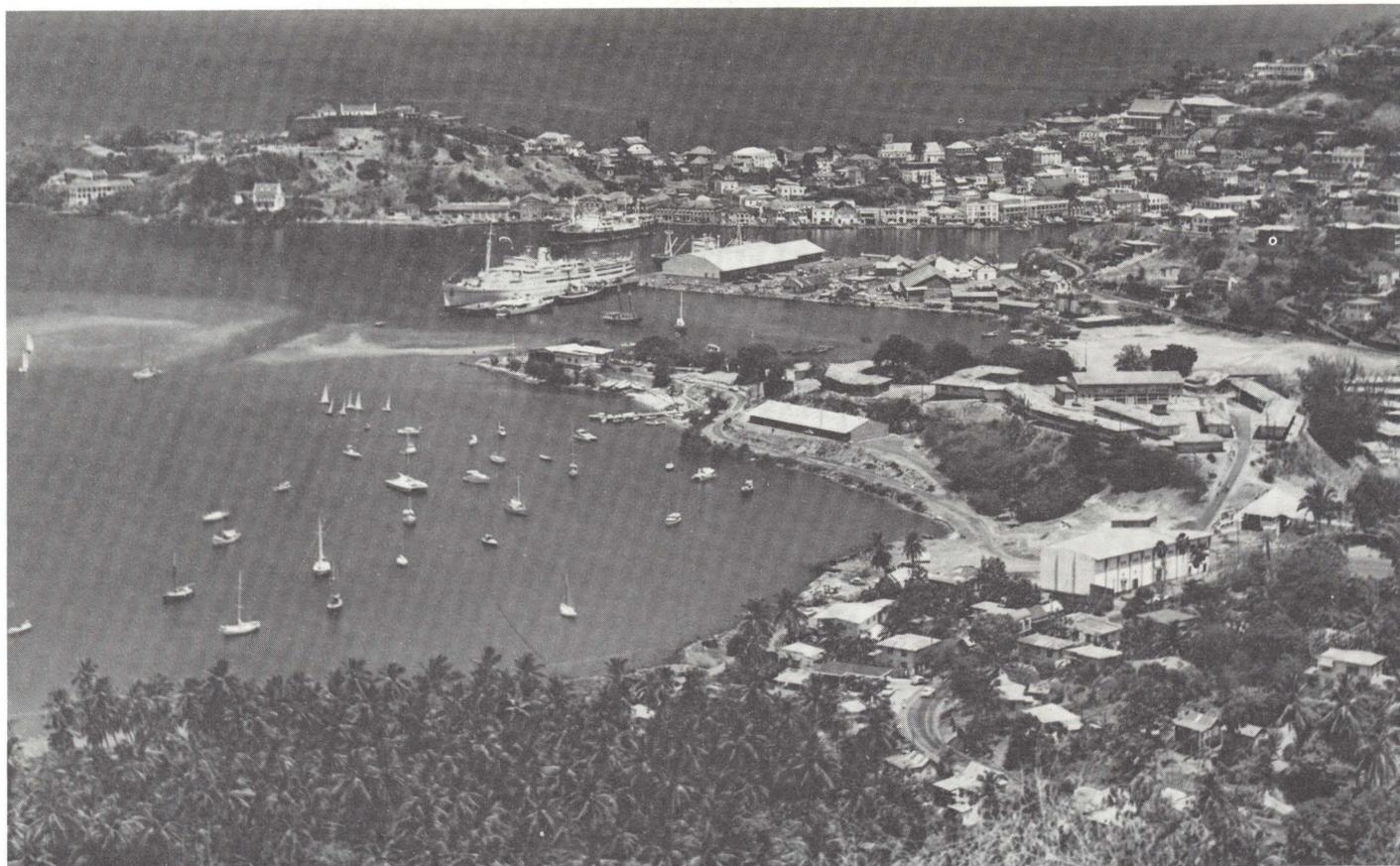
"We made a bad start at independence. The energy crisis hit us and there was also a three-month closure of the Port of St George's by the trade unions, as some people didn't want

independence. This deprived us of a good deal of revenue. We have spent a long time recovering and the economic take-off is really only just beginning. Now most of our aid arrangements are settled.

### The economy

"In general, the difficulties for Grenada's economy are that it is open, small-scale and has been dependent for so long on traditional export crops and traditional markets. The problem of the terms of trade, especially since the oil price rises, is very serious for us", Miss Payne said.

On an island of 133 sq. miles with some 110000 people, the economy is inevitably very small-scale. It has reserves for only a few days. Although the economy is agricultural, Grenada imports much of its food, and practically everything else. The visible trade deficit widened from EC\$ 7.6 m in 1960 to EC\$ 32.3 m in 1972 and food imports cost three times as much at the end of the same period. The East Caribbean dollar spiralled down with the pound sterling, to which it was tied until last year. Agricultural raw materials make up nearly 99% of exports but only in the case of bananas is there some



*St George's, capital of Grenada*

margin of protection against market fluctuations. The current account deficit has traditionally been financed by remittances from Grenadians abroad and by foreign aid. Tourism helps, but receipts fell by almost half in 1974 and the limits of Grenada's tiny airport, on the opposite side of the island from the capital and serviced by the elderly aircraft of Leeward Islands Air Transport, prevent this industry from really developing.

### **"A new era"**

In his budget speech in April this year, George Hosten, Minister of Finance, Trade and Industry, said: "I believe that this is the true beginning of a new era". 1976 showed a considerable economic upturn at home and abroad, he reported. GDP was up by over 4% on 1975 and export receipts were up by 26%. For 1977, Mr Hosten anticipated similar increases in export receipts, mainly through increased production of, and better prices for, bananas and cocoa, and a substantial increase in tourism. "Realistic" projections for five years ahead pointed to a continuing increase in GDP of 4-5% p.a. and an overall increase in export earnings of 80% (which might buy 30-40% more imports by then), he said.

For this, "we need help from our friends overseas", Mr Hosten added. Last year Grenada received aid teams from the Caribbean Development Bank, the World Bank, the International Monetary Fund and the European Development Fund, and started talks on more British aid. In May this year the island was proudly able to host the Organization of American States, of which it is the smallest member, due partly to its ties with Chile.

### **The development strategy**

Development planning is directed in the short term at labour-intensive projects in agriculture and fisheries, the construction of houses, roads, bridges and industrial estates, the development of small-scale and agro-based industries and a rural works programme; in the longer term, towards the diversification of agriculture, the development of agro-industries, the restructuring and development of the tourist industry and the construction of both the physical and the administrative infrastructure needed to support this strategy.

## **Tourism**

The single most ambitious project is a World Bank scheme to make the tourist industry five times bigger in 15 years, "employing several thousand more people and bringing in massive earnings of foreign currency". The plans are not yet finalized, but the main job, building a new airport equipped for bigger aircraft and night landings, could start in 1979. This would also be important for freight. "Such a level of tourism would not overwhelm the economy... we shall maintain balanced development and continue to develop our traditional agriculture", Mr Hosten said. Grenada is anxious to protect its scenery; buildings are limited to the height of a coconut tree (three stories) and future industries will be vetted for pollution.

## **Roads**

Internal communications are a major problem as well as those with the outside world. The road network in Grenada is comprehensive but in a bad state of repair and a five-year road programme is being finalized, under which a substantial portion of the 100 miles of major roads should be reconstructed. Most of the EC\$ 6 m EDF allocation to the island is earmarked for this and there is concern that the roadworks should not be merely a cosmetic job. In the rainy season, children are often unable to get to school because of the state of the roads.

## **Agriculture**

Grenada's high food bill has prompted an accelerated programme of import substitution and restrictions on items such as fruit and vegetables that could be grown on the island. Areas are being allocated for intensive food crop production. The island is fertile and well-watered, although better water management is an important item of the rural works programme, and agriculture is more diversified than in the rest of the Windward Islands. Grenada's export crops often have the advantage of being of high enough quality to benefit from the relative security of luxury markets.

The island did once have a sugar economy. The industry was revived in the 1930s, struggled through the 1960s as a political issue and now produces a few hundred tons again, but cocoa and nutmegs proved much better suited to

peasant farming in the mountains. Hurricane Janet in 1955 cleared the old trees and prepared the way for the successful introduction of bananas, which provide useful shade for cocoa.

Sir Dennis Henry, chairman of the Grenada Cocoa Industry board, said: "we have always been distinguishable from the other islands by our strong peasant farming tradition, which has had social and political consequences in that the small farmers have been able to make their opinions felt. The big estates are gradually going out. If they are efficient—and many aren't—they set a good example, but there is absolutely no reason why the small farmers cannot be as efficient as the estates, provided the government can provide the necessary back-up services".

## **Bananas, cocoa, nutmegs**

However efficient, the small-scale Caribbean banana industry cannot compete on the open market. "Unless we maintain our traditional market in the UK, the future for bananas will be bleak indeed. The EEC-ACP talks on this are extremely important. The British are doing the best they can for us, but unless we work out some understanding with our friends in the ACP group the industry will be in great jeopardy. In the past we had to maintain our position with Britain. Now we have to work out solutions with the ACP producers, who are strongly placed to compete on the same preferential market", Sir Dennis pointed out.

Grenada's high-quality cocoa is better placed, particularly with the current world shortage following the drop in African production over the last two years. Nutmeg sales are subject to market fluctuations depending on the East Indies, which supply the remaining two-thirds of world production.

With statutory bodies controlling the marketing of these three exports, Grenada seems rather better able to deal with external than with internal questions of supply and demand. The poverty of the St George's marketplace is recorded in a thousand holiday snaps. More scientific farming and irrigation are the long-term answer to the gluts and shortages that follow the planting seasons, "but very few countries have produced good marketing agencies—it's an extremely difficult subject", Sir Dennis said. Modernization can only go so far when the terrain and the orchard layouts prohibit the use of most machinery, but aerial

spraying is used on bananas and Grenada has achieved one of the world's highest cocoa yields.

"Agriculture will always be the first line of defence in the economy of a country like this, but it can never by itself raise the standard of living as the people expect", Sir Dennis concluded.

### Administration and development aid bureaucracy

"Financial control has been extremely difficult in the last few years", Mr Hosten reported. David Thompson is a British finance and development adviser whose job is to improve it. "We have to adapt a late 19th century colonial budgeting system to the needs of a modern developing country and this is quite a job", he said. The major civil service departments are being reorganized on a programme budgeting basis and a system of monthly cash-flow controls is being introduced. A prices review committee was set up last year and a special court deals with profiteering.

Compared to most developing countries, Grenada has low levels of both internal and external debt, equivalent to less than a third of foreign currency earnings. The current IMF-backed stabilization programme should help to



The market at St George's  
*gluts and shortages*

## EDF projects in Grenada

Project	Amount (in thousand EUA)	Progress as of July 1977
Road improvements	1 450	Study being finalized
St George's hospital extensions and equipment	198	Work in hand
Microprojects (village equipment, etc.)	230	Work in hand
Training and technical assistance	83	In preparation

balance the country's books this year, pay off arrears (civil servants had their first pay rise since 1970 last year) and reassure the banks. A small economy has advantages: a bumper crop can be sold without bringing down the market, for instance, and a little aid goes a long way.

Yet the question of financial administration can be an irritating stumbling-block as far as aid is concerned. An outspoken critic of this is Derek Knight, Minister without Portfolio, who explained: "aid administration is run on too big a scale. Frankly, it is unrealistic for a country as small as Grenada to have to watch vast sums being spent on the administration of small sums of aid. We were very impressed by the last EEC technical team—they were raring to go—but they are hamstrung by rules and regulations. We need less delegates out here, less expensive foreign experts and much less red tape. Our own assessments should be taken on trust and technical assistance should be geared down; for instance, we already have report after report on road improvements but new studies are being done, all of which costs far too much and causes delays. The aid-giving countries would relegate this to a minor official at home. Aid like this ought to be disburseable virtually without comment or question".

Mr Thompson remarked, "it is understandable that all these lesser developed countries should want the money immediately, just poured out on top of the table. But this money has to be accounted for to the public". The EEC Commission services in Brussels are certainly aware of the red tape problem and some procedural streamlining can be expected, although perhaps not before the renewal of the Lomé Convention.

### Neighbours and friends

"The East Caribbean countries share such problems as poverty and limited

resources and it is a historical grouping. All the leaders are politically committed to close cooperation. But we have close ties with the other Caricom countries and it is wrong to think of the East Caribbean as a highly centralized unit. We are looking for pragmatic means of integration rather than set formulae", Mr Knight said. Ian Gale, Grenada's Director of Information, confirmed that "the islands still don't know each other well enough". The press and broadcasting can back up the political moves towards integration; the recently-created Caribbean News Agency (CANA), for instance, covers the Caribbean from its Barbados base and hopes to strengthen links with the West Indian community in Britain. "But the sea is still a great divide", Mr Gale commented, and it is sometimes pointed out that islands largely dependent on the tourist trade are wary of bridging that gap and thereby letting Grenada fully into the tourist market.

Grenada's relative seclusion is peaceful. The campaign by the island's popular Prime Minister, "Uncle" Eric Gairy, to make friends abroad is not inspired by division at home. Dr Gairy, who holds more than half the ministerial portfolios, led Grenada through its bad start with a firm hand and his Grenada United Labour Party was re-elected to government last December facing a respectable opposition coalition (6 out of 15 seats). With the economy straightening out, Grenada also enjoys social stability despite high unemployment (20-30%) and high taxes. The new airport should see a real economic take-off, but by continuing to appeal to the luxury market Grenada should avoid some of the social upheaval that often accompanies mass tourism. Requests from foreigners to settle on the island still feature prominently on the daily agenda of government business and the first thing visitors are likely to be told by their taxi-driver is "Grenada is the friendliest island in the West Indies". □

BARNEY TRENCH

## GUYANA

### The economic picture <sup>(1)</sup>

Guyana covers 83000 sq. miles of the South American continent. It lies between the two great rivers, the Amazon and the Orinoco, and itself contains some great rivers—the Essequibo, the Demerara and the Berbice—and major tributaries of these rivers, the Mazaruni, the Rupununi and the Canje.

The rivers rise in the highlands of the various northern ranges of the South American continent and empty in the Atlantic. In consequence, the sea between the mouths of the Amazon and the Orinoco is heavily silted and appears muddy in contrast with the clear blue waters of the rest of South America and the nearby Caribbean islands. The economic development of Guyana has not, therefore, been exploited for tour-

ist development as in the Caribbean islands. But if the beaches are not as beautiful. The fishing and shrimping waters are among the best in the world and attract fleets from as far away as Japan.

The rivers have, over time, contributed to the development of a very fertile coastland of silt deposits. These areas of silt deposit formation are very wide in some parts of the country, exceeding depths of 40 miles from the sea coast in those parts of the country which border Surinam, Guyana's eastern neighbour.

The other feature of this relatively recent silt-formation on the coastal belt is its low level. In many parts of the coastal belt, the land is below the level of the sea and presents formidable problems in keeping out the sea and maintaining adequate drainage.

The rivers have fewer rapids in those parts of the country where the silt deposit areas are widest. Correspondingly, however, the river beds are shal-

low and subject to frequent silting and therefore navigable only to relatively small boats of 10 to 5000 tons. Beyond this coastal area, the rapids and waterfalls make navigation difficult, if not impossible, but offer potential hydro-electric power.

The development of the economy was based on agriculture, which started on the relatively fertile lands on the banks of the rivers but shifted to the more fertile coastland. This required greater infrastructure to cope with keeping out the sea, draining the soil and irrigating it during the dry seasons.

The rest of the country—about two-thirds of it—is covered with mixed tropical hardwood forests which contain species, like greenheart, that are internationally famous. Exploitation of the other species, however, is still very underdeveloped in terms of the rate at which other potentially useful species are extracted for home use and for export.

Most of the country's small population are clustered on a strip of the coastal silt deposits. In terms of the whole land area there are less than 10 people to every square mile, yet the crowding on some settled areas is as dense as anywhere in the world.

The most significant thrust into the vast hinterland has been associated with the mining of bauxite. Some 70 miles from the sea is a relatively large bauxite mining township on the edge of an area of bauxite deposits with reserves for another 25 years at double the current rate of extraction.

(1) Article prepared by the Guyana Embassy, Brussels.



*Two thirds of the country are covered with forest*

The people of Guyana are of diverse origins. The Amerindians who are the original inhabitants comprise about 5% of the population. The other peoples were transported to Guyana to work on the sugar estates and include East Indians, Africans, Chinese, Europeans of Portuguese and Northern European descent and, of course, mixtures of these various peoples.

## THE ECONOMY

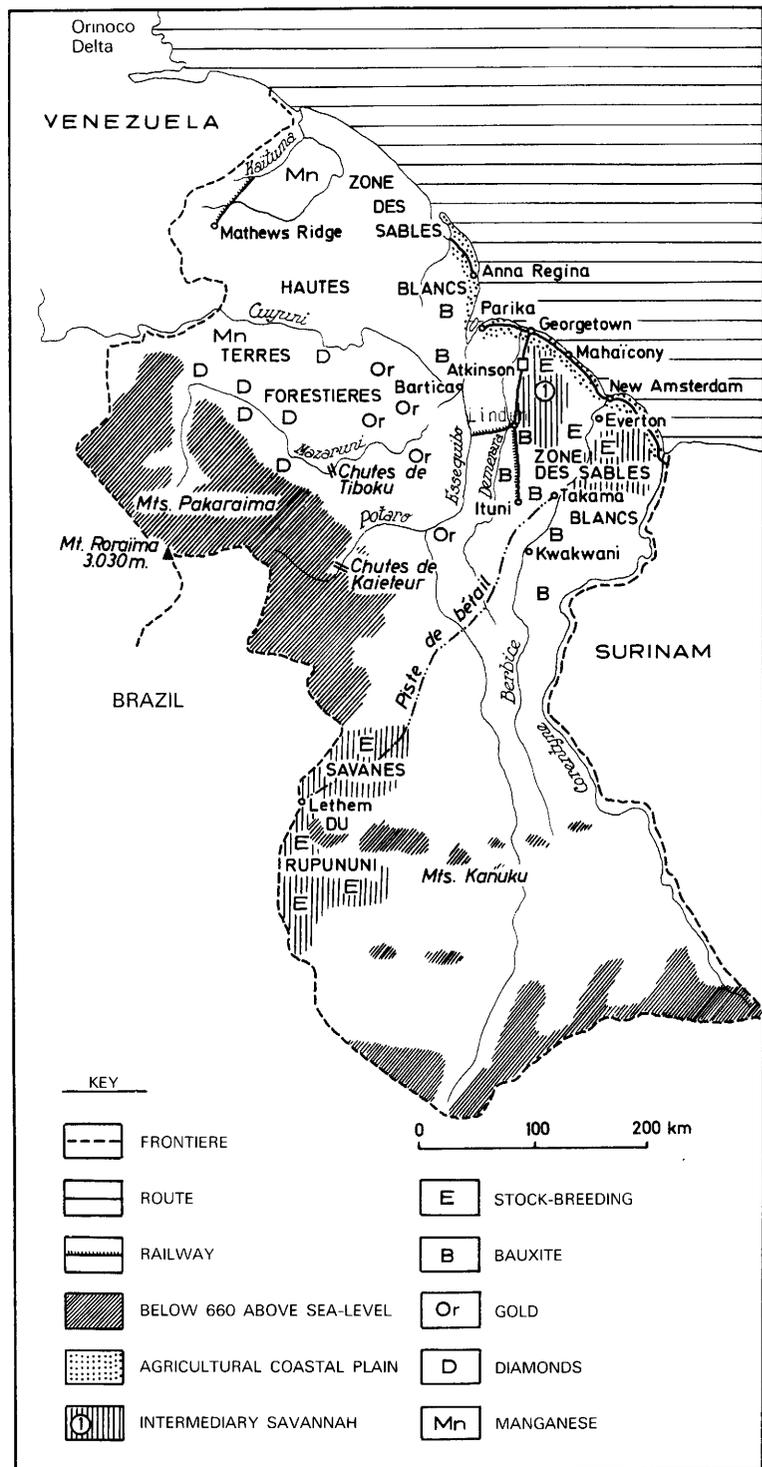
Although plantations and economic activity linked to the metropolis were established more than 300 years ago, the economy has remained dependent and underdeveloped. In many respects, development of the overall economy even deteriorated as a result of the development of single enterprises. A good example is the development of Booker Mc Connell, a sugar firm which started in Guyana and mushroomed into a giant that controlled as much as a third (and as much as a half in good years) of the exports of the economy. This development was concentrated on the export of sugar at the cost of the under-development of cotton and coffee which were thriving plantation crops before the arrival of Booker.

The production base associated with the development of this dominant firm (and later with Alcan) has remained narrow and depends heavily on sugar (associated primarily with Booker Mc Connell), bauxite (associated primarily with Alcan) and rice, which is a major peasant farming activity. Some idea of the importance of these sectors in the economic life of the country is brought out in the table below.

The three dominant sectors are not only important in the relative size of their contribution to the Gross Domestic Product but also in the way the fortunes of the sectors affect the overall economy. The sharp rises in the GDP in 1975 and in 1976 of 50% and 26% respectively were a function of a tripling of receipts from sugar. Similarly, the fall in the GDP in 1976 of about 5% derived from a drop in sugar receipts of about a fifth.

This dependence on export activity is associated with the circumstances of a very open economy. In relation to the GNP, imports have been as high as 100% in 1976. Of the total import bill of G \$1000 million (about US \$400 million), some 14% to 15% represents payments for petroleum and petroleum products. In 1977, when the government expects to reduce the total import bill to about G \$850 million (about US \$330 million), oil payments would amount to about a fifth of the total bill. □

## GUYANA'S RESOURCES



G \$Mn.	1960	1965	1970	1972	1973	1974	1975	1976
Gross Domestic Product (GDP) at current factor cost	263.5	325.0	467.4	529.3	576.0	865.0	1 090	1 055
(GDP) in sugar, bauxite and rice	111.0	122.4	170.4	177.5	163.4	396.3	518.9	436.0

## NIGERIA

# Grappling with urban crowding

by Fred AKHILE(\*)

To tackle the enormous problem of urban overpopulation and the prohibitive rents that accompany it, the Nigerian government has determined to build about 136775 dwelling units of houses before March 1978, or within the present development plan period.

Since the end of the Civil War the country has been faced with considerable urban problems, particularly in the big cities of Lagos, Port Harcourt, Benin City, Enugu, Kano, Kaduna, Ibadan, Warri, Aba, etc. Immediately the war ended there was a large-scale drift of population to the urban areas, particularly to Lagos, from the war-ravaged areas of the country.

Each year, thousands of secondary and primary school leavers also rush to

Lagos and other state capitals in the hope of securing a job with a living wage, or to learn a trade.

The worst hit part of Nigeria is the Lagos metropolis, which obviously offers more chances of employment or such other opportunities—jobs for both skilled and unskilled labour in the over 800 industries, the ever-absorbing civil service, the diplomatic missions, the numerous parastatals, et al. Hence Lagos continues to be a population magnet at the expense of the rural districts, which today look war-swept and derelict.

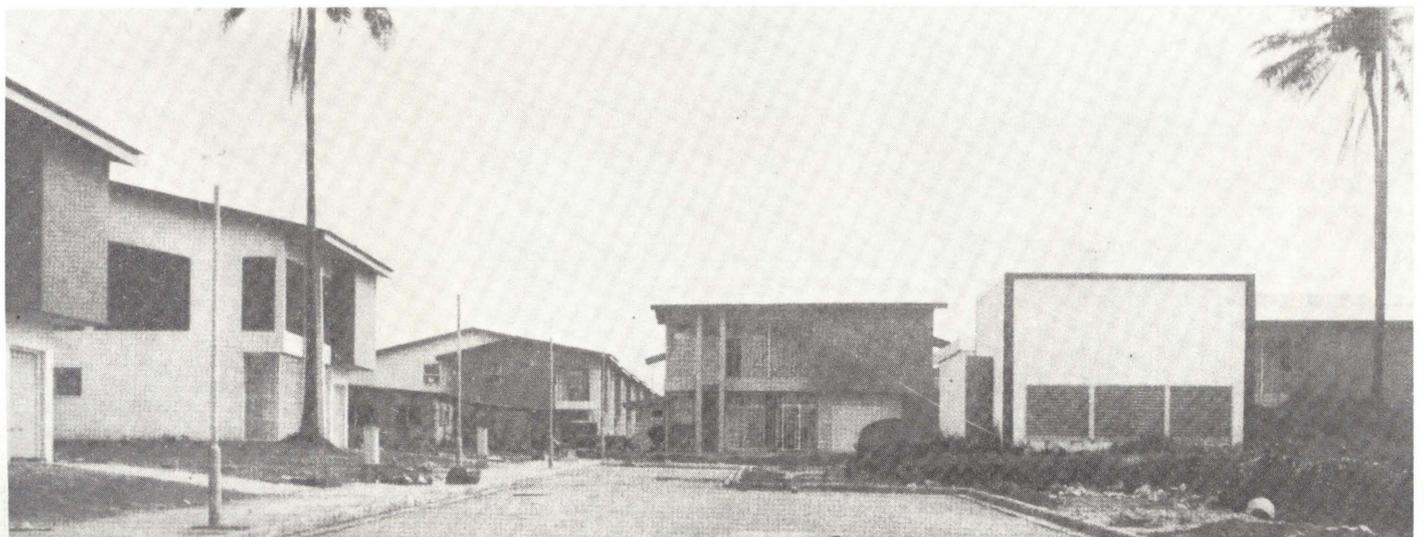
The government's "Operation Feed Yourself" scheme aimed at raising interest in farming, and encourage young people to remain in the rural districts. The government had not invited the wrong hands into the programme: the university undergraduates, who took it all for a joke or some type of amusing adventure at best, whereas there were hundreds of thousands of unemployed all over the

country who would have been very happy to work on the farms even at half the allowance given to the students.

Of course, even if they worked hard the students had to go back to their schools while the poor lonely farmer is left in the vast hectares of farm which the students must have helped to create. Many people say the exercise has been a huge success, but there are thousands of sceptics.

The result has been the soaring of rents to prohibitive proportions: rents have gone up more than 150 per cent since the end of the war. Worse still, very few houses were built during the war and these mostly flats meant for the higher segments of the society. Besides, because of the notorious congestion of the Nigerian ports, due mainly to government cement consignments, building materials were hard to come by. Such as did come in before the present administration went to government contractors, who had either to build army barracks or the numerous flyovers and bridges that now define the landscape of Lagos. The population of the country is estimated at 75 to 80 million. With most of this concentrated in the urban areas, it is not surprising to note the growing wave of urban crime. All these have been a source of concern to the authorities. They have decided to solve the problems in multi-pronged attacks.

One of the first things the present administration did when it took over was to set up an anti-inflation panel to inquire into the causes of inflation and to recommend measures to deal with it.



*High income housing in Lagos*

(\*) Journalist, specially attached to the "Business Times" (Nigeria).



### *Middle income housing in Lagos*

The government gave more powers to the Price Control Board, drew up rent controls and recently enjoined the state governments to issue rent edicts. A National Supply Company was set up to import and distribute essential commodities at controlled prices. At the same time, the government embarked on a number of projects to alleviate the acute shortage of houses in urban areas.

The plan for the FESTAC(1) town along the Badagry-Lagos road was meant to serve the dual purpose of housing FESTAC visitors as well as to provide accommodation for Nigerian workers after the festival. The present phase of Festac Town is designed to have a total of 10775 dwelling units. Out of this figure, which represents the first phase of the number of houses meant for the Festac Town project 5088, or 47 per cent, have been completed and are now being allocated by ballot to workers. Work is going well on the remaining 53 per cent or 5687 dwelling units, which should be completed on time. These houses are complete with all infrastructural facilities — piped water supply, electricity, modern sewage system, playground or recreation strips, etc.

Another great step in this direction is Satellite Town almost opposite Festac Town. These are some 1312 low-cost housing units which are expected to be ready by March 1978. Designed and supervised by the architects of the Federal Ministry of Works and Housing, the Satellite Town costs N25 million. It is being handled by a Finnish construction firm with a Nigerian partner.

Like Festac Town the Satellite Town will be equipped with the necessary infrastructure. The Federal Housing Authority (FHA) is in charge of both the Satellite and Festac Towns for allocation and maintenance.

Each of the 19 states of the country is to build a total of 4000 dwelling houses within this plan period. The Federal Housing Authority is to finance these projects. They too would be complete with the necessary amenities. This makes a total of 76000 units throughout the 19 states with a total of 50000 units in the Lagos metropolitan area.

Within this present plan period, another total of 76000 units will be built by the states from their own means, with the Federal Housing Authority providing the necessary infrastructural facilities.

A total of 8798 units, it has been estimated, is under construction in the other 18 states whilst a total of 13475 units is being built in the Lagos Metropolitan area, and these are expected to be completed before the end of 1977.

Meanwhile the Federal government has issued a directive that all the state governments enact rent edicts. Whether these edicts will work remains to be seen. In Lagos, the edicts passed so far have not appeared to be very effective. Other moves by the government have included the replacement of the Nigerian Building Society by the Federal Nigerian Mortgage Bank. The main function of this bank is to provide soft loans to potential home-owners. The government has also advised the commercial banks to be more liberal in granting loans for house-building. □ F.A.

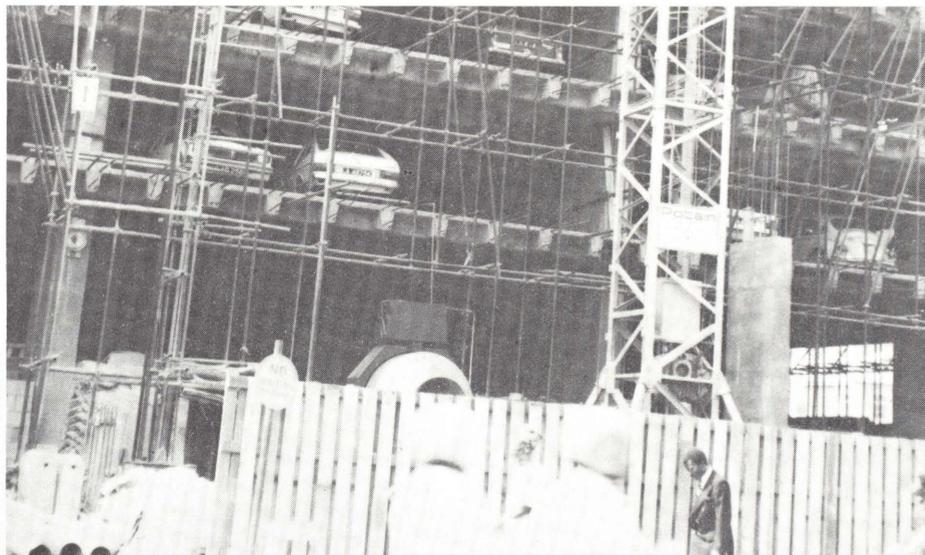


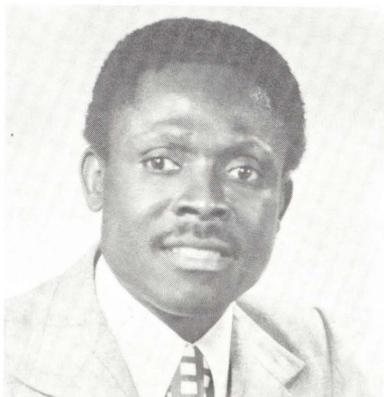
PHOTO CHANTA KINNAER

*Plenty of accommodation for cars, not so much for people*

(1) The 2<sup>nd</sup> World Black and African Festival of Arts and Culture held in Lagos in January-February 1977.

## European public opinion and development cooperation

By LUCIEN PAGNI



**E**conomic cooperation between the European Community and the African, Caribbean and Pacific countries signatories of the Lomé Convention will be, from now on, a continuing reality. The agreement is known throughout the world, is widely approved of, and serves increasingly as a basic model for meaningful partnership between the countries which are technically advanced and those which are developing their industrial capacity. The Lomé Convention, which is the legal basis of cooperation between Europe and the ACP countries, will increasingly, however, attract constructive criticism, and its various provisions will as a result need improving. Stabex, for example, will have to be reviewed in order to avoid what is called the "stabilization of poverty".

It must be realized that there is a considerable gap between the actions of those responsible for development policy in Europe and public opinion in the Community, except in the case of those who are particularly well informed or people who are aware of the importance of relations between Europe and the ACP countries and the Third World in general. The average European in the street does not yet understand the importance of cooperation between Europe and the countries which are developing their industrial base. The reasons for this gap between the official policy of the European governments and public opinion are both historical and economic. The African countries and the ACP states in general have not had a very good press in Europe. Certain opinions formers opposed to cooperation, such as Raymond Cartier(1) or the daily newspaper "Die Welt", although they have had an extremely limited influence, have developed on the basis of the poor image which Africa has had for some time. In the past few years economic difficulties throughout the world and certain conflicts on the African continent, in the Caribbean and even in the Pacific have worsened the image of the ACP countries in Europe.

Recently, however, the trend of opinion favourable to cooperation

(1) A former journalist on "Paris Match" who coined the phrase "la Corrèze ou le Zambèze" (the Corrèze region of France or the Zambezi)

and to special economic relations with the ACP countries and the Third World in general has grown stronger in Europe. This is because of the actions taken by the various organizations which advocate close relations with the Third World and because of the actions of the European countries themselves.

At the same time, a new factor has appeared. If, as things stand, the ACP countries are more concerned with the value, in economic terms, and the quality of cooperation, European public opinion for its part attaches more and more importance to the human aspects of cooperation. This can be explained by the changes in economic demands such as paid holidays, the 40-hour week and social security which Europe has known in the last 40-50 years. Economic development and the improvement of the standard of living in Europe have been to the detriment of "the quality of life" which has become one of the main concerns today of European workers. In other words, the question is one of matching economic development with human and social progress.

However, cooperation constitutes, according to the French minister Robert Galley, a "national cause" for the European states. It seems therefore that the considerable weight which public opinion has on determining the policies of the European countries will have considerable repercussions on the evolution and the economic and social content of the relations between Europe and the ACP countries.

**I**n this respect the forthcoming elections to the European Parliament will provide an excellent means of making the people of Europe more aware of their interdependence with the non-industrialized countries, in particular those in the ACP group. At a conference held in Brussels last June on the theme "European elections and cooperation", Claude Cheysson, the EEC development commissioner, replying to the concern voiced by European students on the weak support of public opinion for Europe's apparently successful development policy with the Third World, declared that relations between the ACP countries and the Third World would inevitably occupy an important place in the policies and the campaigns of the various candidates for the European Parliament.

Mr Cheysson pointed out that 50% of the raw materials imported by the EEC came from developing countries, while the United States and the USSR bought from these countries only 17% and 7% respectively of their raw materials. At the same time, Europe's exports to the developing countries are twice as high as those to the United States. 40% of developing countries exports go to the EEC against 25% and 5% respectively for the United States and the Soviet Union (see our Dossier).

Taking these facts into account, Mr Cheysson said, the maintenance of economic progress in Europe will depend essentially on the economic development of the ACP countries and the Third World in general, and on good relations between the Community and these countries. Mr Cheysson concluded that it would be necessary in the future to get the support of public opinion in the EEC for such a policy, in the interests both of Europe and of the developing countries. As far as the ACP countries are concerned, he said, development should be based on the cultural identity of the country in question. However, he added, public opinion in Europe would not support the Community's cooperation policy if it does not correspond to certain moral and human considerations to which the people of Europe have traditionally been attached. □ L.P.

# The EEC-Third World trade picture <sup>(1)</sup>

(1970-1976)

## Geographical trends

Since 1973, the oil price rises and the economic slowdown in the industrialized countries have radically altered the Community's trade picture.

Up to then, trade within the Community itself, and demand from other industrial areas except the US had been the most dynamic factors of trade development, and an essential factor in European economic growth. The increase in the volume of trade was mainly within the Community and between the Community and other industrial countries, to the detriment of trade with the developing countries.

Since 1973, however, the decline in demand from the other industrialized countries and an appreciable trade deficit with the oil-exporting countries, have changed EEC trade considerably.

The main changes are as follows.

**The decrease of the industrialized countries share in total EEC trade:** (fall from 56 % to 47.5 % as regards imports and from 62.3 % to 52.5 % as regards exports)

- Northern Europe nevertheless remains the best customer (2) of the EEC (21 % in 1976),
- and the US the largest supplier after the OPEC countries (16.4 %).

The decrease in importance of the other industrialized countries as outlets for the EEC has become much more marked since 1975, and seems much more durable than the reduction of their share of EEC imports (mainly in 1974). Furthermore, the industrial countries' share of EEC non-oil imports, far from diminishing, is tending towards an increase.

— **The emergence of the OPEC countries as the main commercial partner of the EEC**, since they have become the largest supplier (with 26.3 %) and the second customer (16.7 %), after Northern Europe. EEC exports in 1976 reached EUA 20700 m and imports totalled 36900 m.

— **The improvement of the trade balance with the developing countries (non-oil producer's) in view of:**

- the appreciably reduced share of these countries in the EEC import market (21.4 to 17.6 %)(3). Only the South East

(1) Summary of a recent survey by the EEC Commission's development directorate.

(2) It was also the largest supplier in 1975, if oil imports are excluded, with 29.9 % as against 22.4 % for the US.

(3) Their share of the Community market was only 24 % in 1975 (excluding oil imports), as against 26.6 % in 1973. The EEC took only 24.8 % of the non-oil developing countries exports in 1975, as against 29 % in 1970. It was formerly their main trade partner. In 1975 the EEC was a trade partner of the same magnitude as the US, whose relative share has remained stable throughout the period under consideration.

Asian countries (especially the rapidly industrializing ones) have shown any progress;

- and the increase in EEC exports to these countries (despite a slowing-up in 1976).

— **A redistribution of exports to the developing countries**, in addition to their increase, EEC exports have become more concentrated around the Arab Gulf countries and those linked to the EEC by preferential agreements, i.e. the ACP and Mediterranean countries(4); for the latter this has meant an appreciable worsening of their trade balances.

— **The increasing importance of the Eastern countries** for European exports (from 7.7 % in 1970 to 10 % in 1976), being on a par with the US in 1975. This development underlines the increasing integration of these countries into the international division of labour, in spite of their payments difficulties.

## Trade pattern by groups of products 1970 to 1975/76 <sup>(5)</sup>

### Foodstuffs

Trade in foodstuffs is progressively declining in overall EEC external trade, both for imports and exports, these amounting to 15.4 and 6.8 % respectively in 1976, as against 21.4 and 7.4 % in 1970.

The positions of both industrialized and developing countries as foodstuff suppliers to the EEC have undergone practically no change since 1970, i.e. 49 % and 44.6 % of EEC imports respectively. Only the share of the Eastern countries has fallen (from 7.4 to 6.3 %).

A decrease is, however, to be observed as regards the share of the countries of the Mediterranean basin since 1973 (15.3 to 13 %), and above all of the share of the Maghreb countries. This has been accompanied by growing dependence on the US, the latter accounting for 25 % of total EEC foodstuff imports in 1975 (18.8 % in 1970). Another important trend is the reversal of the fall in the share of imports from the ACP since 1973, the latter representing, in 1975, as great a source of supply as the Mediterranean basin.

(4) It should be noted that this development took place before the Lomé Convention, and the other preferential agreements, could take effect.

(5) At the time of going to press, the breakdown by countries for 1976 is not yet available. For the overall data for 1976, see table.

## Geographical trade trends

### EXPORTS

1970

1976

In % of extra-EEC trade

Value in Eur'000 m

	%		%	
<b>Industrialized countries</b>	62.3%	34.7	52.5%	65.2
Northern Europe	22.0%	12.3	21.0%	26.2
Southern Europe	10.0%	5.5	10.0%	12.2
USA	16.7%	9.3	11.5%	14.3
Japan	2.5%	1.4	1.9%	2.4
<b>Developing countries</b>	29.3%	16.3	36.0%	44.8
OPEC	6.8%	3.8	16.7%	20.7
Non-oil producers	22.4%	12.5	19.4%	24.1
ACP	6.1%	3.4	6.9%	8.6
South and Central America	6.8%	3.8	5.6%	6.9
S-E Asia	5.6%	3.1	5.0%	6.2
Southern Mediterranean	5.8%	3.3	8.3%	10.3
<b>Eastern Countries</b>	7.7%	4.3	10.0%	12.5

# THE CONVENTION AT WORK

## European Development Fund

Following financing decisions taken by the European Commission on 18 July, 1977 Claude Cheysson, Commissioner for development, signed, on 19 July, 20 financing conventions and 4 training agreements totalling 95449000 EUA affecting 20 ACP countries. The total commitment of the EEC to the ACP from the 4th European Development Fund since the entry into force of the Lomé Convention on April 1, 1976, is now 835000000 EUA.

The financing conventions, which total 90273000 EUA, are notable for their extreme diversity on a number of counts.

The recipients include 8 former Yaoundé Convention countries, who receive 20674000 EUA or 22.9% of the total, and 8 new ACP countries, who receive 68099000 EUA or 75.44% of the total. Guinea (Conakry) has three projects totalling 17803000 EUA. These are the first projects ever financed in Guinea by the EDF.

There are two items of emergency aid; 8000000 EUA for Zambia, to help resettle refugees from neighbouring countries, and 2130000 EUA for Ghana because of the situation arising from the drought in the far north of the country. These two items constitute 11.2% of the total.

One of the conventions concerns all ACP states, that of 1500000 EUA to provide experts and consultants for the ACP secretariat. This amounts to 1.7% of the total.

There are many other types of project:

— 6 projects in the field of rural development (including 2 micro-projects) and fisheries, totalling 21797000 EUA or 24.1% of the total

— 1 hydraulic project — 14996000 EUA or 16.6% of the total

— 3 teaching projects — 10130000 EUA or 11.6% of the total

— 3 public health projects — 2900000 EUA or 3.2% of the total

— 4 communications projects (roads, bridges) — 28820000 EUA or 32% of the total.

There is however, no diversity in the methods of financing, since 97.26% of the conventions are in grant form. This is due to the kind of project financed, and the economic situations of most of the ACP countries concerned.

The training agreements total 5176000 EUA, for Gabon (410000), the Gambia (404000), Cameroon (2230000)

and Mali (2132000). These programmes are for the period 1976-80, and cover professional training, scholarships and study courses, the sending of instructors, and the purchase of teaching materials.

### General Secretariat of the ACP States

*Financing of experts and consultants for the General Secretariat: EDF contribution: 1500000 EUA*

The project, which meets a request made by the Council of Ministers of the ACP states at the meeting of ACP-EEC ministers held in Fiji in April 1977, is to enable the General Secretariat of the ACP states to cope with the increasing volume and complexity of the tasks it has to accomplish.

It consists of placing at the disposal of the General Secretariat a package of 1.5 million EUA, as a grant, for the financing of additional staff, particularly at high level. The General Secretariat of the ACP states will be responsible for deciding on the nationality, qualifications, selection and administration of the experts and consultants recruited and also for fixing the amount and the structure of the experts' remunerations.

The General Secretariat of the ACP states was set up by the Georgetown Agreement of June 1975 and its main task is to follow the implementation of the Lomé Convention, to assist the various bodies within the ACP group and to carry out all the tasks entrusted to it by the Council of Ministers and the Committee of Ambassadors of the ACP states. Thus the role of this institution has been considerably enlarged by

comparison with the situation under the Yaoundé Conventions and it is of a much more technical nature — whence the justification for this project, which reflects the Community's concern for the spirit of dialogue and partnership that characterizes the Lomé Convention.

### Central African Empire

*Improvement of coffee-growing on family plantations: EDF contribution: 4600000 EUA*

The present project aims at increasing the productivity of the family-based coffee plantations spread over the whole of the coffee belt which stretches from the South-East to the South-West of the Central African Empire. The training and extension programme planned for a period of four years is intended to familiarize the people with improved methods of cultivation. Further, the project will contribute towards increasing the area of land under cultivation. This trend derives partly from the demographic evolution of the coffee-growing region and partly from the tendency of planters to increase their cash income by adapting the scale of their operations according to the possibilities of achieving an optimum division of labour among the various investments in perennial or annual crops.

The total cost of the project is put at 8933600 EUA. The EEC will contribute 4600000 EUA in the form of a grant from the fourth EDF. The remainder is to be financed from national sources, chiefly from the Stabilization Fund for coffee prices.

Community Aid is to be used for:

- reinforcement of the plant propagation network and participation in credit operations for planters;
- technical assistance for the training and extension services, as well as participation in the supervision;
- technical assistance for plant protection operations and support for the cooperatives.

The technical cooperation planned will be undertaken by a mutual agreement procedure; the EEC Commission will draw up the restricted list of the consultancy firms possessing the required qualifications and it will be up to the government of the CAE to select from among these candidates the firm (or firms) with whom the contract will be signed.

The EDF has contributed in the past to other projects in the same region or to similar schemes in a smaller area of the coffee belt; these contributions amounted to over 4300000 EUA.

This new financing brings the EEC's total commitments for the CAE under the fourth EDF, to nearly 9.3 million EUA.

## Ivory Coast

*Development of sheep-rearing in central Ivory Coast: EDF contribution: 1868000 EUA*

The Ivory Coast, pursuing its aim of modernizing sheep rearing, has decided to launch this pilot scheme initially in the central region before gradually extending it to the rest of the country.

The main elements of the project are animal health schemes and the establishment of a National Sheep Centre to spread the techniques and know-how that will enable the original stock to be expanded and to introduce intensive supervised rearing schemes in villages in the area and then throughout the country as a whole. In this context, the objectives of the project are to diversify rural production, to increase mutton and lamb production, to consolidate measures taken to overcome regional imbalances that exist between forest and savannah.

The total cost of the project is put at approximately 3855000 EUA. Community participation will consist of a grant of 1868000 EUA from the fourth EDF.

EEC financing will cover the supply of pharmaceutical preparations, vaccine and minor veterinary equipment, the construction of buildings (accommodation, technical buildings), the supply of divers agricultural equipment and vehicles and the provision of technical assistance. The contracts for the construction and land clearance work will be awarded by local invitation to tender or restricted consultation procedure, while the supplies will be acquired by international invitation to tender.

This new financing brings the EEC's total commitments for Ivory Coast under the fourth EDF to nearly 4.5 million EUA.

## Ethiopia

*Amibara irrigation project: EDF contribution: 14996000 EUA*

The development strategy adopted by the government of Ethiopia is heavily centred on the rural sector, agriculture receiving top priority by virtue of its dominant position in the national economy and its potential for narrowing the gap between rural and urban living standards.

In this context, the project financed by the EEC will provide gravity irrigation by diversion from the Awash River for about 10300 ha.

Besides the actual work to divert the river water (weir, irrigation and drainage network, roads, on-farm development works), the project covers:

- the construction of project headquarters, workshop, stores, staff housing and related facilities for all stages of the development;
- the purchase of operation and maintenance equipment, vehicles and farm machinery;
- the provision of watering points to open up new grazing lands;
- the provision of technical assistance for project management and other forms of assistance for the state farms and the regional settlement programme.

This project should enable the cultivation of products for the domestic market to be improved while constituting an extension network of trained, experienced staff for future irrigation projects and improving the job situation for the rural population. It should also lead to an influx of currency through the development of cotton production.

The total cost of the project is put at 50375000 EUA, of which 30% (14996000 EUA) will be financed by a grant from the fourth EDF. The Ethiopian government will itself provide 8329000 EUA. The other contributors will be the IDA and the African Development Fund.

International invitations to tender will be issued for the on-farm development and the supply of agricultural machinery and vehicles, but the construction of the buildings and housing will be the subject of accelerated public tendering procedures.

This new financing brings the EEC's total commitments for Ethiopia under the fourth EDF to 40 million EUA.

## Gabon

*Study for the Port Gentil—Mbine road: EDF contribution: 1900000 EUA*

In view of the importance of Port Gentil and in order to make its development easier, the government of Gabon has decided to look closely at the possibility of linking that town with the rest of the country by a modern road which would join the north-south highway between Libreville and the Congo frontier at Mbine, near Lambaréné.

The project which is the subject of this financing agreement involves carrying out a detailed examination of the economic aspects of this new road link and drawing up the technical dossiers necessary for the execution of the work.

The total cost of the project is estimated at 2800000 EUA. The EEC is contributing 1900000 EUA in the form

of a loan on special terms (duration 40 years, with a 10-year grace period; interest rate 1%) from the fourth EDF. The remainder will be provided from the Gabonese national budget.

The project will be carried out by a consultancy firm chosen by invitation to tender.

This new financing brings the EEC's total commitments for Gabon under the fourth EDF, to 3.6 million EUA.

## Ghana

*Exceptional aid: Amount: 2130000 EUA*

The last three years in Ghana have been marked by irregular and poor rainfall. Both cultivated acreage and yields have declined significantly. As a consequence food shortages have occurred, particularly in the northern and upper regions.

The Ghanaian authorities have launched a number of short- and long-term schemes to remedy this situation, especially in order to provide transport for the food aid supplies by international sources.

It is in this context that the exceptional aid, which is the subject of this financing agreement, is to be given. It involves placing at the disposal of the Ghanaian government the sum of 2130000 EUA for the purchase of vehicles, fuel and spare parts and for obtaining the necessary technical assistance.

This new financing brings the EEC's total commitments for Ghana under the fourth EDF, to over 15 million EUA.

## Guinea (Conakry)

*Guinea has concluded three financing agreements with the EEC in the spheres of education, health and rural development.*

1. *Equipment for five secondary polytechnics (IPSs)(1): EDF contribution: 1530000 EUA*

In its efforts to set up an educational system geared specifically to vocational training to meet the country's needs for a skilled workforce while making the best use of the existing training structures, the Guinean government has set up a number of secondary polytechnics (IPSs) and the medium-term aim is to have one IPS in the main town of each of the country's administrative regions.

This is a project to supply basic tools and materials for certain workshops in

(1) Institut Polytechnique Secondaire.

five IPSs (Conakry II "2 August", Kindia, Labé, Kankan "Ho-Chi-Minh", N'Zérékoré) and to send out a teacher-technician for three months to put the equipment into service.

The cost of the project is estimated at 1530000 EUA and will be financed by a grant from the fourth EDF.

An international invitation to tender will be issued for the supply of the equipment and the dossier for this will be drawn up by the Guinean education authorities.

**2. Equipment for health units:** EDF contribution: 2000000 EUA

This EEC-financed project is part of a scheme to improve diagnosis and treatment for patients and hence to fulfill the population's priority needs in the public health field.

It involves supplying the country's health units and hospitals with equipment, medical instruments and transport (ambulances, light vehicles for use by medical staff working in rural areas). At the same time, a training scheme will be launched for maintenance staff: it will involve making available the services of a technician/instructor for two years, supplying appropriately equipped all-terrain vehicles, delivering stocks of equipment and spares and providing training grants.

The total cost of the project is put at 2000000 EUA and will be financed by the EEC in the form of a grant from the fourth EDF.

International invitations to tender will be issued for the supply of the equipment and vehicles. These will be drawn up by the departments of the Guinean Health Ministry and divided into lots according to the kind of services required. The purchases of replacement parts, spares and tools will be made on the basis of estimates.

**3. Equipment of rural development brigades:** EDF contribution: 14273000 EUA

This EEC-financed project falls within the 1973-78 Guinea Multiannual Development Plan, which is geared to rural development, and its aims are to increase agricultural production while making it more independent of climatic vagaries by the better control of water and to improve living conditions for the rural population by more rational exploitation of underground and surface water resources. The project is located in the regions of Haute Guinée (Kankan) and Moyenne Guinée (Labé).

The schemes to be implemented involve rural construction work (sheds, workshop, accommodation), the supply of rural engineering equipment (tractors, hydraulic and mechanical shovels, soil compactors, graders), the purchase of miscellaneous equipment and vehicles. Technical assistance staff will

be provided for the purpose of the project. Lastly, specialized consultancy firms will be providing certain services (geophysical surveys, drawing up works schedules for hydroagricultural development projects).

Since Guinea is itself covering all the charges for its staff working on the project, the EEC's share of the costs amounts to 14273000 EUA; this will be financed by a grant from the fourth EDF. International invitations to tender will be issued for the capital expenditure.

It should be emphasized that, apart from the considerable contribution this project will make to the economic integration of the areas it will open up, the social effects of it will be all the more useful inasmuch as they should bring about an improvement in health and hygiene (via an increased water supply) and in the living conditions of a great many villages or small rural communities grouping together between 20000 and 40000 people. The project should also enable local produce to be substituted for imports of rice and other cereals providing large economies on currency payments.

...

These three projects, financed by the EEC to the tune of 17808000 EUA, are the first capital projects to be carried out in Guinea under the Lomé Convention.

## Upper Volta

**First annual microproject programme:** EDF contribution: 186000 EUA

The rural development schemes to be carried out in the villages under Upper Volta's first annual microproject programme involve:

- rural water engineering (wells, waterholes, small dams);
- rural tracks (bridges and improvements to tracks);
- social infrastructure in rural areas (protection of mother and infant, social centres);
- improvement of production (fish farming, village reafforestation).

These schemes will be executed and administered through the Rural Development Fund (FDR).

The EEC's contribution of 186000 EUA represents 43% of the overall cost of the microprojects. The state will contribute 36% of the cost by supplying materials, supervisory staff and transport. The local communities, with an estimated contribution of 21%, will provide services and local materials.

This new financing brings the EEC's total commitments for Upper Volta under the fourth EDF to nearly 28.5 million EUA.

## Lesotho

**Improvement of the Quthinh—Qacha's Nek road:** EDF contribution: 1000000 EUA

In order to avoid political complications resulting from its refusal to recognize the Transkei, in order to develop its own transport and communications network and in order to be able to send its raw materials to the capital to be processed for export, Lesotho has decided to open up a new road in the interior of the country, following the alignment of an old track.

As a first step towards attaining these objectives, the government obtained at the beginning of this year 1 million EUA in exceptional aid from the EEC to improve a section of the road that had been impracticable until then.

The project involves the improvement of some 140 km of the worst stretches still to be remade between Quthinh and Qacha's Nek (a total distance of 211 km).

The cost of the project, which will be carried out by direct labour, is estimated at 1300000 EUA. The EEC is providing a grant of 1000000 EUA from the fourth EDF; the balance will be covered by the Lesotho budget.

This new financing brings the total EEC commitments for Lesotho under the fourth EDF to over 5 million EUA.

## Madagascar

**Construction of three bridges over the Iaroka, Faraony and Namorona rivers:** EDF contribution: 4620000 EUA

The aim of this project is to build three bridges, varying in length between 150 m and 240 m, over the rivers Iaroka, Faraony and Namorona and provide them with a total of 1370 m of access roads. The scheme is designed to replace three existing ferries which are too old and too small to provide a regular service capable of coping with the steadily increasing traffic load. It should also improve the transport facilities for marketing the agricultural produce of the region concerned.

The cost of the project, which is estimated at 4620000 EUA, will be covered by an EEC grant from the fourth EDF. An international invitation to tender will be issued for the works, which will be carried out in several lots.

It should be noted that, since 1961, the EEC has contributed some 66.4 million EUA to the development and modernization of Madagascar's road network, which represents approximately 33% of the total sum spent on projects financed under the first three EDFs. Three other bridges, costing 6.5 million EUA, were built on the east coast in 1975.

This new financing brings the EEC's total commitments for Madagascar under the fourth EDF to approximately 7 million EUA.

## Sierra Leone

*First annual microproject programme: EDF contribution: 300000 EUA*

In order to help it improve the economic and social situation of a number of rural communities in various districts, Sierra Leone has obtained the EEC's participation in the following microprojects:

- country roads and bridges;
- village water supplies;
- improving treatment and storage of agricultural produce;
- construction of a jetty to facilitate marketing;
- construction of school buildings in rural areas;
- health centres;
- maternal and child health programme.

The EDF's contribution, totalling 300000 EUA, represents on average 50% of each project on the programme. The government contributions, mainly in kind, are estimated to be worth some 24% of the total expenditure. The local communities are also making contributions in kind (labour, materials and so on), which often amount to as much as 30% of the cost of the project.

This new financing brings the EEC's commitments to Sierra Leone under the fourth EDF to 4.2 million EUA.

## Somalia

*Integrated training scheme for the Mogadishu general hospital: EDF contribution: 800000 EUA*

This project is to finance a scheme to be run at the Mogadishu general hospital involving:

- assistance with the setting-up of the hospital's technical department and with the coordination of a training scheme for management and maintenance staff;
- the provision of two instructors to run the training scheme for a three-year period;
- the construction of premises to house the technical department and its equipment.

The cost of the project is estimated at 800000 EUA and will be financed by a grant from the fourth EDF.

It should be noted that Community financing was provided under the first EDF for the construction and fitting out of the Mogadishu general hospital. This was followed up by a series of technical assistance schemes and aid for operating expenses coordinated

with bilateral operations of the EEC countries.

For the new project, the central coordination scheme and the provision of instructors will involve the signing of technical assistance contracts. The construction work and supply of equipment will be carried out on the basis of estimates.

This new financing brings the EEC's commitments for Somalia under the fourth EDF to 25.5 million EUA.

## Sudan

*University of Juba: EDF contribution: 2000000 EUA*

In order that education may play a truly constructive and effective role in economic and socio-economic advancement and employment creation, while keeping a proper balance between the regions, the Sudan has decided to develop innovatory educational institutions such as the University of Juba, which was set up in 1975.

The new university is based on the principle of blending knowledge with practical experience and is heavily geared to the development needs of southern Sudan. There are two colleges to start with, the main one being the college of natural resources and environmental studies, and a university farm.

This financing agreement is to launch a project aimed at backing up the efforts of the national authorities to install facilities for the first intake of students, on the basis of an action plan drawn up by the university authorities in December 1976.

The project consists, on the one hand, of a housing scheme for staff; on the other hand, the project completes the Sudanese input by providing additional space for educational purposes and vocational training. Furthermore all existing buildings which have been renovated on the Sudanese budget by an important refurbishing programme will be adequately equipped. Infrastructure work will also be included in the project to improve water and electricity supply.

The total cost of the project is estimated at approximately 3650000 EUA. The EEC is contributing to the tune of 2000000 EUA as a grant from the fourth EDF; the remainder is being covered by Sudan itself.

The works will be carried out following an accelerated invitation to tender, and an international invitation to tender will be issued for the supply of the equipment, furniture and fittings, to be divided into several lots according to the nature of the supplies.

This new financing brings the EEC's commitments for the Sudan under the fourth EDF to nearly 10 million EUA.

## Tanzania

*Strengthening and asphaltting the Nyanguge — Bunda road: EDF contribution: 21300000 EUA*

This project involves the strengthening and asphaltting of a 120 km section of the Lake Victoria circuit road between Bukoba and Musoma. It is the first step in the strategy of the government to replace the gravel and earth sections of this road with an all weather surface over the full length.

As the project area is of increasing importance for industry and agriculture, Tanzania gives this project priority in its road programme; it is, moreover, an important communication route between southern Uganda, Rwanda, Burundi and Kenya.

The total cost of the project is estimated at 21300000 EUA and the Community is covering this entire amount by means of a grant from the fourth EDF. The study for the project was financed by Tanzania.

The works will be carried out in a single lot following an international invitation to tender issued to firms chosen by the pre-selection procedure.

This new financing brings the total amount for projects financed in Tanzania by the EEC under the Lomé Convention to nearly 44 million EUA.

## Chad

*Campaign against endemic diseases: EDF contribution: 1000000 EUA*

The purpose of this project is to provide the Major Endemic Diseases Department (Service des Grandes Endémies, SGE) with the medicinal preparations which are essential for its campaign against the various venereal diseases that are endemic in the country, particularly in rural areas. The supply of specific antibiotics will enable the SGE to take action over three or four years to halt the particularly disturbing increase in venereal diseases in Chad.

The cost of this project is estimated at 1000000 EUA and it will be financed by the EEC in the form of a grant from the fourth EDF. An international invitation to tender will be issued for the supply of the medicinal preparations.

During a recent visit to Chad by Mr Cheysson, another financing agreement relating to the public health sector was concluded between Chad and the EEC (Construction and fitting out of an emergency block in the N'Djamena hospital).

This new financing brings the EEC's total commitments for Chad under the fourth EDF to nearly 18.8 million EUA.

## Trinidad and Tobago

*St Patrick fisheries: EDF contribution: 570000 EUA*

The project is to contribute to a comprehensive programme which will improve the working conditions and the standard of living of local inshore fishermen in the region of St Patrick.

The project is one of the facets of a plan for developing South-West Trinidad, where other measures have been envisaged and submitted for EDF financing, with the main objective of reducing unemployment.

The project fits into the long term programme of the government of Trinidad and Tobago which aims to meet the domestic demand for fish products and to develop the export potential.

The total cost of the project will be 942000 EUA. The contribution applied for from the EDF is 570000 EUA. This contribution will finance the supply and construction at each of the five coastal places: Icacos, Cedros, Fullerton, Otaheite and Morne Diable of a system for launching and beaching boats, a repair shed, individual lockers and cold storage facilities.

At Cedros and Fullerton, it will construct a jetty to allow boats to come along side and unload their catches.

In addition the project provides for the purchase of fishing equipment, particularly boats, for an amount of 372000 EUA to be financed by the government and handled by the Agricultural Development Bank of Trinidad and Tobago.

The Community financing is being provided as a loan on special terms, with a duration of 40 years (10-year grace period) and at an annual interest rate of 1%.

The works will be carried out following an accelerated invitation to tender. International invitations to tender will be issued for the supplies (winches and equipment for cold storage).

This new financing brings the EEC's total commitments for Trinidad and Tobago under the fourth EDF to approximately 4 million EUA.

## Zaire

*Higher Institute of Applied Technology (ISTA): EDF contribution: 6600000 EUA*

As an integral part of the Zairian National University since 1971, the Higher Institute of Applied Technology (ISTA) aims at training highly-qualified technicians in mechanics, electrical engineering, electronics, meteorology and aeronautics. The studies last three years following secondary education.

This technical college — the only one of its kind in Zaire — at present

provides instruction in various buildings located in different parts of Kinshasa; in addition, the number of students at the college has practically doubled over the last three years.

The project financed by the EEC aims at providing the establishment with the much-needed additional premises and equipment (furniture, scientific apparatus and installations, machines, tools and workshop fittings and all the teaching material needed for the College to function properly).

The total cost of the project is estimated at 6600000 EUA and will be covered by a grant from the fourth EDF.

The construction work will be performed by contract, in a single lot, following an open international invitation to tender. The supply of the furniture and the teaching materials will also be the subject of an international invitation to tender, broken down into several lots according to the nature of the supplies.

The architectural studies and the construction plan were also financed by the EEC from the third EDF and carried out by an Italian consultancy firm.

This new financing brings the EEC's total commitments for Zaire under the fourth EDF to nearly 35 million EUA.

## Zambia

*Exceptional aid: Amount: 8000000 EUA*

A worsening of the problems caused by the political situation in southern African (threats of invasion by the Rhodesian army, closure of the Benguela railway, closure of the frontier between Kenya and Tanzania) has had serious repercussions on Zambia's economy. In addition, the country has had to cope recently with the growing influx of refugees from Rhodesia, Angola and Namibia.

These general difficulties and the additional refugee burden, to which should be added the new problem of unemployment among young people, have led Zambia to request from the EEC exceptional aid under the provisions of the Lomé Convention.

This financing agreement is a response to this request and provides the government of Zambia with 8000000 EUA for the purpose of agricultural machinery and equipment, transport and fertilizers.

This new financing brings the EEC's total commitments for Zambia under the fourth EDF to nearly 17 million EUA. □

## VALUE OF THE EUA

One European unit of account (EUA)

- = approximately CFAF 280.
- = approximately 2.3 Birr. (Ethiopia)
- = approximately 1.3 Cedis. (Ghana)
- = approximately 25 Syllis. (Guinea)
- = approximately 1 Rand. (Lesotho)
- = approximately 280 Malagasy francs.
- = approximately 1.3 Leones.
- = approximately Somali Sh. 7.
- = approximately Sudanese Pounds 0.45.
- = approximately Tanzanian Sh. 9.3.
- = approximately TT \$ 2.7.
- = approximately 1 Zaire.
- = approximately 0.9 Kwacha. (Zambia)
- = approximately £ 0.66.
- = approximately Fr.F. 5.58.
- = approximately US \$ 1.15.

## EIB

### The construction of a hotel in Cameroon

Under the terms of the Lomé Convention, the European Investment Bank has granted a loan for the equivalent of 2670000 EUA towards financing construction of a hotel in Douala.

The loan has been made available to Société Hôtelière du Littoral (SOHLI) for a period of 13 years and carries an interest rate of 6.125%, taking into account a 3% interest subsidy met by the European Development Fund as provided for by the Convention.

SOHLI is a limited company incorporated in Cameroon. Its main shareholders are the Société Nationale d'Investissement du Cameroun, the Caisse de Stabilisation des Hydrocarbures and the Caisse Nationale de Prévoyance Sociale. The French NOVOTEL and TEXUNION groups also have stakes in SOHLI.

The 297-room international class hotel will be constructed on the edge of the river Wouri near the centre of Douala. It will be run by NOVOTEL.

The overall cost of the project is put at CFA F 2900 million (10.4 million EUA). It will help to increase hotel capacity in Douala which plays a major part in the development of Cameroon, as the country's economic centre and hub of tourism. The hotel should employ a staff of about 285.

The Caisse Centrale de Coopération Economique is also helping to finance the project through the Cameroon Development Bank.

## Loan for chemical industry project in Kenya

Under the terms of the Lomé Convention, the European Investment Bank is providing 6.98 million EUA to help to finance a chemical industry project in Kenya.

The funds consist of a loan of 5.88 million EUA (equivalent to about 55 million Kenya Shillings) to the Kenya Furfural Company Ltd., whose main shareholders are the Kenya Government and Kenyan Development Bank, and a contribution of 10 million Kenya Shillings (about 1.1 million EUA) to the company's share capital.

The loan is for 11 years at an interest rate of 5.15% after allowing for a 3% interest subsidy from the resources of the European Development Fund, as provided for under the Lomé Convention. The contribution to capital is drawn from a sum of 95 million EUA set aside under the Convention for various forms of risk capital operations, to be handled by the Bank as agent of the Community.

Furfural is a chemical used in the manufacture of certain lubricating oils and a derivative, furfuryl alcohol, is used by the foundry industry in the production of cores and moulds for precision castings.

A new plant to be built at Eldoret in Western Kenya will produce these chemicals — and also two by-products, acetic and formic acid — using, as raw material, maize cobs, usually discarded as worthless. The venture will be managed by Lewis and Peat Chemicals Limited of London.

The plant has been designed on a "no waste" principle: part of the residue will be used to fire the boilers, the remainder being available for use as bulk filler in animal feeds.

The project will yield substantial foreign exchange earnings, as all production will be exported, and about 300 new jobs should be created.

## Financing for an industrial project in Togo

Under the terms of the Lomé Convention, the European Investment Bank has made available funds totalling 5.4 million EUA (approximately CFA F 1500 million) to help to finance a palm oil mill and oil storage installations in Togo.

The funds consist of a loan from the EIB's own resources for 2.33 million EUA to the Société Nationale pour le Développement de la Palmeraie et des Huileries (SONAPH) and a conditional loan for 3.07 million EUA to the Togolese government to part-finance an increase in SONAPH's capital

The loan from the EIB's own resources is for 15 years at an interest rate of 5.85% p.a., after allowing for a 3% interest subsidy met by the European Development Fund as provided for under the Lomé Convention.

The EIB is acting as agent for the EEC in granting the conditional loan which is drawn from a total sum of 95 million EUA set aside under the Convention for various types of risk capital operations to be handled by the Bank. This loan has been granted for 20 years at a rate of interest of 2% p.a.

Togo will also provide supporting finance for the project to the extent of CFA F 300 million (about 1.07 million EUA). The total cost of the venture is put at CFA F 2130 million (some 7.60 million EUA).

The funds will go towards constructing an oil mill with a capacity for processing 20 t of fruit an hour at Agou in the plateau region and oil storage installations at the port of Lomé. The project constitutes the industrial adjunct to selected oil palm plantations established in the Agou region over the 1970 to 1976 period with Community aid provided under the two Yaoundé Conventions and the financial backing of the Togolese government. The oil mill will employ about 125 people.

A key factor in developing the plateau region, the venture will help industrial expansion in Togo and will both increase and diversify exports; a high proportion of the oil produced by SONAPH will be exported, particularly to neighbouring countries where there is a shortage of oil, a staple ingredient of the local diet. □

## Transfers to eleven ACP States

Five of these second instalment transfers are the direct or indirect result of arrangements made at the second meeting of the ACP-EEC Council of Ministers, held in April 1977. They are for:

— Guinea-Bissau, whose requests were made following the Community's declaration regarding the reference period in cases involving exceptional events, the seriousness of which had been recognized at international level.

— Tonga (for bananas), which was able to make this request only after the Council had decided to guarantee its exports whatever their destination.

— Tonga (for copra) and Samoa (for copra), for which the initial transfer proposals had been made on the basis of exports to the Community; these proposals now have to be revised in the light of the new "all destinations" guarantee granted to the two countries in question.

An analysis of the first two instalments for 1976 reveals that 24% of the funds available for transfer is going to states exporting products which have suffered from market fluctuations (sawn wood, sisal) while 76% is to offset a drop in earnings due to local circumstances. This is in marked contrast to 1975 when the proportions were virtually in reverse order (68% and 32% respectively of the total of 72786065 EUA).

Of the transfers 25% will be in the form of loans and 75% will be non-repayable transfers to some of the least developed ACP states, which means a substantial increase in the share going to the latter countries (the 1975 figures being 43% and 57% respectively).

---

## STABEX

---

On 27 July the Commission decided on the following transfers for 1976 under the export earnings stabilization system (Stabex) established by the Lomé Convention:

— A second instalment of transfers involving four ACP States and five products and amounting to 7768855 EUA, thus bringing total transfers for 1976 up to 31149104 EUA (1) (See table I).

— Four Overseas Countries and Territories (OCT) and two former OCT that have recently become independent will receive a total of 3484855 EUA under the Council decision of 29 June 1976 on the association of the OCT with the EEC (See table II).

## Transfers to four OCT and two former OCT<sup>(2)</sup>

The six transfers that have been decided on amount to 3484855 EUA out of the 4 million EUA available and relate to two products — copra (92%) and raw hides, skins and leather (8%) (in 1975 four OCT received a total of 1791347 EUA).

For two of the six countries concerned (the Gilbert Islands and the New Hebrides) the transfers will be in the form of loans (40% of the total), while for the other four the transfers will be non-repayable (60% of the total).

(1) The decision on the first instalment was taken on 4 April 1977.

(2) The Comoros, which acceded to the Convention after independence, is continuing to benefit under the Stabex appropriation for the OCT. This will also be the case for Djibouti (the former French Territory of the Afars and Issas).

**TABLE I — Transfers to eleven ACP States**

Decision of 27 July 1977 — second instalment		
Recipient ACP state	Product	Amount of transfer in EUA
Cameroon	Cocoa paste	463 558
Guinea-Bissau	Groundnuts	4 442 347
Guinea-Bissau	Palm nuts and kernels	626 966
Samoa	Copra	1 331 544
Tonga	Copra	831 721
Tonga	Bananas	72 719
Total (second instalment)		7 768 855
Decision of 4 April 1977 — first instalment		
7 ACP states	8 Products	23 380 249
Total (first and second instalments)		31 149 104

**TABLE II — Transfers to 6 OCT and ex-OCT**

1976		
OCT	Product	Amount of transfer in EUA
Gilbert Islands	Copra	1 083 059
New Hebrides	Copra	327 364
Solomon Islands	Copra	1 458 179
Tuvalu	Copra	64 417
		2 933 019
Comoros	Copra	286 508
Republic of Djibouti	Raw hides, skins and leather	265 328
		551 836
Total for 1976		3 484 855

---

## BANANAS

---

The ACP ministerial meeting has decided to recommend the creation of an organisation of ACP banana exporters to promote the sale of their production on the international banana market.

The ministers and heads of delegations of the ACP group took their decision during a meeting at Douala between 11 and 16 July in order, as they put it "to reinforce their solidarity and protect their interests". They gave the committee of ambassadors and the secretariat of the ACP group the task of making proposals for improving the marketing of bananas for consideration at the next ministerial conference.

During their stay in Cameroon the representatives of the ACP banana-producing countries visited the areas of the country where bananas are

grown. Cameroon currently produces annually some 90 000 tonnes of bananas and it is planned to raise this to 140 000 tonnes by 1980. □

---

## ACP EMBASSIES

---

### Guinea (Conakry)

#### **Ambassador Seydou Keita presents his credentials**

The new Guinean Ambassador to the EEC was born in Conakry in 1935 and has held a number of diplomatic and civil service positions. In 1960 he was made director of the national board responsible for importing materials for agriculture, stock-raising and fishing (AGRIMA), and in 1963 was moved to the state company responsible for the

building programme (SNGI). His first diplomatic post came in 1969 when he was appointed Ambassador to Bonn in West Germany. Two years later he was given general responsibility for Western Europe with a residence in Rome. In 1976 he was moved to Paris where he became Ambassador to Paris. He will now act as Guinea's Ambassador to the EEC from the embassy in Paris.

### Guinea-Bissau

#### **Mr Luiz D'Oliveira Sanca appointed Ambassador**

Mr D'Oliveira Sanca is Guinea-Bissau's first Ambassador to the EEC. He was born in 1940 at Bolama in the southern part of Guinea-Bissau where he attended primary school before going to the capital, Bissau, to attend secondary school. In 1968 he was awarded a diploma from the Institute of High Economic Studies in Prague, Czechoslovakia. During the war of independence he was firstly responsible for production on the southern front, and from 1969 to 1970 director of the African Party for the Independence of Guinea-Bissau and Cape Verde (PAIGC) at Boké in Guinea-Conakry. He was subsequently Inspector-General of the party's stores and provisions, and in 1972 was a member of the commission which set up the first popular national assembly. After the proclamation of the state in 1973 he was made Sub-Commissioner of State responsible for planning and statistics. Before his appointment to Brussels as Ambassador he was Guinea-Bissau's representative in Algeria.

### Tonga

#### **Ambassador 'Inoke Fotu Faletau presents his credentials**

Ambassador Faletau, who is 40, has since 1972 represented his country in Europe, first as High Commissioner in London and subsequently as Ambassador to France, West Germany, Belgium, Luxembourg and the Netherlands. He has now added to his responsibilities the post of Ambassador to the EEC.

His early education was in Tonga and Australia, after which he attended the Universities of Wales and Manchester. He started his career in the Tongan civil service in 1958 rising by 1969 to become Secretary to the Government. He also took on a wide range of responsibilities as an ex-officio member of boards dealing with the copra trade and other Tongan produce, broadcasting, power, water and agriculture. He was also seconded to the University of



**The new Ambassadors present their credentials to Mr Roy Jenkins, President of the European Commission. Right Mr Seydou Keita, Guinea (Conakry); above Mr Luiz D'Oliveira Sanca, Guinea Bissau and below Mr Inoke Fotu Faletau, Tonga.**

the South Pacific in 1971 as Resources and External Relations Officer for a period of 18 months. When this came to an end he began his career as a foreign diplomat taking on one of the more important posts in the Tongan foreign service as High Commissioner to London. Ambassador Faletau has three sons and three daughters and gives his interests as rugby, football, tennis and fishing. □

#### CORRECTION

ACP deputy Secretary-General Edwin Carrington was described in our last issue as being a Ph. D. of McGill University, Montreal. He asks us to point out that in fact he returned to the Caribbean before completing his Ph. D. thesis. Our apologies.

### HUMAN RIGHTS

A clause on the respect for human rights could be included in the Lomé Convention when it comes up for renewal. This possibility was not ruled out by Claude Cheysson, the EEC's development commissioner, during a press conference held in Dakar in mid-July. Mr Cheysson said this question was "very delicate" but nevertheless he believed it was "inadmissible" that people should be massacred in cold blood in a country which was in a period of calm and relatively trouble-free. European public opinion would not understand how development assistance could be given under such circumstances, said Mr Cheysson, and he added that major development policies could not be pursued without the support of public opinion. He pointed out that under the present Convention there was no means of suspending assistance to a country which did not respect human rights.

During the same press conference, Mr Cheysson repeated his view that Europe's economic development

depends more on the ability of the Third World to develop than on the prosperity of the United States. Since the Third World was the principal trade partner of Europe, he added, both sides needed to come closer together.

Mr Cheysson also said that his visit to Cape Verde was a political gesture marking the country's signature of the Lomé Convention and showing European solidarity with the poorest countries. He added that his visit also showed the admiration Europe had for the independence struggle of Guinea-Bissau and Cape Verde which was "one of the major pages of African history". Mr Cheysson said that the EEC, which was providing food aid worth some \$2.5 million would shortly be sending a programming mission to the country. □

### DJIBOUTI

After formally taking note of a request for accession to the Lomé Conven-

tion sent by the President of Djibouti, Mr Hassan Gouled Aptidon, to the President of the ACP-EEC Council of Ministers, the EEC Council of Ministers, recognizing the special political importance of economic stability in an area of Africa which is threatened by political troubles, decided to temporarily continue for Djibouti, which became independent on 27 June, the benefit of the arrangements provided for in the Council decision of 29 June 1976 on the association of the overseas countries and territories (OCT) with the EEC.

These arrangements, which include provisions on trade, the stabilization of export earnings and financial and technical co-operation, will continue to apply to the new state for one year, on the understanding that the EEC Council may well extend them.

The Council ended its discussion by adopting the following statement on relations with Djibouti:

"Pending the accession of the Republic of Djibouti to the Lomé Convention, the Community will support Djibouti's request to take part in the proceedings of the EEC-ACP institutions as an observer.

The Community intends to give sympathetic consideration to the request by the Republic of Djibouti concerning the measures it would like to take to ensure representation with the Community.

The Council hopes that the Republic of Djibouti will undertake to observe the provisions governing relations between the Community and the overseas countries and territories during the period in which these provisions are temporarily applicable to it.

Should the Republic of Djibouti not have acceded to the Lomé Convention by 26 June 1978 the Council will agree to extend its Decision of 25 July 1977 for an appropriate period." □

import volume worth 1300 million EUA. It will be recalled that in 1977 the Community substantially improved the GSP as regard agricultural products, in accordance with the Community offer on tropical products made in the GATT multilateral trade negotiations. The 1977 GSP for agricultural products added 46 new products and 70 margin of preference improvements to the 1976 scheme, raising the volume of imports from 1000 million to 1240 million EUA.

#### **Industrial products**

The GSP arrangements for industrial products involve duty-free entry for all industrial manufactures and semi-manufactures without exception, up to a ceiling which is equal to the volume of imports from beneficiary countries in a given reference year, plus an additional amount normally equal to 5% of imports from non-beneficiary, i.e. industrialized countries. The 1978 scheme will use the same basic reference year (1974), but the figures for 1975 have been taken into account in calculating the additional amounts, which means that the general level of the ceilings is raised (2).

For iron and steel, petroleum and textile products, footwear and plywood, the ceilings will be held at their present level in view of the difficult situation in the industries. In proposing that the status quo be maintained for textile products the Commission is also taking account of the current negotiations for the renewal of the MFA.

The Commission is, however, proposing two substantial improvements in the operation of the system:

— For "sensitive" products subject to tariff quotas, which until now have been subdivided into national shares, the Commission is continuing its policy of introducing a reserve share aimed at simplifying the operation of the quotas (3). In the industrial sector, the number of quotas including a 20% reserve share is increased from six to twelve, excluding the quotas for plywood, textile products and ECSC products. It is proposed to introduce reserve shares for all agricultural products subject to quotas.

(1) Japan introduced a generalized system in August 1971 and the United States in January 1976. Other developed countries now using such a system are Austria, Finland, Norway, Sweden, Switzerland, Australia, Canada and New Zealand.

(2) However, if the application of this rule were to result in a lowering of the ceiling, the ceiling would be maintained at the present level. As regards products for which the calculations result in excessively high growth rates, on the other hand, the ceiling increases will be limited to 50%.

(3) The current industrial GSP covers 46 sensitive products, 131 semi-sensitive products and about 1700 non-sensitive products.

---

## **GENERAL INFORMATION**

---

### **The EEC's scheme of generalized tariff preferences for 1978**

The 1978 scheme of generalized tariff preferences for the developing countries has just been approved by the Commission. If the Council adopts the Commission's proposals, the volume of imports eligible for preferential treatment will be equivalent to 6400 million European units of account, of which 5100 million EUA for industrial semi-manufactures and manufactures and 1300 million EUA for processed agricultural products.

The main features of the 1978 scheme are a limited increase in the volume of imports eligible for preferential treatment, the maintenance of the present ceilings for certain industries in difficulties, such as steel and textiles, and the emphasis on practical improvements in the operation of the system, particularly as it affects the least developed countries.

The Commission proposals remain within the scope of the offer on generalized tariff preferences made to UNCTAD by the Community in 1969, which the Community was the first industrial power to bring into operation — starting on 1 July 1971 (1). The Commission notes in its communication to the Council that in the present economic climate it is hard for the Com-

munity to introduce substantial new improvements to the GSP, particularly since the Community's industrialized partners have not made comparable efforts. For that reason, efforts will be concentrated on making practical improvements and the fullest possible use of existing concessions.

The following are the main outlines of the Commission's proposals:

#### **Agricultural products**

Eleven new products are to be added to the list, among them horses for slaughter, certain kinds of crustaceans and molluscs, dried garlic, limes, tropical fruit cocktails and certain kinds of fruit and vegetables during the winter season. The new list would thus cover 307 products, representing a total

— For semi-sensitive and non-sensitive products subject to ceilings it is proposed that the least developed countries(4) be exempted from reintroduction of the duty in cases where ceilings are exceeded. In 1977 these countries already enjoy such exemption in connection with the maximum country amounts ("butoirs") — i.e. the maximum amounts that can be exported by a single beneficiary country, which are normally equal to 50%, though sometimes to 20 or 30%, of the ceiling. Special arrangements have also been introduced for these countries in 1977 reserving them 70% of the ceilings for a large number of textile products, in contrast to more competitive countries.

Lastly, two special measures:

— As regards coir and jute products, the tariff suspension accorded by the Community as a quid pro quo for the voluntary restraint agreements negotiated with India (jute and coir) and Bangladesh (jute) will be raised from 80% to 100% on 1 January 1978, although in the case of jute total suspension was not due to enter into force until 1 July 1978.

— The Commission proposes to extend to Romania the benefit of preferences for a number of additional products as an indication of the Community's readiness to take account of the difficult period that country is going through.

#### Fuller use of the GSP

The Commission intends to continue its efforts to improve understanding of the operation of the Community's GSP among business operators in the beneficiary countries. Seminars will be organized for them in Brussels, Asia and Latin America, and publication of the practical guide to the use of the GSP, the first edition of which came out in May 1977, will be continued.

The figures below show the growth in the volume of imports eligible for preferential treatment since 1974, together with utilization rates.

Year	Volume	Utilization (%)
1974	3250 million u.a.	65
1975	3680 million u.a.	50
1976	5600 million u.a.	62
1977	6230 million u.a.	n.a.
1978	6400 million u.a.	n.a.

(4) Countries appearing on the list established by the United Nations Resolution 3487 (XXX) of 12 December 1975.

## LAW OF THE SEA

Some ten of the 310 articles planned for the final document of the 3rd UN

conference on the Law of the Sea were considered during the 6th session which ended in mid-July.

Most of the discussion centred on the exploitation of the seabed which produced a conflict of interest between the developing countries, who wanted such exploitation to be handled by an international authority on which they would have the majority, and the developed countries which wanted an independent role for their enterprises.

An American proposal for "parallel" or double exploitation, which was supported by both the socialist and non-socialist industrialised countries, was finally accepted in principle by the developing countries of the Group of 77. Their agreement was conditional on sufficient funds being made available to make the enterprise which would develop the seabed on behalf of the Third World viable, on a transfer of appropriate technology, and on a revision of the treaty in 20 years.

Under these conditions the Group of 77 would accept a consensus which would give the industrialised states guaranteed access to the mineral nodules known to exist in the Pacific and Indian Oceans. These sites would be exploited equally, in value, by companies and states in the developed world, and by the new international enterprise.

As to the level of production of seabed minerals, the industrialised countries demanded at first that this should be 100% of discovered resources. The developing countries demanded a level of 50%, calculated on the increase in demand for the base metal, nickel, during the previous ten years, because they feared the competition from under-water resources and the increase in raw materials available to the developed countries. The final text of the meeting contained a compromise proposal of a 60% limit.

The second important point was the legal definition of the 200 mile exclusive economic zone. This zone includes the territorial waters of 12 miles. Between the so-called "territorialists" who want the economic zone to be an extension of territorial waters, and the so-called "zonists" who want the conventions valid on the high seas to apply to the zone, a compromise proposed by Mexico suggested a special status for the economic zone.

The maritime powers will drop the demand that the economic zone be regarded as the high seas so long as rights which exist in international law are defined, particularly in respect of the rights of navigation, over-flight, the laying of cables and oil pipe-lines.

Numerous major political and legal problems remain highly contentious such as the institutional structure of the international seabed authority, the

machinery for resolving disputes, the eventual drawing up of a preamble and the final clauses of a convention.

These questions will be negotiated during forthcoming sessions, the next, the 7th, will start in Geneva on 28 March next year. □

## DEBTS

The total debt of the non-oil exporting developing countries reached a total of some \$240bn at the end of 1976 according to a study published by UNCTAD in mid-July. Using figures provided by the Bank of International Settlements and the World Bank, the study underlines the growth in debts from private sources which only represented 8% of the external debt of these countries in 1970 but rose to 22% in 1975.

The bank credits of these countries rose from \$57bn at the end of 1975 to \$75bn by the end of 1976, an increase in debt of \$18bn. It is the middle-income countries, with a GNP per capita of between \$301 and \$800, which have taken on the largest debts from private sources reaching, according to the UNCTAD study, some 30% of the total.

In an analysis of the Eurodollar market, from which the Third World borrowed \$10.7bn in 1976, the study reveals two problems. Firstly funds were needed to finance continual deficits, and secondly there was a threat of a modification, albeit temporary, in the volume of loans.

According to UNCTAD, to compensate for the increase in amortization payments, these countries will have to take on commitments some 10% higher for 1977 and 18% higher for 1978 simply to maintain the net capital assets of the banks in the developing countries. UNCTAD does not believe this increase is possible since in the period from January to March 1977 new borrowing represented a total of \$1.5bn against some \$2bn for the same period in 1976. □

## TEXTILES

On 25 July, the European Commission issued a communiqué which said that the Textiles Committee had not been able to reach an agreement on the modalities of the renewal of the MFA(1) during its last meeting. However, during this meeting, a group of

(1) Multi Staple Agreement.

participants — including the Community — representing 85% of the world textile trade managed to reach a consensus on the renewal of the MFA in accordance with the agreed conditions and modalities.

Bearing in mind this consensus, the Community intends to begin intensive bilateral negotiations whose results will determine the question whether the MFA will be extended in its present form until the end of the year.

EEC Commissioner, Mr Haferkamp stated to the press that what had been achieved in Geneva represented the maximum which was possible in the present circumstances; the consensus of a great number of countries to open bilateral negotiations with the EEC constitutes a solid basis for setting out along the path which should lead to a final decision (at the end of the year) on the renewal of the "multifibre" arrangement. Mr Haferkamp affirmed that the European Commission had stayed within the limits of the negotiation mandate which had been given to it by the Council and that he personally accepted responsibility for everything which had been achieved in Geneva by the Community delegation led by Mr Tran Van Thinh. Mr Haferkamp also affirmed that the precautionary measures adopted recently in the textile sector are not contradictory to the positions adopted in favour of trade liberalisation and in favour of a Community which is open to the world; the EEC has merely selectively used the normal trade policy instruments to cope with an abnormal increase in imports; in no way does the EEC intend to reduce its imports. □

---

## COCOA

---

The main producing and consumer countries, meeting in London on the 29 July were unable to reach agreement on an increase in the range of cocoa prices in the 1975 Cocoa Agreement (39-55 American cents).

The producing countries had demanded an increase to 75-91 cents so that the price came nearer to the average market price for cocoa which had passed the \$2 per pound level.

Faced with deadlock after two weeks of negotiations at the headquarters of the International Cocoa Organisation, the producing and consumer countries have agreed to meet in London on 19 and 20 September when they will again try to reach a compromise agreement on the basis of a proposal of a 65-81 cent range put forward by the chairman of the organisation's price committee.

The Council of the International Cocoa Organisation also agreed on the setting up of a special commission composed of eight producer countries (Brazil, Cameroon, Ecuador, Ghana, Ivory Coast, Mexico, Nigeria and Togo) and eight consumer countries (Belgium, Canada, France, Great Britain, the Netherlands, Switzerland, the USSR and West Germany) to study the evolution of the world cocoa market. The first meeting of the new group will be held in Switzerland, but no date has been set yet. □

---

## EURO-ARAB SYMPOSIUM

---

From 17 to 21 September, at the "Rio Manza" centre in Rimini, an international symposium will be held on relations between the European Community and the Arab Mediterranean world (Morocco, Algeria, Tunisia, Libya, Egypt, Lebanon, Syria). Arab and European political and business personalities will participate in this colloquium, which will take place under the patronage of the President of Italy and is being organized by the Italian Ministry of Foreign Affairs. The opening ceremony will be attended by Messrs Vittorio Winspeare Guicciardi, Director General of the United Nations Office in Geneva, Claude Cheysson of the European Commission, Mahmoud Riad, Secretary General of the Arab League, Mario Pedini, Italian Minister for Research, while the introductory address will be made by Mr Jan Tinbergen, Nobel Prize for economics. The subjects to be dealt with are the new international order, the Euro-Arab dialogue and industrial cooperation and investment possibilities. □

---

## OMVS

---

The Council of Ministers of the OMVS (the Senegal river development organisation) has given its support to forms of industrial development which will further cooperation and progressive integration of the economies of the three member countries, Mali, Mauritania and Senegal. This decision was contained in the final communiqué of the Council meeting in Dakar during July.

The development of the Senegal river will allow the exploitation of iron in eastern Senegal, and of bauxite and iron in Mali through the Manantali

dam. This dam is both a regulator of the river flow and a hydro-electric project which could provide 842 million Kwh.

The Council of Ministers of OMVS said it was urgent to obtain the construction materials needed for the dam and to achieve the effective participation of local enterprises as part of the regional programme. The next ministerial meeting of the OMVS will be held at the end of the year. □

---

## ABEDA

---

The Arab Bank for Economic Development in Africa (ABEDA) and the Special Arab Aid Fund for Africa (SAAFA) provided finance to some 36 African countries amounting to US\$ 387544 in the period ending 30 June. The detailed breakdown provided by ABEDA shows a total of 58 loans and two grants. Most of the loans are for 25 years, some for less, at interest rates varying from 1% to 6%. All but two of the financing agreements were for national projects in 34 countries. The two regional or multinational projects involved were Panafel (\$ 100000) and CIMAO (\$ 10 million).

The CIMAO cement and clinker project involves Ghana, Togo and Ivory Coast and is also being supported financially by the European Development Fund. There are other examples of Arab and European aid going to common projects, including the Selingué dam in Mali. New decisions by ABEDA's Council of Administration in July also included cofinancing with the EDF in a hydro-electric scheme at Mukungwa in Rwanda. The following is a breakdown of ABEDA and SAAFA aid up to 30 June (in US\$ millions):

Mali	27.8
Mozambique	27.0
Zambia	22.7
Zaire	22.4
Ghana	19.4
Tanzania	19.2
Upper Volta	17.2
Senegal	16.3
Ethiopia	14.2
Angola	13.244
Cameroon	12.85
Mauritius	12.7
Uganda	11.3
Benin	10.5
Cape Verde	10.5
Comoros	10.5
Sao Tomé/Principe	10.5
Congo	10.0

000

Madagascar	9.8
Niger	9.7
Chad	8.8
Kenya	8.6
Sierra Leone	8.6
Somalia	7.5
Rwanda	7.0
Burundi	6.0
Botswana	5.4
Swaziland	4.2
Gambia	4.0
Liberia	3.6
Lesotho	2.8
CAE	2.4
Eq. Guinea	0.5
Guinea-Bissau	0.25
Total	\$ 387.544

---

## UNDP

---

In July the Administrator of the United Nations Development Programme (UNDP), Bradford Morse, visited the headquarters of the European Commission in Brussels for discussions with the Commissioner responsible for cooperation, Claude Cheysson, and others members of the directorate-general for development. This visit followed similar contacts earlier in the year aimed at improving cooperation between the European Commission and the UNDP. In April Miss M.J. Anstee, an assistant administrator of UNDP visited the Commission, and subsequently Maurice Foley, deputy director-general for development in the Commission visited UNDP headquarters in New York.

During Mr Morse's visit there was a general exchange of views on development policy, but also some concrete agreements to improve liaison in the field between the two organisations. This improved collaboration will include consultation on potential projects and contact during project identification. UNDP pre-investment studies, particularly in the field of regional projects, might also be of interest for follow-up financing from the EDF. Cooperation in the field between the representatives of the two organisations would avoid duplication of effort and extra work prior to the start of a project. There is also scope for further cooperation when, for example, a Community capital project might benefit from additional technical assistance from the UNDP.

The two sides agreed that the Commission provide information on the financing of projects submitted by Community-based Non-Governmental organisations (NGOs). There will also be a greater exchange of information through documents and visits. UNDP and EEC delegates in the field are being informed of the plans for greater

collaboration. Although it is hoped to improve the efficiency of the development policies of both organisations through such contact, both sides emphasized that it will not affect the independence of either body. □

---

## AUTUMN FESTIVAL

---

An important part will be played by Africa in the Autumn Festival in Paris from 22 September to 11 December, in particular through its music and sculpture and the effect these have had on western art. Some 250 concerts have been organised, along with dance and theatre production, three cinema cycles, 6 exhibitions and a number of cartoon shows and meetings.

Africa's contribution will be primarily musical. Traditional and popular music will come from Mali, Niger, Nigeria, Rwanda and Zaire. Other artists will come from the United States, the Caribbean and Brazil to illustrate the transformation and evolution of music from the African continent through jazz, gospel, free jazz and so on.

Three exhibitions of African puppets from the Museum of Mankind, photographs on the European discovery of Africa, and African architecture, will complete the African contribution. □

---

## AGRICULTURAL TRADE

---

After falling for several years, the proportion of world trade in agricultural products accounted for by the developing countries rose in 1976 and should continue to do so in 1977 according to the annual report of the FAO (Food and Agriculture Organisation) on the situation and perspectives of agricultural raw materials.

The report, which appeared on 8 August, underlines that the growth in world trade in agricultural products in 1976 was a meagre 4% reaching a value of \$123bn. But the exports of agricultural products by the developing countries rose by 12% to a value of \$38bn.

The FAO notes "that the instability which had been present in most markets remained a factor in 1976, confirming that agricultural markets will be permanently characterized by major fluctuations in prices". In the short term the report sees a certain growth in demand for products for both animal and human consumption, particularly fish, grain and oil-seeds.

The FAO points out that four products, coffee, rubber, cotton and oil-

seeds provided five-sixths of the increased revenue of the developing countries last year. Coffee, which has taken the place of sugar as the major export product, represented almost a quarter of the agricultural receipts of these countries in 1976, and half of the 12% increase in value. Rubber exports rose in value from \$700 million to \$750 million, with 95% coming from Indonesia, Malaysia and Thailand. Cotton exports also increased and in the case of the middle East by some 50%. Turkey, and Africa both recorded significant increases although there was a significant fall in Latin America.

Finally the report points out that cereal exports by the developed countries fell by 20% in 1976, and their agricultural exports overall by 4% to \$48bn. The agricultural exports of the centrally planned economies fell by 15% to \$5bn. □

---

## MINING GROUP

---

Mining experts from Niger, Togo and Upper Volta, and from the office of the Liptako-Gourma organisation, which groups the three countries, met in Ouagadougou in August to discuss cooperation. At the end of the meeting they issued a statement outlining their discussions. They considered in particular:

1. The role, organisation and workings of the mineral commission set up in Lomé in February 1977 by the heads of state of the members.

2. Breakdowns by each of the delegations of the state of research into mineral resources in the area, and the transport infrastructure.

On the first point the experts detailed the tasks of the mineral commission, particularly in the field of coordination of studies conducted at the national level so that a dossier can be drawn up as soon as possible of the economic and technical problems surrounding exploitable deposits. Coordination in this field will be tackled by Togo and the secretariat of the Liptako-Gourma authority.

On the second point concerning the state of mineral research in the three countries, the meeting decided to draw up a document which would contain an exhaustive list of exploitable resources and a detailed outline of actions to be taken. The study will pay particular attention to phosphates in eastern Upper Volta, manganese at Ansongo and Ofalikin, phosphates at Bouren in Mali, iron at Say, manganese at Tera in Niger, iron in the Buem basin, clay at Lama-Kara and the pink granite of northern Togo.

The group of experts will meet again in Bamako in January 1978. □

## Geographical trade trends

### IMPORTS

1970

1976

In % of extra-EEC trade

Value in Eur'000 m

	%		%	
<b>Industrialized countries</b>	56.0 %	33.3	47.5 %	66.7
Northern Europe	15.0 %	8.9	13.5 %	19.0
Southern Europe	5.0 %	3.0	5.4 %	7.6
USA	20.0 %	12.8	16.0 %	22.3
Japan	2.9 %	1.7	4.0 %	5.6
<b>Developing countries</b>	36.7 %	21.8	44.0 %	61.6
OPEC	15.3 %	9.1	26.3 %	36.9
Non-oil producers	21.4 %	12.7	17.6 %	24.7
ACP	7.6 %	4.5	6.4 %	9.0
South and Central America	7.7 %	4.6	5.4 %	7.6
S-E Asia	4.5 %	2.7	6.0 %	8.4
Southern Mediterranean	7.5 %	4.4	6.0 %	8.6
<b>Eastern Countries</b>	7.0 %	4.2	7.8 %	10.9

As far as EEC exports are concerned, the developing countries' share has continuously increased since 1970. By 1975, these countries had become as important a market as the industrialized countries (47.1% and 46.8% respectively). As for the Eastern countries, these accounted for no more than 5.6% of the exports in 1975, as against 9.6% in 1973.

It is above all the increase in foodstuff exports to the countries of the Mediterranean basin which has compensated the EEC for the decreased importance of the US market. The southern Mediterranean share, in particular, has practically doubled since 1970, accounting for 14.2% of total exports in 1975 as against 7.8% in 1970. A strong upward tendency is also to be observed as regards exports to the ACP and South East Asian countries in 1975.

Overall, the increasing EEC trade deficit since 1970 as regards foodstuffs is mainly due to the worsening deficit in respect of the industrialized countries. A remarkable feature of the changing balance of trade in foodstuffs is the appearance of an EEC surplus with regard to the southern Mediterranean countries since 1974.

## Raw materials

**Raw materials** are the least important item in EEC imports (11.6% in 1976) and their relative share in total imports has been in continuous decline since 1970. The share of raw materials in the overall non-oil imports of the EEC since 1970 has been between 15% and 20% only, depending on price fluctuations.

The industrialized countries are bigger suppliers of raw materials to the Community than the developing countries. In 1975 they provided 58.8% of raw material imports, while the developing countries supplied 31.5%. The ACP countries are the principal suppliers of raw materials among the latter (10.2% in 1975).

## Energy

The percentage of **fuels** in total imports has doubled since 1970, accounting for 30.7% of total imports in 1976 (33.1% in 1974, 16.5% in 1970). Since 1974 these imports have become practically as important an item as manufactured products.

## Manufactured goods

Imports of manufactured goods amounted in 1976 to 36.6% of total imports, as against 39% in 1973 and 36% in 1970. They continue to account for an increasing percentage of non-oil EEC imports, reaching 53% in 1976 as against 43.3% in 1970. However, the rate of increase of imports of manufactured goods has clearly slowed down since 1973.

The tendency towards an increasing impact of developing countries' manufactures on the EEC market has been slowed since 1973, their share in these standing at only 13% as against 12.4% in 1973 (8.9% in 1970). Imports from the industrialized countries amounted in 1975 to 79% of the manufactured products imported by the EEC, whereas they had decreased from 81.3 to 76% between 1970 and

1973—only the relative share of the US—falling off. The percentage imports from the Eastern countries has increased, reaching 7% in 1975 as against 5.5% in 1970.

The higher share obtained by the developing countries in European imports of manufactured products is almost solely due to increased imports from South East Asia (more especially from the rapidly industrializing countries). These accounted in 1975 for 8.4% of EEC imports of manufactured goods, as against 4.8% in 1970, i.e. 64% of the imports from the developing countries, 75% of the latter coming from the rapidly industrializing countries.

As regards EEC exports of manufactured goods, since 1973 the trade pattern has shifted towards the developing countries and the East. Between 1970-1973 the developing countries share of EEC exports fell from 29.7% to 28.1%. In 1975, 37.3% of the sales of manufactured goods were to the developing countries and 11.8% to the Eastern countries (as against 29.7% and 7.3% respectively in 1970), whereas the sales to the industrialized countries only accounted for 51% of the exports, as against 62.3% in 1970. The increased outlets provided by the developing countries were due in particular to the purchases made by the oil-producing countries, whose share of EEC exports has practically doubled since 1973 (rising from 8.7% to 16.2%), representing in 1975 40.7% of the exports of manufactured goods from the EEC to the developing countries. EEC sales to the ACP countries also rose strongly from 5.4% to 6.8%, in 1975.

---

## Conclusions

---

This analysis of EEC trade between 1970 and 1976 is an attempt to put the trade relations between the Community and the developing countries in context.

The changes observed must be interpreted with caution. It is too early to differentiate between structural changes, and what may only be a momentary upset due to the extensive recession which hit the world economy between 1974 and 1975.

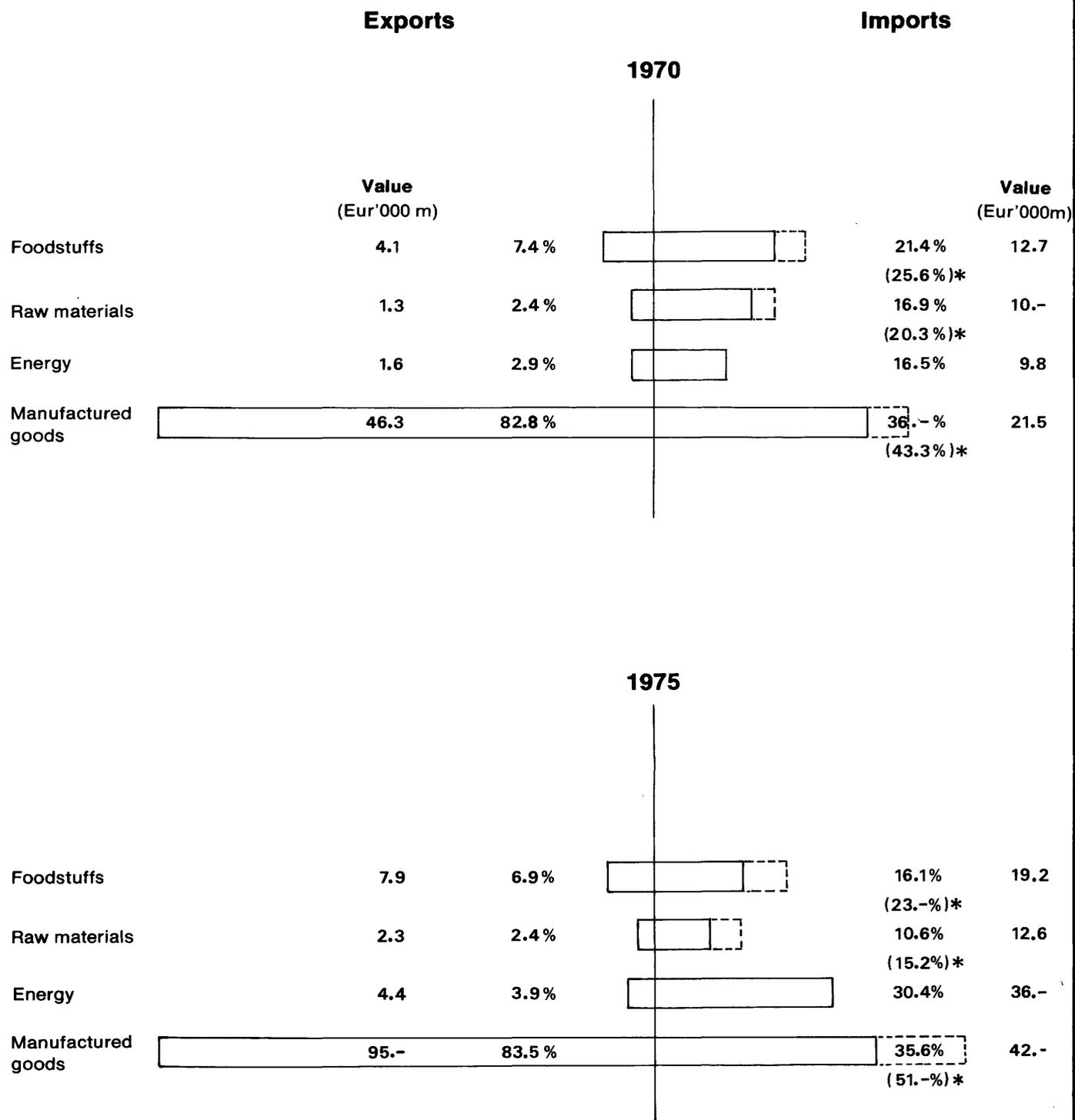
The following points should however, be brought out:

a) The industrialized countries remain the main customers of the EEC, but their relative importance is diminishing—from 62% of EEC exports in 1970 to 53% in 1976. The market provided by the developing countries for extra-Community exports is continuing to increase, as much as regards foodstuffs (rising from 34.7% to 46.8% between 1970 and 1975) as for manufactured products (29.7% to 37.3%). This obviously results from the greater import capacity of the oil-producing countries, but it should also be noted that the value of the exports towards the non-oil producing developing countries has shown a more rapid growth rate than as regards the exports to the United States and Japan during the whole period from 1970 to 1976.

It is to be noted that among the non-oil producing developing countries, those that have offered the greatest rate of growth to Community exports are the ACP and the south Mediterranean countries with which the Community has concluded preferential agreements during the period under consideration.

# STRUCTURE OF EEC external trade by groups of products

In % of total exports and imports



(\*) Fuel imports not included (dotted section).

b) There has been a clear decline in the relative share of the various groups of non-oil producing developing countries as suppliers of extra-Community imports. The increased share taken up by oil imports is not the only reason for this. In general, the rate of growth of the imports originating from the non-oil producing developing countries has been below the rate of growth of imports from the industrialized countries during the period 1970 to 1976, the notable exception to this being the imports from South East Asia (especially the semi-industrialized countries).

c) The difference between the respective export and import growth rates of the EEC towards and from the non-oil producing developing countries is not enough to provide the Community with a surplus trade balance big enough to compensate for its growing deficit in respect to the United States and Japan, let alone for the EEC's trade deficit in regard to the OPEC countries.

The trend is all the more worrying for the EEC because the continued expansion of Community exports to the non-oil producing developing countries is liable to meet with increasing difficulties:

- in the case of most dynamic export markets, such as the ACP and the Mediterranean countries, there is a risk of their reaching saturation if they are not supported by transfers of financial resources, or enlarged by an increase in value and/or the range of the exports from these countries to the Community.

- in the case of the industrializing developing countries (South East Asia), which have increased their share in the Community market, any expansion comes up against their restricted internal markets, and the competition from less distant industrialized countries.

From the information available at present, it appears that changes in the EEC trade pattern in 1970-1976 have not yet led to any new balance which might be confirmed in the long term. EEC trade, both in its composition and its orientation, is still changing.

**This part of the survey covers the period from 1970 to 1975. The first results for 1976, where these were available, have been included in the various statistical tables. These fall into two sections—the first on the geographical trade pattern and the second on the trade structure by groups of products.**

The classification into groups of countries, aims at giving a broader geopolitical view of trade trends than the distinction between oil-producing and non-oil producing countries, which is inadequate.

The groups of countries are as follows:

- **Northern Europe:** EFTA less Portugal
- **Southern Europe:** Spain, Greece, Portugal, Turkey, Yugoslavia
- **The ACP group:** (the first 46 signatory countries to the Lomé Convention)
- **Central and South America**
- **South East Asia:**— the Indian sub-continent, (India, Pakistan, Bangladesh and Sri Lanka)
- and the rapidly industrializing countries (Hong Kong, Singapore, South Korea, Taiwan)
- **The Southern Mediterranean countries:** Maghreb, Mashreq, Libya, Israel and Cyprus
- **The Eastern countries:** in addition to the Eastern European countries with a state-run economy, the main oriental trade partners of the EEC—China, North Vietnam, North Korea and Mongolia.
- The **Arab League** and North and South **Mediterranean basin countries** are other classifications which have sometimes been used.

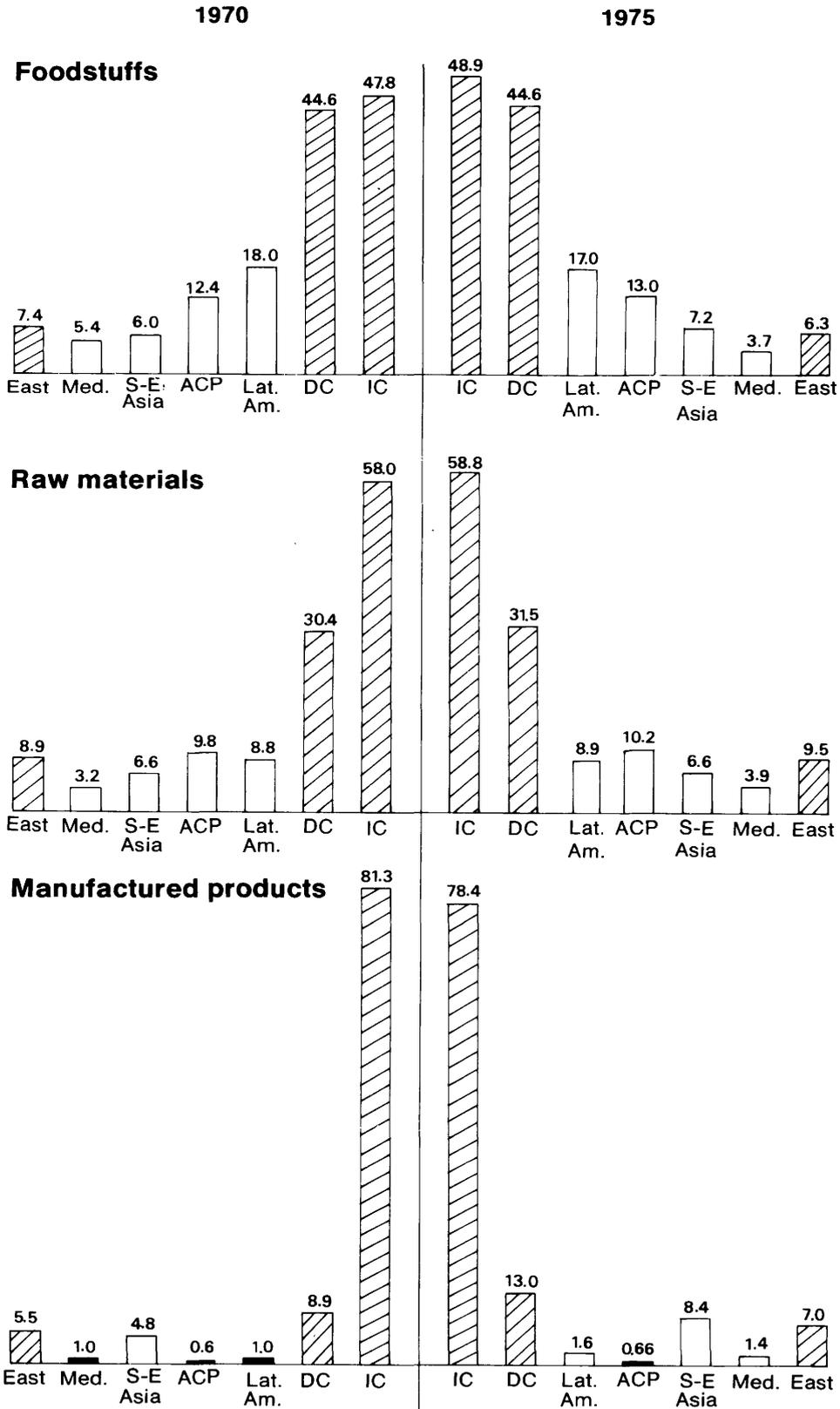
This classification does not entirely avoid overlaps, as several ACP countries are included in the **Latin America group**, (Central and South America), while in the same way, the South East Asia group contains the South Pacific developing countries (including those in the ACP group).



**Pointe Noire (Congo Brazzaville),**  
*One of Africa's main trading ports*

# Distribution of extra-EEC imports by groups of countries

In % of each group of products



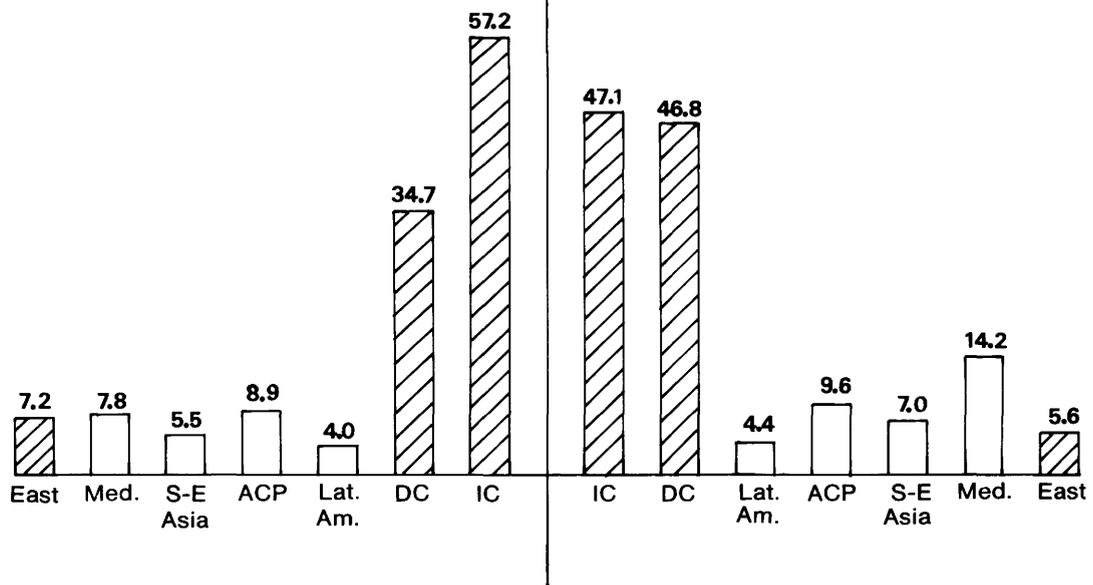
## Distribution of extra-EEC exports by groups of countries

In % of each group of products

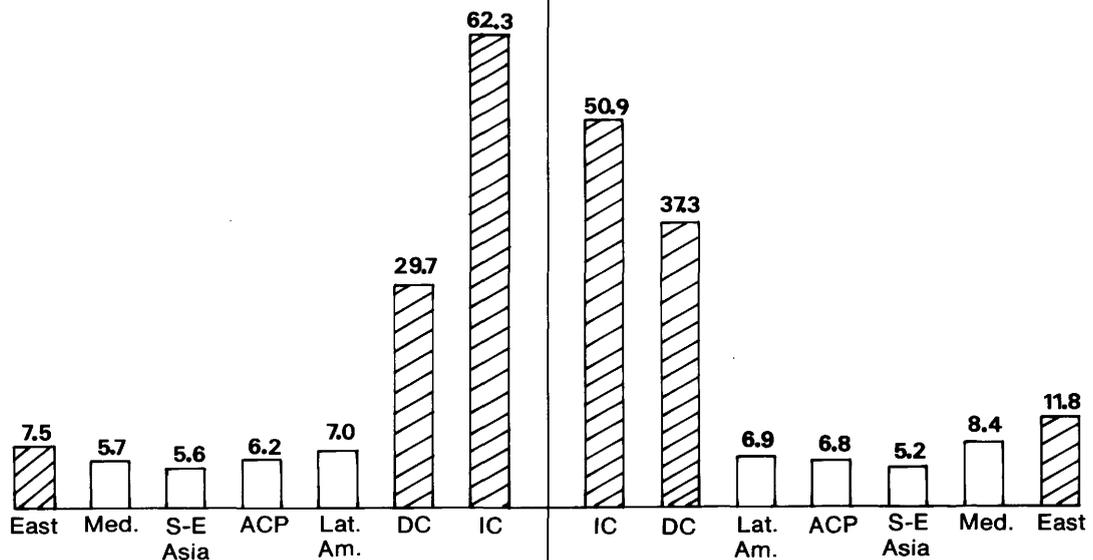
1970

Foodstuffs

1975



Manufactured products



## The European Community and the Third World

The EEC Commission's information directorate has recently brought out a booklet, "The EEC and the Third World", which summarizes the Community's dealings with the Third World. The first two parts describe the changing Third World and Europe's attitudes and policies towards the developing countries. The third part of the study, published here, describes the various forms of action taken by the EEC to help the developing world.

### What the European Community is doing

The Community's Third World policy is based on two approaches: agreements with groups of countries, and international action.

#### Action at the world level

At the international level, the Community tries to keep a balance between its relations with industrialised countries, and with the Third World. It does this through commercial agreements, its generalized system of preferences (GSP), financial and technical aid to non-associated countries, emergency action and food aid. (These are described more fully below).

The Community has taken an active part in international discussions on the new international economic order. These include sessions of the UN General Assembly, the North-South dialogue (where the Commission chaired two out of four working groups), and the fourth UNCTAD Conference at Nairobi (where the Community made a decisive contribution to the work of the conference).

#### Commercial agreements with Asian and Latin American countries

Also as part of its action at world level, the Community has made commercial agreements of various kinds

with 12 Asian and four Latin American countries. The first of these came into force in 1969. The majority of the Asian countries were part of the Commonwealth and therefore entitled to special relations with the Community even before the UK's accession in 1972. After accession, the Community took note of their interests in a Declaration annexed to the Accession Treaty.

The Community has concluded commercial cooperation agreements with India and Sri Lanka, as well as various sorts of textile agreements with Bangladesh, Hong Kong, India, Indonesia, Iran, Laos, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka and Thailand.

Despite the importance of trade with Latin American countries, progress recorded in their relations with the Community so far has been slow. However, non-preferential commercial agreements did come into force in 1972 with Argentina, in 1974 with Brazil and Uruguay and in 1975 with Mexico.

#### Generalized preferences

The generalized preference scheme is a special customs régime applied by industrialised countries to goods imported from the developing countries: it consists of cuts in customs duties (or duty-free import), sometimes with quantitative limits, sometimes without. It is a system that emerged from the work of UNCTAD (the United Nations Conference on Trade and Development) in 1970.

There is a "preference" in the customs sense in that the tariff cuts or exemptions are granted by the industrialised countries applying the system to developing countries in the "group of 77" (plus Romania for some goods), but not to each other.

The preferences are said to be "generalized" in that in theory they are granted by *all* industrialised countries to all developing countries. They are also "non-reciprocal"—the industrialised countries which grant them claim nothing in return (no "inverse preferences") from the countries that benefit—and "non-discriminatory" in that *all* developing countries benefit.

It is seen as being a "system" because all industrialised countries are supposed to grant the same concessions; but in practice there are several different patterns applied by different countries.

The EEC was the first in the industrialized world to apply a system of generalized preferences. It was introduced on 1 July 1971 and has continually been extended, both in the number of countries concerned (104 in 1976) and the scale of its concessions.

#### First round of financial and technical help for non-associated countries

In March 1975, the European Commission submitted proposals to the Council of Ministers for an action programme covering the period 1976-80 to help those developing countries which are not signatories of regional cooperation agreements. This programme of financial and technical aid, worth 730 m units of account, is mainly directed towards Asia and Latin America and is intended to cover measures to improve agricultural output, promotion of regional cooperation and of trade, and emergency schemes.

A ministerial decision is still awaited, but in the meantime a sum of 20 m units of account was included in the 1976 Community budget and used to help five countries (Bangladesh, India, Indonesia, Pakistan and Bolivia) and also agricultural research organisations. A sum of 45 m units of account is to be set aside in 1977.

In addition, 3.5 m units of account were earmarked in the Community's 1976 budget for measures to promote exports and regional cooperation in Asia and Latin America, and 5.4 m are being set aside for this in 1977.

Lastly, the Community was able for the first time in 1976 to finance "mini-projects" jointly with non-governmental organisations. These bodies generally finance small schemes of local interest (village wells, farming equipment) which cannot be covered by international organisations. The Community put up 2.5 m units of account in 1976 and it is planned to spend 4 m in 1977.

#### Food aid

For the last 20 years the developing countries have been experiencing an

## The Community's GSP scheme

The pattern of generalized preferences applied by the Community in 1976 covered 250 processed agricultural products and all industrial goods from 103 developing countries (plus Romania for certain products), as well as from the overseas countries and territories forming part of the Community. For certain specific products, the scheme applies to a smaller number of countries.

For the 250 processed agricultural products, generalized preferences mean a cut in the level of duty in the Common External Tariff, in some cases with a quantitative ceiling applied through tariff quotas.

For the industrial goods, the duties in the Common External Tariff are not

applied, though in some cases there are tariff quotas or ceilings on duty-free imports.

The total potential value of imports thus freed from duty was estimated for 1976 at 1000 m European units of account for processed agricultural products and 3600 m units of account for industrial products.

For 1977 the proposals put forward by the Community should cover 296 processed agricultural goods, with considerably higher ceilings for industrial goods, and the total value of the trade benefiting should be 6470 m units of account.

In practice, however, less than 70% of the potential volume of trade benefiting from the scheme has so far been taken up by the exporting countries:

Year	Potential total value of freed imports (units of account)	Value effectively taken up by the developing countries (units of account)	Rate of use
1974	3 250 m	2 100 m	65 %
1975	3 680 m	2 540 m	67 %
1976	4 600 m	2 700/3 000 m(1)	59/65 %
1977	6 470 m	3 000/3 500 m(1)	46/54 %

(1) Estimates.

The fact that the scheme is not fully used is due to inadequate information in the countries that can benefit, to the complicated procedures involved (each exporting country has to ensure that the goods exported have with them a "certificate of origin" proving that they were in fact manufactured there), and to the disparities between the schemes applied by the various industrialised countries.

To overcome these problems the European Commission proposed in 1976 the setting up of a special agency to facilitate the use of the Community scheme by the 104 countries concerned.

The Community scheme is being constantly improved, and the European Parliament has commented that it can be made still better—for instance, by granting additional advantages to the poorest countries or adding to the list products which only they export. At the same time care has to be taken not to disrupt industries in the same sectors within the Community. Nor must the scheme be deprived of its effectiveness by granting the same concessions to all countries, whether developing or industrialised—a risk that could occur in the "Tokyo round" of trade negotiations in GATT.

unprecedented food crisis. The population explosion, scarcity of technical and financial resources, and the strength of local custom are all obstacles to improving agricultural yield and, with it, food supply. Since 1972 a series of events combined to give the situation a dramatic turn. Adverse atmospheric conditions, particularly drought, have affected numerous regions of the world. The most notable are the Sahel, Ethiopia, Somalia and Bangladesh.

The shortages of 1972 were aggravated by world inflation, monetary instability and speculation following the drop in food production, particularly cereals. The oil and raw materials "crisis" increased the price of fertiliser, pesticides and other production materials in the developing countries. This accelerated the partial failure of the "green revolution", the name given to the transformation of agricultural techniques in the developing countries that had been supposed to bring about a spectacular increase in yield.

Faced with world-wide food shortages, the responsibility of the industrialised countries, particularly Europe, is evident, since large quantities of foodstuffs are produced in temperate zones. The European Community has been active in distributing food aid since 1968, combining the action of its own member states with specific Community measures.

### The balance sheet after nine years

The European Community has been involved in food aid operations since 1968, first of all with cereals and then, since 1970, with other products (milk powder, butteroil, sugar, egg powder).

Total cereal aid has amounted to 9.2 million tonnes, worth some 1100 m units of account including national aid from EEC member states. Specific Community aid for other products came to 567 m units of account.

Community food aid is given in the form of donations to states or organisations. It falls into two categories: emergency aid and normal aid. Emergency aid is reserved for famines following natural catastrophes (drought, flood, earthquakes, etc). In such situations the Community takes responsibility for supplying the goods, the cost of transport and free distribution to the affected population.

Normal aid consists of produce supplied free of charge and sent to the Community's ports. The cost of transport and distribution is the responsibility of the receiving country. The produce supplied is destined either for free distribution by the government concerned or for sale at the local market. In the latter case, the government has to use the funds it receives to finance development projects under inspection.

Aid was given to a steadily increasing number of countries (eight in 1968/1969, 36 in 1973/1974) until the recent energy and raw materials "crisis". It then had to be concentrated on the countries most affected by the "crisis".

Despite this growth, and its impact, the Community is not without its critics, as can be seen from European Parliament reports. Food aid policy has been criticised because it is too dependent on variations in the Community's agricultural stocks and most of all because it does not make longer-term commitments which would enable a planned supply for the Community and for the recipients. Ways and means of improving the food aid policy are being studied.

## Emergency financial aid

### Emergency fund

One of the most disastrous effects of the 1973/1974 economic crisis was that it put those developing countries which had no raw materials in a desperate position. Made bankrupt by the crisis, such countries could only have recourse to special outside aid.

That is why, in March 1974, the European Commission proposed that a world emergency fund be set up, with three billion dollars worth of resources, to help those developing countries most heavily hit by the rise in the prices of raw materials. In April 1974 the United Nations special session took up this idea and adopted it. By April 1975, the European Community had contributed over 728 m dollars (as against the 500 m envisaged as its contribution

## EEC food aid (1968/1977)

	Quantity (thousand tons)		Value (million u.a.)	
	1968/1976	1977	1968/1976	1977
<b>Cereals</b>	<b>9 161</b>	<b>1 287</b>	<b>1 141</b> (1)	<b>145</b> (1)
Community action	3 800	721	502(1)	81(1)
National action	5 361	566	639(1)	64(1)
<b>Other products</b> (2)	—	—	<b>567</b>	<b>86</b> (3)
Milk	460	105	287	41
Butteroil	187	45	272	47
Sugar	18	—	7	—
Eggs	0.5	—	1	—

(1) Estimate at world prices.

(2) Community action only.

(3) Provisional figure.

a year earlier). The contribution made by the Community as such was 292 m dollars, whilst the member states individually put up a further 430 m dollars.

### Disaster aid

In addition to special action, the Community is always in a position to step in to help countries which have been hit by natural disasters: it has a special heading for this in its budget (800 000 units of account are earmarked for this in 1977).

There is also a contribution to UNRWA (United Nations Relief and Welfare Agency), the UN agency which is helping Palestinian refugees, written into the overall Community budget.

## The European Community and Asia

From the above outline of EEC action at world level, it will be clear that in recent years the European Community has greatly developed its trade and cooperation links with the countries of the Indian sub-continent and South East Asia. Since 1971, all have been beneficiaries of the EEC's **Generalized Scheme of Preferences (GSP)**, from which India and Pakistan have been among the leading beneficiaries. Under the GSP the Community applies zero tariffs to all industrial products, including textiles, imported from developing countries, though subject to quantitative ceilings for a limited number of sensitive products. The scheme has been expanded in its scope in successive stages to include a widening range of processed agricultural products as well as one unprocessed

item, tobacco. The inclusion of additional products to the scheme has in many cases been on the request of individual Asian countries.

The GSP has been a major instrument employed by the Community to solve problems arising from the Commonwealth Preferences System and the alignment of the British tariff on the Common Customs Tariff, completed on 1 July 1977. However, during the negotiations for British accession to the Community, agreement was reached that should trade problems arise for Commonwealth countries which the GSP could not resolve the Community would meet with the country concerned to seek "appropriate solutions" to the problems. This undertaking was embodied in the "**Joint Declaration of Intent**" (JDI) annexed to the Accession Treaty. Apart from the successive improvements to the GSP offer mentioned above the JDI has led to the conclusion of **Commercial Cooperation Agreements (CCA)** between the Community and India, Pakistan, Sri Lanka and Bangladesh as well as a Joint Study Group (JSG) between the Commission and the five countries of ASEAN (Indonesia, Thailand, Philippines, Malaysia and Singapore). Both

*"The Mediterranean is an area characterized by a uniform climate, soil and agricultural production, and similar industrial structures. The Community is an integral part of this Mediterranean world in its southern regions (South of France, Italy) and finds itself as a consequence in competition with the agricultural producers of these countries for whom it is also the principal outlet. On the other hand, the Community does export a large part of its cereals, meats, and*

arrangements aim at stimulating wide-ranging co-operation between the Community and the partner Asian countries.

The mainspring of each of the CCAs is a Joint Commission of representatives of the Commission and the partner country which meets at regular intervals, as does the EC/ASEAN Joint Study Group.

## Action at regional level

Alongside its action at world level and with the assistance it is giving to establish a new type of relationship between industrialised countries and the Third World, the European Community is trying to encourage stronger contractual relations with specific countries or groups of countries. These are basically the developing countries bordering the Mediterranean. The Community intends establishing privileged relations with them because their economies complement its own, because of the existence of historic links or simply because they are near at hand. Compared to what other industrialised nations are doing this is an original approach because it combines a variety of instruments to attain a single goal: financial cooperation, access to the Community's market, trade cooperation, industrial cooperation, stabilisation of export earnings, and institutional mechanisms, etc.

The Community has taken up a challenge here: that of setting up a "new order" in its relations with these countries at the risk of seeing them become its closest competitors.

*dairy products to these countries. It satisfies a large part of their need for industrial products, equipment and manufactured goods. The Community finds itself in an ambivalent position towards its Mediterranean partners, being both a competitor and a privileged partner. This does not make it easy to develop a coherent Community policy towards them". (Report from European Parliament on the Community's Mediterranean policy).*

## Community agreements with Mediterranean developing countries

The agreement between the Community and Israel, which came into force on July 1 1976, was the first step towards practical application of the global approach to the Mediterranean. It was followed by cooperation agreements with the Maghreb countries—Algeria, Morocco and Tunisia—and three of the Mashreq countries—Egypt, Jordan and Syria—which were signed in April 1976 and January 1977. An agreement with the Lebanon was signed in May 1977 (1).

In February 1977 the agreement with Israel, which provides for the establishment of a free trade area, was extended by an additional protocol aimed at bringing about a similar form of cooperation to that agreed on with the Maghreb and Mashreq countries, thus enabling the Community to maintain and develop politically balanced relations with all the countries round the shores of the Mediterranean.

The commercial part of these agreements grants free access to the markets of the Community for industrial goods from its partners (except where there are temporary derogations for "sensitive" products) and involves concessions covering the main agricultural products which they export to the Community. Given the current level of development of the Maghreb and Mashreq countries, the agreements with them do not provide at this stage for reciprocal concessions to the Community. In the case of Israel, the free trade area for industrial products has to be fully effective by 1989 at the latest.

As early as 1972, the European Commission proposed a "global approach" to the Mediterranean countries. The idea was to provide a coherent framework for the agreements already signed or to be signed in the future. The countries on the northern shores of the Mediterranean are European and thus

potential Community members, whilst those on the southern side are developing countries; but this should not be allowed to obscure the fact that the relations of the Community countries with their Mediterranean neighbours constitute a whole, geographically, economically, culturally and historically.

So there is no conflict between the two approaches—to the Third World countries around the Mediterranean on one side, and to the Mediterranean area as a whole on the other. The two can co-exist, for both reflect real situations. This is true, too, in the case of the Euro-Arab dialogue.

Today 800 000 Maghreb nationals, 500 000 Algerians, 200 000 Moroccans and 100 000 Tunisians work in Europe. The three agreements stipulate that they should benefit from the same pay and working conditions as European workers, and that they should have the right to the same social advantages in every Community country. In addition, nationals of these three countries working successively in several Community countries will be able from now on to cumulate their periods of employment, insurance and residence in each country for purposes such as allowances and payments for old age, death, invalidity, health care, and family allowances when their families are in fact resident in the Community. Such benefits could only be possible through such a Community-level agreement.

The financial and technical cooperation provided for in the three agreements will help in efforts being made by the Maghreb countries to diversify their economies, to industrialise, and to modernise their agricultural sectors—possibly in collaboration with the oil-exporting countries.

The Community will participate in industrial development programmes by providing finance, contacts with the European traders and investors and access to facilities, technology and patents. Cooperation with Algeria and

Tunisia in the energy sector is also provided for.

For each of the agreements a Council of Ministers will manage the arrangements and facilitate exchanges between the European Parliament and national parliaments.

## The Lomé Convention

The Lomé Convention signed between the European Community and 52 countries, is an historic event and a decisive step towards a new economic order. The Lomé Convention sets an example for regional agreements between industrialised countries and developing countries throughout the world. The Lomé Convention is independent of the separate aid and cooperation policies of the EEC countries. It is also more complete and more ambitious. It introduces a number of new elements in Community-Third World relations into international law and institutions.

Thus:

— The Lomé Convention recognises "de jure", in an international treaty, the inequalities existing between the signatories (EEC, ACP) and between the ACP states themselves. For example, the least developed ACP states are given special financial aid.

— Through "Stabex", the system for stabilising ACP export earnings, the Lomé Convention has introduced a sort of international social security scheme to protect countries which depend on sales of their agricultural products against bad years, and compensate them for the instability resulting from the play of free market forces.

— In the case of sugar-cane exports to the EEC from the ACP countries, the Lomé Convention provides for a reorganisation of the market for a particular commodity. It offers producer countries a minimum price indexed to the income of European sugar-beet producers. This is a major innovation.

— To keep relations between the EEC and ACP on the right tack, the Lomé Convention has catered for permanent concertation through such general institutions as the ACP-EEC Council of Ministers, the ACP-EEC Consultative Assembly of parliamentarians or through specific bodies such as the Centre for Industrial Development, and

(1) The countries on the northern shores of the Mediterranean are geographically part of Europe and are thus seen in principle as future Community members (negotiations with Greece began in 1976). Only the countries on the southern shores come under the development policy dealt with here.

## EEC-Mediterranean financial cooperation 1977-1981

(million ua)

	Algeria	Morocco	Tunisia	Egypt	Jordan	Syria	Lebanon	Israel
Normal EIB loans	70	56	41	93	18	34	20	30
Special loans	19	58	39	14	4	7	2	—
Non-repayable aid	25	16	15	63	18	19	8	—
<b>TOTAL</b>	<b>114</b>	<b>130</b>	<b>95</b>	<b>170</b>	<b>40</b>	<b>60</b>	<b>30</b>	<b>30</b>

the Committee for Industrial Cooperation. These in no way infringe the sovereignty of the Community's partners in running their own affairs. This approach is in the spirit of the Declaration on the international economic order adopted by the UN General Assembly on 1 May 1974.

#### Seven main provisions

The Convention signed at Lomé on February 28, 1975 between the 46 African, Caribbean and Pacific countries (ACP) and the nine member states of the European Community (EEC) covers seven main areas:

**A. Trade cooperation:** this covers the trade arrangements (tariff and non-tariff rules, rules of origin) between the ACP and the EEC and trade promotion of ACP products.

**B. Stabilization of export earnings** for the ACP states is guaranteed by the EEC through its "Stabex" system.

**C. The provisions concerning ACP sugar** contain a commitment for buying by the EEC and for supplying by the ACP producer states for specified quantities at guaranteed prices.

**D. The industrial cooperation provisions** aim at facilitating the industrialization of the ACP states, in particular through the transfer and adaptation of technology. An EEC-ACP Committee for Industrial Cooperation has been set up and the joint Centre for Industrial Development is acting as a catalyst for investment in Third World industry.

**E. Financial and technical cooperation:** 3390 m.u.a. will be transferred from the EEC to the ACP states during the five-year duration of the Convention (up to 1.3.1980 for financial cooperation). As well as finance for investment projects put forward by the ACP countries, the Lomé Convention provides finance for regional cooperation covering two or more ACP countries, for commercial and industrial promotion, for small and medium-sized firms and for local "microprojects". The European Development Fund also covers the Stabex system. Financial cooperation is wide-ranging and calls for close EEC-ACP collaboration. It includes special advantages for the least-developed, landlocked and island ACP countries.

**F. The provisions relating to establishment, services, payments and capital movements** ensure non-discriminatory treatment of any ACP companies, firms and nationals.

**G. The ACP-EEC institutions** (Council of Ministers, Consultative Assembly) enable the provisions adopted in the Lomé Convention to be managed jointly.

## THE EURO-ARAB DIALOGUE

In December 1973 at the "Summit" of the Nine in Copenhagen, the heads of state replied to an approach by Arab ministers and confirmed the importance they attached to the search for long-term cooperation in technical, economic and cultural areas.

Despite initial difficulties in getting the dialogue started the Nine managed to conduct a joint negotiating position with the 20 Arab League countries. The Euro-Arab dialogue began with the Paris meeting of July 1974. The subjects discussed covered cooperation in the following fields: industry, infrastructure, agriculture, trade, finance, science and technology and social and labour aspects.

The Euro-Arab dialogue, undertaken jointly by the Nine and the 20 members of the Arab League, is a vast long-term project, that could lead to bilateral agreements between Arab and European countries or between Arab countries and the Community (as was the case with the Mediterranean countries, Algeria, Morocco, etc.). Three Arab League countries have signed the ACP-EEC Lomé Convention—Mauritania, Somalia and the Sudan.

### Trade between the EEC and the Arab countries (1975)

	EEC IMPORTS	EEC EXPORTS
World (excl. EEC)	118 608.7 (100 %)	116 099.0 (100 %)
<b>Arab League</b>	<b>23 530.3 (19.8 %)</b>	<b>14 382.8 (12.4 %)</b>
Morocco	757.6	983.1
Algeria	1 926.7	2 651.3
Tunisia	335.8	667.0
Libya	2 475.2	1 850.5
Egypt	299.3	1 268.4
Sudan	158.2	280.9
Somalia	10.5	55.9
Mauritania	115.4	100.1
Lebanon	51.6	589.6
Syria	436.2	548.8
Iraq	2 651.5	1 744.2
Jordan	7.7	205.8
Saudi Arabia	8 566.6	1 394.2
Kuwait	2 369.9	561.7
Bahrein	44.4	172.1
Qatar	688.8	179.2
United Arab Emirates	2 266.0	739.9
Oman	360.0	300.9
Yemen (A.R.)	1.6	58.4
Yemen (D.R.)	7.2	29.8

Note: The Arab countries are the Community's leading trade partners (taking 12% of EEC exports and providing 20% of EEC imports). Second comes the United States (11% of exports, 16% of imports), third East Europe (10% of exports, 7% of imports).

Source: EEC (millions EUA).

Overall financial resources for period 1.4.76/1.3.80 (in million EUA)		Sums committed as of mid-August 1977 (in million EUA)	
<b>EDF</b>	<b>3 054(1)</b>	<b>EDF</b>	<b>852.6</b>
— grants	2 137	— grants	605.4
— loans on special terms	440	— loans on special terms	108.3
— risk capital	97	— risk capital	29.7
— "Stabex"	380	— "Stabex"	109.2
<b>EIB</b>	<b>390</b>	<b>EIB</b>	<b>71.0</b>
<b>TOTAL</b>	<b>3 444</b>	<b>TOTAL</b>	<b>923.6</b>

(1) Six more countries joined the Lomé Convention after the original signatories and EUA 54 million was added to the original amount of EUA 3000 million.

## Financing operations under the Lomé Convention (as of August 1977)

The Lomé Convention was signed on 28 February 1975. The trade measures came into force on 1 July 1975, before the Convention had even been ratified by all the ACP and EEC countries. After complete ratification the whole range of measures came into effect, from 1 April 1976. The Convention expires on 1 March 1980.

## The European Community

### WHAT IT DOES AND FOR WHOM

The European Community was established in stages, by three Treaties, one in 1951 and two in 1957.

— The Treaty of Paris, signed in 1951 created the European Coal and Steel Community (ECSC) to pool the coal and steel production of the six founder countries (the Federal Republic of Germany, Belgium, France, Italy, Luxembourg and the Netherlands).

— The Treaty of Rome, signed in 1957 by the same countries, instituted the European Economic Community—better known as the Common Market—with the aim of facilitating trade and bringing about the gradual integration of the economies of the Six, by establishing common policies.

— A parallel Treaty, also signed by the Six in Rome in 1957, instituted the European Atomic Energy Community, known as EURATOM, with the aim of ensuring the full use of resources in developing nuclear energy for peaceful purposes. These treaties can be said to form the constitution of the European Community. They lay down the Community's objectives, fix the outlines of its activity, and set out how its institutions are to work.

In 1967 the institutions of the three original Communities, while remaining distinct in international law, were merged,

## How the "Stabex" system works

STABEX (export receipts stabilisation system) is a sort of "insurance policy against bad years". It originally covered the 46 states which signed the Lomé Convention and concerned 29 products, arranged in 12 groups; products made from groundnuts, cocoa, coffee, cotton, coconut, palm trees and palm nuts; hides and skins; wood products; tea, raw sisal and iron ore.

STABEX covers revenues from the export of these products when they represent more than 7.5% of the total export receipts of the country concerned. That is the "threshold of dependence". This threshold is reduced to 2.5% in the case of the least developed, African, Caribbean and Pacific countries, those which are land-locked or islands, or those designated as least developed in the Lomé Convention.

The second condition for the application of the scheme is that the EEC guarantees only receipts from exports to the Community, and only if they are consumed or processed in Europe (thus ruling out re-export). However, in the cases of Guinea-Bissau, Ethiopia, Rwanda, Burundi and Swaziland, which export so little to the Community that the scheme would have been of no value to them, STABEX applies to all their exports of the products concerned.

The conditions which bring STABEX into play are clearly set out. For each product and for each ACP country, a "reference level" is drawn up each year, on the basis of export receipts over the four preceding years. When the receipts in any year drop below this level by a certain percentage (called the "dependence threshold"), the country involved calls on the Community to pay it a sum corresponding to the difference. If all the conditions are fulfilled, the Community pays the country the "shortfall". The country will pay it back when its export receipts are expanding—except in the case of the 34 least developed countries, which are exempted from repayment.

Up to May 1977, 35 conventions covering STABEX payments had been signed with 21 ACP states, for a total of 95.5 m units of account.

At the ministerial Council in Fiji in April 1977, the following products were added to the STABEX list: vanilla, cloves, pyrethrum, wool, mohair, gum arabic and ilang-ilang, and the following countries were accorded STABEX for exports in all directions: W. Samoa, the Seychelles, the Comoros, Tonga and Lesotho.

ged, so that the European Community now has a single set of institutions: the Council, composed of member state representatives; the Commission, an independent body responsible for initiating and executing policy; the Court of Justice; and the European Parliament.

On January 1, 1973, the three new countries (Denmark, Ireland and the United Kingdom) joined the original Six. The enlarged Community of the Nine is one of the world's leading

economic units, with some 250 million inhabitants.

### COMMON POLICIES

Common policies and common approaches have been progressively introduced—but not without difficulty and extremely diverse legislation covering all sectors of the Community's economic and social life.

In 1977 the process of building a united Europe is still unfinished. Cer-

## IMPORTANT DATES IN THE STORY OF THE EUROPEAN COMMUNITY AND ITS RELATIONS WITH DEVELOPING COUNTRIES

18.4.1951 Signing of the ECSC Treaty at Paris by six European countries: Belgium, France, Luxembourg, Italy, the Federal Republic of Germany, Netherlands. The common market for coal, iron ore and scrap iron was formed on 10.2.1952, and that of steel on 1.5.1953.

25.3.1957 Signing of the Treaties of Rome setting up the European Economic Community (EEC) and EURATOM which came into operation on 1.1.1958.

20.7.1963 Signing at Yaounde of the first Association Convention between the EEC and 18 African states and Madagascar (AASM).

1.7.1967 Merger of the three Community institutions creating a single Council of Ministers and single executive: the Commission of the European Communities.

29.7.1969 Signing at Yaounde of the second Association Convention between the EEC and the 18 AASM for a period of five years.

1.1.1973 Denmark, Ireland and the United Kingdom join the European Community.

25.7.1973 Start of negotiations between the EEC and the ACP countries in Brussels.

3.1974 EEC Commission proposal to set up 3000 million dollar emergency fund for developing countries worst hit by price rises in vital products.

31.7.1974 First session of Euro-Arab Dialogue.

28.2.1975 Signing of Lomé Convention between the nine EEC members and the 46 ACP states.

12.6.1975 Greece officially requests accession to the Community.

1.4.1976 EEC-ACP Lomé Convention comes into force.

20.9.1976 The Nine sign agreement in Brussels on direct elections to the European Parliament.

**THE ECONOMIC RELATIONS OF THE EUROPEAN COMMUNITY  
WITH DEVELOPING COUNTRIES  
IN CONTRACTUAL RELATIONS WITH THE COMMUNITY**

	ACP States (1)	Maghreb (2)	Mashreq (3)	Israel	Total
Population (millions)	268	36	48	3	355
<b>Exports of the EEC (1975)</b> • m. uc • % of total exports from EEC	7 590 6.5 %	4 301 3.7 %	2 023 1.7 %	1 220 1.1 %	15 134 13.0 %
<b>Imports of the EEC (1975)</b> • million EUA • % of total imports	8 159 6.9 %	3 020 2.5 %	743 0.6 %	538 0.5 %	12 460 10.5 %
<b>Trade balance of the Community</b>	- 569	+ 1 281	+ 1 280	+ 682	+ 2 674
<b>Financial aid under the agreements</b> • amount in million EUA • duration of financial provisions	3 390 1.4.76/31.3.81 31.3.81	339 until 31.10.81	270 until 31.10.81	30 until 31.10.81	4 029 —

(1) 46 ACP states who signed the Convention of Lomé on 28.2.1975

(2) Algeria, Morocco, Tunisia

(3) Egypt, Jordan, Lebanon, Syria

**EXPORTS OF DEVELOPING COUNTRIES (LDCS) 1970-1975**

Year	Total exports in millions US\$	Destination in % of total exports		
		Industrialised countries	Socialist countries	LDCS
1970	55.0	73.9 %	5.7 %	19.5 %
1971	62.4	73.5 %	4.9 %	20.1 %
1972	74.9	74.4 %	4.6 %	20.6 %
1973	111.1	73.3 %	4.6 %	20.6 %
1974	221.8	76.9 %	3.5 %	20.9 %
1975 (P)	211.3	72.9 %	3.9 %	22.5 %

(P) = provisional

Source: World Bank Atlas

**EXPORTS OF INDUSTRIALISED COUNTRIES (1970-1975)**

Year	Total exports in millions US\$	Destination in % of total exports		
		Industrialised countries	Socialist countries	LDCS
1970	224.8	76.7 %	4.0 %	18.6 %
1971	251.4	76.1 %	3.8 %	18.8 %
1972	298.6	77.2 %	4.3 %	17.9 %
1973	407.8	76.4 %	4.8 %	18.8 %
1974	543.7	73.3 %	5.2 %	20.9 %
1975 (P)	580.5	69.6 %	6.0 %	23.8 %

(P) = provisional

Source: World Bank Atlas

## EXTERNAL PUBLIC DEBT OF 86 DEVELOPING COUNTRIES

as of December 31, 1976, in millions of US \$ (\*)

1967	1968	1969	1970	1971	1972	1973	1974
50 592	57 135	64 306	74 229	87 048	101 228	121 868	151 399

Source: World Bank, Annual Report 1976  
(\*) round figures

## EXTERNAL PUBLIC DEBT OF 86 DEVELOPING COUNTRIES BY TYPE OF CREDITOR

as of December 31, 1976, in millions of US \$ (\*)

Bilateral public creditors	66 768
Multilateral creditors	30 238
Private creditors:	
• suppliers	16 228
• banks	28 291
• others	9 475
Total of all creditors	151 399

Source: World Bank, Annual Report 1976  
(\*) round figures

tain common policies are incomplete; in some fields a common policy does not even exist. Often Community responsibility in an area of policy co-exists with prerogatives which member states have retained.

It should be realised, however, that not all the objectives of the European treaties can necessarily be achieved by identical methods. In some fields they can be achieved by Community legislation alone; in others, Community activity has to be limited to progressively harmonising national legislation; in others again, Community policy complements national policy.

Examples of the first category—Community legislation alone—are:

— the common customs tariff (CCT) on trade with third countries. Customs duties between member states have been abolished since 30 June, 1968 (1 July, 1977 for the three new member states).

Even so, some barriers to the free movement of goods within the EEC do still exist, mainly because of indirect taxation (particularly value added tax (VAT)) that is difficult to harmonise, and because of differences in administrative methods.

— The free movement of workers: EEC citizens going to work in other

member countries no longer need a work permit.

— The common agricultural policy (CAP): despite its critics, it has proved to be an effective instrument for stabilising markets and guaranteeing food supplies.

In the second category, good examples of progressive harmonisation of legislation and policy coordination are:

— environment and consumer protection, where the aim is Community-wide anti-pollution norms, and quality and hygiene standards, for food and other products, accepted throughout the area.

— Research, technology and industry, where the Nine are trying to coordinate their national policies and implement projects of common interest.

In the third category, Community policy as a complement to national policy, mention can be made of:

— development policy: besides the instruments described above, member states have their own national policies towards the Third World, especially food aid, and financial aid.

— social policy, where the Nine are not trying to introduce a single policy to deal with all the Community's social problems in a uniform way, nor transfer responsibility and operational power

carried out at national level, but Community action aims at making each country's policy as complete as possible.

— regional policy, where the Community sets long-term guidelines and the European Regional Development Fund finances projects which fall within these guidelines.

## EUROPEAN COMMUNITY INSTITUTIONS

The main function of the Commission of the European Communities is to initiate policy, under the guidelines set out in the Treaties, or by the Council. It is also the "guardian of the Treaties", and the executive arm of the Community. In case of infringements by member states it can take them to the Court of Justice. It manages the Community funds: European Agricultural Guidance and Guarantee Funds (EAGGF), the European Development Fund (EDF), the European Social Fund and the European Regional Development Fund.

It has thirteen members (two German, one Belgian, two British, one Danish, two French, one Irish, two Italian, one from Luxembourg, one Dutch) appointed by the governments but bound to act independently of both governments and the Council.

The Council of Ministers' function is to decide on proposals prepared by the Commission. It is made up of one or more ministers from each member state and usually meets in Brussels. Exactly who attends depends on the subjects dealt with: when major political issues are discussed the Foreign Ministers take part; for subjects like agriculture, finance, environment or development, relevant ministers take part. For the day-to-day running of Community affairs, each member government has a Permanent Representative in Brussels. An institution which has recently emerged in the Community is a thrice-yearly meeting between the Community's heads of government, known as the European Council. The European Parliament gives its own opinions on proposals from the Commission. It is currently made up of 198 members. In 1978 the European Parliament is to be elected for the first time by direct universal suffrage.

The Court of Justice consists of nine judges, appointed jointly by all the governments. Its decisions are binding on member states, Community Institutions and all individuals. □

## CHRISTIANITY, THE CONSTRUCTION OF EUROPE, AND DEVELOPMENT AID

# “Development aid from Europe must not be thought of as charity, but as brotherly assistance”

**Mgr. Etchegaray**

*Mgr. Etchegaray, the Chairman of the European Episcopal Conference, and Chairman of the French Conference, issued a declaration on 29 June, entitled, “In the Service of Europe”, which was also signed by the chairmen of the other member conferences from Austria, Belgium, England, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Scandinavia, Scotland, Spain, Switzerland, West Germany and Yugoslavia.*

*In his preface to this declaration, which we publish in its entirety, Mgr. Etchegaray states; “in progressively acquiring a new structure, Europe is paving a way to the future. The Church cannot remain indifferent to its efforts and must devote the vitality of the christian faith to serve the construction of Europe, a greater Europe transcending the differences between the two world blocks. It is the first time in history that such an appeal, signed by the majority of the episcopacies of Europe, has been made public. How can a christian ignore this?”*

As we approach the second millennium since the birth of Our Lord, mankind, living under enormous stress and in an atmosphere of political, economic and spiritual crisis, finds itself confronted with exceptionally grave problems. Nevertheless, there are growing signs of a better and happier future gradually taking shape, and all men of goodwill, and among them European christians, must see that these fresh opportunities are not wasted. They must be translated into reality.

### I. The historical rôle of Europe

Christianity is one of the forces which has made Europe, and on which its civilization and culture are based. It is from the gospel, tirelessly carried to

them by the church, that the peoples of the continent have drawn their knowledge of god, and their conception of man. It is christianity “which has most deeply marked the souls of these peoples.” (Pius XII, 15 March 1953).

Europe would not be what it is today without the apostles Peter and Paul, who carried the message of Christ from the Holy Land to Rome, no more than it would have been without the missionary work of its great saints, Benedict, Columba, Remy, Willibrod, Boniface, Cyrille, Methode, Anschaire, and Adalbert. In the light of their example, the people of Europe, in spite of so many failures and shortcomings in the course of their history, propagated the gospel throughout the world.

Today Europe is politically divided, torn apart by religious and ideological differences, and lives in the shadow of the major powers. However, today's Europeans have understood that they cannot let their heritage be lost, and that they can, and must, organize their common future. They have decided, greatly spurred on by the peoples of Africa, America, Asia, Australia, and Oceania, to cooperate with others in world development for the moral and spiritual future of mankind.

This movement, fostered by the message from Paul VI, “If you want peace, protect life”, leads us to pledge ourselves, in the name of God, to the cause of peace and justice, the respect of fundamental rights, and of brotherhood amongst men.

### II. The will to unite

The horrors of the last war aroused a profound and fervent desire for peace. As a result mankind is determined to leave no stone unturned in the quest for genuine peace in the world. The idea of living in a wider, free and democratic community is gaining more and more ground.

Although many people doubt that Europe has the power to achieve unity, they must admit, that political, economic and cultural cooperation, as well as migratory movements between the European countries, has already done a great deal to bring about peace and reconciliation. It is not utopian to believe, that one day, these countries will manage to form a lasting association.

The closer this union is, the better will be Europe's chance to help end tension in other parts of the world. It will be able to play a stabilizing and conciliatory rôle between the world powers and their opposing blocks. It would stand more chance of ridding the world of the dangers of the present precarious balance based on terror, and reach agreement on general and mutual disarmament, reducing the exorbitant sums which are today spent on weapons.

The future will not be assured, and the present difficulties overcome, unless the European nations succeed in freeing themselves from their deeply rooted egoism, abandon ideas of domination, outdated by world political and economic developments, and work together to find reasonable solutions to their problems. Whoever overcomes his antagonisms and replaces these by the will to cooperate is serving the cause of peace, and that is why the efforts to unite Europe serve this end. Needless to say, this implies giving up the thought of any ascendancy over other non-European nations. It means respecting their equal rights, and their historical identity.

For the peoples of Europe, this means an end to hatred and hostility, and the determination to achieve together what has to be done. How often have the popes encouraged politicians in their endeavours to build a united Europe, calling on them to pursue their objectives in spite of so many difficulties? They have also exhorted all christians not to slacken their efforts, and to continue the work with confidence and impartiality.

### III. Fundamental rights and duties

If they wish to cooperate in the creation of a new world order, the christians of Europe must in the first place dedicate themselves to serve their fellow men.

Their faith in the divine origin and calling of man, makes them aware of the great dignity and unique nature of

(1) Reproduced from the French daily newspaper “Le Monde”.

each human being. That is why christians are particularly committed to the protection of life, truth, justice, love, and liberty, especially when the power of the state or of interests in society threaten them. We shall never grow weary of fighting against the manipulation of men, and their subjection to a state of uniformity (cf. *Gaudium et Spes*, 29)(2). In this, our objective is not just the technically possible, or what is most profitable, but the achievement of what we are accountable for to god, and to coming generations.

"The christian tradition belongs primarily to Europe. Even in the case of people who do not share our belief, even where faith is stifled or extinct, there are still traces of the gospel left by men, which provide a common heritage which we must build on, so that all men can find fulfilment". (Paul VI, 26 January 1977).

It is not of his own rights that a christian must think of first, but of his duties towards the community, which require him to commit himself, in the service of his fellow men, to the creation by word and deed of a more equitable social order, (cf. *Gaudium et Spes*, 30). The christian knows that he can only be worthy of his special calling, if he is prepared to serve his fellow men, sacrifice himself for them, and bear his cross as did Our Lord. The gospel requires us above all to lend our voices to those of our brothers who are too weak to make themselves heard, but with the deepest respect for their dignity as human beings. All social injustices must disappear, and to this end we must be more ready to share with others than in the past. To act as a christian implies no thirst for riches, and no appetite for power, but being always on hand when needed with no thought of gain or reward. To live as a christian means living in such a way, as to enable all our fellow men to live also.

#### IV. Man and the community

The members of a same family cannot live together in harmony without dropping self-interest, giving up certain claims, even where these are justifiable, and mutually helping each other. In the same way, a community of equal partners cannot be established without sacrifice and renunciation. The gospel calls on us to consider the welfare of both those close to us, and those who must live and work far from their own countries. It requires us to be one with the weak, the persecuted, the handicapped, and the homeless, for the teaching of Christ must not only be

(2) An encyclical of the Roman Catholic Church.

applied within our own immediate circle, but extended to the entire world.

Some of the peoples of Europe have been living in freedom and security for three decades, although their security is relative and is constantly in danger. Some of these countries have known appreciable prosperity. But many people still bow their heads beneath the yoke of despotism, and live in poverty. Together with all those who profess faith in the gospel of Jesus Christ, we are required to strive actively against oppression, hunger and misery wherever these are to be found, and to relieve suffering and distress by the establishment of a more just and equitable social order for Europe and for the world.

Development aid from Europe must not be considered as charity, but as brotherly assistance. It must be systematically given in a cooperative spirit, and with no unfair discrimination. Nor should this aid be only of a material nature, for this would mean neglecting the essential element of what Europe has to offer, namely the fundamental values founded and rooted in the christian faith, (cf. *Mater et Magistra*, 176)(2). These values are indispensable to lasting peace and genuine understanding between the peoples of the world.

When the Pope asks, "if Europe could not recover and strengthen her passion for life, her creative powers, and the nobility of her soul, by serving the interests of the world", (Paul VI, 26 January 1977), and when he exhorts Europe "to create institutions through which it can help mankind", he is giving us a task, and pointing out a duty.

#### V. The courage to take risks

The extraordinary progress achieved in natural sciences, and in the technical field, induces some people into the error of believing that the will of man is "the prime mover in the universe".

In reality, the refusal to recognize god as Lord and Maker, has led to decadence, to war and to violence. A great number of people fall victim to materialism. The withering of religious roots results in discouragement, anguish, and even in despair.

It would be fatal to confine ourselves to simply acknowledging and deploring this situation. Have we not understood the meaning and the sense of fulfilment that the message of Christ gives to our lives? Not only does the knowledge of the love and the grace of god give tranquility and peace of mind to each of us as individuals, but it can also give peace and tranquillity to the entire brotherhood of men. This knowledge is indispensable if Europe wishes to commit itself to working towards a better and happier future. By renewing and deepening our faith, we contribute to giving "a soul", (Paul VI, 18 October 1975), to the growing community of our peoples.

It is true that great obstacles still bar the way to the union of our continent. These will only be surmounted, and the tasks which await us will only be satisfactorily achieved, if we as christians assume the "reasonable risk" (Pius XII, 24 December 1953), of committing ourselves both in word and deed, in favour of Europe. □



Togolese children during the festivities at the signature of the Lomé Convention in 1975

*"Cooperation in brotherhood"—the Christian message*

# European Investment Bank

## Finance operations in the ACP countries and overseas countries and territories in 1976

EIB financing operations outside the Community rose to 187.3 million u.a., of which 142.4 million came from the Bank's own resources and 44.9 million from resources provided by member states or from the European Development Fund. The higher level of activity compared to the previous year was due in part to the Lomé Convention coming into force. Under the terms of this Convention, and also under the two previous Yaoundé Conventions, a total of 91.3 million u.a. was provided for 14 projects in 12 ACP countries and the OCT; the majority of the funds went towards development of mineral resources, agriculture and hydroelectric power, for road and rail links and various industrial projects.

### 91.3 million in the ACP states and the OCT

In 1976, the Bank signed 19 finance contracts for a total of 91.3 million in support of 14 projects under the Yaoundé Conventions and the decision of 29 September 1970 concerning the OCT, and the Lomé Convention. The funds were provided in the form of seven loans totalling 52.4 million from the Bank's own resources for industrial and energy investments and, from EDF resources, five loans on special conditions and seven contributions to the formation of risk capital, for 38.9 million.

### 29.5 million for projects in the associated African states, Madagascar and Mauritius and the overseas countries and territories

In the course of the year, the EIB signed seven finance contracts in respect of projects located in five of the states which signed the Yaoundé Conventions and a further two for ventures in New Caledonia. These operations added up to 29.5 million, of which 10.9 million was provided in the form of loans from the Bank's own resources and 18.6 million under five loans on special conditions from EDF resources.

This brings to 95 million the amount of operations financed from the Bank's own resources under the second Yaoundé Convention and the decision concerning the OCT, while the balance available at the end of the year from the 90.5 million earmarked for loans on special conditions stood at 18.5 million.

The two loans from the Bank's own resources went towards financing construction of a clinker plant, in Togo (5.9 million), mentioned below under other headings, and expansion of nickel production capacity at the Société Métallurgique Le Nickel works in New Caledonia (5 million).

The five loans on special conditions financed from EDF resources and managed by the Bank under its Special Section related to:

(i) establishment of a 180-hectare irrigated zone for market gardening on the Cape Verde peninsula in **Senegal** and construction of a cold store at Dakar (4.6 million);

(ii) extension of the water supply system at Korhogo, northern **Ivory Coast** (1 million);

(iii) construction of the Owendo-Booué section of the Transgabon railway in **Gabon** (7 million);

(iv) realignment of the Mayombé section of the Brazzaville-Pointe Noire railway in the **Congo** (3.6 million);

(v) reconstruction of the Moindou-Bourail road link in **New Caledonia** (2.4 million).

### and 61.7 million for the initial batch of operations in the African, Caribbean and Pacific states

Comprehensive preparatory work undertaken in 1975, particularly by programming missions, enabled the Bank, during the second half of 1976, immediately after conclusion of the implementing agreements, to mount its first operations under the Lomé Convention which came into effect on 1 April 1976. These comprised:

(i) five loans from the Bank's own resources totalling 41.5 million and attracting a 3% interest rate subsidy;

(ii) seven risk capital contributions for 20.2 million.

Risk capital operations are intended to facilitate investment financing either through the direct acquisition of shares, thereby bolstering the equity capital of undertakings in the industrial, tourism or mining sectors, or through the granting of quasi-capital assistance in the form of subordinated<sup>(1)</sup> or conditional<sup>(2)</sup> loans. This formula is highly flexible and well tailored to the requirements of industrial growth in developing countries. Such operations are mounted either along with an ordinary loan from the Bank or as the sole type of financing in the most handicapped countries where to lend on market terms would be inappropriate.

### including 41.5 million from the Bank's own resources

Five loans from the Bank's own resources helped to finance the following projects to improve energy supplies and promote industrial development in the ACP states:

(i) uprating of Fort Victoria thermal power station in **Mauritius** (2 million), for which an initial loan had been granted in 1975;

(ii) construction of a dam and 144 MW hydroelectric power station at Song-Loulou on the Sanaga in **Cameroon**, together with transmission lines and interconnection stations (13.5 million) to enable Société Nationale d'Électricité du Cameroun (SONEL) to meet rapidly expanding demand in the south and west of the country;

### for power stations and industry

(iii) construction of a dam and 160 MW hydroelectric power station on the lower Volta river at Kpong in **Ghana** (10 million) to assist the Volta Water Authority in covering the country's additional electricity requirements up to 1985 on the most economic basis;

(iv) a global loan for 2 million in **Kenya**, channelled through the Development Finance company of Kenya Ltd (DFCK) for financing small and medium-scale industrial ventures;

(v) a clinker plant in **Togo** (14 million), already mentioned above under the second Yaoundé Convention and which also attracted risk capital contributions.

<sup>(1)</sup> Repayable only after prior ranking loans have been paid off.

<sup>(2)</sup> Repayable only after fulfilment of certain conditions indicating that the project has overcome its teething troubles and has achieved a certain level of profitability.

Country	1976			1963-1976		
	Number	Amount (m.u.a.)	% of total	Number	Amount (m.u.a.)	% of total
<b>Ordinary operations</b>						
Greece	—	—	—	22	116.4	12.5
Portugal	4	90.0	48.1	4	90.0	9.7
Turkey	—	—	—	2	25.0	2.7
AASMM-ACP						
OCT	7	52.4	28.0	40	187.6	20.2
Cameroon	1	13.5	7.2	10	30.8	3.3
Congo	—	—	—	1	9.0	1.0
Ivory Coast	—	—	—	10	51.2	5.5
Gabon	—	—	—	4	4.4	0.5
Ghana	1	10.0	5.3	1	10.0	1.1
Upper Volta	—	—	—	1	0.5	0.1
Mauritius	1	2.0	1.1	2	3.7	0.4
Kenya	1	2.0	1.1	1	2.0	0.2
Mauritania	—	—	—	1	11.0	1.2
Senegal	—	—	—	2	3.9	0.4
Togo	2	19.9	10.6	2	19.9	2.1
Zaire	—	—	—	3	34.2	3.7
New Caledonia	1	5.0	2.7	2	7.0	0.7
<b>Total</b>	<b>11</b>	<b>142.4</b>	<b>76.1</b>	<b>68</b>	<b>419.0</b>	<b>45.1</b>
<b>Special operations (1)</b>						
Turkey	2	6.0	3.2	55	363.7	39.2
AASMM-ACP						
OCT	12	38.9	20.7	47	146.0	15.7
Cameroon	1	2.3	1.2	7	26.2	2.8
Congo	1	3.6	1.9	3	6.7	0.7
Ivory Coast	2	3.0	1.6	11	37.6	4.1
Benin	—	—	—	1	3.3	0.3
Gabon	1	7.0	3.7	3	10.3	1.1
Ghana	1	2.0	1.1	1	2.0	0.2
Upper Volta	2	4.4	2.3	3	9.5	1.0
Madagascar	—	—	—	1	1.9	0.2
Mauritania	—	—	—	1	2.7	0.3
Senegal	1	4.6	2.5	3	6.5	0.7
Chad	1	7.5	4.0	2	8.7	0.9
Togo	1	2.0	1.1	1	2.0	0.2
Zaire	—	—	—	2	14.8	1.6
Netherlands	—	—	—	—	—	—
Antilles	—	—	—	1	4.4	0.5
Surinam	—	—	—	1	1.9	0.2
New Caledonia	1	2.4	1.3	2	3.4	0.4
Réunion	—	—	—	2	2.8	0.3
Guadeloupe	—	—	—	1	0.7	0.1
Martinique	—	—	—	1	0.6	0.1
<b>Total</b>	<b>14</b>	<b>44.9</b>	<b>23.9</b>	<b>102</b>	<b>509.7</b>	<b>54.9</b>
(of which contributions to the formation of risk capital)	(7)	(20.2)	(10.8)	(10)	(22.7)	(2.4)
<b>Grand Total</b>	<b>25</b>	<b>187.3</b>	<b>100.0</b>	<b>170</b>	<b>928.7</b>	<b>100.0</b>

(1) Operations on special conditions financed directly from the resources of Member States (Turkey) or through the intermediary of the European Development Fund (AASMM-OCT) and accounted for in the Bank's Special Section.

### and 20.2 million for risk capital operations

Seven contributions to the formation of risk capital, for a total of 20.2 mil-

lion, provided supporting finance for four industrial ventures:

(i) expansion of the Banfora sugar complex in **Upper Volta** was funded by a conditional loan for 1.4 million granted to the state and a 3 million subordi-

nated loan to Société Sucrière de Haute-Volta (SOSUHV). The project should give rise to around 500 jobs and, by avoiding the need to import sugar up to 1985, substantially improve the country's balance of payments.

### in support of four industrial projects

(ii) a conditional loan for 7.5 million went to **Chad** for constructing a sugar complex with a capacity of 30000 t of refined sugar at Banda in southern Chad. The plant will meet the country's entire sugar requirements over the next decade and make for considerable savings on imports. The venture is also expected to create some 2900 permanent jobs.

(iii) a 2.3 million conditional loan was made available to Société Camerounaise de Palmeraies (SOCAPALM) in **Cameroon** to help finance construction of an oil mill at Dibombari;

(iv) three subordinated loans, each for 2 million, were granted to the **Ivory Coast, Ghana and Togo** for part-financing each country's holding of preference shares in Société des Ciments de l'Afrique de l'Ouest (CIMAO) in which they hold a 92% stake. CIMAO also received the two above mentioned loans from the Bank's own resources for 5.9 million and 14 million, to construct a 1200000 t.p.a. clinker plant at Tabligbo in Togo. This large-scale project will combine both the production and marketing of a commodity essential to the economic development of the three countries concerned, while promoting trade between them. It is also the first example of regional cooperation at the industrial level in West Africa in which the Community has been involved.

### cooperation with other development financing institutions

EIB support for several of these projects was provided under cofinancing operations mounted with multilateral or bilateral development aid institutions such as the World Bank (IBRD), the European Development Fund (EDF), Caisse Centrale de Coopération Économique (CCCE), Kreditanstalt für Wiederaufbau (KfW), Arab Bank for Economic Development in Africa (ABE-DIA), the Saudi Development Fund, the Kuwait Development Fund and the Islamic Development Bank. Projects in Togo (CIMAO), Ghana (Kpong) and Cameroon (Song-Loulou) in particular attest to effective cooperation between European, international and Arab financing institutions in assisting African states. □

## Environment and development

The development process in which most Third World countries are engaged, has brought about a growing number of environmental problems.

"Development which harms the environment cannot by definition be sustained" is the creed of Mr Bruce R. Stedman, deputy executive director of the recently-established United Nations Environment Programme (UNEP)(1). The "Courier" interviewed him at the UNEP's Gigiri headquarters several kilometers outside the Kenyan capital, Nairobi.

### First UN institution set up in a developing country

The United Nations Environment Programme is the first UN agency to be set up in a developing country. On land put at the disposal of the UNEP at Gigiri by the Kenyan government, the buildings are still described as "temporary", but for Mr Stedman they form "the most attractive UN headquarters" in the world. The present of group buildings are so integrated into the surrounding environment that they could almost be described as "ecological".

The decision to set up the UNEP was taken in 1972 by the General Assembly of the United Nations, following the first UN conference on the environment in Stockholm (Sweden) in 1972. The general aim of the UNEP is to coordinate and to reinforce at world level efforts to safeguard and improve the environment.

The decision to set up the headquarters in a developing country was not totally without political motives. Besides the growing importance of the role which the developing countries play within the United Nations, there was also the particular need to encourage the developing countries themselves to pay attention to the problems of the environment. As Mr Stedman put

it, "environment to many developing countries meant pollution. Pollution was thought by many to be a product of development, and there was an attitude, which still exists in some quarters, of you have had your pollution, now let us have ours. But concern about environment is much larger than pollution, and there is an intimate relationship between development and environment".

### Learning from others

Since its creation, the UNEP has had a relatively different role from other UN agencies, the FAO, WHO, etc.

"The principal functions of UNEP are coordination, persuasion, to act as the focal point for developing an integrated, coherent, system-wide response to environmental problems. We realised that other UN institutions were all engaged in activities which directly impinged on the environment and did not want UNEP to compete or overlap with them or develop a parallel series of functions, but rather to work with them to try to ensure that the whole system made a single unified coherent attack on environmental problems" Mr Stedman said.

Certain environmental problems in the developing countries and the industrialized countries are very different, others very similar, but all are part of the same world environment. "The sheer struggle for survival to meet human need has a lot of environmental consequences, such as population growth, the transformation of land to arable areas, etc. These are typical for a large number of the developing countries". Mr Stedman added "as the process of industrialization proceeds in developing countries they begin to get into the area which is facing developing countries, such as atmospheric pollution, human settlement problems, etc. Some cities situated in developing countries, for example Mexico City, Bangkok or Sao Paulo, already have very grave environmental problems.

"Developing countries are still in a position where they are able to apply lessons learned very expensively in developed countries, such as the siting



Bruce Stedman

of industries or environmental safeguards for open areas" Mr Stedman emphasised. Nairobi, for example, could apply the lessons which elsewhere have been learned the hard way through damage to the environment, and thereby avoid the negative results that decisions or lack of decisions had when taken in similar towns high above sea level.

In general, Mr Stedman said, the environment must be considered in a global manner both when dealing with the particular problems which affect a certain region and also at world level: "what happens in Africa environmentally also concerns Europe, North America and so on".

### Development without destruction

The problem which UNEP faces is therefore very broad and is approached in broad terms. "The UNEP wants, in fact, to try and establish a series of alternative models through which one could define the management of human activities which affect the environment, because if one wants to play a positive role it is not enough to simply observe and criticize—it is also necessary to propose alternative solutions—... in the developing countries we want development which will satisfy the basic needs of man but not at an irreversible cost to the environment". The UNEP is ready to provide the intellectual input and to play the role of a catalyst in order to stimulate the necessary finance for certain projects, without itself being a source of finance as such. Successful and viable development can only be achieved by avoiding the destruction of the environment and for this reason the UNEP has put forward the idea of "eco-development" in

(1) United Nations Environment Programme, P.O.Box 30552, Nairobi, Kenya, tel. 333930.

# UNEP: objectives, tasks, areas of concentration

## Objectives

The general policy objectives of the United Nations Environment Programme:

— To provide, through interdisciplinary study of natural and man-made ecological systems, improved knowledge for an integrated and rational management of the resources of the biosphere, and for safeguarding human well-being as well as ecosystems;

— To encourage and support an integrated approach to the planning and management of development, including that of natural resources, so as to take account of environmental consequences, to achieve maximum social, economic and environmental benefits;

— To assist all countries, especially developing countries, to deal with their environmental problems and to help mobilize additional financial resources for the purpose of providing the required technical assistance, education, training and free flow of information and exchange of experience, with a view to promoting the full participation of developing countries in the national and international efforts for the preservation and enhancement of the environment.

## Tasks

The fundamental tasks of the UNEP should be the identification and assessment of major environmental problems, environment management activities and supporting measures which should include;

— Technical assistance to governments in evaluating their environmental needs and in planning and carrying out measures to meet them.

— Assistance for the training of

personnel who will require specialized skills in order to participate in the development and application of measures for the protection and enhancement of the environment, with particular emphasis on planning and management.

— Financial and other forms of support to strengthen national and regional institutions which can contribute significantly to the international institutional network required for carrying out agreed measures under the programme.

— The provision of information and related material in support of national programmes of public information and education in the environmental field and the provision of assistance to governmental or non-governmental efforts aiming at increased availability of environmental information related to development.

## Areas of concentration

The following are the specific areas of concentration for the UNEP

### Human settlements and habitat

Action in this area is focussed on technological, administrative, legislative and economic solutions aimed at equality, better health conditions and social wellbeing.

### Human health and well-being

A programme is being developed which will include eradication of endemic diseases, monitoring environmental health effects and epidemics, the establishment of an international register of potentially toxic chemicals and the development of environmentally sound pest management.

### Land, water and desertification

Particular attention is being paid to arid zones with special emphasis on the Sudano-Sahelian region, the management of tropical woodland and forest ecosystems, water quality and the preparation of a world map of soil degradation and hazards.

### Trade, economics, technology and transfer of technology

High priority is being given to the relationship between technologies, resources, environment and comprehensive development planning, the socio-economic impact of environmental measures and the integration of the environmental dimension in future development projects.

### Oceans

The programme is concentrating on co-ordinating the activities of numerous other agencies involved in the protection of the marine environment. Priority is being given to regional activities with special emphasis on the Mediterranean. Other areas to be considered for action include the Caribbean, the Baltic, the Gulf, Indonesia and Philippines archipelagoes and parts of the Atlantic and Pacific.

### Conservation of nature, wildlife and genetic resources

Particular attention is being given to the protection of endangered species of fauna and flora, the preservation of aquatic and terrestrial ecosystems and habitats and to establishing a genetic resources network.

### Energy

The programme is concentrating on the environmental consequences of alternative patterns of energy production and use in an effort to support activities aimed at developing new resources of less polluting or non-polluting energy.

order to arrive at a harmonious development of resources, both human and natural, which preserves the quality of the environment for the future.

## Lack of information

According to Mr Stedman, the developing countries are not in general sufficiently aware of the role which the UNEP could play in their development. In future, the UNEP will attempt to stimulate greater awareness of the

global problems of the environment and also of its own particular functions. "Obviously, the mass media in the the developing countries, being less sophisticated and less accessible than in the industrialized countries, represents a certain hindrance, but the UNEP will fulfil its responsibilities in that area", Mr Stedman said.

The United Nations conference on desertification organized in Nairobi by the UNEP under the secretary-generalship of Mustafa K. Tolba, the executive director of the UNEP, will be a

good occasion for the UNEP to develop a plan of action to remedy the desertification which affects the majority of developing countries. The UNEP can provide the conference with interesting experience in this area, for example the fixing of dunes in China, and will also be able to offer greater access to information on eco-development and continue to underline the importance of environmental factors, which although not a distinct discipline on their own still form an integral part of all human activity. □ ROGER DE BACKER

# Solar pumps in the Sahel <sup>(1)</sup>

by A. DELAS (\*)

The idea of solar energy as an alternative to traditional fuels is no longer new. The problem of using it has been basically a matter of cost, but since the oil price rises and in view of the depletion of fossil fuel reserves, this question has changed dramatically. Not only scientists but manufacturers now report encouraging performances by solarpowered engines of one sort or another.

This article considers solar water pumps that have recently been tried out in the Sahel region, an area without oil resources but where sunshine is abundant. These were small thermodynamic solar pumps (power slightly over one horsepower), but continuing technological advances make performances of 50 hp and outputs of 50 kw realistic prospects.

## The energy source

Sunlight costs nothing. For countries dependent on imported energy for their development, and even for increasing their food production, solar energy is clearly of spectacular interest—and these are often the countries with the most sunshine. The sun is an immense nuclear reactor 150 million kms away, with temperatures ranging from 6000°C at the surface to several million degrees at the centre. The power it radiates on Earth represents more than 80000 million megawatts. With the present conversion efficiency of solar engines, the collecting surface necessary to meet the total power demand of the planet would be almost the size of Mauritania (about one million sq. kms.); yet the cost of solar energy should be down to about one tenth of what it was in 1965 by 1980 and increasing research is rapidly making solar energy competitive.

General criteria for the use of solar energy

1) because radiation decreases rapidly under an overcast sky, it is necessary (at least, with existing techniques) to consider first the needs and conditions of countries with a dry climate and clear skies for most of the year such as the Sahel region, the highlands in Brazil, and countries of the Middle-East etc ...

2) because solar energy is cyclic, it should be applied to cyclic needs with

no problem of storing energy. The pumping of water and refrigeration are the best examples. In both cases, the maximum need corresponds to the maximum intensity produced.

3) briefly, because, in the existing distribution of wealth and needs in the world, most of the privileged solar zones are found in developing countries, studies on the production and use of solar energy will be focused on these developing countries.

It is necessary to consider the overall economic constraints, means, and needs of these countries.

The survival of the Sahel populations depends on the pumping of water. The present report considers the possibilities of pumping water using solar energy.

A good illustration is the Sahara. More than two thousand years ago, there were lakes in the Sahara and probably agriculture on its Southern fringe. Then came a period of drying out that has become worse in the last seventy years. There is, however, no shortage of water underground in the Sahel.

Hence the energy problem. In most dry regions, either there is a shortage of water or considerable manpower is needed for pumping it up from underground.

The population of some villages isolated in the bush or in oases spend a great deal of their time on manual pumping at the expense of productive activities and of school attendance.

In these regions facing the double problem of water and power, solar energy can already be used as an alternative energy source.

## Transformation of solar energy into mechanic energy

### a) Transformation of solar energy into electric energy

Solar energy can be converted into electricity. Direct conversion using solar cells was studied and developed in the late '50s in some industrialised countries for use in space and has shown the advantage of a very low electric power/weight ratio.

With improvements, applications of this technique on the ground can now be envisaged. An industrial technique has to be found to lower its cost.

For technological reasons, only silicon cells are presently used for applications on earth: telecommunications, beacons and also the first photocell solar engine pump (of a power not exceeding 1 kw).

In the near future, research in this field will lead to higher power. In that way the lowering of cost will enable a wider use of photocell solar engines.

Solar or photovoltaic cells directly transform the light into electric energy which can immediately be used for motor driven pumps. These cells are gathered on small panels. They automatically produce electricity and require no attention.

The solar module or panel used for direct conversion of solar energy into electric energy (direct current) consists of 34 silicon solar cells of a diameter of 57 mm, connected in series. The solar cells and electric connections are cast in resin kept between two glass plates.

The transparent packing secures a low heating of the cells, by solar radiation and therefore gives the panel the possibility of functioning in temperatures in the hottest countries.

The solar cell panels have been successfully tested against frost, sand winds, sea fog and high temperatures.

#### Main characteristics:

For sun radiation on the ground of 1 kw/m<sup>2</sup>, the electric power produced by

(\*) EEC adviser in Swaziland.

the solar cell panel reaches 11 watts for a temperature of 25° C and 9.7 watts for a temperature of 60° C. The efficiency therefore ranges between 9 and 11% according to the ambient temperature.

## b) Transformation of solar energy through the thermodynamic cycle.

This consists of using solar energy as the heat supply and the pumped water as the cold supply.

A gas (acting as an energy conductor) connected to a turbine or piston engine (transformation of thermic energy into mechanic energy) circulates between the two supplies.

### 1. Solar panels

A very simple and completely static solar battery of panels collects solar radiation and transform it into heat.

For this purpose, a thermally insulated plate is used, which is kept in a glass case having the effect of a greenhouse. This plate heats the water that circulates inside.

### 2. Heat converter

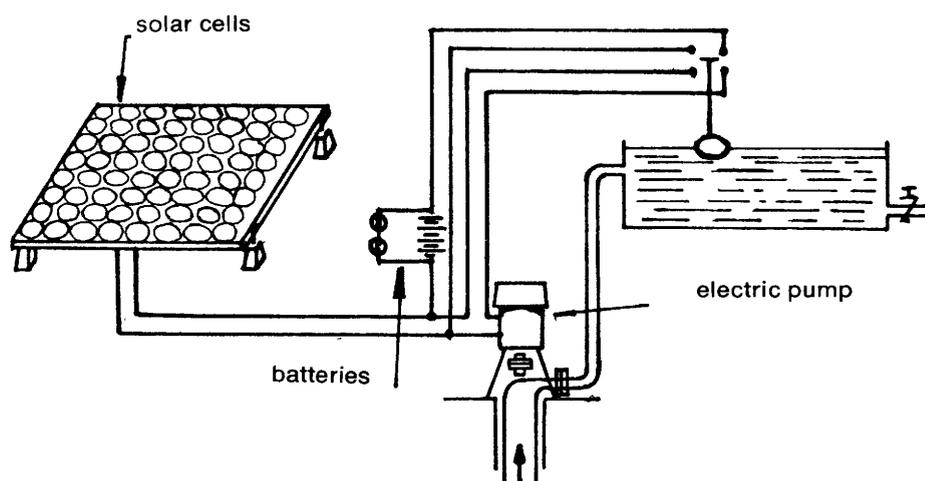
The water collecting the heat produced by the panels, carries the heat and transfers it to a liquid gas (butane or freon) which evaporates. The pressure obtained by the evaporation of this fluid at a certain temperature will operate a piston engine or a turbine engine. The fluid, after expansion in the piston or turbine, is reduced to liquid in a condenser. The condenser is cooled by the pumped water.

### 3. Pumping

A water pump is directly driven by the main shaft of a piston engine or a centrifugal pump. For the latter, an alternator, coupled to the turbine, supplies the pump with current. The water pump is used for pumping out water when drilling a well or for a water catchment.

The components of a 1 kw pump and solar turbo-alternator are shown here:

## PUMP DRIVEN BY SOLAR ELECTRICITY



- Direct supply to the motor through solar cells when pumping is required.
- Supply to battery covering other uses (light power etc.).
- Mixed use giving advantage to pumping.

## Some considerations

If low-power solar motor driven pumps are used, the volume of water pumped out per year, on the whole and per kw, will be four or five times lower for solar pumps than for diesel pumps. The duration of pumping is two to four times shorter for solar pumps, depending on the duration of sunshine.

— The cost of pumping by a low-power solar-pump is very high. This is because a high fixed cost has to be divided by a small volume of pumped water.

— The cost of pumping for a low-power solar pump is lower for the photocell solar engine pump than for thermodynamic solar engines, as the margin of error is bigger with calculations on low-power pumps. As a result it is better to consider the cost tendency rather than precise cost figures.

— In a thermodynamic system, if the power increases from 1 to 10, the pumping cost will decrease by 3 to 3.7. The advantage of high power seems clear because it reduces the pumping cost.

## Drawbacks

### 1) Thermodynamic solar engine pump

The pump capacity is correlated to the amount of sunshine in the country

concerned. This is difficult to determine. The pump capacity is also linked to the efficiency of the solar engine. This efficiency varies according to the difference of temperature ( $\Delta t$ ) of the water circulating in the panel ( $T_1 = 70^\circ$  to  $75^\circ$  C) and of the cooling-water ( $T_2$ ) pumped out of the well.

The difference in temperature ( $\Delta t$ ) should be the greatest possible and of at least 30 to 35° C. Unfortunately, water pumped out of deep wells reaches the surface at quite a high temperature (ex well of DAHRA-Senegal - 206 m -  $T_2 = 39^\circ$  C). The only means of increasing  $\Delta t$  (better efficiency) would be to higher  $T_1$  (5 to 8° C) by putting a double glass plate around the panel. This is however limited.

### 2) Photocell solar engine pump

The power of these pumps is presently limited to 1 kw (1000 watts) because of technical problems which should be solved in the near future.

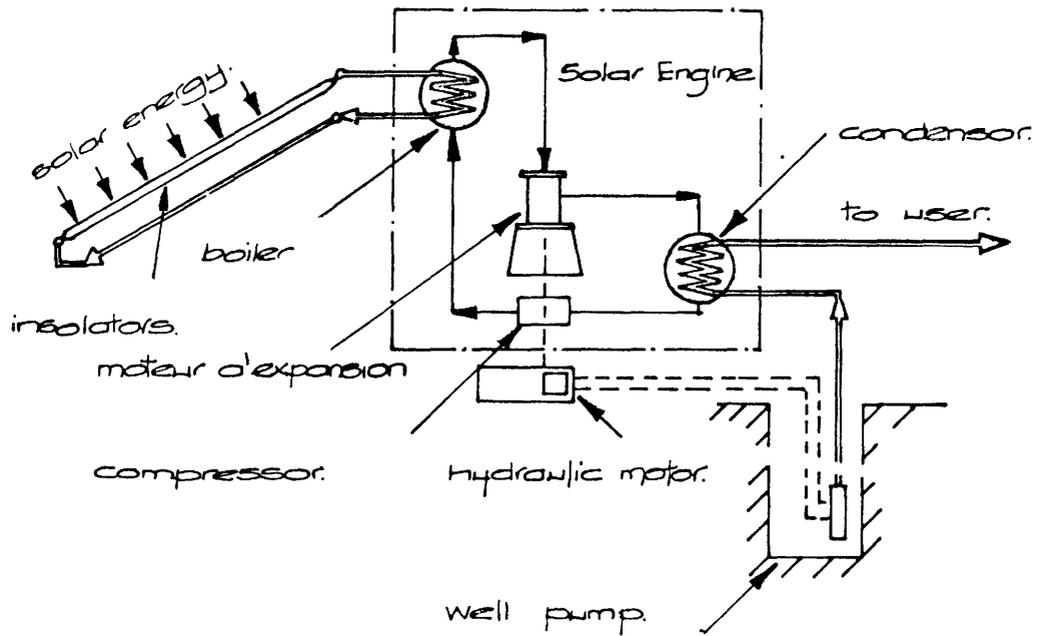
## Technological progress opens up encouraging economic prospects in the future

### a) for thermodynamic solar engines

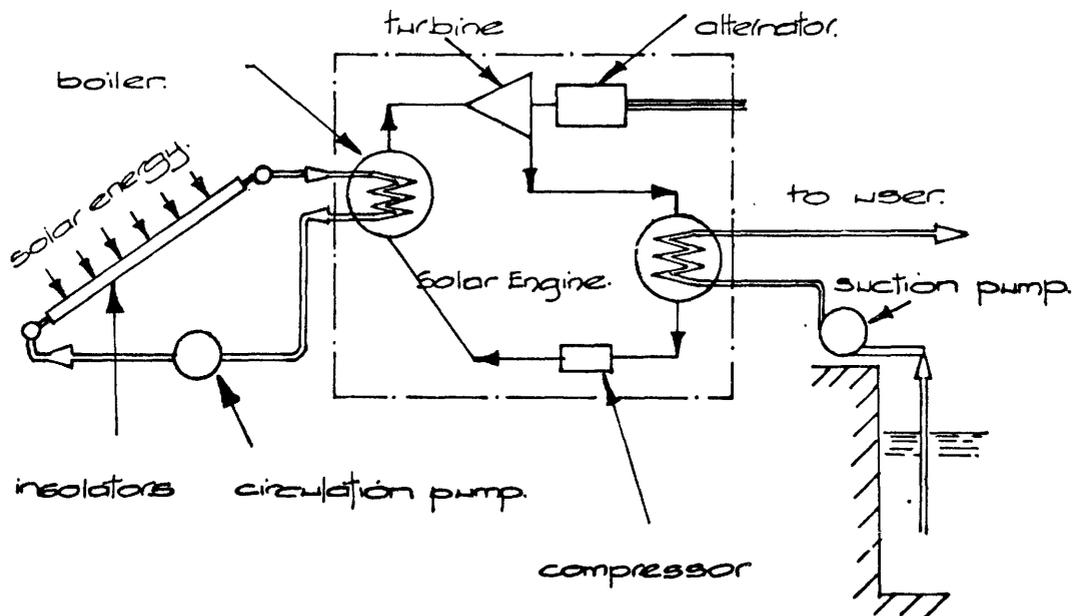
Research to improve the efficiency of these pumps focuses on:

— the improvement of the transfer speed of heat by increasing the gas

**SCHEMATIC OF SOLAR ENGINE : 7 K.W.**



**SCHEMATIC OF SOLAR TURBO-ALTERNATOR : 50 K.W.**



## Actual and projected technical and economic performances

	Measured performance			Projected performance
	Thermodynamic solar engine pump	Photocell solar engine pump	Diesel motor-driven pump	Thermodynamic solar engine pump
Power in kw (1 kw = 1.36 hp)	1	0.5	9.56	10
Volume of water pumped in m <sup>3</sup> /year	7 800	6 300	525 600	120 000
TOTAL per kw	7 800	12 600	54 979	12 000
Duration of pumping in H/year	1 500	2 400	6 570	1 500
Weight in kg/kw	2 500	840	105	1 150
Pumping cost (20 m) in EUA/m <sup>3</sup> (Investment & functioning)	0.419-0.526	0.280	0.042	0.142
Basis 100 = 0.526	(1) 79-100	(2) 53	8	(3) 26
First pumping cost + financial cost (5 % int.)	0.569-0.675	0.403	0.044	0.200
Basis 100 = 0.675	84-100	59	6.5	29

(1) Cost varying according to the salary of the maintenance staff of the thermodynamic systems: low and average hypothesis.

(2) The solar cell system requires no maintenance staff.

(3) The average hypothesis is considered for the maintenance cost.



**ONERSOL Pump in Bossey-Bangou (Niger)**

Year	Diameter in mm of solar cell	Manufacturing cost in EUA/Watt	Basis 100 = 115 EUA
1961	19	?	?
1965	30	115	100
1970	40	67	58
1975	57	33	28
1978	90	16	13
1980	100	11	9
Long term: the objective of research is to reach 1/100 of the cost of 1965		0.33	0.28

conductivity (butane replaced by freon) and by improving the technical performances of the boiler and the exchanger.

— the reduction of energy losses due to friction, replacing the piston-engine by a turbine engine.

These trials are taking place in the research centre of SOFRETES, in Montargis (France). In the near future a new type of high power thermodynamic solar engine (50 kw) will be installed in the Sahel region. Freon turbine engines with hot water reservoirs will make it possible to store heat in order to ensure the functioning of the solar pump during the night.

b) *Photocell solar engine pump*

The manufacture of solar cells forms part of advanced technology. There is constant progress in reducing costs.

In 1961, the first installation in the world of solar cells with a power of 100 watts was achieved in Chile.

The table below summarises the cost reductions according to the manufacture of larger solar cells.

Photocell solar engines of a power exceeding 1 kw are not yet in use because of technical problems in building large surface solar panels.

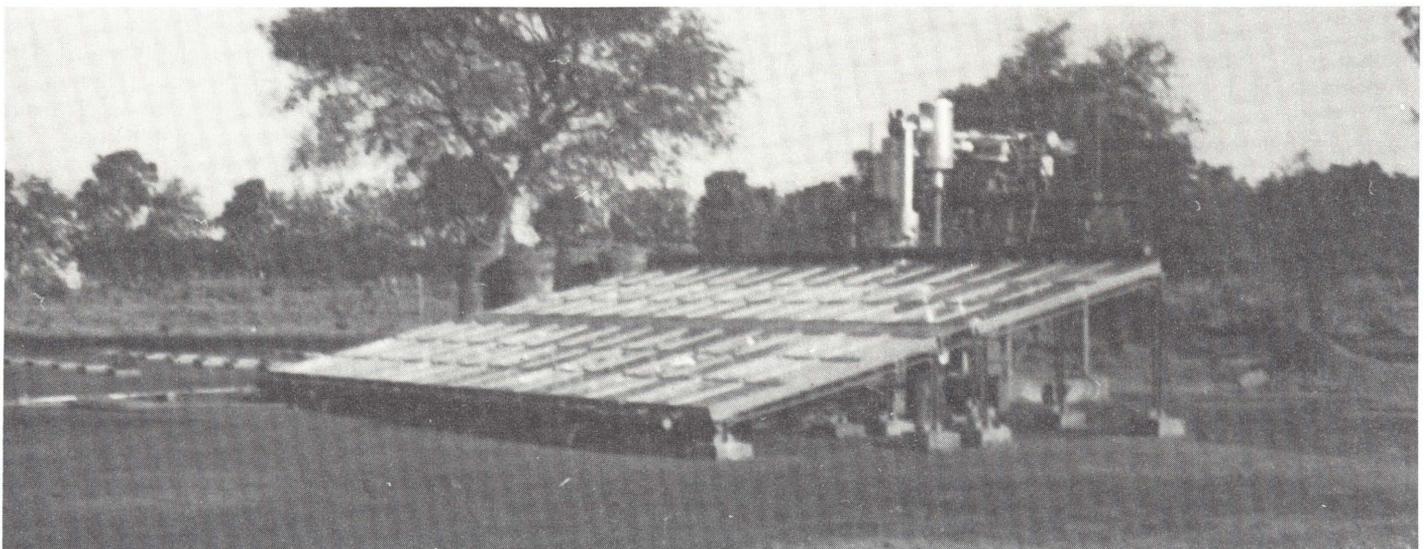
At the end of 1976 however, AEG-Telefunken (German project of satellite tele-diffusion) built the biggest solar cell generator in the world, reaching a power of 9 kw. The previous one only had a power of 1.3 kw. In the near future, technological progress and foreseeable economies of scale (industrial mass production) should improve the solar pump's competitiveness with regard to the traditional thermic engines.

2 The oil cost will not stop increasing according to the worrying decrease of the reserves.

For all these reasons, research on solar energy should be promoted without considering provisional results or imperfections. Solar energy is a complementary source of energy for the future.

If solar energy is not yet always competitive with traditional systems (such as diesel engines), the situation could be reversed in the near future thanks to technological progress.

Moreover, competition cannot only be considered in financial terms. The autonomy of solar systems (no fuel supply), their minimal maintenance and operating costs and their reliability give them great superiority over the traditional thermal engines. □ A.D.



OUAGA Pump in Ouagadougou (Upper Volta)

# Petroleum-grown proteins

By Fred Akhile (\*)

It is now possible to produce rich proteins from petroleum that can help combat malnutrition. This was disclosed by a UNESCO expert in a recent interview by the Indonesian Times in Djakarta.

Although proteins from both cereals and petroleum are made up of the same essential amino acids, the source stated that petroleum-derived proteins are superior to proteins from cereals. This is because, the UNESCO official maintains, proteins from cereals lack certain important amino acids—lysine, for instance—whereas proteins produced by micro-organisms, especially those derived from yeasts, have a high lysine content. By adding these to cereal flour a range of amino acids is produced.

The world's food problem is largely the shortage of animal protein, and by mixing this yeast with wheat flour in a proportion of 12 to 88 percent respectively, the full spectrum of amino acids found in meat can be provided.

When asked if this discovery means that petroleum-grown steaks and cutlets would be readily available to consumers, the official said he would not go that far. Though certainly it would be possible to make elaborate foods with a texture which resembles that of meat, as has been done with soya beans.

"At present, petroleum-derived proteins are manufactured in the form of a cream-coloured powder, with no taste or odour, like dietetic yeast. This is the cheapest form", he added. And this powder can be used as a fortifier for flour, babyfoods, pasta, couscous, and so on.

But, for the time being, in most European countries these proteins help indirectly with human food situations—for example—every tonne of yeast used to feed calves, frees two tonnes of powdered milk for human consumption.

The UNESCO expert, however, asserted that the proteins do meet with the standards for human nutrition set by the United Nations Proteins Advisory Group. A programme of tests, he said, was carried out over several years by an international organisation with its headquarters in the Netherlands. Every week they would be sent bulk samples which they tested on rats, then on pigs, calves, poultry and all other animals raised for food.

The next, and final, test will be the clinical tests that are due to start soon at Massachusetts Institute of Technology in the USA, and in France.

Negotiations are said to be under way with other oil-producing countries. An agreement was signed last spring between British Petroleum and the Soviet Union to share technology in order to produce proteins in that country. The Russians began working on the question in early 1974 and appear to have set a huge target for protein production from petroleum. According to reports, production could reach one million tonnes annually. To give a rough idea of scale, present world animal protein production amounts to about 20 million tonnes. At the time this kind of research started in 1959, the price of petroleum was relatively low as against the current soaring costs of petroleum.

The UN official agreed in the interview that the oil price increase has upset all forecasts. "But it is still possible in oil-importing countries to be competitive under certain conditions: the plants must have a capacity of at least 100000 tonnes a year and crude oil rich in paraffin must be available. In other countries, commercial viability depends on the price of soya beans, the proteins traditionally used for cattle feed, which varies according to fluctuations in the market". Oil-producing countries are naturally in the best position to start this kind of protein production.

Besides the projects that are taking place in Russia and Venezuela, discussions are under way with the Saudi Arabian authorities for a very long-term scheme, although production is not expected there in the immediate future.

As to what extent petro-derived proteins can help to solve the world food problem, the official stated that one thing was certain: as a result of the population explosion, world protein needs are growing much faster than the amount of protein produced by agriculture, livestock, and fishing. Moreover, the day will come when agricultural production of proteins cannot be further increased because no more suitable land will be available.

Sea-fishing has already reached its limit: it cannot be increased without harming ocean life. So the world is left with non-conventional proteins, and among those that have been suggested as possible food sources—plankton, leaf protein, etc.—only micro-organism proteins, that is, yeast grown from proteins, have been tested, approved and can benefit from a fully developed technology.

At least 20 million tonnes of pure protein could be produced annually with an outlay of some 40 million tonnes of petroleum—about two per cent of the world's production.

There is no reason to be afraid of eating yeast from petroleum because there is no petroleum in the yeast which produces proteins. The micro-organisms of yeast merely draw their sustenance from petroleum; just as plants feed on fertilizer, wheat grows on chemical fertilizer, salads on manure, but one cannot find fertilizer in wheatflour or manure in vegetables. Every test has shown that yeast from hydrocarbons is completely harmless and has a high nutritional value.

The idea began in 1950 when the UNESCO expert was a research director with British Petroleum's French subsidiary. He then set up a small research centre or group on petroleum microbiology with Prof. Jacques Senez of CNR (the French National Scientific Research Centre). After two years' failure to achieve something Prof. Senez suggested experimenting with producing proteins from petroleum. The two men started from the work of a German biologist, Felix Just, who had produced various yeasts from paraffinic hydrocarbons at the Berlin Fermentation Institute.

(\*) Journalist, specially attached to the "Business Times" (Nigeria).

World protein shortage, the official said, can be overcome by a mere 2 or 2.5 percent of present petroleum production. The real full-scale production of protein from petroleum started in 1972 or 73 at Lavera, near Marseilles (France), and at Grangemouth, in Scotland. A plant with much bigger capacity, 100000 tonnes a year, will soon be operating in Sardinia, and another with the same capacity is being built in Venezuela.

The scientists foresee some 200 million tonnes protein deficit by year 2000.

The UNESCO official agreed that the petroleum process would be costly, yet he is optimistic: "huge investments would be needed, but then they are needed nowadays in almost every sphere of human activity. "This is certainly the case with nuclear energy, the development of which has been stimulated by the oil price adjustments and the foreseeable exhaustion of petroleum reserves.

"Man", he said, "cannot live by energy alone; he also needs proteins to survive. And today, many influential people are saying that it would be good to keep the last hydrocarbon resources to produce proteins, rather than burn them in boilers and power plants".

He concluded that if every man, woman, and child on earth were given an equal share of the conventional proteins available today, no one would be adequately nourished! □ F.A.



Oil refinery in Africa

## Give others your ideas on development

by Jean Lecerf(\*)

"Courier" readers are among the best-informed of development specialists, since they are personally involved in what is happening and not just sitting in some far-distant office.

Their experience is valuable in many ways. It is valuable for those who devise policies and manage budgets, and it is valuable for those who are also involved in action and can benefit from experience that is similar or complementary to their own.

We are hoping for letters from people directly involved in development. We want them to tell us what they see, what they are trying to do, what obstacles they are faced with and what they feel is an effective way of helping.

This article asks questions, defines some of the things that interest us and says why they are interesting. The questions mainly came up through the writer's own research and they represent his own views. The answers have got to come from you. There are plenty of theories about development, but the facts have got to come from the people on the spot - you.

### New jobs—in what order?

Development is, to a large extent, a question of specialization. In simple societies, the main source of livelihood is unspecialized subsistence farming. Then specialization emerges and, with it, trade. (Even Cain was a farmer and Abel a stock-raiser.) At village level, a certain amount of specialization already exists; there is more in the towns and more still in the big cities.

But there is a profitability threshold for each new activity. Certain conditions have to be met: a trade cannot survive unless it has enough customers and the right equipment. A job might have only one customer—selling one's labour, for example—another two customers, another three, four, five and so on. Development in this case would involve introducing these different jobs in the right order.

Few precise studies have been made of the right conditions for the appearance of a grocer, a baker, a blacksmith, a builder or a doctor, but we need to know what these conditions are and in what order the various activities might be successfully introduced. This will of course vary, although to a limited extent, from case to case.

And so to the questions:

Can you give any concrete examples of communities, towns, cities or regions which have developed because new crafts or new activities have emerged? In what order did they appear? How did they reach their profitability threshold: number of potential customers, other conditions?

### How do new activities get under way?

When we give the matter some thought, we realize that certain conditions, over and above the existence of customers, must be met if new activities are to emerge. The new craftsmen must have, or must gradually acquire, a skill. They must be familiar with and be able to obtain the right equipment and raw materials. They must be able to do their job better than their prospective customers. They must be able to survive during the early stages and so on.

How does this come about?

Have you any practical experience of success or failure in a new trade? Do jobs gradually become more specialized due to the fact of dual activities, where peasant farming is the basic thing to fall back on and where the supplementary activity, job or craft, gradually takes over?

(\*) Journalist with the French daily "Le Figaro".

Do these new activities tend to emerge when better-trained youngsters return home after leaving school or do they appear with the arrival of craftsmen who have learned their trade elsewhere?

Do teachers, public authorities and development organizations provide real help here?

What do they do?

Does the introduction of certain activities have a snowball effect?

### **What needs does development answer?**

In many cases, development has centred on monoculture, exports, foreign outlets and more or less regular visits from a buyer who sold the product on distant markets. The limitations of this sort of development, which often involves speculative and fairly hazardous activities, are known.

Have you any interesting experience of it?

If there are no good export possibilities, isn't the best thing "self-centred" development with activities which are geared to the local market where everyone is seller, buyer, producer and consumer in turn?

If you have had the opportunity to observe development of this sort, can you describe what happened? Where did new products develop? And new trade? Was it based on food? What happened, in what order? Was it clothing that developed? Was it housing or household equipment? Was it tools, irrigation, transport, teaching, leisure activities?

How important is the recuperation of second-hand goods bought from the rich countries? Answer: They enable sophisticated manufactured articles that could not be made locally to be obtained cheaply and with the aid of local workers, who then have the opportunity of learning a trade.

### **What is the role of infrastructure?**

Infrastructure and transport are often of primary importance to development plans.

Have you had a close look at what has happened after a road or railway has been opened?

Were the people ready to take advantage of it? Did new activities or new firms appear? How soon? What needed to happen before results were



**Market place**

*A sign of economic activity*

obtained? Did jobs or firms disappear because of increased competition? Under what conditions does development in general gain from a development of the means of transport? What are the pitfalls to be avoided? Are there more urgent things for development than infrastructure?

### **Youth and education**

In cases you have observed, have attempts at improving young people's education benefited the development process? Can you give examples to illustrate this? Have they helped channel young people into the towns and into office jobs rather than into some sort of directly profitable activity? Has vocational training offered to young people been properly adapted to the country's needs? Do you think there is much unemployment among young people? How do they go about looking for work? Do they shun traditional jobs or do they find it difficult to get into them? Is competition from the more developed countries a problem as far as they are concerned?

Is the opening of their markets a help? Could it be? How? Are many

young workers independent? Do they gradually develop the craft industries? What helps them if so? What stops them if not? Do the young jobless get help with finding a place in society? If so, how? Is this help effective?

### **Who make the best developers?**

In your experience, who make the best developers? Is it the local authorities? Or the national ones? Is it the teachers or technical assistants? Or the non-governmental organizations? Or European services? Local firms? Forward-looking tradesmen or local groupings? Or is it the press and the mass media? How do they do it? What are the conditions for success? Why do they fail?

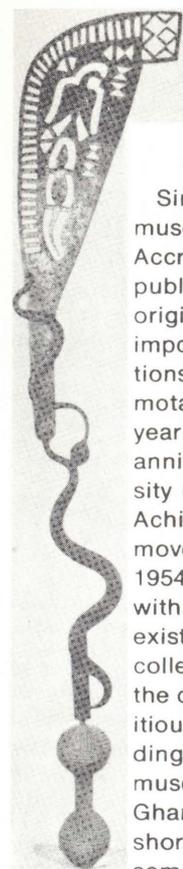
Well, that's a lot of questions. Impossible to answer them all, but they can provide food for thought. The "Courier" will report on any letters you send in, so do please take the time to think about your own experience of development and give us your point of view, based on these questions. □

J.L.

## Ghana's golden past

### At the National Museum of Ghana

Since 1957 Ghana's main museum has been in central Accra, accessible to the public of the capital, but its origins lay in the two most important academic institutions in the country, Achimota college, which this year celebrated its 50th anniversary, and the University of Ghana at Legon. The Achimota collection was moved to the University in 1954 and three years later, with the completion of the existing building, the two collections were moved to the centre of Accra. An ambitious expansion of the buildings is planned, but as with museums the world over, Ghana's national museum is short of funds and it will be some time before the building programme can be realised.



The range of objects in the museum is not restricted to Ghana, although most objects are of Ghanaian origin. The theme of the museum is mainly historical and cultural, and one of the main aims of the authorities is to give the foreign visitor and Ghanaians, particularly the young, a visual insight into the varied traditional cultures of the country.

#### Brass and iron

Most of the metal objects in the museum are in brass and come from the Akan area of Ghana, especially Akwamu and Asante (Ashanti). They were made by what is called the "cire perdue" or "lost wax" system. The object is first moulded in wax and then surrounded with clay. But a small hole is left so that when the clay mould is heated the wax runs out leaving a hollow mould for the casting. Molten brass is then poured into the clay cast,

and allowed to cool. The clay is then broken and the brass object chastened and polished. This process can be used for quite complicated objects such as the Kuduwo (see photo). These containers are used for holding valuables associated with religious ceremonies, particularly in "stool shrines" which we shall come to later. The decoration is usually rich, and normally features animals or human beings. The one shown here comes from the Akwamu people and has a leopard, representing the Akwamu, attacking a porcupine, representing the neighbouring Asante.

#### Gold weights

The museum has a very large collection of brass gold weights. They come in many different sizes and were used for weighing gold dust during the days of the gold trade. They were made by the cire perdue process and the designs are almost endless. Some are geometric, possibly with symbolic



Akwamu Kuduwo

meaning, others represent small human figures, animals, plants, birds and various objects and utensils. Some are based on proverbs, for example two crocodiles joined together at the middle represent a proverb warning against greed within the family. "Two crocodiles with one stomach, yet they fight over their food". Another shows two men sitting with a bowl of food between them representing the saying "It is the man who owns the food who eats, not the man who is hungry."

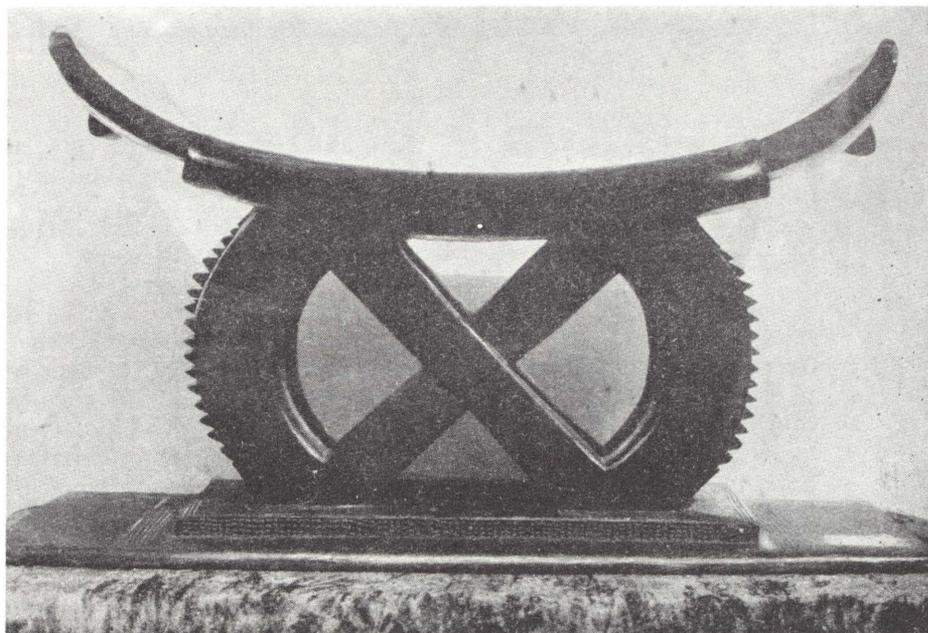
#### Swords of state

Among the iron objects are examples of swords used on ceremonial occasions. These are very intricate, incorporating animal, geometric and abstract designs, with single, double or triple blades (see top left). They are not meant for use as weapons, but as symbols of rank. The handles are carved in wood and often gilded. Staffs also form part of the ceremonial regalia of chiefs and the Ghana museum has several examples of wooden staffs, some, as the one illustrated here, covered in gold foil. The staffs are carried by a spokesman of the chief, the staff, in effect, being his badge of office. They often include a knot design representing the chief's power to solve problems. The Akan staff illustrated shows a man helping another to climb a tree. The Akan also use staffs to distinguish between their various clans on religious occasions and during festivals, and a number of these are on show in the museum.

#### Symbolic stools

The most important part of a chief's regalia is a stool. Wooden stools are common throughout southern Ghana and have historically had great symbolic value. The designs are various, but basically follow the pattern of a rectangular base on which a carved structure is added, and on top a further rectangular, but shaped piece of wood forms the seat. The belief that a chief's stool was inhabited by his spirit led to the tradition of blackening the stool on the chief's death and keeping it in the

“stool house” as a relic. There are various stools in the Ghana national museum giving some idea of the variety of designs. The most famous stool historically belonged to the Asante and was known as the Golden Stool. Since the foundation of the Asante kingdom by Osei Tutu in the late 17th century the Golden Stool has been a spiritual focal point for the Asante people recalling the two founders of the kingdom, Osei Tutu and his successor Opoku Ware (1717-1750). It is spoken of as if alive and its safety is regarded as more important than the safety of the king himself. As an indication of its political and religious significance the British correctly believed that one of the ways of sapping Asante morale during the Anglo-Asante wars, would be to capture the Golden Stool.



Asante stool

### Kente cloth

The earliest type of cloth known in Ghana was made from bark, but perhaps the most famous woven cloth produced in Ghana is kente cloth. It dates from the times of the old Asante kingdom when kings and queen-mothers ordered their weavers to create patterns which were then named after their owners. The use of cloth patterns to distinguish families or individuals exists in many parts of the world, the most famous in Europe being the Scottish tartans which represent the various clans. Some of the kente cloth designs on display in the museum are very complex and require considerable weaving skills to produce.



Ceremonial staff

### Colonial reminders

Some of the exhibits in the museum are reminders of the relatively short period of colonial rule in Ghana (known at that time as the Gold Coast). There are maps, and drawings of the colonial forts on the coast which frequently changed hands before the British finally took control in 1874, engravings from a book on the Anglo-Asante wars, currency and postage stamps from the various periods, and even two state chairs used by colonial governors. One belonged to the last Dutch governor of Elmina castle (started by the Portuguese in 1482) bearing the emblems of the royal house of Orange-Nassau, the other with the crest of the Hohenzollern emperors of Germany belonged to the last governor of German Togoland, the western half of which was later incorporated into the Gold Coast colony.

### An African museum

Ghana's national museum aims to represent Ghanaian art, history and culture, but it also has numerous exhibits from other parts of Africa—ornaments, masks, statues and pottery. The problem of acquiring objects from other countries limits the museum's range, and even the Ghanaian exhibits could be considerably extended if funds and sources of material were more readily available. The staff are

keen to develop the museum's contribution to Ghana's cultural life, and from time to time arranged lectures and publish periodicals to complement the role of the museum itself. The museum has also carried on the archeological tradition of Achimota college and despite the heavy burden of work on the staff they have been able to add to the museum's ethnographic material by archaeological excavations in various parts of the country which it is hoped will gradually add to the knowledge of Ghana's past. □

IAN PIPER



## BOOKS

Jeanne-Françoise Vincent — **Traditions et transition, entretiens avec des femmes Beti du Sud-Camérout** (Tradition and transition, with Beti women from South Cameroon) — Collection L'homme d'outre-mer — Berger-Levrault — 5, rue Auguste Comte, Paris XV — 1977

From their earliest contacts with German colonialists and missionaries at the end of the 19th century, the Beti, a sub-group of the Fang, have attracted the attention of observers and detailed studies, even theses, have been written on them. This new book has an original theme—old women of the tribe recall certain aspects of their traditional society.

The Beti may appear to have lost their own culture. They were once semi-nomadic warriors and hunters, but they are now fairly prosperous peasant cocoa-growers and almost all of them have become Christians. Yaoundé, the capital of Cameroon, was founded and has grown up on their territory.

These radical changes are, however, recent ones and over the 1967-1971 period an ethnologist, well-versed in the problems of African women, was still able to collect information from old peasant women on the way in which their society developed.

How do women see their old, traditional status? What did marriage involve and what was the attitude to polygamy, an everyday feature of life? Why were there female rites alongside the male ones? How did these rites tie up with the belief in witchcraft? How did these women feel when the first missions were set up and how do they account for the success of Christianity?

The respondents gave spontaneous, humorous, sometimes bitter answers to all these questions. They showed that illiterates are well able to analyse their society, often with remarkable lucidity and ease, on the basis of genuine experience rather than general ideas.

The transcripts of the talks are set out in full so as to keep the full impact and flavour of the original. The deliberately short preface is in the form of a reader's guide, providing clarification and explanation of the words themselves. Cross references enable the reader follow individual themes through the transcripts.

This is one of several modern works devoted to African women and, like recent ethnological and sociological studies, it gets the people concerned to say what they think, essentially giving the reader the wherewithal to make his own assessment of what Beti women and Beti society have become.

**"Rich and poor countries"**, by Hans Singer and Javed Ansari, published by George Allen & Unwin, London, at £ 6.50

This is one of a new range of economics textbooks on development problems which have appeared since the collapse of the old Bretton Woods economic system, the OPEC phenomenon, and the debate on the New International Economic Order. Although the world is still divided between rich and poor, the relationship between the haves and have-nots is no longer being treated as a simple two-sided problem.

The oil exporters, although developing countries themselves, have acquired a new economic power through OPEC, and the rise in oil prices has sharpened the division between the poorest countries and other non-oil producing developing countries. The authors reconsider the economics of development within this changed context. The book is aimed at university students and, because of the absence of too much economic theory, the more general reader interested in Third World development.

The authors both teach development economics. They accept that in the rapidly changing situation of the world economy, no book is going to be entirely up to date. Their aim is rather to provide an analysis of the underlying factors that currently determine the relations between rich and poor coun-

tries in such fields as trade, aid, the transfer of technology, the role of transnational corporations and investment.

Alain BIROU and Paul-Marc HENRY. — **"Pour un autre développement"** (Towards a different form of development) — Collection IEDES-Tiers Monde — Presses Universitaires de France Paris 1976 — 352 pages.

There has been a noticeable tendency towards group work in recent publications on a new world order and the process of development. The RIO report, for example, was the work of 21 international experts and Birou and Henry had the help of 44 international development experts on this book.

Birou and Henry devised the book, edited it and were responsible for the general summary. Their formula is an original one. For reasons which Paul-Marc Henry explains at the beginning, the whole book is based on a questionnaire sent to various experts. He stresses that the answers are not standard responses—they are rather the personal opinions of these well-known people from all over the world on the nature of and the dominant trends in development at the moment and on the possibilities of another world development process.

The first thing was to question and criticize the very type of the development of industrial societies so as to make a new international political and economic order possible. A further series of questions deals with the future of the Earth as a whole, in which, it would appear, all countries are destined to increasing interdependence. This can only be achieved without injustice if the nations themselves desire solidarity.

### THE COURIER

EUROPEAN COMMUNITY —  
AFRICA - CARIBBEAN - PACIFIC

Commission  
of the European Communities

200 rue de la Loi  
1049-BRUSSELS  
(Belgium)

Tel. 735 0040 — 735 8040  
Telex COMEURBRU 21877

### PUBLISHER

**Jean Durieux**

### EDITOR

**Alain Lacroix**

### ASSISTANT EDITORS

Lucien Pagni  
Barney Trench  
Roger De Backer  
Ian Piper

Secretariat: Colette Grelet (ext. 4784)  
Circulation: Nico Becquart (ext. 6367)

