COMMODITY PRICES
This list does not prejudice the status of these countries and territories now or in the future.

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Cover page: Commodities can be bought at the Exchanges even before they leave their country of origin
(Photos ICO and FOX)
MEETING POINT: Arthur Dunkel

The General Agreement on Tariffs and Trade is more commonly known by its acronym, GATT. Covering 90% of the world’s trade, GATT in fact runs “a trading system based upon open markets and fair competition, secured through agreed multilateral rules and disciplines”. Launched in 1986, the Uruguay Round is the latest cycle of multilateral trade negotiations conducted by GATT. Its Director-General, the Swiss, Arthur Dunkel, explains in this interview the aims and the context of the negotiations and comments on the ‘unblocking’ of the mid-term progress review held in Montreal in December 1988. Pages 2 to 6

COUNTRY REPORTS

NIGER: As the rigidity of the past ebbs away, political and socio-economic life are dominated by the process of returning to a ‘State of Law’ with the objective of installing the Second Republic at the beginning of 1990. Will the participative democracy that has been set up be able to face the challenges of rural development and self-sufficiency in food, themselves challenged by a runaway birth rate and continuing desertification? Pages 16 to 36

ST. LUCIA: One of the economic success stories of the Commonwealth Caribbean, St. Lucia has added a vibrant tourist industry and a promising manufacturing sector to an economic base which had hitherto depended overwhelmingly on its banana trade. Ten years after independence, The Courier interviews the island’s long-serving Prime Minister, John Compton, and paints a portrait of St. Lucia in these, its good years. Pages 37 to 48

DOSSIER: Commodity prices

The collapse of commodity prices in the 1980s is at the root of the deep economic crisis facing the majority of the developing countries. The underlying cause is the fall in demand in the industrial world, whose economies have structurally changed from heavy dependence on primary commodities to dependence on services. Pages 56 to 88
GATT—Uruguay Round—mid-way discussions in Montreal. All these have hit the headlines in recent months. People usually know they have something to do with international trade, that disputes or even conflicts are common currency between the economic powers here and that protectionism is fighting it out with the liberalisation of trade. But what is it really all about?

First of all, GATT—the General Agreement on Tariffs and Trade—describes itself as, "basically, no more nor less than a large group of countries who think that their economic interests are best served by a trading system based upon open markets and fair competition, secured through agreed multilateral rules and disciplines". Currently 96 countries, including 36 ACPs, are contracting parties to the Agreement, which covers almost 90% of world trade.

The Uruguay Round is the most recent set of multilateral trade negotiations run under GATT. It was launched on 20 September 1986 on the basis of the Declaration of Punta del Este, the city in Uruguay where the Trade Ministers of the participatory Governments produced the negotiating mandate for the coming four years, completion being scheduled for the end of 1990. It follows the Kennedy Round (1964-67) and the Tokyo Round (1973-79) and despite its name, takes place in Geneva. It is the eighth series of its kind since GATT was set up after World War II and is the most complex and ambitious from every point of view. The idea in the 15 negotiating groups is not just to continue with the liberalisation and expansion of world trade, but to extend the discussions to new fields such as the trade-related aspects of intellectual property, trade-related investment measures and the services trade. The aim is also to make the basic principles of GATT more credible and to expand and improve the rules of trade and adapt them to the rapidly-changing international economic scene. And all this, will be done with 105 countries (including 37 ACPs), more than ever before — the 96 contracting parties of GATT and nine other countries, most of which are negotiating accession.

Lastly, the mid-term review in Montreal was something new. December 1988 was the first time in any GATT Round that the Ministers had been convened to take stock of what had been done so far. No global agreement was reached on this occasion, however, as they failed to see eye to eye on four key questions, to do with agriculture, textiles and clothing, safeguard measures and the trade-related aspects of intellectual property. Some people blamed this failure mainly on agriculture, where it was not possible "to eliminate elimination" on the sensitive matter of farm subsidies.

Who better placed to ease the situation than Arthur Dunkel, who was in fact invited to try and do so by the end of March 1989? Dunkel, a 56-year old Swiss, has been Director-General of GATT since 1980 and he also chairs the Group of Negotiations on Goods (it oversees 14 of the 15 negotiating groups, while the other one deals with services). An expert negotiator, he managed to obtain agreement on the four sectors in question, after a hard four-day session in April. This, with the decisions taken in Montreal on the other subjects (including an agreement on tropical products) and left pending in the meantime, means that the Uruguay Round has its mid-term report and a clear timetable for continuing discussions and is at last ready to forge on to the end.
Mr Dunkel, what is the Uruguayan Round really about? Is it really “double or quits” for protectionism or the liberalisation of world trade?

— No. Never pose problems in extreme terms. I should say that what is at stake here is the future of what we call the multilateral trade system — and the word “multilateral” should be underlined.

Countries sometimes have poor memories, but their leaders have to keep their experience in mind and, from this point of view, it is worth pointing out that, between the two World Wars, the Governments were tempted to try and settle their trade relations bilaterally. In doing so, they gave mutual advantages bilaterally, which was possible with one, two or three partners, but when it got to four or five, it was more a case of enemies — and that may be overdoing it — than friends. At the end of World War II, Governments felt that there was no point in being dragged along in this sort of machinery any more and that it was better to settle international trade relations on a multilateral basis by applying a fundamental principle, that of the most favoured nation clause.

This is what is behind the multilateral trade system and what we have to do is see that this method is developed and extended to fresh fields as far as possible. And I hasten to add — which is why I started off by underlining the fact that problems should never be posed in extreme terms — that the General Agreement on Tariffs and Trade, GATT, which is the instrument of the most favoured nation approach, caters for exceptions, because we try and stay close to reality. The exceptions include the constitution of a customs union and free trade areas between countries which wish to do so and which, therefore, derogate from the most favoured nation clause, although only on clearly defined terms.

The second derogation, a very important one, is the one whereby developed countries grant preferences to the developing ones and it is used, widely. I should say, either by countries acting individually — this is what we call the generalised system of preferences — or in the form of specific conventions, including, of course, Lomé and the USA’s Caribbean Basin Initiative.

So the principle of non-discrimination applies not only to what I should call the border measures, the customs duties and quantitative restrictions that is to say, but to all the factors determining the conditions of competition, such things as export aid or internal subsidies, dumping and so on.

What does the Uruguayan Round have that the previous Round did not have?

— There are three innovations, I should say. First of all, we are far more concerned than before with perfecting the framework of international trade, the rules of the game, that is to say, We have negotiations on the safeguard clauses, for example, we are taking another look at some of the Articles on subsidies in the Agreement and we are reviewing the rules for the trade in agricultural products.

A second innovation is that we are investigating the possibility of extending the principles and practices of the trade in goods to the services sector.

The third point is something to which I personally attach a great deal of importance — the globalisation of the negotiations, ensuring that they are run with the very active involvement of all countries, whatever their level of development, so this time we have negotiations that really are multilateral and not just a small group of industrialised nations reaching agreements and then convincing their partners that they have done the right thing.

This time, we have the benefit of a very considerable contribution from developing countries in all parts of the globe. This also has a lot to do with what is on our agenda. For example, the liberalisation of the international trade in tropical products is at the top of the list. At the heart of the negotiations we have the international trade in agricultural products, something which is of very direct interest to a large number of developing countries, either as exporters or as importers.

Lastly, it is obvious that over GATT’s 40 years of activity, the world has changed and countries which were very clearly developing countries are now very important partners as far as international trade is concerned. So GATT is an institution, a negotiation which follows reality closely.

So GATT is in fact losing its old reputation of being a rich man’s club?

— I don’t know whether the reputation was justified or not, but I think you have summed up the trends pretty well.

However, you yourself just said that countries which used to be real developing countries have now reached a more advanced stage of economic development. And there are some which are still on the least developed list. Can GATT differentiate according to the category a country is in?

— Certainly. Take the meeting of the Trade Negotiations Committee a few weeks ago and then the Group of Negotiations on Goods, when we spent some time looking at the problems of the so-called least developed countries. It was decided that each negotiating group would make a special effort to take the specific concerns of these countries into account. So we do have a collective attempt here to consider the different categories of countries taking part in the negotiations.

— There was the famous blockage at Montreal that you managed to overcome with three months of shuttle diplomacy, wasn’t there? What do we have now? Euphoria? Has the blockage gone completely, or do people have to realise that it’s still going to be difficult? What are the deadlines?

— There are three things I should like to say here. First of all, this is the first time that agreements have been reached on three vital subjects of negotiation after two years of talks. And I am speaking here of the machinery used to settle disputes, of setting up, under GATT, a system to examine the trade policies of the contracting parties individually and of the politicians, the Trade Ministers that is to say, being more involved in our work. So from this point of view, the Uruguay Round has already come up with some very specific results after two years.
I shall not of course go back to what is perhaps the most practical achievement of the negotiations, the fact that a rather large number of participants decided on immediate implementation of a series of liberalisation measures in the tropical products sector. Maybe I should have put that at the top of the list, making four points of agreement in all.

The second thing is that the idea of a mid-way meeting was not without its risks, but I think they now look as though they were worth taking, as not only did we get some practical results after two years, but the parameters and the direction we should be taking in all the other fields are now clearly laid down as well.

However, it is perfectly clear that it is over the next 18 months that we shall be getting to the heart of things—which means the negotiations will have their ups and downs. But the more ups and downs there are, the clearer it will be that the negotiations have got to what is really important.

Lastly, one important thing, I think, is that there is a political will in the Governments to make a success of these negotiations within the prescribed time, by the end of 1990. So the time we have available is fixed, which I believe to be a good thing, because this is one way of getting the Governments to roll their sleeves up and get down to it, if I can put it like that.

Can we briefly talk about the agreement on tropical products? Agreement was reached fairly quickly in this field, an important one for the developing countries. Why? How? And what is at stake?

Well, as you know, we have various rules in the negotiations, guiding principles rather, and one of them is that we have to take great care to preserve the global nature of the negotiations. That is to say that we have to advance and to achieve results on every subject, as there are many interests involved and every participant has to find an answer to his specific interests in the negotiations.

But it was agreed straight away that the tropical products question ought not be included in the principle of globality and that rapid results had to be sought, because this is a field where the people taking part in the negotiations knew it was important to go from word to deed as fast as possible. And negotiation isn’t over. What we have got, if you like, is a first package.

But the ACP countries—and more than half the ACP Group are involved in the Uruguay Round—still had reservations about the first package, didn’t they?

— Mmm... I understand this in a way, because the package was
designed in the light of the principle I mentioned just now, non-discrimination, the most favoured nation clause, and it is obvious that this, to some extent, amounted maybe to extending to countries other than the ACPs certain advantages from which they were the only ones to benefit.

However, the important thing is that other countries involved have introduced measures to facilitate exports to their market, so you have to look at the solution overall. I know this also means making an effort to look for other markets and with marketing and distribution, but I think it is important to consider both these aspects and I am convinced that, in the medium term, what we have here is a trend that is in the interests of all the participants, in spite of the fact that, during a transitional period, there is the feeling that advantages have to a certain extent been lost.

► Do the developing countries have a particular interest in any other of the 15 major areas of negotiation?

— I mentioned agriculture just now. As you know, countries like Morocco, Malaysia and Indonesia for instance have vast agricultural export potential and they are certainly very interested in the negotiation on the agricultural side of things.

What I wanted to underline was that the agricultural negotiations did not just bring the big countries, the USA, the European Community, Japan and so on, to the table, but the Cairns Group as well, named after the town where the delegates first met. The special thing about the Cairns Group is that it ignores the traditional North-South and East-West barriers and has developing countries and developed countries and countries with centralised economies in it as well. Hungary is in it, but so are Indonesia, Malaysia, Thailand, Argentina, Brazil, Chile, Australia, Canada, New Zealand, Colombia, Uruguay and the Philippines.

That is very clear demonstration of the fact that these negotiations are a negotiation of interests and that interests very often go beyond definitions of developed, industrialised countries, and so on. So I mentioned agriculture, but I can tell you that, even in new sectors such as services, there are some developing countries which are particularly interested, because they have intellectual potential and they have tourist resources and so on, all of which come under services.

► People are talking about giving GATT a bigger part to play. Some say that GATT has to police world trade. Do you agree with this and how, practically speaking, could GATT's role be increased? There was a lot wrong with trade practices before the Uruguay Round started, wasn't there, and the regulations weren't always adhered to properly…?

... "there is a political will in Governments to make a success of these negotiations within the prescribed time, by the end of 1990"

— You’re right when you say there was a lot wrong — it is tantamount to saying that some signatories of the GATT contract did not always respect the clauses as they should. But what is very important is the fact that the signatories as a whole also carry out the policing you mentioned, which is to say that the problem is to a certain extent one of self-discipline.

I think that we are having these new negotiations under GATT and that they are the size they are because the signatories of the contract think that the time has come to take things in hand and maybe even take their cooperation a bit further. The general trend is to make a bigger effort to stick to the Agreement and I think that the most practical demonstration of this is the decision to run examination procedures in each country. It is the contracting parties, in fact, who will be investigating their own behaviour and I am convinced that this is the way that they will help each other pursue trade policies that are more in keeping with the rules and principles of GATT.

► So there is no attempt to develop a system of sanctions at the level of GATT itself?

— Look, if two contracting parties disagree over observation of the GATT rules, they can bring their differences to GATT and have them dealt with by the dispute settlement machinery — which the contracting parties have just improved to make it faster and more operational. And the dispute settlement procedure will often highlight the fact, as you said, that something has gone wrong, that a member country has failed to stick to the rules of GATT, in which case it has to bring its policy into line. And the GATT provisions are that, if it fails to do this, it has to right the balance of concessions — make compensation, that is. So there is a system of sanctions. Let me add that, in 80% of cases, Governments which have been invited to change certain practices have actually done so.

► In these negotiations, are the absentees in the wrong? They aren’t all there…

— I don’t know whether the absentees are right or wrong. What I can say is that there are plenty of absentees who are very anxious to participate in this Round, without being members yet—the People’s Republic of China, for example—and others who have expressed interest to join it—the Soviet Union for instance—and a relatively large number actually negotiating — Tunisia, Bolivia, Central American countries, Honduras, Costa Rica and so on. And other countries have said they are interested. Over the past 10 years, we have welcomed countries such as Thailand, Mexico and the Philippines, to name only a few.

► There is often confusion about all these initials in world trade. People are
always muddling up UNCTAD and GATT. They both deal with trade after all...

— Yes, of course, but the difference is that GATT, as I have made clear, is an agreement involving a system of rights and obligations, whereas, on the trade front, UNCTAD is an institution which looks at the problems of international trade themselves and in relation to the other aspects of international cooperation, to financing, monetary affairs and development, of course.

UNCTAD’s scope, if you like, is far greater than GATT’s and the nature of the cooperation between the countries involved is different. However, since I underlined the fact that one of the differences is the contractual aspect of GATT, let me add that, when UNCTAD calls a conference on, say, a product and agreement is reached, that, too, is a contractual agreement. So, when it comes to commodities, UNCTAD is responsible for negotiating product agreements. We are highly complementary organisations and we work hand in hand.

► Since you have brought up complementarity, how does GATT get on with the IMF and the World Bank, as GATT also came out of Bretton Woods...?

— Not quite. The World Bank and the International Monetary Fund came out of the Bretton Woods agreements. GATT is part of a broader convention which was negotiated in Havana, but never ratified, and would have led to the creation of an International Trade Organisation.

GATT was designed as a provisional instrument, but it developed and, although we are not an organisation as such, we are increasingly called upon to perform the duties and functions of an international trade organisation.

► Trade can’t be looked at by itself any more. There is coherence with the policies of the two sister Bretton Woods bodies to bear in mind for one, and the fact that developing countries have to cope with structural adjustment and food security and so on. Where do they stand as regards the logic of their debt policy with their trade for instance?

— That’s a very good question. First of all, one of the decisions that has been taken, for immediate implementation, is that the Director-General of GATT has to consult the President of the World Bank and the Executive Director of the International Monetary Fund and report on the arrangements for boosting cooperation between our three institutions. So there is very clear awareness of the need to ensure that the action of the three institutions is more coherent.

That is a first step and it is obvious that the people in the Uruguay Round want this cooperation to be extended to the other institutions which have a part to play in economic policy, trade policy and so on.

My second point is that the department I have just set up in the GATT Secretariat to take charge of preparing the investigations in each country will also be responsible for looking at the developing countries which have balance of payments problems and are forced to put their case to GATT.

The difference is that, in one case there are the developing countries with balance of payments problems and in the other, countries lucky enough not to have this sort of thing to deal with but which will be examined too. So we are going for greater similarity of treatment of the different members of GATT.

► There’s another parallel too — while the Uruguay Round is going on, the ACPs and the EEC are negotiating the renewal of the Lomé Convention, which also has a fairly important trade component. Are you feeling the effects of this here in Geneva?

— Of course we are and it is perfectly logical for you to mention these Brussels negotiations — although, as you know, there have been negotiations on a free trade area between Canada and the USA and, a few years ago, it was Australia and New Zealand with their free trade area. All these attempts at cooperation on a less-than-world scale are part of a more general movement which we are leading under the banner of GATT. So there is complementarity.

However, it is perfectly obvious that we have to take what I shall call the problems of transition into account. I believe that the Uruguay Round is a set of negotiations which lays down guidelines and reaches agreements of medium- and long-term scope and that, within these negotiations, there are more particular negotiations which create problems of transition as far as the long-term aim is concerned, but which, I believe, are considered in most cases to be complementary.

And I don’t know whether you mentioned the EEC’s single market, but I am one of the people who believe that there is something extremely positive about the simultaneous nature of this drive for greater integration and the Uruguay Round, as many of the items on the agenda are the same and it is important for the Community and the Member States always to remember, in their internal efforts, that they are acting, not in a void, but in the world economy and that internal and external aspects have to be considered together at one and the same time.

► So there are no fears in GATT about the increase in regional agreements over the past two decades?

— No. Not if they are intended to help the drive to liberalise and develop world trade.

I can sum this up for you very simply. When I go on mission round the world and ask cabinet members or representatives of the private sector what the most interesting and attractive market is for them, they nearly always say the American market. And when I ask why, they say because it’s a big integral market with huge purchasing power and a marketing campaign brings immediate results over the whole country.

I think many of the Community’s partners are dreaming—and they are right to do so—of a situation which could be very like this, once the aim of creating a single market has been achieved. In economic terms, what I am saying is that the creation of a large single market generates trade, which is why the General Agreement provides for developments of this sort — and even encourages them if they are undertaken open-mindedly and not with a view to creating little preserves.

Interview by
Roger DE BACKER
One of the EDF’s great achievements is to combine “little nuts and big stones”

A talk with André AUCLERT

The end of an era. That is how Dieter Frisch, the Director-General for Development, described André Auclert’s retirement (1). Not just because this was the last of France’s former colonial administrators in DG VIII or the longest-serving official in the Development Directorate General—“30 years, eight months and one day”, as he says—but above all because André Auclert has spent the whole of this time devising and implementing Community development schemes both in Africa, where his greatest commitment lies, and in Asia, Latin America and the Mediterranean countries as well, beginning as assistant to the Deputy Director-General for Development, Jacques Ferrandi, becoming Head of Finance and then, in 1986, moving to the post of Deputy Director-General, with responsibility for the major part of DG VIII operations.

Right to the end of his career, Mr Auclert was always anxious to go into the field to see for himself how programmes were progressing. He was known for the assurance and conviction, sometimes bordering on provocation, Mr Frisch would say, with which he defended his opinions—some of which he discusses, with his typical frankness, in this interview.

► Lomé is always presented as a model for relations between developed and developing countries... but isn’t the very worrying economic situation in the ACPs, particularly those in Africa, bad publicity for the Convention?

—I don’t see why the ACPs’ poor economic situation should be bad publicity for the Lomé Convention. Maybe you mean that people might think the Convention hasn’t been efficient enough in helping the ACPs get over their economic problems. That’s a bit far-fetched, I think. It’s the sort of reasoning that would stand up if the European Community were the only one working for the ACPs. But don’t forget that it doesn’t have a monopoly on aid to these countries. It’s one of a group. And it doesn’t shape these countries’ policies either. There is undoubtedly a whole series of reasons, internal and external ones, for the poor economic conditions in the ACP countries, the internal ones including economic, financial and budget policies which were not entirely appropriate and the external ones such things as the deterioration in the terms of trade, drought, famine and so on.

► But Lomé gets so much publicity, is so well known and has given rise to so many hopes...

—Let me turn the argument round. If there were no Lomé and none of the Community’s aid to these countries—and in some cases not only is Europe the biggest donor, but it provides as much as 50% or 60% of their total assistance—how much worse would their economic conditions have been? Obviously Lomé doesn’t make it rain, but it does provide a large and, above all, regular and predictable flow of investments—and so, without the Convention, the situation would be an awful lot worse than it is now.

► You just said that Lomé can’t provide all the answers and that there are plenty of other people working in development. But hasn’t the fact that the Convention has so many, very detailed instruments which, over all the sectors of the ACP economies, always made it look as though it could help solve the majority of the ACP’s problems?

—Look, to be very frank, I have no qualms in saying that this is the ACPs’ fault. Every five years, from one Convention to another, they push us to add more. Lomé III is a “monster”. An encyclopaedia, some people have called it. And I am very much afraid that, the way the Lomé IV negotiations are going, the Lomé III encyclopaedia will look like a pocket dictionary in comparison. At the moment, the tendency is for our friends the ACP Ambassadors and staff of the ACP Secretariat who are running the negotiations on the ACP side to try and put everything in the Convention, even if everything won’t go. If you wanted to sum up Lomé at the moment, it would be much easier to say what you can’t do, like build a Ministry of Justice or a prison for instance. There wouldn’t be much to add because you can do everything else. In Lomé IV, they are refining and adding sub-headings to the multitude of headings laid down for Lomé III. As a result, we now have a
very long list of all the possible uses of Community aid, particularly the EDF. And when we take stock of it all in five years’ time, when we, say, negotiate Lomé V, some people will say—and our friends the Ambassadors are very good at this—“You didn’t do this and you didn’t do that. It was in the Convention. It’s an oversight.” But it’s not. All it means is that, when we talk more seriously—and the negotiations are serious, although sometimes they are a forum for discussion, a big African palaver—and we programme and identify and choose our projects and priorities, the ACPs know exactly where their priorities lie, believe me. The projects they put forward reflect their top priority needs. So obviously, compared to the whole string of schemes we could be financing according to the Convention, there are things that fall by the wayside—not because they do violence to the Convention, but for no other reason than that no one applies for projects or financing to do them.

Can you give us a specific example?

— The other day, in one of the negotiating groups, we were given a big talk about tourism. I am not against tourism, I think it can do a lot for the ACP countries, but the complaint was that when it boils down to it, Lomé hadn’t done much to help. First of all, let us not forget that tourism is an area that is virtually the preserve of the EIB, which has done a great deal, particularly by financing hotels. The EDF can help in this sector, but more by developing infrastructure, national parks and so on. It hasn’t done a lot, no, because no one asked it to, because there were other priorities because of the famine of 1984 and ’85 when people died of hunger, and rural development was what was needed.

And there are obvious priorities between building hotels where American and Japanese and European tourists can be nice and comfortable—and it brings in foreign currency, which is good—and preventing the population from starving to death. So, we have been told that Lomé is no good because it hasn’t done enough for the tourist trade and we ought to change the terms and add a list of other articles, two or three times the number we had before. But that isn’t the problem. The problem is development priorities. There may be countries in the Caribbean and some in the Pacific which will put a higher priority on tourism than on rural development. Let them do so.

What do you think the ACPs have been unable to do lately to stimulate their growth which other developing countries have managed to do?

— There you have the whole question of the developing countries’ economic and financial policy. Obviously, these policies haven’t always been adjusted, since the need for structural adjustment is what we are talking about at the moment.

Some economic choices have been bad, particularly when it comes to financial policy. For example—and this is something I have been saying for a long while—I think some of the industrial choices have been exaggerated. Unprofitable, oversized factories have gone up, financing has been given for projects which are no more than urban showcases and little has been done for the backwoods or for rural development. And it has to be admitted that the choice of economic and financial policies isn’t the only thing to blame either. The responsibility is to a very large extent shared. There are turnkey factory merchants going all over Africa offering the leaders of the countries marvellous projects on very harsh financial terms. That is one of the main causes of the debt, of that there is no doubt.

But having said that, your question about where the ACPs have fallen short of the others is a very difficult one to answer because poor economic policies aren’t the prerogative of the ACPs. You get them everywhere. Some countries have had better growth rates than others, of course, and not needed any structural adjustment policy—although what country doesn’t have a structural adjustment policy these days? I am thinking here of two African countries which have struck me particularly—Zimbabwe and Mauritius, whose economic policy has been excellent and growth rate outstanding. But they still have structural adjustment because of their debts.
been worked out that the Community debt represents about 2-3% of total debt servicing.

And the third thing—there are more than that, of course, but I am mentioning the ones which have struck me most forcefully—is that Community aid is implemented in partnership, with the involvement of the ACPs themselves and with Commission Delegations on the spot as a really remarkable way of keeping contact with what is actually happening. Not many people know about it, but look at the people who administer Community aid—and more than ECU 2 billion, EDF and budget combined, is paid out every year at the moment—and you will see 300 officials, secretaries included, in DG VIII and 300 officials in the delegations locally. That is nearly as many people in the field as at headquarters. I don’t think there’s any other comparable example in the world. Take the World Bank, which has 8000 officials at the headquarters in Washington. Well, not so long ago, it only had a few delegations in the regions, but then they came to me to see about copying our system and I explained it to them and now the World Bank has delegations in every country—although they are virtually only mailboxes. We went through this stage of technical control in 1962 or 63 when the EDF comptrollers were only mailboxes. But now the Commission Delegations and their staff have the benefit of enormous decentralisation of power and the mailbox era is at least 15 years behind us.

► Now that you are turning over a page in your career, what major task are you leaving to your successors to make ACP-EEC cooperation more efficient?

— Two things. First of all, there is no doubt that Lomé IV is going to have a section on structural adjustment—everyone is talking about it—and it is going to be something new as far as present policy is concerned. A start has been made on the structural adjustment policy, but it’s going to be developed fairly considerably in Lomé IV, although the flexibility will be maintained. That is the Commission’s policy. I said so in its memo to the Council, the Member States have followed, and it’s in the negotiating mandate. There has to be a proper balance between maintaining what has already been achieved, the continuation of long-term development, that is to say, and structural adjustment. Even if you take the World Bank, the organisation which launched these operations, structural adjustment accounts for maybe 20-25% of its operations at the moment, whereas it was 10% at the outset. That means that three quarters of the World Bank’s aid is still projects and programmes—long-term development, that is.

► Many people—and important ones too, such as former Development Commissioner Edgard Pisani—are against the Community going in for structural adjustment.

— Yes, I know. I am not enthusiastic about structural adjustment myself, but I have to admit that I don’t see what else could be used. You have to realise that this structural adjustment is there because of bad economic and financial policies—I mentioned this just now—and because the ACPs found themselves, metaphorically speaking, with a knife at their throats in the shape of their debt servicing commitments. When a structural adjustment policy is brought in, the World Bank, the International Monetary Fund and now the Community want reforms to make for better economic and financial policies to avoid recreating the situation which generated the crisis. In exchange for these commitments on policy and reform, the multilateral organisations give funds, which are paid over rapidly in the form of foreign exchange, to back up the balance of payments and finance imports—which improves the balance of payments and enables the ACP countries to cope with their debt problems.

► Hence the criticism from those who say that the long term is being sacrificed to the short term!

— No, we’re not sacrificing the long term to the short. If you’ve got debts and you fail to honour your obligations, then you are in an unpleasant situation for a long time, because you stop getting credit. Structural adjustment was a necessity. It cannot be avoided. It has to be brought in and the ACPs are going about it very bravely. That is not to say that they are doing it blindly, as the Bretton Woods institutions would like. The Community, under the Commission’s aegis, has launched a Community structural adjustment policy which is coordinated with the multilateral organisations without being at their beck and call—far from it. There have even been cases, well-known ones, where we have got the World Bank to give way. And now, our coordination is such that we can influence the decisions. Because the World Bank people have realised that the Community, with its local presence and knowledge of local situations, has something to say and is not just a blinkered technocrat.

► How can you avoid, say, the World Bank taking account of the funds which are available, and predictable, under Lomé in these structural adjustment programmes? The ACP are worried that this might, say, cause them to lose out on resources.

— I will bet you anything you like that the structural adjustment funds will be an addition nonetheless. Even if it’s not said—because some Member States are against it—that the structural adjustment facility is on top of the EDF, when the total volume of Lomé IV aid is worked out, structural adjustment will manifestly be a criterion whereby the volume of the EDF can be stepped up, nevertheless. Because if, as you seem to imagine,
the ACPs are right about the World Bank pressurising us to take the structural adjustment facilities from the indicative programme funds, this would certainly be a bad thing for the ACPs. The ACPs can see it all very clearly and at the negotiations they have said fairly and squarely that they agree with structural adjustment but they don’t want it to be additional or to the detriment of the long-term funding. There are still minor differences of opinion in the Community about this, but the Commission’s position is clear. It has said that it has to be an extra. In any case, a balance has to be maintained between long-term development which is justified by the development needs of the ACP countries and structural adjustment.

**Saving time on project implementation**

► Can we go back to the question about the major tasks you have left for your successors?

— One of the biggest jobs is just that, structural adjustment. And it would certainly help reduce the debt problems at the same time. Secondly, I think that one of the major tasks that I personally have been unable to complete, because I was at the helm as Deputy Director-General for too short a time — only two and a half years — is getting our performance in commitments repeated in payments. I became Deputy Director-General 30 months ago, and those 30 months have been spent travelling across Africa, the Caribbean and the Pacific in every direction. In 24 months, I went on 18 missions of less than two weeks in these countries and, with the help of my colleagues who have always followed me en bloc, I have fulfilled the task with which Lorenzo Natali entrusted me — implementing Lomé III — and brought the indicative programme commitment figure up from the 1.6% it was when I started the job to the 71.2% it is as I am leaving. What that means, practically speaking, is that Lomé III has been completed after less than three years. That has never happened before. However, less than 10% of the money has been paid over, so we have the big problem of getting payments to keep pace with commitments.

► But in many countries, commitments have been made globally, without detailed knowledge of what the projects are...

— That was the notion of programme, ultimately a very advantageous one for both the ACPs and the Commission. We got the EDF Committee to agree to something very difficult — and here I have to pay tribute to the Member States for understanding and applying this — whereby we were able to go to the Committee, in the case of, say, Senegal, just once over the whole period of the Convention, because we focused it all on a river valley development programme with a commitment which used up ECU 96 million in one go. So we went to the EDF Committee once for Senegal this time, whereas with the other Conventions we went 10 or 15 times. This is an absolutely fantastic saving in administrative terms — and look at all the flexibility it means in the Commission and the ACP countries afterwards in running the programme. It really is a great advantage, the very negation of red tape.

A similar effort has to be made with implementation. That’s a very hard nut to crack, because there are the African authorities, typically poor ones, there are the administrative procedures of the EDF, and you have to admit they are by no means simple, there is the African management shortage and there is the need to provide technical assistance with the invitations to tender. It’s all slow. And planning is wanting to a certain extent too — which is where my own criticism comes in. You might well ask me why I haven’t done any planning. In some cases, I have, I’ve been on missions, in Zambia, for example, and Sudan, where I spent 10 days ironing everything out with the Government and the Delegation and we drew up plans for new commitments, for the idea of every one of my missions was to prepare new commitments. At the same time, we produced a proper chart, a timetable for the implementation measures and in some case we started on the measures even before having the financing decision. If you go to the EDF Committee on a road building project, what is there to stop you from issuing the invitation to tender before you’ve got the financing decision? It’s something the EDF Committee will allow now, provided it knows about it beforehand. It’s a time saver. And we can go further. Why not start the procedures for appointing the technical assistance that will be doing the works supervision before having the financing agreement? That’s another time saver. The life of a project has to be seen as a nest of tables, with deadlines fitting into each other. That would be a terrific time saver too.

► Another area where we could save time is in programming, which currently takes a year or 18 months. Why not produce a country’s indicative programme at the time of the negotiations when there are plenty of opportunities of meeting the ACP leaders?

— That’s a rather idealistic view, because I have no idea which officials would be able to do that, given all they have to do for the negotiations. It’s a bit difficult. And of course it would be wrong to judge the future. You have to negotiate as if you weren’t sure of making a success of the negotiations. It may be a legal fiction. But you can’t commit yourself and programming is a commitment. Having said that, I believe that, when, the next programming comes along, there are certain things we could seriously start thinking about. That is one of the messages I shall be passing on to my colleagues before I go, since we’re talking about leaving messages.

I think that the programming for Lomé IV should not be quite the same as for Lomé III. With Lomé III, we had a new policy to apply, the policy dialogue as it is called in English. It meant focusing on key sectors and supporting the reforms and efforts the ACPs themselves had made as part of these sectoral policies and it was completely new and by no means easy to get across. The Lomé III programming was a highly political exercise. We went very little further than defining the focal sectors, with the result that, once the programming was over, we had to identify the projects, go out and look for them. But now we have experience of the big Lomé III projects and how to...
design and run them and I am convinced that, in many cases, Lomé IV can be almost a second stage of Lomé III. When there is no need of a second stage, we can design other rural development projects of the same kind, similar ones we have experience of, plus one or two extra projects. So the Lomé IV programming could well be far more concrete than the Lomé III programming—which was, it has to be said, on the philosophical side.

**The ACPs are worried that recent or forthcoming developments—the Single Market in 1992, the attraction of Eastern Europe with perestroika and the extension of preferences under GATT, for example—will be a body blow to their cooperation with Europe. What have you to say about this?**

— You mentioned three things—the Single Market of 1992, the attraction of Eastern Europe and the GATT preferences. I can’t talk about the GATT preferences, because I only talk about things I know about and I don’t know anything about these preferences at all. I’m a projects and programmes man. So I shan’t be answering that part of the question, although I am very willing to answer the other two, even though they are very political.

As far as the Single Market is concerned, it is unthinkable for a Europe which is organising itself into a wider market, that will make it richer, to abandon the developing countries. It is unthinkable morally speaking and it is unthinkable economically speaking. And the international community wouldn’t allow it, what’s more. It has certainly never crossed the European Community leaders’ minds. Can you imagine how the USA might react? In international circles, do you think they would accept the idea of a sleeker, richer Europe, with gold dripping from every pore, dropping the developing nations? Quite out of the question! Which means that any detrimental effects that there might be on the ACPs and the developing countries have to be investigated. There are two or three we know of already where we can adjust our sights. And, more generally, greater wealth and greater growth in Europe should mean greater growth of its aid to the Third World. It’s mathematical. Fortress Europe, since that’s what the Americans call it, is not a fortress. It’s an El Dorado. It’s growing towards an El Dorado. And in the modern world, the El Dorados are shared.

The second thing is the attraction of Eastern Europe. What I say is that all this interests us very much. Perestroika, glasnost and above all the relaxed climate which is beginning to appear in international relations between the USA and the Soviet Union, the dismantling of Euro-missiles and the fact that we are talking less and less about Star Wars, for example, are all proof that international relations are changing. There will always be wet blankets to talk about the wicked Russians we know all about, who, they claim, are leading us by the nose, which is just a trick to lull us into a false sense of security so they can get the better of us afterwards. That’s not true, any of it. What’s more, they are arguments of defeat and despair and we should have nothing to do with them. What I say is that sooner or later détente will mean disarmament and disarmament means that both East and West will have extra resources to use for things other than bombs and guns and supersonic aircraft. I maintain that a minimal part of the money saved on weapons can be used to solve, for example, Africa’s big problem at the moment, which is food security and combating drought. The big answer to these problems is maybe to build a hundred dams to control water resources and have an irrigation policy independently of what the water levels may be. That you will get with only a tiny percentage of the money spent on arms. A second consequence is that, the day the Russians start—to put it crudely—eating butter instead of making guns, they will eat butter, but they will eat bananas and cocoa and coffee and tea and sugar as well. And the day the Russians are followed by a billion Chinese and they too start eating bananas and coffee and cocoa, you will see what the market that’s currently short of raw materials is like. For the ACPs are right. General Moussa Traoré said as much when he came to Brussels the other day. “The ACP States want to pay back their debts”, he said, “but they want to be put in a position to do so”. The day the commodities market is no longer what it is today, the ACPs will have the resources they should have and be able to pay back their debts.

**Meanwhile, isn’t the big reduction in French investment in Black Africa—and people are talking about 25%—a first illustration of the ACPs’ fear of seeing the private European investors shy away from their economies to some extent?**

— That’s a different thing. It’s the slump in the business world which is leading the private investors to withdraw. That’s obvious. There is a very clear decline in investment, even in countries like Côte d’Ivoire, which used to be very attractive to the private investor. But all that is, maybe with a slight delay, the effect of the economic crisis and structural adjustment. It’s not a different choice of economic policy, because France’s official aid isn’t declining. And the private sector in France hasn’t said it’s going for the big European market and dropping Africa either. That’s not true.

**You have been among the managers of Europe’s multilateral aid for so long... so weren’t you a little upset to see that this aid only represented 10% or 12% of the bilateral aid from the Member States?**

— It’s a little bit more at the moment, it’s 14%, and I do indeed think that we could do a lot better. Dieter Frisch, our Director-General, sent round a lecture by Dr Köhler, the German Cooperation Secretary, who stoutly defended the idea that Community aid should and could soon represent an incomparably larger percentage of all bilateral and Community aid combined. That is not to say that it will make bilateral aid disappear. If you want to be good, you have to be competitive. There’s no greater encouragement than a bit of competition. So bilateral aid will still have its job to do. It’s a good thing. It is healthy for it to compete with other bilateral aid and with Community aid. However, I do agree that 14%, the figure for current Community aid as a percentage of bilateral aid, is inadequate. It could be twice that. o Interview by A.T.
The World Bank and UNDP have produced a paper, which is summarised below by the World Bank itself, on the effects of structural adjustment on economic growth in sub-Saharan Africa in the 1980s. The overall tone of the report is confident, and among the welter of statistics one can discern a difference in the growth pattern of all sub-Saharan Africa between the dismal early '80s and the relatively-better 1985-89 period. And one can certainly see considerable differences between the growth patterns of countries pursuing structural adjustment and those not doing so. So there is reason for the upbeat introductions by Edward Jaycox, the World Bank’s Africa Regional Vice-President, and Pierre-Claver Damiba, the UNDP’s Regional Director for Africa. However, research into parallel areas gives grounds for reasonable doubt about the undifferentiated viability of structural adjustment.

Firstly in the area of policy reform, the picture is by no means clear-cut. Realigning over-valued exchange rates may do wonders for agricultural exports (though higher world prices in 1986 were even more helpful) but fragile import-dependent economies have tended to suffer. Public service reforms have reduced manpower costs but have not increased efficiency because in many cases pay remains too low to attract motivated officials. And necessary public services, particularly health and education, have suffered.

Divestment of publicly-owned corporations can also be a two-edged sword. The concerns can be sold abroad or shut down; privatisation almost invariably means the former, while in the latter case it is the central government which inherits the debt. The report itself cites the case of Togo whose government, by 1986, ‘assumed more than 90% of public enterprise external debt’. Thus, to present a ‘clean bill of health’ to the experts of the Bretton Woods institutions, many governments have created potentially serious social problems and managed a book-keeping operation on debt which remains on the books but under another, and equally distressing, heading.

The serious social problems can be summarised by comparing them to a ripple-effect spreading out from the seat of government. The first, and smallest wave, is the creation of unemployment in government and parastatal organisations, itself a serious matter in countries where formal-sector employment is very limited.

The next wave is the effect on social and educational services which are invariably the first sectors to be sacrificed when savings are sought in investment or recurrent costs.

The most important effect, however, is on ACP States which are engaged in implementing food security policies. Here, any moves to liberalise the market and reduce distortions will lead to price increases which, while stimulating production and offering hope in the long term, will raise food prices for the urban poor, exactly that sector of the population already disadvantaged by employment and social expenditure cuts.

The second factor leads on from the first. The report stresses the fact that financial flows have followed reform efforts. A table shows, for example, the shift in ODA flows in the period 1985-87, between countries with ‘strong reform programmes’ and those with ‘weak or no reform programmes’. Percentage changes in net ODA (deflated by import prices) show, for example, a 30% increase to ‘virtuous’ countries in 1986 over 1985, and a decline of 3% to ‘less virtuous’ ones. In 1987, the figures were 9% and -6% respectively. In quantitative terms, the figures were $1.35 bn and $123 m in 1986, and $836 m and $43 m respectively. Ghana, for example, is now cited as a model of virtue, in terms of reforms which have led to GDP growth and rising export revenues. But to complete the picture, it should be added that Ghana has received $2.62 bn in assistance in the five years 1984-88, of which $775 m was in IMF loans which now make up almost a quarter of the country’s external debt. Thus, a cynical observer might be tempted to explain the improvement in the economic performance of the ‘virtuous’ countries by the relative ease they have experienced in obtaining donor assistance and would then go on to ask whether there was sufficient money—let alone commitment—in the donor community to ensure that all ailing sub-Saharan economies got assistance on that scale. And the assistance piled up debt for the future.

Mention of Ghana leads on to the third area of doubt. The Ghanaian National Investigations Committee has concluded a study on the forestry sector which notes that de-restricted private enterprise, combined with foreign funding, have led
to numerous abuses and the deple-
tion of precious natural resources. 
In the last analysis, the areas of 
concentration for investment in the 
near future will remain, almost ever-
erywhere in sub-Saharan Africa, 
those of infrastructure and energy, 
areas in which even the most enthu-
siastic reformers have not loosened 
the grip of the state or its organs. 
For a continent as underdeveloped 
as Africa, the main channel for for-
eign investment is bound to remain 
the public sector. And where reformers 
have begun to tackle pub-
l-sector institutional problems, the 
outcome is not yet clear: either 
because the reforms have not been 
tackled with sufficient determi-
nation or because the time-scale has 
not been long enough to allow a 
clear evaluation of the results.

None of the foregoing is intended 
to signify that fundamental reforms, 
of the nature of structural adjust-
ment, are not necessary nor that 
their results are unworthy of study 
and applause. The summary of the 
World Bank/UNDP analysis pub-
lished below is however heavily 
weighted in favour of the quantita-
tive approach to which this intro-
duction seeks to act as a counterbal-
cance.

The quantitative approach, of 
itself a valuable tool, must neverthe-
less be used logically and coher-
ently. Statistics are often used selec-
tively—it was the British Prime 
Minister Benjamin Disraeli who 
pointed to three types of falsehood, 
'lies, damned lies, and statistics'. 
This is the criticism found in our 
second extract here, from the paper 
published by the Economic Com-
mision for Africa which is a rebut-
tal of the optimistic tone of the 
World Bank's report and an indict-
ment of its selective use of statistics. 
As the ECA's Executive Secretary 
Adebayo Adeje said 'a falsely 
optimistic portrayal of Africa's eco-

omic situation' could 'jeopardise 
the international support for Africa 
that is now developing'.

The urgency of the subject mat-
ter, to which The Courier devoted a 
Dossier (N° 111 - September-Octo-
ber 1988), and the speed of develop-
ment on the structural adjustment 
front are the reasons for this, admis-
tedly confrontational, style of 
reporting on the latest develop-
ments.

Tom GLASER

Encouraging evidence of African progress — the World Bank view

Economic performance in much of 
sub-Saharan Africa is improving and 
prospects may be brighter and more 
manageable, according to a new study.

The World Bank and the United 
Nations Development Programme 
(UNDP) released on 8 March the 
study, 'Africa’s Adjustment and 
Growth in the 1980s'.

''Recovery has begun'', state 
Edward V.K. Jaycox, Vice President 
of the World Bank’s Africa Region, 
and Pierre-Claver Damiba, UNDP’s 
Assistant Administrator and Regional 
Director for Africa, in the foreword 
of the study. ''The evidence points to 
better overall economic performance 
in countries that pursue strong reform 
programmes than those that do not — 
despite the more difficult terms of 
trade facing reforming countries''.

'''Although it may be too early to 
draw firm conclusions'', Messrs. Jay-
cox and Damiba add, ''the data in this 
report suggest that a strategy of 
adjustment with growth is viable in 
Africa''.

The study shows that the GDP 
growth rate in the region averaged 
2.3% a year between 1985 and 1987. 
And although this rate is less than the 
rate of population growth—about 
3%—it reverses the annual 1.1% 
rate of decline for the previous four 
years.

More than half of the region’s 
nations have launched economic 
reform programmes, the study notes. 
Most of these programmes have been 
under way only since the mid-1980s, 
so recent economic growth appears to

Table 1: GDP growth 
(average annual percentage)

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<td>3.1</td>
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<td>2.9</td>
<td>3.8</td>
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<tr>
<td>Oil exporters</td>
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<td>4.5</td>
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<tr>
<td>IDA recipients</td>
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<td>1.8</td>
<td>3.6</td>
<td>2.8</td>
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<tr>
<td>All Africa</td>
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<td>4.0</td>
<td>1.9</td>
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<td>All developing</td>
<td>3.1</td>
<td>4.9</td>
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<td>countries</td>
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<td>GDP growth in Sub-Saharan Africa using 1987 exchange rates</td>
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be a reflection of the region's movement toward reform.

The study points out that "inflation, though still high, has fallen, and real interest rates, though still negative on average, have risen in countries with sustained reform programmes".

Preliminary data for 1988 reinforce evidence of stronger performance in "reforming" countries — average GDP growth rates in 1988 appear to be on the rise in these countries, and on the decline in "non-reforming" countries.

The study says that, in recent years, many African governments have also launched reforms aimed at improving incentives for farmers by raising producer prices for major export crops and by liberalising marketing structures for both food and export crops. These reforms, the study says, have contributed to strong performance in agriculture and are increasing the incomes of small-scale farmers, who make up about four-fifths of the region's population and include most of the poorest people.

The annual rate of growth in agricultural production between 1985 and 1988 was three times higher than the average for the previous 15 years and exceeded population growth for the first extended period since 1970, the study notes. "The recent improvement diverges from a widely held perception that per capita agricultural production is declining in sub-Saharan Africa".

The study adds that where reform programmes are strongest, the growth rate of agricultural production during 1985-87 was more than double that of 1980-84. Non-reforming countries saw no improvement.

Partly because of better growth in agriculture, Africa's combined share of world exports of 10 major primary commodities other than oil grew 30% between 1984 and 1986, reversing the steady decline since 1970, the study says. In reforming countries, average annual export growth rose between five and six percentage points between the early 1980s and the period 1985-87. In non-reforming countries, export growth rose by only half as much.

The study argues that the current world economic environment favours Africa in a number of ways, improving the region's prospects for further growth. Africa has had more favourable access to industrial countries' markets than most other developing regions. It receives more official foreign assistance and debt relief relative to its GDP and population than any other region, and the decline in the price of its non-oil primary commodities has been only half that suffered by other exporters.

And as a result of stronger domestic growth supported by economic reforms, as well as larger donor and creditor assistance, the increase in the growth rate of real consumption — an important indicator of living standards — was three times higher in Africa's reforming countries during 1986-87, marking a reversal in the decline recorded between 1980 and 1984.

According to the study, the extent and causes of Africa's economic difficulties might be less severe than some observers had previously thought. "A longer historical perspective shows that the sharp drop since 1980 in sub-Saharan Africa's export earnings, financial flows, terms of trade, and capacity to import is more a return to the long-term trend (after a period of unprecedented highs) than a persistent decline”. 

"When recent trends are put in the longer perspective of the past 15 to 20 years", the study adds, "the crisis seems less precipitous, and the road to recovery more obvious and more manageable”.

The economic picture for sub-Saharan Africa as a whole has often been distorted by the "fortunes and misfortunes" of five oil-exporting countries, which dominate trends for the region. "Nearly all the decline in export earnings and the terms of trade for the region since 1980 results from declining oil prices, which hurt the five oil-exporting countries but benefit the other 40 countries that import oil”.

But the study also cautions that despite recent progress, sub-Saharan Africa continues to face many obstacles to sustained development, including growing foreign debt, structural economic "rigidities", and accelerating population growth.

Still, the report concludes, "the evidence of the past three years leaves room for optimism". These encouraging signs, though still preliminary, augur well for the future… Against the backdrop of the 1970s and the early 1980s, the period 1985-87 may turn out to have been a watershed between the difficulties of the early 1980s and the adjustments in the second half of the decade, with the prospect of steadier growth later on’.
Statistics and policies — the ECA’s reservations

The principal message which the recently released report of the World Bank “Africa’s Adjustment and Growth in the 1980s” (World Bank Report) seeks to convey is that Africa’s crisis is mainly due to “domestic difficulties” in sub-Saharan African countries and that “external conditions may have been better than commonly believed”. The Report is, however, not only another facet in the debate between “internalists” and “externalists”. Its central purpose is to prove that in the wake of structural adjustment programmes, “encouraging signs”, even “signs of a turnaround”, can be detected in sub-Saharan Africa’s economic standing.

With these findings, the Report stands in sharp contrast to the recent assessment by the United Nations Secretary-General contained in his report to the General Assembly on the mid-term review on the implementation of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD). The World Bank had played an active role in elaborating the position expressed therein. Moreover, the appraisal presented in “Africa’s Adjustment and Growth” also deviates substantially from what two other World Bank reports (Adjustment Lending and Beyond Adjustment) put forward.

The question is whether this sudden turnaround is in fact a turnaround of Africa’s economic situation or whether it merely reflects a turnaround in the perception of some observers?

The World Bank Report itself states that its diverging conclusions are not a result of changes in basic data but of “closer examination” of the data. Thus, it claims, it is the way statistics are “commonly reported” and the prevalence of “statistical anomalies that have contributed to the pessimistic picture of sub-Saharan Africa” which has been painted so far.

The essence of the World Bank’s conclusions therefore emanate from a compilation and presentation of basic statistics which differ from what is common practice, for example, in other World Bank reports. The Report suffers from a lack of documentation regarding basic data, concepts and criteria which would allow the reader to replicate its analyses. It, further, does not show the degree of consistency commonly deemed necessary in serious economic research: some of its major conclusions regarding the causes of the crisis and the impacts of structural adjustment programmes can only be reached if groups of countries, reference periods and statistical methods are shifted or selectively applied depending on the topic to be covered.

This selective perspective leads to particularly unusual results in the case of terms of trade where the situation in 1986/1987 is compared to “the early 1970s”, a period of record low terms of trade. This allows the World Bank to arrive at a statement, prominently figuring in the Executive Summary, that “Africa’s terms of trade, despite recent declines, are still 15% higher than in the early 1970s...”—an optimism uncalled—for in the eyes of regular observers of African economies.

Insufficiently documented concepts and, as it must appear, selectivity are also underlying the World Bank Report’s conclusions on the impact that SAPs have had on the economic situation of countries listed. Countries in sub-Saharan Africa are disaggregated into those having “strong” and “weak or no reform programmes” in the 1985-87 period. In light of the fact that SAPs have been in place at least since the early 1980s, the count of 19 strongly adjusting countries which are included in the World Bank Report cannot be replicated by utilising available sources, in particular IMF data. According to ECA’s own classification, 33 countries in sub-Saharan African have agreed to stabilisation and structural reform programmes since the early 1980s. In addition, the selection of countries recorded as having strong reform programmes made in this Report does not coincide with the account given in another recent World Bank report (Beyond Adjustment).

The conclusion reached on the basis of the criteria applied in the Report is that “strong reform programmes”—defined in the Report as those emanating from World Bank/IMF sponsored Structural Adjustment Programmes (SAPs)—are bearing fruit. It is further claimed that this is particularly the case for countries which have not experienced strong shocks in the mid ’80s. Without establishing independent and precise criteria for what constitutes a “strong shock”, for example, which rainfall variations fall within or outside the range of normality, the World Bank Report ventures into far-reaching statements on the success of SAPs. It is in this context particularly disturbing to see that in order to depict a positive picture regarding, for example, the key indicator, GDP, the World Bank Report departs in Table 20 of the final Chapter on the “Impact of Policy Reforms” from its own method of calculating annual growth rates which it had applied earlier in Table 1. By using in Table 20 unweighted averages and not weighted ones as in Table 1, it suggests that a significant improvement in GDP growth since 1985 is discernible in those countries with strong structural adjustment programmes which have not experienced strong shocks as opposed to those countries with weak or no SAPs. In order to arrive at a sound judgement on the economic impacts of such programmes, a detailed and well-documented series of country analyses would have been called for. Finally, it needs to be pointed out that neither social nor long-term aspects of Africa’s condition—amounting to a total neglect of a developmental perspective—have been touched upon in the World Bank Report. Any assessment of Africa’s current situation which is to serve as a basis for strategic policy decisions must, however, address the crucial questions of which development path is to be chosen, what the internal and external determinants may be, in short: which development for whom? Basing decisions on anything less than that may amount to not only a massive misallocation of funds, domestic and foreign, but may also evoke unprecedented social consequences.
Niger seems to be in the throes of two major transitions, away from rigidity and towards normal constitutional life once more.

Things have certainly relaxed since President Ali Saïbou took over after the death of Seyni Kountché, his predecessor, in November 1987. Seyni Kountché, in power from April 1974 onwards, was, the new President claims, famed for his "constant dignity and seriousness in face of the trials of life", a man of austerity and rigour whose sole aim was to get his country out of its state of under-development. Ali Saïbou, a former comrade-in-arms and confidant, clearly shares his goals and has many times confirmed his intention of continuing Kountché's work. But he is going about it differently. His style of management is warmer and more relaxed and it is closer, too, to the natural joie de vivre which he shares with the people, something which is reflected in the whole of Niger's society.

Yet there is no shortage of disasters or difficulties here in the heart of the Sahel. As President Saïbou says: "Our efforts will be focused, as usual, on the major problems of the moment — on protecting our ecology, which has been badly affected by the combined effects of drought and desertification; on seeking self-sufficiency in food, without which no people can live in freedom and dignity; on bringing demographic growth under control and, at the same time, on getting the economy off the ground so that Niger speedily becomes one of the winning nations".

In this less austere context, the process of preparing the return to a State of Law, with the aim of establishing the Second Republic in early 1990, currently dominates the whole of Niger's political, social and economic life. There is no one, however small his village or nomadic his life, who has not heard about the new Constitution to be put to a referendum in September. And there is no one, either, who has not heard about the constituent assembly, which took place in May, of the National Movement for the Society of Development (MNSD) or who has not been swept up in the approach to the forthcoming legislative and presidential elections in December. This indeed is something to fire discussion in a society where discussion is a way of life. After all, are not the basic tenets of Niger's own development model, the Society of Development, consultation, concertation and participation?

A link and a crossroads

Niger, 1 267 000 square kilometres, and two and a half times the size of France, is huge, and totally landlocked. Only 12% of this vast area is arable and less than 5% of it under crop at the present time. Its position in the heart of the Sahel-Sahara area makes it both a link between Mediterranean Africa to the north and the Gulf of Guinea to the south and a crossroads on the main trading routes across the Sahara. The name Niger conjures up an image of desert, partly perhaps because of the famous Paris-Dakar car rally, when pictures of the undulating sand dunes of the Ténéré, often said to be the most beautiful desert in the world, and the harsh rocks of the Air (where you "make it or break it"), are shown to a wide public. Four-fifths of the country is desert or semi-desert leaving only the River Niger, the Komadougou-Gana River (along the frontier with Nigeria) and part of Lake Chad. There are five distinct geographical regions — the highlands of the north east, covering about 120,000 km² at an altitude of 800-1 000 metres, the 400 km-long Air massif in the north, covering almost 65,000 km² and consisting essentially of plateaux of 500-900 metres but with peaks of up to 2 000 metres, or two vast, arid plains (including the Ténéré) either side of the Air, a low plateau in the south west and an area comprising the River Niger and a number of tributaries in the south east, forming the only region that is watered throughout the year.

No one who has visited the country will deny that the climate is hot and
dry, for only in the extreme south west is there enough rainfall for dense vegetation. North of this area, the yearly rainfall declines sharply to between 600-800 mm in the Sahel to less than 100 mm in the Sahara and in the north and east. And at Arlit, in the Air, or Bilma in the Ténéré, you can count the drops. The rainfall is sometimes very irregular, too, and at intervals of about a decade there are bad droughts, the latest of which was in 1984. Also, the experts say, the 250 mm isohyet (the line joining up points of equal average rainfall) is now 100 kilometres further south than it used to be. This, of course, has contributed to the advance of the desert in Niger, where there is talk of the “profound and accelerated deterioration of the agro-ecological environment”. And the hazards of climate combine with human pressure gradually to destroy the traditional balance between production capacity and needs. In Niger, they talk about the desertification trend “resulting in a reduction in the plant cover, soil erosion and sterilisation, silting, a reduction in water retention and all the problems of food and energy supplies which go with them”.

Some people, frank about this alarming phenomenon, say that Niger is “disappearing, physically at least, as it is being overtaken by the desert”, and there is no doubt that this is a formidable challenge — on top of the equally formidable challenge of demographic growth.

Niger has 7 250 000 inhabitants, with a density of only 5.7 to the square kilometre. Practically empty, you might say and you would be right, particularly since the vast majority of the population lives in the south and south east, along the Nigerian border, over an area roughly 1 500 km long and 100-150 km wide, and in the south west, in the 500 km of the Niger Valley which is in Niger territory. This means that three quarters of the population are living on about a quarter of the land. With its rapid population expansion of upwards of 3% p.a., Niger will have a population of 10 million by the year 2000, more than half of whom will be under the age of 20. So the pressure on the arable land is increasing fast, as is urbanisation — although this still only concerns about 20% of the population (including the more than 500 000 inhabitants of Niamey, the capital).

Niger’s particular geographical situation explains the many different peoples who live there side by side. History tells us that this area was one of the earliest to be settled (1). Today, the Hausa, who live mainly in the fertile regions of the south, represent more than 50% of the population; the Djerma or Songhai peoples along the banks of the River Niger make up another 20-25%. Nomads and semi-nomads, including Tuaregs, Peuls and Arabs, make up 20% and the Kanouri, who are farmers in the south east, account for another 4%. And there are Tubu and Gourmantché minorities and, obviously, foreigners too, including Europeans. In addition to French, which is the official language, there are seven national languages, Hausa, spoken by more than 70% of the population, being the most important.

And of course one of the other great influences on cultural unity in Niger is Islam.

The Society of Development

Niger became independent on 3 August 1960, although it had in fact been a Republic since December 1958. The young country progressed, certainly, but the years of drought which began in 1968 and culminated in 1973 plunged it into a profound political, economic and social crisis, the background for the military coup d’état which put a Supreme Military Council headed by Seyni Kountché into power.

The Council lost no time in tackling the most urgent issues, famine for example, the unreliable food supplies, the poor economic and social infrastructure, the regional imbalance and the management of public assets. And very soon, in August 1974, it began

(1) See also the article “10 000 years ago in the Sahel”, pages 93 to 98.
insisting on a longer-term view of things too, with the aim of establishing Niger's own model, the Society of Development.

Seeing the failure of imported development models, Niger is seeking to establish its own economic, social and cultural realities as a basis, stressing the responsibility and the involvement of every individual.

The country has been divided into development units, starting at the bottom in each village (about 100,000) and tribe and working up the pyramid, through the various stages of cantons and groupings, districts and communes and departments to the National Development Council at the top.

The National Development Council, with its 150 (civilian and military) members, has a key role to play in the nation's socio-economic development. It was set up in 1983 and was responsible for the National Charter of Niger, which was put to a referendum in June 1987 and became law a few months later. This year's political agenda is a particularly long one, with the constituent session of the MNSD in May, the spreading of information on the new Constitution, which is to be the subject of a referendum in September, and the legislative and presidential elections in December, followed by establishment of the Second Republic in early 1990.

The drive for self-sufficiency in food is made more difficult by the unpredictable climate and the uranium sector has the laws of the international market, basically indifferent to the needs of the LLDCs, to overcome. Prolonged drought and the col-
lapse of uranium prices have profoundly affected the economy since the early '80s and GDP declined by an average of 1.9% p.a. over the 1981-86 period, throwing public finances and external payments into disarray. So there is nothing surprising about the fact that Niger has had to embark upon some serious structural adjustment, with financial aid and technical assistance from the IMF and the World Bank and other creditors and bilateral and multilateral donors. Annual stand-by arrangements for example the IMF, structural and sectoral adjustment loans from the World Bank, the Fund's structural adjustment facility and re-scheduling of its debts by the Club of Paris and the Club of London—Niger has undergone all these, now classic, stages in the structural adjustment process in its attempt to reform its economy and make it more dynamic. And it has not finished either, for the financial imbalances, albeit better, are far from being eradicated (1).

Notwithstanding the part which uranium still plays in, for example, the nation's export revenue (about 80%), the health of the economy to a very large extent depends on enough rain falling at the right time, because it is rainfall which determines the size of the harvest. The ups and downs in GDP are the best proof of this. Two consecutive years of drought (coinciding with poor uranium sales) in 1983-84 brought GDP down by an average 9% and better weather in 1985 and 1986 saw it go up again by an average of almost 6%. In 1987, the rain was late and growth was negative (at about —1%) again, but the last harvest, in 1988, was particularly good and GDP was back up, with an estimated increase of more than 7%.

Fostering agriculture that creates surpluses

Brigi Rafini, the Agriculture Minister, says that it is clear that Niger "lives with the changing seasons—which are never alike. We can never entirely depend on anything here". One thing they can depend on, however, is the concern with achieving self-sufficiency in food. "Ever since 1976", says Rafini, "when we started planning, that has been our number one priority. But because we cannot depend on anything, we have not always had the means of achieving it and we have to be careful if we are to get there without forgetting the many constraints". And the list of constraints in agriculture, which nonetheless accounts for more than a quarter of GDP and occupies more than 70% of the total population, covers production and marketing and rural credit facilities and is too long to give here. Brigi Rafini maintains that if agriculture is to be successfully modernised, the thing to do may be to try and change people's outlook. "Farming is still too much a way of life in which the spirit of productivity is missing. So we have to create the conditions whereby a new generation of peasants who have this spirit can be encouraged and trained. What this amounts to is fostering the sort of agriculture that creates surpluses".

And the last harvest did indeed create the cereal surplus of some 209,000 tonnes mentioned above. The main food products were millet (1,766 million tonnes from 3,526,000 hectare), sorghum (560,000 tonnes from 1,470,000 ha), cowpeas (301,000 tonnes from 1,925,000 ha), maize (almost 5,000 tonnes from 9,560 ha), rice (52,800 tonnes from 17,500 ha) and groundnuts (12,900 tonnes from 78,000 ha), but this is by no means enough to let the Minister of Agriculture forget the formidable challenge of our expanding population in terms of expanding our agricultural output correspondingly.

Caught between two stools

No less a challenge is the need to preserve the ecological balance. Not only must the land be made more productive, the most important thing is to combat the desertification which threatens that natural capital, the soil. "In agricultural areas, productivity and environmental protection go hand in hand. In livestock areas, the main idea is to preserve the land", the Minister explained, adding: "The desert is not a steamroller. It is everywhere. There is no single way of fighting it because it does not just have one way of advancing. We use every way of combating desertification that has proved its worth. There is no miracle answer. The desert itself is a reality with which we have always lived. Where it already exists, we shall plant greenery, paving the way for the

(1) In a forthcoming issue we shall be dealing in greater depth with Niger's structural adjustment process.
environment to be improved so that people can live there. The worrying thing is desertification, seeing for oneself that the land is deteriorating at a terrifying speed, year by year!" Since 1984, following a general national debate, Niger has had an anti-desertification master plan. But as the Minister says: "Whatever the plan, if we don't have the means... then we are caught between the two stools of short-term needs and a long-term fight".

However, the authorities are counting on all the people of Niger, as the main operators of rural development and those primarily affected by the deterioration of their environment, to do their bit in this many-faceted campaign. Here and there are projects which give more than a glimmer of hope. The FAO-Italy Keita scheme is one of them which, by planting trees, particularly species which can survive more than three years' drought, and running a series of back-up projects, has managed to make the region live again. Local water resources have been tapped, the water table reconstituted and agricultural production got off the ground once more. Whereas 20 years ago, more than one tonne of sorghum could be produced per hectare before the desert took over and output dropped to nothing, now almost 700 kg per hectare (the national average is 380 kg) is being grown again. So it comes as no surprise to see the Keita scheme put forward as a model... alas, not sufficiently widely followed so far.

"Water is one of the main factors of rural development — which is itself the key to self-sufficiency in food", the Agriculture Minister said. "And in view of our unpredictable weather, our rainfed crops, which are preponderant, are unreliable. So, although we are not neglecting them, we are putting particular emphasis on developing irrigation", he said, echoing Dille Mamadou, the State Secretary for Planning, who insists on the need to give very serious consideration to building the Kandadji dam—although without the energy component, which would halve the costs, bringing them down to about CFAF 300 billion—which would regulate the flow of the river and claim about 140 000 ha for irrigated crops.

Managing the drought

Boukar El Hadj Ousmane, Minister of Animal Resources, who was also in charge of Water Resources until the ministerial reshuffle on 19 May, was equally concerned with water, but from another angle. His idea was to provide adequate supplies of drinking water for everyone. At the moment, 59% of the population has access to drinking water, as opposed to the 20% during the first great drought in the early '70s, and there are 13 000 water points now where there were only 2 000 in 1974. If all the projects being run are completed, 70% of water requirements will be covered by 1992 and the rest by the end of the century.

The way the water points are distributed obviously very much depends on the management of the livestock and the cattle paths. The sector has always been one of traditional herding and it would be a mistake to underestimate its importance to the national economy, as it accounts for nearly 17% of GDP, with the national herd currently standing at about 2.1 million cattle, 11 million sheep and goats and 300 000 dromedaries. The big droughts of 1973 and 1984 had similarly disastrous consequences, more than 50% of the cattle and about a third of the sheep and goats being lost each time. So the grazing land has to be developed and the populations involved organised, above all into cooperatives, and, most importantly, taught drought management. Boukar Ousmane's rough basic equation is: water = pasture = number of animals = family responsibili-
ties. The reconstitution and rationalisation of the herd is, for a whole series of reasons, geared to encouraging camels and goats as the species most likely to survive any further disaster. “If there is another drought, we will be better placed to cope with it”, the Minister said, “for the outlook of both herds and herd managers has profoundly changed and the commercial environment and the social structures—which now reflect our participatory democracy—have changed”.

“But it is clear that the success of a project in this sector does not depend solely on technical factors. In both farming and herding, the rural world is very complex and does not always tie up with any scientific logic from the West. So the strategy has to adapt to the logic of the field”, the Minister said. He sees herding as “not just an economic factor which has to be made profitable. It is a way of life above all”. In both sectors, he thinks, EDF aid has had a prime role to play: “Animal health here is based on EDF intervention; in the field of water supply, the EDF is one of the rare donors which is everywhere, helping to manage the drought regardless of the size of the territory. The rehabilitation of old wells, as in Ouallam, is also something which is very much appreciated in the villages and attracts considerable involvement on the part of the population.”

**Depressed uranium market**

However important the rural sector may be for the present and future of Niger, the mining sector, based mainly on uranium, was not only the driving force in the ‘70s but is still of considerable importance because of its export earnings. Although its contribution to the national economy dropped from a peak of 13% in 1979 to only 6% in 1987, it is still bringing in between 75% and 80% (CFAF 87 billion in 1987) of total export revenue. However, the State’s revenue from the uranium mines was down to CFAF 9 billion in 1988, as against the CFAF 24 billion of 1979. And the average 4 000 tonnes p.a. output of 1980-83 came down to 2960 tonnes in 1988 and will be the same this year.

The people in charge of this sector put all this down to the depressed state of the international uranium market. “Of course there was Chernobyl in the USSR in 1986, but the crisis began back in 1980”, we learned from Maï Manga Boukar, the President of Cominak, the Mining Company of Akouta, which, together with Somaïr, produces Niger’s uranium (Cominak 1988, production — 1 960 t, staff — 2 100, turnover — CFAF 54.4 billion; Somaïr 1988, production — 1 000 t, staff — 1 550, turnover — CFAF 28 billion). This is because, “the world recession has restricted energy consumption, nuclear power has suffered from the ecologists’ campaigns and a combination of investment, research and the technical progress of the previous decade has led to the discovery of richer deposits. Output has improved because not only have we managed to extract the maximum amount of uranium from the ore, but because reactors have been perfected which use less fuel and the plutonium and uranium from spent fuel can be recuperated. Lower oil prices and a falling dollar have destroyed the electricity industry’s interest in nuclear power and the nuclear power stations are using less fuel. And there were large stocks on the world market, because uranium is a strategic substance when it comes to energy production and defence”.

So there really is a uranium crisis. Although, before 1979, Niger’s uranium was bought at less than spot rates (the daily selling price on the international market), since then, the country’s uranium buyers, who are also mining shareholders, France, Japan and Spain (the Federal Republic of Germany is a shareholder, but has stopped buying Niger’s uranium), have been paying more than this. (The spot rate is currently around CFAF 11 000 to CFAF 12 000 per kg). The price Niger gets is discussed with the shareholders every year in the light of the spot rate, the range of prices generally used at world level for long-term contracts (this is how most uranium is sold), currently CFAF 18 000-CFAF 22 000, and the price required to enable Niger’s companies to balance their books. So this year, “our partners have agreed to back up our mining companies by paying CFAF 25 000”, Amadou Souna, the Minister of Mining and Energy, told us. “Obviously we are now going into all the parameters of our internal and external production costs in depth to try and bring them nearer the average price of long-term contracts”, he added. And, as the President of Cominak said: “The mining companies want to work on their break-even price, bringing it down, over the next two years by CFAF 3 000-5 000 to be in the range of the long-term contracts price bracket, compressing the production costs, which are mainly made up of labour and the raw materials needed to mine and process the ore”. The ways of doing this are conventional, but difficult, and involve freezing wages, speeding up the “Nigerisation” of top management and, if the market deteriorates further and after consultation with the authorities and the social partners, perhaps making some staff redundant, forcing the raw materials supplies to operate with each other and lightening the transport costs (the mines are at Arlit, 1 200 km from Niamey and more than 2 000 km from the coast). Which considerably increases their prices in comparison with those of their com-
Amadou Souna, Minister of Mining and Energy

"I am convinced that nuclear power will take off again, because progress cannot be halted!"

However depressed the uranium market may be at the moment, those working in the sector are convinced that this will change in the long run. “Even with oil prices at their lowest, the experts say that nuclear kilowatt-hours are cheaper”, Adamou Souna maintained, adding that there was “great exaggeration of the dangers involved as if oil had never killed anyone. We have a difficult passage to negotiate”, he admitted, “but I am convinced that nuclear power will take off again, because progress cannot be halted!” - an opinion which the President of Cominak entirely shares. "Nuclear power is one of the cleanest sources of energy. It will not contribute to the destruction of the ozone layer or the greenhouse effect. And it is one of the most reliable sources of energy, because it can cater for heavy demand over a long period. The initial investment is heavy, of course, and there is still the problem of waste to solve. We understand people worrying about nuclear power, but let us not forget that the profits from this cheap source of energy are primarily to the people of the developed world and that the fruit of these resources could be used to dominate and control nuclear energy even more than at present.”

“Independently of the uranium problems, we have no wish to produce just one mineral product, so we are trying to diversify”, the Mining Minister stressed. Sysmin assistance is to be used to investigate the gold deposits in the Liptako-Gourma and the indications are that “we should be able to start mining it soon. That won’t make up for what we are losing on uranium, but it will still help improve the budget and our export earnings”; Adamou Souna went on. Research is also to be conducted into coal, a product which, if developed, could make a further contribution to the anti-desertification drive by helping reduce the consumption of wood. However, the potential deposits are a long way from the areas in which the population is concentrated. And there would be the same problem of communications and transport costs if phosphates were developed too.

Communications and trade

The fact that Niger is landlocked is a considerable impediment to development, but the Minister of Transport and Tourism, Captain Amadou Moussa Gros, is pleased at the “excellent relations with the countries on the coast”. Niger has three main outlets to the sea at the moment — through Benin (Niamey is about 1050 km from Cotonou and the route is rail to Parakou and road for the remaining 400 km); through Togo and through Burkina Faso and Côte d’Ivoire (Abidjan-Ouagadougou by rail and 525 km road thereafter). Talks have also been held with the great neighbour to the south, Nigeria, recently, on a possible fourth outlet to the Gulf of Guinea. Northwards, the Trans-Saharan road to Algeria still has to be completed. The Minister still has hopes of the old river transport project with Benin and above all Nigeria. Niger has made a big effort with domestic transport too, with considerable help from the EDF, to finalise various highways and feeder roads while others are in the pipeline. There is in fact a tarred road to the chief town of every department. As for air transport, the Minister said, not without a note of irony, “passengers are nearer Paris than Abidjan”. So, not surprisingly, he wants to encourage charter flights so as to give...
a boost to the tourist trade. "We are not offering an easy kind of tourism. People obviously have to want to come here. So far, our tourist image has been linked to the Sahara, but now we want to broaden the view and promote cultural tours, particularly in Agadez, and conferences, to capitalise on our Congress Centre, and hunting tours, for which we are reviewing our ban on hunting, and of course sporting tours, obviously, with the Paris-Dakar and some inter-State tours." When asked about the part of the Paris-Dakar rally which went over Niger's territory, the Minister said that this was "negotiated with us—and respected—by the organisers, with whom we have good cooperation. It is a good thing, overall, and there are no particular problems attached to it, especially since the spin-off is very considerable, in Agadez in particular. The people look upon it as a red letter day when the rally goes across Niger. But, obviously, the sportsmen have to keep to the rules, because we always have to be careful not to turn the Ténéré into a rubbish tip".

In spite of reasonable road infrastructure, the transport sector is still suffering from the slump in trade—where the general recession, for which the depressed uranium sector is very much to blame, is making its presence felt. In addition to the somewhat unhelpful administrative environment, the narrowness of Niger's market and the current problems in the banking sector, the recession has hit both trade and industry, where closures and underutilisation of capacity are common. The State is trying to withdraw and proceed with economic liberalisation by easing taxation and putting forward a liberal investment code. Rehabilitation, privatisation and partnership are the new by-words in the private sector. Clearly, trade cannot be discussed in Niger without mentioning the problem of cross-border trade with Nigeria, with which there is a frontier more than 1 500 km long. Monetary problems, such as the slide, not to say slump, of the Naira and the fact that the CFAF is convertible, combined with the (temporary at least) closure of the frontier have created a kind of commercial haze. The historical, cultural, ethnic, religious and commerci-al ties are such that the frontier has never really been a barrier to trade—which is fine for the informal sector, though official financial transfers between the two countries are either impossible or extremely time-consuming. The informal sector (both rural and non-rural) looms large in Niger's economy: some say that it accounts for as much as two thirds of GDP. But since the informality is only vis-

- **Resources short for health and education**

The problems of the "hard" sectors of the economy should not mask those of the social sectors, health and education, both of which are short of resources.

Some very considerable progress has of course been made in the health sector, but the resources are still inadequate to meet the needs of a fast-growing and generally very young population. The combined efforts of the state, households, firms and the donors both in investment and in running costs amounted to total spending of less than CFAF 2 000 (about ECU 6) per capita in 1988. And that same year, the State departments had less than CFAF 150 per capita to supply medicines. Niger has fewer than 200 doctors overall, fewer than 25 pharmacists and fewer than 200 nurses—one doctor for every 40 000 inhabitants, compared to, say, 1 to 400 in Spain. How can they tackle AIDS (40-odd victims have been hospitalised) or care for the 70 000 mentally sick when there is malaria, diarrhoea, TB and a host of other infectious diseases to combat? A special ECU 9.3 million programme to import medicines will try at least to palliate the drug shortage and the funds accruing from their sale will form a development fund to back up the National Pharmaceuticals and Chemicals Board and finance national health information and education campaigns.

The educational problems are perhaps proportionately even greater and more dramatic. Niger has the doubtful distinction of having more than 80% illiterates among its adult population and one of the lowest overall school enrolment rates—at only 22%—of Africa. Though this is a long way from the 3% at independence...

The former Minister of Education and Training, Commander Dr Ous-
mane Gazere, who became Minister of Health in the 19 May reshuffle, said it would be stating the obvious to say that education is important in a country which aims to make man the focus of all development. For Dr Gazere, (who has a notice saying: “If you think education’s expensive, try ignorance” over his desk), there are two major challenges to take up — literacy and schooling. The political leaders see the main effort as being needed in primary education to improve and broaden the base of the educational pyramid. But, there again, alas, both the facilities (classrooms, benches and teaching materials) and the teachers are in short supply. Many classrooms are needed, thousands in fact. In Niamey alone, for example, more than 2,000 children failed to find places in the first year and classes of 80-85 pupils, five or six to a table, if indeed tables there be, are by no means out of the ordinary. It is no exaggeration to say that the beginning of the school year in Niamey is a drama, with schools under siege every time, for it is a case of first come, first served. And the fact that many classrooms, fairly distributed over the country, are called for, should not mask the shortage of teachers either. The people who are to give the instruction have to be trained, with an eye not just to quantity but quality too, not forgetting to make the job look more attractive and to spread these staff across the country, particularly the rural areas, for the towns are still where they want to go. Attention must be paid, too, to producing a proper supply of high standard textbooks which are “right for the realities of the nation”. And there again the EDF has stepped in with aid for the Institute of Educational Research and Motivation and material to build desks on the spot, something which is appreciated in every corner of Niger.

Niger is nevertheless developing original and interesting approaches in some areas of education. The experimental introduction of education in the national languages, for example, so as not to cut the child off from his natural environment, is already well advanced. And the development of the APP (Activities which are Practical and Productive) has a similar aim. This innovation is an attempt to make teaching more pertinent by offering the child training that is close to the conventional activities of his family (blacksmithery, craft and so on) and to the problems he comes up against in his home environment. In this way, the APP combats the rural exodus and the young person’s ignorance about his origins and background — which lowers the rate of drop-outs by “non-profitable children” who would otherwise return home with only traditional schooling behind them.

This approach goes hand in hand with that which, for example, Seydou Abdouraham, the former Minister of Youth, Sport and Culture takes to the rural exodus. “Young people want to live, not just survive, and if they are to remove the straight-jacket of survival, then we have to offer them culture and leisure activities near their homes — for these things are production back-ups. The rural exodus is anti-productive. So the young person has to have what he dreams about brought to him, in the countryside. We have perhaps not lost so much of the cultural roots which provide a platform on which to preserve our values, but we must of course develop our culture to prevent it from becoming a dusty museum piece. So let us try and adjust to the change and give it a proud place in trade, with Niger’s cultural products offering the people of Niger an equal choice between national and foreign culture”. This is how we should, say, see the EEC’s aid with running an African music festival, providing a platform for various types of native music (what’s wrong with Tuareg rock?) and showing the young something of their musical heritage. Are not culture and development furtherted in the same environment, the former Minister asked?

Regionalisation and participation

These young people are an undeniable asset for the nation’s future, in spite of the problems they pose. They are the real reason for righting the economy, getting growth under way again and, most importantly, making a success of rural development, for this is the only way to life and survival. After all, this is the main aim of the present Development Plan (1987-91) — “which, in spite of structural adjustment, which is not an end in itself, we have not abandoned”, Dille Mamadou, the Secretary of State for Planning, emphasised. Although the aim after the present period of planning will probably be the same, the approach will be different, because they are counting on regionalisation — the drive to ensure that national aims are based on the specific nature and capacities of each region, working towards the centre and not away from it as used to be the case. But participatory democracy will also have to cope with this whole range of challenges in which it can sometimes be difficult to fix priorities. As it says in the Plan: “In its desire for development, Niger’s society must make a distinction between what is inevitable, vital, useful and superficial”.

Niger is developing and adapting, certainly, and it is giving itself new structures under the Second Republic so as to cope even better with the future. But the desert, impassive but not unmoving, will not wait and, obviously, time, as it is elsewhere in the Sahel, is short.

Roger DE BACKER
“We are not sitting back and waiting for it all to happen”
An interview with President Ali Saïbou

The day President Seyni Kountché died, on 10 November 1987, fellow members of the Supreme Military Council, which had been in control of Niger from April 1974 until May this year, when it was replaced by the Higher Council for National Guidance, made Colonel Ali Saïbou interim President. Four days later, he was confirmed as Head of State, with the job of continuing the work of his predecessor.

The 49-year-old career officer—he was made Brigadier-General on 1 July 1988—had already won a sound reputation for himself outside the military field proper by running the delicate food supply operation for Niger’s drought and desertification victims over the last decade. The way he conducted the food distribution earned him the esteem of the whole of the population, for he went to every village and nomads’ encampment in his drive to ensure that the campaign to bring the effects of natural disaster under control was working properly.

Now he is actively involved in moving Niger on from an authoritarian system to a State of law and laying the foundations for the Second Republic. The President, a man of action, who preferred to answer The Courier’s questions in writing, comments on his country’s return to constitutional life, its fight for self-sufficiency in food and its economic future.

Ensuring stability

► Niger is on the way to becoming a State of law once more with the adoption of the new Constitution. How long will this regularisation of the country’s political life take and what are the political features of the Second Republic?

— A big step forward was taken in our return to constitutional life in Niger on 14 June 1987, when a National Charter laying down the guidelines of our drive to build our Society of Development was adopted. A draft Constitution arising from this Charter will be put to the people in September—it has already been widely discussed—and its adoption will be followed, in December, by the legislative and presidential elections which will give Niger an elected President and a National Assembly.

The draft Constitution also provides for a Supreme Court to be set up and the National Development Council, which will deal with economic, social and cultural matters, to be maintained.

So, this return to constitutional life is being brought about with the involvement of the armed forces, who will continue to help wield power, alongside the other State bodies, and carry out the development tasks which it has been engaged upon, with faith, determination and, let us not forget, some success, since 15 April 1974. So, from the word go, the Second Republic will unite the factors which can ensure stability.

I am convinced that our foreign partners, particularly the Member States of the EEC, are watching this process with interest—which is based, above all, on the realities of Niger and on our desire to build a united, prosperous nation in peace and unity.

Cereal policy

► The latest harvest was excellent in Niger, but we all remember the poor harvests caused by drought in the past. How can you assure incentive prices that will encourage the peasants to increase their output?

— This year’s good harvest should not create an illusion, as you so rightly said. It should not stop us here in the Sahel from remembering the bad harvests of the past or the uncertainty of the coming years because of drought.

If we are to avoid the damaging effects of poor harvests, we will have to bring in a system of compensation whereby surpluses from good years can be switched to cover shortfalls in bad ones. This poses the problem of the marketing of agricultural goods, of storage, and, of course, of what is a fair price when it comes to paying the producer for his work and encouraging him to do more.

One of the policies we have adopted for agriculture under the present economic and social development plan for 1987-91 is that of encouraging surplus production, with a view to greater diversification, so as to ensure self-sufficiency in food and higher incomes for the producers which should have a snowball effect on the rest of the economy.

As you know, we have opted for the liberalisation of our trade as part of our adjustment measures and this will not be without its problems, particularly when it comes to imported...
foodstuffs which are produced in more favourable conditions than those we produce at home, as is the case of rice.

We are doing our best to minimise the bad effects through what you might call the essentials, particularly tariff protection for some national products, incentives to set up village stocks and cooperatives, encouragement for producers to pay off their debts to third parties via a cooperative cereal bank system whereby peasants can get agricultural goods on easy terms and have no need to rush into selling immediately on harvesting, and the marketing of cereals to within the quota of the annual buffer stock by the National Board.

Desertification must be fought globally

Niger, like the other countries of the Sahel, loses a little more of its land to the encroaching desert every day. You have dropped the idea of a green belt as being unrealistic. Just how are you fighting desertification and the deterioration of the land?

— Because of its geographical situation, our country has one of the worst desertification problems in the Sahel — hence the special attention we have been paying to the fight against it. A national debate on the subject in May 1984 was the opportunity to see just what had been done since the drought of the early '70s and, above all, to lay the foundations for a coherent, extensive campaign against desertification.

The outcome of this discussion and the thinking it generated is that the phenomenon does not just affect part of our territory, but all of it, to varying degrees. The advancing edge of the desert does not go North-South or East-West, so a row of trees won’t stop it. Wherever the natural vegetation is exploited indiscriminately and people blindly clear land to bring it under crop and wherever the wrong sort of farming and herding techniques open the way for erosion, there is desertification.

This is why we maintain that the anti-desertification campaign has to be global. It has to tackle all the causes of the destruction of our land and make it possible to restore areas where the ecological balance is seriously disturbed.

Our country has a wealth of experience here. Thanks to international aid and the active, conscious involvement of our people, a major effort is being made. The results may be slender in comparison with the size of this scourge, but they are encouraging nonetheless.

Operationally speaking, the national anti-desertification plan is based on three types of programme — zone programmes, specific regional programmes and back-up programmes. The zone programmes are a series of large-scale operations to rehabilitate or improve the productive environment in relatively homogeneous eco-climatic areas.

I could mention the agro-pastoral zone rehabilitation programme in the north here, or the projects and programmes to develop agro-forestry in the agricultural zone to improve the farm land and protect it from erosion by wind and water. Or the oasis rehabilitation and protection projects in the desert and sub-desert areas, the schemes to tap underground water for small irrigation schemes and more.

The specific regional programmes are priority schemes and operations calling for a sustained effort in a particular region. They include projects to prevent silting, develop natural forests and protected sites, plant crops and trees and protect river basins.

The idea of back-up programmes is to help train and supervise the populations, develop research, save energy and so on.

Population involvement is the approach used in all these programmes, based essentially on our policy of making people responsible for managing the resources in their environment.

What means do we use in our anti-desertification drive? Well, in addition to the specific means of the environmental sub-sector, we should count a good percentage of the investments made in other sub-sectors, agriculture, herding and water engineering, for example.

The financial resources programmed for the environmental sub-sector under the five-year plan (1987-91) amount to CFAF 23 billion — about 10% of the projected investments in the rural sector.

Institutional aspects of rural development

The anti-desertification drive and the quest for food security are still the two main aims in your planning, aren’t they? And you have decided to bring in a real policy of regionalisation and participatory democracy through the Society of Development. The actual carrying out of these policies in the field sometimes comes up against problems of land rights and the lack of any organised rural credit facilities or statutes for cooperatives, doesn’t it?

When do you think you will be able to do something about these institutional aspects?

— Land rights, organised rural credit facilities and the status of cooperatives as obstacles to our policy in the matter of food security, let me tell you, are each being properly dealt with.

For the question of land ownership, for example, we have set up a national committee to think about a rural code and it is working hard with the regional authorities to suggest answers to certain problems to the Government.

But let’s not get the land issue out of proportion. Niger isn’t Latin America. Our problem is much more one of greater involvement of the people in a regional development policy, of creating water points for crops and cattle and reserves of flora and fauna. And so on. In a word, we need rational management of our natural resources, and less tapping of them, far more than we need redistribution of the land.

However, the land problems are still important, because some of the farming, herding and forestry systems we intend moving over to in the future are incompatible with mining. Our aim is to ensure that conditions are right for an improvement in the environment in which we live.

The fact that there are no agricultural credit facilities indeed does have a bad effect on the farms and cooperatives when it comes to financing equipment and input and providing working capital for marketing and so
When we wound up the National Agricultural Credit Fund, we took a step backwards to give ourselves a better start. And we are going to start up a new, efficient, high-performance, viable system of credit again based on rational, rather than administrative, banking, where demand governs the supply of credit.

Provisions have already been made, with this new approach in mind, to open an agricultural credit desk at the BDRN, the Development Bank of the Republic of Niger. What we are aiming at, let me make clear, is a self-sustaining system of agricultural credit based on relations of confidence between our financial institutions and the producers. The producers will have to show their credibility through their ability to run viable, profitable operations, in accordance with the spirit of their statutes.

And this leads me to the third aspect of the question, where I should like to say that the problem of the status of cooperatives is being solved now, as we have just adopted a decree (and the implementing arrangements for it) setting up a system for rural cooperatives and mutual associations. The statutes and rules of procedure will be drawn up soon and, if the requisite conditions are met, these different bodies will then be able to have the support of the banks to finance their activities.

Controlling water resources...

> N’iamey’s water supplies pose more of a problem every year. How does your Government envisage dealing with this?

— Water supplies are indeed something with which we are very much concerned — not just in N’iamey but in the whole of the country.

N’iamey gets its water from the Niger — whose level is becoming disturbingly low.

As an emergency measure, we have built a coffer-dam to retain the water during the critical weeks and last year it was rebuilt with active help from the population. But we still need a more lasting solution and so we have launched the building of a sill up at Goude a bit further upstream near the water treatment plant. It should be finished soon.

We also have to improve our potential for purifying and supplying water to the capital. The National Water Board, set up in 1988, is preparing the various dossiers at the moment and there is every hope of finding the requisite financing quickly.

... and controlling population growth

> Yours is one of the only Moslem states of Africa officially to recommend birth control. How do your people react to this?

— It is indeed the case—and this is something that is well to the fore in our five-year plan for 1987-91—that we think that gradual population control is one of the preconditions for the success of our development drive.

You can look at it from another angle too, that of the health of mothers and children. Here you can see that our policy isn’t all that different from that of many other countries of Africa. This consensus in fact emerged at an international conference on ‘Motherhood without risk’ which was held here in N’iamey in February. During the conference, participants devised and adopted a plan of action, the N’iamey Appeal, which put forward a number of measures to bring down the death rate during pregnancy. They include promoting family planning.

We ourselves opened a National Family Health Centre in 1984 to help run family planning programmes and prevent sterility. In early 1988, we also set up a Directorate of Family Planning in the Ministry.

Our people have tended to welcome this policy and we are planning further schemes to inform and educate the public and make them more aware of their responsibility for every extra birth.

Uranium: “trying not depend on mining alone”

> Uranium, which financed growth in the ’70s, has been hit by the Chernobyl syndrome (1), hasn’t it? Where does it fit into your development plans? And what are your production targets?

— To tell the truth, both production and exports were on the downturn well before Chernobyl. It happened in 1981-82. But it is also true that the situation has got even more difficult since Chernobyl in 1986.

However, uranium still plays an important part in our export sector and in our State revenue. Our development plans take this into account and their success partly depends on reaching the uranium sales forecasts. But we are trying not to depend on mining alone.

As to the future, we have realised that you have to be careful to avoid overestimation and our forecasts for the coming years are very much like the present figures.

Structural adjustment — changing behaviour and outlook

> For some years now, Niger has been running a structural adjustment programme with the help of the IMF and the World Bank and others. When do you expect the bases of your economy to be rationalised, enabling you to do without the help of others?

— The main reason for Niger’s structural imbalance in 1981-82 was the downturn on the uranium market that I mentioned just now. It was a real shock, because, first of all, the slump was sudden and unexpected and, secondly, the promising process of development which began in 1976 was cut short by the decline of our main export product. And other problems came on top of this, above all the endemic scourge of drought, with particularly bad winters in 1984 and 1987.

Faced with this, the Government began taking steps in 1982 to prevent the problems getting any worse. In 1983, we began getting support from the International Monetary Fund for a programme of financial rationalisation. This drive needed to be backed up by a structural adjustment programme with support from the World Bank. The credit agreement for it was signed in March 1986 and another, for the adjustment programme for public corporations, was signed in 1988.
June 1987. And these programmes also had the backing of other external partners.

In 1988, we began preparing a second structural adjustment programme to continue and consolidate the reforms which were under way and extend them to other fields — decentralisation and the private sector for example, paying particular attention to the most vulnerable groups. We want this programme to cover the coming three years.

Will there be another similar programme to follow? I think so, because going beyond stringency and financial rationalisation, what we want is a process of growth and lasting development based on much broader foundations of human, material and financial resources than we have at present.

All this takes time. You have to realise that, say, changing traditional peasants and nomadic herdsmen into modern producers and artisans and traders from the informal sector into businessmen means changes in behaviour and outlook that cannot just be dictated.

We know we have embarked upon a long journey, but we are not sitting back and waiting for it all to happen. The Plan for 1987-91 and the outline of the second structural adjustment programme show that the country is ready to step up its drive to develop human resources, rehabilitate the public firms, make the private sector more dynamic and continue the constant quest for self-sufficiency in food. And here we hope that, sometime soon, our partners will agree to discuss our Kandadji project, something we are going to have to get off the ground if we are to make a proper job of tackling the causes of the vulnerability of our farming and herding.

The countries of Africa are only on the fringe of the modern economy and, to start with, they need a more brotherly world which will give them enough help to ensure they have the time they need to achieve lasting development. Indeed, this cooperation with the EEC has original aspects whereby a suitable response can be made to the aspirations of the developing world. And they include solidarity, the aim of which is to improve the living conditions of millions of men, women and children, most of them in the poorest countries of the planet.

The second original thing I should like to mention is that man is the focus of the action. In other words, in Lomé, man is entitled to respect for his dignity and for his person, which to my mind is fundamental in an association of equals.

Niger is one of the countries which has been associated to the EEC from the very beginning and we think we have made the most of our association, for the specific things I mentioned are in line with our development philosophy which puts man at the centre of development and aims at better living conditions for our people. But let us not forget that this cooperation, like every human undertaking, can still be improved from some points of view — and they will be under discussion in the present negotiations.

What does Niger expect from the next ACP-EEC Convention?

— Niger is counting on the next Convention to consolidate and extend the schemes begun in the priority fields of self-sufficiency in food and its corollary, the campaign against desertification and the advancing sands. The one or two details we have of the present negotiations suggest that the policy of the new Convention will be both to preserve the achievements of the previous agreements and to try to define more suitable approaches to the ACP States’ problems. What pleases me most in this ACP-EEC cooperation is the constant concern with dialogue in the dynamic search for proper solutions to the problems of development.

More particularly, the future indicative programme has to put priority on developing hitherto underprivileged areas, on agricultural development, particularly the small development schemes we call microprojects. And, given the importance of livestock to the economy, Niger hopes to see cattle on the hoof covered by Stabex.

Active support for the development of the private sector may also be a priority for intervention.

The above points of application will enable Niger to continue its daily drive for the wellbeing of the people — which cannot be achieved without food security, a decisive campaign against desertification and full exploitation of its farming, herding and mineral potential.

Interview by R.D.B.
Area: 1 267 000 km²

Population:
- 7 250 000 inhabitants (1988 census), 58% of whom are under 20.
- Annual growth rate: 3.3%.
- Density: 5.7 per km².
The majority of the population lives in the southern quarter of the country.
- Infant mortality rate: almost 150%.
- Life expectancy: 42 years for men and 45 for women.
- Capital: N’Djamena (500 000 inhabitants).
- Urban population: 16.7%.
- The main tribes are the Hausa (50%), living in central and southern Niger; the Djerma or Songhai (25%), in the west and south west, the Peuls and the Tuaregs, who are nomads and found all over the country, but especially in the north and the Kanouri, in the south east. There are also Tubus, Arabs and Gourmantché minorities.
- School enrolment rate: 22%.

Political organisation:
- Head of State: General Ali Saïbou, who is also President of the Higher Council for National Guidance (CSON).

Languages:
- The official language is French.
- There are seven national languages: Arabic, Fulfulde, Gourmantché, Hausa, Kanouri, Songhai-Zarma, Tamajao.

Currency:
Niger is in the franc zone.
ECU 1 = CFAF 351.84 (May 1989).

Production:
- Agriculture: 2 326 000 t (mainly millet, sorghum, cowpeas, maize, rice and groundnuts).
- Mining: 2 960 t (uranium)
- Livestock: 13 641 000 head

GDP 1988 = 669.5 billion (CFAF 92 350 per capita).
- Modern sector: 36%
- Informal rural sector: 34%
- Informal non-rural sector: 30%
Annual growth rate of GDP (real), 84-88: +0.95% per capita GDP, 84-88: -2%
Forecasted GDP 88-90: +3% per capita GDP, 88-90: -0.5%

Main sectors of production:
- Mining: CFAF 45.4 billion
- Agriculture: CFAF 108 billion
- Livestock: CFAF 97.5 billion
- Craft: CFAF 46.5 billion
- Trade: CFAF 72.8 billion
- Other services: CFAF 50.9 billion
- Administration: CFAF 86.4 billion

External trade (CFAF billion, 1987)
- Exports: 113.7
- Imports: 131.4


Investment budget: CFAF 106.8 billion.
Hydro-agricultural developments... or irrigated plots (*)

It was as long ago as 1960 that the EDF at the Niger Government's request, embarked upon irrigation on a large scale through hydro-agricultural developments now covering almost 3,600 hectares.

There has been little intensification of agriculture in Niger since 1960 and production increases are largely the result of bringing more land under cultivation and reducing the fallow periods. Rural activities occupy 5.3 million people (85% of the population) and account for 50% of GDP. The importance of the sector is also apparent from the nation's five-year (1987-91) plan, which makes it the top development priority.

Self-sufficiency in food is indeed the Government's greatest concern. The development of land by the river is a contribution and the hydro-agricultural works, now covering 6,000 of a potential 15,000 hectares help both improve food security and reduce Niger's food dependency.

Seven schemes (Tillakaina, Toulou, Daibery, Koumokale, Karma, Namarde Goungou and Karigourou) were run under the EDF between 1973 and 1986 and five others (Dessa, Diomana, Bonfeba, Fala, Lata and Kirtachi) are in the pipeline. These operations are concentrated in the north-central part of the river basin where the rainfall is inadequate.

The construction of a hydro-agricultural plot is a long-term affair taking 18 months on average and calling for an investment of CFAF 6 million per ha. A complete system of irrigation, involving total water control, from pumping supplies from the river to disposing of drainage and surface water through digging several kilometres of canals and protective dykes, has to be created from scratch.

The investment costs are high but the result is worthwhile — 40,000 tonnes of rice, which is 30% of national consumption. In 1988, yields of 5.2 tonnes per ha were achieved in the winter and 4.9 tonnes per ha in the dry season.

The creation of an irrigated plot involves many things. The biggest areas are put under rice and the rest is used for market gardening and wood production. There is more to it than just producing goods, the idea being also to make this a way of expanding socio-economic activity as a contribution to development. This is why a number of back-up schemes are run alongside to provide training, build dispensaries, offer health facilities, lay on power supplies to plots and villages, lay access tracks, raise livestock, run fruit plantations and so on.

Seven hydro-agricultural schemes have already been run under the EDF and five more are in the pipeline. Above is the Namarde Goungou irrigated plot where rice is grown in conjunction with vegetable crops and where great attention paid to encouraging the use of draught animals.

And desertification is to be contained via the wood production operation and the creation of devices to protect against the different forms of erosion.

Adult farmers are offered training to improve their organisational and management skills and young people in primary schools are given instruction to prepare them to go into the modernised production structures. The training provided for the people involved in cooperation here is aimed at making them literate in the language, Zarma, and giving them a grounding in elementary accounting. These schemes are run with the help of the training department at the National Hydro-agricultural Developments Office (ONAH). The EDF encourages the use of draught animals to plough the land and flatten the plots, which frees some of the workforce to concentrate on other jobs. As well as popularising draught animals—which includes introducing and replacing them—there are also plans to develop some herding activities so that agricultural by-products can be used and production diversified. The idea of these back-up schemes is to raise the standard of living in the area and get the programmes better integrated in the socio-cultural environment.

The basic technique used in Niger is two rice crops per year, with planting out of seedlings. There is a growing season in the winter (1 July to 1 December) and another during the dry period (1 December to 1 May).
Hydro-agricultural developments in the Niger valley – EEC financing

**TILLAKAINA EEC**

2nd & 5th EDF project
Rehabilitation completed March 1983
Amount: ECU 1,000,000
Net arable land: 90 ha
Production: dry season 1985
35 T vegetables (tomatoes, beans, melon, cabbage, onions, gombo etc.)
Production, rainy season 1985: 666 manioc
Number of farmers: 180 (end 1986).
Two villages = 2,700 people.

**TILLABERY – DAIBERY EEC**

5th EDF project
Work under way. First period in December 1985
Amount: ECU 11,000,000
Estimate: area planted out: 296 ha
yield: 4.1 t per ha per crop
production: 2,400 t paddy
recipients: 600
Eight villages = 8,800 people

**KARRAIGOUROU EEC**

2nd & 5th EDF project
Rehabilitation completed: December 1983
Amount: ECU 1,050,000
Area planted out: 126 ha
Yield: 3.7-3.9 t per ha per crop
Annual production: 960 t paddy
Four villages = 5,100 people

**NAMARDE GOUNGOU EEC**

Six villages = 8,800 people
Annual production: 2,340 t paddy
Number of recipients: 419
Yield: 4-6 t per ha per crop
Area planted out: 233 ha

**DIOMANA**

4th and 5th EDF project
Area: 246 ha
First period: June 1984
Area planted out: 233 ha
Yield: 4.6 t per ha per crop
Annual production: 2,340 t paddy
Number of recipients: 419
Six villages = 8,800 people

**FONFEBA FALA**

6th EDF project
Area: 1,470 ha

and, over the past few years, considerable experience has been obtained in similar circumstances with the varieties to be used this time. As mentioned earlier, market gardening for home consumption and sale on the market will be carried out alongside the rice growing. This has the twofold advantage of diversifying the local diet and generating income. At Daibery and Toula, where there is no market gardening, irrigated rice, the only source of revenue, brings in about CFAF 180,000 per ha p.a. In other places, where herding and market gardening are integrated into the system, incomes are rising rapidly—from CFAF 300,000 to CFAF 920,000 per ha p.a. in Namarde Goungou and Karragourou. The average size of the individual rice plots is 0.51 ha.

Management of the plots is done by cooperatives. Niger has gone in for its own cooperative legislation. It is no doubt the only country in West Africa to have moved away from the unsuitable cooperative laws of the West and tried to base itself on the nation’s own cultural and sociological realities, electing to found its cooperative system on those basic sociological and geographical entities formed by the villages (and parts of them, if the villages themselves are too big), rather than on individual members.

An economic analysis shows that there is sound justification for investing in rice, partly because the returns on the work are high.

6th EDF major irrigation programme

The major irrigation programme primarily involves developing and improving an additional 2,100 ha—the five new plots in the Niger valley mentioned earlier—to produce rice. It covers 4,000 farms and 50,000 people.

The main effects are better food security thanks to an extra 18,000 tonnes of paddy (11,700 tonnes of rice) and a range of vegetables every year, whatever the climate and hydrological conditions. This represents 20% of national production and 45% of the current output of the hydro-agricultural facilities in the river valley.

In Niger’s major irrigation programme, 360 ha of various crops are to be raised in the non-irrigated parts of the big plots and on the small plots near the developed areas, thereby benefiting from the extension work and infrastructure. This diversification, together with the back-up operations (power supplies, 59 km of track, herding, fruit plantations, training, health facilities and the production of wood from the planting of 750,000 trees) will consolidate the effect of the programme in an improved ecological and socio-economic environment.

The 6th EDF programme is the culmination of 16 years’ uninterrupted work. The proposed methods of implementation reflect the demands of the producers, both men and women, and most of them have already been successfully developed on the old plots.
Niger-ECC: nearly 30 years of development cooperation

by Dominique DAVID (*)

Niger's economic and social development plan for 1961-63, the Interim Plan, saw the country as an underdeveloped one, largely open to the outside world. Its main aim was to change the economy from simple subsistence to the production of goods for sale at home and abroad.

At a time of uranium crisis and serious drought, Niger, after 30 years of independence, is an underprivileged country of the Sahel undergoing structural adjustment and its development demands (1987-91) are such that the economy must expand faster than the population. The authorities propose achieving this by setting up a proper participatory democracy which, thanks to the Development Society, will take up two major challenges — that of the deterioration of the agro-ecological environment and of the gradual control of economic growth.

Over these 30 years, the EEC has refined its aims, affirmed the criteria for development aid and decided on the best ways of responding to both the joint and specific features of its partners. It has done this, practically speaking, through the six European Development Funds (EDFs) and various other Community instruments — the European Investment Bank (EIB), regional cooperation programmes, the non-governmental organisations (NGOs), aid for returnees, emergency aid, food aid and a number of special schemes including the rehabilitation and recovery plan (known as the Natali Plan) and the special import programmes. The almost 30 years of Community aid to Niger have reflected these developments in a constant drive to adapt and to consult with both the national authorities and the countries' other economic and financial partners.

At first (1960-63), the EEC helped meet the developing nation's infrastructure requirements and later on (1969-75) to cope with the drought. In 1975-80, it provided various levels of support for the drive for self-sufficiency in food. Then, in 1980-85, there were the effects of the crisis (the uranium problem and the structural decline of agriculture) to parry and lastly, under the 6th EDF, its main aim was to change the economy from simple subsistence to the production of goods for sale at home and abroad.

The customs arrangements

The trade provisions of the Convention are such that products from Niger are exempt from customs duties on entry into the Community, although Niger's customs may tax any imports from the Community. This is the application of the Lomé principle of the non-reciprocity of advantages and it is of considerable importance to Niger as it affects 70% of its trade.

Trade promotion

Since it would take more than free access to the EEC market to expand ACP sales, the Community finances extra trade promotion schemes, in particular involving stands at specialised trade fairs, every year.

Every year since 1976, Niger has been represented at an average of five or six events of this kind in Europe and Africa.

The rigid structure of the country's trade, however, unfortunately excludes the sort of promotional activities which bring rapid results.

Stabex

The ACPs can obtain cash transfers from the Stabex fund (it represents about one tenth of the total financial resources available under the Lomé Convention) to make up for earnings lost through bad harvests or a drop in the price of their main export products.

So far, this insurance against bad years has brought into Niger a total (Lomé I and III) of almost ECU 30 million—slightly more than CFAF 10 billion—for groundnuts, cowpeas, hides and skins.

Development aid

The importance of the trade between Niger and the Community has always been a link and it has been strengthened by the substantial aid the EEC has provided for Niger's development ever since 1960. The European Community (bilateral and multilateral aid) is Niger's biggest source of assistance, the EEC and the Member States accounting for more than half of what it receives — and the European contribution to the multilateral development institutions is in addition to this.

Since 1960, Community aid alone (EDF + EIB) has amounted to more than ECU 600 m, or CFAF 212 billion at current rates of exchange (ECU 1 = CFAF 354 in April 1989), an average of more than CFAF 7 billion p.a., with 75% of it programme aid (Niger's national indicative programmes), mainly in the form of grants.

The EIB loans (risk capital and own resources) made up more than 10% of Community aid. Other assistance, accounting for 15% of the total, went into regional projects and non-Convention schemes — NGOs, various special operations, including the Natali Plan, and the special import programmes.

The Niger Government's priority in using the funds provided by the Community since 1960 has been on road and educational infrastructure (1st EDF – 1960-64), water engineering and rural development (2nd EDF – 1964-69), road infrastructure (3rd EDF – 1969-75), road infrastructure and rural development (4th and 5th EDFs – 1975-85) and rural development (6th EDF – 1985 onwards).

So the main areas of Community intervention of programme aid from the Community over the period 1960-90 have been rural development (35%, with 7% for livestock), road infrastructure (33%), training and water engineering (11% each) and public health (10%).

1960-63 — meeting the infrastructure needs of a developing nation (1st EDF)

In the '60s, Niger, like every other developing country, had to build on every front at once, set up a social policy to make up for all the shortcomings, particularly in basic education and the standard of living in general, and launch an agricultural policy in a country still ignorant of much of its natural potential and faced with the acute communications problems resulting from its having poor links both with the outside world and at home.

The 1st EDF, worth ECU 30 483 000 (about CFAF 11 billion, at present rates) to Niger, concentrated on building the Niamey-Zinder and Takiéta-Nigeria roads and more than 200 primary schools and agricultural extension centres, sinking 400 wells and providing 120 cattle parks and vaccination pens (5 million head) over a period of three years. The rural sector, a vital area of development, was still the poor relation as far as Community aid was concerned.

1964-75 — meeting the needs of a country hit by drought (2nd and 3rd EDFs)

Over this period, Niger's economy was one in which both health and education, and internal economic activity were poor and geographical integration was lacking too.

The 2nd EDF channelled ECU 30 683 000 and the 3rd EDF ECU 47 846 000 (a total CFAF 28 billion) into the country's development. Social policy was furthered with the 16 rural dispensaries built and fitted out and there was a School of Nursing and a National School of Public Health too, plus extensions to the National School of Administration. Almost 500 000 women were involved in special women's schemes and 335 training grants were awarded.

The boost to the economy was mainly through agriculture, with

Modernisation of 100 traditional wells in the Ouallam area

In Niger, as in many other countries of Africa, much of the water the rural populations use comes from traditional wells.

More than half the 900 villages in the Ouallam area north of Niamey rely on these traditional structures, which are usually about 50 m deep.

The big disadvantage of a traditional well is the depth of the water — barely more than one metre and disappearing altogether, perhaps, in the dry season.

A mechanical unit successfully tested during a previous pilot phase showed that existing wells could be made 5-6 m deeper, so that seasonal variations were no longer a problem and the traditional wells could be turned into modern, concreted structures.

During project implementation, the mechanical unit is used by a Niger firm, thereby ensuring that appropriate technology is transferred to suit local requirements.

Since the project modernises existing wells, the villagers have no trouble accepting the facilities. This makes it easier to run the awareness and health education schemes for the villagers, who develop the areas around the wells and plant vegetable gardens.

At the same time, the project trains craftsmen to maintain the wells.

The introduction of appropriate technology of this sort means that traditional wells can be converted into modern ones in economically advantageous conditions.
Summary of Community aid to Niger
(Situation on 31 December 1988)

<table>
<thead>
<tr>
<th>Type of aid</th>
<th>Amount (ECU '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st EDF (Treaty of Rome)</td>
<td>30 483</td>
</tr>
<tr>
<td>2nd EDF (Yaoundé I)</td>
<td>30 683</td>
</tr>
<tr>
<td>3rd EDF (Yaoundé II)</td>
<td>47 846</td>
</tr>
<tr>
<td>4th EDF (Lomé I)</td>
<td>109 775</td>
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<tr>
<td>4th EDF</td>
<td></td>
</tr>
<tr>
<td>• National indicative programme</td>
<td>68 509</td>
</tr>
<tr>
<td>• Various</td>
<td>3 132</td>
</tr>
<tr>
<td>• Emergency aid</td>
<td>7 660</td>
</tr>
<tr>
<td>• STABEX</td>
<td>22 654</td>
</tr>
<tr>
<td>• EIB (interest rate subsidies)</td>
<td>950</td>
</tr>
<tr>
<td>• EIB (risk capital)</td>
<td>860</td>
</tr>
<tr>
<td>Loans from EIB own resources</td>
<td>6 010</td>
</tr>
<tr>
<td>5th EDF (Lomé II)</td>
<td>85 904</td>
</tr>
<tr>
<td>5th EDF</td>
<td></td>
</tr>
<tr>
<td>• National indicative programme</td>
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<tr>
<td>• Emergency aid</td>
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<tr>
<td>• EIB (interest rate subsidies)</td>
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</tr>
<tr>
<td>Loans from EIB own resources</td>
<td>10 000</td>
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<tr>
<td>6th EDF (Lomé III)</td>
<td>142 475</td>
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<tr>
<td>6th EDF</td>
<td></td>
</tr>
<tr>
<td>• National indicative programme</td>
<td>108 000</td>
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<tr>
<td>• Various</td>
<td>729</td>
</tr>
<tr>
<td>• Emergency aid</td>
<td>385</td>
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<tr>
<td>• STABEX</td>
<td>6 611</td>
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<tr>
<td>• SYSMIN</td>
<td>12 450</td>
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<tr>
<td>• EIB (risk capital)</td>
<td>14 300</td>
</tr>
<tr>
<td>Loans from EIB own resources</td>
<td>11 000</td>
</tr>
<tr>
<td>Extra-Convention</td>
<td>116 210</td>
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<tr>
<td>Emergency aid Sahel (1974)</td>
<td>7 700</td>
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<tr>
<td>Cheysson Fund (1974-75)</td>
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<tr>
<td>CIEC special action (1980)</td>
<td>1 750</td>
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<tr>
<td>NGO (1976-88)</td>
<td>2 437</td>
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<tr>
<td>Food aid (1970-88)</td>
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<tr>
<td>Aid to LLDCs (1982)</td>
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</tr>
<tr>
<td>World Hunger, Niger (1984-85)</td>
<td>6 700</td>
</tr>
<tr>
<td>Emergency aid, drought (1984)</td>
<td>3 000</td>
</tr>
<tr>
<td>Rehabilitation &amp; Recovery Plan (1985)</td>
<td>11 000</td>
</tr>
<tr>
<td>Special import programmes (1989)</td>
<td>14 000</td>
</tr>
<tr>
<td>Regional cooperation with direct and indirect effects on Niger</td>
<td>121 977</td>
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<tr>
<td>4th EDF (Lomé I)</td>
<td>35 503</td>
</tr>
<tr>
<td>5th EDF (Lomé II)</td>
<td>47 594</td>
</tr>
<tr>
<td>World Hunger, regional</td>
<td>4 275</td>
</tr>
<tr>
<td>6th EDF (Lomé III)</td>
<td>34 605</td>
</tr>
<tr>
<td>Total funds to Niger (excluding regional cooperation)</td>
<td>ECU 563 376 000 = CFAF 199 435 000 000</td>
</tr>
<tr>
<td>(including regional cooperation)</td>
<td>ECU 625 353 000 = CFAF 242 969 000 000</td>
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</tbody>
</table>

hydro-agricultural developments in the Niger Valley (Koutoukalé, Tilla-kaina, Toula and Karma) and integrated rural development in the Zinder, Badégüicheri and Agadez areas.

Geographical integration was encouraged by the continuation of the Niamey-Zinder Highway and the beginning of work on the Kafin-Baka-Matameye road.

Aid outside the Convention was also provided in response to immediate needs created by the drought (emergency aid, the Cheysson Fund and food aid). It represented 62% of the 3rd EDF national indicative programme.

1975-80 — Backing up the drive for self-sufficiency in food (4th EDF)

When the economic situation deteriorated, particularly because of the drought, the European Community stepped up its drive in Niger, the 4th EDF providing ECU 109 775 000 (almost CFAF 39 billion), more than double the amount channelled into the country under the previous Fund. This substantial increase, and the relative decrease in the number of projects it was to be divided among, reflected the desire to focus aid on sectors which met specific criteria, i.e. far-reaching projects with medium- and long-term effects, and schemes to open up the interior in accordance with the EDF’s traditional interest in roads.

On 15 April 1974, the Armed Forces took power and the National Development Council was set up in July. The three-year Development Programme (1976-78) had the prime aim of handling the drought problems and working for self-sufficiency in food through water engineering schemes and the development of rainfed crops. Niger was in the lead for Lomé commitments in the ACP countries over this period.

The EDF helped develop modern rice-growing in the Niger Valley with total water control (Koutoukalé and Namardé Goungou), to increase cereal and groundnut output in the Zinder department and to protect and restore land in the Badégüicheri area. In view of the problems facing the rural populations, particularly the
After the great droughts of 1973 and 1984, some nomads sought refuge in Algeria a few hundred miles away. Most (92%) of these expatriate populations (Arab and Tamajaq) came from the Tahoua department, of which the Tchin-Tabaraden district makes up three fifths.

The Government aim was self-sufficiency in food, to be achieved, in particular, by improved animal production. The EDF continued the drive to wipe out bovine pleuropneumonia and help with cattle fattening and sank 400 rural wells for villagers and their animals.

Internal communications were improved by further work on the Niamey-Zinder road, 744 km of which had already been financed.

Lastly, schemes representing 17% of the EDF were run outside the Convention to provide a response to the immediate problems of the drought. They involved special action, food aid and support for NGOs.

Financial aid was also given under the 4th EDF outside the national indicative programme. It included emergency aid, Stabex transfers and contributions from the EIB and amounted to 60% of the indicative programme.

Lastly, schemes representing 17% of the EDF were run outside the Convention to provide a response to the immediate problems of the drought. They involved special action, food aid and support for NGOs.

**1980-85 — Parrying the effects of the crisis (5th EDF)**

This period, which was partly covered by the Five-Year Economic and Social Development Plan (1979-83) was one of international crisis, with the collapse of the uranium market and drought.

The Government aim was self-sufficiency in food, to be achieved, in particular, by improved animal production. The EDF continued the drive to wipe out rinderpest.

Two of the driving forces of development were hydroagricultural schemes and better communications. The EDF continued to be involved in extending the irrigated crops (Namardé-Goungou, Daïbéry and Tillakaïna) and extending the road network (Birni-N'Konni—Guidan-Roumdji—Tchadaoua and Takiéta-Zinder).

The EDF tried to ease one problem, the structural decline of agriculture, with its project to develop the valleys of the Air and to do something about the management shortage by awarding study and training grants in the cooperatives.

It also stepped in to rebuild the central market in Niamey when it was burnt down.

Aid outside the indicative programme amounted to 40% of it this time, with contributions from the EDF (emergency aid) and the EIB. The European Community provided an amount representing more than 46% of the 5th EDF outside the Convention, in the shape of aid for NGOs, food aid, aid for SMEs, to the world hunger programme for Niger, emergency aid for the drought (1984) and the Natali Plan.

**Repatriation and settlement — Aid for repatriates from Algeria in Tchin-Tabaraden**

Since 1987, the Community has financed the installation of about 15 000 returnees from Algeria. This has cost a total of ECU 2 230 000 (about CFAF 790 000 000) and has been financed under Articles 203 and 205 of the Lomé Convention.

After the great droughts of 1973 and 1984, some nomads sought refuge in Algeria a few hundred miles away. Most (92%) of these expatriate populations (Arab and Tamajaq) came from the Tahoua department, of which the Tchin-Tabaraden district makes up three fifths.

The programme, a medium- and long-term one, involves installing the nomads and getting them to settle in particular areas where the traditional life of the herdsman will not be totally lost. Off-season crops are grown, naturally, wherever possible. The choice of resettlement points (in the light of availability of water and grazing and arable land) has meant that the returnees can be settled in their original area as they come back.

The project is along six main lines:
- flexible and continuous transfer of the people to facilitate the settlement of new arrivals, who are welcomed by their "friends and relations";
- transport of WFP food aid to the various settlement areas;
- the building of infrastructure (stores, dispensaries and domestic wells);
- distribution of basic supplies, including blankets, tents, roof timbers and doors, etc. for rural housing;
- a campaign to get animal rearing off the ground again, involving 422 families and a total of 2 260 small ruminants;
- a health scheme, originally in the hands of Médecins sans Frontières, from which Niger staff are gradually taking over. A flying team both treats disease and informs people about hygiene, malnutrition and family planning. Preventive schemes are also run through the rural ante-natal consultations. The retraining of community health officers and practicals for them in the field are also an essential part of the programme.
tals—flexible, regionalised planning and suitable, controllable investments. The EDF is helping here with the decentralised, participatory approach of the small irrigation programme and in the pursuit of the micro-project programme. The Economic and Social Development Plan (1987-91) once again stresses the role of private initiative. The EDF is contributing to it with a modest project in which private entrepreneurs are working alongside the authorities in an economic group to develop private enterprise.

Under the Development Plan, 40% of investments go to rural development. The EDF is channelling 73% of its contribution into irrigation (small and large-scale programmes in the Tarka Valley and the Zinder area and along the Niger, over an area of about 2,500 ha). Social programmes get 30% of funding under the Plan and 4% of the EDF programme goes to training. Lastly, the Plan gives 20% to infrastructure and the EDF gives it 12.5% (for maintenance of the RN1 national road).

The EDF is giving an amount equal to 32% of the national indicative programme in the form of emergency aid and Stabex and Sysmin payments and there are contributions from the EIB as well.

And outside the Convention, the EDF is providing food aid, support for NGOs and special import programmes (medicines and teaching materials).

**Regional cooperation**

Niger plays a significant part in the regional organisations of Sahel Africa, the CILSS in particular and some regional and inter-regional bodies and institutions have offices there.

The most outstanding of these are the African School of Meteorology and Civil Aviation, the Niger Basin weather forecasting system, the Agrhemet Centre and the School of Mining and Geology in Niamey.

Over the most recent period, that covered by the 6th EDF, Niger is, or will be, getting the benefit of the following regional programmes—a butane gas programme, improvements to the instruments of the permanent regional food situation diagnosis system, the CILSS environmental training and information programme, the development of protected areas, and the inter-State tourist circuit scheme.
ST. LUCIA

Young and upwardly mobile

As an introduction to St. Lucia one could do worse than to attend Mass at the Cathedral of the Immaculate Conception in the capital, Castries, on a Sunday morning. This is the children’s mass, and there are virtually no men to be seen in the huge, painted, wooden church. Not that they are not believers—perhaps 85% of St. Lucians are Catholic—but the menfolk have attended earlier services, at six or seven in the morning, and have left to work in the banana fields. The church is cool and breezy. On its walls are tributes to the early fathers — young priests sent out from metropolitan France (which vied for decades with Britain for possession of the island), dying at 29, 32, 39 ... “victims of their zeal”. The Mass is conducted in English, though most of the population speak a patois more French than English in origin, and the music—not just organ but organ and rhythm section—makes the worship vibrant to a degree hard to imagine and impossible to portray. The call to communion provokes a surge that is little short of a stampede. There are children everywhere, restless in the polished wooden pews, three or four to each mother, the girls proud in flowing lacy dresses of pinks and yellows, their plaited hair alive with bows and baubles. The mothers, still in their twenties, are slim and coquette despite their childbearing, and the priest calls for prayer for social outcasts, “drug addicts and rastas”.

Sunday morning in Castries, at the end of the children’s Mass
The new government buildings on the waterfront, part of an impressive public works programme

The church is not, of course, a microcosm of St. Lucia, but it does reflect characteristic aspects of life on this, surely one of the loveliest of the lovely Caribbean islands that make up the Windwards group. Firstly, in that the population is a very young one (indeed the exceptionally high birth rate, at close to 4%, is a source of some concern); secondly, in that it is a society dominated by agriculture, in which the menfolk spend their days labouring in the fields; thirdly, in that the state of the church and the outward appearance of the congregation (their look of good health and their fine clothes) indicate a certain general prosperity. There may be poverty still in St. Lucia—indeed, by Western standards, there certainly is—but it does not carry with it that downtrodden look that so often accompanies poverty in the developed world. No one will starve in the Caribbean, because the land is fertile and there are fish in the sea. But there are dangerous undercurrents. One of them, as the priest suggested, is drugs—a danger not merely from the point of view of health and social welfare, but from that of the rule of law and—and this is not fanciful—political stability. It is easy enough to imagine a situation in which the balance in a Caribbean government could be tipped by the drug barons, so close at hand after all, in return for some slight favour.

A coming nation

The relative prosperity of the islanders as to be seen on Sundays in the cathedral, is a new phenomenon. The period immediately following on independence in 1979 was one of political turmoil and rapid economic decline, and previous economic gains have been absorbed by population increases. Even now the Prime Minister, John Compton, is cautious in his optimism. In a recent (and almost lyrical) budget speech he described his country's outlook as follows: "The dark winter of despair appears to be over and now, on the far horizon, we can see dawn's early light of hope".

Others, one suspects, would be less cautious. The boom in the banana industry, the ever-greater expansion of tourism and of manufacturing industry has already benefited many, whether directly or indirectly. Indeed, if one phrase were needed to characterise the reigning spirit of St. Lucia it would be "young and upwardly mobile". St. Lucia, within the limits of its size, gives...
Desmond Fostin, Minister for Communications, Works and Transport

Much of the present surge in road building aims at improving access to the banana fields every appearance of being a coming nation.

In Castries the economic upturn is everywhere in evidence, and its impact is filtering through, too, to secondary towns such as Soufrière. In the capital, huge cruise ships berth, sometimes three at a time, at the new and tastefully-built duty-free complex, Pointe Seraphine, a great improvement on the previous wharf facilities where “passengers sometimes got mixed up with the cargo”. At the northern end of the waterfront (the town lies in the curve of a sweeping bay, a wonderful natural harbour) slums have been cleared and contractors are busy at work on impressive new government buildings and on the road network around them. At the southern end are the wharfs and facilities serving the banana industry, and on the days when the Geest boats are in, the queue of trucks and vans waiting to offload their produce winds far out of town southwards along the West Coast Road. In the town centre trade flourishes, not least in Castries market, an historic structure built entirely of iron, designed originally, in 1894, to “enhance the appearance of the town and to afford a public sheltered place where fruits and vegetables produced locally could be sold and bought in a hygienic and comfortable environment”. In the shops, too, trade is brisk: T-shirts and trinkets for the tourists, cricket bats for the islanders.

Construction booming

Further afield, in the island’s fertile valleys, roads are being built. There are now 500 miles or so of roads (the island is only 27 miles long and 14 miles wide), many of course feeder roads built to facilitate the transport of bananas from the often difficult terrain on which they are grown. A new West Coast Road is under construction, too, along the same alignment as the old one, and is destined to act as a catalyst, as the Transports Communications Minister, Desmond Fostin, explains, to economic activity in the coastal towns through which it passes. (This is no luxury: the 26-mile ride from Castries to Soufrière now takes 1½ hours). Vigie, the country’s second airport, near Castries, is to be resurfaced, and the terminal renovated, and the aprons at Hewanorra, the main airport, are to be widened to better accommodate the increasing number of international and regional arrivals.

In Hewanorra, St. Lucia has long enjoyed—and continues to enjoy—a ‘natural’ advantage over many of her Caribbean island neighbours. For historic reasons (the United States had an airbase at Vieux Fort during World War II) the country has had the benefit of an international airport since the 1960s, a factor which has proved of immense value both in the development of its manufacturing sector (which is largely concentrated on an industrial estate outside Vieux Fort) and of tourism.

“Exotic... but not so exotic that nothing functions”

St. Lucia’s brand of tourism is of the kind that might be described as exclusive mass tourism. In 1988, 214,000 well-heeled Europeans and North Americans visited the island, of which some 125,000 were stayover visitors arriving by air. The connections are impressive. There are daily flights from New York and Miami and a direct flight from the Puerto Rico gateway is being scheduled so as to permit travell...
ers from other major North American cities to connect on to St. Lucia the same day. British Airways now runs three direct flights a week from London and there are numerous flights to and from other parts of the Caribbean, connecting to all parts of the world.

Europe as a whole is the island's premier tourist market, though more visitors come from the United States than from any other single country. The hotels respond to the mix by appearing American to the Europeans and European to the Americans. While the British puzzle over what the breakfast menu could possibly mean ("eggs sunny side", "muffins and pastries"), and gasp in righteous indignation at the sight of tomato ketchup on the tables of five-star restaurants, the Americans "just love" the St. Lucian waiters' "British accent", even if they can't always understand it.

The industry is doing extremely well; more and more hotel rooms are coming on stream all the time (a further 1,000 are scheduled by the end of 1990) and average occupancy rates continue to rise. At the same time efforts are being made to spread the benefits beyond the present area of concentration, the north-west coast, and Soufrière, with its twin attractions, the sulphur springs and the Pitons, is receiving special attention.

The product is not cheap, but—even in the highly competitive Caribbean market—it is good. Firstly, of course, there is the lovely climate—and cold Europeans or Canadians will pay a lot for a spell in the sun. Then there is the scenery—both the lush valleys of the interior and the sandy bays of the coast. It is exotic, but not so exotic that nothing functions. On the contrary, electricity and water supplies are regular, telephones work well, and transport within the island is readily available and can be cheap.

Greater employment opportunities

But what does tourism have to offer the islanders themselves? Clem Bobb, Deputy Chairman of the St. Lucia Tourist Board, admits that there was some resentment in the early years when the influx of rich, pink foreigners looked like "another colonial situation". Most of the larger hotels on the island are still foreign-owned, as are the huge, whiter-than-white floating hotels, the cruise ships, which brought a further 80,000 visitors to St. Lucia last year. But gradually the greater opportunities that tourism has created for the islanders (some 4,000 are employed directly in the trade, with another 8,000 or so—taxi drivers, street vendors, farmers—benefiting indirectly) is being recognised as having made life more comfortable, so that St. Lucians now "go out of their way to be hospitable".

George Mallet, the Minister for Tourism, sees nothing but good in the continued expansion of the trade. "We are nowhere near, in my opinion, reaching the point where we need to put a brake on the industry". For one thing, of the island's three economic pillars—bananas, manufacturing industry and tourism—it is tourism which has proved most resilient in times of recession. It is important, too, for its linkages to the other sectors: to agriculture because an effort is made by hotels to consume a maximum of locally produced food, and to manufacturing industry because a maximum of items used in the building or furnishing of the hotels is obtained from local suppliers. The really vital factor, though, is the employment opportunities that the tourist business creates.

St. Lucia may be upwardly mobile now but there is no complacency with regard to the future. The Prime Minister attributes the surge in economic activity to "a new-found confidence of St. Lucians in their country and respect earned abroad through the payment of debts and the meeting of regional and international obligations". But he is conscious that, with an annual population increase of 4,000 or more, in a population of 140,000, the island needs to sustain an economic growth rate of 4-6% annually, and that this can only be achieved through hard work.

The bulk of the 2,000 or so new jobs that have been created since 1982 have been in the manufacturing sector, in the factories grouped on the Vieux Fort estate making anything from glue to garments, bleaches to beer. The vast majority of the workers here are women, with a reasonable proportion of St. Lucians in managerial positions. Labour is plentiful, but with the numbers of job opportunities increasing, the net is having to be cast ever wider, and the cost of transport to and from the workplace is becoming an inhibiting factor. Partly for this reason, another estate is being developed outside Castries which, if all goes well, will eventually house a further 40 factories.

Manufacturing: a healthy infant

Though growing, the sector is still in its infancy and still at the stage where the benefit to the country lies overwhelmingly in the take-up of labour. But this, in fact, is really what matters at this point: acquiring foreign exchange is not a problem for St. Lucia (it is earned through the export of bananas), but unemployment is. The level at present is estimated at 20%, and there is also considerable underemployment in the banana industry.

What explains the fact that St. Lucia's manufacturing sector (now contributing some 8% to GDP) is performing so comparatively well, when competition is tough in the Caribbean and many of the country's neighbours are offering similar investment packages? Labour, after all, is more expensive than in parts of Central and Latin America, and a recent World Bank
economic report suggests that the lack of skilled manpower—supervisors, mechanics and accountants in particular—could discourage investors.

Political stability: vital to business confidence

Part of the reason for the success lies in the level of transport and communications infrastructure, which is good and improving all the time. The new West Coast Road and the improvements to Hewanorra have already been mentioned, but the port facilities at Vieux Fort are also to be expanded, and direct dial telephoning to much of the rest of the world has also become possible within the past year. The Caribbean Basin Initiative (the CBI), designed to stimulate exports to the United States, has probably helped in some fields, too, particularly that of electronics, though there are no illusions as to its being a panacea. US investors have not flocked to the island: rather it has been the case that government members and national Development Corporation staff have had to lobby in the US itself. If resources allowed for more of this kind of promotion, much more of the potential the sector offers for growth could surely be realised. Then there is the all-important political factor. Prime Minister Compton has been St. Lucia’s democratically-elected leader for 7 of the 10 years of independence, and for 21 of the past 24 years, and his government is one in which private sector participation in the economy is strongly encouraged. National political life has not drowsed in the sun during these years—far from it, it has been lively and downright confrontational at times—but the stability of government and of government purpose has given investors confidence in the country.

Bananas, the lifeblood of the islanders

The real engine behind the steady growth of the economy remains, as it has always been, the banana industry. St. Lucia’s is no longer a monoculture economy, but the growing and selling of bananas is still the lifeblood of the island, the principal occupation of the islanders and the foundation of their welfare. New records are being broken, both in production and in earnings, every year—or at least every year in which crops are not adversely affected by hurricane or by drought. Last year, for example, production soared to 133,000 tonnes, 20% more than the previous high in 1986, which was itself more than 20% higher than 1985 (see box). St. Lucia, incidentally, now produces nearly twice as much as both the other major Windward producers, St. Vincent and Dominica. Earnings rose to EC $176.9 m (1), a 55% increase over 1987.

Ferdinand Henry, the Minister of Agriculture, suggests that three factors have influenced the rise: “One major factor,” he acknowledges, “is the price paid to the farmer, which is very attractive compared to 15 or 20 years ago.” (The exchange rate between the pound sterling and the East Caribbean dollar is now much more competitive). “The second factor is the technology that has been introduced, and the third factor has been the redistribution of land.” In the past, he explains, St. Lucia had a number of large banana estates, owned and controlled by a single individual or family, employing labourers. These estates have now been sold and sub-divided into 2 or 4 hectare plots (the size depends on the gradient of the land), so that there are more smallholders producing on prime agricultural land and using improved technology than ever before. One of the first of these resettlement projects took place on 655 hectares of the former Roseau Estate, hitherto owned by Geest. Some 125 farmers have now been settled as tenant smallholders, with 15-year leases; and yields are commonly more than double the national average. A second generation of such projects, such as the Mabouya Valley Development (1), is already in its infancy, and will allow for resettled farmers to take greater responsibility for project operation.

Given these factors, few doubt that the present production figures, which could hardly have been dreamed of a decade ago, could rise even more. Charles Cadet, the newly-appointed Chairman of the St. Lucia Banana Growers’ Association, (SLBGA) believes that they could still as much as double. There are opportunities, he acknowledges, for developing other fields of agriculture, such as exotic fruits, but of one thing he is certain: “Nothing will replace the banana industry.”

Even so, the industry faces one major uncertainty regarding its status after 1992—the target date for the achievement of the European Single Market. St. Lucia’s total production now has privileged access to the European market, but for how long...?
Market. The situation of St. Lucia’s banana trade is exactly the same as that of St. Vincent, which was explained in some detail in the report on the latter in The Courier’s last issue. Briefly it is as follows: bananas from the Caribbean ACP producers can now enter the EEC duty free (the vast bulk goes in fact to the UK), while the so-called “dollar” bananas can enter only if marketing requirements are not met and then only with a 20% import duty. These arrangements predated Britain’s entry to the European Community, and were maintained after entry by Protocol No 4 to the Lomé Convention, the Banana Protocol, but they are not compatible with the objectives of the Single Market.

The Community is strongly committed, of course, to the well-being of the ACP banana-producing countries, but, as an MEP visiting St. Lucia recently put it, total reassurance will only come when the facts are known. Meanwhile, Prime Minister Compton and his government are in the vanguard of the diplomatic offensive being made on those in Europe who will shape those facts. At the same time he, and the SLBGA, are educating farmers to 1992 and to the crucial need to maintain, and indeed improve, quality. Report- ing on his lobbying in Brussels and London earlier this year, Mr Compton warned farmers against being complacent about their place in the market: “Too often”, he said, “we have failed to supply quality fruit to the market, and this is the weakest part of our case. We cannot expect the British Government to fight our cause, pay a higher price for our fruit than other countries in the Community and yet accept a lower quality”.

Campaigns are being run, then, to encourage quality improvements not merely in the field, but in the all-important stages from farmgate to consumer. But the crop is also being used as a springboard for agricultural diversification, partly in the interests of food self-sufficiency, partly to widen the gamut of agricultural exports. Here, with the continuing fashion for health foods, there are increased possibilities for fresh fruits such as papayas, mangoes and pineapples, for example, all of which could be airfreighted to Europe without difficulty. (The present food fads may benefit in this direction, but they have done little for another of St. Lucia’s crops, coconuts. 1989-90 is scheduled to be “the Year of the Coconut” in the island, but it will be hard to reverse the downward trend since what Minister Henry describes as “the propaganda about cholesterol”). Diversification will also widen the possibilities for developing agro-processing industries which, for the banana alone, are virtually non-existent. Citrus fruits, on the other hand, can be made into juices, and soft fruits can be canned, or transformed into jams or jellies.

“Unite or perish”

What of St. Lucia’s place in the wider world? Its links with both Britain and North America are strong, both on a personal and on a political basis, for historical and geographical reasons. It is also a member of the Organisation of Eastern Caribbean States (OECS), and its government is one of the staunchest supporters of the political and economic objectives of the organisation. (See article on the OECS p. 49). The Acting Governor-General, Stanislaus James, summed up the Government’s thinking on OECS unity, or union, in a recent speech: “In the reordering of the world which is currently taking place, there is no room for small countries such as our own. We must unite or perish. Aspira- tions for a better and fuller life”, he went on, “could not be adequately satisfied within the confining parameters of our small land mass and our limited resources”.

Be this as it may, the confining parameters of that small land mass have already produced more than their due share of intellectual and artistic excellence. To begin with, they have nurtured a Nobel Prizewinner, no less, in the shape of the economist Sir Arthur Lewis. Then, from the rich cultural tradition, in which Afro-Caribbean, French and English influences mingle, there has come a generation of poets whose work speaks more of the soul of St. Lucia than all the annotated, commented, illustrated handbooks on the island put together. Foremost of these is surely Derek Walcott, one of the greatest English-language poets writing today, and it seems fitting — because it returns us to the steps of a church, where we began, to close with one of his many evocative and quintessential poems about the island, “St. Lucia’s First Communion”.

(1) Reprinted by permission of Faber & Faber Ltd from The Arkansas Testament, by Derek Walcott.

Saint Lucia’s First Communion

At dusk, on the edge of the asphalt’s worn-out ribbon,
in white cotton frock, cotton stockings, a black child stands.
First her, then a small field of her. Ah, it’s First Communion!
They hold pink ribboned missals in their hands.

the stiff plats pinned with their white satin moths.
The caterpillar’s accordion, still pumping out the myth
along twiggs of cotton from whose parted mouths
the wafer pods in belief without an “if”!

So, all across Saint Lucia thousands of innocents
were arranged on church steps, facing the sun’s lens,
erect as candles between squinting parents,
before darkness came on like their blinded saint’s.

But if it were possible to pull up on the verge
of the dimming asphalt, before its headlights lance
their eyes, to house each child in my hands,
to lower the window a crack, and delicately urge
the last moth delicately in, I’d let the dark car
enclose their blizzard, and on some black hill,
their pulsing wings undusted, loose them in thousands to stagger
heavenward before it came on: the prejudice, the evil!
Interview with Prime Minister Compton

George John Melvin Compton was born in 1926, qualified as a barrister at Gray’s Inn, London, and embarked on a long and distinguished political career in 1954 when he was first elected to Parliament in what was then a British colony. From 1964-67 he acted as the country’s Chief Minister, and, as of 1967 and until independence in 1979, as Premier. As leader of the United Workers’ Party, Mr Compton has headed St. Lucia’s government since 1982, though has now indicated that this will be his last term of office.

Mr Compton’s government is a moderate one, in which pragmatism prevails. While private enterprise and foreign investment are actively encouraged, the government’s development programmes are directed at improving the living standards of the poorest St. Lucians. Within the region he is a fervent advocate of political union among the OECS (1) countries and a staunch defender on the international scene of the interests that St. Lucia shares with the other Windward Islands. In this interview with The Courier, Prime Minister Compton was first asked what factors he thought had contributed to the country’s recent economic success.

— St. Lucia’s success has been achieved in the significant growth rates which have been achieved over the past five years which average 5% and are amongst the highest in the Commonwealth Caribbean. Also, and very important, St. Lucia has succeeded in repaying most of its major debtors and established a good record of servicing both its domestic and foreign debt.

Factors which have contributed to the success, are firstly, political and economic stability, which have generated a climate for increased saving and investment both by local St. Lucians and foreigners. Secondly, the transformation of the banana industry, which has increased its output significantly over the past five years. The growth of the tourist industry and the growing activity in the construction sector, all these have been part of the short- to medium-term strategy involving a process of economic stabilisation which took place between 1982 and 1985 and a process of structural adjustment which commenced in 1985 and is continuing up to the present time.

► How does the Government plan to bring its finances into balance, particularly with regard to the public sector wage bill?

— The Government’s finances are now in balance with the Central Government’s revenue account having generated significant surpluses over the past three years. The Government has thus been able to make a contribution to its capital programme to make available counterpart funds for foreign loans and grants to wipe off all arrears of loans and grants of both domestic and foreign institutions.

The public sector wage bill, while apparently high, is not unusual for a country the size of St. Lucia and it is being contained at a level consistent with the growth of revenues and the rate of inflation.

► Do you see dangers ahead in the expansion of manufacturing industry … damage to the environment, for example, or unrest over wage levels?

— The Government’s thrust in the manufacturing sector has attracted light industries of a non-polluting character. It is not envisaged that industries of a smoke-stack type will be attracted to St. Lucia, or industries which depend on large chemical inputs. The programme is for industries in the high-tech area which will require a high level of skills so that the productivity which comes through highly skilled inputs would result in high wages and thus preclude the difficulties which would arise from wage levels that are too low.

► Overall unemployment has fallen considerably since the early ’80s, but still runs at some 15%. What is the Government’s attitude to the strikingly high birth rate in the island, which can only exacerbate the problem?

— The level of unemployment has fallen significantly and should run at about some 15% at the present time. This unemployment can be described as structural unemployment and can be found mainly amongst those just leaving school and in the female labour force. The Government’s approach to the solution of this problem lies in two directions. Firstly, in the attraction of heavy employment industries in the garment and textile areas which would absorb mainly the young unemployed women who have no skills.

Secondly the other level would be the encouragement of the tourism industry and high tech. industries to absorb the school leavers.

The high birth rate is a consequence of the high level of unemployment and an obvious solution to this problem is to provide employment and a high standard of living so that the individual attitude to birth control

(1) Organisation of Eastern Caribbean States.
would change, given the new prospects and advantages which come with having one foot on the economic ladder.

► The banana industry is still of capital importance: how do you see its future?

— The future of the banana industry lies first in the reduction in the cost of production. This can be achieved both at the local level by proper agronomic practices, the ending of the growing of bananas from the hillsides and an improved feeder road system. Costs can also be cut regionally by sharing such tasks as the procurement of fertilisers and weed-kilises, research efforts and joint spraying activities. On the demand side will be the effective marketing of Windward Island bananas in the UK and in the rest of Europe to secure a particular niche in the market for our bananas. The banana industry is an excellent one in that it not only provides a regular cash flow to the producer but is also capable of providing a good standard of living for the farmer on very few acres. Also, because of the industry, regular shipping lines are established between the UK and St. Lucia. It is also through bananas, of course, that almost all of the foreign exchange gains are realised. With these advantages it is very important that we maintain a viable banana industry.

► As regards tourism, is there a feeling that you are approaching the optimum level in arrivals ... a level beyond which St. Lucians might resent the intrusion?

— St. Lucia is nowhere near saturation point in terms of tourism. If you compare St. Lucia with St. Maarten you will get an idea of saturation levels. St. Maarten, with a physical size of 37 sq. miles and a population of approximately 40 000, received in 1987 over 500 000 arrivals. St. Lucia, with a land area of 230 sq. miles and a population of 148 000 in 1988 had tourist arrivals of 248 000. In short, the size of the island as well as its population and topography indicates that the present tourist industry and level of arrivals can double quite safely without any adverse effects on the socio-economic climate. In addition the character of St. Lucians is such and the change in attitudes in this hemisphere over the last decade have removed most of the racial tensions that existed before.

► What kind of economic mix would you like to see for the island by the turn of the century?

— By the turn of the century the economic structure of St. Lucia should reflect a highly efficient agricultural sector, still with bananas as the mainstay, but also concentrating on exotic fruit for export and a diversified domestic foodcrop base. We would also hope for a higher level manufacturing sector geared towards the domestic, regional and international markets and a sophisticated tourism industry geared to arrivals from the region, Europe, North and South America and the Pacific.

► St. Lucia tends to look to the US for its markets and to Europe for its tourists. But to what world do St. Lucians see themselves as belonging? Is there, for example, a strong regional identity?

— St. Lucians have a very strong regional identity. While having strong economic and cultural links with both Europe and North America they see themselves as a Caribbean people.

► How optimistic are you about the development of intra-Caribbean trade?

— Intra-Caribbean trade has declined because of the economic difficulty of major trading partners, e.g. Trinidad and Tobago, Jamaica and Guyana. However, these countries are now going through significant structural adjustment measures which should result in the medium term in much stronger economies with a broader economic base. In the meanwhile, the OECS countries are exhibiting very strong growth in agriculture and tourism which are generating very high per capita incomes. In the medium term, therefore, with the strengthening of the regional integration movement, the prospects for intra-regional trade would appear to be excellent.

► You are one of the strongest advocates of a regional security force. What guarantees are there that such a force would not be used simply for the convenience of its backers?

— Because of the small size and vulnerability of the states in the region and in light of the dangers posed to such states by mercenaries and those persons involved in the drug trade who command large amounts of finance and weapons, it is essential that there should be a strong regional security force. The use of this force is for genuine security reasons and not for use against political opponents, and the guarantee for this will be found in the local constitutions, and local, regional and international public opinion which the Caribbean States have always respected.

► How far would you like to see regional (OECS) cooperation go?

— It has always been the expressed wish of almost all Caribbean leaders to see regional cooperation lead to political union. This has been so since 1944.

► What has the Lomé Convention contributed to St. Lucia's development?

— The Lomé Convention has contributed significantly to St. Lucia's development. First in the provision of grants and soft loans to facilitate the development of infrastructure in the areas of roads and communication, agricultural development, training and tourism.

In addition, under the Lomé Convention, various products have had access to markets in Europe under the General System of Preferences.

► How does your Government view the candidacies of the Dominican Republic and Haiti for membership of the Lomé Convention and adhesion to various of the product Protocols?

— Haiti and the Dominican Republic are regarded as members of the wider Caribbean to the extent that if peace and stability are established in these two countries then the region itself becomes more stable and the economic programmes in these countries can lead to development of markets for products in the rest of the Caribbean. To the extent, therefore, that membership of these two countries in Lomé can lead to regional stability and the generation of development within their own shores, their accession should not prove a problem to the rest of the region.

Interview by M.v.d.V.
ST. LUCIA

PROFILE

Head of State: H.M. Queen Elizabeth II
Head of Government: Prime Minister John Compton
Ruling Party: United Workers' Party
Capital: Castries
Area: 616 km²
Official language: English (Creole widely spoken)
Currency: East Caribbean Dollar
rate of growth: 3% p.a.
density: 231/km²
under 15: 45%
per physician: 2,946
per hospital bed: 287
life expectancy (m): 67 (f): 74
GNP per capita: US $1,380 (1987)
growth: 6.3% (1986); 1.7% (1987)
Inflation: 7% (1987)
External debt: US $31.5 m (1986)
Unemployment: 15% (estimate)
Origins of GDP (selected): agriculture (14.5%); manufacturing (7.8%); construction (8.4%); transport and communications (9.8%); wholesale and retail trade (16%); hotels and restaurants (9.3%); banking, finance and housing (6%); government services (19.6%)
Principal exports: bananas, clothing, paper and paperboard, coconut oil, beverages
Principal export destinations: UK (54.8%); US (18%); Caricom (20.9%)
Principal imports: manufactured goods; food; machinery and transport equipment; fuels
Principal origins of imports: UK (15.5%); US (33.1%); Caricom (14.8%); Japan (6.5%); Canada (3.8%)
By country of origin: US (29%); UK (22%); Caricom (13.3%); Canada (11.4%); West Germany (6.8%); French West Indies (6.5%)

Sources: World Bank, Ministry of Health, Ministry of Tourism.
With its accession to independence in 1979 St. Lucia became a full member of the ACP Group. Nonetheless, since the coming into force of the Lomé I Convention in 1976 it has fully benefited from assistance provided under the European Development Fund. Given the small size of the island and its population, financial assistance appeared to be rather small, although, on a per capita basis, St. Lucia is ranked in the higher category. And being acclaimed as one of the best organised of the smaller territories of the Eastern Caribbean, St. Lucia quickly put the available funds to use. In accordance with the policy of diversification out of the banana monoculture, projects in various sectors were financed.

So far, all funds under Lomé I (ECU 3.2 m), Lomé II (ECU 3.7 m) and Lomé III (ECU 6 m) have been fully committed and, with the exception of the ongoing Lomé III programme, fully disbursed. On top of the ECU 12.9 m of programmable aid, St. Lucia has benefited from a range of other facilities under the Lomé Conventions such as Stabex, Emergency Aid, NGO cofinancing (total ECU 3.16 m) and loans from the European Investment Bank (ECU 9.18 m) with an interest subsidy (grant from the EDF) of approximately ECU 1 m. Thus, the total financial assistance under the three Lomé Conventions amounts to ECU 26.4 m. Finally, St. Lucia is one of the main beneficiaries of the Banana Protocol which guarantees preferential access to the UK market.

Lomé I

Under Lomé I, EDF funds were allocated mainly to support government efforts to diversify agriculture and improve infrastructure in rural areas. The bulk of the money was used for a livestock development project in the southern part of the island, near Beausejour, for smallholder cattle farmers. Due mainly to insufficient irrigation, the project encountered a number of difficulties which prevented it from fully attaining the initial targets. Second and third in size were a Feeder Roads Project and an Agricultural Development and Diversification Programme. The feeder roads, of a total length of 27 km, were spread all over the island but suffered badly from two successive hurricanes.

Of major importance for the Government was the settlement of landless farmers formerly employed in the sugar cane industry. Together with sources from other investors (Commonwealth Development Corporation, Geest Industries) EDF funds were used to establish the St. Lucia Model Farms in the Roseau River Valley and the surrounding hillsides. On these hillside farms, banana plots were interplanted with mangoes and limes. Closely linked to the Roseau Development and Livestock project was the Land and Water Use Unit for which an office building, equipment and technical assistance were provided. Under the micro-projects scheme, water supplies for houses and schools were installed.

Lomé II

This last project was continued as the need to assist farmers to adopt appropriate irrigation methods, proper land use and consistent water policies became increasingly urgent. The main emphasis in the Indicative Programme was on a related aspect, drainage and land conservation. The three main river valleys of St. Lucia, Roseau, Dennery and Cul-de-Sac, are the largest agricultural areas and are densely populated. To maintain the production potential, protection from regular flooding on the one hand and destruction of the hillsides through increasing erosion on the other were urgent necessities. The project concentrated on the rehabilitation of the drainage system by dredging, channel realignment, rebuilding of bridges and culverts and installation of pumps. The project also aimed at establishing a Drainage Board necessary for the protection of watersheds through regulated conservation measures.

The second priority sector under the Lomé II Indicative Programme was infrastructure. Secondary roads at Sarot, Pelongo, Warwick and Roseau were built by direct labour. In the sector of human resources development a Multi-Annual Training Programme was approved under which 15 scholarships for overseas studies in various disciplines were awarded, ranging from short specialised courses to primary degree and post-graduate studies.
Lomé III

The Indicative Programme continued to lay emphasis on agricultural diversification and rural development, in particular in such areas as land and soil conservation, land resettlement and development, feeder roads, marketing and water supplies. Thus, the I.P. is building on the achievements of EEC cooperation under the previous Conventions.

Most of the grant aid under Lomé III has been channelled into two rural development projects. The second phase of the Roseau Agricultural Resettlement Project got underway in 1987 with the aim of developing a further 70 valley and hillside farms in the project area.

A further project in this sector—Rural Development and Social Infrastructure—was also commenced in 1988. This project involves a rural settlement scheme in Mabouya Valley and the reconstruction of the Castries Central Market. The remaining funds under Lomé III are to be utilised for the development of additional facilities for education in St. Lucia.

Regional cooperation

St. Lucia has increasingly benefited from the regional fund under the three Lomé Conventions. Under Lomé I and II the European Community provided funds for a number of regional and sub-regional projects. Financial and technical assistance was granted for the following sectors: transport (LIAT and West Indies shipping Corporation (WISCO)), education (University of the West Indies (UWI)), regional trade promotion (CARISEC), tourism (CTRC), agriculture (Caribbean Agriculture Research and Development Institute (CARDI)), and the Caribbean Food Corporation (CFC)).

Whereas these projects covered all Caribbean countries a number of regional activities under Lomé III are limited to the OECS countries and thus have a more direct impact on the individual islands. Of perhaps greatest long-term significance to the OECS is the agreement to finance the new Eastern Caribbean States' Export Development Agency (ECSEDA), based in Dominica. The Agency will provide assistance with export promotion to exporters throughout the OECS. Finance has also been agreed for the new computerised common customs collection and trade statistics system (ASYCUDA) to be introduced in the OECS States.

Still under preparation are projects for an OECS tourism promotion project, a Tertiary and First Year University Programme and Agricultural Diversification. The universities project will be of particular interest for the Sir Arthur Lewis College which will be refurbished and extended, using a contribution of regional and national EDF resources.

Stabex

Following the passage in 1980 of Hurricane Allen which caused severe damage to the banana industry, an amount of ECU 1.35 m was allocated out of Lomé II funds. Most of the money was used for projects such as relief to banana farmers, the provision of a food crop production subsidy and relief to the fishing industry. In addition, the Commission allocated in 1986 an amount of ECU 270 000 from the unexpended balance of Lomé II Stabex resources. The funds were utilised for a cocoa rehabilitation project and the soil conservation programme.

Emergency aid

Following damage caused by hurricanes in 1980 and 1983 a total of ECU 1.27 m in emergency aid was granted. It was used for purchasing agricultural inputs for the rehabilitation of bananas and other crops and direct assistance to banana growers. On the same occasion a certain
**ST. LUCIA**

### St. Lucia — EEC cooperation

<table>
<thead>
<tr>
<th>Projects</th>
<th>Approved</th>
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<tbody>
<tr>
<td><strong>1. Lomé I</strong></td>
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</tr>
<tr>
<td>A. National Indicative Programme: ECU 3 200 000</td>
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<tr>
<td>Livestock Development Study</td>
<td>6 988</td>
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<tr>
<td>Small Farming Enterprise Study</td>
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<tr>
<td>Feeder Roads</td>
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<td>Water Supply microproject</td>
<td>64 983</td>
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<tr>
<td>Livestock Development</td>
<td>1 080 760</td>
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<tr>
<td>Land and Water Use Unit</td>
<td>162 227</td>
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<tr>
<td>Agricultural Development and Diversification Reserve</td>
<td>35 212</td>
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<tr>
<td><strong>B. Emergency Aid</strong>: ECU 1 150 000</td>
<td>3 200 000</td>
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<tr>
<td><strong>C. EIB — Geothermal Study</strong>: ECU 180 000</td>
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<td><strong>2. Lomé II</strong></td>
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<tr>
<td>A. National Indicative Programme: ECU 3 700 000</td>
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<tr>
<td>Multiannual Training</td>
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<tr>
<td>First Annual microproject</td>
<td>11 173</td>
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<tr>
<td>Secondary Roads</td>
<td>1 248 036</td>
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<tr>
<td>Tourism Promotion Study</td>
<td>17 500</td>
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<tr>
<td>TA — Land and Water Use Unit</td>
<td>281 000</td>
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<td>TA — Dennery Survey</td>
<td>246 098</td>
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<tr>
<td>Drainage and Land Conservation Programme Reserve</td>
<td>1 600 000</td>
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<tr>
<td><strong>B. STABEX — Bananas</strong>: ECU 1 350 000</td>
<td>3 700 000</td>
</tr>
<tr>
<td><strong>C. Emergency Aid</strong>: ECU 220 000</td>
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<tr>
<td><strong>D. EIB</strong>: ECU 1 000 000</td>
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<tr>
<td><strong>E. NGO</strong>: ECU 170 000</td>
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<tr>
<td><strong>3. Lomé III</strong></td>
<td></td>
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<tr>
<td>A. National Indicative Programme: ECU 6 000 000</td>
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<tr>
<td>Roseau Agricultural Resettlement — Phase II</td>
<td>1 400 000</td>
</tr>
<tr>
<td>TA Tourism Promotion</td>
<td>125 000</td>
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<tr>
<td>Mabouya Valley — Castries Market</td>
<td>3 645 000</td>
</tr>
<tr>
<td>Reserve (Community College)</td>
<td>830 000</td>
</tr>
<tr>
<td><strong>B. NGO</strong>: ECU 2 000</td>
<td>6 000 000</td>
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<tr>
<td><strong>C. EIB — Electricity</strong>: ECU 5 000 000</td>
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<tr>
<td><strong>Grand total of Lomé I, II, III</strong>: ECU 21 972 000</td>
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An amount of food aid (cereals, milk powder and butteroil) was supplied.

**Non-Governmental Organisations (NGOs)**

Due to the lack of appropriate counterpart NGOs in Europe, the instrument of supporting small community projects through NGOs, has been used in only a few cases. Approximately ECU 170 000, representing 50% of the total project costs, were provided for the construction of a multi-functional Red Cross Centre in the capital, Castries. The primary purpose of the project is to provide a suitable centre in cases of disaster. In addition, the Centre will be used for Red Cross training activities, as a store for emergency supplies and to host special activities. Other NGO projects consisted of supplying equipment for the Handicraft Workshop at the St. Lucia School for the Blind and at a school for the retarded.

**The Banana Protocol**

Bananas are the lifeline of St. Lucia's economy. In recent years their exports represented up to 50% of all exports and 98% of exports to the EEC. Through the Banana Protocol St. Lucia enjoys guaranteed market access in the UK and thus guaranteed foreign exchange earnings for the Government and a regular income for smallholder farmers. Production, and consequently exports, have varied considerably over the last 10 years, as hurricanes and drought seriously affected quantities and quality. Nevertheless, from almost 42 000 tonnes in 1982 production increased considerably, to 110 000 tonnes in 1986 and 133 700 tonnes in 1988. This increase is partly due to the assistance provided under the three Lomé Conventions. With similar increases in most of the other Windward Islands, and other Caribbean ACP countries' occasional surplus production, together with a comparatively small yield compared with production in other regions, marketing of the total exportable volume in some years was hampered. A study has been commissioned to examine the possibilities of increasing consumption, mainly in the UK, and to assess the consequences of the European Single Market due to be completed in 1992.

**EIB**

A major source of financial assistance is the European Investment Bank. Their commitments over the three Conventions amount to a total of ECU 9.18 m. These funds were provided in the form of risk capital for a geothermal study (ECU 180 000), for the St. Lucia Development Bank to finance an increase in the share capital of the Bank and to assist its promotion of small and medium-scale investment projects (ECU 1 m) and for an increase of the Government share in the capital (ECU 2 m) of St. Lucia Electricity Services (LUCELEC), repayable over 25 years at 2%. The latter also received two loans from the EIB's own resources amounting to ECU 6 m. The interest rate of this loan (5%), repayable over 15 years, was reduced through a subsidy from the European Development Fund (approx. ECU 1 m). The project, which is now being implemented, includes the construction of a new diesel station in Cul-de-Sac, the supply of generators and the installation of transmission lines.

E.S.
Political union in the OECS: an opportunity lost
by Ronald SANDERS(*)

A political union in the Commonwealth Caribbean—that is, the transformation of two or more territorial units into a single political entity, or a single state, is not a new concept. The issue of whether or not there should be a political union of countries in the Commonwealth Caribbean (hereafter called the Caribbean) has been a part of the West Indian scenario since the 1670s when the first loose Leeward Islands Federation was established. For the convenience of one political elite or another the question was debated throughout the nineteenth and twentieth centuries. Over this period at least three political unions, involving groups of Caribbean countries, actually functioned, although with great dissension. The best known of these, of course, is the short-lived West Indies Federation which lasted from 1958 to 1962.

A significant feature of each of the attempts at political union, is that they were motivated by concerns by a ruling group for the economic viability of the individual territories. It is that same concern which prompted the latest move toward the creation of a political union; a union of the seven countries which are members of the Organisation of Eastern Caribbean States (OECS). These are the six independent territories of Antigua and Barbuda, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines and the British colony of Montserrat. This latest attempt to initiate a political union was spearheaded by the Prime Minister of St. Vincent and the Grenadines, James Mitchell, in November 1986 and, to all intents and purposes, it was shelved exactly two years later in November 1988.

The background

It is important to understand the economic background against which the latest attempt at political union was made, in order to fully appreciate how the notion was given consideration at all. The independent members of the OECS came to sovereignty with the idea that independence would open great opportunities for aid and finance. Freed from Britain, the governments envisaged using their new-found sovereignty to obtain access to finance from Japan and countries in Europe, with which they had no previous relationship, and from international financial institutions such as the World Bank and the Inter-American Development Bank. It did not quite work out that way. The significant aid donors to the OECS sub-region remained the traditional ones of Canada, Britain, the United States and the European Community under the terms of the Lomé agreement between the Community and the African, Caribbean and Pacific Group.

Further, the member states of the OECS have a relatively high per capita income, and because of this, the international institutions have categorised them as ‘middle income countries’. They, therefore, do not automatically qualify for aid to least developed countries, although they are all small island states with minuscule populations and a very narrow resource base. What is worse for them is that by 1990 they may be ‘graduated’ out of the soft loan window of the World Bank. Even now they are being gradually ‘graduated’ by the World Bank through a system by which loans are only available to them if they accept a “blend” of low and high interest rates.

Markets for their exports did not suddenly open up either. In fact, the two schemes which became available to the OECS countries in the post-independence period—the American Caribbean Basin Initiative (CBI) and the Canadian CARIBCAN—both offered few benefits since, from the outset, they excluded products such as garments which the Caribbean could best produce. The main exports of the OECS countries remained bananas, citrus and sugar, and their main guaranteed market remained the United Kingdom under protocols to the Lomé agreement. However, it was becoming increasingly clear that even this guaranteed market was under threat as the European Community advanced plans for the creation of a Single European Market in 1992. There was no certainty that the United Kingdom would be allowed to continue providing a guaranteed market for bananas and sugar from the Caribbean. But everything pointed to the unlikelihood of such a guaranteed market.

Beyond this, the prospects for employment in the Caribbean appear bleak. Conservative estimates suggest that the growth of the labour force by the year 2000, will be as high as 54% in many countries and certainly no lower than 23%. In the meantime, the average income in seven of the 13 Caribbean countries is now lower than it was in 1980.

It was against this background that the Prime Minister of St. Vincent and the Grenadines, James Mitchell, proposed to a meeting of the Heads of Government of the OECS in November 1986 that they merge their states into a political union, or, as he put it, “a single legal unit”. He supported his proposal with a stark description of the severe limitations on their policy actions: “Each of (our economies) is still largely monoculturally oriented—sugar, bananas, cocoa, tourism. Within this framework we will simply be unable to make the structural adjustment to our economies required to enable us to recover from natural or economic shocks over an extended period. Our
economies, no matter what we do, in the face of unfavourable external realities will continue to stagnate relative to our population growth at home, and the state of progress in the rest of the world."

Mitchell's observations sufficiently impressed his colleagues for them to ponder his call for "a single legal unit". But there are two factors of great importance which need to be taken into account in analysing the events which followed. First, the Prime Minister of Antigua and Barbuda, Vere Bird Snr., was not at the meeting, and second, the Leeward Islands group of Antigua and Barbuda, St. Kitts-Nevis and Montserrat is less dependent on exports than the Windward Islands group of Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines. The main economic activity in Antigua and Barbuda, and Montserrat is tourism which, at the moment, is performing well enough to maintain employment at an acceptable level. Only St. Kitts-Nevis of the Leeward Islands still depends on exports, but it has done well in attracting enclave industries under the American CBI, and tourism to Nevis is satisfactory.

Mitchell's suggestion, therefore, had a lukewarm response from the Leeward Islands whose leaders could see no reason, in their relatively better economic condition, to give up sovereign control of their affairs to a political union.

In any event, when the OECS Heads of Government met in May 1987, again with Vere Bird Snr absent, there had been considerable consultation among the Prime Ministers in the Windward Islands, particularly Dominica, St. Lucia and St. Vincent and the Grenadines, on the idea of "a single legal unit". Thus, the meeting was able to issue a communiqué in which it was stated that following a discussion on closer political union among their countries, it had been decided: "that member governments would engage in a process of comprehensive consultations within their countries including a referendum on this matter before deciding on further appropriate steps".

While the Prime Minister of Antigua and Barbuda was not present at the two meetings, the Deputy Prime Minister, Lester Bird, attended. This is an important consideration, because in the Leeward Islands group of Antigua and Barbuda, St. Kitts-Nevis and Montserrat, Antigua has always been regarded as the leader, particularly by the Montserratians.

But it was obvious that the St. Kitts-Nevis Prime Minister, Dr. Kennedy Simmonds, was not keen to push the idea of a political union. In 1988 the government of St. Kitts-Nevis established a committee to hold consultations on the proposed political union, and in November of that year, Dr Simmonds announced to his colleagues Heads of Government that the Committee had found little support for political union.

But before this, in July 1987, Antigua and Barbuda's Prime Minister made his own position quite clear. He attended a meeting of the Heads of Government of the wider Caribbean grouping CARICOM—the Caribbean Community and Common Market. There, during a discussion on political union of the OECS, he told his colleagues what he would later repeat in public: Antigua and Barbuda was not interested in a political union. Such a union, represented in Bird's view, a kind of colonialism.

The Antigua and Barbuda Prime Minister's statement signalled the beginning of the end of the initiative. Once Bird's position was known, the Chief Minister of Montserrat, John Osborne, announced that his country could not be part of a union without Antigua and Barbuda. In St. Kitts-Nevis the government did not link itself to Bird's statement, but it moved very slowly in fulfilling its obligation made at the May 1987 meeting to "engage in a process of comprehensive consultations".

Meanwhile, in July 1987, the opposition party leaders had formed themselves into a single grouping—the Standing Conference of Popular Democratic Parties of the Eastern Caribbean (SCOPE). From the outset, the main opposition parties, particularly in the Windward Islands, were against the proposed union. But they had involved the far-left opposition parties in their consultations and these groups favoured a political union. For them, a political union of the Eastern Caribbean offered the chance for participation in parliament if not involvement in government. This possibility became real when, in putting forward his idea of a single legal entity in the Eastern Caribbean, Prime Minister Mitchell had talked of elections "on the basis of proportional representation". Therefore, despite their divided attitude, SCOPE issued a statement of support for the idea of political union but through their Chairman, Julian Hunte, they wrote a letter to St. Lucia's Prime Minister John Compton, then Chairman of the OECS, asking for a meeting with the Heads of Government to discuss political union. Compton's decision not to reply, whether he took it alone or in consultation with other Heads of Government, gave the opposition parties a basis on which to question the government's intentions. The matter then became a partisan political issue.

By mid-1987, it was clear that Antigua and Barbuda was out of the proposed political union and that the attitude of Montserrat was highly questionable. The Prime Ministers in the Windward Islands still held out some hope for St. Kitts-Nevis, for while they were aware that Dr Simmonds was not very enthusiastic, they also knew that the partner political party in his coalition government—the Nevis Reformation Party led by his Minister of Finance—favoured the proposed union.

**The basis for political union**

There is little doubt that there was, and remains, a basis for a political union in the OECS.
In the pre-independence period, the creation of the West Indies (Associated States) Council of Ministers in 1966 and the Eastern Caribbean Common Market in 1968 provided the fora for successfully establishing frameworks for co-operation in a range of fields, including free trade in a wide range of commodities, a common currency administered by a single Currency Authority, a common judiciary, and a common Directorate of Civil Aviation. This high level of integration, particularly in monetary union, goes deeper than many of the present arrangements in the European Community. With the creation of the OECS in 1981, the collaborative relationship grew even stronger, and new dimensions were added, including the upgrading of the Currency Authority to a common Central Bank serving all the territories and the establishment of a Regional Security System.

This established pattern of cooperation at the domestic level was strengthened by much external goodwill and support for the proposed political union.

Opportunity for union lost

But, this sound basis on which to build a climate of acceptability for political union was squandered. To begin with, insufficient attention was paid to the importance of the support of the Prime Minister of Antigua and Barbuda, Vere Bird Snr. He was the longest serving leader in the region; he had been part of the early trades union movement in the Caribbean in the late 1930s; his government had been part of the West Indies Federation, and it was well known that he had played a pivotal role in the decision to abandon efforts to form the Federation of the "Little Eight" in 1965.

Had Bird been kept on board, the rest of the Leeward Islands group would have stayed. For the Nevisians would have pressed for participation in the union, and in those circumstances the St. Kitts government would have had little choice but go along with it. And once Antigua was a part of the union, Montserrat would have been happy to participate.

Even if diplomatic approaches to Bird had failed, the six remaining territories still had a chance to make the initiative work. But the key to this was the way in which the governments handled the opposition parties.

For their part, the opposition parties claimed to have been shunted aside. As one opposition leader graphically put it: "The governments were only interested in unity so far as it entrenched them in power and marginalised the opposition. We could not and would not support OECS unity on those terms."

But this alienation of the opposition parties could not practically serve the purposes of any government which was serious about political union. For the constitutions of all the OECS territories demand an affirmative vote of two-thirds of the members of some parliaments and three-quarters in others, before a referendum can be held on any alteration to an entrenched clause of the constitution. Therefore, before the people of each state could be asked to vote in a referendum to alter the constitution allowing for political union, members of the opposition parties would have had to support such a motion in Parliament.

And this active involvement of the opposition parties in the whole process leading to a referendum was important for another very crucial reason: the constitutions of each of the independent states concerned also require that any referendum to alter one of its clauses must have the support of two-thirds of the votes cast by the electorate. It is highly unlikely that any government would have been able to secure two-thirds of the vote without the support of the opposition parties. For, however much inter-state co-operation has expanded over the years in the OECS sub-region, a feeling of nationalism had also been fostered.

If the people of these territories were to be persuaded to subsume their nationalist feelings for greater benefit under a political union, it would require all their political leaders to convince them; no one faction could do it alone.

Vagueness explained by hindsight

It is now obvious that, throughout 1987 and 1988, decisions of the Heads of Government on the question of political union were being made to satisfy the least enthusiastic among them, and there was never any discussion, let alone agreement, on the substantive issues surrounding political union.

The efforts toward creating a political union limped along throughout 1987 and 1988, often with conflicting statements being made by the Heads of Government. Then it was brought to an end in November 1988 when the Heads of Government declared that: "it was agreed by the four governments of the territories normally referred to as the Windward Islands that they would continue to pursue the goal of political union."

But, while it may now be clear that only the four Windward Island governments are interested in pursuing the "goal of political union", it is equally clear that the goal will not be achieved if the methods employed so far are continued. For even if the four governments are resolute they will not achieve their purpose without the fullest participation of the opposition parties in parliament. And that means the establishment of a Constituent Assembly backed by funds and supported by good technical staff.

It also means that political parties in these states will have to overcome their intense aversion to talking with each other. They will have to learn that integral to operating the Westminster system of government is that, on important issues of national concern, political leaders from all sides of the House must hold dialogue as representatives of the people to whom they are accountable. If they fail to do so, the national consensus, which is an absolute prerequisite for altering their constitutions and proceeding to a political union, will never be achieved. And, consequently, the people of the OECS sub-region may face considerable economic hardship and retrogression in their separate states.

R.S.
POSEIDOM: helping the French Overseas Departments to cope with 1992

Yves ROLAND-GOSSELIN (*)

On 30 November, the Commission adopted a Joint Draft Decision of the Council and the Commission establishing a programme of options specific to the remote and insular nature of the French Overseas Departments (DOMs) — POSEIDOM.

The Council, the European Parliament and the Economic and Social Committee have been working on it since then and a Council decision is hoped for this quarter.

Eighteen months ago, at the instigation of the Commission’s President Jacques Delors, it was agreed to think seriously about the DOM problem. The Commission was aware that these were special regions of the Community and that the approaching completion of the internal market on 31 December 1992 meant that all the departments concerned should take a look at the DOM situation. So it set up an inter-departmental group with members from a dozen Directorates-General, under the Secretariat-General, which discussed the issue, compared notes, heard representatives of the populations concerned and produced an outline text at the Commission’s request.

The formation of this group was in itself a symbol. Although one or two temporary bodies had been set up in the past, no group had ever received such specific, practical instructions — to create a suitable framework in which to apply the common policies to these overseas departments.

Since 1957, in fact, the Community’s method (or lack of it?) had been to deal with DOM problems on a one-off basis.

The DOMs received aid from the EDF from 1957 to 1975 and then, thanks to successive Council decisions, they were able to benefit from the “internal” structural funds. And various individual decisions by the Council meant that some of the common policies (on sugar, tobacco and so on) made specific reference to these departments in view of the particular nature of their output in relation to the Community as a whole. Lomé I, II and III also contained various references to the DOMs, catering for their special situation as parts of the Community surrounded by ACP States, the DOMs having pointed out to what extent their production, was, as we shall see, similar to ACP production although their social and production costs were higher than those of their neighbours.

But in spite of positive Community action, particularly through the EDF and the structural funds, intervention was always pragmatic, without any overall plan.

The DOMs at the crossroads of two realities

The four DOMs are both integral parts of one of the Member States—and the European Community, therefore—and, whether in the Caribbean (Guadeloupe and Martinique), South America (French Guyana) or the Indian Ocean (Réunion), they are in the tropics, which are made up of developing countries, and share the same economic constraints of such regions.

They are integral parts of one of the Member States under the French Constitution (Article 73 of the Constitution of 1946 and Article 73 of the Constitution of 1958). Their political, economic, social and cultural life is geared essentially to France itself, as is evident from their patterns of trade, from their use of French national legislation and from their migratory patterns and family ties — i.e. in the close links between individuals, goods and services — and the large transfers of public funds from France’s national budget.

So they are concerned by the Treaty of Rome, Article 227 (1) of which lists the signatory States, which means that, from the start, the Community authorities were bound to implement the sort of common policies which would also give the DOMs the benefit of the aims laid down in Article 2: “The Community shall have as its task... to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an accelerated raising of the standard of living and closer relations between the States belonging to it.” But this was only very partially realised.

However, the DOMs are very different from the other regions and departments of France or the other Member States. Indeed, in spite of the

(*) Responsible for the coordination of OCT affairs at the Commission of the European Communities.
considerable diversity of the four, they all have to tackle a number of constraints resulting from their geographical position. And in these constraints they are very like their neighbours—which brings us to a fundamental aspect of the DOM problem, that they are part of the EEC, certainly, but they are obviously a part of other, distant regions too, in a historical, cultural, social, physical, climatic and economic context which puts them close to their neighbours, with the same handicaps and the same potential.

A look at these constraints shows them to be very obviously (although without too much generalisation) present in both Martinique and Jamaica, Réunion and Mauritius and French Guyana and Suriname:

— The distance from the main markets is an obvious handicap in all economic relations and one which the other regions of the Community do not have. The transport costs are greater (in both directions) for both firms and consumers, the price of installing and maintaining equipment is high and takes a long time and there are socio-cultural considerations (of education, disseminating information, etc.) as well.

— The fact that these places are insular, or cut off, inevitably makes their economies fragile. The inadequacy of local outlets in a small domestic market is no encouragement to investments and it restricts employment too. The public cost of infrastructure (in terms of investment and amortisation) is increased by high unit costs and poor yield—which makes these regions more dependent on official transfers and capital from outside.

— The ecological conditions, climate and relief, are such that tropical crops are grown over an area of arable land which is only a quarter of the whole area. And frequent hurricanes in the Caribbean and the Mascarenes, the prolonged drought and irregular rainfall all work very much against planned, stable output.

— Lastly, economic concentration on one or two agricultural products, which is the result of the plantation economies of the past three hundred years, means that their economies are heavily dependent on the buyers, while the ecological conditions leave little leeway for agricultural diversification. The alternative of tourism, an essential factor in the income of these islands in the sun, is also a factor of dependence on the economies of the tourists' countries of origin and the rates of exchange of their currencies. And it can involve a risk of social conflict for the changing agricultural populations.

The Commission sees the consequences

In the light of this twofold analysis, the Commission decided to suggest an overall—multiannual and multidisciplinary—approach to the Council, trying to reconcile the application of the Treaty to the DOMs (which means preparing them for 31 December 1992) with recognition of their specific, regional reality in relation to the other parts of the Community.

The approach has to be multidisciplinary (which explains the number of Directorates-General doing the preparatory work), because the internal market policy, the common agricultural policy, the regional policy and the social policy are all clearly involved in the internal business of Community construction, as the development cooperation policy and the trade policy are in the relations between the DOMs and their neighbours.

And it has to be multiannual to enable the local authorities and all involved clearly to lay down the rules and obligations, and any financial contributions that go with their development, in good time.

Is this not the way the Community has already reacted to similar economic and social constraints in the States and territories near the DOMs? The successive Lomé Conventions (for the ACP States) and the Council's five-year decisions (for the OCTs) are also multidisciplinary, thanks to the scope of the various areas of cooperation. They too have a multi-national framework in that these different areas are known in advance for a number of years and the Community's financial contribution (EDF and EIB) is programmed and fits in with the main lines of the development of the State or territory concerned.

However, there was of course no question of applying the Community's measures for their developing neighbours to the Community regions of the DOMs. This would have been at variance with their belonging to the Community. Common policies had to be applied to them, but—and this is where the question of balance arose—it had to be clear that some changes were called for.

Dogma and the DOMs

Applying common policies to the DOMs means supplementing a number of Community rulings and reviewing some local ones.

For example, some regulations on fruit and vegetables fail to list all the tropical products grown in all climates, although they go into details about the application of Articles 39 et seq. of the Treaty (the Common Agricultural Policy) to products from the temperate zones.

The Commission proposes that some measures which have already been adopted be added to, and new ones laid down. And some current practices must cease and other, more communaute, ones replace them by 31 December 1992. An obvious case in point is the banana market, bana-
nas being a crucial product, both economically and socially, in Guadeloupe and Martinique, as in many ACP States. From the very beginning, the Community supply has always involved compartmentalisation of the different Member States' markets, with annual reference to Article 115 of the Treaty (as is also the case for ACP bananas).

The Commission also suggests reforming the present system of harbour dues, the old tax raised on goods entering the DOMs from all sources (the EEC, including France, and third countries). It proposes ensuring respect of the rules of the Treaty in the single internal market by reforming in such a way as to eliminate discrimination between products obtained in the DOMs and other Community products.

Furthermore, and independently of the POSEIDOM innovations, the implementation of the common policies gives the DOMs a chance to benefit from the recent reform of the structural funds—which is mentioned in the POSEIDOM outline decision so as to provide general information on DOM-related topics, although it has already been decided on for them, as for other regions of the Community. The European Council of Brussels on 12-13 February 1988 laid down five priority aims for this reform, including the promotion of the development and structural adjustment of those regions which are behind in their development. It explicitly included the DOMs in the list of regions in question (their per capita GDP is similar to that of some parts of Spain, Greece and Portugal), specifying that the structural fund contributions for all these regions would be doubled in real terms between 1987 and 1992.

The reform is being implemented now and it should help their economies catch up, with a view to the single internal market. It is based on: multiannual programming; enforced complementarity between the financial contributions from the Community, the Member State and the local authorities and partnership, as reflected in systematic consultation, between all three levels.

The regional development plans are being drawn up locally. Once they have been examined by the Commission, they should lead to Community support frameworks in which Community commitments can be determined. So here again we say farewell to the piecemeal approach.

However, the Commission also proposes some changes to the common policies to take the special constraints into account. It has made clear that these changes can only be considered in relation to the specific constraint to be corrected and that specific arrangements may have no more than local effects and involve as little perturbation as possible of the running of the common market (Article 8c of the Treaty).

It is doing this in the light of Article 227 (2) of the Treaty of Rome in which the authors said that, although some provisions of the Treaty applied to the DOMs at the beginning, later on (within two years!) "the conditions under which the other provisions" were to apply would be determined. The end of this section also said that the "institutions of the Community will... take care that the economic and social development of these areas is made possible.”

In 1978, almost 20 years after the date laid down in the Treaty, the Court of Justice came up with an entirely new and decisive interpretation on which the Commission proposal was based. It said that, after this time was up, the provisions of the Treaty and the law derived from it should be applied automatically to the DOMs, as integral parts of the French Republic, on the understanding that it was always possible to lay down specific measures to respond to these territories’ needs later on.

So the idea of the specific measures is indeed to respond to special needs and cope with the constraints the Commission has deemed specific to the DOMs and not to the other areas of the Community. This is what the Commission felt to be a realistic approach of recognising regional reality.

It therefore proposes measures to make up for the exceptional geographical situation. A good example is that of cereals for the local livestock industry. The DOMs import meat from third countries and are anxious to develop a local livestock trade, but the full implementation of the CAP (Common Agricultural Policy) forces them to obtain their supplies at high prices and collect the levy on feed-grain intended to protect the European products from temperate zones 7 000 or 10 000 km away — products which the DOMs tend not to have!

The Commission suggests that these products be exempt from the levy, so the breeders can get their supplies at world prices—as their neighbours can. The implementing regulation which follows the outline decision will, of course, have to lay down the quantitative limits and the controls needed to prevent this measure leading to deflection of trade. This, typically, is a specific scheme making for local economic development but avoiding the cereals in question being deflected from Pointe-à-Pitre or Fort-de-France to Le Havre or Rotterdam...

The proposal also puts priority on cereals originating in the developing countries, which should foster closer regional cooperation between the DOMs and their neighbours.

Along the same lines, there are also proposals for measures to compensate for the exceptional geographical situation. Local fruit, vegetable and flower production is what is aimed at here, with special consideration also for the outlets existing in neighbouring areas with tourist industries.

The same principles underlie the obligations already mentioned in connection with the reform of the harbour dues and, under Article 227 (2), they include a transitional period whereby exemptions may be made for local processors — provided the Commission gives authorisation for this. So even if the present system of harbour dues has to be reformed to stick to the principles of the Treaty, there will be some temporary palliatives to make for the economic and social development of the DOMs, bearing in mind their particular situation.

**Broad consultation on trade**

The Commission also recognised a more political regional reality in the far-flung departments operating under the French decentralisation law and decided that the principle of part-
nership, which already applies in the implementation of the structural funds, should also apply to the whole of the POSEIDOM.

With, of course, the guarantee or the involvement of the national authorities, consultation began as soon as discussions started. In June 1987, the “DOM days” brought a number of elected representatives (senators, MPs, regional councillors and general councillors) and representatives of economic and social circles together in Brussels for the first time, with the Commission’s President Jacques Delors, several members of the Commission and Permanent Representatives of the 12 Member States. Before taking up its final position, the Commission also asked the inter-departmental group to meet the local representatives again—since which time further discussions and debates have taken place.

President Delors also sent the text of the proposal to the Chairmen of the local authorities, pointing out that a top-level mission would be coming out, for partnership is only just beginning. In doing this, the Commission hoped first that the problems and rough solutions would be brought up with the authorities directly concerned. This is more than a gesture. It is vital, technically, humanly and politically. Distances, there again, must be diminished. And it is with this in mind that the Community is acting with the neighbours of the DOMs where the Commission has representatives. There are regional handicaps to information, too.

Sugar cane: a major product in the DOMs. Ecological conditions leave little leeway for agricultural diversification

A regional view of a life among neighbours

As we have seen, the Commission proposal mentions the economic life of the DOMs in their regions under a number of points, with a view to improving the joint relations between them and the States around them.

This is the case with the discussions that have to be held about the banana trade. Bananas are important both in terms of employment and in terms of export revenue and this makes them a priority for both the DOMs and the ACPs, as well as the subject of a general fear about the future position of certain competitors. It is also the case with DOM input supplies, where priority goes to the developing countries.

And it is the case with the search for outlets for some DOM products—for which the important ACP tourist sector around them can provide a market.

All these and many other points show that the Commission very much wanted recognition of the regional reality to take practical shape in economic life through priority on regional reflection in the broadest meaning of the term, taking in the DOMs and their neighbours together. It has also pointed out that the new measures proposed in the form of implementing regulations for some products would give rise to consultation of the ACP States as laid down in Article 130 of Lomé III.

But there is one further area where reciprocal relations between the DOMs and their neighbouring States can take a fresh turn and that is in the Community financing of regional projects of common interest. The POSEIDOM proposal and thanks to the inter-departmental group, the Commission has, for the first time, produced a text crystallising its intention of acting more coherently vis-à-vis the various countries which make up a given geographical area.

The two parts of the world where the DOMs are situated include a whole constellation of developing nations with different legal statuses from that of the Community. They are:
— the Caribbean, with five DOMs, seven British and Dutch OCTs and 13 ACPs, Haiti and the Dominican Republic and the countries of Central America and the Andean Pact;
— the Indian Ocean, with one DOM, one OCT and four ACPs.

The Commission is conducting several policies in these areas with the same aim of development but, using a range of instruments between which there is very little coordination. It applies decisions on the association of the OCT (EDF) and the Lomé Convention (EDF) and it finances schemes under Chapter 93 of the Community budget for the developing countries and “internal” schemes (ERDF, ESF and EAGGF-Guidance Section) for the DOMs.

But the constraints of these various States, departments and territories are, as we have seen, very often similar. They are cut off, they have narrow local markets, they find diversification difficult, they have the same human and animal diseases and so on.

When trying to make economies of scale and bring people closer together, the answer may often be to pool resources and coordinate what are often parallel schemes in common regional projects.

It has often been possible to organise cofinancing between a European fund and another funder. Is it impossible to organise parallel financing between the EDF, the ERDF and Chapter 93 of the Community budget? This is what the Commission proposes in Article 11 of POSEIDOM, committing itself to co-ordinating the resources it manages.

This could be the opportunity for Europe—which created some parts of the world three hundred years ago, dividing the globe up in the light of the English, Spanish, French and Dutch economies—now to help them to join and work together, mindful of their differences and democratically expressed choices.

Y.R.-G.
At the root of the deep economic crisis afflicting most of the developing countries is the collapse of commodity prices in the 1980s, the magnitude of which has not been seen in over half a century. That is increasingly being acknowledged even by those who had hitherto put other factors in the forefront, such as the debt burden and mismanagement (ie, misuse of resources, oversized bureaucracy and defective policies, especially with regard to production).

"Pay us reasonable prices for our raw materials and most of our problems are solved", producers would say. But prices are not set by governments. They are determined by supply and demand which are influenced by a variety of factors — economic, political, financial. Throughout the world, millions of consumers (individuals and corporations) make decisions that affect demand, governments adopt policies that galvanise speculators and natural disasters occur and affect supplies.

In the 1970s, when raw material prices were high in the wake of oil price hikes, the concern of the developing countries, raw material exporters was the volatility of prices and the high cost of import of manufactured goods and equipment. Medium and long-term economic planning was impossible, but revenues were adequate for short term development projects. In the industrialised world, the concern was equally over the instability of prices, but there were fears of interminable price increases and disruption to supplies: the success of the Organisation of Petroleum Exporting Countries (OPEC) in virtually dictating oil prices raised the possibility that more commodity producers would follow suit and organise themselves into cartels. The question of the exhaustibility of the world's natural resources also arose. Raw material dependent firms rationalised as a result. Waste was reduced and recycling of materials became the order of the day. Some companies sought refuge in the futures markets to maintain supplies and protect themselves against violent fluctuations in prices, others intensified research into the use of plastics and synthetic materials. These measures, coupled with recession and the subsequent changes in the structure of the economies of the industrialised world, led to a drop in demand for raw materials in the 1980s and to the collapse of prices. The reaction of most developing countries, in increasing production to make up for the shortfall in earnings, only served to increase further the world glut of major commodities such as coffee, cocoa, tea, tropical timber, upon which the economies of developing countries, in particular Africa, depend. Coffee, for example, which averaged $4 656 per tonne between 1975 and '79 fell by over 50% to $2 000 per tonne between 1980 and '84. It was still selling at around that price in May 1989; cocoa dropped from an average of $3 160 per tonne between 1975 and '79 to $2 229 per tonne between 1980 and '84. It was still selling at around $1 207 per tonne in May 1989; tea, on the other hand, fell from an average of $2 708 per tonne between 1975 and '79 to $2 440 per tonne between 1980 and '84.

In Africa, the share of non-fuel commodities in all merchandise traded fell, from 53.6% in 1971 to 25.8% in 1986. The huge loss in foreign exchange earnings of African countries heavily dependent on raw material exports cannot be underestimated. Caught in the heavy debt-serviceing trap, their import capacity and economic growth have been severely curtailed.

As the slump in prices continues many countries have resorted to countertrade. But has this system any future? UNCTAD's Common Fund for Commodities has now come into force. What role can it play in stabilising prices? Currency fluctuations can have adverse effects on export earnings. How can raw material exporters overcome them? These and other questions are addressed in this dossier. By no means an exhaustive study, it deals with the essentials, examining the extent of the problem facing raw material exporters purely from the price angle. A highly technical topic, this has presented some of our contributors with a challenge which they have endeavoured to meet. Augustine OYOWE

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(1) Exchange rate as at May 1989, £1 = $1.57.
(2) June 1989.
(3) This dossier does not include the role of GATT (General Agreement on Tariffs and Trade). See the interview with Mr Dunkel, director-general of GATT, on the role of the organisation, on page 2.
Magnitude and impact of the price falls on LDC exporters

by Carlos FORTIN

The most striking feature of the international commodity markets in the 1980s has undoubtedly been the dramatic fall in prices, which amounts to a veritable collapse of those markets. The fall was particularly serious in 1981-1982; there was some recuperation in 1983, but this was followed by a further fall in 1984-1985, with again a small recovery at the end of 1985 and yet another fall in 1986. In the period as a whole, primary commodity exporters saw their export revenue substantially reduced. This had especially harmful repercussions for developing countries, which, by and large, remain dependent on commodity exports for their foreign exchange receipts. Current account deficits led to difficulties in the servicing of the external debt and to cuts in imports, and this in turn resulted in a slowing down of economic growth.

The causes of the price decline included some short-term, more or less ephemeral factors. However, they also involved some longer-term trends, which will continue to influence prices, markets and development prospects for some time to come. In this article, I shall review the fall in international commodity prices in the 1980s, with a quantitative assessment of its magnitude and its impact on developing country exporters.

International commodities and the developing world

At this point, it may be useful to assess the degree of importance that primary commodity exports have for the developing world as a whole and for subgroups within it. Table 1 provides figures on the evolution of non-oil, primary commodity exports by regions in US dollar values and as percentages of total merchandise exports for the period 1966-1982.

The first important element that emerges from the table is the decreasing importance of primary commodity exports in the total exports of the developing countries; they fell from 73% in 1966 to 35% in 1982. Evidently, a certain proportion of the falling countries. Africa, by contrast, while less dependent on primary products in 1982, as compared with 1966, still derives three-fifths of its export revenue from non-oil commodities. The dependence is even more pronounced in the case of the least developed countries, where the share of primary commodity exports remained almost the same—about three-fourths—between 1966 and 1982.

Commodity exports, in sum, still represent a considerable share of total exports for the Third World as a whole—indeed, twice as high as the share for the whole world and for developed market economies—as well as the largest part of the exports of African countries and the bulk of the exports of the least developed countries. The behaviour of the international commodity markets can,

Table 1: Primary commodity exports: Values and percentage share in total merchandise exports

<table>
<thead>
<tr>
<th>Regions</th>
<th>Values in US$ billions</th>
<th>Percentage share in total merchandise exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>65.2</td>
<td>85.7</td>
</tr>
<tr>
<td>Developing market-economy countries</td>
<td>36.8</td>
<td>50.0</td>
</tr>
<tr>
<td>Developing countries and territories (excluding major petroleum exporters)</td>
<td>18.8</td>
<td>24.2</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>4.9</td>
<td>6.5</td>
</tr>
<tr>
<td>America</td>
<td>7.5</td>
<td>10.2</td>
</tr>
<tr>
<td>Asia</td>
<td>6.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Least developed countries</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Socialist countries of Eastern Europe</td>
<td>5.3</td>
<td>6.7</td>
</tr>
<tr>
<td>Socialist countries of Asia</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>


Table 2: Movement of international commodity prices (excluding oil), 1980-1986

<table>
<thead>
<tr>
<th>Period</th>
<th>Nominal</th>
<th>Deflated (a)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-1981</td>
<td>-15.5</td>
<td>-9.6</td>
<td></td>
</tr>
<tr>
<td>1982-1983</td>
<td>5.1</td>
<td>9.9</td>
<td></td>
</tr>
<tr>
<td>1983-1984</td>
<td>1.2</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>1984-1985</td>
<td>-10.7</td>
<td>-10.8</td>
<td></td>
</tr>
<tr>
<td>1985-1986</td>
<td>-31.8</td>
<td>-20.2</td>
<td></td>
</tr>
<tr>
<td>1980-1985</td>
<td>-24.6</td>
<td>-27.9</td>
<td></td>
</tr>
</tbody>
</table>

(a) By the United Nations index of unit value of manufactured exports of developed market economies.
(b) 1986, first half of the year only.
Source: UNCTAD.

Prices in the 1980s

Table 2 presents figures on the changes in non-oil, commodity prices between 1980 and 1986, in dollars for each year and deflated by the manufactured unit-value index of the United Nations. In constant dollars, the index of non-oil, commodity prices had fallen by 28% between 1980 and the first half of 1986. This was a larger fall than in nominal terms, reflecting the resurgence of inflation in the developed country economies in 1986; between 1980 and 1984, the prices of manufactured exports had in fact gone down, and therefore the fall of the deflated index in 1980-1982 was smaller than that of the nominal index, while the increases in 1982-1984 were larger. In 1985, prices of manufactured exports remained stable, and therefore the two indices were almost the same.

The picture, though, becomes more complex when the commodities sector is broken down into groups of commodities. Figure 1 presents the movements of the combined index of non-oil commodity prices for 1980-1986 and those of the indices for food and beverages, vegetable oilseeds and oils, agricultural raw materials, and minerals, ores and metals.

Between 1980 and 1982, the prices of all four groups of commodities followed broadly the same pattern, although the vegetable oilseeds and oils group showed more pronounced variations. It was precisely this last group that experienced a short-lived boom in 1983-1984, due to a temporary scarcity created by a reduction in the planted area in the United States, resulting in turn from government policies in 1983, as well as the low prices prevailing at the end of 1982. The boom, however, was followed by a sharp fall in the second half of 1984 and in 1985-1986. This was due to an over-supply of palm oil, resulting from an extraordinary level of output in Malaysia in 1985-1986. The price of palm oil by the middle of 1986 was one-fourth of that in May 1984, and the situation of over-supply did not show any signs of abatement, as the production of Indonesian vegetable oil continued to grow.

By contrast, the food and beverages group experienced a significant price increase in the last quarter of 1985. This resulted from increases in the prices of sugar and coffee. The former had reached, in June 1985, its lowest

Zambian copper

The international metals markets are in a critical state
level since 1969, at 2.8 US cents per pound, compared with 28.7 US cents per pound in 1980. In the second half of 1985, though, bad crops in the Caribbean region and India resulted in a recovery that brought the price to 6 US cents per pound in June 1986. As for coffee, the Brazilian drought led to a rise of over 70% in the International Coffee Organisation indicator price between September 1985 and January 1986, although by the middle of the year it had gone down somewhat.

In the agricultural raw materials group, natural rubber prices fell sharply in 1984 and 1985, prompting the intervention of the International Natural Rubber Agreement to build up its buffer stock. Together with climatic conditions in Malaysia and Indonesia which affected output, this led to a recovery. In cotton, the main problem is the expected increase in US production resulting from incentives to exporters provided by the US Farm Act.

The metals group also suffered a sharp decline in 1985-1986. In fact, the actual drop for the group—and indeed for the combined index—is larger than the figure indicates, since the UNCTAD index of minerals and metals prices excluded tin from November 1985 because of the suspension of tin trading on the London Metal Exchange, following the collapse of the International Tin Agreement. By June 1986, tin prices were half of those in October 1985, and the collapse of the Agreement was both a severe blow to the hopes of reviving initiatives in setting up international commodity agreements and an indication of the critical state of international metal markets (1).

The impact on developing countries

The fall in the prices of commodities had a direct impact on the export earnings of the developing countries. The cumulative loss of export earnings from all commodities in 1981-1985, as compared with 1980, has been estimated at USS $53 bn, equivalent to about 15% of the volume of imports in 1982. In the end, these various processes had a severely harmful effect on economic growth and output in developing countries: between 1981 and 1985, they grew by only 1.4% per annum, as compared with 2.7% for the world as a whole and 2.3% for the developed countries. Furthermore, the bulk of the increase in output in the developing countries was accounted for by the countries of East and South Asia (4.9%); the African countries' output actually contracted by 0.6% per year in this period, and that of the West Asian countries by 1.1%, while the developing countries of the western hemisphere grew by only 0.5% per year. There is, therefore, little doubt as to where the burden of the world recession and the collapse of commodity prices fell.

Abandoned children in Antananarivo, Madagascar, victims of the decline in the country’s economic fortunes in the wake of the falls in commodity prices

(1) As indicated in the article on Commodity Studies, the prices of tin have recovered significantly in recent months thanks to the export limitation measures taken by the newly formed Association of Tin Producing Countries.
Commodity prices in the 1980s: a decade of decline for the ACPs

by Christopher STEVENS(*)

If the commodity price boom of the 1970s brought hopes of a 'New International Economic Order' the bear market of the 1980s has left some wishing that the 'old' economic order would come back! During the 1970s the price surges for a range of commodities—first oil, then copper, then beverages, led to hopes that gloomy predictions of a long term decline in the real price of raw materials were exaggerated. But the 1980s have shattered such hopes. By 1986 average real commodity prices were at their lowest level recorded in the twentieth century with the sole possible exception of 1932.

The depth of the recession caught many observers by surprise. It was expected that the recovery in the OECD economies after 1982 would work through into higher commodity prices. Indeed, in early 1983 the IMF even forecast "a broad-based recovery in commodity prices". (See the article that follows titled: Forces behind the price trends). Instead, there was a fall in the composite index of commodity prices over 1984-86 of 23%; if increases in the world prices of manufactures are taken into account then commodity-exporting countries were 28% worse off at the end of the period.

Nor is the outlook reassuring. In 1987 commodity prices improved but manufactures prices rose even faster leaving the primary exporters worse off by the end of the year. Although forecasts vary, there is a wide consensus that commodity prices will remain depressed at least for the rest of this decade and probably into the next.

Variations for the ACP

Although the picture painted by this broad analysis is generally correct there are two major qualifications to be introduced when considering the position of the ACP. The first concerns differences between commodities and the other involves the role of the US dollar.

Price changes have varied widely between different commodities over the past decade. To some extent the fall in average commodity prices reflects the very sharp drop in world prices for temperate foodstuffs like wheat and rice. Although these are important for some developing countries, the ACPs (apart from Suriname) are concerned mainly as importers rather than as exporters.

If some commodities have done worse than the average, others must have done better. How have the commodities of most importance to the ACPs performed? The table shows the IMF's price index for six of the ACP's most important export commodities. Between them, these half dozen commodities accounted for just over two-thirds (by value) of the ACP's total exports to the EC during 1983-87.

In all cases, except crude petroleum, dollar prices in 1987 for the ACP's most important exports were 20-30% below their 1980 level. These falls have contributed to the severe economic problems currently facing many ACP states.

But these figures have to be interpreted with some care. The table, like most world commodity prices, is denominated in US dollars. This creates problems measuring how far exporters' earnings have actually risen or fallen. What matters to any state is whether its exports buy more or less

### Table: World price indices for the ACPs major export commodities

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude petroleum (a)</td>
<td>100</td>
<td>111.0</td>
<td>98.9</td>
<td>86.1</td>
<td>84.1</td>
<td>84.1</td>
<td>...</td>
<td>51.6</td>
</tr>
<tr>
<td>Coffee (b)</td>
<td>100</td>
<td>83.1</td>
<td>90.6</td>
<td>85.4</td>
<td>93.5</td>
<td>94.4</td>
<td>125.0</td>
<td>72.8</td>
</tr>
<tr>
<td>Cocoa (c)</td>
<td>100</td>
<td>79.8</td>
<td>66.9</td>
<td>81.4</td>
<td>92.0</td>
<td>86.6</td>
<td>79.5</td>
<td>76.7</td>
</tr>
<tr>
<td>Copper (d)</td>
<td>100</td>
<td>79.8</td>
<td>67.8</td>
<td>72.9</td>
<td>63.0</td>
<td>64.9</td>
<td>62.7</td>
<td>81.5</td>
</tr>
<tr>
<td>Wood (e)</td>
<td>100</td>
<td>80.0</td>
<td>77.0</td>
<td>72.1</td>
<td>80.5</td>
<td>70.4</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Iron (f)</td>
<td>100</td>
<td>90.3</td>
<td>96.2</td>
<td>87.9</td>
<td>84.8</td>
<td>83.2</td>
<td>80.3</td>
<td>81.6</td>
</tr>
</tbody>
</table>

(a) Libya (Es Sidera); US$/barrel.
(b) Other milds (New York); US cents/pound.
(c) Ghana (London); US cents/pound.
(d) UK (London); US cents/pound.
(e) Logs Philippines (Tokyo); US$/bushel.
(f) Brazil (North Sea Port); US$/tonne.

Source: IMF International Financial Statistics

(*) Dr Christopher Stevens is a Research Fellow at the Overseas Development Institute, London.
imports this year than they did last year. If the dollar appreciates against other currencies the world price of commodities may appear to fall even if there have been no other changes to supply and demand. Similarly, if the dollar falls then commodity prices may appear to rise.

If an exporting state spends all of its foreign exchange paying bills (for imports or debt service, for example) in dollars then this apparent rise or fall in the 'world price' will accurately reflect the purchasing power of its exports. But if, as is more likely, some expenditures are in other currencies the picture painted by world commodity price indices will be misleading.

The European Community is the most important source of ACP imports. And for the first half of the 1980s the ECU depreciated against the dollar. Because of this, according to figures from Eurostat, between 1980 and 1985 the unit value of ACP raw material exports to the EEC actually went up rather than down. But so did EEC export prices, so each tonne of ACP commodities purchased roughly the same quantity of imports from Europe in 1985 as it had in 1980.

By the same token, the apparent increase in dollar prices recorded for some commodities in 1986 and 1987 paints too rosy a picture. Since the ECU appreciated against the dollar in these years the average price of ACP exports to the EEC has probably fallen.

The underlying causes

The recent poor performance of primary commodities results partly from temporary, cyclical factors which might reverse themselves in due course. But there are other, structural factors at work which will continue to cause price problems for commodity exporters long into the future.

Perhaps the most pervasive is that the structure of the OECD economies has changed so that they no longer depend as heavily on primary commodities as they used. Manufacturing is now relatively less important compared to services and, within manufacturing, the old 'metal bashing' industries have declined particularly severely.

The effect on primary exporters has been magnified by technical change resulting in lower consumption of raw materials for a given unit of output and a shift towards new materials to the detriment of traditional suppliers. In the USA, for example, the proportion of the average car made up of iron and steel fell over 1975-85 from 81% to 69%. Of particular significance to the ACPs has been the replacement of copper by optical fibre in telecommunications: a 45 kg length of fibre cable can transmit as much information as a tonne of copper wire.
(See the article that follows for details).

Added to these constraints on demand there has been a tendency to oversupply. In some cases this has been due to the artificial stimulus given to production in some OECD states by various forms of protectionism and by the technical advances in yields that this has engendered. In other cases, developing countries faced by severe foreign exchange constraints have responded by expanding the volume of their exports, often on the advice of western agencies such as the IMF and the World Bank. This strategy, while it may be sensible for each individual state viewed in isolation, has had the effect, when undertaken by many states, of saturating the markets and leading to further price falls.

The way ahead

Given this gloomy outlook for their main exports, what can the ACPs do? The answer in the long-term is clearly to reduce their dependence on unprocessed primary commodities for which demand is growing only slowly. A start has already been made on this. Although non-traditional exports still form only a small share of the ACP total and are concentrated in a limited number of states there is clear evidence that the ACPs have the capacity to diversify into new products (see box). But it is also apparent that it will be a long time before such new exports dent significantly the dominant position of the traditional products.

In the short-to-medium term, therefore, the ACPs have no choice but to make the best they can out of the limited opportunities for tropical products and minerals. One obvious imperative is that if world prices are likely to continue to be low the ACPs have to minimise their costs of production. This is additional to, and perfectly compatible with, any action they may try to take internationally through, for example, commodity agreements to boost prices on the world market. It is also complementary to improvements in the import side of the trade balance, for instance through increases in local production of food for domestic consumption.

C. S.

Forces behind the price trends

On the demand side

The OECD slowdown. The level of economic activity in the major industrial countries remains the single strongest overall determinant of the state of demand for commodities. Indeed, its influence on commodity prices provides a powerful link between the economic performance of the OECD countries and the fortunes of Ides; a major way, therefore, that booms and slumps are transmitted from the First to the Third World.

The 'income elasticity of demand' (the proportionate change in the quantity of demand for a good divided by the proportionate change in real incomes which brought it about) measures this linkage. The strength of this linkage naturally varies between product types. It is strongest for metals because they are demanded as industrial inputs. Agricultural raw materials, although also used as production inputs, have smaller elasticities. The smallest, however, are for food and beverages. In fact, almost all estimates show elasticities of below 1.0 for all agricultural commodity groups—meaning that demand will grow proportionately less than incomes in the major consuming countries—but generally well above 1.0 for the metals group.

The level of economic activity in the OECD countries remains a very strong influence; talk of 'decoupling' is much exaggerated. Aside from year-to-year fluctuations, the main fact about OECD growth in recent years is that it has slowed down. Industrial output and capital formation—which have a specially strong influence on demand for commodities—have been particularly affected. The following average annual OECD growth rates summarise the record:

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross National Product</th>
<th>Industrial Production</th>
<th>Gross Domestic Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-79</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td>1980-86</td>
<td>2.2</td>
<td>1.8</td>
<td>2.1</td>
</tr>
</tbody>
</table>


The impact of this deceleration has been severe. UNCTAD studied 19 commodities which have experienced declining demand growth in recent years and found that over three-quarters of this decline was explained by the more sluggish OECD performance. The crucial question for the future is whether the West will return to the more expansionary days of the 1960s and 1970s. The conventional wisdom is that it will not, in which case the outlook for exports of commodities to these countries must be bleak, but the case for accepting the conventional wisdom is not overwhelming.

Structural change: Among the factors tending to reduce income elasticities over time are changes occurring in the patterns of industrial-country demand and production. There is, first, the widely-noted movement away from industrial products in favour of services. Since the latter use far less by way of raw materials, that is bad news for the demand of commodities. In Britain the share of manufacturing in GDP has fallen from 33.4% in 1965, to 29.2% in 1975, to 25.1% in 1985. This is a particularly dramatic fall, partly because of the rise of North Sea oil, but there is a clear tendency for the share of manufacturing in GDP to decline for the industrial world as a whole. Even within manufacturing, changes are occurring which are unfavourable to primary product exporters, with a shift away from the heavy metal-using industries towards electronics. This helps to explain why in Britain the volume of sales of the mechanical engineering sector fell by 3% p.a. in 1978-85, while electrical engineering sales expanded at 3.9% p.a. At least in the more prosperous industrial countries, the demand for some items with high primary product content is said to be nearing saturation, particularly for cars and consumer durables, and there are no significant new markets for consumer goods with a high primary product content.

Technological change: While most of its effects are on the supply side, the accelerated pace of technological change is reinforcing the demand trends just described. The traditional
materials content of finished products has been substantially reduced, mainly in favour of plastics and other synthetic materials. As noted in the main article, in the USA, for example, the fraction of the average car made up of iron and steel fell from 81% to 69% in 1975-85; and the ratio of weight to power in a railway locomotive has fallen from about 100 kg per horsepower at the beginning of the century to about 25 in 1950 and is now down to about 14.

Substitution of materials tends to work to the disadvantage of many traditional ldc producers, although not necessarily the more industrialised ones. Thus, for example, aluminium is widely substituted for other metals. Car engines and metal cans are cases in point. There is also much substitution of metals by plastics and ceramics; of man-made for natural fibres; of plastics and other materials for paper. Optical fibres are replacing copper in telecommunications (a 45 kg length of fibre cable can transmit as much information as a tonne of copper wire).

The development of technologies for re-cycling of materials is another factor. The increasing use of scrap metal is perhaps the most important instance. Thus, while the steel industry has been in decline worldwide, output from ‘minimills’, which use scrap as their “raw” material, has been expanding rapidly—at 10% p.a. in the USA. Modern information technology also permits the more efficient monitoring and management of inventory levels, meaning that a smaller quantity of stocks is now needed to maintain a given level of output.

Agricultural protectionism: The high levels of protection enjoyed by agricultural producers in industrial countries, and the intense competition between them, leading to large export subsidies and ‘price wars’, necessarily reduce prices in third markets and place a potent damper on the demand for a number of ldc agricultural commodities. Sugar is the most striking example. The Japanese market is the most protected, with average agricultural producer prices a full 2.44 times higher than world prices in 1980-82; the ratio for the European Community was 1.54 in the USA 1.16.

Not surprisingly, these countries are greatly reduced their imports in consequence. Thus, the EEC grain trade has changed from net imports of 18 m tonnes in 1970-71 to net exports of nearly 16 m in 1985-86. While, as importers, ldcs benefit from the lower world agricultural prices that result from this protectionism, as exporters they are big losers. A further factor is the escalation of protection according to stage of production, with even higher protective barriers against imports of processed goods, thus discouraging the higher value-added that ldcs could derive by undertaking more processing at home.

Other considerations: Nor have we quite finished the catalogue of gloom. It might be expected that the fall in relative commodity prices would itself stimulate the demand for these goods. So it does to some extent, but not very greatly. The responsiveness of the quantity demanded to a change in price is measured by the ‘price elasticity of demand’ (not to be confused with the income elasticity used earlier). With few exceptions, estimates of price elasticities for primary products are well below 1.0. Typically they are in the range 0.4 to 0.6, meaning that a 10% fall in price will (other things being equal) only induce a 4% to 6% increase in demand.

One other explanation that is sometimes offered for the adverse prices received by ldc exporters is that these prices are manipulated by the industrial countries (or transnational corporations) using monopoly power as buyers. This has certainly sometimes occurred. We have already discussed the ease of agricultural protectionism. The market for bauxite is dominated by a few giant aluminium producers; and multinationals still dominate the production of some tropical fruits. But as a general explanation, the ‘market manipulation’ argument is difficult to sustain and the basic fact is that the underlying forces of supply and demand are moving to the disadvantage of ldc commodity exporters.

Various factors thus conspire to dampen the demand of OECD countries for primary products. Changes in the structure of demand and output, technological progress and agricultural protectionism are among the factors that have produced the steep decline in OECD consumption of these commodities relative to incomes. This is why we suggested earlier that there is a tendency for income elasticities—already low for many items—to decline. But while this decline in elasticities does weaken the link between OECD levels of activity and demand for primary products, that link remains powerful enough to mean that the slower OECD growth of recent years has compounded the weakness of demand.

On the supply side

The tendency to over-supply: With prices drifting down, why does this not bring about a correction by discouraging production? One explanation is
that there are strong pressures on ldc's to increase their production of primary products. The acute balance of payments pressure experienced by many of the exporting countries is one of the most potent. The world economic environment has become much less favourable for most ldc's during the last 15 years. Many of them have run into acute shortages of foreign exchange owing to both deteriorating balances of payments and burgeoning debt service obligations. 'Adjustment' programmes have been widely adopted, which often have generally advised a strategy of export promotion. At the same time, avenues for the promotion of non-primary exports have been narrowed by increased protectionism in the OECD countries and by the successes of some of the early 'newly-industrialising countries'.

Faced with such a dilemma, an ldc government may regard the promotion of commodity exports as still the best option available to it, as indeed it might be were other governments not simultaneously making similar decisions. Thus, the IMF and World Bank have been criticised for committing a 'fallacy of composition' by encouraging many individual ldc's into an essentially self-defeating process of export-led competitive adjustment (of which devaluation is a common ingredient). Their reply is that they are now paying more attention to food production and import substitution—and to ask, in any case, what else can they do in present-day conditions? Whatever the answer to that, balance of payments adjustment pressures surely help to explain the observed tendency to over-adjustment pressures surely help to answer to that, balance of payments and burgeoning debt service obligations. "Adjustment" programmes have been widely adopted, which often have generally advised a strategy of export promotion. At the same time, avenues for the promotion of non-primary exports have been narrowed by increased protectionism in the OECD countries and by the successes of some of the early 'newly-industrialising countries'.

A further factor helping to explain the downward movement of prices is that typically price elasticities of supply for primary products are small, especially in the short run. This means that even a small fall in demand will induce a large fall in price. In the short run the response of supplies to a fall in demand may be negligible, so that all the burden falls on prices. Estimates of short-term supply elasticities produce results of near-zero for the mining industries and values of 0.2 to 0.4 for other commodity groups. Even long-term elasticities are well below 1.0, generally in the range 0.3 to 0.8. For many products the time lags are lengthy and one of the factors in the commodities slump of the 1980s has been the delayed response of supply to good prices enjoyed in the mid- and later 1970s.

The Biotech Revolution: Just as technological advances are affecting the demand for commodities, so developments in biotechnology are also threatening the competitiveness of traditional ldc producers. Two different techniques are being developed which between them may revolutionise farming. Tissue culture allows tissues and individual cells to be isolated and bred into whole plants, enormously accelerating the breeding of new varieties and hence greatly enlarging the possibilities of incorporating desirable characteristics such as disease resistance. Genetic engineering appears to offer even greater possibilities; for it enables a breeder to isolate desired genetic characteristics from one cell and incorporate them in another, opening up the possibility of changing the genetic characteristics of living matter.

Unilever has used tissue culture to reduce the time necessary to develop oil palm varieties to one-thirtieth of the previous time; the results have already raised average yields from new trees by 30%; the expectation is that it will not be too long before yields are two to six times those obtained by older varieties, threatening the position of traditional cultivators and the producers of rival vegetable oil crops such as groundnuts and coconuts. Second, an American chemical firm has finished the first trials of a super tomato which has resistance to parasites, viruses and herbicides built into it. It should soon be possible to extend these characteristics to tobacco, sugar beet and others.

One difficulty for ldc producers in these developments is that almost all biotech research is being conducted in the industrial countries, much of it now by private companies, so that a significant agricultural technology gap is opening up. With commercially-developed advances being subjected to the restrictions of patent laws, there is a danger that most commercial applications will arise in the industrial countries or be applied by multinationals based in them. It is already a feature of these developments that they rely for their commercial exploitation on very sophisticated methods of farming.

Relatedly, there is now the possibility of crops grown in the tropics being replaced by the output of factories in the West. Cocoa butter is another product currently being researched for factory production, as are tobacco and pyrethrum. The Soviet Union as well as Western European countries are busy developing a technique for producing protein from a petroleum base for animal feeds in factories to replace imports of soya beans, fish meal and cassava from various ldc's.

For those countries able to take advantage of these biotech advances there are large potential benefits to be secured from the higher productivities and lower costs. From the ldc viewpoint the dangers are that a high proportion of the applications will occur within, or to the benefit of, the industrial countries and that traditional producers who cannot keep pace with the technological advances will find themselves unable to compete, with devastating effects on their export earnings and economic prospects.
COMMODITY PRICE DETERMINANTS

The Exchange

The hurly-burly at the London Fox (the London Futures and Options Exchange) is not as deafening as it is at the London International Financial Futures Exchange where traders scream and toss papers across the pit in an apparent disorder. At Fox, the ATS (the Automated Trading System) is in operation. Introduced in 1987 (first for white sugar), the system enables traders to conduct business on screen from the comfort of their offices. With dealers representatives and brokers on the floor (though fewer in number these days) there is still a certain amount of excitement, open outcry, the traditional market feel and price reporting through Fox’s huge automatic telephone “terminal” which connects not only the International Commodities Clearing House (ICCH) and a great many companies in the United Kingdom, but also members’ firms in The Netherlands and France. The soft commodities now traded are coffee, cocoa and sugar. Consideration is being given to contracts on other commodities such as natural rubber.

The introduction of the ATS brought new “creatures” into the Options Market — the “locals”, risk-takers trading on their own account for profit.

Buying and selling orders are on the basis of a three-month futures contract and these can cover as far ahead as 15 months. The prices at which traders are willing to trade at any moment and at which deals are actually struck and volume of the commodities are flashed not only at the display board and the video screens strategically placed on the Exchange floor, but also at television screens outside in subscribers’ and members’ offices. The trading situation in other world centres is also displayed. The direct links that exist in the exchanges between firms, offices and their representatives on the pit enable buying and selling instructions to be passed.

In New York, Chicago, Paris, New Zealand and Tokyo, Commodity Exchanges are engaged daily in similar rituals, enabling international firms and brokers to engage in trading worldwide. When the market in London closes, Tokyo opens and while the latter is finishing up business, New York is opening. Collectively, the Exchanges show, despite variations in prices and in volumes, the international market demand and supply situation as well as the prices of various commodities whether agricultural, minerals or metals. Political upheavals, climatic disasters and international commodities agreements are among factors to which the market reacts. They are the stuff upon which the dream of speculators is
Cocoa can be bought in the futures market even before it is harvested

made. Frost in Brazil, the biggest coffee producer, could push coffee prices up in the world market. That was precisely what happened in the second half of the 1970s, when frost severely affected the harvest and caused coffee prices to rise as consumers bought and stocked up in panic. In mid-July 1988, concern about the United States sugar crop following the drought led to speculative buying in the Chicago agricultural markets. Prices rose and the effects were felt in London where the October 1988 contract for raw sugar reached the highest price in over seven years at $328 per tonne as against $238 per tonne at the beginning of the year. The uncertainty about Soviet and Chinese orders from the West has kept sugar prices equally uncertain and speculators inactive. Conversely, the inability of the International Cocoa Organisation and the International Coffee Organisation to come forward with strategies to deal with overproduction in the 1980s explains the slump in the prices of the two commodities. Côte d'Ivoire's unilateral stockpiling of cocoa, its sale of 400,000 tonnes to France's Sucre et Denrées early this year and rumours of another deal for sale to Phillip Brothers of New York of 150,000 tonnes of current crop and 450,000 tonnes of new crop have swayed the futures market in London and New York only slightly. They have not generally changed the depression in cocoa futures. The reason, of course, is that Malaysian and Indonesian cocoa producers have substantially increased their output, flooded the world market with it and refused to join the ICCO (the International Cocoa Organisation). The futures and options exchanges, of course, have in-built systems of protection for consumers and producers against wild fluctuation in prices (see the article that follows and also the Courier no. 94, pp. 70-74, on the London Metal Exchange and no. 110, pp. 89-90, on the cocoa futures market).

Cartels

Prices in the futures market therefore provide the barometer against which commodity deals throughout the world are reached. But cartels have occasionally successfully ignored them. The most glaring example of course, is the Organisation of Petroleum Exporting Countries (OPEC) which was successful in the 1970s in fixing oil prices at will. Today, with the suspension of tin trading at the London Metal Exchange and the International Tin Council moribund, the newly formed Association of Tin Producing Countries are having a field day in price fixing and quota allocations. Cartels, nevertheless, invariably fail because they eventually fall on price ranges that are out of step with supply and demand. OPEC has already learned that bitter lesson.

International Commodities Agreements (ICA)

The negotiation of international commodity agreements was one of the main decisions taken in 1976 at the Nairobi session of UNCTAD IV as a way of stabilising prices and export earnings. The agreements were expected to be of benefit to both producers and consumers through a system of buffer stocks and export quotas.

Of the 18 commodities chosen as of particular importance to the developing countries, only half eventually became the subject of an agreement. But some have hardly functioned and, overall, the agreements do not seem to have brought the expected benefits, especially to the developing countries. The reasons for the failure are not far to seek. The Nairobi session failed to take into consideration several factors such as politics, commercial rivalry and the fact that many of the industrialised nations themselves were or were to become major producers of most of the commodities in question. Furthermore some of them are not traded in the Futures and Options market and, as such, often fall victim to the woes of cartels, ie price ranges falling out of step with supply and demand, and sooner or later markets are disorganised.

Augustine OYOJWE
The futures and options exchange: how they operate

The futures market

Organised futures markets, often called terminal markets in London, grew out of the trade in agricultural commodities. With the expansion of world trade in the nineteenth century, producers, merchants, manufacturers and consumers found it necessary to incur obligations forward for increasing periods.

Futures markets provided a method of insurance against the violent fluctuations which often occur in commodity prices and which can cause heavy financial loss for buyers or sellers. A manufacturer, for example, wants to buy supplies of his raw material at a fixed price in the foreseeable future. Similarly, the overseas grower seeks an assured market price for his produce several months ahead when the crop is harvested. The international dealer can protect himself against adverse price movements between the purchase of the commodity from the producer and sale to the consumer.

Manufacturers and growers, merchants and dealers, can thus protect their purchase or sale contracts by using the facilities of the futures markets. These provide a mechanism by which risk can be transferred to others willing to bear it.

To achieve this transfer of risk, highly standardised futures contracts have been created for delivery of a specified grade and quantity (or "lot") of the commodity in a given month. Futures contracts can be bought or sold to counterbalance the trader's physical position. This is known as "hedging". Normally the futures contract is not used to achieve delivery. The "hedge" will be lifted by entering into an offsetting sale or purchase of futures contracts when the trader is no longer exposed to risk.

A key feature in the success of futures markets is the role of the International Commodities Clearing House (ICCH) in providing certainty and ease of trading. The clearning House, as principal to all contracts, gives to its members complete confidence that contracts will be fulfilled. It also enables the clearing and settlement system to operate, providing complete exchangeability between contracts and extreme flexibility in trading.

Types and examples (1) of option contracts

Call option

A call option gives the taker the right to enter into a futures contract as buyer at an agreed price stated in the option contract. This right may be exercised at any time during the term of the option up to the date of declaration.

Put option

A put option gives the taker the right to enter into a futures contract as seller at an agreed price stated in the option contract. This right may be exercised at any time during the term of the option up to the date of declaration.

Examples

On 20th October Firm A grants a call option to taker Firm B, as follows:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>6 lots of cocoa (10 tonnes per lot)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery</td>
<td>May 198... all or none</td>
</tr>
<tr>
<td>Contract price</td>
<td>£ 2 020 per tonne</td>
</tr>
<tr>
<td>Premium (1)</td>
<td>£ 220 per tonne</td>
</tr>
<tr>
<td>Declaration date</td>
<td>15th April 198... (12.00 hours)</td>
</tr>
</tbody>
</table>

The contract is registered with ICCH and the granter pays a deposit on 6 lots × current deposit rate (£ 450 per lot) = £ 2 700. In addition the granter is required to pay (2) whatever margin may be necessary. The taker pays to ICCH the premium of £ 13 200 (6 lots of 10 tonnes at £ 220 per tonne). This amount is credited to the granter's premium account and earns interest.

**Situation 1.** On the following 15th April the market has advanced to £ 2 230 per tonne and so the taker decides to declare his option and receives a buying contract for six lots of cocoa at £ 2 020 per tonne; conversely the granter receives a selling contract on the same basis and both are registered to them as firm contracts. The deposit is returned to Firm A together with the premium. After declaration time both members will be subject to deposits and margins on the firm contracts in the usual way. The interest earned from the premium is credited to Firm A, and is paid at the end of the month.

**Put option**

A put option gives the taker the right to enter into a futures contract as seller at an agreed price stated in the option contract. This right may be exercised at any time during the term of the option up to the date of declaration.

Examples

On the 22nd May Firm X grants a put option to taker Firm Y as follows:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>10 lots of sugar, no. 4 contract (50 tonnes per lot)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery</td>
<td>December 198... whole or part</td>
</tr>
<tr>
<td>Contract price</td>
<td>£ 115.50 per tonne</td>
</tr>
<tr>
<td>Premium (1)</td>
<td>£ 20 per tonne</td>
</tr>
<tr>
<td>Declaration date</td>
<td>20th November 198... (12.00 hours)</td>
</tr>
</tbody>
</table>

(2) The premium is the sum that the taker of an option pays for the option contract. The premium payable depends among other things on the length of time before the option expires and the current and anticipated price of the commodity concerned. (The premium is quoted in the same way as the price for futures contracts, e.g. in £ per tonne).

The taker of the option pays the premium immediately on registration to ICCH and this amount is placed to the credit of the granter's premium account. ICCH will pay interest to the granter on the balance of the premium account, at rates determined from time to time. The premium is only released to the granter at the time of declaration or abandonment.
The contract is registered with ICCH and the granter pays deposits on 15 lots × current deposit rate (£300 per lot) = £4,500. In addition the granter is required to pay (3) whatever margin is necessary. The taker, because he has the option to buy or sell, pays to ICCH the premium (at approximately double the single option rate) of £26,250 (15 lots of 5 tonnes at £350 per tonne). This amount is credited to the granter's premium account and earns interest.

Situation 2. On the following 25th August the market has declined to £975 per tonne and the taker, Firm J, decides to declare his option as a "call", i.e. he becomes a buyer and receives a buying contract for 15 lots of coffee at £1,475 per tonne. Conversely the granter receives a selling contract and both are registered to them as firm contracts. The deposit is returned to the granter, Firm H, together with the premium. From this time both members will be subject to deposits and margins on the firm contracts in the usual way. The interest earned from the premium is credited to Firm H and paid at the end of the month.

Double option

A double option gives the taker the right to choose whether to enter into a futures contract as buyer or seller, at any time during the term of the option up to the date of declaration.

Examples

On 10th December Firm H grants a double option (i.e. put or call) to Firm J as follows:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>15 lots of Robusta coffee (5 tonnes per lot)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery</td>
<td>September 198... whole of part</td>
</tr>
<tr>
<td>Contract price</td>
<td>£1,474 per tonne</td>
</tr>
<tr>
<td>Premium (3)</td>
<td>£350 per tonne</td>
</tr>
<tr>
<td>Declaration date</td>
<td>25th August 198... (12.00 hours)</td>
</tr>
</tbody>
</table>

(3) Deposit.

The futures market and International Commodity Agreements (ICAs)

The following articles (1) are analyses or reviews of how futures markets and international commodities agreements have worked in recent years.

Commodity price fixing and the futures market

Variations in the price of individual and groups of products have to be interpreted carefully, since official quotations are, in the best possible world, a barometer that will give an idea of the prices actually being used in commercial transactions. If the cuts and bonuses involved in different qualities, large quantities or special

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tied to the price of aluminium. Banana export prices are determined almost entirely in the light of the origin and destination of the fruit, the banana trade being split into several different and virtually independent channels going from, say, the Caribbean to the United Kingdom, the overseas territories and the West African producers to France, other African and Latin American suppliers to the other European Community countries and Latin America and Asia to North America and Japan. The export prices are worked out differently in each case and may vary widely.

Where there is a futures market or any organised delivery market for a particular product, the extent to which the prices announced officially through this machinery are representative can only be determined in the light of the conditions obtaining on those markets. If the prices are to be representative, then the main thing is for there to be a fairly large number of buyers or sellers involved in the physical movement of goods or the cash sales market associated with the futures and deferred delivery markets and for them actually to use the market machinery for their price fixing (and cover operations) and not for the purposes of speculation. There is every reason to wonder whether these conditions are fulfilled for a number of products currently being handled on the product exchanges — and it has led, for example, to some contracts being amended recently with a view to encouraging greater intervention on these markets by both producers and professionals. In 1987, the London Metals Exchange decided to upgrade its aluminium contract because, stock exchange leasers maintained, there was little physical movement of goods behind the standard contract operations and this often led to considerable fluctuation in the market prices. And for the same reasons, it is planned to upgrade the copper contracts at the LME and the New York Stock Exchange (COMEX) too. The same goes for zinc, for which a special new contract is being introduced to better line the LME up with the physical movement of goods. Nickel and aluminium prices at the LME soared in early 1988, but there are few buyers or sellers on either market and most of the physical transactions are carried out outside the associated cash contracts, so the official LME quotations can easily be influenced by such things as squeezing, buying up or plain speculation. On the coffee and cocoa markets, the number of independent trading companies has considerably declined as industry has become more concentrated and the main firms have apparently had very little recourse to the futures markets for cover purposes and do very little buying on the associated cash market. So the proportion of physical transactions whose coverage is assured or price fixed by the machinery of the futures market has considerably declined.

Three important new things which have happened recently and have a general effect on the product futures markets have influenced the conditions in which the prices on these markets are fixed. First of all, there has been a clear increase in futures transactions, although the volume handled is mainly related to financial instruments (futures contracts on treasury bills, exchange indices and price indices and options on these contracts, particularly in the USA). As a result, product exchanges are increasingly seen as an element of the futures markets in general rather than an instrument of the trade in commodities. This change is reflected in the new legislation and the amendments to the new legislation and the amendments to the laws governing futures markets in the three main countries, the USA, the United Kingdom and France, and in the increased cooperation between the regulatory bodies. In the new law on financial services in the United Kingdom, for example, the futures markets in products and financial instruments are seen as investment markets rather than trade markets for the firms' transactions.

Secondly, competition between the exchanges has been increasingly lively. In order to maintain turnover and volume, the European markets have had to open their doors to participants who were not directly concerned by the physical movement of particular products. London's Futures and Options Exchange (London Fox), for example, encourages the participation of locals (i.e. individual speculators who earn their living by taking up short-term positions) and the Paris commodity exchanges have opened their doors to the members of MATIF, the financial instrument futures market in addition to the traditionally small number of trading houses. The expansion of operations has also been encouraged by updating the methods of compensation, setting up automatic quotation systems in some exchanges, for example, including COMEX, and using a chamber of compensation system at the LME. LME operations increased substantially as soon as these changes were made.

Thirdly, negotiable options on practically all the product futures contracts have been introduced in the three main places. They are issued and sold mainly by brokers or agents who are not involved in the physical trade in the product and they demand the use of sophisticated trade strategies — a further source of complication for those who use the exchanges for commercial purposes. In the case of aluminium, it was said that the introduction of negotiable options on the metal exchanges perhaps helped push up the prices in 1987 and early 1988 when the sellers of options had to buy in metal to cover themselves.
DOSSIER

The workings of the international commodity agreements: a review

Since UNCTAD’s Committee on Commodities last looked at the international commodity agreements, five of the nine existing ones have been renegotiated. The International Wheat Agreement was renegotiated under the auspices of the International Wheat Council in March 1986 and the Cocoa and Olive Oil Agreements at UNCTAD in July of the same year. The International Natural Rubber Agreement was renegotiated in March and the International Sugar Agreement in September 1987, both of them under the auspices of UNCTAD. As for the four other agreements — the International Tin Council decided not to renegotiate the Agreement and subsequently to extend it for a maximum of two years, until 30 June 1989. In 1988, the International Jute Council decided to renegotiate and, lastly, it is hoped that the International Coffee Council will be coming to a decision on renegotiation. There is no question of renegotiating the International Tropical Wood Agreement, since it only took effect in April 1985.

The period has been marked by the collapse of the Tin Agreement, by the inability to restart the negotiations on a sugar agreement with economic provisions, by the hold-up in the operation of the 1986 Cocoa Agreement because of a dispute between exporters and importers on the implementation of some of the provisions and by signs of some countries’ mounting discontent at the workings of the Coffee Agreement. And over the same period, the shortage of financial resources has been a major obstacle to implementation of the agreements relating to jute, articles of jute and tropical wood.

Looking at it from another point of view, the International Natural Rubber Agreement of 1979 is an example of a price stabilisation agreement which has made a success of keeping prices within the fixed upper and lower limits. It should also be stressed that where agreements do not provide any price stabilisation measures (the present Wheat, Olive Oil and Sugar Agreements, for example), the attendant organisations are valuable sources of information on the market and continue to play a positive part when it comes to consultations between producers and consumers. And the imminent entry into force of the Common Fund should be a spur to implement development measures within the context of international product agreements or arrangements. Although renegotiation of the Cocoa, Coffee and Natural Rubber Agreements was long and arduous, the simple success of the process following the tin crisis is proof of the strength of the Governments’ commitment to the international product agreements as instruments of international cooperation in the commodities sector — and one which was enshrined yet again at the 7th Conference with the reaffirmation of the validity of Resolution 93 (IV) of the Conference in the Final Act.

The consumers’ desire to get their imports as cheaply as possible without upsetting supply led the international commodity agreements applied in the ‘70s to adopt price brackets that tended to be well below the real prices on the market — which meant that the agreements in question never really worked. With the commodity price slump of the ‘80s and the reactivation of the agreements, the consumers were mainly concerned with the question of the minimum agreed prices — which they thought should roughly reflect the market trends. The producers thought that the minimum prices ought, in particular, to cover their production costs and provide a reasonable profit. The collapse of the Tin Agreement strengthened the consumers’ negotiating position here. In the renegotiation of the Cocoa Agreement, this led to the introduction of semi-automatic price adjustments related to price movements and buffer stock operations and to the elimination of the very notion of a minimum price level below which the market price should not be able to drop. Although the idea of a minimum price level not subject to semi-automatic adjustments was retained in the renegotiation of the Natural Rubber Agreement, the adjustment of the levels of intervention was made more automatic.

The collapse of the Tin Agreement also led to total elimination of the provisions whereby a commercial loan could be used to obtain the extra financing needed to run the buffer stocks, even though the Cocoa and Natural Rubber Agreements, unlike the Tin Agreement, failed to provide for the buffer stock-type operations — i.e. simultaneous buying and selling — which had contributed to the collapse of the Tin Agreement. Even in renegotiating an agreement providing for no market intervention machinery (such as the Olive Oil Agreement), emphasis was placed on the complete deletion of any reference to the possibility of a commercial loan by the Council and the inclusion of specific provisions on limiting the financial responsibility of the members. However, all these agreements have kept the provisions which allow the relevant product organisations to benefit from the facilities offered by the Common Fund once this becomes operational.

It should also be noted that, in the agricultural discussions during the Uruguay Round, some major producers have suggested taking emergency measures, in particular to reduce the quantities of sugar sold on the world market and keep the present access to the traditional import markets down to a minimum and to introduce price discipline in the cereals sector. The adoption of such emergency measures should mean concluding agreements on the levels of export prices and shares of the market, in particular, and intervening under the international agreements on the products in question.
What is UNCTAD? (*)

The UN Conference on Trade and Development (UNCTAD), one of the permanent organs of the UN General Assembly, was set up in December 1964 to promote international trade, especially by the developing countries, and thereby speed up economic development. It now has 168 member countries and admits a large number of intergovernmental and non-governmental organisations as observers.

The Conference, which meets every four years in the capital of one of the member countries, had its latest session (UNCTAD VII) in Geneva in July 1987.

UNCTAD's activities (in both developed and developing countries) cover the whole range of policies influencing trade and external payments and economic development, particularly by the developing nations. The main topics UNCTAD discusses, which cut across those of its major committees, are international trade, development resources, commodities, maritime transport, technology and cooperation between developing countries. Its means of action include research and analysis, basic support for intergovernmental deliberations and negotiations and technical cooperation.

In the UN system, it is UNCTAD which shoulders the main responsibility for negotiating and renegotiating international commodity agreements and arrangements at conferences called under the UN umbrella. The effort it makes to improve the commodity sectors in the developing countries is part of the integrated commodity programme which the Conference adopted in 1976 and UNCTAD VII further confirmed. It was indeed as part of this programme that UNCTAD oversaw the negotiations for the agreement setting up the Common Fund for Commodities—

(*) Source : UNCTAD, Geneva.

which is ready to take effect, all the relevant conditions now having been met. When it starts operating, the main job of the Fund will be to help the international product organisations associated with it to finance both buffer stocks to stabilise prices and other measures such as productivity improvements, product development and trade promotion.

Still in the commodity sector, UNCTAD also runs studies to help the developing countries increase their involvement in the processing, marketing and distribution of their basic products. A priority is to help with the developing countries' economic diversification programmes aimed at making their economies less vulnerable to market trends. And the organisation is currently looking into the possibility of creating an additional piece of machinery to make up for commodity export revenue deficits in the developing countries.

Another major concern, in the field of international trade and allied topics this time, is to expand the developing world's export trade in manufactured and semi-finished goods. Two moves are worth mentioning here—the adoption of the generalised system of preferences (GSP) in 1970, whereby manufactures exported by the developing countries get preferential treatment in the developed world (the system is due for complete overhaul in 1990) and the adoption of the set of fair rules, agreed on at multilateral level, on controlling restrictive trade practices which are prejudicial to the economic development of the developing countries in 1980 (the United Nations Conference that would review all the principles and rules will be meeting as well under the aegis of UNCTAD in 1990). The organisation has also been invited to look into protectionism and structural change, into general trends in the system of international trade and relations between technology and trade in particular. Work here includes studies, technical cooperation programmes and negotiations to improve the technological potential of the developing countries. UNCTAD also tries to stimulate trade between countries with different economic and social systems. And it studies the role of services in the world economy, with particular reference to the means whereby this sector can be developed in the developing countries. This question is in fact discussed in depth in Part Two of the "1988 trade and development report".

When it comes to monetary matters and financing, UNCTAD places particular emphasis on the problems of the developing world's debt. In 1978, it negotiated measures to lighten the debt burden of the poorest of the developing countries and, in its report, the UNCTAD Secretariat pleads for big changes in the international debt strategy, particularly a substantial reduction in the debts owed to the trading banks. In the same field, negotiations led to the adoption (1980) of a series of guidelines for the running of future debt operations in the developing countries and regular checks are made to see they are adhered to. The organisation also monitors trends in the transfer of financial resources (public and private) to the developing countries. This includes needs and problems and questions of interdependence related to monetary matters, financing, trade and development.

One very important task is to promote cooperation in trade, monetary affairs and financing between the countries of the developing world. This has involved giving basic support with setting up the general system of trade preferences between the developed countries (they adopted it in April 1988), whereby the members of the Group of 77 will be exchanging trade concessions on a very large number of products.

UNCTAD also helps the developing countries improve their share of world maritime transport. Work here led to adoption of the Convention on a Code of Conduct for Liner Conferences (1974), the UN Convention on the Carriage of Goods by Sea and the UN Convention on the Registration of Vessels (1986), the last two of which have yet to take effect. 
The Common Fund for Commodities

by Abdelaziz MEGZARI(*)

The proposal for establishing the Common Fund for Commodities was made formally by the UNCTAD Secretariat in December 1974. However, the concept has a much longer history, since a relatively similar proposal had been made by John Maynard Keynes as early as April 1942, as one of the three major international institutions for the regulation of the world economy after the Second World War. Only two of these institutions were actually established, the International Monetary Fund and the World Bank.

The Common Fund for Commodities was adopted on 27 June 1980 after four years of negotiations within UNCTAD. The Agreement establishing the Common Fund was to enter into force after it had been ratified by at least 90 countries, accounting together for not less than two-thirds of its capital. These strict conditions (92 countries had signed the Final Act of the Negotiating Conference on 27 June 1980) partly explain why the Agreement has not yet entered into force. Indeed, these basic conditions were met only in July 1988, when ratifying countries totalled 103 accounting for 67.16% of the Fund’s capital (see Table I). There remains only one other procedural requirement, which will be fulfilled on 19 June 1989. The Agreement will enter into force on that day.

The next step will be for the Governing Council of the Fund to hold its inaugural meeting, possibly in July 1989 in Geneva. The Governing Council is expected to elect the Executive Board, to appoint the Managing Director of the Fund and to decide on the location of the headquarters. At present, there is one candidate, Amsterdam. Five candidates have so far been announced for the post of Managing Director (Denmark, Indonesia, India, Egypt and Bangladesh).

(*) Senior Adviser on the Common Fund, UNCTAD Secretariat. The views expressed in this article are those of the author and do not necessarily reflect those of the UNCTAD Secretariat.

Objectives and functions

The Common Fund was devised as a key instrument in attaining the objective of the Integrated Programme for Commodities adopted by UNCTAD IV in 1976 at Nairobi. To this end, the Fund was endowed with two Accounts which were entrusted with the following functions:

(a) Financing of international buffer stocks (“First Account”).

(b) Financing of measures in the field of commodities other than stocking, and promoting co-ordination and consultation in this regard (“Second Account”).

Resources

To undertake their functions, the two Accounts were to be endowed with the following resources:

(a) US$ 400 million capital for the First Account, of which US$ 150 m would be paid in cash over two years (US$ 90 m of which within 60 days of the entry into force of the Agreement), and the remaining in “reserve” (US$ 150 m in promissory notes and US$ 100 m in guarantees). This capital is essentially intended to generate income to cover the administrative expenses of the Fund (including those of the Second Account) and to act as an additional guarantee for borrowing from capital markets. Indeed, the resources which the Fund is expected to lend for buffer stock financing to International Commodity Organisations (ICOs) that will associate with it would be all borrowed, essentially from the capital market, on the basis of specific guarantees (the stock warrants of the commodities purchased and other guarantee capital subscribed by Government members of the ICOs associated with the Fund). Thus, the Fund’s capital was expected to increase each time an ICO associated itself with the Fund.

(b) At least US$ 70 m of capital, and US$ 280 m of voluntary contributions for the Second Account. Pledges of voluntary contributions announced so far, and still outstanding, amount to a total of around US$ 230 million, i.e. 82% of the targetted amount (see Table II).

Mode of operation

First Account: Associated ICOs will normally use the Fund as their “only...
Table I: List of countries which have ratified the Agreement establishing the Common Fund for Commodities as of 20 April 1989 (in chronological order)

<table>
<thead>
<tr>
<th>Country</th>
<th>Date of ratification, acceptance/approval</th>
<th>Country</th>
<th>Date of ratification, acceptance/approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>13 May 1981</td>
<td>54. Argentina</td>
<td>1 July 1983</td>
</tr>
<tr>
<td>Philippines</td>
<td>13 May 1981</td>
<td>55. Burkina Faso</td>
<td>8 July 1983</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1 June 1981</td>
<td>56. Equatorial Guinea</td>
<td>22 July 1983</td>
</tr>
<tr>
<td>Haiti</td>
<td>20 July 1981</td>
<td>60. Canada</td>
<td>27 September 1983</td>
</tr>
<tr>
<td>Australia</td>
<td>9 October 1981</td>
<td>64. Sudan</td>
<td>30 September 1983</td>
</tr>
<tr>
<td>Niger</td>
<td>19 October 1981</td>
<td>65. Zaïre</td>
<td>27 October 1983</td>
</tr>
<tr>
<td>Malawi</td>
<td>15 December 1981</td>
<td>68. Singapore</td>
<td>16 December 1983</td>
</tr>
<tr>
<td>Finland</td>
<td>30 December 1981</td>
<td>69. Spain</td>
<td>5 January 1984</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>31 December 1981</td>
<td>70. Comoros</td>
<td>27 January 1984</td>
</tr>
<tr>
<td>India</td>
<td>22 December 1981</td>
<td>71. Nicaragua</td>
<td>5 March 1984</td>
</tr>
<tr>
<td>Botswana</td>
<td>11 January 1982</td>
<td>72. Samoa</td>
<td>6 March 1984</td>
</tr>
<tr>
<td>Mexico</td>
<td>11 February 1982</td>
<td>74. Nepal</td>
<td>3 April 1984</td>
</tr>
<tr>
<td>Uganda</td>
<td>19 March 1982</td>
<td>75. Togo</td>
<td>10 April 1984</td>
</tr>
<tr>
<td>Rep. of Korea</td>
<td>30 March 1982</td>
<td>76. Chad</td>
<td>6 June 1984</td>
</tr>
<tr>
<td>Algeria</td>
<td>31 March 1982</td>
<td>77. Brazil</td>
<td>28 June 1984</td>
</tr>
<tr>
<td>Venezuela</td>
<td>31 March 1982</td>
<td>78. Cape Verde</td>
<td>30 July 1984</td>
</tr>
<tr>
<td>Botswana</td>
<td>22 April 1982</td>
<td>80. Somalia</td>
<td>27 August 1984</td>
</tr>
<tr>
<td>Ecuador</td>
<td>4 May 1982</td>
<td>81. Bhutan</td>
<td>18 September 1984</td>
</tr>
<tr>
<td>Burundi</td>
<td>1 June 1982</td>
<td>82. Italy</td>
<td>20 November 1984</td>
</tr>
<tr>
<td>Egypt</td>
<td>11 June 1982</td>
<td>83. Jamaica</td>
<td>7 January 1985</td>
</tr>
<tr>
<td>Ireland</td>
<td>11 August 1982</td>
<td>85. Belgium</td>
<td>6 June 1985</td>
</tr>
<tr>
<td>France</td>
<td>17 September 1982</td>
<td>87. Luxembourg</td>
<td>4 October 1985</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>7 October 1982</td>
<td>88. Dijbouti</td>
<td>25 November 1985</td>
</tr>
<tr>
<td>Guinea</td>
<td>9 December 1982</td>
<td>90. Yemen</td>
<td>14 January 1986</td>
</tr>
<tr>
<td>Tunisia</td>
<td>15 December 1982</td>
<td>91. Angolá</td>
<td>28 January 1986</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1 February 1983</td>
<td>93. Morocco</td>
<td>29 May 1987</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>16 March 1983</td>
<td>95. Peru</td>
<td>29 July 1987</td>
</tr>
<tr>
<td>Gambia</td>
<td>14 April 1983</td>
<td>98. Congo</td>
<td>4 November 1987</td>
</tr>
<tr>
<td>Kuwait</td>
<td>26 April 1983</td>
<td>99. USSR</td>
<td>8 December 1987</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>26 April 1983</td>
<td>100. Honduras</td>
<td>26 May 1988</td>
</tr>
<tr>
<td>Austria</td>
<td>4 May 1983</td>
<td>101. Swaziland</td>
<td>29 June 1988</td>
</tr>
<tr>
<td>Guinea Bissau</td>
<td>7 June 1983</td>
<td>102. Maldives</td>
<td>11 July 1988</td>
</tr>
<tr>
<td>Netherlands</td>
<td>9 June 1983</td>
<td>103. Cuba</td>
<td>21 July 1988</td>
</tr>
<tr>
<td>Pakistan</td>
<td>9 June 1983</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cumulative total of subscriptions: $315.66 million (or 67.16 per cent of DCC)
banker” for their buffer-stocking operations. ICOs will have to mobilise themselves one-third of the resources required to finance their buffer stocks and deposit the corresponding amount with the Fund whenever these are not needed for purchasing stocks. The Fund will open for the ICO a line of credit corresponding to the remaining two-thirds of financial requirements for stocking. The Fund will pay interest on ICO deposits and will charge interest on its loans to ICOs. The borrowings of an associated ICO will be backed not only by the Guarantee Capital provided by its participants but also by stock warrants in respect of stocks acquired by the ICO. These provisions allow developing countries which are exporters of commodities to save two-thirds of the cash requirements in precious foreign currencies which could be devoted to development projects. They also enshrine the principle of equal burden-sharing between producers and consumers for the financing of agreed buffer stocks. There are at present only two ICOs which undertake buffer stocking operations and, therefore, in principle are potential candidates for association with the Fund, namely those for natural rubber and cocoa.

**Second Account**: Through its Second Account the Fund will finance commodity development measures such as research and development, productivity improvements, marketing and measures designed to assist, as a rule by means of joint financing or through technical assistance, vertical diversification, i.e. processing.

An individual country cannot approach the Fund directly in this regard. The projects to be financed through the Second Account will have to be sponsored and followed up by an international commodity body (ICB), grouping producers as well as consumers and meeting specified criteria. This is intended to favour projects of particular interest to many countries as possible, particularly international or regional projects. The operations of the Fund are not limited to any list of commodities. It is envisaged that the Fund may undertake co-financing with existing international and regional financial institutions. The Second Account is expected to provide mostly grants. In this connection, the Agreement provides for replenishments of the resources of the Second Account, on a voluntary basis, whenever required.

A number of programmes and projects for financing through the Second Account have been, or are being, prepared by competent international commodity bodies. They relate to jute, groundnuts, coconuts, meat, hard fibres, tropical timber, natural rubber, bananas, tea, sugar and other commodities. These projects include research and development, pre-investment assistance for processing and market promotion activities. Many of these projects have been waiting for a long time for the Fund to go into operation in order to secure the necessary financing for their implementation. Thus, for example, international programmes on research and development and other measures had been endorsed between 1980 and 1983 for submission to the Second Account for the following: groundnuts and groundnut products (19 projects totalling US$ 39 m), coconuts and coconut products (21 projects, US$ 29 m), meat (18 projects in Africa for US$ 59 m, and 13 projects in Latin America for US$ 59 m), tropical timber (10 projects in Africa for US$ 28 m, 20 projects in Asia and the Pacific region for US$ 42 m, and 12 projects in Latin America for US$ 36 m), and bananas (12 projects for US$ 30 m).

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**Table II: Pledges of voluntary contributions to the Second Account of the Common Fund for Commodities announced so far**

<table>
<thead>
<tr>
<th>Contributors (1)</th>
<th>Currency in which pledge was expressed and amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia</strong></td>
<td>$ 5,500,000</td>
</tr>
<tr>
<td><strong>Austria</strong></td>
<td>US$ 2,000,000</td>
</tr>
<tr>
<td><strong>Belgium</strong></td>
<td>BF 100,000</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>SC $ 12,000,000</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>US$ 2,000,000</td>
</tr>
<tr>
<td><strong>Denmark</strong></td>
<td>DKK 12 to 15,000,000</td>
</tr>
<tr>
<td><strong>Finland</strong></td>
<td>US$ 2,000,000</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>US$ 15,000,000</td>
</tr>
<tr>
<td><strong>Germany (Fed. Rep.)</strong></td>
<td>DM 50,000,000</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>US$ 5,000,000</td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td>US$ 1,000,000</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>US$ 15,000,000</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>US$ 27,000,000</td>
</tr>
<tr>
<td><strong>Luxembourg</strong></td>
<td>US$ 15,000,000</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td>US$ 1,000,000</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>US$ 17,000,000</td>
</tr>
<tr>
<td><strong>Norway</strong></td>
<td>US$ 22,490,000</td>
</tr>
<tr>
<td><strong>OPEC Fund for International Development</strong></td>
<td>US$ 46,400,000</td>
</tr>
<tr>
<td><strong>Republic of Korea</strong></td>
<td>US$ 300,000</td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
<td>US$ 250,000</td>
</tr>
<tr>
<td><strong>Sweden</strong></td>
<td>Skr 24,000,000</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>US$ 6,000,000</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>£ 4,270,000</td>
</tr>
<tr>
<td><strong>Total (in Units of Account) (2)</strong></td>
<td>US$ 173,855,825</td>
</tr>
<tr>
<td><strong>Target amount (in Units of Account) (2)</strong></td>
<td>211,861,200</td>
</tr>
<tr>
<td></td>
<td>(About US$ 230 million)</td>
</tr>
<tr>
<td></td>
<td>(US$ 280 million)</td>
</tr>
</tbody>
</table>

(1) Costa Rica (17 May 1979, UNCTAD V) and Kenya (28 May 1976, UNCTAD IV) have announced pledges of US$ 1 million each and Yugoslavia of US$ 30 million (9 May 1979, UNCTAD V) to the Common Fund but have not indicated the amount to be allocated to the Second Account. Two countries have announced their intention to make voluntary contribution to the Second Account of the Common Fund. These are: Ireland (10 May 1979, UNCTAD V) and Mexico (14 May 1979, UNCTAD V).

(2) At the conversion rates in terms of Units of Account as at the date of the Agreement (27 June 1980).
Voting structure

The voting structure of the Fund provides for the allocation of around 47% of the votes to the developing countries (Group of 77), 42% to the developed market economy countries (Group B), 8% to the Socialist countries of Eastern Europe (Group D) and 3% to China. Therefore, no single group will have the majority of the votes. It should be stressed, however, that the Agreement itself indicates the votes of individual countries and does not refer to groups. With the present membership of 103 countries, the voting structure does not differ significantly from the one envisaged on the basis of full membership. At present, the 11 countries which are members of the European Community and the 42 ACP countries which have ratified the Common Fund Agreement have together around 47% of the total voting power in the Fund.

Decision-making

Decisions will, wherever possible, be taken without a vote. The most important decisions, including constitutional decisions (such as amendments to the articles of the Agreement) and decisions with significant financial implications for members (such as increases in the Fund’s capital), will be taken by a three-fourths majority. Other important decisions (such as approval of projects to be financed by the Second Account) will be taken by a two-thirds majority and the remaining decisions by a simple majority.

Management

The Fund will be an autonomous institution. It may, however, enter into negotiations with a view to becoming a Specialised Agency of the United Nations. The main organs are the Governing Council on which each member will be represented and an Executive Board consisting of 28 Executive Directors to be elected by the Governing Council. It will also have a Managing Director who will be the Chairman of the Executive Board, and the necessary staff to carry out its functions. The Governing Council will establish a Consultative Committee to advise the Executive Board on matters related to the operations of the Second Account.

Conclusion

The focus of the activities of the Common Fund is likely to be affected by developments at the international level in the field of commodities: During negotiation of the Fund in the 1970s, the excessive volatility of commodity prices created a favourable climate for concentrating attention on stabilisation measures. Since adoption of the Agreement, the predominant concern became the declining trend of commodity prices as distinct from their instability. Structural oversupply generally rendered price stabilisation through buffer stocking much more onerous to achieve. The collapse of the International Tin Agreement in November 1985 had far-reaching implications on the prospects for new international commodity agreements. While many developing countries expect that the beginning of operations of the Common Fund will play a catalytic role for the negotiation of price stabilisation agreements, the immediate interest of most governments, particularly of developed countries, appears to be on structural diversification measures and on the focal role that the Second Account could play in this regard.
**COMMODITY STUDIES (*)**

A glance at the performance of some commodities of major concern to the ACP States

**Minerals and metals**

**Iron ore**

Iron ore accounts for only 5% of the ACPs' total exports, but this low percentage conceals the rather high dependence of certain ACP States—Liberia and Mauritania in particular—on this commodity. By 1981-83 Liberia derived an average of 63.5% of its total export earnings from iron ore while Mauritania is dependent on it for 54.7% of its total export earnings. The EEC absorbs all ACP exports of iron ore, which constitute about 13% of total developing countries' exports of the commodity.

The price of iron ore has followed the downward trend in metal prices. In constant 1980 dollars, the price of Brazilian 65% ore, cif North Sea ports fell from $36.6 per tonne over the period 1970-74 to $30.2 over 1975-79, then to $25.2 in 1980-84. The decline in real prices has continued unabated and reached an all time low of $17.5 in 1987. No dramatic improvement is expected in the short run. This precipitous decline is attributable largely to sluggish growth in economic activity in the industrialised countries and diminished intensity in the use of steel, made possible by technological innovation. The latter factor has made it possible to substitute steel, copper and aluminium with cheaper and newer materials which include a wide variety of plastics, ceramic composites and optical fibres.

The long-term price prospects are not promising, despite the recent rise in steel prices. World trade in iron ore has been stagnant, with volume of exports in 1987 equal to the level of 1981 and 10% below the volume recorded in the peak year of 1974. With new capacity coming on stream and a continued need for rationalisation by many high-cost producers, iron ore prices are not likely to recover significantly.

**Bauxite**

Bauxite accounts for only 3.6% of total ACP export earnings. Even so four ACP States—Guinea, Jamaica, Suriname and Guyana—are highly dependent on it (48 to 98%) and between them account for 40.5% of total developing countries exports.

After relatively robust prices in 1975-79, prices began to fall. U.S. import reference price for Jamaica, in constant 1980 dollars, fell from an average of $42 per tonne in 1975-79 to $35.9 in 1980-84. Since then the price fall has been even steeper. The constant 1980 dollar price in 1987 averaged only $21.7 per tonne. As with iron ore, these price trends are the result of sluggish economic growth and therefore of demand in the industrialised countries as well as competition with plastics in many end uses. In spite of the sharp rise in the price of aluminium emanating from critical short-term shortage of the metal, the price of bauxite, which is what most ACP countries export, has not benefitted at all. In fact, the reverse has happened.

**Copper**

Copper is of major importance to Zambia, Zaire and Papua New Guinea, accounting for 92.4%, 58% and 36.5% respectively of their total export earnings (1981-1983 averages). ACP copper exports constitute 34.5% of total developing countries' exports of copper, and the Community absorbs about one-half of it.

Copper prices also followed a downward trend. LME (London Metal Exchange) price of electrolytic wire bar, in 1980 constant dollars, fell from $3,435 per tonne in 1970-74 to $1,702 in 1980-84 and reached a trough of $1,211 in 1986. Prices have recovered somewhat since 1987.

**Tin**

Of all the minerals exported by the ACP States, only tin is governed by an international agreement—the International Tin Agreement—of which Zaire and Nigeria are members. The first international Tin Agreement, arranged in 1953 and based on both buffer stock and export quota mechanisms, was quite successful in maintaining prices above a floor level for almost three decades. However, tin prices fell in 1980 and the Agreement was renegotiated in 1981 against the background of a depressed market. The U.S., which had joined the Agreement only in 1975 pressed for a larger buffer stock and less use of export quotas to regulate prices. Although many of these suggestions were reflected in the new accord, the US still refused to sign it. Bolivia, the highest cost producer, also refused to sign it, arguing that both its export quota and the price range were too low.

Between 1981 and 1982, in the face of weak tin prices, producing countries unilaterally tried to strengthen the market by undertaking initiatives outside the framework of the association, thereby angering consumer member countries. Despite these actions on the part of producer countries, prices continued to slump with declining demand, a situation exacerbated by increased production by non-member countries—namely Bolivia, China and Brazil. This situation compelled the Tin Council to institute major export quota cuts in 1982-83. At the same time, the buffer stock manager borrowed heavily to finance purchases, which action helped to keep the market price above agreed floor level until 1985 when prices began to fall again.

In October 1985, trading in tin on the London and Kuala Lumpur Exchanges was suspended as prices collapsed from around £9,000 per tonne to £3,500 per tonne. The buffer stock manager had no funds to meet...
his forward purchases and was saddled with debts totalling £500 million.

In recent months, however, tin has been making a spectacular recovery, reaching £4900 per tonne in March. The recovery is due to the Association of Tin Producing Countries (ATPC) which was reformed following the collapse of the Tin Agreement. The Association now includes Australia, Bolivia, Indonesia, Nigeria, Thailand and Zaire, with China and Brazil as associate members. Its strategy since 1987 has been to limit exports and in that it appears so far to be successful. The chances of further increases in price look good, especially at a time when aluminium prices are relatively more expensive. Aluminium is in direct competition with tin. Many canning industries are reportedly beginning to look again at tin.

Agricultural commodities

Coffee

Although coffee is the major export product for the ACP States, it represents only 26% of their share in world trade. The Community still remains their major market, accounting for 70% of their total coffee exports.

The main producers other than ACP States, are Brazil, Colombia and Indonesia, with Brazil occupying a dominant position with more than 30% of world production.

The considerable price fluctuations of coffee from one year to another are generally due to the significant fluctuations in Brazil’s production, often caused by frost or drought.

Apart from the price boom of the period 1976-79, the fall in coffee prices follows the trend for all commodities. The ICO indicator price for “other” mild arabicas, in 1980 real dollar terms per tonne, dropped from $4656 in 1975-79 to $3135 in 1980-84 and to a depressed level of $2000 in 1987.

This collapse in coffee prices can be explained partly by the considerable increase in the production capacity of Brazil which reached a record high of +40% in the 1987-88 season, increasing world coffee stocks to 50 million bags (compared to world annual consumption of 94 million bags), partly by the slow growth in consumption and partly by increasing sensitivity to quality. The annual growth rate of demand for coffee for the period 1970-85 averaged only 0.9% — a figure that does not reflect the enormous disparities that exist between the various groups of countries, for example, between the United States whose average annual growth rate was 1.3% and the European Community whose annual growth rate was 2.2%.

The consequences of the great price falls in 1987 were predictably grave. For that year alone, the ACP States lost US$1.6 billion in relation to 1986. The estimated overall losses for 1987, 1988 and 1989 will be $5.1 billion in relation to 1986.

The share of the ACP States in the coffee trade is expected to decline from the present 26% to 23% by the year 2000. The International Coffee Organisation (ICO) whose price ranges remain below its fixed price of $1.2 per lb, has been unable to ensure higher prices. The Organisation’s efforts have been particularly dogged by the parallel markets where surplus coffee is being sold to non-member countries at prices up to 40% cheaper. A Kredietbank Weekly recently indicated that the demand for coffee is also becoming so sensitive to quality that “the gap between the price of sweet Arabica and price of lower quality Robusta has increased to +20 and —8% respectively”. With the 1987 export quotas not sufficiently flexible to respond to the shift in demands, the result has been “too little Arabica and too much Robusta”. Proposals being put forward in the course of the current negotiations, if accepted, could be to the disadvantage of ACP producers, for the proposal is for a reallocation of quotas based on producers’ recent exports, exportable production, stocks and demand estimates based on orders from consumers. The plan
DOSSIER

foresees the adjustment of quotas for the three grades—robusta, mild arabica and Brazilian arabica—and tighter control of cheap sales to non-member countries.

Cocoa

Cocoa is the second most important export product for the ACP States, accounting for 75.4% of world exports between 1980 and 1984. The EEC market accounts for 60% of their total exports.

The main producers other than the ACP countries are Brazil, Malaysia and Indonesia. The last two countries had annual increases of 20% between 1980 and 1984. As with coffee, there has been a marked downward trend in prices since the boom period of 1976-79. The ICCO (International Cocoa Organisation) daily average price, New York and London expressed in 1980 constant dollars dropped from $3,610 per tonne in 1975-79 to $2,229 in 1980-84. The real price fell further to $1,825 in 1986 and to $1,590 in 1987 when it matched the depressed level of $1,603 recorded in 1961-65.

Following these major falls and the failure of ICCO meetings since 1986, the ACP States have lost considerable export earnings amounting to ECU 1 billion in relation to 1985. This concerns only their exports of cocoa beans. The estimated overall amount for the four years 1986, '87, '88 and '89 would be ECU 2.5 bn. If present trends continue, by the year 2000, the share of the ACP States in the world market, which stood at 75.4% in 1987, may fall to about 57%.

The rate of increase in demand of the developed market-economy countries (1.7%) and of world demand (1.9%) would not be sufficient to induce substantial price recovery in real terms. Indeed the overproduction of the past five years has meant continued falls in prices this year, despite Côte d'Ivoire's unilateral attempts to withhold high quality cocoa in the wake of the ICCO's inability to regulate stocks now running at 250,000 tonnes.

Tea

In 1986, the ACP States' share of the world tea market amounted to 26.4%. The EEC is still their principal market, absorbs 55% of their exports.

Tea prices were relatively stable in the 1970s. In terms of 1980 constant dollars, the London price of all teas averaged $2,682 per tonne in 1970-74 and $2,708 in 1975-79, but fell to $2,448 in 1980-84. They nosedived to $1,700 in 1986 and to $1,360 in 1987.

This considerable decline in prices was as a result of sustained increases in production during 1983-87 in the face of virtually stagnant demand in the developed market economies. The slowing-down in the growth of many consumer developing countries such as Pakistan and the import restrictions imposed by that country on imports from Kenya contributed to the fall in prices in 1987.

The dramatic drop in price in 1986 and 1987 thus led to a considerable decline in the ACP States' export earnings; the losses incurred amounted to ECU 368 million in relation to 1985. The estimated overall loss would be ECU 700 m for the period 1986-89 in relation to 1985.

If domestic demand in the two main consumers, the Soviet Union and India, recovers and the projected annual increases of 33% in other developing countries as well as the expected growth of 0.3% per annum in the developed countries take place, the ACP States should be able to increase their share of the world tea market from 25.5% in 1985 to 34% by 2000.

Sugar

Sugar accounts for 5% of the ACP States' total export earnings. The share of the ACP States' total exports of developing countries in 1986 was 15%. The Community and the ACP States have a special arrangement in this area: the Sugar Protocol. Major non-ACP producers are Cuba, Brazil, Argentina and the Dominican Republic.

Brazil is the leading producer and Cuba the leading exporter. The developed countries and China produce about 33% (mostly beet sugar) of world production.

Prices on the free market have dropped considerably over the past 15 years. Between 1970 and 1974 world prices in 1980 constant dollars averaged $502 per tonne and dropped to $364 in 1975-79, and to a low of $301 in 1980-84. After reaching a trough of $93 per tonne in 1985, prices in the world market have been recovering.

The explanation for the price fall during 1975-85, is on the one hand, the high progression of production from 1975 to 1983 caused by relatively high prices over the period 1968 and 1975, and on the other hand, the stagnation in demand in the developed market-economy countries which, notwithstanding, subsidised their domestic producers.

ACP-EEC special arrangements on sugar and the price of sugar on the free market does not reflect reality.

Under the Sugar Protocol of the Lomé Convention, the "Community undertakes for an indefinite period to purchase and import, at guaranteed prices (1), specific quantities of cane sugar, raw or white, which originate in the ACP States and which these States undertake to deliver to it". Each ACP producer State is allocated a quota of cane sugar referred to as an agreed quantity for delivery in each twelve-month period ("delivery period") (1). The total annual quota for all ACP States signatory to the Protocol is approximately 1.3 million tonnes.

Transactions in white or raw sugar are carried out on the Community market at prices freely negotiated between buyers and sellers. The Community does not intervene if and when a Member State allows selling prices within its borders to exceed the Community's threshold price. However, it undertakes to purchase, at the guaranteed price, quantities of white or raw sugar (within agreed limits) which cannot be marketed in the Community at a price equivalent to

(1) For some years now these prices have been above those obtained in the world market.
Cotton harvesting

The outlook for cotton remains gloomy given the high competition from synthetic fibres.

or in excess of the guaranteed price. The guaranteed price is fixed in respect of standard quality sugar, and negotiated annually within the price range obtaining in the Community at the latest by 1st May, i.e. immediately preceding the delivery period to which it is applicable (Article 5). Other provisions of the Protocol deal with measures to be applied in the event of a sugar-exporting ACP State failing to deliver its agreed quantity in full, etc.

The guaranteed price for ACP sugar for the 1987/88 delivery period was agreed on 1st March 1988 and represents a further freeze at the level of that of 1985/86, viz:

- raw sugar: ECU 44.92 per 100 kilograms
- white sugar: ECU 55.39 per 100 kilograms

In the world market, prices have recovered somewhat following Cuba's delivery problems and falls in production in the United States and China. Although they remain low compared with 1980, prices appear to have stabilised this year at around $300 per tonne. The growing tendency, however, of the Soviet Union and Eastern European countries to purchase sugar on the world market leaves hope for an upward movement.

Natural rubber

Accounting for 0.9% of the ACP States' total export earnings, natural rubber is exported by five ACP countries. Their share of the world rubber market in 1986 was 5.8%. The Community market absorbs 58% of their exports.

The main producers other than the ACP countries are Malaysia, Indonesia and Thailand. Malaysia, with 39.2% of world production, is the major producer.

After a sustained period of relative stability from 1970 to 1979, prices dropped during the years 1980 to 1984 by some 5.2% mainly as a result of increasing use of synthetics. Prices fell further in 1985, '86 and '87 but have been staging a remarkable comeback since last year. In the first half of 1988 increased production in the car industry and in medical appliances stimulated demand, so much so that the price of 2.42 Malaysian ringgit fixed by the International Natural Rubber Agreement (INRA) was constantly exceeded. The INRA was even forced to put 300,000 of the 370,000 tonnes regulatory stock into the market with little effect. Although the resultant increase in production and forecast of a slack in activities in the car industry reduced prices by 25% in the second half of the year, the overall rise in price for 1988 was 10%.

The International Natural Rubber Organisation, one of the few (if not the only) commodity organisation that is functioning properly, agreed at their meeting in Kuala Lumpur to raise the organisation support prices by 8%, a level at which, it is believed all producers will make a profit. The outlook for rubber at the moment is good.

Cotton

In 1986 the ACP States' share of all developing countries exports of cotton was 26.6% and cotton accounts for 2.4% of their total export revenues.

The main producers, outside the ACP States, are Egypt and Mexico. The industrialised countries and China account for about 65% of world consumption.

Real cotton prices have followed the general downward trend for almost all commodities. They fell from an average of $2.145 per tonne in the period 1970-74 to $2.011 per tonne in 1975-95, $1.776 per tonne in 1980-84 and will probably go further down to around $1.120 per tonne in 1985-89.

The falls were, and are still, a result, firstly, of the very high rate of production in the early 1980s which saw stocks rise to 10 million tonnes by 1986, about 60% of world consumption; secondly, of the increased use of synthetic fibres and, thirdly, of the low rate of world economic growth. The effects on the ACP States have been serious. Their accumulated losses for the period 1986-89 are estimated at ECU 424 million in relation to 1985.

The outlook for cotton remains gloomy. Indeed the recovery of prices will depend partly on increased world economic activity and partly on the discovery of alternative uses of the material, given the high competition from synthetic fibres.
LDCs’ countertrade in the 1980s: practices, policies and outlook

by Klaus NETTER and Anh Nga TRAN-NGUYEN(*)

Countertrade is not a new phenomenon. During periods of foreign exchange crisis, countries have had recourse to some form of barter or mutually compensating trade to maintain trade flows and to overcome payments crises. In the period between the two World Wars and in the period immediately following the Second World War, the breakdown of the multilateral payments system gave rise to a generalised system of bilateral trade agreements. Thus, it was reported that by 1948/49 some 400 bilateral agreements were in effect in Western Europe. In 1953, Latin American bilateral clearing-account trade represented about 70% of total regional trade.

The upsurge of countertrade in the 1980s coincided with the acute payments crisis that developing countries were undergoing. The number of countertrade deals involving developing countries increased dramatically in the first half of the 1980s; in 1980, only 18 deals were signed, but by 1985 the number of such deals had reached 304. The pace slowed down somewhat after 1985, although not for all developing regions. The total value of countertrade deals contracted between 1980 and 1987 of which the value is known amounted to $107 billion. Compared to the cumulative value of almost $4 trillion represented by exports from developing countries during the same period, countertrade deals with known values amounted to less than 3% of total exports. It should be noted, however, that not all countertrade deals have been publicised, and that even among the publicised deals, values were reported only in little over one-half of the cases. Therefore, the percentage indicated above certainly underestimates the relative magnitude of countertrade.

Some interesting features of the trends observed in 1980-1987 are worth mentioning. In the two developing regions most active in countertrade (South East and East Asia and Latin America) appropriate systems, such as government guidelines and policies towards countertrade, have been instituted. With respect to the ACP countries, most sub-Saharan African countries have had only limited experience of countertrade. Except for Zimbabwe, which has established systems and procedures to conduct countertrade, the other countries in sub-Saharan Africa, although interested in countertrade, have in general adopted an ad hoc approach (1). In some of these countries, several Ministries are entitled to negotiate countertrade deals without necessarily adopting a common approach, thereby risking inter-Ministerial competition at the expense of the country’s overall economy.

The distribution of countertrade according to different partners shows that North/South countertrade (i.e. between OECD countries and developing countries) has accounted for nearly half of the number of deals (45%), East/South countertrade for about 21% and South/South countertrade for about one-third (34%). The distribution according to products exported and imported by developing countries is also worth noting. On the exporting side, the leading sector is represented by agricultural products (40%), followed by light manufactures (22%), minerals (14%) and crude oil, gas and related products (11%). On the importing side, agricultural products and light manufactures each accounted for roughly one-quarter of the products known to have been imported through countertrade, followed by capital goods and construction projects (16%) and transport and military equipment (14%).

Factors behind the trend

The factors underlying these observed trends in countertrade in the 1980s are related to three main concerns. In the first place, the financial and debt crisis of the 1980s has rendered more acute the foreign exchange shortages which affect developing countries. As a result, these countries have resorted to some form of countertrade in order to maintain a certain level of imports concomitant with their economic needs. Moreover, in the face of the non-convertibility of most of their currencies and their endemic foreign exchange constraints, developing countries find countertrade a useful way to increase trade among themselves.

In the second place, countertrade is used as an export promotion tool, particularly for non-traditional goods or to penetrate new markets, relying on the marketing network of experienced partners, usually multinational enterprises. Some developing countries have relied on the leverage of their governments’ large-scale procurement purchases to secure the export of their non-traditional goods.

(*) Authors are members of the UNCTAD Secretariat in Geneva. The views expressed in this article are those of the authors and do not necessarily reflect those of the UNCTAD Secretariat.

(1) Among 1350 recorded deals reported in Third World Countertrade (op. cit.), sub-Saharan Africa accounted for less than 15% of which over one-half were South/South deals. Five countries — Zimbabwe, Zambia, Tanzania, Ghana and Nigeria — accounted for over one-half of the known deals.

"On the export side, the leading sector is represented by agricultural products (40%)" in countertrade deals

Tea production in Kenya
In the third place, countries can use countertrade to expand market shares by circumventing restrictive agreements among exporting countries or between exporting and importing countries fixing minimum prices and/or determining export quotas. This explains the importance assumed by oil in countertrade (1) and the frequency of oil-exporting countries involved in countertrade deals.

**How the system works**

Countertrade has become a generic term describing several different types of linked transactions. These range from (a) pure barter, very rarely used, although the term is frequently confused with countertrade at large; (b) offset agreements, frequently practiced by developed countries in high-value military hardware contracts; (c) buy-back, frequently but not exclusively practiced by the socialist countries of Eastern Europe and China, wherein the exporter of capital and technology gets paid back in the form of the products of his own investment; (d) switch deals, which are frequently the results of unsettled bilateral payments accounts; to (e) counterpurchase. It is the latter form of countertrade which is probably most widely used worldwide, and certainly the one most widely used by developing countries. Under this typical form of North/South countertrade, the developing country demanding countertrade to expand market shares...
equipment or services from the Northern supplier, and might arguably be expected to bear a portion or all of this burden.

**Additionality**

The fundamental reason that motivates developing countries to demand counterpurchases from its suppliers is the belief that the goods so sold would not have otherwise been exported, or at least not at the same price. Thus, they are expected to yield the country greater net foreign-exchange revenues than it would have obtained in the absence of such a deal. The underlying assumption is that goods so sold would never have found their way to the market, or would never have been produced for lack of an assured market, i.e. that they constitute additional exports. Reliance is placed on the greater marketing ability of the countertrade-accepting firm as compared to the developing country's own trading capacities. But this assumption presupposes that the goods so sold would not substitute themselves for identical goods normally sold against convertible cash, for if they did, not only would the objective of additionality have been lost, but the countertrade-demanding country would have sacrificed cash receipts (allowing imports from any source at the lowest prevailing price) in favour of the more or less overpriced goods purchased from a supplier whose choice was largely dictated by his readiness to accept countertrade commitments.

But how can the countertrade-demanding country assure itself of the additionality of the counterpurchase commitments? Additionality can occur either by the export of traditional exports to new markets or by the export of goods not previously exported, or if so, only in small quantities (non-traditional exports). The additionality of homogeneous commodities is very difficult to control once they have left the exporting country, unless the commodity is subject to national or multilateral import quotas, e.g. some African coffee exporters have sold coffee under countertrade in the proviso that such coffee may not be shipped to countries subject to quotas under the International Coffee Agreement. In the case of non-traditional goods, the problem of additionality can be overcome if the deal is negotiated directly with a firm committed to market the product in its own country (e.g. to a State trading organisation in another developing country). But the problem is much more difficult to solve if the Southern goods are supplied to an international trading firm for onward sale to an unidentified purchaser. Here the countertrade-demanding country not only risks the possibility that the counterpurchases substitute on-going or planned cash sales (i.e. obtaining no additionality), but also risks cut-rate competition for its own exports. Moreover, such arm's-length sales under which the final buyer is not even known to the manufacturer/exporter in the countertrade-demanding country virtually eliminates the possibility of product development, advertising, after-sales service and other features necessary to build up lasting export markets.

**Outlook**

Based on the factors which gave rise to the countertrade upsurge, some conclusions can be suggested about the possible outlook of countertrade in the coming years. As the payments problems of the developing countries and the foreign-exchange shortages resulting therefrom are unlikely to recede, countertrade will probably remain a meaningful trading tool. For this reason, South/South countertrade is expected to assume relatively more importance within the overall countertrade scene in the future. Moreover, South/South countertrade offers real opportunities for genuinely incremental trade.

Sub-Saharan Africa might become more active in countertrade, as it acquires more experience in terms of policies and procedures in this matter. Sub-Saharan African countries will probably continue to rely on countertrade to the extent that their foreign-exchange resources remain scarce, forcing them to find alternative forms of trade finance.

In time, the exporting motive for countertrade—rather than the securing of essential imports—may become more important; as ever more developing countries seek to export non-traditional products and increase the value-added content of their traditional exports, they will turn to countertrade in order to gain access to new markets. On the other hand, the strengthening of OPEC members' adherence to the cartel's price and volume restrictions will decrease the importance of oil in countertrade deals.

"As ever more developing countries seek to export non-traditional products and increase the value-added content of their traditional exports, they will turn to countertrade to gain access to new markets"
Exchange rate movements, commodity prices and export revenues
by Panos VARANGIS and Ron DUNCAN (*)

Exporting is an important activity; in this way a country can obtain the foreign currency it needs to purchase imports of goods and services for immediate consumption and for investment to enhance long-term consumption prospects. Exports of primary commodities provide the main source of foreign currencies for many developing countries. Primary commodity prices are notorious for their variability and such price variability is an important source of the variability in developing countries' export earnings. Because it leads to fluctuations in their ability to import or service their external debts, instability in export revenues creates a difficult management environment for developing countries. A large part of the fluctuations in their export revenues in recent years has been due to exchange rate fluctuations, through their impact on commodity prices. This article discusses the relationships between exchange rate fluctuations and commodity price and export revenue change as well as some of the risk management practices which can be undertaken to hedge against such fluctuations in the future. We shall try to describe this very complex, rather academic, subject in a language as simple as possible.

Changes in exchange rates can influence both the export price of a commodity and the quantity exported. To illustrate this point, suppose a country's currency depreciates vis-à-vis others. (This means less of another country's goods can now be bought for a given amount of its currency). The exchange rate depreciation leads to a decline in the foreign currency price of its exports and a decline in foreign exchange earnings. This is called the "price" effect of depreciation. The reduction of the price of exports in foreign currency in turn increases demand for them by overseas buyers and eventually the export volume and foreign exchange earning—an impact called the "volume" effect of depreciation.

The volume effect of depreciation may also have a further effect on export revenues. If the country whose currency depreciates is a large producer of a commodity in global terms, and if the world import demand for that commodity is inelastic, the volume effect of the depreciation will cause the world price of that commodity to fall and revenues from that commodity to do likewise. So the extent of the impact of the change in the rate of exchange on export revenue depends on the country's share of the world market and the demand elasticity for its commodity.

A change in the exchange rate may also affect the price of the export goods in terms of the home currency. It has been documented in various instances that an exchange rate depreciation reduces the price of the exportable in foreign currency by less than the amount of the depreciation. For example, a 10% appreciation of an exporter's currency causes export prices in foreign currencies to increase by less than 10%. This means that the price of exports in terms of the exporter's currency has declined. Such behaviour can occur because of imperfect competitive commodity markets; a phenomenon known in the business as "less-than-full exchange rate pass-through". So, the changes in commodity prices and export revenues resulting from changes in the rate of exchange depend on the type of market structures for that commodity.

In a study by Gilbert (1986) it was found that the long-run elasticity of the World Bank commodity price indices (in dollars) in respect of a change in the value of the dollar is around \(-0.9\) \(\dfrac{(1)}{}\), that is, a 10% appreciation of the dollar vis-à-vis other currencies will decrease dollar commodity prices by about 9%. More specifically, the response varies between commodities. For agricultural commodities it was found to be \(-0.9\%\) for food, \(-0.8\%\) for non-foods and \(-1.1\%\) for metals and minerals. A difference was found in the timing of the response. Agricultural non-food commodities and metals and minerals respond quite rapidly, with the full effect taking place in

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(*) International Commodity Division of the World Bank, Washington, D.C.

(1) Dornbusch (1985) found an elasticity between real commodity prices and real US dollar exchange rate of approximately \(-0.82\).
nine months. Agricultural food commodities respond more slowly, with the full effect taking two years.

**Recent experiences of exchange rate and commodity price changes**

According to the Purchasing Power Parity theory, changes in exchange rate should reflect inter-country differentials in actual and expected inflation rates. If, however, a country’s exchange rate is not adjusted to reflect, say, the higher inflation in the home country than in its trading partners, it becomes over-valued, i.e., its rate of exchange appreciates in real terms in relation to its trading partners’. Exports decline because their prices expressed in the trading partners’ currencies have increased. When the demand elasticity facing the exporter’s commodity is greater than one, which is the case for most countries and commodities, export revenues also decline in terms of the trading partners’ currencies, reducing their purchasing power.

Vivid lessons can be learnt of the impact of over-valued exchange rates on commodity exports by comparing the experience of two major cocoa-producing countries, Brazil and Ghana, in the early 1980s. During this period, Brazil’s currency substantially depreciated against the US dollar and currencies of other major cocoa exporting countries in real terms. Because of changes in its exchange rate, Brazil’s real producer price for cocoa increased, and subsequently production increased. Exports and export revenues from cocoa increased. By contrast, the Ghanaian currency was considerably over-valued during the same period, causing substantial decline in real producer prices and production. Exports and export revenues fell. This was one of the reasons why Ghana lost its position as the world’s leading cocoa exporter.

The situation is different from the viewpoint of consumers in importing countries, however. Take the case when commodity prices are denominated in dollars and the US dollar is appreciating vis-à-vis other currencies. If the dollar commodity price declines, the demand for that commodity by other countries may be unaffected or even decrease. For example, despite the large fall in the dollar price of commodities between 1981 and 1985, prices of these commodities in terms of major European currencies and Japanese yen remained unchanged or even increased (see Table 1) because of the appreciation of the dollar against the currencies of these countries. This notwithstanding there was either no change or a decline in the consumption of some commodities by Western European countries. In Western Europe, consumption of petroleum, for example, fell in spite of the decline in US dollar in the first half of the 1980s.

The dollar variations relative to major European currencies and the yen during the early 1980s caused wide fluctuations in the revenues of cocoa exporters. These exchange rate fluctuations made management of the cocoa buffer stock particularly difficult because the price level being defended was fixed in terms of the

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</table>

**Variance**

1980-88: 88.62 77.58 304.89 621.28 318.40 270.10

**Mean**

1980-88: 95.78 85.56 104.67 134.22 77.22 120.89

**Standard Error/Mean**

9.83 10.29 16.37 18.57 23.11 13.59

*Source: IMF, and the Commodities Division, World Bank.*
dollar. To achieve greater stability in the price to be defended by the buffer stock, cocoa prices are now quoted in SDRs (Special Drawing Rights). This is a weighted basket of currencies of the major industrial countries so that it is more stable over time than the less stable currencies in the basket. The countries in West Africa that mostly export cocoa to Western Europe and Japan and whose currencies are tied to the French franc, and therefore have fluctuated considerably against the dollar during this period, experienced larger fluctuations in export revenues in terms of their currencies in the early 1980s. Brazil and other Latin American countries, which mainly export cocoa to the United States, were not affected greatly. These Latin American countries have been pegging their currencies to the dollar. Thus, their exchange rates basically reflect differences in their inflation rates and the US inflation rate. By doing so, their prices in relation to the dollar prices remained stable and fluctuations in exports and export revenues in dollar terms were small because most commodity prices, including, those of cocoa, showed the smallest fluctuations in terms of the dollars compared with those quoted in other currencies (see Table 3).

In a study on coffee exports and export revenues by Akiyama (1987) it was shown that for the period 1985-87 export revenues from coffee for some major exporting countries declined substantially, both in terms of local currency and the dollar, with the decline in the former being higher. The main cause of the decline in export revenues was the decline in world coffee prices. However, some of the countries in the study experienced substantial exchange rate appreciation during this period. Countries that experience the greatest decline in export revenues and also had the greater difficulty in adjusting to the lower world coffee prices were the countries with appreciating exchange rates. Such countries were identified by the study to be Cameroon, Central African Republic, Costa Rica, Côte d’Ivoire, El Salvador, Haiti, Honduras, and Rwanda. Countries whose currencies depreciated during this period, and which were able to adjust more readily to the lower coffee prices, were Brazil, Colombia, Indonesia, Madagascar, Sierra Leone, Tanzania, and Zaire.

The slump of commodity prices coincidental with the dollar appreciation of 1980-85 may be partly explained by the needs of developing countries to increase foreign exchange through exports of commodities whose demand is inelastic. Over and above the decline in commodity prices in US dollars following an appreciation of the dollar, Gilbert (1986) concluded that with their burdensome debt-servicing requirements on their dollar-denominated debts, developing countries had increased exports to meet debt-services payments, which, in turn, drove commodity prices lower. On the other side of the ledger, the dollar’s depreciation since 1985 has been partly responsible for the increase in commodity prices in that period.

Variability of commodity prices and export revenues as measured in various currencies

From observation of Table 1 and the Graph below, it can be seen that primary commodity prices measured in US dollars show the lowest absolute variability and prices in French francs the highest (see Table 1, third line from bottom). The variability of prices quoted in terms of SDRs has been close to the variability of the dollar price. However, if one considers the variability as a percentage of the average of the price index (Table 1, bottomline) prices in SDRs showed the least variability, and prices in yen the highest.

Table 2 presents the year-to-year average variability of export earnings in developing countries, in terms of SDRs and the US dollar, for the years 1982-88.

### Table 2: Year-to-year average variability of export earnings of developing countries, 1982-88

<table>
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<th>Total</th>
<th>Agriculture</th>
<th>Minerals</th>
<th>Manufactures</th>
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<td>USS</td>
<td>130.19</td>
<td>54.66</td>
<td>74.73</td>
<td>213.47</td>
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</table>

Source: Commodities Division, World Bank; and IMF.

### Non-fuel primary commodity prices in various currencies 1980-1988

![Graph showing non-fuel primary commodity prices in various currencies 1980-1988](image)

- **SDR**
- **US$**
- **DM**
- **FFr**
- **Yen**
- **£**

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period 1982-88. Export revenues in SDRs exhibit greater stability overall and for minerals and manufactured goods. Dollar-denominated export revenues agricultural commodities exhibited less variability during the same period.

The variability of developing country export revenues, as measured in various currencies for the period 1979-88, was also calculated for several agricultural commodities (see Table 3). For most commodities the lowest variability is exhibited by the dollar-denominated values, while the highest variability is shown by the French franc denominated values.

Suggestions for ensuring stability in foreign exchange earnings

There are several options open to developing countries seeking to hedge against exchange rate and commodity price variability.

Countries can minimise the variability of the combined effect of currency and commodity price fluctuations by selecting the appropriate currency composition of their external debt with respect to the lender's exchange rate and their export earnings.

(c) Export diversification: Diversification through changing the mix of products can lower the variability of export earnings, given the relationships between exchange rates and goods prices. However, in the short run, changing the composition of exports is quite difficult. It must be realised that it can be costly for a country to move out of production of those goods or services which it produces most efficiently.

(d) Exchange rate policies: Appropriate exchange rate changes to reduce the variability of their export revenues, in particular those aimed at reducing a country's exposure to the variability of exchange rates and commodity prices.

(a) Hedging: Developing countries can hedge against exchange rate and commodity price movements by purchasing currency futures, selling commodity instruments which are available on organised financial markets. (See pages 67-68).

(b) Changing the composition of external capital flows: If a country cannot have access to such financial hedging instruments, changes in the currency composition of its new capital flows from abroad can be an effective hedge against exchange rate and commodity price variability.

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(c) Export diversification: Diversification through changing the mix of products can lower the variability of export earnings, given the relationships between exchange rates and goods prices. However, in the short run, changing the composition of exports is quite difficult. It must be realised that it can be costly for a country to move out of production of those goods or services which it produces most efficiently.

(d) Exchange rate policies: Appropriate exchange rate changes to reduce the variability of their export revenues, in particular those aimed at reducing a country's exposure to the variability of exchange rates and commodity prices.

(a) Hedging: Developing countries can hedge against exchange rate and commodity price movements by purchasing currency futures, selling commodity instruments which are available on organised financial markets. (See pages 67-68).

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Declining trends in import prices for cereals in national currencies

by J.N. GREENFIELD, F. di PANCREZIO and R. LODISPOTO (*)

In FAO’s Commodity Review and Outlook 1981-82, it was shown that international prices of most major commodities had declined in real dollar terms over the period 1960-81. For the major cereals—maize, rice and wheat—the trend rate of decline was 1-2% per annum. Other studies have noted the same phenomenon (1).

An important question prompted by these findings is whether the declining trends in world prices are translated into declining import price trends at the country level. The purpose of this article is to try to answer this question and in doing so also to throw some light on the more general issue of the transmission of international price signals back to the country level.

The translation of an international price expressed in real dollars into importing countries’ price involves a number of steps. Firstly, the international price in US dollars f.o.b. (which refers to a particular quality of grain from a particular origin on strictly commercial terms) needs to be converted into a national level price in US dollars c.i.f., which not only reflects transport costs and insurance but also the particular qualities of grains bought, from a variety of sources and on different terms. The appropriate way of measuring this composite is the unit value of imports in US dollars. Secondly, the import unit value in dollars has to be converted into national currency via the appropriate exchange rate. Thirdly, the resulting national currency import unit value must be deflated by a national deflator. The appropriate formulation of the problem is, therefore, to measure whether the import unit value expressed in national currencies deflated by national deflators (referred to here as the real border price) declined in the same way as world prices in real dollars. It is also useful to decompose the overall change in real border prices into changes in real exchange rates and changes in import unit values expressed in real dollars.

The technique employed was to fit trends (logarithmic) to the data for all countries for which suitable series existed for the period 1961-85. Because of the sharp rise in cereal prices during the world food crisis 1973-75, a number of trends were fitted. No evidence was found that the trends differed before and after the world food crisis, but the data for the years 1973-75 were excluded from the analysis (by use of a dummy variable for these years).

The basic data on unit values were from the FAO’s data base, the exchange rates from the International Monetary Fund, while consumer price indices were from the World Bank. The data were screened for quality and completeness. Only those countries with relatively full data series spanning some years in the 1960s, all the 1970s and some years in the 1980s were retained in the analysis. Despite these difficulties, adequate series of data were available for 107 wheat importing countries, 68 for maize and 89 for rice.

The declining trend in world prices was found to be reflected in falling average real border prices (Table 1). On average, the declines were close to each other, the differences not being statistically significant.

Moreover, in the great majority of countries real border prices fell. Table 2 gives the number of countries that had declining or rising trends by commodity. For example, in the case of wheat, trends were fitted to 107 countries. Altogether 78 countries (75%) followed the downward trend of world prices in real terms but 29 countries actually faced rising real border prices of wheat in the long run. The bulk of countries also experienced declining real border prices for rice and maize.

The decline in real border prices for cereal imports was due in about equal measure to decreases in the real dollar unit value and to declines in the real exchange rate, which, because of the way the units are measured, amounts to a revaluation of national currency in terms of the US dollar (i.e. less units of national currency per US$) in real terms. The same is true of the smaller group of countries that experienced rising real border prices of cereals. This came about either because the dollar value of their imports rose, presumably because either the costs of freight, insurance, etc. rose particularly rapidly or because the composition of their imports became more expensive over time through e.g. less food aid, and/or because devaluations raised the local currency costs of their dollar imports.

The last finding of the analysis concerns the correlation between real world prices and real border prices. If world price signals were fully reflected in unit values and changes in real exchange rates were negligible, it would follow that the correlation coefficient between world and border deflated prices would be close to +1. When, by contrast, market signals are badly distorted through e.g. offsetting changes in freight rates, in the composition of trade or in real exchange rates, a low value of the correlation coefficient (around zero) is to be expected.

In fact, the correlations are predominantly (94%) positive and statistically significantly positive in the

<table>
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<tr>
<th>Commodity</th>
<th>Average trend rate of decline of deflated border and world prices 1961-85</th>
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<tr>
<td>Wheat</td>
<td>Import border price: -1.1, World price: -0.7</td>
</tr>
<tr>
<td>Maize</td>
<td>Import border price: -1.2, World price: -0.7</td>
</tr>
<tr>
<td>Rice</td>
<td>Import border price: -1.3, World price: -0.8</td>
</tr>
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</table>

(*) FAO Commodities and Trade Division.
The majority of cases (69%) as shown in Graph I. There was only one example (out of 264) where there was a significant negative correlation between real world prices and real border prices. Thus it would seem that the market "signal" was transmitted to the border prices in the great majority of cases.

The degree to which the world price change was transmitted, measured by the elasticity of changes in real border prices with respect to changes in real world prices averaged around 0.5, with a fairly wide dispersion (Graph II). This indicates that on average a 1% decline in world cereal prices in real terms, led to 0.5% decline in the real import price in national currency.

The main conclusions of this article on how real border prices (import unit values in national currencies deflated by national cost of living indices) have behaved over the period 1961-85 are as follows:
(i) Real border prices for cereals have reflected the long run decline in world cereal prices in real terms. The decline in border prices was due in roughly equal measure to decreases in real dollar prices (c.i.f.) and to declines in real exchange rates.
(ii) Apart from the exceptional rise in 1973-75, prices of cereals in real terms have declined over the period 1961-85, there being few cases where there was any evidence of a break in the pattern between the first half of the period (up to 1973-75) and the second half up to 1985.
(iii) That the decline in world prices in real terms is associated with a decline in border prices is confirmed by the positive correlation found between these prices. The extent of this association, measured by the elasticity of price response, tended to be less than unity—the elasticity averaged around 0.5. Because the relationship is between world prices for a particular quality of grain on the one hand and an average unit value for a variety of grain qualities (based on past contracts) on the other, it is not surprising that the strength of the transmission of world price signals to the national level appears to be less than complete. Overall, however, world price signals appear to be transmitted quite well to the national frontier. What happens subsequently when the price signal passes through the domestic marketing system and is subject to various taxes, etc. is beyond the scope of this article.

<table>
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<th>Declining Trends</th>
<th>Rising Trends</th>
<th>Total</th>
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<tbody>
<tr>
<td>Wheat</td>
<td>78</td>
<td>29</td>
<td>107</td>
</tr>
<tr>
<td>Maize</td>
<td>46</td>
<td>22</td>
<td>68</td>
</tr>
<tr>
<td>Rice</td>
<td>62</td>
<td>27</td>
<td>89</td>
</tr>
</tbody>
</table>

Table 2. Trends of real border prices 1961-85 by number of countries

Graph I: Correlation between deflated international prices and border prices, main cereals, 1961-85

Graph II: Elasticities between deflated international prices and border prices, main cereals, 1961-85
Restoring Uganda's health services
— An EDF rural health project —

When the National Resistance Movement took over the government of Uganda in 1986, after nearly two decades of political turmoil and civil strife, the country's public health services were in ruins. Facilities were destroyed or badly damaged, equipment looted, drugs in short supply and staff morale at its lowest. Uganda's immunisation programme, which reached up to 70% of the population in 1971 was down to only 20% and there was a resurgence of diseases such as tuberculosis, malaria and measles, as well as an increasing AIDS epidemic. High morbidity and mortality rates were being recorded, particularly among women and children.

Today Uganda's health services are recovering thanks to a programme of rehabilitation, to which the EDF is making substantial contributions through a rural health project in the South and West of the country, whose execution may well provide valuable lessons in management and financial efficiency.

Conceived during the 1983-85 Revised National Recovery Plan, the project was originally designed to cover five of Uganda's 33 districts—Bushenyi, Kasese, Masaka, Mbarara and Rakai—starting in September 1985 for a period of two years. In 1986 the NRM government requested the extension of the project, which had already been delayed for six months because of a wave of crime and a climate of insecurity, to two more districts—Rukungiri and Kabale. Overall, the project involves the rehabilitation of 123 existing health units. Putting these units into working condition is essential for the development of community-based health care. Works include repairs to damaged buildings, provision of maintenance tools, drugs, beds and mattresses, health books for libraries, training of health personnel and support for Uganda's National Expanded Programme of Immunisation (UNEPI) to the point where at least 50% of children are immunised against the six preventable diseases (tuberculosis, measles, diphtheria, whooping cough, tetanus and poliomyelitis) (1). The sum of ECU 3.1 million, drawn from the fourth and fifth EDFs, was allocated to it.

From the start, the project was coordinated with those of other aid donors in the health sector like Canada, United Kingdom, WHO, UNICEF and DANIDA (Danish Development Agency) to ensure complementarity. The choice of the project zone, for example, was dictated by the fact that it was the only area not covered by other donors; secondly, an approach to facility rehabilitation and drug procurement (standardisation, packaging and distribution), similar to that being applied in other areas by the Ugandan authorities with UNICEF backing, had to be adopted.

A total of 1.6 million people are the target beneficiaries with all 123 units spread in such a way that at least 50% of the population live within 10 km of a health post. This responds, to some extent, to the need for clinics to be within easy reach, especially when it comes to immunisation, for it is known that one of the reasons for the failure of most immunisation campaigns has been the reluctance of mothers to take their infants on long journeys to attend clinics at regular intervals to complete a course of immunisation.

Successfully completed

The project coordinator, who worked closely with the Ministry of Local Government, reported last September that the first phase of the project has been successfully completed; this was commendable for a project which, as recently as April 1987 seemed to be going nowhere, attracting strong criticisms for “not achieving anything”. The project coordinator had had difficulties settling down in his headquarters in Mbarara and most of the work being done went almost unnoticed, like the base-line survey of the seven districts, the order of project vehicles, office equipment, basic equipment for health units and regular quarterly supply of drug kits to clinics through the UEDMP (Uganda Essential Drugs Management Programme). Once the project coordinator was settled, though, and his Ugandan counterpart as well as a store keeper, administrator and building supervisor were recruited, the implementation of the project accelerated.

So by September last year, the first phase having been extended for one year, 20% (2) of rural facilities had been completed; equipment for mother and child health care were supplied, instruments for out-patient departments and tools for maintenance of buildings were distributed to 136 health units in addition to midwifery kits to health—dispensary—maternity clinics. Over 600 mattresses and a large quantity of furniture were bought and distributed.

Support to the Uganda Essential Drugs Management Programme has been effective. Drug kits supplied represented 5 165 000 treatments over a two and a half year period, which meant that, for the target population of 1.6 million, there was at least one treatment available each year. But this, says the Project Coordinator, may not have been sufficient (with estimates saying that each person requires medical help three times a year). However, “the impact of the regular supply of drugs, measured by the utilisation of health services by the target population, has been dramatic. Most clinics see, on average, 50-100 patients daily during the first month after the arrival of the drug kits, but the attendance drops to almost nil when drugs are exhausted”.

Financial support totalling some Ug.Shs 1 680 000 was given to the UNEPI. The funds which were channelled through the district accounts of the Programme, prevented the collapse of immunisation in some districts which had severe financial prob-

(1) Uganda's Expanded Programme of Immunisation aims to vaccinate all children against the six preventable diseases by 1990.

(2) 37 of the 123 total units had been renovated; 24 health units were completed, 7 in progress and 11 yet to start, essential drugs kits supplied to some 154 units, several training programmes undertaken.
CLOSE-UP

problems. All seven districts maintained reasonable coverage, from 40% in Mbarara to over 80% in Kasese. "The impact of the immunisation", says the Project Coordinator "will only be measurable when the Health Information System is fully developed".

Indeed the introduction of a new health information and supervision system through the district health team was one of the aims of the first Phase of this project. It is being done in collaboration with the Health Planning Unit of the Ministry of Health in Entebbe. Already courses have been organised to train health workers of hospitals and rural health units in data collection and management. When the system is fully operational the planning and provision of health services in all seven districts will be much improved.

Within budget

Total expenditure came to ECU 2.9 million, well within budget, a considerable achievement, given not only the extension of the period of execution for one year but also the many constraints the project had to face.

Right from the start, the project came across inaccurate estimates and unforeseen new constructions which had to be accepted as forming part and parcel of the renovation process. This meant the use of more materials than originally envisaged, higher costs and a longer period of execution. There was, in addition, inflation which saw local cost increases of well over 400% per annum, fuel shortages, vehicle breakdowns and adverse weather conditions which rendered many roads impassable. Prompt action to overcome some of these obstacles was taken. For example, buying materials through imprest accounts to avoid the delays to disbursement of funds often caused by inappropriate procedures, saving on labour where necessary, devising standard systems of estimations to avoid highly inaccurate forecasts and strengthening the Mbarara Vehicle Maintenance Workshop which enabled many of the project vehicles to be repaired.

As agreed with the Government of Uganda before the financing proposal decision was taken on this first phase, all operating expenses immediately associated with the implementation are being borne by the EDF while the Government of Uganda meets all staff costs and makes budgetary provisions for health services in the area. This notwithstanding, the search is on for an efficient and equitable scheme for the recovery of costs, especially of drug procurement by beneficiaries, and of self-reliance by the communities so that, in the medium and long term, they can avoid dependence on the Ugandan Government or foreign assistance in running their own health services.

Phase II of this project began on 1 October 1988 and is expected to end on 30 September 1991. This fits in not only with the plan (for the second phase was considered in drawing up the first) but also with the recommendations of evaluation missions which insisted on the need to avoid the loss of momentum built up in the first.

Aimed at restoring the basic health infrastructure of the project area to its full capacity (consolidating the gains of Phase I, rehabilitating the remaining health units—11 health centres, 10 dispensaries and 65 sub-dispensaries—and constructing 20 new self-help clinics), Phase II has the notable provision to help Uganda control the spread of communicable diseases such as leprosy and tuberculosis. It will help the country to carry out its National Tuberculosis Programme. "Tuberculosis is one of the major health problems in Uganda, in particular in the project area", says the Project Coordinator. "The situation is getting worse because there is increasing evidence that TB interacts with HIV infection. Available information suggests that HIV circulation in the area is high in urban and some rural populations; this HIV circulation will, among other effects, result in an increase of the tuberculosis problem" he explains. Phase II will strengthen the health information system that has been introduced so as to make the surveillance, monitoring, diagnosis and prevention of tuberculosis in particular, more effective. Basic laboratory services at health centre level will enable appropriate diagnosis and rational use of drugs and patient management.

It should be noted that the European Community is supporting a number of other health-related activities in Uganda as a whole, such as the rehabilitation of blood transfusion services in the AIDS control programme and the provision of medical services to refugees.

The total cost of Phase II of the Rural Health Programme in the South and West is estimated at ECU 4 million of which the foreign exchange component of ECU 2.5 million is being provided in the form of grants under the sixth EDF. The balance, being local costs, is to be financed through counterpart funds generated under the EEC-financed Import Support Programmes.

Augustine OYOWE
Slight improvements in African industry?

by Abdoulaye BAH(*)

Since the middle of the ’80s, the years the UN made African Development Decade, African industry has started to reverse its trends. The added value in manufacturing in sub-Saharan Africa went from -0.8% in 1984 to 4.1% in 1985, a growth rate it maintained until 1987, and estimates suggest a figure of around 4.5% for 1988, with even higher rates in North Africa. All this emerges from a 50-country UNIDO study on regenerating African industry (1). The added value in question is spread unevenly over the various regions and countries. In some cases, the growth is real, while in others it is only a question of regaining lost ground and returning to the levels of industrial production achieved several years previously but lost for a variety of reasons. And there are countries, alas, which have not so far managed to reverse the trend. Table I shows the growth of value added in manufacturing in a number of countries of sub-Saharan Africa.

As industry only occupies a marginal place in a number of countries’ economies, the upward trend in the value added in manufacturing does not necessarily coincide with that of the economy as a whole. Table II shows this clearly.

In no country other than Zimbabwe does the share of this added value reach 20% of GDP. As a comparison, in 1986, the figure for Italy was 71%, the Federal Republic of Germany 72% and South Korea 72%. So manufacturing is not yet the driving force of development in sub-Saharan Africa and it does not even have much influence on economic growth. In Benin, for example, the value added in manufacturing as a percentage of GDP in 1986 had declined by 16.4% in comparison with the 1980 figure, although the added value itself went up by 9.4% over that period. The figure for Cameroon was near 42% over the period, although the added value itself went up from US$480 million to US$1 232 million, a growth rate of more than 156.6%. After so many years of warning lights and crisis, any growth, however small regionally speaking, is an encouraging sign which suggests that the steps taken at national and international level are along the right lines.

However, initial enthusiasm is tempered by the study’s immediate statement that there is no certainty that the trend will continue. There are two reasons for this. First, African industry is not geared to export and there is nothing to suggest any changes in the near future. It is concentrated on the domestic market, which, in many countries, depends on revenue from commodity exports for its dynamism, and, in all but rare cases, commodity prices on the international market are unreliable. Second, African industry has been very slow to bring in structural changes.

The UNIDO study is a detailed diagnosis of the state of African industry, aimed at identifying the rehabilitation requirements and carried out as part of UNIDO’s activities for the African industrial decade. Part One sets out an analysis of each country’s industrial sector and brings out the essential features, the trends, the problems, the development and importance of the value added in manufacturing as a percentage of GDP, the obstacles to production, the internal and external environment, the development prospects and the potential and the needs for modernisation and reorganisation. National industrialisation policies are also briefly reviewed.

Part Two attempts some general conclusions, deals with the debt and its effect on the industrial sector, looks at the firms’ problems, the lack of sectoral integration and the weakness of infrastructure and discusses what schemes could be usefully run to regenerate and rehabilitate African industry. A study so general in scope

Table 1: Growth of value added in manufacturing in a number of countries of sub-Saharan Africa 1980-86 – US$ million (current rates) – % (1980 = 100)

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<tr>
<td>Benin</td>
<td>64</td>
<td>100</td>
<td>55</td>
<td>85.9</td>
<td>54</td>
<td>84.4</td>
<td>52</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>144</td>
<td>100</td>
<td>132</td>
<td>91.7</td>
<td>129</td>
<td>89.6</td>
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<tr>
<td>Cameroon</td>
<td>480</td>
<td>100</td>
<td>522</td>
<td>108.2</td>
<td>614</td>
<td>127.9</td>
<td>624</td>
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<tr>
<td>Ethiopia</td>
<td>459</td>
<td>100</td>
<td>468</td>
<td>102.0</td>
<td>491</td>
<td>107</td>
<td>517</td>
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<tr>
<td>Gambia</td>
<td>11</td>
<td>100</td>
<td>10</td>
<td>90.9</td>
<td>8</td>
<td>72.7</td>
<td>9</td>
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<tr>
<td>Mauritius</td>
<td>135</td>
<td>100</td>
<td>143</td>
<td>105.9</td>
<td>131</td>
<td>97.0</td>
<td>130</td>
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<tr>
<td>Senegal</td>
<td>258</td>
<td>100</td>
<td>187</td>
<td>72.5</td>
<td>195</td>
<td>75.6</td>
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<tr>
<td>Sudan</td>
<td>378</td>
<td>100</td>
<td>508</td>
<td>134.4</td>
<td>295</td>
<td>78.0</td>
<td>315</td>
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<td>Zimbabwe</td>
<td>1 479</td>
<td>100</td>
<td>1 737</td>
<td>117.4</td>
<td>1 702</td>
<td>115.1</td>
<td>1 688</td>
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could not, of course, be too specific or go into too much detail, which is why the document goes with the "Economic Indicators of African Development" (Industrial Study No. 3) and UNIDO has undertaken more thoroughgoing studies on the individual countries.

Part Two limits the effects of generalisation with UNIDO's attempt at classifying the countries, according the various criteria, to bring out the similarities from among the national and sub-regional disparities. It looks, for example, at the per capita figure for the value added in manufacturing, showing that there are some countries where it is several times the African average, which was US $58 in 1984 (at 1980 prices), and taking it as an indicator of industrialisation and finding that the most industrialised countries on the continent include Libya (US $311 in 1985), Cameroon ($224 in 1985), Algeria ($201 in 1984), Zimbabwe ($194 in 1984), Mauritius ($181 in 1984) and Morocco ($153 in 1984).

Africa's manufacturing industry is dominated by agro-industry, beverages and tobacco, sectors which, in many countries, represent more than 40% of total industrial production, more than 50% if textiles and ready-to-wear clothing are included and more than 80%, even, in some places. As a comparison, the percentages for the same sub-sectors in 1985 were Spain 27%, France 25%, the United Kingdom 21% and Brazil 27%. These industries require relatively small capital investments, but they are labour-intensive. As processors of agricultural products, they could generate interaction with other sectors of the economy, such as agriculture and farm tool manufacture, if proper support policies were applied. The industries which have been the driving force behind industrialisation in other developing countries—electronics, clothing and transport—are only in a modest position in African industrialisation.

African development depends on the external environment in a number of ways. The economic situation in the industrialised world, for example, has direct consequences on the demand for the raw materials which make up the bulk of the African nations' exports and are, therefore, the main source of foreign exchange with which to buy equipment, spare parts and raw materials. The decline in the price of Africa's export products has been such that, by 1987, they were about 55% of their 1980 value (oil excluded). The study also shows that there was no product which cost more in 1986 than it had done in 1980. The nearest one to it, coffee, was still only 96.2% of the earlier price while at the other end of the scale, sugar was down at 20.2%.

The document also discusses the African debt. To see the size of its impact, such countries as Guinea Bissau, Mozambique, Somalia and Sudan would have to spend the whole of the value of their exports over 14 years to repay their cumulative debts up to 1987. And this only takes account of the figures. The mounting problems which these countries have to face for non-economic reasons—civil war, drought and so on—are not considered here. A look at the origins of debts shows that three quarters of them are owed to foreign governments, the World Bank and the International Monetary Fund. Since arrangements between governments are always possible, Africa would seem to be better placed than other developing countries—whose biggest creditors are the international trading banks. But this, alas, masks another reality. The poor may be pitied, but "the only lending is to the rich", even between nations. While the other countries tend to borrow for investment schemes, the Africans have very often run up debts to maintain what was already there. The countries on this continent will only right the situation if the international community continues with, and intensifies, the drive to help.

But although external contributions are needed both to develop Africa and to enable its industry to continue along the road to recovery, proper national policies are vital. There is a good reason to think that the future will be a little rosier here. Indeed, the more than 4% increase in the value added in manufacturing since 1985 is not mere chance. It is the fruit of the economic reorganisation and recovery policies which most African countries have followed— with the social costs and political risks that experience has already on occasion revealed.

Table 2: Weighted indices for growth of value added in manufacturing as a percentage of GDP in a number of countries of sub-Saharan Africa

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With assistance from the Inter-American Development Bank, the World Bank and the International Monetary Fund, national policies are vital. There is a good reason to think that the future will be a little rosier here. Indeed, the more than 4% increase in the value added in manufacturing since 1985 is not mere chance. It is the fruit of the economic reorganisation and recovery policies which most African countries have followed — with the social costs and political risks that experience has already on occasion revealed.  

A textile factory in Côte d'Ivoire

Agro-industry, beverages, tobacco and textiles account for more than 80% of industrial production in some countries in Africa.
Archaeologists have shown that the Sahara, the biggest desert in the world—and gaining ground every year—has been through several rainy periods, interspersed with dry periods, over the Quaternary era—which began two million years ago and no doubt saw the emergence of man, probably a million years ago, in the early Palaeolithic Age. At this time, the Sahara had a fairly large population of fishermen, hunters and gatherers concentrated along the coasts and around the mountains. Then, during the Neolithic Age, farming and herding began. And almost 10,000 years ago, the Bubale civilisation flourished, followed, about 5000 years ago, by the cattle-rearing civilisation. Everything we know about these people comes from the remains of weapons and traces of food which they left behind them and, above all, from their cave paintings. But archaeological research is continuing, providing ever more information about the people of the Sahara thousands of years ago. In this article, Jean-Pierre Roset outlines his own investigations in north-eastern Niger (in the Air and the Ténéré especially) and the evidence they have unearthed, particularly the African invention of pottery, the very early start of copper work and, above all, a whole succession of cultures in a single geographical area.

Since 1976, a number of archaeological research programmes undertaken in Niger by ORSTOM, with the close collaboration of the IRSH (the Niamey Humanities Research Institute), have yielded details and source material from new digs shedding light on the human occupation of the north-eastern parts of this country over the past 10,000 years (the Holocene). The investigations had two main foci, the first of which was the beginnings of the Neolithic period. As we know, the Neolithic period is that fundamental stage in the history of mankind when man learned to produce his own food through farming and herding and stopped being content to fish, hunt and gather, at the expense of his natural environment, as he had done before. The aim of the investigations was to date the emergence of new ways of life in the southern Sahara and find out more about the way in which they had appeared.

When the Neolithic period came to an end, another age started and, although this is nearer our time, we know less, perhaps, about it than the previous one, because there are fewer physical remains for us to look at. We also aimed to broaden our knowledge of the post-Neolithic era, again by finding out how it came about, so as to situate it in relation to the culture which preceded it and increase our chances of getting a proper grasp of its characteristics.

Human occupation of northeastern Niger 10,000 years ago

One of the most interesting things, certainly, to emerge from our investi-
gations and digging was that we were able to attribute significant traces of human occupation in what are often now desert-like parts of north-eastern Niger to the early Holocene period, some 9500 years ago. Work at various local sites where conditions were properly controlled and there were possibilities of carbon dating, in particular, meant that, as we progressed, we were able to find what remained of the artefacts of the people of the Air and the Ténéré in the second half of the 10th millennium B.C.

The climate was very different. A remarkable piece of work on this subject by a team of Quaternary geologists at ORSTOM (M. Servant, S. Servant-Vildary and J. Maley) has given us a rough idea of the life of the prehistoric inhabitants of this area. In about 10 000 B.C. (the end of the Pleistocene), the major climatic upheaval observed at this time along the whole southern edge of the Sahara, from the Atlantic to the Red Sea, took place, with a return to humid conditions after a long period of considerable drought. Lakes reappeared in the arid countryside of southern Niger and Chad. This humidity, which peaked in 7000-6000 B.C., was the result of rainfall both exceeding evaporation and being fairly well spread over the year. And local temperatures were lower than they are now.

There are four sites in the reference area (see map). Investigations in the Bagzanes Mountains of the south western Air led to the discovery of the first one in 1978, at Tagalagal — a name given by the Tuareg Igaden, who live by a granitic inselberg in the southern part of this small massif. The site is on a shelf at the foot of the inselberg at an altitude of about 1850 m. Vast granite boulders surround the small area, a kind of well-sheltered clearing 40 m long (running north to south) and 20 m wide amidst the rocks, where people came and settled. The ground is covered with pieces of broken pottery, tools and shards of stone, together with grindstones and bits of fossilised bone. To the south, large blocks of stone form a kind of shallow shelter, protecting a fossil deposit of about 5 m² from erosion.Digging here to a maximum depth of 0.70 m produced quantities of most of the things found on the surface and we were therefore able to associate the pottery, the bits of grindstone and the tools, with the various layers to help us. Four carbon datings of fragments in the sediment gave ages of between 7370 and 7000 B.C.

These dates are earlier than any ever before obtained on a site containing pottery in the Sahara. Even then, pottery techniques seem to have been well known in Tagalagal. Open and closed types of pots existed side by side, although the open ones were more common. All the vessels we have been able to reconstruct with fragments from the site show that what we have here are smooth bowls, some with shallow rims and many of them large in size, and the closed vessels have very short, slightly flared necks. But the striking thing is the range of techniques of decoration, often over the whole surface of the vessel. One of the commonest patterns is the famous dotted wavy line, applied with a flexible chasing tool and usually etched deep into the clay. The twisted imprint is also common and there are rows of indented dots, right angles and etched lines too.

The associated stone utensils are far less elaborate, probably because of the poor elastic qualities of the commonest rock (rhyolite with phenocrysts). Most of them are short, thick pieces roughly fashioned into scrapers and shavers or cutters, the commonest tools. And there is also, as already mentioned, a large quantity of grain-grinding equipment in the shape of mills and grinders, fragments of which are found at all levels of the site.

We have to leave the Air and move to the Ténéré border of the massif, more than 200 km further north east, to find the three other pre-7000 B.C. sites contemporaneous with Tagalagal. They are the Temet, Adrar Bous 10 and Tin Ouaffadene sites (see map), all discovered in 1979 and being investigated by archaeologists, since then. All three were found beneath lake sediment.
Unlike Tagalagal, they have all yielded plenty of stone work, strips and blades of very fine rhyolite, giving a range of tools in which flatbacked cutting edges predominate, with a large percentage of microliths (cutters, awls and a variety of geometrical pieces). In Temet (7550 B.C.), there are one or two bowls hollowed out of polished sillimanite and there is irrefutable evidence of a knowledge of pottery in the potter’s comb, fashioned from a thin piece of sillimanite. The clearing of the lake deposit sits over more than 150 km² at the major site of Adrar Bous 10 revealed many pottery fragments, with many examples of every kind of decoration inventoried at Tagalagal, together with the usual pieces of grinding equipment, also in plentiful supply. Three datings have been made, using carbon fragments associated with the remains and giving ages of between 7130 and 7030 B.C. Tin Ouaffadene, about 25 km south west of Adrar Bous, right in the Ténéré, is identical as far as the stone work and grinding tools are concerned, but the fossil-bearing layer, which is very difficult to get at, has not been found to contain any pottery so far. However, there are plenty of traces of animals — elephants, buffalo and a variety of antelopes. We obtained a dating of 7220 B.C. on this site.

Various analyses of the diatomite covering the remains on these three sites have dated the remains at around 7000 B.C. So here we have a hitherto unknown series of archaeological sites, properly controlled both radiometrically and stratigraphically, whose essential feature—we can now detect from many of the open air sites which were inventoried in the course of our investigations—was no doubt the association of blade manufacture, pottery and grain-grinding tools. And there are 20 or so such sites scattered over a radius of about 60 miles north of Adrar Bous. All of them, and in many cases the size of them, suggest that man was firmly settled in the region during the early Holocene.

Pottery dating

It is much more difficult to say what this human settlement was like and what level of economic development the people had reached, but our research has shown one basic fact with certainty—the very great age of pottery skills in Africa—and it entirely confirms other barely later carbon datings for strata also containing pottery — in the Hoggar (7210 B.C.), at the base of the Launay site filling, and again in the Tadrart Acacus (7080 B.C.), at the base of the Tin Torha sequence. So it seems certain that people who knew how to make pots were living in some mountainous parts of the central and southern Sahara in the second part of the 10th millennium B.C. This would suggest that these regions were probably one of the places where pottery was invented, along with the Middle East — where, apart from the lower level of the Syrian Tell Mureybet deposit, which J. Cauvin’s investigations have put in the first three centuries of the 10th millennium B.C., none of the dates obtained so far go back before 7000 B.C.

The variety of forms and above all the patterns found in Tagalagal and Adrar Bous 10 is also surprising and the undeniable technical skill to which it testifies suggests that the real beginnings could have been even earlier. The climatic conditions which geologists have reconstructed seem to have been favourable to human societies for at least two millennia in these latitudes (op. cit.), so it is not unreasonable to imagine that they were experimenting and working at these skills before 7500 B.C. One day we may find evidence of this.

However, it would be difficult to deny that the appearance of pottery, as it occurs on these sites in eastern Niger, is fundamentally linked to a change in the economy. And it is certainly out of the question to comment on the presence of this pottery, from 7500 B.C. onwards, without reference to the regularly established association with the grain crushing equipment. This association is, obviously, an essential piece of data, clearly indicating that the gathering, preparation and conservation of edible grasses were an integral part of the eating habits of the prehistoric populations of the southern Sahara at a very early stage. Does this mean that we can draw conclusions about their economy and their way of life? From this alone, it would probably be presumptuous. Although weapons or specialised equipment point fairly clearly to hunting and fishing, particularly by a lake, pots and grinders are ambiguous, as they can point as much to the consumption of gathered wild vegetables as an addition to the diet as to a diet based on proper farming — so they are, paradoxically, indicative of two completely different economies, one predatory and the other a
producer of its own food, at one and the same time.

Evidence of this kind is not therefore a basis for speaking about a neolithic economy already present in the field of agriculture, particularly since the persistence of a certain degree of population mobility, apparent from analysis of pieces of terracotta, would be in contradiction with a type of economy which has a sedentary population as one of its conditions. And we still lack the irrefutable proof that would be provided by, say, the discovery of cultivated cereals or specialised agricultural tools.

Nonetheless, the facts we have mentioned cannot but be seen in the context of the environment in which they occur and from which they are inseparable. And this environment, as we have seen, was a propitious one, as the humidity of the Sahel at that stage would no doubt have favoured an emergent agriculture. The conditions which the earth scientists have reconstructed give the various features which the archaeologists have supplied their whole meaning. And these features indicate that the economy was undergoing a profound change — if it had not changed already. Our conclusion on this point, therefore, was that the observations we had already made militate in favour of a trend leading normally, in this area, away from simple gathering (the phase at which, hypothetically speaking, we shall place the occupants of all these sites for the time being) to organised grain production. In other words, the way seemed to be open for a totally African process of neolithisation.

Carts in the Air — the Iwelen kori site

Now to the second part of our research. In 1979, we were lucky enough to hit upon an archaeological site which suggested that we had at last found something new about the post-Neolithic era, particularly the era of carts, in this part of the Sahara. This was the Iwelen kori (valley) site in the northern Air (see map). It soon became clear that here we had an opportunity to give the legendary warriors of the rock drawings the cultural equipment they had so far always lacked.

The kori to which the site gives its name (in Tamahaq, “iwelen” is the plural of “ewil”, which means a piece or fragment of pottery and, by extension, the place where such remains are found) is a small, dry valley at the south-western foot of Mount Gréboun. Only rarely is there any water there nowadays, during the rainy season, from July to September.

The archaeological site is on a bend in the kori, where the valley narrows between low hills formed when the granitic rock was broken down into boulders. And in this mass of rocks so typical of the Air, there is a fine set of several hundred metres of rock drawings on both sides of the kori, although with greater density on the left. People once lived on the well-sheltered, convex bank on this side, where the area formerly occupied, more than 3 hectares, is clearly limited by the bend in the kori and by the carved hillside onto which it backs. There are many burial mounds, built among carved rocks, scattered in the hills above the settlement.

Digging was carried out between 1979 and 1985, during regular sessions with our colleague from ORSTOM (Paris, France), with whom we produced a full programme of investigation of the burial place, and methodical digging of 60 or so funeral mounds was undertaken. Investigation of the human settlement, which went on at the same time, was not confined to collecting remains scattered over the surface, but involved systematic digging of an area of about 50 m² in the northern part of the site. This revealed the existence of a real archaeological stratum, where the inhabitants of Iwelen lived, a few centimetres below the present surface.

Our various investigations came up with some major archaeological finds, a study of which is nearing completion and should be published soon. The first findings enabled us to demonstrate that the settlement and the burial ground were contemporaneous, because identical pieces of pottery were found both on and below the surface and in the funeral furnishings in the tombs.

All the tombs which contained such pottery were bowl barrows — i.e. in the shape of truncated cones, often very large ones, with a more or less round indent, the bowl, at the top,
this being a deliberate architectural feature and not a subsidence of the central part of the edifice. Barrows of this type contain no burial pit, the dead simply being placed, in a kneeling position, on the ground beneath a vaulted ceiling of large flagstones in the centre of the barrow. In some cases, pots were placed beside the body at the time of burial. A cross section of the first burial mound investigated in December 1979 shows the architecture of all these barrows clearly. Settlement and burial ground yielded a corpus of more than 40 different pots and many fragments, giving a good idea of what local production must have been like.

The look of the pottery suggested by the place name indicates that these pieces do not come from a Neolithic site. The striking thing about these pots is in fact the originality and newness of the size, shape and decoration compared with other series from the region. And indeed in comparison with the big, rounded terracotta vessels (often wider than they are tall) which the Neolithic populations left in the pre-Ténéré throughout the whole of the eastern edge of the Air, they are smaller, very small even. Most of them are open vessels, small, simple, rounded bowls, with straight or slightly curving rims or with lips and keels. The proportions are harmonious, the depth always roughly equal to half the diameter of the opening. The keel shape recurs in the much wider-topped vessels, with, say, a curved side rising from a bowl-shaped base. Highly characteristic of all these are the deeper, flared rim, frankly bell-shaped vessels.

There are almost as many closed vessels. Simple flattened ellipsoids are common and those with necks—such as the flared-top, narrow-necked jugs—are not so common.

Since we cannot describe all the types of decoration found on these pots, we shall just mention one kind of ornamentation, occurring for the first time in the Air at Iwelen. The originality and regular occurrence of this pattern, being a kind of hallmark, characterises all this pottery. The new pattern is a partial one, applied close to the opening at the top of the vessel. It is a combination of a variety of lightly worked grooves, scallops and bands of comb holes which fit in perfectly with the elegance of these (often only slightly bottomed) shapes. When the pattern covers the whole vessel, which also happens, the monotony of repetition is relieved by inverting and staggering motifs and adding a texture to the overall effect.

The most sophisticated expression of these new ideas in pottery decoration in the region are found in the small vessel with which we shall end this outline and which we feel, a perfect example of harmony of shape and pattern. It is a small, closed, flattened ellipsoid, a vessel with a comb-hole pattern spreading outwards from the mouth, which, looked at from above, gives the impression of a turning motion, a particularly good kinetic effect and one so far unparalleled, as far as we know, in pottery decoration in the southern Sahara.

Our investigations of the site also enabled us to collect other remains of human occupation — many pieces of grain grinding equipment, a plentiful variety of stone tools and, what
attracted our attention most, metal objects, all only a few centimetres below the surface. They include axes and small tools such as awls, but by far the most interesting things, undeniably, are the leaf-shaped, tongued spearheads made of finely beaten copper. The weapons, with converging edges, blunt ends and rounded or barely visible notches, are the first metal ones to be found in the Air.

These spears establish a second link between the settlement and, this time, the nearby rock drawings. The carvings above the site are full of pictures of spears, the only weapon to be represented from that time on, the late Stone Age bow having disappeared. Most of them are leaf-shaped and exactly like the ones discovered at the settlement — one of the best arguments we have to support the claim that the settlement and the rock drawings are contemporaneous. And there are others in the presence of jewellery, ear pendants like those worn by some of the people in the frescoes, in the archaeological stratum.

The main feature of the pictures is a man with a spear, the figure sometimes with a central line which it is difficult to see as anything else but metal armour, often with a four-sided shield. It is conventional figure, always standing full face, with an over-sized head in the shape of a three-pointed tulip. The arms are bent, forearm upwards, away from the body and the legs are straight. He wears a short, waisted tunic, which creates a silhouette often depicted by a double triangle. This simplified geometrical picture, usually done without a model, was achieved by making light gouges of varying density and uniformity in the rock.

This sort of figure is associated with carts in Iwelen and everywhere else in the eastern Air where men and carts are depicted together. This, with variations, is the man we find there, sometimes pictured with animals and in various other situations too. The many rock drawings found throughout the massif, sometimes a very long way from Iwelen, show that the cart people were by no means short of resources when it came to depicting the animal life they saw around them. And they went a long way beyond the simple silhouettes and basic lines which ensure immediate recognition of the species. The collection of animals which they drew often shows a twofold concern — of depicting the beasts as they really were and, perhaps even more importantly, of going in for brutal, outrageous simplification to express essential, dominant characteristics. This is the spirit in which many of the oxen were drawn, the pastoral theme of man and beast being an ever-popular one during the cart age, as was that of wild animals, a wide range of them — giraffes in rows or being hunted with spears, huge elephants and rhinoceroses, powerful lions with unshathed claws, ostriches no more than a pair of scuttling legs and fine-nosed antelopes on slender legs.

The two ideas which guided the hands of the artists of Iwelen did not always stop them from producing stiff creatures, but—and this is most important—they did not in any way keep them away from stereotyped pictures of animals. For this controlled and expressive realism in fact produced standard, unvarying models just as inevitably as the geometrical approach froze the human figure in symmetry. There is one way of drawing a giraffe or an elephant or a gazelle. It is used in all but rare cases and it comes up time and again on rock after rock. So the hills around the settlement are a vast gallery of what are often almost identical pictures.

This, then, is an initial outline of the rock drawings at Iwelen, which we feel should now be a reference site for the cart era in the southern Sahara.

Another argument for attributing this very codified art to the people whose material and funeral remains we found by the little kori can be derived from the radio-carbon datings recorded over the site as a whole. Both settlement and burial place yielded 20 or so datings, all of them of organic matter, which put their use at somewhere between 1410 and 160 B.C., a range which would fit in well with the cart era. The position of this phase of Saharan art is in fact confirmed locally, within the expected limits.

At all events, it is clear that, at Iwelen, we have two similar, simultaneous phenomena — pottery and graphic art that are entirely new and which nothing in the region led us to suspect. Their coexistence at the same site and the link established by the knowledge of metal and its use for arms and tools suggest that here we have two complementary aspects of the same archaeological reality — the arrival in the Air of a new population.

If we fit the radiation dating results just described into the palaeoclimatic trend which our ORSTOM colleagues M. and S. Servant and J. Maley have reconstructed for these sub-Saharan latitudes, we find that the occupation of Iwelen in fact seems to start at the same time as a clearly-defined lake transgression episode in the Ténéré between 1500 and 1000 B.C. This humid phase occurred after the first wind changes and desertification which got gradually stronger over the last part of the Neolithic period accompanying it until it came to an end around 2000 to 1800 B.C. So it is logical to imagine that a positive climatic change recreated easier living conditions conducive, in this case, to the arrival and settlement of a population, with an original culture, from elsewhere. Here it was free to flourish, only a few centuries after the latest neolithic settlements known to us were abandoned, at a time when the last representatives of that period still survived in the valleys of the massif. Various observations made at Iwelen suggest that this is in fact the case. But this culture, which we symbolise by horse-drawn carts, had now become the dominant culture and was now to be the life-blood of the area.

The earliest manifestations of the cart people is the system of representation they created which then marked the whole of the development of rock drawing in the massif. This art was of course to become increasingly schematic and suffer from the gradual disappearance of the fauna which went alongside desertification. But ultimately, the structural lines observable at Iwelen link even the most recent works up and were the constant basis of the artists' inspiration. The last exponents of this tradition were probably the Tuaregs, at a time in the past which is still difficult to assess but to which we now have a number of pointers. 
Bernard Dadié (*): high output at the service of mankind

by Frédéric GRAH MEL(**)

Bernard Dadié was played again in Abidjan in February, when “Voix dans le Vent” ran for three nights at the Théâtre de la Cité in Cocody. The handful of people who found time to go were delighted with this caustic play, a biting satire on the insidious evasiveness which is so common in Africa today and which turns aside a public opinion keen for something new. The play is about a political leader of the same kind as the famous Kötiboh in the novel “Violent était le vent”, although, in contrast with Charles Nokan, this character changes, moving from anticolonialist arduous to neocolonial tinge. Humiliation by the governor gives him motivation for his campaign against the whites and opens the way for a power which he transforms into an instrument to deny the people. The play by Dadié—who has sometimes been accused of making too much of the past—boldly portrays the metamorphosis of Nahoubou, a black chief of the “Soleils des indépendances” (suns of independence), a phlegmatic fisherman and an easy-going husband who changes into a frightening autocrat. Yet the meditation triggered by extortion on the part of the henchmen of the ageing Macabou could legitimately bring him round to the idea of being a sensitive and obliging Macabou himself. But once awakened to the idea of power by the governor’s aggression against the masses and by his scolding wife (who leaves him after much nagging about his laziness), he ends up with the idea that “being a man is taking the food from everyone else’s mouth”. A public figure had warned him that power was like alcohol and could make one drunk, but to no avail, and he drinks uncontrollably at the unhappiness and bloodshed around him.

In the countries of Africa, with their perennially simplistic democracies which are often only democracies in name, writing is still one of the instruments of information, reflection and awareness. And Bernard Dadié is among those who have realised this and rarely use their pens for futile purposes or gratuitous entertainment. Is this why he is interested in all the genres? He has never said this, but it is impossible not to admire the high output of an author whose tales and fables are read by children and whose poetry, novels and drama reach every other age.

Review articles apart, drama is the genre of which Dadié has produced most. He has written 12 plays, as against six novels, three books of poetry and three of short stories (see list). Given the special nature of the theatre, its ability to reach a wide public in a very direct manner (something it indeed shares with the cinema), Dadié no doubt has an audience not only in Côte d’Ivoire, but elsewhere in Africa too.

He wrote his first play, “Les Villes”, a piece of political reflection, when he was only 20. The dialogue he constructs between the towns of Assinia, Grand Bassam, Abidjan and Bouaké is a vehicle for recognising and deploring all the irrational aspects of the sort of regional development in which no conurbation can expand without harming the development of another. Does not independent Côte d’Ivoire have this problem?

Then he wrote “Assémien Déhylé roi du Sanwi”, in 1936 at the William Ponty teachers’ training school in Gorée, to give his fellow Ivorian students a play whereby they could hold back the supremacy of the Dahomeyans in the island’s cultural organisation. This ethnographic work describing the succession to the throne of Krimjabo in Agni territory(1) was a masterpiece and was chosen to be performed at the Théâtre des Champs Élysées in Paris during the internation-

(1) The Agni are a large tribe of eastern Côte d’Ivoire.

hat, for he is also emissary, spokes-
man and Minister of Trade of a sov-
eign who almost never puts in an
appearance and whose absence is all
too convenient for the boundless
satisfaction of every courtier’s every
need. The character’s immoderate
love of money, his sole thought, is
still impressive. He sees man as noth-
ing other than an escutcheon hitched
high by money in the public esteem.
By double-dealing and robbing the
lower orders, he quite unscrupulously
gets a monopoly on rice, cotton,
tobacco, oil, bananas, fish, ginger,
ivory and copra. The hunting
grounds, the best croplands, the
thickest forests and the best-stocked
rivers are soon in his hands and, true
to the idea that all power corrupts
and absolute power corrupts abso-
lutely, he seduces women, has recalc-
itrant tradesmen killed and impresses
creditors who dare claim their dues.
And after avid gain, Mr Thôgô-
gnini’s second love is to be wooed and
wooed, parables. Paradoxically, poetry, the
suck its blood”.

Like “Béatrice du Congo”, a histo-
rical work denouncing Europe’s
immutable dreams of supremacy over
Africa, “Monsieur Thôgôgnini” is
an allegory only set in the past better
to illustrate the present. “I fly above
time”, Bernard Dadié says, “it is ... ”
the whim of the artist ... I look at
yesterday and I observe today ... in
this world which, in spite of enor-
mous progress, is still frozen, to the
point where the present is a prisoner
of the past, whose greedy tentacles
suck its blood”.

But Dadié is more than a writer of
parables. Paradoxically, poetry, the
kingdom of figurative expression, is
the genre in which he has delivered
his message most directly, as a look at
the titles of his three books of poems
will show. “Afrique debout” (1950),
“La ronde des jours” (1956) and
“Hommes de tous les continents”
(1957), all show the personal develop-
ment of a man who has gone from
feverish anticolonialism to disillusion
and then to idealism. In the ’50s, no
Ivorian intellectual was more ardent
in combating the absurdities of colo-
nisation than the writer of the lines:

Deliver us, O Lord, from brute force.
Deliver us, O Lord, from warlords and
conquerors.
From secret agents and from police-
men. Deliver us, O Lord.
From the Europe that liberates the
so-called oppressed. O Lord, Deliver
us.

But between 1949 and 1953, Dadié
was one of the PDCI-RDA militants
imprisoned at Grand Bassam — for a
political commitment in which the
writer’s comrades gradually stopped
believing. Dadié’s disenchantment
emerged in “La Ronde des jours”, in
which he describes life as “a rusty
coffin they pick up at the cemetery
which he describes life as “a rusty
coffin they pick up at the cemetery
corner in the evening”. In this col-
collection, he is still consoling Africa
with tales of its sons returning, “in the
storm and tempest of fruitless
journeying”. Resorting occasion-
ally to the sort of romanticism that an
English-speaking critic called exces-
sively conventional, he says how
fond he is of Life, Joy and Love.

“Hommes de tous les continents” is
another collection, this time proclaim-
ing his dreams of universal broth-
erhood and general reconciliation in
even more vibrant terms.

The novels and short stories are
to the quest for love among all
men. Most of Dadié’s works look like
different chapters of the same book,
an unbroken flow devoted to the
fight against injustice and in praise of
brotherhood. He is one of the most
sincerely humanitarian writers of
Africa today.


Bernard Dadié – The works

Tales and legends

Legendes africaines (African
Le poge noir (The Black Loincloth).
Paris, Présence africaine, 1955
Les contes de Koutou-as-Samala
(Tales of Koutou-as-Samala). Abid-
jan, CEDA, 1982

Poetry

Afrique debout (Africans arise).
Paris, Seghers, 1950
La Ronde des Jours (The Daily
Round). Paris, Seghers, 1956
Hommes de tous les continents (Men
from Every Continent). Paris, Pré-
rence africaine

Novels, novellas and chronicles

Clôture. Paris, Seghers, 1956
Un Nègre à Paris (A Negro in Paris),
Paris, Présence africaine, 1950
Patron de New York (New York
Boss). Paris, Présence africaine,
1964
La Ville où nul ne meurt (The town
where nobody dies), Paris, Présence
africaine, 1969
Commandant Taureaut et ses nègres
(Commander Taureaut and his Nig-
gers). Abidjan, CEDA, 1980
Les jambes du fils de Dieu (The Legs
of the Son of God). Abidjan, CEDA
1980

Drama

Les Villtes (Cities). 1933
Assemblé Déhylé, 1936
Min Adja-O (My heritage), Situation
difficile (Tricky situation), Sorment
d’Amour (Vows of Love) in Le
Théâtre populaire en république de
Côte d’Ivoire (Popular drama in the
Republic of Côte d’Ivoire). Abidjan,
CCFI, 1965
Les enfants (Children). 1956
Monsieur Thôgôgnini. Paris, Pré-
sence africaine, 1970
Les Voix dans le Vent (Voices on the
Wind). Yaoundé, CLE, 1970
Béatrice du Congo. Paris, Présence
africaine, 1970
Îles de Temptée (Tempest Islands).
Paris, Présence africaine, 1974
Sidi, maire creyos (Sidi, Master-
crook). Yaoundé, CLE, 1968
Mboï-Ceul. Paris, Présence africaine,
1979

(4) “Litanie d’un sujet français”, a poem in
Afrique debout.
(5) “La vie”, a poem in La ronde des jours.
(6) “Sèche tes pleurs”, idem.
(7) The review Black Orpheus, No 5. p. 58.
Beekeeping: a useful activity for rural people

by Nicola BRADBEBAR(*)

Societies everywhere favour honey because of its flavour and sweetness. In many countries it is highly valued as a medicine and, where diets lack diversity, honey provides a useful, non-perishable source of carbohydrate. Honey is a bonus crop which can be obtained in addition to existing crops: honeybees collect resources that would otherwise remain unharvested; the nectar, sap and pollen of wild and cultivated plants. Honey is not the only economic output of the bee hive: beeswax is another product which in some societies is more highly valued than honey. Beeswax can be strained, melted and formed into a block to be sold, and needs no further processing or packaging. It is also a useful substance, used in villages for treating leather, in preparing skin ointments and in a number of craft processes such as batik and the 'lost-wax' casting of small metal items. Beeswax is also in strong demand on the world market, being particularly valued as a 'natural' ingredient for the manufacture of cosmetics and ointments and in candle manufacture.

In traditional beekeeping methods, beeswax is harvested along with the honey: a typical harvest from a traditional hive would be 15 kilos of honey and 1 kilo of beeswax. Using modern beekeeping methods (frame hives) only a small part of the wax is recovered, but techniques have been developed for harvesting pollen, propolis and royal jelly; for all of these products there is strong demand, particularly in industrialised countries.

As well as being producers of food from otherwise unused resources, bees are of great importance as pollinators. Insect pollination is vital for the production of many important cash crops such as the cashew nut, coconut, mango, melon and sunflower, and also increases the yield and quality of self-pollinating crops such as coffee, cotton and citrus. Bees are highly efficient pollinating insects and their presence becomes ever more important as native insect species and their habitats disappear because of pesticide use and intensified systems of agriculture. The great importance of honeybees and other insects as pollinators of crops is, in general, poorly appreciated and understood.

Mexico, China and Argentina are 'developing countries' which are also major honey producing countries, exporting between them some 150 000 tonnes of honey annually, amounting to almost 50% of total world exports. Beekeeping in these countries is practised on a grand scale and forms an important part of the export economy. However in many other developing countries, beekeeping practised on a small-scale is increasingly appreciated as a worthwhile source of food and income for rural people living at subsistence level.

Important advantages of beekeeping as a means of improving rural livelihoods are:

- Bees do not compete with other forms of livestock (or with humans) for food resources. They use only the nectar, sap and pollen of flowers.
- Beekeeping does not require valuable land. Hives are usually placed in trees, but can also be sited on waste ground or on buildings. Beekeeping is therefore feasible for people with no land of their own.
- A large financial investment is not required to get started. Hives are traditionally constructed from whatever materials are available locally, usually hollowed-out tree trunks, but also straw, reeds, mud, clay, timber, half-barrels or any suitable disused container. Bees themselves can be obtained by dividing an existing colony, by taking a swarm from the wild, or (most usually in tropical areas) by waiting for a migrating swarm to occupy an empty hive.
- The demands which beekeeping makes on labour-time are flexible; bees need not be visited daily and the beekeeper can attend to them when time is available.

Honeybees store honey to provide the colony with a food supply when little nectar is available (during periods of drought or cold). These honey stores have been plundered by man for thousands of years. The most basic way to obtain honey is still practised in many tropical countries: it is to steal honey from the nests of wild bees. But this is a time-consuming and sometimes dangerous way of obtaining honey, and the bees' nests are often destroyed.

Obtaining a honey crop is made easier by keeping honeybees in hives placed in a situation convenient for the beekeeper. In the most elementary form of bee management a receptacle is provided for a swarm of bees to occupy and, when the colony has grown in size and built up honey stores, the bees are killed and the honey removed. An advance on this method is simply to drive the bees away from the combs which contain honey and then to cut only these combs out, leaving the bees and their brood undamaged so that the colony can start to replace the harvested honeycomb. This level of beekeeping is carried out in many tropical and subtropical areas using a wide variety of traditional hive designs.

In recent years, attempts have been made to develop low-technology hives which allow the type of management possible with modern frame hives, but do not require costly equipment. In these so-called 'top-bar hives', a series of parallel bar (or 'topbars') of wood are placed across the top of the hive, so that combs will be built at the same distance apart as would occur in a wild nest, but the bars enable the beekeeper to lift individual combs from the hive and examine them. In all hives the distance (known as the 'bee space') between one comb and a neighbouring comb, or the wall of the hive, is critical. In a nest built in the wild, bees construct combs such that they have space to move freely between the combs. In a man-made hive it is important that the correct spacing is maintained: if the distance is too small, then bees will build comb across it, if too large the bees will try to build an intervening comb, and these additional combs will make management difficult. Such top-bar hives are now being promoted by a number of beekeeping projects in developing countries. Their design is intermediate between the simplest

(*) Advisory Officer for Tropical Agriculture, International Bee Research Association.
The object of these Conferences is to focus on the rearing of bees in the tropics, particularly in developing countries. A top-bar hive is simple to construct from thin wood or hardboard and consists of five panels making four sides and a floor, nailed together and secured against a wooden rim. Top-bar hives can also be made of clay and card­
dung, basket-work, disused packing cases or any suitably-sized container. Top-bars are made of timber or straight branches, stripped and cut to size. Some sort of lid is needed together with wire if the hive is to be hung in trees; this saves land, prevents the hives from interference by humans or other animals, and bees themselves often choose to nest high up from the ground.

Modern movable-frame hives contain a number of wooden frames (i.e. a top-bar plus three sides added to make a rectangular frame). Each frame contains a thin beeswax sheet (known as the ‘foundation’) embossed with the hexagonal pattern of honeycomb providing a base from which bees build their comb. The modern hive can be divided into separate areas of brood-rearing and honey storage: the queen is prevented from entering the honey storage area by a metal grid or ‘queen excluder’ through which only worker bees are small enough to pass. This system prevents the queen from laying eggs amongst the honey stores and allows pure honey to be harvested with no interference to the brood nest.

Which beekeeping method is the most appropriate for developing countries? This subject was much debated at the International Conference on Apiculture in Tropi­cal Climates hosted by the Government of Egypt and held in Cairo last November. This was the fourth in this series of Conferences which are convened by the International Bee Research Association (IBRA) and held at four-yearly intervals. The object of these Conferences is to focus attention on beekeeping as it is practised in developing countries: delegates from some 58 countries travelled to Egypt to participate and for five days were able to exchange news and views on all aspects of beekeeping in the tropics. Most of the delegates who participated in the Conference did so with the support of various international aid agencies, including CTA.

The work of beekeeping projects underway in Africa, Asia, the Caribbean and the Pacific was described at the Conference. Some ranged projects such as that in Papua New Guinea which is well established, already meeting the home honey market requirement and exporting surplus honey, and at the other end of the scale, a project in Swaziland which has only just started in the last few years. In the tropics beekeeping is often a forest-based activity because trees are the major sources of nectar and pollen. Beekeeping can provide an early financial return from tree planting schemes. Beekeeping is therefore increasingly appreciated as part of agroforestry systems and foresters are urged to ensure that nectar and pollen bearing trees are included in village schemes. Much debate at the Conference centred on the use of traditional hives made from bark: for a number of years their use has been generally discouraged because the removal of bark always results in the death of the tree. However delegates from Zambia demonstrated that the manufacture and use of bark hives is a worthwhile and sustainable use of forest resources: each hive lasts for many years and any such sources of income from tropical forests for local, rural people should be encouraged. Introduced types of modern hives are not appropriate here as they are of relatively high cost and require materials cannot be obtained locally. Modern conservationists understand that forests cannot be maintained per se without involving local people, and beekeeping is one further way of enhancing the value of remaining forests.

It is evident that project workers are giving great thought and attention to the question of which beekeeping equipment really is appropriate to particular situations. Much of the problem with inappropriate equipment arises because most knowledge of beekeeping relates to temperate-zone races of honeybees managed in temperate climates, and this same technology has been widely introduced to the tropics where it is not necessarily appropriate. At the previous Conference in Nairobi (1984) debate centred on low-technology top-bar hives, their design and improvement. Hive design is of course a most important aspect of beekeeping development and is continuously advancing, but at this Conference there was greater appreciation of traditional beekeeping and the skills involved; these have not always been appreciated by those who would seek to ‘improve’ beekeeping.

Processing and marketing of honey and wax are important aspects of interest to all involved with beekeeping projects, and success in this area may to a large extent determine the success of the project. For example, Conference delegates heard from a beekeeping project in Guinea-Bissau where a simple candle-making technique has been developed using bamboo stems as moulds for the candles. The success of the candle production has strongly motiv­ated local people to participate in the beekeeping project.

Discussion of education and training, and encouraging women as beekeepers engendered lively debate, with details of new training efforts around the developing world. It was good to hear of interven­tions specifically to involve women in training and a number of women’s beekeeping projects have already proved successful. However a cautionary note was sounded: with various aid agencies currently interested in funding projects specifically for women there may be a tendency to obtain funds for women’s beekeeping projects without fully considering the real potential for such a project in a given location. Beekeeping should not be con­sidered in isolation from the rest of the community and its customs and skills. Beekeeping is most likely to be found useful by rural people if it fits in well with their other existing activities.

In almost every developing country beekeeping is practised by some sector of the community. The work of beekeeping projects is usually either to teach beekeeping skills to those who have no previous experience, or to help existing beekeepers to obtain the maximum benefit from their craft. This often involves helping to improve methods of honey and beeswax processing, thus increasing quality and value of the final products.

When local markets have been satisfied, honey and beeswax can be considered as worthwhile crops for export. The world market for both products is strong, and their production need not displace crops grown for local consumption.

The International Bee Research Association is a non-profit making, scientific organisation which seeks to provide information on all aspects of bees and beekeeping. The work of the Advisory Officer for Tropical Apiculture at IBRA is funded by ODA, UK to provide a free information service to beekeepers in developing countries. The Newsletter for beekeepers in tropical and subtropical countries is published twice yearly, and various informative leaflets and charts are available. For further details write to Nicola Bradbear, Advisory Officer for Tropical Apiculture, Interna­tional Bee Research Association, 18 North Road, Cardiff CF1 3DY, UK.

IBRA also differs a wide selection of apicultural publications for purchase; for details of these, of IBRA Membership and of the goods and services available, write to IBRA, 18 North Road, Cardiff CF1 3DY, UK.
Who is treating whom?

Can I say something about No 108? The dossier (Health for all?) covered its subject from every possible angle. It dealt for example, with the contributions which the international organisations and the EEC are making to control disease. But the message conveyed by the cover photo went unmentioned. Who in fact is treating whom? The clean, tidy children who have come to be vaccinated are surprised at the doctor, who is not really dressed properly. Where has he left his professional clothes? The dossier could have criticised our leaders, who make no attempt to see that professional rules are adhered to.

Since the success of any project depends on the seriousness with which it is approached, I hope that the readers, leaders and health officers have taken note of this photograph.

Kidjo Abel, Kiev, USSR

Computers: useful tools

Your dossier No 113, on informatics and development, was a very interesting one. People have always been wary about new technology, so their hesitation about computers, macro and micro, is by no means surprising.

I have been working with ATD-Fourth World for some time and have had the opportunity to see all the Movement’s permanent volunteers—and they include a number of engineers—have done to put informatics at the service of the very poorest sections of society. These voluntary workers agree with you that computers are tools, not gadgets or panaceas. But they are tools which everyone must be able to use if the gap between the haves and the have-nots is not to widen. Not enough is said, I think, about the contribution they can make to the anti-poverty campaign. Various experiments are being or have already been run at ATD locations and micro-computers are proving to be a first-class instrument of development if they are part of a general training project.

Anne-Marie Rabier, Brussels, Belgium

Developing countries of Africa find integration, particularly into international society, difficult

The developing countries find international political, legal, economic and financial machinery a clear obstacle to their integration in international society, but there are other barriers, related to the internal situation, too.

A look at the various questions for which the developing countries are trying to find answers shows that some internal and regional contradictions, particularly in black Africa, are deemed, a priori and even a contrario, to have been solved. For example the single party, laying down and dictating partisan unanimity and a feeling of ethnic solidarity, be it tribal or regional, and boosted and backed up by any single party system, particularly one constitutionally set up, tends to be the supreme body. And the feeling of emergent “national” or patriotic solidarity seems very weak, if not absent entirely.

Emphasis should also be placed on the diversity of cultures which go to make up these countries. Here again, analysis reveals that there is no real spirit of contradiction, there being in fact very vertical de facto and de jure relations between the State bodies themselves and between them and the people, as well as between physical persons. Paradoxically, the African intellectuals seem happy with this situation in that they nonetheless have responsible jobs to do.

The spirit of a State of law is not manifest, as the conventional State bodies and political bodies, essentially the single party, do not feel bound by the established rules and they fail to respect public freedoms. Can we hope one day to see the Africans control certain fields without calling on the help of the industrialised countries?

Science, technology and research are surely the main basis for the development of a nation and an improvement in its standard of living.

Where do the countries of black Africa stand at the moment? What are they doing with the know-how they have acquired? It is worth emphasising the fact that the new international economic order, an idea subscribed to by almost all the developing nations, is a complex and difficult matter, because trying to change the rules governing international society or international and/or conventional relations not only takes time, but the changes make themselves felt. And as for the regional and sub-regional contradictions, it has to be realised that the domestic laws of the countries of black Africa have not been harmonised through the regional or sub-regional institutions (which have no real powers of decision in spite of having been created in the image of the EEC).

This is why we think that the Africans’ ideas of denying or relativising these various internal and regional constraints will not help the process of integration. Getting over the constraints no doubt would.

Edouard Kowinga, Reims, France

In 1979, Dr Metangmo, back from his studies in France and on a Ministry of Health posting to the hospital in Dschang, decided to set up an autonomous project centred on the district of Bafou, his own village in the Bamiléké country of western Cameroon. This is a region of highlands (1 500 m) and considered to be the garden of the country because of its fertile land and good rainfall. Village life revolves around the chief and there is a social hierarchy for which all the inhabitants have profound respect. Heavy demographic pressure has made arable land rare and led to it being split up — which is partly what is forcing the young people away to the towns.

This is the framework in which the author set up a Group of Modern Farmers. Everyone joined in and so things got off the ground quickly, with good results in the following schemes to build:

— a pilot farm;
— a kindergarten;
— a mother and child welfare post;
— a recreation room.

But major problems very soon appeared. In this work, the author, with great lucidity, looks at the situation dispassionately and tries to analyse the reasons for it.

There are no difficulties attached to getting the population moving on a one-off scheme which is limited in time (putting up a building, for example). But with a long-term project, on the other hand, the mobilisation of the people is virtually nil and a hierarchy different from that of the village very soon poses insoluble problems. A battle of influence between the chairman of the Group and the vice-chairman, who came from higher up the social scale, for example, ruled out even the slightest coordination of the scheme. Here the author sets out the problem of responsibility. Culturally speaking, in fact, the notion of responsibility is reflected in the chief — which means a conflict of individuals if everyone's responsibility is involved. So traditional society leaves a great deal to the leaders, whose orders it is not usual to disobey.

The pilot farm raises poultry to be sold for the table. Production is going well, although the lack of stable markets and product marketing more generally are a problem. This, in the author's eyes, has more to do with bad producer organisation than genuine over-production.

The project looked to intellectuals from the village who had gone off to study in the town to help run the Group and provide the knowledge the peasants sometimes cruelly lacked, but they preferred to stay on the dole queue in the town than come and work on the project, even with a normal manager's salary.

The author says that, for Africans, particularly those from the towns, status and appearances are more important than ability and he is concerned about the fact that Africans only take the form (the villas and cars etc.) of western civilisation and do not bother much about the substance.

In the last part of the book — which won the European "Encounter" award given by the Delegation of the Commission of the European Communities in Senegal — Metangmo says what he thinks.

It is high time, he feels, to stop getting bogged down in anticolonial dialectics. Let development problems be better posed, he says, with, in particular, integration of those related to the cultural identity of the African peoples and the lack of balance between town and country, which means creating jobs in rural areas that are no longer considered as sanctions by both those who appoint and those who are appointed to them. He also wants greater coordination between research departments and the world of agriculture so that projects can be run with the best chance of success.

Lastly, he hopes that cooperation between rich and poor countries really exists — i.e. that it is in the form of a genuine partnership and not, as is alas all too often the case, in the form of assistance.

In conclusion, and in spite of all the pitfalls, projects like this Group of Modern Farmers operation have to continue and to increase, for, as the author says, "development is also little things done by lots of little people in lots of little areas".

Kaye WHITEMAN — Chad — MRG, 29 Graven Street, London WC2N 5NT — 18 pages — 1988 — £1.80 or USS$3.95.

This is No. 80 of the Minority Rights Group review and it is entirely devoted to a monograph on the civil war in Chad.

A brief historical, geographical and ethnical outline is followed by a description of the ethnic and religious opposition which was the root cause of the troubles which shook this Central African country until recently, a chronological breakdown of the machinery of the country's political disintegration, a picture of the successive phases of the various foreign interventions and the main military vicissitudes and a presentation of the principal protagonists in Chad's lengthy conflict.

This work, which ends in 1988 with a virtually liberated Chad united under the leadership of President Hissein Habré, undeniably achieves its stated aim of explaining what was behind a complex and tragic conflict.


What is aid for? Can it trigger development? The example of the Sahel countries which Jean-Jacques Gabas looks at here is an opportunity to look at the record... which is highly dubious.

There are two findings:
(1) The Sahel countries are some of the most aided in the world, aid representing 58% of GNP in Cape Verde, 41% in Guinea Bissau, 35% in Mali and on. Moreover, it has been increasing constantly since 1965.
(2) Yet these countries have ever increasing difficulties.
ACP-EEC negotiations for Lomé IV
A spur from the Council of Ministers

The ACP-EEC ministerial negotiating sessions in Brussels from 2-5 June provided an opportunity to start discerning the aims of the next Lomé Convention and the ways of achieving them. This time, the negotiators, prompted by the Europeans in particular, wanted practical discussions, based on precise proposals, to make for progress in Luxembourg in mid-October on all the texts which would be making up the charter on cooperation between the European Community and the ACP States over the next five years or more.

The talks followed the negotiating plans adopted in Brazzaville — three ministerial groups (A, B and C), looking at the report of the central negotiating group (CNG) and the presidential group discussing the more delicate aspects of the problems and ironing out insurmountable problems in the ministerial groups. The presidential group, led by Luis Yañez-Barnuevo, Spain’s Secretary of State for International Cooperation and Latin America, and Ratu Sir Kamisese Mara, the Prime Minister of Fiji, also took up some of the central negotiating group’s questions.

In his opening speech, Mr Yañez-Barnuevo gave the areas in which progress had been made since the Brazzaville meeting. But he also said that there were “a number of basic issues on which the approaches were still very divergent”, hoping that the Council would be able to “focus all its efforts” on these.

The Prime Minister of Fiji went over most of the subjects of ACP concern in cooperation with the Community, particularly as regards commodities and related problems, Stabex, Sysmin, debt, the financial resources of the Convention and so on.

By the end of the session, there was a genuine feeling of progress in most of the areas under negotiation. And although the ACPs’ satisfaction with some of the Community’s essential proposals was tempered, they seemed less gloomy than had been after Brazzaville. A look at the main subjects of discussion may explain their “measured optimism” as opposed to greater optimism of the Europeans, who saw the glass as being “half full” rather than “half empty”.

**Progress in each major sector and each ministerial group**

**The presidential group**, which had already reached broad agreement on the concept of development — this is now agreed to mean overall autonomous, self-sustaining progress — after Brazzaville. ACP-EEC cooperation “backed up the efforts of the ACP States” here, which meant “solidarity of responsibility with regard to the preservation of the natural heritage, rational management of the environment and the development of natural and human resources” in ACP States.

The group also completed work on interdependence and the enlargement in cooperation at the June meeting. This enlargement would involve seeking a wider range of economic, social and cultural participants for the development projects and should be achieved through action which was “decentralised, particularly by combining the efforts and means of ACP and EEC counterparts”. Greater participation in cooperation would thereby increase the ACPs’ active involvement in the development of their countries, the presidential group thought.

Other aspects of the negotiations were also discussed, starting with the Community’s non-discrimination between ACP States. There was very little change in outlook here. The non-discrimination commitment must be taken by the “contracting parties” and written into the Convention, the ACPs maintained. But the Community said no to this, suggesting that this term also covered the Member States signatory to the Convention, and the Community confirmed that the Community cannot make commitments in areas of national jurisdiction for the Member States.

Agreement on the “dialogue” is on the way and seems certain to be achieved after lengthy discussion. The dialogue should aim to “increase the effectiveness of the instruments of the Convention” and occur in the light of the respective competences, guidelines, priorities and measures which will make for achievement of the aims which the contracting parties lay down in the Convention.

Both Community and ACPs reached agreement on toxic waste (1), major risks and the environment, their initially opposing positions reconciled. The Community indeed accepted a total ban on the export of hazardous (toxic) products to the ACP States and the ACPs agreed not to import toxic waste from any other countries. However, the Community’s agreement was tied to the possibility of waiving the ban so that a Member State could export toxic waste to the ACP States at such time as they had the treatment facilities to eliminate it. But the ACPs rejected this on the grounds that it could open the way for violation or misuse of the agreement with exports of nuclear waste — which are not covered by the Basle Convention. Some unscrupulous ACP States might even allow in waste prohibited by the Conventions of Basle and Lomé.

**Extension of the Convention’s geographical limits** was another important point discussed by the presidential group. The question, as ever, was whether Haiti and the Dominican Republic, both observers at the Council, were to be members of Lomé IV. The Community was a little more specific about this in June, reminding the meeting that it would give a “global” answer for both countries. However, there were two essential concerns determining the Community’s ultimate position — non-extension of the Convention to other countries outside the region and the commitment from the Dominican Republic not to join the Sugar Protocol. The Convention had to be protected against other attempts at accession by Latin American countries and to safeguard the Sugar Protocol — whose main beneficiaries (the Caribbean nations) could well suffer from the arrival of the Dominican Republic, which produces more sugar than all the Caribbean signatories of the Protocol together. The ACPs reiterated their Brazzaville position in favour of Haiti acceding to Lomé.

Lastly, on the matter of the ACP States’ sovereignty over their natural resources, particularly those in their exclusive economic zones (EEZ), it

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(1) The Basle Convention signed on 22nd March 1989 listed 47 of these toxic (hazardous) wastes to be controlled (see box).
Categories of wastes to be controlled \(^{(1)}\)

**Waste Streams**

1. Clinical wastes from medical care in hospitals, medical centres and clinics
2. Wastes from the production and preparation of pharmaceutical products
3. Waste pharmaceuticals, drugs and medicines
4. Wastes from the production, formulation and use of biocides and phytotoxic chemicals
5. Wastes from the manufacture, formulation and use of wood preserving chemicals
6. Wastes from the production, formulation and use of organic solvents
7. Wastes from heat treatment and tempering operations containing cyanides
8. Waste mineral oils unfit for their originally intended use
9. Waste oils/water, hydrocarbons/water mixtures, emulsions
10. Waste substances and articles containing or contaminated with polychlorinated biphenyls (PCBs) and/or polychlorinated terphenyls (PCTs) and/or polybrominated biphenyls (PBBs)
11. Waste tarry residues arising from refining, distillation and any pyrolytic treatment
12. Wastes from production, formulation and use of inks, dyes, pigments, paints, lacquers, varnish
13. Wastes from production, formulation and use of resins, latex, plasticisers, glues/adhesives
14. Waste chemical substances arising from research and development or teaching activities which are not identified and/or are new and whose effects on man and/or the environment are not known
15. Wastes of an explosive nature not subject to other legislation
16. Wastes from production, formulation and use of photographic chemicals and processing materials
17. Wastes resulting from surface treatment of metals and plastics
18. Residues arising from industrial waste disposal operations

**Wastes having as constituents:**

19. Metal carbonyls
20. Beryllium; beryllium compounds
21. Hexavalent chromium compounds
22. Copper compounds
23. Zinc compounds
24. Arsenic; arsenic compounds
25. Selenium; selenium compounds
26. Cadmium; cadmium compounds
27. Antimony; antimony compounds
28. Tellurium; tellurium compounds
29. Mercury; mercury compounds
30. Thallium; thallium compounds
31. Lead; lead compounds
32. Inorganic fluorine compounds excluding calcium fluoride
33. Inorganic cyanides
34. Acidic solutions or acids in solid form
35. Basic solutions or bases in solid form
36. Asbestos (dust and fibres)
37. Organic phosphorous compounds
38. Organic cyanides
39. Phenols; phenol compounds including chlorophenols
40. Ethers
41. Halogenated organic solvents
42. Organic solvents excluding halogenated solvents
43. Any congenor of polychlorinated dibenzo-furan
44. Any congenor of polychlorinated dibenzo-p-dioxin
45. Other organohalogen compounds

**Categories of wastes requiring special consideration**

46. Wastes collected from households
47. Residues arising from the incineration of household wastes

\(^{(1)}\) Source: UNEP.

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**Commodities and PMDT:**

Too restricted a debate on basic issues

The ministerial group "A" looked at commodities and processing, marketing, distribution, transport (PMDT), Stabex, Sysim and the development of industry, mining and energy.

The continual dependence on a small number of commodities, dwindling world prices and sharper competition from third countries, the effect of the multilateral negotiations, the burden of debt and the considerable reduction in the financial flows from the developed countries led the Africans to call for price machinery—"special arrangements" which would enable them to export commodities to the Community without too many losses—right from the start of the negotiations, particularly since Stabex has not been able to make up for falling prices or, therefore, guarantee stable revenue from these products.

The Community maintained its Brazzaville position and did not respond favourably to the ACP request for special arrangements. It insisted on the need for vertical diversification and new outlets and on the idea of PMDT, on which it took a step towards the ACPs.

Although it still rejected the principle of fixed-date target figures, it did recognise the need for PMDT operations as essential aims of ACP-EEC cooperation in the commodities sector.

Both EEC and ACPs agreed here, "within the framework of the instruments and resources of the new Convention, to do their utmost to go as far as possible towards achieving these aims". The Africans would have preferred the expression: "to ensure the means to go...".

The Community has taken an important step towards meeting the ACPs' claim — which could give them real economic advantages if they took the trouble to exploit the texts of the Convention better. The debate on PMDT, in fact, was too restricted, because the ACPs turned it into a question of principle and endowed the figures with vir-
The June Council of Ministers in Brussel, saw many pre-meeting consultations, as above, with the European Presidency, Luis Yañez-Barnuevo (right) and Alberto Navarro

tues they did not have. Some negotiators thought the ACPs would have done better to see the PMDT aims as purely national objectives which did not constrain the partners and seek ways of achieving them more through the industrial and financial provisions of the Convention.

But seen from another angle, some European commentators thought, the Community had pursued the PMDT objective too rigorously. A percentage and a date would not have bound the Community any more than other, more constraining provisions. The Community’s reservations about commitments on some objectives were of course understandable, in face of countries whose economic, financial and social policies seem ill-assorted and poor mobilisers, even over a relatively short period (10 years).

The discussions on these basic issues (commodities and economic diversification) would have been more useful and positive if, before coming to the negotiating table, they had been taken further in each region of the ACP Group, in the light of the constitution of internal markets and regional cooperation to give the PMDT aims solid foundations and a proper chance of success.

There was no noticeable progress on Stabex or Sysmin, the Brazzaville situation being unchanged. The Community was unwilling to look at the system of export revenue stabilisation and support for ACP mining production because the Twelve did not have a final common position, in particular on Stabex, which, for the Africans especially and the Pacific as well, was an essential provision whereby they could count on foreign exchange earnings — often small amounts, certainly, but considerable financial contributions for many countries.

The Stabex system cost relatively little, representing less than 13% of the 6th EDF, with an annual allocation of less than a third of the annual spending on the Sugar Protocol (about ECU 500 m). This also explained why the Caribbean States paid greater attention to the Protocols (for sugar and also for bananas and rum — extra-negotiation) than to Stabex or even Sysmin. The little island of Barbados, for example, got 20 times more income p.a. from the Sugar Protocol than it did from its EDF Indicative Programme.

This could be one of the reasons for the ACPs’ call for a substantial increase in, and more products to be covered by, Stabex, although for reasons to do with the nature of certain products, the Community has serious reservations about this for the moment.

And the same goes for Sysmin, which concentrates more on maintaining mineral production apparatus than the income derived from its products.

Further discussion of the PMDT aim saw the question of industrial development and better risk capital financing of firms generate great interest among both ACP and EEC negotiators. Risk capital is used to finance viable economic activity which cannot attract enough external financing. The Community made a seven-point proposal here, increasing the European Investment Bank’s possibilities of intervening in risk capital operations.

This would mean that the EIB could reorganise and recapitalise certain institutions through own funding interventions. It would have more credit lines to finance national investors’ holdings in SMEs, it could finance risk capital for European investors wishing to invest in joint ventures with ACP partners and it could provide financial and technical assistance with the promotion and start-up of firms as part of EIB activity and individual, essentially private projects and so on.

Both these proposals and those on the CDI, which the Community hopes to see made into a managerial and organisational structure, were welcomed by the ACPs. So agreement in the field of industrial development should not be difficult to reach in October, in spite of the fact that the ACPs have made another suggestion about the CDI. This proposal should be developed at the next cycle of negotiations, an ACP declaration made clear, as should the matter of the financing of firms with start-up capital.

In this area, one which now seems one of the most important aspects of the next Convention, the ACPs are insisting on the need to develop industry and to manufacture and process their own products. The Community recognises the driving force and the complementarity of industrialisation in relation to rural development, but it also emphasises the fact that developing enterprise means improving the investment climate and therefore having provisions on encouraging and protecting investors.

Group “A”, under the chairmanship of the Gabonese and French Ministers, also discussed agricultural cooperation, food security, rural development, the environment and fisheries. It said it felt it was important for Lomé IV to maintain and increase the growing interest which the preceding Conventions had taken in these fields, agricultural cooperation particularly. “Major progress has been made with both the clarification and substantiation of the points of
agreement since Brazzaville”, said the report. And the negotiators felt that this part of the new Convention “has already been well defined and agreed upon”. Lomé IV “put greater priority on agricultural research” than in the past and this sector should be more to the fore in ACP-EEC cooperation, particularly in the regional context. The group also made progress with the wording of the key phrases in the various provisions of this chapter.

Ministerial group “B” led by Ministers from Portugal and the Caribbean discussed trade, regional cooperation and ACP-EEC commercial services. There were no substantial changes in the points negotiated at Brazzaville overall, particularly from the trade angle. The Caribbean Minister who led the discussions on the ACP side had merely “reiterated the request of the Group for all tariff and non-tariff measures to be revised and dismantled as a matter of urgency...”.

In view of the firm European response made to this “claim” in Brazzaville in February, it seemed unlikely that the result would be much different in Brussels in June. The Community recalled that “the essential problem” facing the ACP States in their trade with Europe was not access to the markets, but their production and marketing structures which produced goods which were not competitive enough.

Then, on the matter of preferential access for the ACP States and as if to cut off a discussion in which the Barbadian Minister, as spokesman, looked as if he was short of proposals, the Community again said that “it had never committed itself to maintaining the preferential margin for ACP products on its markets”.

The Community position on the other aspects of trade, such things as the safeguard clause, was unchanged. But the ACPs increased both their individual and collective declarations on the “vital importance to some of their economies” of the Sugar, Banana and Rum Protocols (which had always been annexed to, without being renegotiable provisions of, the three previous Conventions) after the establishment of the Single Market in 1992.

However, the Community recognised the essential role which trade and services played in the economic development of the ACP States and said it would be looking into all the ACP proposals with a view to promoting and encouraging trade cooperation. The ACP and EEC negotiators would have to complete their discussions on trade, regional cooperation and services in Luxembourg in October. The Community made an important point here, which the ACPs will now be investigating.

Structural adjustment — “a guarantee” for the ACP States

Ministerial group “C”, chaired by the British and Senegalese Ministers, dealt with financial and technical cooperation (FTC), debt, investments, structural adjustment, social and cultural cooperation and the least developed, landlocked and island countries.

Structural adjustment apart, there were no major developments in the Brazzaville positions on any subjects under negotiations.

On FTC, for example, the Community echoed its February opinion, maintaining that the time had not yet come to talk of the size of the 7th EDF. “Global aid”, it said, and the financing arrangements, cannot be properly planned until we have a clear, coherent, complete idea of the structure and content of the next Convention. So there were no discussions on this subject and the ACPs reiterated their usual position — more financial means to match the aims of cooperation.

It would be reasonable to expect the first talks on the volume of financial and technical cooperation to start properly in Luxembourg in October.

The same goes for the debt, investments and the LDLICs (no special fund for these) on which both ACP and EEC negotiators confirmed the convergence of opinions which emerged in Brazzaville.

On structural adjustment, however, the Community made an important declaration, well received by the ACPs, explaining the specific nature of its approach to this question and saying how it saw support for it in terms of coordination, access machinery, instruments and the criteria of eligibility. It stressed that structural adjustment had to be efficient in economic terms, as well as politically and socially bearable for the countries undergoing it, and said it intended to act along the lines laid down by the Council in the special adjustment programme. It also thought it was vital for the countries concerned to be involved in analysing the difficulties to be faced and designing the programmes of reform.

The structural adjustment process would be run in two ways. The first, for countries already adjusting, would involve a part of the indicative programme laying down the focal sectors of Community aid on which the bulk of the assistance would be concentrated and which, outside the sector of concentration, and for “a limited part of the resources available” could be used to “assist adjustment efforts through the financing of special import programmes”.

A second possibility, outside the indicative programme, involved the country concerned being notified of the estimated amount of an allocation from the structural support resources. The Community’s idea here was to offer security to the ACP States, the EEC spokesman said.

Institutionalising the ACP-EEC Cultural Foundation

Ministerial group “C” noted the progress with social and cultural coop-
The exceptionally fine Brussels June inspired some delegates to stick to their national dress and not succumb to the inevitable suit and tie.
EDF

The Commission has just taken the following financing decisions following a favourable opinion from the EDF Committee.

Somalia

Basic animal health programme
Fifth EDF
Grant: ECU 2 000 000

This programme involves distributing veterinary medicines to herdsmen. One of the schemes it includes is to supply basic drugs to the State-controlled Pharmaceuticals Unit and technical assistance to the Government with a view to privatisation of the Unit, which will be converted into a commercial company, the National Veterinary Pharmacy (NAVEP), whose shares are to be held by public institutions and private investors. NAVEP, which is to be run on commercial lines, will lose its monopoly on veterinary medicines. It will have a major role to play in supplying drugs on prescription.

Vanuatu

Development of forestry
Sixth EDF
Grant: ECU 1 800 000

The aim here is the long-term development of Vanuatu’s forestry resources with a view to producing wood to meet future domestic demand and growing high quality hardwood to diversify the export trade.

The project is in three parts:
— the creation of a 625-hectare pilot industrial forestry plantation at Espiritu Santo;
— the maintenance of 1 000 hectares of plantations, spread over the country’s various islands, to supply local needs;
— training for forestry service staff and manual workers.

Burkina Faso, Cape Verde, Gambia, Guinea Bissau, Mali, Mauritania, Niger, Senegal and Chad

Regional tree planting and land conservation project in the Sahel
Sixth EDF
Grant: ECU 4 250 000

This project, which has been put forward by the member countries of CILSS, is intended to transfer the reforestation and land conservation techniques used in Cape Verde for several years now to the other countries of the Sahel.

It involves planting trees and protecting land over an area of 4 700 hectares in Cape Verde, creating plantations which can then be used to teach the techniques to Sahel forestry staff from other members of CILSS. There are also plans to produce a forestry handbook and run training sessions in the various CILSS countries.

Sierra Leone

Reorganisation of the telecommunications network
Sixth EDF
Grant: ECU 5 000 000
Loan: ECU 2 500 000

This supplements and extends a previous scheme which began in July 1987, has made considerable progress and which should be completed by about the beginning of 1990.

This project, the second phase, will provide uninterrupted technical assistance for the management of the Sierra Leone National Telecommunications Company (SLNTC), make for an improvement in the technology of the Freetown district stations linked to the new digital station supplied under Phase One and rehabilitate those parts of the provincial network not dealt with in Phase One.

Chad

Petroleum products import programme
Sixth EDF
Grant: ECU 9 500 000

This should help achieve the structural adjustment aims fixed with the help of the IMF and the IBRD by obtaining the foreign exchange needed to pay a large part of the national oil bills and by providing targeted budget support, via a programme-generated counterpart fund, to finance public spending essential to the proper completion of programmes financed by the Community under Lomé III.

Togo

Rehabilitation and maintenance of the road infrastructure
Sixth EDF
Grant: ECU 16 980 000
Loan: ECU 6 220 000

One of the prime aims in the second focal sector of the 6th EDF indicative programme is the rehabilitation of the infrastructure and maintenance capacity, particularly in the road sector.

This programme meets this twofold target in two ways:
— the rehabilitation of stretches of main roads that are important to both national and regional traffic;
— support for the establishment of an efficient road maintenance system through assistance to the Ministry concerned and the financing of a pilot programme to involve the local SMEs in routine maintenance of the asphalted network.

CILSS Member States (Permanent Inter-State Committee on Drought Control in the Sahel)

Regional photovoltaic solar energy utilisation programme in the countries of the Sahel
Sixth EDF
Grant: ECU 34 000 000

The idea here is to develop the only natural resource in plentiful supply in the Sahel — solar energy. The programme will introduce photovoltaic equipment, which has already proved its reliability, on a large scale in the rural areas, so as to make a proper contribution to the anti-desertification drive by pumping water and raising the standard of living through the introduction of elementary electricity supplies.

It supplements the development schemes financed under the national indicative programmes which will supply the infrastructure (water tapping equipment and attendant facilities) and improve the use of the installations through suitable motivation and monitoring schemes.

The programme will supply 1 040 sets of photovoltaic pumping equipment (representing about 1 330 kw
The results of a first line of credit opened at the Netherlands Antilles Development Bank (OBNA) under the 4th EDF (ECU 750 000) have been very encouraging. Agricultural credit facilities have expanded considerably, the Government has taken steps to help the agricultural sector and technical know-how has improved.

The aim of the second line of credit is to consolidate and amplify the results achieved with the first one and to finance slightly bigger projects.

Belize

**Belize Hospital**

Fourth, Fifth and Sixth EDF  
Grant: ECU 3 140 194  
Loan: ECU 5 439 806

This is a project to build, fit out and start up (staff training included) a new 112-bed hospital, with facilities and equipment suitable for a future 218-bed hospital, on Princess Margaret Drive, Belize.

The new hospital will replace the old Belize City one (it has 196 beds), which is between 40 and 140 years old and is so run down that it is almost impossible to treat people there.

The aim of the project is to fit out the country’s main hospital, where advanced treatment could be given, to enable it to play its proper part in the national system, thereby completing the existing primary and secondary treatment facilities.

Sudan

**Telephone cables for the National Telecommunications Company**  
Sixth EDF  
Grant: ECU 7 500 000

Sudan was hit by torrential rains and flooding in August 1988, with serious damage to the already dilapidated telecommunications network, which was becoming a hindrance to economic development.

This project will mean that some of the aims of the national indicative programme can be achieved, the regional imbalance reduced and the lines of communications improved to the benefit of the economy in general — one way of contributing to the development of the regions in question.

Djibouti

**Training programme**  
Sixth EDF  
Grant: ECU 2 200 000

Support for vocational training is part of the Lomé III indicative programme signed by the Djibouti Government and the EEC.

The training and employment programme has been designed to bring training into line with needs detected in sectors where there is employment and to cut the rate of unemployment. It is part of the Government’s national training and employment plan.

Burundi

**Socio-economic development in the Mugamba region**  
Sixth EDF  
Grant: ECU 32 000 000

This programme of socio-economic development in the Mugamba area focuses on the region along the eastern slope of the Zaïre-Nile crest.

It has been designed to reflect the needs of the beneficiary populations, the Government’s rural development policy and schemes, financed by other funders, which are being run at the moment.

It is in five parts:

- agricultural-forestry-herding (CVHA project, phase II);
- support for the tea sector;
- improvements to rural tracks in the natural regions of the Mumirwa and Mugamba;
- improvements to drinking water supplies;
- support for local communities and the promotion of business and services in the rural environment.

The aim, through the various parts of the programme, is to improve the protection of land title, increase the quantity and quality of food crop output, organise the rural world and make it more dynamic, train those involved in implementing the schemes and improve the road network and water supplies.
Comoros

Rural development on Anjouan island
Fifth and sixth EDF
Grant: ECU 11 300 000

This programme is in line with the Government's policy of reducing economic and food dependence by running schemes to make people aware of simple techniques of agricultural production, of the campaign against erosion and deforestation and of communications.

It is concerned, particularly, with northern and eastern Anjouan, with more than 4,000 farms, and covers an area of 13,210 hectares, of which 6,236 hectares are arable. This is more than a third of the island's total arable land.

The programme consists of:
- the intensification of agricultural production with a view to increasing the output of food and cash crops;
- the protection and revival of the tree planting and treatment schemes to protect the existing forests;
- the provision of the road infrastructure needed to open up some rural areas, to the benefit of the whole island;
- health and socio-cultural schemes to raise the standard of living.

Burkina Faso

Rural development in the Sissili province
Sixth EDF
Grant: ECU 31 500 000

The development programme in the Sissili province of Burkina Faso involves a series of schemes and investments to boost food production and make it reliable, in particular through the anti-desertification campaign.

In this region, which has relatively good weather for Burkina Faso, the projected schemes will focus on:
- the development and diversification of the agricultural and rural economy;
- the management of village land, preserving the natural resources;
- rehabilitation of the essential means of communication;
- access to drinking water and improvements to the rural health and primary education situation;
- the promotion and organisation of the rural population, in particular through training schemes as part of the participatory approach to development.

The programme has been designed as an initial, priority phase of development and could be continued, with appropriate adaptation, when this phase is over.

CILSS Member States
(Mauritania, Senegal, Gambia, Guinea Bissau, Mali, Burkina Faso, Niger, Chad and Cape Verde)

Regional environmental training and information programme
Sixth EDF
Grant: ECU 10 000 000

The idea here is to make primary school children aware of the threats which desertification poses to the environment and to food security and to train them in the techniques and demands of the campaign to control it. The programme is in fact based on an original operation involving making the schools aware of the realities of the deterioration of the natural environment by forging links between the schools and the anti-desertification schemes run in the focal areas of Community aid in the Sahel. It combines educational and communications schemes to ensure that the children's training fits into their environment better and as much capital is made out of it as possible.

The means to be deployed include:
- the instruments to be used for communicating both what is at stake and the results of the training;
- the training of teachers in direct education in the field of anti-desertification;
- the production and dissemination of suitable teaching materials;
- technical and financial support for the schools;
- technical and financial support for the programme implementation system.

Côte d'Ivoire

Development of sheep and cattle rearing
Sixth EDF
Grant: ECU 11 000 000

This scheme is in the focal area of the Lomé III indicative programme, aimed at improving food security, setting young people in the rural environment and developing the savannah region in the centre of the country.

The Ivorian livestock sector, which expanded rather remarkably, has been stagnating for some years now, as the national meat output, particularly beef and veal, is up against strong competition from meat imported at a subsidised price. The aim of the programme is to stimulate herding in the rural environment in order to reduce the national meat shortage by increasing national production. The distribution of selected breeding stock will improve productivity and the provision of draught methods of tilling will be used and the association between herding and farming increased.

Benin

Sectoral import programme
Sixth EDF
Grant: ECU 16 000 000

This is part of a coordinated operation whereby Benin's development partners are backing up the implementation of the economic reorientation programme. It supplements other schemes currently being run with financing from the World Bank, the IMF, France and the Federal Republic of Germany.

The programme involves supplying inputs and spare parts. About 50% of the aid, for private industry, will be in the form of foreign exchange and the allocation to the State and semi-public firms will be in kind.

The counterpart funds will be used by common agreement of the Government and the Commission Delegate and channelled into the State Budget (maintenance of the non-wage spending of the banking sector).

Zaire

Sectoral import programme
Sixth EDF
Grant: ECU 30 000 000

Zaire has been engaged in a process of structural adjustment, with the support of the IMF, the World Bank and other funders, since 1983.

It currently has to cope with a considerable shortage of foreign exchange which means strong pressure on the exchange market.

The sectoral import programme, worth ECU 30 m, will help lower this pressure and thereby establish a sound basis on which the Zairian
economy can get off the ground again within a context of structural adjustment.

The Community contribution, in the form of a foreign currency programme for the industrial and agro-industrial sector, will be financed as part of the Special Community Programme for poor and heavily indebted countries of sub-Saharan Africa, supplemented by unused funds from the 5th and 6th EDFs.

The Bank of Zaïre will be implementing the programme, managing a foreign currency credit facility, opened in European banks, and using it to pay for imported goods for which import licences are granted in accordance with the provisions currently in force in Zaïre. The payments will provide counterpart funds (in zaïres), which will be used to achieve the aims of the national indicative programme and, where appropriate, finance schemes in the sectors of greatest importance to the national economy.

**All ACPs and OCTs**

**Microprojects**

Fifth EDF
Grant: ECU 1 500 000

This is a global commitment authorisation for the financing of microprojects by expedited procedure.

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**EIB**

**Kenya: ECU 17 million for the Nairobi water supply and sewage system**

The EIB is lending ECU 17 m for the expansion and upgrading of the water supply and sanitation system of Nairobi. The scheme is designed to satisfy Nairobi’s water supply and sewage treatment requirements into the next century. The project comprises the construction of a new dam on a river 50 km north of Nairobi, 4.7 km of tunnels, a 10 km of raw water pipeline, the extension of treatment capacity and distribution network including 36 km of mains as well as the expansion of sewage treatment capacity.

The funds going to the Government are granted under the Third Lomé Convention for 18 years at 5.25%, after deduction of an interest subsidy from European Development Fund resources, and will be on-lent to Nairobi City Commission (NCC).

Total project costs are estimated at ECU 189 m. Approximately 25% will be financed from internally generated funds and the remainder by external lenders, including the World Bank, the African Development Bank and Japan, in addition to the EIB.

**Rwanda: ECU 4 m for small and medium-sized enterprises**

The EIB is granting a global loan of ECU 4 m to finance small and medium-sized enterprises in the industrial, agro-industrial, mining and tourism sectors, and feasibility studies for the preparation of such projects in Rwanda.

The funds, from risk capital resources provided for under the Third Lomé Convention and managed by the EIB, are advanced in form of a conditional loan to Banque Rwandaise de Développement (BRD). The terms are: 15 years at 2% to the extent that the proceeds of the global loan are on-lent in loans, up to 25 years at 1% to the extent that they are used to take up equity participations, and up to 10 years at 1% in the case of finance for feasibility studies.

The State is the largest single shareholder in the BRD while development agencies in Belgium, France, Germany and the Netherlands together hold 33% of the capital. A first EIB global loan of ECU 700 000 for financing of equity participations and feasibility studies was made available to the BRD in 1983.

**Ghana: ECU 13 m for gold mines**

The EIB is to provide a loan of ECU 13 m, for the rehabilitation of two gold mines, located at Tarkwa and Prestea, in south-western Ghana.

The funds are advanced in the form of a conditional loan. The government will pass on the proceeds to the State Gold Mining Corporation, which runs the two mines.

Tarkwa and Prestea are underground mines which have been in operation since the beginning of the century. A comprehensive programme for overhauling installations, expected to cost ECU 100 m and scheduled for completion by 1993, will improve operations and restore production to former levels.

The project includes replacement or repair of equipment as well as development work to provide access to new ore reserves. At both mines, the overhaul of winders is necessary. The EIB loan will help to improve the reliability of the winders and bring them up to approved standards. The International Development Association (World Bank Group) and the Caisse Centrale de Coopération Economique are also providing funds for the project.

**EMERGENCY AID**

The Commission has just decided to send the following emergency aid:

**Djibouti: grant of ECU 150 000**

Aid worth ECU 150 000 has been allocated to the people hit by the recent torrential rains which caused such serious damage to houses, roads and bridges. It will be distributed to the neediest families.

**Mauritania: grant of ECU 50 000**

The suffering of Senegalese nationals in Mauritania — following serious troubles, about 8000 people have been living in the courtyard of the main mosque in Nouakchott and 2000 in another centre since 26 April — and an appeal from the Mauritanian Government, led to a Commission decision to send ECU 50 000-worth of emergency aid, under Article 203 of the Lomé Convention, to help. It will be used for the local purchasing, transport and distribution of food, blankets and other essentials by Caritas.

**Ethiopia: aid for Somali refugees**

The Commission has just decided to send emergency aid worth ECU 650 000 to the increasing numbers of Somali refugees in the Arewa region of Ethiopia, where the standard of nutrition, particularly among the children, is in steady decline.

The aid will be channelled through Médecins sans Frontières (Belgium), which plans to provide people with medical assistance and food.
FOOD AID

The Commission has just decided on the following food aid as part of the 1989 programme.

Tunisia: 30 000 tonnes of cereals

The disastrous drought, combined with the damage wrought by locusts, wiped out most of the 1988 harvest, forcing Tunisia to import massive amounts of cereals. The effects will continue to be felt in 1989, particularly since the 1989 harvest is expected to be below average and a large percentage of requirements will still have to be met through commercial imports and food aid.

The Tunisian economy is still weak from these disasters. The Government is also continuing with the emergency plan for the particularly hard hit arid and semi-arid regions, where the situation of the people is still very precarious this year. The counterpart funds accruing from food aid will help support this plan, as they did last year.

World Food Programme: 100 000 tonnes of cereals, 10 000 tonnes of milkpowder and 4 000 tonnes of butteroil

This is the second allocation to the WFP this year. It will be used in the WFP’s Food for Work and social operations.

Non-governmental organisations: 100 000 tonnes of cereals, 10 000 tonnes of milkpowder and other products

This will be used for development schemes, refugee relief and social projects.

UNBRO (United Nations Border Relief Operation): 900 tonnes of dried fish and 2 000 tonnes of pulses — ECU 1 570 million.

This is another Community contribution to the UNBRO food aid supply to enable the Operation to provide relief and assistance for the 320 000 or so Cambodian refugees in Thailand.

It is to be channelled through the WFP, which will be purchasing products locally, on UNBRO’s behalf, and transporting them to their various destinations, where UNBRO is actually distributing and monitoring food aid.

UNHCR (United Nations High Commissioner for Refugees): 35 000 tonnes of cereals, 1 000 tonnes of milkpowder, 2 000 tonnes of sugar and 3 500 tonnes of vegetable oil — ECU 12 440 million.

This is to enable the UNHCR to meet the needs of 2.5 million refugees in 15 developing countries in 1989.

ICRC (International Committee of the Red Cross): 600 tonnes of sugar, 200 tonnes of milkpowder and 500 tonnes of butteroil — ECU 1 660 million.

The idea here is to enable the ICRC to continue with its relief and assistance programmes for the victims of conflict in the world, particularly in Sudan, Mozambique, Angola and Latin America, in 1989.

LICROSS (League of Red Cross Societies): 30 000 tonnes of cereals, 1 300 tonnes of milkpowder, 1 500 tonnes of vegetable oil and 400 tonnes of sugar — ECU 9 600 million.

This main intention here is continuation of the food programmes run by the national Red Cross and Red Crescent societies to help the poorest populations and a contribution to the recovery programmes run following natural disasters.

STABEX

Cameroon

The Commission has received an application from the Republic of Cameroon for a Stabex advance for cocoa and coffee products for 1988. Since the request is considered to be justified, it has decided to transfer the following amounts:

- cocoa products: ECU 16 m;
- cocoa: ECU 19 m.

Rapid payment of the advances will enable Cameroon to solve some of the problems posed by declining export revenue and thereby preserve the essentially flexible nature of Stabex.

OCTs

The Commission allocates the uncommitted remainder of the 5th EDF to the OCTs

When the Community decides on the size of the EDF every five years, it allocates some to the ACP States and some to the Overseas Countries and Territories (OCTs).

In its decision No 80/1186/EEC of 16 December 1980 on the association of the OCTs to the EEC, the Council divided the 5th EDF resources both between the three sets of OCTs—British, French and Dutch—for the financing of projects and programmes and under various other headings (regional cooperation, interest rebates, emergency aid, risk capital, Stabex, Sysmin and EIB loans).

After talks with the EIB and the three Member States concerned, the Commission felt the time had come to reallocate the sums remaining to the financing of future EDF projects. The amount in question is about ECU 7.5 million, accruing from the amounts originally earmarked for emergency aid, risk capital and regional projects (decision No 89/308/EEC of the Commission of 26 April 1989, published in OJ L 126 of 9 May 1989).

The aim is to make use of these amounts by adding them to the 5th EDF indicative programmes of the British, French and Dutch OCTs.

Each of the three sets of OCTs were allocated ECU 20 m under the 5th EDF. They will now have an amount ranging, according to set,....

<table>
<thead>
<tr>
<th>OCTs</th>
<th>Total (in ECU)</th>
<th>Grants (in ECU)</th>
<th>Special loans (in ECU)</th>
</tr>
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<td>12 953 020</td>
<td>8 427 667</td>
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<tr>
<td>Dutch</td>
<td>23 541 687</td>
<td>13 921 020</td>
<td>9 593 667</td>
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<tr>
<td>British</td>
<td>22 470 687</td>
<td>13 209 020</td>
<td>9 261 667</td>
</tr>
</tbody>
</table>
from between approximately ECU 21.5 m to ECU 23.5 m. Although the emergency aid and risk capital are divided into three equal parts, the regional monies will be reallocated in the light of how much each set has already done to finance regional projects.

Dieter Frisch, the Chief Authorising Officer of the European Development Fund, began the supplementary programming procedures as soon as the Commission decision had been taken, so that the destination of the extra resources for the individual OCTs could be agreed on.

**VISITS**

**CAMEROON**

**President Biya visits Brussels**

President Paul Biya paid an official three-day visit to Brussels in May, the first since he came to power in 1982 providing an opportunity to meet many leading figures from the Belgian Government, the Commission of the European Communities and the world of business.

The Brussels visit, the President said, was "in line with the policy of diversification of economic partners" which the Government had decided on some time ago and was no novelty in Cameroon’s approach to international cooperation. He stressed the friendly nature of the visit to Belgium — whose relations with Cameroon had developed considerably over the past 20 years, particularly when it came to economic affairs, teaching and links between the two Governments.

Discussing economic relations, President Biya reaffirmed his attachment to the economy of free enterprise. At a banquet given by the Federation of Belgian Companies, he emphasised that, in spite of the crisis, Cameroon was still a country with a future for private investors and reminded them of the advantages of the new investment code whereby SMEs could have considerable import duty exemption and no restrictions on repatriation of profits. He also insisted on the Government’s drive to “rationalise public finances” by cutting State spending and rehabilitating the 150 semi-State firms (the national airline, for example). Other firms, he said, those in the “second group, where there are no apparent strategic reasons”, would be privatised. A four-year investment programme was being run with the idea of getting the Cameroon economy off the ground again and the Government would be injecting about CFAF 800 billion (FF 16 billion) into this, in particular thanks to an international loan. Belgian businessmen who thought that Cameroon was still “a credible country” on the international scene were invited to “come into the SME sector”. President Biya hoped to see a real surge forward in economic relations with Belgium and Luxembourg — “which, together, only account for 4% of trade with Cameroon” at the present time. France was responsible for almost 65% of Cameroon’s import trade with Europe in 1985.

Still on economic matters, the President said that his country had an external debt of $ 5 billion and that the IMF had come to an agreement with the Government on financing structural adjustment and economic stabilisation schemes. A second part of the IMF assistance was being implemented at the moment, he said, and Cameroon was also going to the Club of Paris in May for a possible rescheduling of the trade debt.

On the education front, the number of Cameroonian students attending Belgian universities had increased considerably over the past 15 years.

**Improving Lomé**

The President also reported on his talks with the members of the European Commission, with President Jacques Delors and Vice-President Manuel Marin, stressing the concern he felt at dwindling commodity prices and the erosion of the preferences which the ACPs had under the Lomé Convention. He said he hoped to see present trade trends, which were unfavourable to the ACPs, especially those in Africa, halted by improvements to the Lomé Convention now under negotiation. That, he said, meant “maintaining what has already been acquired, ... ensuring a substantial increase in Stabex and ... having an industrial policy whereby the ACPs can process their raw materials and start doing something about their continual dependence on the industrialised countries.”

Over and above the EDF—which President Biya also wanted to see substantially increased—Cameroon had help from Stabex resources. A sum of ECU 25 million was due to be released for 1988 from the system, which had provided ECU 42 m for the Cameroonian economy in 1987.

The members of the Commission noted President Biya’s wish to see the Community help run a structural adjustment programme and said they would try to respond positively to this.

**BURUNDI**

**Prime Minister Sibomana visits the Commission**

Adrien Sibomana, Burundi’s Prime Minister and Minister of Planning, paid an official visit to the Commission on 14 April. He was accompanied by Cyprien Mbonimpa, Minister of External Relations and Cooperation, and Simon Rusuku, Minister of Transport, Posts and Telecommunications, and was received by Manuel Marin, the Vice-President of the Commission responsible for development policy.

The purpose of Mr Sibomana’s visit was to inform the Commission of developments in the situation in Burundi and of the outcome of the
measures the Burundi authorities had taken to solve the national unity issue.

During the talks, Manuel Marin told the Prime Minister of the deep emotion the Commission and the general public in Europe had felt at the tragic events which had put the people of Burundi into mourning in August 1988. The Commission recognised, he said, that the action which the Burundi Government has taken since then to encourage people from the Ngozi and Kirundo provinces to return home is likely to create an atmosphere conducive to dialogue, consultation and national unity.

He also hoped that the conclusions of the National Advisory Commission would lead to measures that would bring about national reconciliation so that all the people of Burundi could devote themselves to the task of economic development, emphasising the Commission’s willingness to back up the efforts the Burundi Government was making with this.

The visit provided an opportunity to take stock of cooperation between Burundi and the Community on the eve of the Round Table of Development Partners, which the Burundi Government had convened in Bujumbura in April.

Both Commissioner Marin and Mr Sibomana thought the level of Community commitments under the Lomé III indicative programme was satisfactory at 59%, with 100% foreseen at the end of the year. They agreed to seek ways of improving the process of implementation and execution of the projects and action programmes in the field.

The Commissioner also emphasised the Commission’s recent decision to finance an ECU 12m import programme for Burundi as part of the special Community programme for the countries of sub-Saharan Africa with the heaviest debts. He hoped that these additional funds could be mobilised as quickly as possible to provide practical support for the Government’s programme of reform and economic recovery.

ECA
Executive Secretary Aidedeji meets Mr Frisch

The Economic Commission for Africa’s recent initiative on an African alternative to the structural adjustment programmes and its possible intervention in the current negotiations for the renewal of the Lomé Convention was the main subject of discussion between Professor Aidedeji and the Director-General for Development Cooperation, Dieter Frisch, in Brussels early in May.

The talks showed that the ECA initiative is aimed less at finding a genuine alternative than at changing the concept of structural adjustment in the light of the shortcomings revealed by a first generation of programmes. The approach has been shown to be too stereotyped and too doctrinaire and with uncontrollable social repercussions. And there are conflicts between priority objectives such as food security.

The criticisms levelled by both Commission and Community, essentially, cover these same points — which have already been the subject of considerable discussion between DG VIII and the World Bank and the IMF, bringing their respective positions significantly closer.

Mr Aidedeji and Mr Frisch agreed that there was no question of following a line parallel to the one recommended by the institutions in Washington. What they had to do was to come together with the countries concerned to decide on a more pragmatic approach that better reflected the specific problems of each country.

The talks also covered regional cooperation in Africa, particularly support for regional integration outside of the financing of infrastructure. It was agreed that the structural adjustment policy should take more note of regional considerations.

JAMAICA
Minister Coore visits the Commission

Jamaica’s Minister for Foreign Affairs and External Trade, Senator David Coore, met Commission Vice-President Manuel Marin in Brussels on 30 May.

Topics of mutual interest to Jamaica and the Commission were discussed, particularly the projected Sysmin scheme in Jamaica, where it is hoped to present a project in the very near future aiming to diversify the economy.

Minister Coore stressed the importance of Jamaica’s continuing to buy Community alcohol for the manufacture of ethanol for export to the USA. Mr Marin replied that the Commission was well aware of the situation and that the present agreements were being examined.

Mr Coore also voiced Jamaica’s concern about the effects the Single Market of 1992 might have on the existing trade protocols with the ACP States, particularly the Banana Protocol. Commissioner Marin reaffirmed the Community’s attachment to the aim of maintaining the advantages enjoyed by the traditional ACP suppliers and its intention of continuing to pursue that aim after 1992. He also reiterated the Community’s willingness to hold close consultations with the ACPs on this matter.

Minister and Commissioner also exchanged views on the present state of the negotiations for the renewal of the Lomé Convention.

Mrs Houphouët-Boigny, President of N’Daya International, visits Brussels

On 19 May, Mrs Houphouët-Boigny, the wife of the Head of State of Côte d’Ivoire and President of N’Daya International, came to Brussels to introduce this association, which was set up in 1987. N’Daya International’s purpose is to run schemes for children, particularly underprivileged ones, involving art and craft centres to help children who have dropped out of school settle down, pediatric hospitals, mobile rural units, youth centres, the production of audio-visual material for children and so on. Mrs Houphouët-Boigny—who said she sought help all over the world—insisted on child-related values and the solidarity that had to be created between the countries of Africa and between Africa and Europe to ensure that these values were safeguarded. “We must all learn to know more about each other”, she said, and particularly to let women and children, “who are more permeable” in the field of human relations, have their rightful place.

ACP EMBASSIES

Four new Ambassadors—for Liberia, Saint Lucia, Solomon Islands and Uganda—have recently presented their credentials to the Commission of the European Communities.

Liberia

Ambassador Tubman
Liberia’s new Ambassador, Robert C. Tubman, graduated in economics from the London School of Economics in 1963 and obtained a Doctor of Laws degree from the Harvard Law School in 1969. He began his career as a Research Officer in the Ministry of Planning and Economic Affairs, went on to be Vice-President of the Liberian Petroleum Refining Corporation (Monrovia) and, in 1976, became Liberia’s Deputy Minister of Justice. From 1979-85 he was Managing Director of the Fund for the Economic Community of West African States, based in Togo. From 1986-87 he was Minister of Finance, and, from March to November 1987, Minister of Labour.

Mr Tubman, who is 50, is married and has five children.

Saint Lucia

Ambassador Gunn
St. Lucia’s new Ambassador is Richard Gunn, the High Commissioner for Eastern Caribbean States, based in London. An architect by training, Mr Gunn’s appointment comes after a career in business. In 1985 he was made Director of the Caribbean Association of Industry and Commerce, and, in 1987, Chairman of the National Broadcasting Corporation of St. Vincent and the Grenadines, his home country. He was later appointed as chairman of St. Vincent’s National Shipping Company, and, in 1987, Secretary-General of European/Caribbean Contacts II. Mr Gunn, who is 51 years old, is married and has three children.

Solomon Islands

Ambassador Ifuanoa
Wilson Ifuanoa, 39, Solomon Island’s new Ambassador in Brussels, graduated from the University of Papua New Guinea in 1972 and obtained a Masters in Social Sciences from the University of Tasmania, Australia, in 1982. He began his career, between degrees, in 1972, in the Planning Unit of the Department of Finance, going on to act as Private Secretary to the first Chief Minister (1974-76) and as Chief Administrative Officer at the Ministry of Home Affairs. From 1978-79 he was Permanent Secretary at the Ministry of Home Affairs, from 1982-85 Secretary to the Cabinet, and since 1985 has served as Permanent Secretary in the Solomon Islands Ministry of Foreign Affairs.

Uganda

Uganda’s new Ambassador in Brussels is Mr Charles Katungi. Mr Katungi, who specialised in international law, political science, economics and journalism at university, began his career with the United Nations, firstly in the Information Department, then in the External Relations Division (both based in New York), then, since 1973, with the United Nations Environment Programme in Nairobi. From 1986-87 he was Uganda’s High Commissioner to the Republic of Kenya as well as to UNEP and UNHCR.

Mr Katungi is married, with two children.

PACIFIC

ACP-EEC Ministerial meeting

The second Pacific ACP-EEC Ministerial Meeting took place in Suva, Fiji on 3 May, attended by Ministers from the Pacific ACP countries and by a delegation from the Commission of the European Communities.

The meeting, which was chaired by Ratu Sir Kamisese Mara, Fiji’s Prime Minister, took place in the context of the current three-year support programme for implementation of the Lomé III Pacific Regional Programme, which includes the setting up of the “Pacific ACP-EEC Unit” designed to assist in the definition, implementation and evaluation of the Pacific regional programme.

It discussed all the currently approved and outstanding regional projects, and agreed the basic principles for completing the rest of the programme.

The meeting also decided to launch initiatives in public service training, particularly on EDF procedures, for Pacific ACP civil servants, and an environmental protection study, to be followed up under the next Convention. The Pacific ACP States also intend to make a major impact with their presence at Expo 1992 in Seville.
Spain. The proposed trade promotion study should help to better define appropriate products and markets for increased trade and export opportunities.

A major constraint, given distances to, and within, the Pacific, is the state of the regional air transport network, which could be greatly improved as regards the frequency and reliability of flight connections. So the meeting’s decision to push ahead with the feasibility study on this sector is most welcome. This decision was followed by a meeting with the Association of South Pacific Airlines (ASPA), which agreed, subject to approval by the Pacific ACP States through the Forum Secretariat, to carry out the study in liaison with the Pacific ACP governments and airlines. This sector is expected to be the object of considerable assistance under the next Convention, in view of its central importance to the self-sufficient development of the Pacific ACP States.

In his opening speech, Ratu Sir Kamise Mara made a statement encouraging cooperation between ACP States and Overseas Territories in the region. Such cooperation has already begun as regards the regional association of Chambers of Commerce and in the field of tourism. A project to develop training and applications in the field of solar photovoltaic energy is now under active consideration. These projects should improve cooperation between the States and Territories in the region, to the mutual benefit of all participants. G.Livi

**EUROPEAN COMMUNITY**

**Council of European Development Ministers**

The Council of the European Ministers of Development Cooperation met in Brussels on 16 May with Yañez Barnuevo, Spain’s Secretary of State for International Cooperation and Latin America, in the chair. The main items on the agenda were the Lomé IV negotiations and particularly structural adjustment, the ACP debt, the Uruguay Round, aid to non-ACP developing countries, the use of aid instruments, women and development and cooperation evaluation.

The Council adopted a resolution on structural adjustment, saying that: “support for structural adjustment in the ACP countries will remain an important element of the various donors’ development policy for longer than was initially expected... The political will is emerging among many donors to support the adjustment process so as to make it more pragmatic, more differentiated and more tolerable for the beneficiary States than in the past”. The strengthening of coordination between the Community and the Bretton Woods Institutions should aim both to ensure the coherence of the approach and to “communicate the Community’s point of view to other donors sufficiently early in the procedure, so that its own ideas are properly taken into account”. Community activities should be neither parallel nor subject to decisions taken by the Bretton Woods Institutions alone. Coordination between the Member States will be heightened in this field, but “the beneficiary country must always play a central role” in the on-the-spot discussions.

Commissioner Marin brought out the nuances of the state of the Lomé IV negotiations more generally. The work done on some questions since March, he felt, was satisfactory, although there were still many difficulties with others (see the article on the negotiations for the points of agreement and disagreement). A meeting of heads of delegation was the opportunity for Mr Marin to give the Ministers a first report on the Commission’s point of view on the volume of financing for Lomé IV—which the majority of Member States thought was “over-generous”. He also suggested making the present trade system more flexible in a number of ways, but met with objections there, too.

Mr Geens, the Belgian Minister, proposed a scheme (CORDA) to settle the ACP debts by getting the EEC countries to buy them up, in the light of their national income, over the space of a few years and have them managed by an ad hoc institution.

Commissioner Marin discussed the Uruguay Round, stressing that the developing countries had stepped up the part they played in GATT, but that the wearing away of ACP preferences was a genuine problem which had to be compensated for by specific Community concessions, such things as changing the present positive list of agricultural products (which names the ACP products entitled to preferential treatment) into a negative list (naming only those products not entitled to preferential treatment, all others being covered).

The Council took note of the Commission’s report on relations with Latin America and Asia over the 1976-88 period, which The Courier will be dealing with later.

It then looked at an Italian document on the importance of the balanced use of the various instruments of development cooperation and on the priority to go on fighting absolute poverty in the developing countries.

The work on women in development, the Council felt, should continue with a view to an action programme—which would, inter alia, provide operational measures whereby the role of women could be taken into consideration at the various stages of project and programme implementation. The Council hoped, in particular, to see the study of women’s status in the urban environment and the informal sector taken further.

Lastly, the main aim of cooperation evaluation, the Council thought, was to “ensure that full account is taken of the results in the design and implementation of future development projects”.

**NGOs**

**XVth General Assembly of Development NGOs**

Representatives of some 600 European non-governmental organisations gathered in Brussels on 18 April to launch their XVth General Assembly, in which the discussions centred on Women in Development, Lomé IV and the then forthcoming European elections.

The opening session took place in the presence of Manuel Marin, Vice-President of the European Commission, Edwin Carrington, Secretary-General of the ACP Group and Professor Peggy Antrobus, who coordinates the “Women and Development” section at the University of the West Indies.
NEWS ROUND-UP

Pierre Galand, Chairman of the NGO-EEC Liaison Committee, drew the attention of participants to the development efforts at stake in the light of the renegotiation of the Lomé Convention, the European elections and 1992 and welcomed the choice of Women in Development as one of the major themes of discussion.

Other concerns highlighted by Mr Galand included the EEC budgetary line 941 for the co-financing of NGO projects.

Peggy Antrobus highlighted the central role of women in human survival: “Women” she said, “command our attention not simply out of a sense of justice or expediency, but because unless their values, views and visions serve as a central focus for our policy-making, we cannot achieve the ultimate goal of peace”. She went on to stress the need for alternative policy analysis.

Dr Hoa, winner of the 1989 NGO “2001” prize provided the focal point of the inaugural session: “This prize is a symbol of the value of the work undertaken in Vietnam, the joint work between international NGOs and the Vietnamese”.

She went on to say, “None has the right to boycott aid to a people: the Government may have made mistakes but the people of Vietnam deserve to be helped by you, to be accompanied by you in their efforts towards self-sufficiency and self-determination”.

NGO representatives then came together to continue discussion on the themes of the Assembly, most of which centred on five sub-themes: women and debt; women and food; women in emergency situations; women and population and women and images, from which were to emerge a number of very pertinent recommendations addressed to the Community institutions and the NGOs themselves.

In the run-up to the European elections, representatives of the major political groups of the European Parliament were invited on the last day of the Assembly to discuss the NGOs' 10-point challenge to European Parliamentary candidates.

The Assembly also adopted a position paper on Lomé IV, a code of conduct on images and messages in relation to the Third World. The subjects of other recommendations included South Africa, Namibia, relief and rehabilitation work in Eritrea, Peru, Sudan and European arms exports.

In addition, the Assembly sent a message to the Member State governments expressing their concern about the situation in Lebanon and calling on them to ensure that the universally accepted principle of humanitarian aid for civilian populations be respected.

The Assembly closed with the introduction of the new Liaison Committee, who elected Anne-Marie Beulink (HOVIB, Netherlands) its Chairman.

SOUTH AFRICA

No further sanctions at present

EEC Foreign Ministers meeting in Luxembourg on 12 June decided— provisionally at least—not to impose new sanctions on South Africa. The call for new sanctions had come from the six Frontline States (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe) who are, of course, fiercely opposed to apartheid in South Africa.

EEC Ministers felt, however, that it would be appropriate to await the election of the new South African President, and to know which political line he intended to follow, before taking further action.

IVORY

Ban on imports into EEC

EEC Environment ministers meeting in Luxembourg on 9 June decided to take steps at European level to protect the African elephant. Commissioner Ripa di Meana undertook to submit, within the shortest possible space of time, Commission proposals to ban the import of unworked ivory. He underlined the need for action on a world scale not only to eliminate the trade in ivory, but also to help African countries to safeguard their natural resources.

In the early 1980s there were some 13 million elephants in Africa. In 1989 there are reckoned to be only 400 000-450 000. International trade is flourishing (400 tonnes of ivory a year, worth US $80 m), but even some African countries (Tanzania, Kenya, Chad and Somalia for example) are calling for a ban on the trade so as to discourage illegal hunting. Indian elephants are very much rarer (there are some 10 000-15 000 only) and are very heavily protected.

D.G. VIII

New Deputy Director-General for Development

Philippe Soubestre has been nominated Deputy Director-General for Development following the retirement on 1 March of André Auclert.

Philippe Soubestre

Mr Soubestre, who is 50, has served as an official of the Commission of the European Communities since graduating from the Ecole des Hautes Etudes Commerciales (HEC) in Paris in 1963.

After seven years in the then D.G. for Development Aid, Mr Soubestre worked, from 1971-73, in the Private Office of the Commissioner for Development and for EEC Enlargement, Jean-François Deniau and later, for eight years, in that of Claude Cheysson, also Commissioner for Development, rising to the rank of Head of Private Office in 1976.

In 1981 Mr Soubestre was appointed as Director in the Directorate-General for Information and, in 1985, returned to again head the Private Office of Mr Cheysson, whose responsibilities then embraced policy in the Mediterranean and North-South relations.

In 1987 Mr Soubestre returned to his original Directorate-General as Director of “Management of Instruments”. He took up his present post on 1 June 1989.
Elections for a new European Parliament, which are held every five years, took place in the 12 Member States of the European Community in the week up to 18 June.

A total of 518 seats were contested and the results will mean a realignment of the various political groups in the Parliament. The seat composition below is provisional only, but gives an indication of the sizes of the various political groups. The final composition of these groups will be made known formally on 25 July and The Courier will return in greater detail to the new Parliament in its September issue, by which time the identity of the new President and the constitution of the various committees (including the Development Committee) should be known.

Broadly speaking, the elections brought gains for the socialist group, who increased their number of seats from 166 to 182, and for the Green parties, who now represent six of the 12 Member States and who will be able to form a group in their own right, without having to call on support from other minorities. Amongst those who lost seats were the European Democrats (who include the British Conservatives) and the Rassemblement Democrat europeen (RDE), where the three seats gained by the French Gaullists were negated by the three seats lost by their Irish partners, Fianna Fail.

A total of 240 million people were eligible to vote in the European elections, which (after India) is the largest electorate in democratic elections in the world. Some 141 million Europeans actually voted in the 1989 elections. Turnout, at 58.5%, was slightly lower than in 1984, and was at its lowest (37%) in the United Kingdom and at its highest (93%) in Belgium, where voting in all elections is compulsory. National general elections were also held concurrently in Greece, Ireland and Luxembourg.

A notable feature of these elections was that, for the first time, and in certain Member States only, candidates were entitled to stand in a country other than their country of origin. In Italy, for example, the campaign included candidates from Belgium, France and the U.K.
REGIONAL INDUSTRIAL COOPERATION MEETING FOR WEST AFRICA

FACING HARD FACTS AND CHARTING THE WAY AHEAD.

The practical and urgent tone of the meeting was firmly set by the opening speeches. "... The net flow of officially guaranteed export credits to Sub-Saharan Africa declined from an annual amount of about 2 billion dollars to 400 million dollars between 1980 and 1986; ... private lending and trade financing was more than halved and foreign direct investment cut by more than two thirds" - said Dr. I.A. Akinrele, Director of CDI.

"The trend of economic cooperation between ACP and EEC states tends to be that of sellers and buyers of raw materials. Experience has shown that this trend is not to the benefit of ACP states", said Alhaji Bunu Sherif Musa, Nigerian Federal Minister for Aviation. "Commodity prices are falling fast and revenues derivable from the sales of ACP commodities in EEC markets are not enough to service huge accrued debts."

This message was developed by Ambassador Joshua O.B. Iroha, Chairman of the ECOWAS(1) Group of Ambassadors in Brussels. Value-added products should be included under the trade arrangements with the EEC for raw materials and receive the preferential treatment enjoyed under the present Convention.

And he added -

"Increased investment, in my view, cannot be possible without the active participation of the private sector."

The same points were discussed from the European perspective by F. Bjomekaer, European Co-secretary of the ACP-EEC Council of Ministers, in the context of preparing for the successor to the third Lomé Convention.

"Both the ACP and the EEC countries recognize that the new Convention must put more emphasis on the role of enterprises" He listed examples: a more flexible and dynamic use of risk capital; clarification and further elaboration of the present provisions dealing with investment and support for private firms; improvements of the support for small and medium-sized enterprises (SMEs).

The final opening message to the meeting was delivered by Mr. E. W. Carrington, ACP Secretary General. After reporting that the ACP's central thrust for the fourth Lomé Convention was greater local processing of ACP raw materials and the development of manufacturing and services, Mr. Carrington highlighted three means towards achieving these objectives.

"The first is regional cooperation as a basic framework within which to pursue our goals. Secondly, the need for much greater investment resources. Thirdly, the..."}

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(1) Economic Community of West African States
specific institution which we have created jointly to spearhead our industrial transformation effort - CDI - must be strengthened in the scope we assign it and in the resources we provide for it.

Mr. Carrington called for the meeting to transmit certain critical messages to the ACP and EEC ministers negotiating the next Convention.

"Peace and security in the coming century may turn on how correctly our seventy-eight countries - which after all is half of the world's nations - get their act together."

THE PROBLEMS AND THE OPPORTUNITIES

The basis for discussion at the five-day meeting was four papers. Two of them presented the background and the present situation of industry in West Africa. A third discussed the institutional framework and facilities that provide the best environment for industry and a fourth outlined the opportunities for different forms of industrial cooperation.

CAUGHT BY UNPRECEDENTED DISRUPTIONS TO THE GLOBAL ECONOMIC ENVIRONMENT

Performance of Investment in Manufacturing Industries in West Africa was the title of the paper prepared by Duncan H. James of Hudson Research International, France. Its remarkable assembly of historical statistics provided a sound base for the meeting. However, a lack of accurate information was itself a major problem. "What figures do exist are frequently contradictory."

"In today's business world, decisions for action are rarely taken without a thorough analysis of all the options."

"The countries of the ECOWAS region, like the rest of Africa, have been caught in the midst of their industrialization efforts by historically unprecedented disruptions to the global economic environment. In the mid- and late 1970s ... the multiplication of oil prices virtually redefined the basis of the established international economic order."

"...By the early 1980s, many countries had started to come to terms with the new environment, only to be jolted again by a collapse in commodity prices, a rapid appreciation of the dollar (forcing up the import bill), a severe and prolonged drought and... a rapid increase in global interest rates. Having built up large debts in the late 1970s and early 1980s, this latter phenomenon caused a rapid build-up of current account deficits, forcing most countries to seek renegotiation of outstanding loans."

Looking at regional trends, the paper noted that interregional trade in ECOWAS accounts for less than 5% of the overall total.

"Manufacturing - despite the relatively low initial levels of activity and considerable efforts to boost output - has been steadily losing ground as a contributor to economic growth in most countries in recent years."

ATTRACTING INVESTORS: WHAT DO THEY LOOK FOR?

"Most multinational investors have only a certain amount of investment capital at their disposal ... cautioned Duncan James. "The rules of the game demand that they give preference to those opportunities which offer the best prospects for market share and profitability. Africa, and ECOWAS states in particular, will face a highly competitive investment market in the coming years."

An enquiry among a number of private multinational investors about the main influences on foreign direct investment decisions indicated that the respondents were most concerned about gaining access to domestic and regional markets. They retain significant fears as to the range of tariff barriers that could block exports.

"In every case, however, foremost among considerations of when and where to invest are the long-term prospects for macro-economic and political stability in the host country."

THE THIRTEEN WEAKNESSSES

The second paper was a hard-hitting analysis of the types of industrial development in the Region and the financial policies adopted to deal with the debt situation. It was prepared and delivered by Professor Adedotun O. Phillips, NISER(I), Ibadan, Nigeria.

"The structure of industrial development has so far tended to concentrate more on consumer goods. Intermediate goods production has been rather scanty, while capital goods industries are virtually absent."

"Owing to the concentration on final stage manufacturing based on imported inputs, inter-industry linkages are rather low. ... The average share of manufacturing output that is exported is less than 5% throughout the whole region. Also, manufactured exports account for an average of less than 10% of the total exports of the region. By contrast, the industrial sector's requirements of imported inputs (raw materials, components, machinery and equipment) account for an average of about 60% of total imports."

"Import-dependent import substitution does not result in effective industrialization. Rather, it is domestic resource-based import substitution which contributes to true industrialization."

(2) Nigerian Institute of Social and Economic Research
The great dependence of industry on imported components and semi-finished goods also denies the region the technological advances which would have accompanied attempts to process local produce and raw materials for industrial use.

Also noteworthy is the narrow participation of small scale enterprises (SMEs) in the industrial sector of the region.

"Having regard to the low technological requirement, the low capital/output ratio, the low initial capital of SMEs, they ought to have received great emphasis.

Their relative absence in the industrial sector is an important weak link in the industrial processes of the region."

Professor Phillips made a further very significant point.

"In the whole region Cote d'Ivoire is probably the best practical example of the advantages and disadvantages of heavy dependence on foreign capital and technology. The economic depression which worsened as from the middle '80s adversely affected industry. This is because foreign exchange shortages discouraged attempts to process local production, and the policies which they are pressing on the countries of West Africa, and on most other developing countries, makes it virtually impossible for these countries to directly address their industrial problems, as summarized above.

"It is not possible for the poor countries of West Africa to adjust successfully except within the context of world-wide adjustment."

"We cast serious doubts on the timeliness and appropriateness of the major policies now being implemented under the baton of the IMF and the World Bank. This situation will continue until the foreign debt burden of the West African countries is permanently removed."

THE INSTITUTIONAL FRAMEWORK AND FACILITIES

A paper by George Mills, Manager, SIFIDA(4) Advisory Unit, Geneva, provided a complete review of the financial institutions, instruments and mechanisms available in the Region. It concluded that:

"Inadequacy of financial resources is less of an obstacle to industrial investment in West Africa than environmental shortcomings such as transfer and exchange risks, poor infrastructure, misplaced or excessive government intervention or lack of favourable legal and fiscal measures.

"Private sector enterprise requires adequate infrastructure to ensure its growth."

"... Road, rail and port facilities, utilities, well-appointed industrial sites and social infrastructure such as schools, hospitals, housing etc. The roles of governments and multilateral or regional agencies and institutions such as the World Bank, UNDP(2) the EEC or ADB(5) should remain predominant in financing (this infrastructure) which is generally outside the realm of the private sector potential."

"Government policies should aim at withdrawing gradually or partially from all activities best left to the private sector and, in particular, industry."

"... Constraints on the private sector must be lifted and bureaucratic intervention reduced for the private sector to expand and play its full role in economic growth."

"Capital markets should be made into a valuable source of finance for industry and commerce."

"... Companies should be encouraged to float issues and banks to underwrite them. Market makers are needed to broaden the range of investors that can be reached.

"The popularity and ubiquity of tontines or savings clubs are an indication of the savings potential that many West African countries have. To channel these resources into private sector development, a climate of confidence must first be instilled. ... Savers also need to be remunerated at the marginal level that will ensure their interest.

"If the private sector is truly recognized as a prime factor of economic growth, a reasonable allocation of foreign exchange must then be set aside for enterprises.

"Foreign currency earning projects must be given priority and entitled to retain their overseas earnings.

"The enhancement of intra-African trade will require a number of measures. One of these will be the compilation and dissemination of trade information. ... Another is the establishment of a clear and export financing institution to assist African traders to finance their transactions, particularly between African countries.

"Absence of effective investment guarantees and export credit guarantees for African enterprises are a serious obstacle to development.

"CDI and APDF(6) have successfully contributed to helping project sponsors identify projects and prepare bankable reports for presentation to investors and financial institutions. These organizations should continue and even increase their support.

"In many West African countries the decline of the national development banks and finance institutions as well as the commercial banks' interest in project financing have left a void in domestic financial resources for industrial development. One solution suggested is to encourage the development of merchant banking."

A fourth paper, Opportunities for Various Forms of Industrial Cooperation in West Africa, by David Dichter and Robert Husbands of Technology for the People, Geneva, was mainly descriptive and covered ground which will already be very familiar to readers of Industrial Opportunities and other CDI publications.

(Continued overleaf)
THE WAY AHEAD

CONCLUSIONS AND RECOMMENDATIONS

Throughout the week of the meeting, groups discussed the issues raised by the papers and hammered out the following conclusions and recommendations.

There are clear indications of a new awareness that active encouragement should be given to manufacturing, especially in the private sector. But a definite response on the part of industrial enterprises from within and outside the Region still has to be demonstrated.

Accordingly, the following recommendations are addressed to ECOWAS governments, development institutions, Lomé Convention agencies and the private sector.

ECOWAS GOVERNMENTS

<table>
<thead>
<tr>
<th>ECOWAS governments should actively encourage the private sector by improving the investment environment and removing all remaining obstacles.</th>
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<tbody>
<tr>
<td>They should pursue intensively their reform programmes, including the domestic banking sector.</td>
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<tr>
<td>Foreign investment should be encouraged to fill financial and technological gaps in the Region through clear incentive schemes, including investment protection agreements.</td>
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<tr>
<td>Recognizing the need for transparency of information, governments should establish a single source of all investment information.</td>
</tr>
<tr>
<td>In view of the intense competition for finance, governments should give priority to rehabilitation projects which offer the best opportunity for financing.</td>
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<tr>
<td>ECOWAS governments should vigorously pursue regional cooperation in the fields of trade and technical assistance as well as investments.</td>
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<tr>
<td>Speedy implementation of the regional cooperation provisions in the ECOWAS Treaty are absolutely imperative, especially those concerning customs tariffs, harmonization of economic, financial and monetary policies and regional industrial programmes. Each country should henceforth ensure that its development plans explicitly contain regional cooperation programmes and projects. Enterprises which produce inputs (e.g. small-size equipment and machinery, components, raw materials, etc.) for small scale industries, should receive special encouragement from governments.</td>
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</table>

Export-orientation should be pursued, with emphasis on semi-finished products.

Efforts to keep down the domestic cost of production should enhance the comparative advantages of exports.

Import substitution mainly based on local resources should replace import-dependent industry. Greater emphasis should be given to the production of intermediate products, transformation of local raw materials and adaptation of technologies.

DEVELOPMENT INSTITUTIONS AND LOMÉ CONVENTION AGENCIES

An improved framework for promotion of SMEs is needed. This involves assistance in the provision of basic infrastructures, project promotion, training assistance, acquisition of appropriate technology, ease of access to financial resources, with emphasis on mobilization of internal resources.

Development institutions should assist and fund sound feasibility studies. Local in preference to foreign experts should be called in, when knowledge of local conditions is concerned.

CDI should intensify the identification of partners and continue to ensure the preparation of the projects.

Technical assistance should in future be based on more rigorous criteria.

More information on technology transfer should be made available. CDI should work closely with its antennae to identify the technologies available and to diffuse them.

Governments of donor countries and their institutions should give greater support to SMEs in West Africa by technical and management assistance funds during the preparatory and consolidation stages of the projects.

The participants expressed the hope of seeing an increase in the human and financial resources of CDI and of its antennae.

PROJECT FINANCE

The EEC should make bigger contributions to the financing of SMEs in the form of risk capital.

Financial institutions in the ECOWAS Region which are in difficulty should be rehabilitated to become more functional in their area of operation. A wider range of financial intermediaries in the host countries (commercial, merchant and investment banks) should become eligible to obtain finance from bilateral and multilateral institutions.

Existing non-commercial risk cover systems, such as transfer and other political risks should be reinforced by an increase of the resources of the ECOWAS Fund for Cooperation, Compensation and Development, possibly by the creation of a new sub-regional guarantee fund. The drawing up of new investment protection agreements should be pursued.

A compensation system on a regional or national level to protect borrowers against fluctuating exchange rates should be envisaged.

Contributions to this fund should be equal from donor countries, the African countries concerned and the borrowers.

European financial institutions should take certain forms of non-equity partnership into consideration (licensing, franchising etc.). However, the technical partners of African promoters should participate in the risk, as a rule, by subscribing to the share capital.

There should be closer coordination between the activities of promotion and technical assistance institutions and financial institutions. Efforts should be made to coordinate more effectively the different instruments and the funds available for the benefit of SMEs.

THE PRIVATE SECTOR

The public sector should continue to play an important role in stimulating and creating a favourable climate for industrial development.

Red tape and bureaucratic delays should be minimized. The area of private sector involvement should progressively be expanded.

Strategic industries (in terms of security or inter-industrial linkages) and industries with a very large initial capital outlay should henceforth be the only areas of direct government investment, on condition that resources are efficiently utilized.

The private sector should also take initiatives to improve the investment climate through its chambers of commerce and manufacturing associations.

Foreign investors should show more practical commitment, not only through equity participation but also through technology transfer and training.

Foreign investment should henceforth be encouraged preferably for export-oriented industries, capital goods and large scale regionally-oriented industries.
A new approach to technical cooperation between the Ghanaian Government, the EEC Commission and CDI is materializing in a project that will help 18 wood processing companies to make products they can export.

GHANA'S WOOD INDUSTRY: ITS ADVANTAGES AND ITS PROBLEMS

It is widely assumed that there will be no shortage of hardwood stocks in Ghana in the foreseeable future and that, rather than just exporting sawn timber, the country would benefit from more added value by processing wood into furniture parts for export. With this in mind, Ghana has already been granted World Bank loans, etc., for the extensive purchase of machinery for furniture manufacture and other wood processing operations.

Although Ghana has a well-educated labour force there is a great need for training in the wood industries. Most of the installed equipment is not properly utilized due to a lack of operator skills and, maybe even more, due to shortcomings of management in dealing with such problems as high production costs, unsuitability of design and quality for export, lack of exporting channels and know-how.

CDI'S SECTORAL APPROACH

Realizing that its resources may have greater impact and effectiveness when assisting a group of companies in a specific sector, CDI undertook a diagnostic planning exercise for the furniture industries in Ghana in 1986. However, the exercise was only started after the Ghanaian government had indicated its willingness in principle to use part of its EDF National Indicative Programme for a more in-depth assistance programme. (In the past, EDF aid has been largely oriented towards public enterprises, although there has been a change of emphasis under Lomé III.) This acceptance in principle by the Commission has now been followed by the full approval of the programme described below, with direct CDI involvement in the execution of the project.

THE PROGRAMME OF ASSISTANCE — REASONS WHY

Ghana had already started to produce furniture and components of which it exported two percent with a value of Ecu 8 million in 1986. However, production is now falling. The absence of further investment and the low productivity of the industry combined with the burden of loan servicing are the causes of the companies' poor performance.

THE PROJECT

The programme now to be implemented consists of intermittent assistance from a group of four to six experts over a period of two years at a cost of Ecu 600,000 for a total of 55 man-months. Over and above this, the project also includes Ecu 125,000 for equipment. The programme will directly assist some 18 woodworking companies over this period.

The assistance will be provided to overcome shortcomings of the industry in the following areas:
- materials handling and cost control
- production methods, layout and tooling
- quality control and product design
- training of personnel/safety
- maintenance of equipment
- marketing and export promotion
- general management

The programme will be executed in three phases of which the first is planned to start within the next few months. Selective tendering has already started for establishing the group of experts.

Both this and the following phases will consist of direct assistance to the various companies in defining and solving their problems while at the same time bringing supervisors and managers of enterprises together for short-term specialist training.

In the second phase, which is expected to start before Summer next year, further impetus to self-development will be given by experts in management, cost and quality control, and marketing.

(Continued overleaf)
The last phase will start at the beginning of 1991 and will have the primary function of following up and pushing forward all the various development activities initiated with the companies. It will, of course, include a final evaluation and report.

CDI will be monitoring the programme throughout and, equally importantly, will try to provide the European connection by identifying partners for companies that seem to have a potential for the European market.

In this regard it should be mentioned that the European furniture industry in many countries today is very much more open to importing parts from countries like Ghana, where there are comparative advantages such as the availability of exotic woods combined with low labour costs. Furthermore, duty free access to the EEC countries is assured under the Lomé Convention.

**INVESTMENT OPPORTUNITIES IN GUYANA**

The Public Corporations Secretariat in Guyana recently announced that it was prepared to divest part of its assets and is hereby inviting prospective investors, both local and overseas, to make bids concerning approximately eight industrial corporations.

As part of a wider Economic Recovery Programme the Government of Guyana has embarked on a privatization programme whereby the private sector is being asked to play a more positive role in the industrial development of the country.

The Guyana Industrial and Manufacturing Development Agency (GUYMIDA), as the antenna for the Centre for the Development of Industry (CDI), has been requested to promote this divestment exercise overseas, and thus in turn, has sought the assistance of CDI in publishing the list of corporations involved. These are as follows:

1. Guyana Soap and Detergent Company Ltd. (Toilet, laundry and medicated soap, plus household bleach and cleansers)
2. Quality Foods (GUYANA) Ltd. (Processing of cereals, fruit, vegetables and meat)
3. National paint Company Ltd. (Wide range of paints, alkyd resin and other paint products)
4. Guyana Fisheries Ltd. (Catching, handling, processing, receiving and refrigerating fish, shrimp for export, and other marine products)
5. Guyana Stockfeeds Ltd. (Manufacture of a range of livestock foods)
6. Demerara Woods Ltd. (Logging, sawmilling and timber export)
7. Guyana Rice Milling and Marketing Authority (Milling of paddy from rice farmers, marketing locally and overseas)
8. Guyana Nichimo Ltd. (Nylon fishing nets, trawler nets, gillnets, pin seine nets, sports nets, etc.)

Profiles exist for each of the above mentioned companies, outlining the physical assets in place, which could be verified by an independent audit source.

**KEY ELEMENTS IN THE ASSISTANCE PROJECT FOR GHANAIAN WOOD INDUSTRIES**

- Ghana was prepared to use its National Indicative Programme for upgrading these private companies.
- Ghana’s special assets and export potential in the wood industries sector.
- The Lomé advantages in marketing manufactured goods to Europe.
- The good marketing opportunities in the EEC for wooden furniture parts and components.
- CDI being invited to play a significant role in executing an EDF-financed project.
- A comprehensive programme to touch on all aspects of the manufacture and marketing of wood furniture and other products.
- Upgrading of companies to become joint venture partners and consequently exporters.

Potential investors are thus required to make contact with the Public Corporations Secretariat for further information, at the following address:

The Chief Executive Officer
Public Corporations Secretariat
45-47 Water Street,
Georgetown, Guyana.
Telephone: 02-67016 or 02-69476
Telex: GY 2214 PRESOFF 2205
Fax: 592-2-63395

Alternatively, European companies could contact:

Mr. Phillip A.D. Alsopp, A.A.
Deputy High Commissioner
3 Palace Court
Bayswater Road
London W2 4LP.

The Public Corporations Secretariat reflects a management and corporate grouping for approximately twenty-six public corporations and is intended to provide consultancy and administrative support to their respective operations. The corporations in question represent a wide range of interests, including Engineering, Commerce, Manufacturing, Trade and Finance.
CDI AT THE MILAN FAIR

The Milan Fair, which took place in April, is one of the most important events in Europe's industrial calendar. This year CDI participated for the first time, sharing a stand with the Commission of the EEC which served as a useful meeting point for ACP and Italian entrepreneurs. During the course of the Fair 140 Italian Small and Medium-sized Enterprises were registered as potential partners.

CDI sponsored the attendance of entrepreneurs from Barbados, Ghana, Jamaica, Mauritania, Mauritius and Mozambique. Their products included electronic components, semi-precious stones, spiced sauces, tea and textiles. Several promising contacts with Italian enterprises were made and are being followed up.

The visits were coordinated by Berhanu Kidane, Marketing Advisor, and Fernando Matos Rosa, responsible for CDI's relations with industry in southern EEC states. Both were present at the stand throughout the fair. In addition, the Fair organizers themselves sponsored a further 35 visitors, mainly from public institutions in ACP countries.

They also organized a seminar jointly with the Commission and CDI, at which Dr. Alberto Armani, Secretary to CDI's Governing Board, gave an address explaining the organization's role. CDI's video film, "Success Stories in Industrial Cooperation," was also shown at the seminar.

PARTNERSHIP WITH FRENCH FIRMS: A NEW AGREEMENT

ADECI (Association régionale pour le développement de la coopération industrielle internationale) promotes cooperation between enterprises in the Provence-Alpes-Côte d'Azur Region of France and countries overseas.

An agreement, signed during a project workshop in Marseilles held from 6th to 8th June by Francis Testa, ADECI President and Dr. I. A. Akinrele, CDI Director, formalizes the two organizations' collaboration in ACP projects.

As Daniel Nairac, responsible for CDI's relations with industry in northern EEC countries, reports, ADECI identified ten firm production proposals from enterprises in the Marseilles area which had already narrowed down their choice of ACP target country for investment. Their proposals were sent to CDI's antennae whose task was to identify appropriate ACP partners. At the time of writing, sound prospective partners were identified in four countries. These were invited to attend the Marseilles Project Workshop for detailed discussions. The workshop was also attended by CDI's Patrick Keene, advisor on cooperation agreements and Daniel Nairac.

ADECI has allocated Ecu 21,400 to the joint activities with CDI, to be spent between the agreement taking effect and the end of the Third Lomé Convention in February 1990.

A BOOST TO SPANISH ACP INVOLVEMENT

A cooperation agreement between CDI and ICEX (Instituto Español de Comercio Exterior) was signed in Madrid on 26th April by Apolonio Ruiz Ligero, Secretary of State for Trade and Dr. I. A. Akinrele, CDI Director. The agreement will aid the development of industrial cooperation between Spanish and ACP entrepreneurs. ICEX has budgeted Ecu 250,000 in 1989 for co-financing projects with CDI.

Although some flexibility is expected, the budget is allocated as follows:
- project partner identification: 5%,
- feasibility studies: 25%,
- technical assistance, rehabilitation, productivity improvement, expansion, diversification: 25%,
- in-plant training: 20%,
- promotional meetings: 10%,
- financial engineering: 10%,
- information assistance: 5%.

CDI already has agreements with regional bodies in Spain. In 1987 and 1988 it held promotional meetings in Barcelona, Bilbao and Madrid, in one instance with the participation of ACP promoters.

In 1988 Spanish industrialists assisted CDI in giving training assistance to a foundry in Cape Verde and in carrying out a feasibility study for the production of cocoa in Western Samoa. Over the past two years Spanish companies have also provided technical assistance for projects in Burkina Faso, Gambia, Mauritania and Tanzania.

VISITORS TO CDI

Recent visitors to CDI include Messrs. Loonce F. Thelusma, Haitian Minister of Economy accompanied by Georges Henry fils, Director of Economic Studies and Serge Merger of the Minister's cabinet.

Mr. Emmanuel Nze-Bekale, the Gabon Government Minister responsible for small and medium-sized enterprises and their establishment in rural areas, likewise made a visit accompanied by H.E. Marcel Odongui-Bonnard, Ambassador of Gabon to the European Communities.

Mr. Rafael Pechero Manchado, Director General of Construction in the Regional Government of the Canary Islands also visited CDI, along with senior representatives of the regional government and industrial associations. An interesting discussion took place, since the Canary Islands have a special relationship with the neighbouring West African States of Mauritania and Senegal, notably in the ship maintenance and fishing sectors.

The mission from the Canary Islands in conversation with CDI expert, Fernando Matos-Rosa.
The proposals outlined below have been put forward by EEC firms interested in setting up production in ACP countries, under joint venture, franchising, licensing, sub-contracting, marketing, management or other agreements with local businessmen. ACP entrepreneurs interested in any proposal are invited to write to CDI quoting its reference number. However, CDI will not be in a position to act upon letters received unless ACP entrepreneurs provide all the information requested at the bottom of the page.

Where a joint venture is proposed, the EEC companies are willing to consider contributing (depending on the country and the project) some 20% of the equity investment. For other proposals, the companies are committed to entering into long-term agreements for the creation of profitable ventures.

Where second-hand equipment is suggested, CDI may sponsor an evaluation by an independent expert of the quality, cost, suitability and condition of such equipment.

All equipment costs are quoted in Ecu (European currency units). The value of the Ecu may easily be ascertained from its relationship to other European currencies. Thus, on 1 June 1989: 1 Ecu = £ 0.67, or FF 7.04, or DM 2.08.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

### 89/36 FO SPAIN
**Fish Canning**

- **Minimum capacity**: An output of 1,000 tonnes a year.
- **Cooperation proposed**: equity participation, technical assistance, marketing.

### 89/37 EN PORTUGAL

- **Solar Panels**
- **Wood or Coal Briquettes**

- **Minimum capacity**: Solar panels - 1,000 m² a year; briquettes - 5,000 tonnes a year; for an investment of Ecu 179,500 for solar panels and of Ecu 403,000 for briquettes.
- **Cooperation proposed**: equity participation, technical assistance, training.

### 89/43 RU PORTUGAL
**Rubber Goods**

- **Minimum capacity**: Bicycle tubes and tyres, footwear.
  - Bicycle tubes and tyres - 300,000 units a year,
  - Footwear - 360,000 units a year; general rubber goods - 240,000 kg a year; for an investment of Ecu 300,000 (new equipment) and Ecu 50,000 (second hand equipment).
- **Cooperation proposed**: equity participation, technical assistance, training.

### 89/44 MC PORTUGAL
**Stoves, Heaters, Lanterns,...**

- **Minimum capacity**: Kerosene stoves and lanterns, camping gas burners and lanterns, gas valves, water heaters, ...100,000 units a year for an investment of Ecu 885,000 (1st phase, for kerosene stoves and lanterns).
- **Cooperation proposed**: equity participation, technical assistance, training.

### 89/45 WO PORTUGAL
**Wooden Furniture**

- **Minimum capacity**: 20 bedroom suites a month for an investment of Ecu 560,000 (new equipment) or Ecu 280,000 (second hand equipment).
- **Cooperation proposed**: equity participation, training, marketing and management assistance.

### Information required of ACP entrepreneurs when replying

- Show why it would be worthwhile to manufacture the products in question in your country, e.g. give market data, indicate that raw materials are available locally, etc.
- Describe your present activities plus your industrial and/or commercial experience, enclosing any available information such as your latest balance sheet.
- State how much capital you yourself could contribute.
- State the maximum portion of the equity your country legally allows to an EEC partner.
- Can you obtain finance and if so from where?
- If you need a foreign loan or supplier's credit, can you obtain a local guarantee?
- Is your project a national priority?
- Outline the incentives your country offers to foreign investors.
EEC-financed development schemes

The following information is aimed at showing the state of progress of EEC development schemes prior to their implementation. It is set out as follows:

Geographical breakdown

The summary is divided into three groups of countries, corresponding to the main aspects of Community development policy:

— the ACP countries (Africa, the Caribbean and the Pacific), which signed the multilateral conventions of Lomé I (28 February 1975), Lomé II (31 October 1979) and Lomé III (8 December 1984), plus the OCT (overseas countries and territories) of certain member states of the EEC, which get the same type of aid as the ACP countries;

— the Mediterranean countries (Maghreb and Mashraaq), which signed cooperation agreements with the EEC in 1976 and 1977;

— the ALA developing countries of Asia and Latin America, beneficiaries since 1976 of annual aid programmes.

The information within each of these groups is given by recipient country (in alphabetical order).

Information given

The following details will usually be given for each development scheme:

— the title of the project;
— the administrative body responsible for it;
— the estimated sum involved (prior to financing decision) or the amount actually provided (post financing decision);
— a brief description of projects envisaged (construction work, supplies of equipment, technical assistance, etc.);
— any methods of implementation (international invitations to tender, for example);
— the stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation).

Main abbreviations

Resp. Auth.: Responsible Authority
Int. tender: International invitation to tender
Acc. tender: Invitation to tender (accelerated procedure)
Restr. tender: Restricted invitation to tender
TA: Technical assistance
EDF: European Development Fund
mECU: Million European currency units

Note

As the information provided is subject to modification in line with the development aims and priorities of the beneficiary country, or with the conditions laid down by the authorities empowered to take financial decisions, the EEC is in no way bound by this summary, which is for information only.

Correspondence about this operational summary can be sent directly to:

Mr. Franco Cupini
Directorate-General for Development
Commission of the European Communities
Berl. 6-86
200, rue de la Loi
B-1049 Brussels

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**ACP STATES**

**ANGOLA**

Rehabilitation of the Americo Boavida Hospital. Resp. Auth.: Ministry of Health. Estimated total cost ±25 mECU. EDF: 19.5 mECU. Italy: 5.5 mECU. Works, supply of medical-technical equipment. T.A. for installation, maintenance and training. Works: int. tender (conditional) launched in October 88. *Supplies: int. tender only for Italian companies foreseen in the 2nd half 89.* Project in execution. 6th EDF.

EDF ANG 6004

**BARBADOS**

Barbados export development. Resp. Auth.: Barbados Export Promotion Corporation (BEPC). 1.3 mECU. T.A., training, studies, for marketing exports of rum and to develop new rum-based exports. Project on appraisal. Date foreseen for financing June 89. 6th EDF.

EDF BAR 6002

**BELIZE**

Belize City Hospital. Phase I. Estimated cost 8.6 mECU. Work constructions and supply of equipment. 4th, 5th, and 6th EDF. *Date financing May 89.*

EDF BEL 6004

Community Development Programme. Resp. Auth.: Ministry for Social Services. 0.150 mECU. Project preparation study. Short-list done. Project on appraisal. 6th EDF.

EDF BEL 6002

**BENIN**


EDF BEN 6010

Mono rural development programme. Development of the rural production. Co-financing with BAD. EDF 16.5 mECU, BAD 14.4 mECU, local 4.9 mECU. Project in execution. 6th EDF.

EDF BEN 6003

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAF. Estimated cost 2 mECU. Project on appraisal. 6th EDF.

EDF BEN 6009

**BURKINA FASO**


EDF BK 6005

Rural development programme in the Sissili province. Resp. Auth.: Ministère de l'Eau, Ministère de l'Agriculture et Elevage, Ministère de la Santé Rurale, Ministère de l'Education nationale. 31.5 mECU. Same programme: see BK 6001. *Date financing May 89.*

EDF BK 6004

Training programme. Resp. Auth.: Ministère du Plan et de la Coopération, Ministère du Travail, de la Sécurité Social et de la Fonction Publique (pour les CNPAR), Ministère de l'Environnement et du Tourisme, Ministère de la Santé et de l'Action Sociale, le Sénat, le Sénat et l'Assemblée. 1.870 mECU. Project in execution. 6th EDF.

**BURUNDI**

Rehabilitation of the R.N. 1-Bujumbura-Rwanda border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 22 mECU. Rehabilitation works plus the town section up the port of Bujumbura. Study to be done: technical study for the execution and int. tender dossier preparation. Short-list already drawn up. Project on appraisal. 6th EDF.

EDF BU-REG 6505

**CAMEROON**

Development programme in the rural production. Cofinancing with BAD. EDF 19.5 mECU. Rehabilitation of the rural production in the Bénoué basin. Resp. Auth.: Mission d'études pour l'aménagement de la vallée supérieure de la Bénoué (MEABVS). Total estimated cost 30 mECU. EDF part 25 mECU. Works, supply of equipment, T.A., training for basic science, environmental resource and sustainable agriculture. Project in execution. 6th EDF.

EDF BT SYS 6019

**CENTRAL AFRICAN REPUBLIC**

General import programme. Resp. Auth.: Banque République du Burundi. 12 mECU. Special programme debt. Hard currency allowance to finance import and to establish counterpart fund in Burundi Francs. Project in execution. 6th EDF.

EDF BU 6014


EDF BU 6018

**CAPE VERDE**

* Town development of Praia. 19.8 mECU. Works and supply of equipment, T.A. and supervision of works. Project in execution. 6th EDF.

EDF CV 6001

Sectoral Import Programme for building materials and equipments. Resp. Auth.: Ministère du Plan et Entreprise Publique d'Apprivoisement (E.M.P.A.). 4 mECU. To purchase cement, iron, medical equipment and pavings. *Date financing April 89.*

EDF CV 6002

**CENTRAL AFRICAN REPUBLIC**

Conservation programme for the ecosystem in the North. National game and natural reserves. Supervision for protected areas. Monitoring, management. Supply of infrastructures. EDF 26 mECU. Project in execution. 6th EDF.

EDF CA 6002

Development programme of the Central and Southern region. Resp. Auth.: Ministère du Dév. Rural. 20.3 mECU. To strengthen coffee plantations in the villages.
and the infrastructure, diversifications in excretion zones; rural health and human hydraulics, T.A., studies, following and evaluation. Short-lists already drawn up. Project in execution. 6th EDF.

EDF CA 6005

**Petroleum products import programme**. Resp. Auth.: Secrétariat d’Etat au Plan, aux Statistiques et à la Coopération Internationale. Implementation: S.A. Petroca. 7 mECU. Int. tender foreseen end June 89. Project on appraisal. Date foreseen for financing June 89. 6th EDF.

EDF CA 6007

**COTE D’IVOIRE**

Rural oil palm plantations for the 2nd palm plan. Resp. Auth.: Ministère de l’Agriculture. EDF 20.850 mECU. 22,948 ha in rural areas. Project in execution. 6th EDF.

EDF IVC 6001

**Support to the livestock development.** Continuation and completion of the Marahoué Ranch (T.A., investment, training) and support to “Centre National d’Elevage Ovin”. EDF IVC 6003

**DJIBOUTI**

Rural development programme. Resp. Auth.: Ministère de l’Agriculture. EDF 6.1 mECU. Improvement of the rural development, farm and livestock monitoring, rural hydraulics, palm-tree plantations, pump-station maintenance. For the infrastructures works acc. tender (conditional) and for urgent supplies int. tender (conditional) in November or December 88. Project in execution. 6th EDF.

EDF DI 6001

**Urban development programme.** Resp. Auth.: Ministère des Travaux Publics, de l’Urbanisme et du Logement et Ministère de l’Intérieur. 4 mECU. Rehabilitation, construction of waste water controlled network, works and supplies, road assessments to improve rain waters. Studies for rehabilitation and to prepare int. tender dossiers (drainage, roads, drinking water, fire protection) - short-lists already drawn up. Project in execution. 6th EDF.

EDF DI 6002

**Training programme.** 2.2 mECU. New vocational training actions for adults. T.A. for training centres. Training, scholar-ships and training courses. Works and supplies. **Date financing May 89.** EDF DI 6101

**DOMINICA**


EDF DOM 6003

**CONGO**

FEDAR (EDF regional action for the Pool and Cuvette). Resp. Auth.: Ministère du Plan. 36 mECU. Roads, wells, rural infrastructure, supervision of works, line of credit, monitoring. Project in execution. 6th EDF.

EDF COB 6002

**COTÉ D’IVOIRE**

Rural oil palm plantations for the 2nd palm plan. Resp. Auth.: Ministère de l’Agriculture. EDF 20.850 mECU. 22,948 ha in rural areas. Project in execution. 6th EDF.

EDF IVC 6003

**SOUTH SHewing conservation-based rural development.** Resp. Auth.: Ministry of Agriculture. Estimated cost 26.2 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, equipments, T.A., studies, credit line. Project in execution. 6th EDF.

EDF ET 6002

**Lake fisheries project.** Resp. Auth.: Ministry of Agriculture, Fishery Dept. 7.5 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training and research and fishing production centres. Works, supplies and T.A. Project on appraisal. **Date foreseen for financing June 89.** 6th EDF.

EDF ET 6008

**FIJI**

Rural electrification programme. Resp. Auth.: Fiji Electricity Authority. 3.3 mECU. Construction of 28 small electrification and installation of a small power plant. Project in execution. 6th EDF.

EDF FIJ 6004

**EQUATORIAL GUINEA**

Forestry support programme. Resp. Auth.: Ministère des Eaux et Forêts. 8.4 mECU. Assessment of the forest feeders roads network. Support to the definition and application of governmental measures to preserve forest patrimony. Support to improve timber export control. Project on appraisal. 6th EDF.

EDF EG 6001

**ETHIOPIA**

North Shewa rural reclamation and development programme. Resp. Auth.: Ministry of Agriculture. Total cost 28.8 mECU. EDF 24 mECU. Local 4.5 mECU. Soil and water conservation, reafforestation, rural infrastructure development and feeder roads. Works, supply of equipment, vehicles, T.A. and line of credit. Project in execution. 6th EDF.

EDF ET 6001

Central Shewa peasant agriculture development programme. Resp. Auth.: Ministry of Agriculture. Estimated cost 53.4 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, training, T.A., micro-projects, credit line. Project in execution. 6th EDF.

EDF ET 6005

Coffee improvement programme III. Resp. Auth.: Ministry of Coffee and Tea Development. 38.1 mECU. Construction and civil works, supply of equipments, vehicles and agri. inputs, aerial photography, training and T.A. Project in execution. 6th EDF.

EDF ET 6003

Lake fisheries project. Resp. Auth.: Ministry of Agriculture, Fishery Dept. 7.5 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training and research and fishing production centres. Works, supplies and T.A. Project on appraisal. **Date foreseen for financing June 89.** 6th EDF.

EDF ET 6008

**FIJI**

Rural electrification programme. Resp. Auth.: Fiji Electricity Authority. 3.3 mECU. Construction of 28 small electrification and installation of a small power plant. Project in execution. 6th EDF.

EDF FIJ 6004

**FIJI**

Coconut rehabilitation and improvement programme. Resp. Auth.: Ministry for Primary Industries. Estimated total cost 1.350
GUINEA

Rural development programme in Upper-Guinea. Resp. Auth.: Coordination team composed by representation from: Ministère du Plan et de la Coopération Internationale, Ministère du Finances, Secrétariat d’Etat à la Décentralisation, Ministère du Développement Rural, 30 mECU. To modernise agricultural systems and to improve the way of living. Development of the crop production, infrastructure, roads, social, rural hydraulic, micro-projects, lines of credit, T.A. and training. Supplies: int. tender launched in February 88. Project in execution. 6th EDF.

EDF GUI 6002

A3a

GAMBIA

Development of the non-industrial fisheries. 3 mECU. Works and supplies. Project in execution. 6th EDF.

EDF GM 6003

A3d

Development support for the "Upper River Division". Resp. Auth.: Ministry of Economic Planning. 7 mECU. Rehabilitation and improvement of feeder roads, rebuilding and equipment of 6 health centres, rehabilitation of 18 primary schools and 2 vocational training craft centres, rehabilitation of 20 new wells. Credit lines. Works by acc. tenders, supplies by int. tenders. T.A. Project in execution. 6th EDF.

EDF GM 6004

A3a

Provincial Centres Water Supply. 3,350 mECU. Rehabilitation of water supply of Başse, Farefenni, Bansang, Mansa Konko/Soma. Works, supplies, T.A. and supervision. Project in execution. 4th, 5th and 6th EDF.

EDF GM 6009

A2b

GHANA

Accra Plains Livestock Development Project (APLDP). Estimated total cost 4 mECU. EDF part 3 mECU, local 1 mECU. Provision of veterinary and animal husbandry extension services, including construction of cattle treatment centres, water points and other inputs. Project on appraisal. 6th EDF.

EDF GH 6006

A3a


EDF GH 6007

A3a

Sectoral import programme. Resp. Auth.: Ministry of Finance and Economic Planning (M.P.E.F.). 20.5 mECU. 1st phase: supply of 25,000 t of fertilizers and vehicles. 1st int. tender (conditional) launched in August 88. 2nd int. tender for 30,000 t fertilizers foreseen in July 89. Hard currency allowance (11.5 mECU) for import. Project in execution. 6th EDF.

EDF GH 6010

A3a

SYMSIN-Rehabilitation of the Bauxite Industry. Resp. Auth.: Guymine. EDF part 31.5 mECU. Supply of equipments, spare parts, T.A. at Linden and Kwakani. Project in execution. 5th EDF.

EDF SYS GUA 5024

A4a

JAMAICA

Rural water supplies. Phase I. Resp. Auth.: National Water Commission. 6.7 mECU. Extension, upgrading of five existing water supply schemes: South Manchester, Elderslie/Niagara, Castleton, South Chapelton. Works and supplies. Project in execution. 6th EDF.

EDF JM 6003

A2b


EDF JM 6004

A2d

KENYA

Minor roads rehabilitation and maintenance programme. Estimated cost 5 mECU Works by direct labour. Project stage: identification. 6th EDF.

EDF KE 6002

A2d

Agricultural research programme. 20 mECU. Soil and water management research. Soil fertility and plant nutrition. Civil works and libraries. Project in execution. 6th EDF.

EDF KE 6003

A3e

Development of commerce and industry. Estimated cost 5 mECU. Export promotion and marketing, trade development promotion and support to informal sector and small scale industries. Studies, short-lists already drawn up. Project stage: identification. 6th EDF.

EDF KE 6004

A5d

Cereal sector reform programme. Resp. Auth.: Ministry of Finance, Agriculture and Supplies and Marketing and NCPC. National Cereals and Produce Board. 65 mECU. 1st int. tender launched in February 88. Project in execution. 6th EDF.

EDF KE 6005

A3a

LESOTHO

Manpower development project to support Lesotho’s natural resources sector. Resp. Auth.: National Manpower Development Secretariat (NMDS). Ministry of Planning Economic and Manpower Development. 7.7 mECU. Construction of schools,
class-rooms, laboratories, supply of T.A., scholar-ships and training. Project in execution. 6th EDF.
EDF LSO 6007 A6b

Queen Elizabeth II Hospital: improvement and upgrading. Resp. Auth.: Ministry of Health and Ministry of Works. 4.9 mECU. Works by acc. tender. Supply by int. tender. T.A. Project on appraisal. Date foreseen for financing June 89. 4th and 6th EDF.
EDF LSO 6012 A7a

Support programme for food strategy (enterprises and employment prospects). Resp. Auth.: Ministère de l'Emploi et de la Fonction Publique. 3.5 mECU. T.A. and line of credit. T.A.: SORCA (B) and DHONTE (F). Project on appraisal. Date foreseen for financing June 89. 6th EDF.
EDF MIL 6004 A3a

Food security programme in the 5th region. Resp. Auth.: Gouverneur de la région. 24.2 mECU. Soil and ground water resources, rehabilitation of Banamoko. Mopti road. Works, supplies, supervision; study, T.A. training. Project in execution. 5th and 6th EDF.
EDF MIL 6005 A2b, d

South-East development programme. Estimated cost 27 mECU. Works, supplies and T.A. Project in execution. 6th EDF.
EDF LBR 6002 A3a

MAURITANIA

EDF MAU 5012 A7a

Rehabilitation of Nouakchott National Hospital. Resp. Auth.: Ministère de l'Equipement. 4 mECU. Renovation and upgrading for building, supply of medical-technical and surgical equipment. Project on appraisal. Date foreseen for financing 1st half 89. 6th EDF.
EDF MAU 6003 A7a

Support programme for the development of the Gorgol region (PDRG). Estimated cost 35 mECU. Improvement of the irrigated areas, roads. Supply of equipment for maintenance and for agriculture, study, T.A., training and experimentation. Study: short-list done. Project on appraisal. Date foreseen for financing July 89. 5th and 6th EDF.
EDF MIL 6004 A3a

Food security programme in the 5th region. Resp. Auth.: Gouverneur de la région. 24.2 mECU. Soil and ground water resources, rehabilitation of Banamoko. Mopti road. Works, supplies, supervision; study, T.A. training. Project in execution. 5th and 6th EDF.
EDF MIL 6005 A2b, d

Support programme for food strategy (enterprises and employment prospects). Resp. Auth.: Ministère de l'Emploi et de la Fonction Publique. 3.5 mECU. T.A. and line of credit. T.A.: SORCA (B) and DHONTE (F). Project on appraisal. Date foreseen for financing June 89. 6th EDF.
EDF MIL 6001 A5a, b, e

MAURITIUS

Programme to diversify productive sectors to improve, employment prospects (1st part: industry). 10 mECU. Actions to strengthen export and industry promotion institutions, actions to incite development of small enterprises. Project in execution. 6th EDF.
EDF MAS 6002 A5e

Programme to diversify productive sectors (2nd part: agriculture). Resp. Auth.: to purchase equipments. Ministère des Finances. Tender board. 8 mECU. Works, rural development, supplies, T.A. and training. Project in execution. 6th EDF.
EDF MAS 6006 A3a

MOZAMBIQUE

EDF MOZ 6019 A3a

EDF MOZ 6025 A1c

Rural telecommunications. Resp. Auth.: Ministry of Transports and Communications. Estimated cost 5 mECU. Supply of radio and telephone equipment, technical study for project appraisal to be done: short-list not yet drawn up. Project on appraisal. 6th EDF.
EDF MOZ 6026 A2c

Integrated development programme of Cabodelgado. Resp. Auth.: Ministry of Agriculture. AGRICOM. Estimated total cost 8 mECU. EDF 5 mECU. Local 3 mECU. Support to up to 50 000 people in the districts of Mocimboa, Priaia and Mueda. Works, supplies and T.A. Project on appraisal. Date foreseen for financing June 89. 6th EDF.
EDF MOZ 6022 A3a

NIGER

Rice-growing in the river valley. Resp. Auth.: Ministère de l'Agriculture. 63.6 mECU. Cultivation of 1.800 ha, electrification, feeder roads, T.A. for management. Project preparatory study: short-list already drawn up. Project in execution. 6th EDF.
EDR NIR 6001 A3a

EDR NIR 6002 A3a

EDR-NIR-6011 A4a

Training programme. Resp. Auth.: Ministère de l'Education, Commerce, Culture, Plan, Agriculture. 4.366 mECU. Three priority sectors: rural development, business develop-
NIGERIA

Rural electrification project. Resp. Auth.: National Electric Power Authority (NEPA). 7.5 mECU. Supply and installation of transformers, conductors, poles and cables and ancillary equipment for connections totalling 300 km. Supervision and evaluation. Project in execution. 6th EDF. EDF UNI 5018 A2d

Oil Palm Belt Rural Development Programme (OPBP). Resp. Auth.: Ministry of Agriculture, Water Resources and Rural Development. 68,840 mECU. Flood protection and drainage works in the Niger Delta. 20,000 ha. Rural infrastructures, micro-projects, T.A., training, research, supervision of works, management. Project in execution. 6th EDF. EDF UNI 6001 A3a

North East Arid Zone development programme. Resp. Auth.: Ministry of Agriculture, 35 mECU. Increase of rural production, livestock development, afforestation and environmental control, rural infrastructure development (health, education), commercial services (inputs, credit and marketing system), manpower development, training and research. Works: irrigation, drainage, buildings, supply of seeds, chemicals, fertilizers, dozers, drilling rigs, T.A., training, research. Project in execution. 6th EDF. EDF UNI 6002 A3a

Research and Training programme. Resp. Auth.: Ministry of Finance and Economic Development. Training Support Unit (TSU). 30 mECU. Scholarships, seminars, T.A. Teacher training, cooperation between Nigerian Training Institutions and European Training Institutions, exchanges between nigerian and european research institutions. Purchase of equipment. Project in execution. 6th EDF. EDF UNI 6004 A6a, b, c, d, e, f

Rural health facilities project. Resp. Auth.: Federal Ministry of Health. 6,100 mECU. Construction of premises and upgrading existing ones. Building and furnishing of maintenance workshops. Supply of equipments, management, supervision and training. Works by acc. tenders. Supplies by int. tenders. Project in execution. 5th EDF. EDF UNI 5018 A7a


SENEGAL


ST. LUCIA

Rural development. Social Infrastructures. Resp. Auth.: Ministère de la Santé Publique et de l’Habitat. 3.645 mECU. Works and supply of equipment and T.A. Project in execution. 6th EDF. EDF SLU 6002 A3a

SAO TOME & PRINCIPE

Riberia Peixe rural development. Resp. auth.: Ministério da Cooperação. Development of agricultural output (palm oil) and industrial exploitation. Estimated total cost: 6.79 mECU as follows: EDF 4.00 mECU, EIB 2.00 mECU and local 0.791 mECU. T.A.: Works, training and supplies. T.A.: Short-list drawn. Project in execution. 6th EDF. EDF STP 6001 A3a

SENEGAL

Consolidation of the livestock development programme. Resp. Auth.: Ministère de l’Elevage et de l’Alimentation. 3.300 mECU. Supply and installation of equipment. Project in execution. 6th EDF.


SEYCHELLES

Rural development project. Resp. Auth.: Ministry of Nat. Dev. 2.922 mECU. Support to small farms, research, soil conservation. Cofinanced by EDF and T.A. and training. Project in execution. 6th EDF. EDF SEY 6004 A3a

SIERRA LEONE

North Western artisanal fisheries and community development programme. Resp. Auth.: Ministry for Agriculture and Natural Resources (Fisheries Division). 6 mECU. Infrastructures, supply of equipments, line of credit. T.A. Project in execution. 6th EDF. EDF SL 6004 A3d

Rehabilitation of the Telecommunications network. Phase 2. 7.5 mECU. Works, supplies and T.A. Date financing April 89. 6th EDF. EDF SL 6006 A2c

Turism development programme. Estimated cost 0.850 mECU. T.A. to the Ministry of turism and supply of equipment. Project stage: identification. 5th EDF. EDF SL 6026 A5c

SOLOMON ISLANDS

Development of human resources in the rural sector. Resp. Auth.: Ministry of Economic Planning. 4 mECU. Supply of equipment, T.A. and training. Project in execution. 6th EDF. EDF SOL 6003 A3a

Small holder development project. Resp. Auth.: Ministry of Agriculture. 3.5 mECU. EDF 3 mECU, local 0.320 mECU. Works, supplies, T.A. and training. Project in execution. 6th EDF. EDF SOL 6006 A3a

Development of rural fishing enterprises. Resp. Auth.: Ministry of Natural Resources...
Resources. 0.500 mECU. Construction of boats and houses by acc. tender. Supply of outboard motors, fishing gear, echo sounders, refrigerators, SSB radios, motorcycles by int. tender. Project in execution. 6th EDF. EDF SO 6010 A3d

SOMALIA


Hargeisa airport rehabilitation. Resp. Auth.: Ministry of Land and Air Transport. Estimated cost 3 mECU. Works and supply off equipment. Project on appraisal. 6th EDF. EDF SO 6001 A2d

Satellite telecommunication links with Europe and the Gulf States. Resp. Auth.: Ministry of Post and Telecommunications. 5 mECU. Project in execution. 6th EDF. EDF SO 6003 A2c

Sectoral Import Programme (SIP). Resp. Auth.: Ministry of Finance. 15 mECU. Provision of a hard currency facility to the public and private sectors for imports: agriculture, livestock, fisheries, industry and transport. T.A. Project in execution. 6th EDF. EDF SO 6006 A1c

Juba valley road. Resp. Auth.: Ministry of Public Works. Estimated total cost 74 mECU. EDF - 61 mECU. Construction of an all-weather unsurfaced road from Gelib to Baardheere (250km) prior to the construction of the Dam. int. tender (conditional) launched in March 89. Project on appraisal. Date foreseen for financing July 89. 6th EDF. EDF SO 6007 A2d

Essential drug programme (EDP) for animal health. Resp. Auth.: Ministry of Livestock, Forestry and Range (MLFR). 2 mECU. Supply of veterinary drugs by int. tender and T.A. Project on appraisal. Date foreseen for financing April 89. 5th EDF. EDF SO 5029 A3a

Sectoral import programme: petroleum products. Resp. Auth.: Ministry of Finance. 16 mECU. Supply of refined oil products and T.A. Project on appraisal. Date foreseen for financing June 89. 6th EDF. EDF SO 6009 A4a

SUDAN

Sudan Railways Support Programme (SRSP). Resp. Auth.: Sudan Railways Corporation. 19 mECU. Reconstruction of five major and 18 minor bridges and 7 culverts in the line Kosti-Tabanouos. Supply of materials, tools and replacement part, for the most immediate repairs and maintenance of the track. Khartoum-Port Sudan. and those required for a direct improvement of telecommunications. Works and supplies by int. tender. Project in execution. 5th and 6th EDF. EDF SU 6011 A2d

Post Flood Reconstruction and Rehabilitation Programme (PFRRP). Resp. Auth.: agricultural part: Agricultural Bank of Sudan. Transport infrastructure: Roads and Bridge Public Corporation (RBPC) and Sudan Railways Corporation. 15 mECU. Agricultural sector: supply of spare parts for repair and replacement of 2 500 pumps. Int. tender and direct agreement. Supply of maintenance parts for 100 trucks (61); by int. tender. Supply of 100 pumps by int. tender. T.A. for transport, control and credit allowances. Transports sector: bridge construction (5 x 25 m) at Geneina, repair and work supervision. Bridge by acc. tender. Supplies for railways, gations, parts by int. tender. Project in execution. 6th EDF. EDF SU 6020 A2d

Telephone cables for Sudan Telecommunication Public Corporation (STPC). Resp. Auth.: STPC. 7.5 mECU. Replacement and extension of the cable networks in five towns. Supplies and T.A. and works supervision. Date financing May 89. 6th EDF. EDF SU 6022 A2c

SURINAME

Biomass energy project at Wageningen. Resp. Auth.: Government. Installation of an energy generator on the basis of rice husks. Project stage: identification. 5th EDF. EDF SUR 5009 A2a

Sectoral import programme. Estimated cost 8.5 mECU. Creation of a revolving funds for imports of inputs (fertilizers and chemicals etc.) for the rice sector). Date financing March 89. 6th EDF. EDF SUR 5001 A3a

New Nickerie Secondary School. Estimated cost 1.4 mECU. Construction and supply of equipment. Int. tender for works (conditional) foreseen in the 1st half 89. Project on appraisal. Date foreseen for financing July 89. 5th EDF. EDF SUR 5014 A6a

SWAZILAND

Rural water supplies programme. Ministry of Natural Resources. 2.6 mECU. Works and supplies for equipment with drinking water supply scheme. Project in execution. 6th EDF. EDF SW 6008 A3a

Human resources development programme. Resp. Auth.: Ministry of Education. 8 mECU. Works and supply of educational equipment, T.A. and training. Project in execution. 6th EDF. EDF SW 6010 A6a, b

Rural dam rehabilitation programme. Resp. Auth.: Ministry of Agriculture. 4 mECU. Works and supervision. Project in execution. 6th EDF. EDF SW 6012 A3a

TANZANIA

Agricultural sector support programme. Resp. Auth.: Ministry of Finance and Plan-ning. 94 mECU. Measures to improve food security, support for coffee production and processing, assistance to cooperative unions, repair and maintenance of vehicles and tractors, feeder road maintenance and assistance to institutions implementing the programme. Supplies by int. tender/rest. tender or direct agreement. T.A.: Short-list done for restr. tenders. Project in execution. 6th EDF. EDF TA 6001 A3a

Incentive goods production programme. 6 mECU. Provision of imported raw materials and other inputs, spare parts, bicycles. Project in execution. 6th EDF. EDF TA 6003 A4b

Sectoral Import Programme. Resp. Auth.: Government of Tanzania. 24.5 mECU. Allocation of currencies to import raw materials and spare parts for agriculture, transport and the production of basic consumer goods. Purchase of trucks spareparts for the transport sector. Int. tender launched in April 89. Project in execution. 6th and 6th EDF. EDF TA 6010 A1c

Secondary roads improvement project. Estimated cost 20 mECU. Repair and rehabilitation works on Songea-Mbanga and Ilomba-Mangali-Madaba secondary roads to improve transport of agricultural produce. Roads and bridges. Project on appraisal. 8th EDF. EDF TA 6007 A2d

TOGO

Support to the draught animals cultivation. Resp. Auth.: Ministère du Dévelop­pement Rural. EDF 5.47 mECU. Extension of the Adéle ranch, introduction of new tech­niques, line of credit. Works: feeder roads, bridges, wells, housing. Supply of vehicles, equipments, veterinary products, T.A. and training, research. Project in execution. 6th EDF. EDF TO 6005 A3a

Rural development programme in Bas­sar. Resp. Auth.: Ministère du Dél. Rural. EDF 10.3 mECU. Rural intensification and diversification, soil protection, improvement of infrastructure, support to the small-farmer association, marketing improvement. Works: studies, research, evaluation. Project in execution. 6th EDF. EDF TO 6006 A3a

Sectoral import programme. Supply of fertilizers and T.A. (follow up and execution). 10 mECU. Project in execution. 5th and 6th EDF. EDF TO 6008 A3a
**Road programme.** Resp. Auth.: Ministère de l'Equipement. Estimated cost 22 mECU. France 0.8 mECU for T.A. to the Ministère de l'Equipement. Rehabilitation of the road Blitta-Sokodé (South-North) and the urban section of the Lomé-Kpalimé road. Works, supply of equipment, supervision. 2. Int. tenders launched in February 89. Date financing April 89. 6th EDF.
EDF TO 6007 A2d

**TONGA**

Vava'u Airport Development Project. Resp. Auth.: Ministry of Civil Aviation. 2.130 mECU. Works, supply of equipment and training. Works by direct labour, supplies by int. tender. Project on appraisal. 5th and 6th EDF.
EDF TG 5003-6001 A2d

Integrated regional development study for Vava'u. Short-list done. Project stage identification.
EDF TG A3a

**TRINIDAD AND TOBAGO**

**Sectoral import programme: industry.** Estimated cost 12 mECU. Allocation of currency to import raw materials and intermediate products. Project on appraisal. Date foreseen for financing September 89. 6th EDF. EDF

**UGANDA**

EDF UG 6016 A1c

National parks. Resp. Auth.: Ministry of Tourism and Wildlife (Board of Trustees of the Ugandan National Parks). 3.41 mECU. Works by acc. tender. Supply of vehicles, maintenance plants, equipments by int. tender. Int. tender launched in May 89. Project in execution 6th EDF.
EDF UG 6014 A5i

Kampala infrastructure. Resp. Auth.: Ministry of Planning. Project Coordination Unit. 20 mECU. Provision of equipment, machinery, vehicles, supplies and T.A. Works for water and sewerage system in Kampala by int. tender launched in February 89 (conditional). Project on appraisal. 6th EDF.
EDF UG 6011 A2b, A8b

**Vanuatu**

Coconut development project. Phase II. Resp. Auth.: Ministry of Agriculture. 1.8 mECU. Works, supplies and T.A. Project in execution. 6th EDF.
EDF VA 6004 A3a

**Forestry development.** Resp. Auth.: Ministry of Agriculture, Forestry and Livestock, Forest Service Directorate. 1.9 mECU. T.A., by U.K. Works, supply of vehicles and equipments, training, follow-up and evaluation. Date financing April 89. 6th EDF.
EDF VA 6006 A3a

**Rural roads.** 0.860 mECU. Construction of feeder roads in 5 islands, Project on appraisal. 6th EDF.
EDF VA 6009 A2d

**Western Samoa**

Afulilo hydro power project. Estimated total cost 18 mECU. EDF part 7.5 mECU. Construction of a dam, reservoir, penstock, 4 MW power station, 40 km transmission lines, T.A. and training. Cofinancing under discussion with EIB, IDA and Asian Dev. Bank. Int. tender launched in March 89. Project in execution. 6th EDF.
EDF WS0 6001 A2a

**Zaire**

Kivu programme. 40 mECU. Action for crops (coffee, corn, palm-tree, rice) environment (Parc de la Virunga), lines of credit. Project in execution. 6th EDF.
EDF ZR 6002 A3a

Kinshasa hinterland programme. APEK 25 mECU. To improve crop production. Project in execution. 6th EDF.
EDF ZR 6003 A3a

Matadi-Kinshasa-Kenge road. Resp. Auth.: DG Travaux Publics et Adm. Territoriale. 22.5 mECU. Road rehabilitation and infrastructures of "Office des routes". Int. tender launched in April 89. Project in execution. 6th EDF.
EDF ZR 6006 A2d

Sectoral import programme. Resp. Auth.: Banque du Zaïre. Estimated cost 30 mECU. To import spare parts, raw materials and intermediaries inputs for industry and agro-industry sectors. Date financing May 89. 6th and 6th EDF.
EDF ZR 6016 A1c

Rehabilitation programme of SNCCZ. 7.5 mECU. Supply of row materials and spares to replace railways system. Date financing March 89. 6th EDF.
EDF ZR 6017 A4a

**Zambia**

Rehabilitation of 3 grain silos. Resp. Auth.: Ministry of Agriculture, NAMBOARD. 9.6 mECU. Works, supplies and work supervision. Project on appraisal. Date foreseen for financing 2nd half 89. 6th EDF.
EDF ZA 6007 A3f

ZAMSTEP. Zambia Mathematics and Science Education Project. 3.5 mECU. Supplies, training and management. T.A. Short-list done for resit. tender. Project in execution. 6th EDF.
EDF ZA 6002 A6a

Smallholder development in copper belt province. Resp. Auth.: Ministry of Agriculture and water development. 12 mECU. Basic infrastructure by acc. tender. Supply of vehicles and materials by int. tender. T.A. Project in execution. 6th EDF.
EDF ZA 6004 A3a

Smallholder development in central province. Resp. Auth.: Ministry of Agriculture and water development. 12.35 mECU. Basic infrastructure and social facilities. Works, supplies and T.A. Project in execution. 6th EDF.
EDF ZA 6005 A3a

Batoka cross-breeding ranch. Phase II. Resp. Auth.: Ministry of Agricultural and water department. Veterinary Dept. 1 mECU. Provision of further equipment and refurbishment and continued T.A. Project in execution. 6th EDF.
EDF ZA 6006 A3a

**Zimbabwe**

Land Use Project for Kanyati and Gatshe-Gatshe Communal Lands. 3 mECU. Cultivation and development and proper utilisation of wildlife potential. Works, supply of vehicles and rural equipment and T.A. Project in execution. 6th EDF.
EDF ZIM 6004 A3a

Small scale irrigation programme. Resp. Auth.: Agritex Irrigation Division. 14 mECU. Irrigation works over 700 ha. Supply of vehicles and equipments. T.A., training, studies. Project on appraisal. 6th EDF.
EDF ZIM 6010 A3e

**Overseas Countries and Territories (OCT)**

**Netherlands Antilles**

2nd line of credit for the Netherlands Antilles Development Bank (OBNA). 1.5 mECU. Date financing May 89. 6th EDF.
EDF NEA 6009 A5ab

EDF NEA 6007 A5c

Business development scheme. 1.5 mECU. T.A. for marketing management, product, company and strategy development. T.A. and training. Project on appraisal. 6th EDF.
EDF NEA 6013 A5c

**Mayotte**

Rural electrification. Resp. Auth.: Collectivité Territoriale. EDF 4.20 mECU, France 6.86 mECU. Supply of 125 km transmission lines with 60 transformers and 11 circuit breakers. Int. tender (conditional) launched in

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**Regional Projects**

**GUINEA — GUINEA BISSAU — SENEGAL — MAURITANIA — NIGER — MALI**

Soil development of the versant basin type in Guinea: Fouta Djalon and Niger Upper Basin. Resp. Auth.: Ministère Guinéen de l’Agriculture et des Ressources Animale (MARA), Direction Générale des Forêts. Estimated total cost 37.5 mECU. EDF 31.5 mECU, Italy 6 mECU. Anti-erosion works, technical and social infrastructure with local NGO’s and population. Preparatory studies for programme extension, aerial survey and mapping. Works by int. tender. T.A. and training. Project in execution. 6th EDF. EDF REG 6137. A3a

**CEEC (COMMUNAUTÉ ÉCONOMIQUE DES ÉTATS DE L’AFRIQUE CENTRALE)**

Industrial forum EEC-Central Africa. Preparation, execution, and follow-up and industrial fora in Central Africa. 2.3 mECU. T.A., studies and valuation. Project in execution. 6th EDF. EDF REG 6213. A4

**BURKINA — NIGER**

Timber development in the future reservoir of the Kompienga Dam. Resp. Auth.: Ministère de l’Environnement du Burkina. EDF 5.9 mECU. Timber trees recuperation and processing to obtain building and service timber, fuel-wood, charcoal for their commercialisation. Works, supply of equipment and T.A. Project in execution. 6th EDF. EDF REG 6102. A3c

**SENEGAL — GAMBIA — GUINEA BISSAU**

Dakar-Banjul-Bissau: Zigunochor-Mpacc part, 4.4 mECU. 17 km works and supervision. Works by acc. tender (conditional). Project on appraisal. Date foreseen for financing July 89. 6th EDF. EDF REG 6136. A2d

**ZAIRE — CONGO — GABON — SAO TOME AND PRINCIPE — EQUATORIAL GUINEA — CAMEROON**

Fishery development in the Gulf of Guinea. 6.7 mECU. T.A. to prepare these projects: Short-list done. Project in execution. 5th EDF. EDF REG 5206. A3d

**PACIFIC ACP COUNTRIES**

Regional agriculture development programme. 6.8 mECU. Ten pilot project. T.A. works and supplies. Project in execution. 6th EDF. EDF REG 6704. A3a


**MEMBER COUNTRIES OF CILSS**

Improvement of permanent diagnostic instruments for regional food security. Resp. Auth.: Secrétariat Exécutif Ouagadougou. EDF 7.075 mECU, Italy 2.795 mECU. Supplies, T.A. and running costs. Project in execution. 6th EDF. EDF REG 6110. A3a

Regional programme to promote the use of butane gas. Resp. Auth.: CILSS. Total estimated cost 30 mECU. Supply of 1 500 units for pump, refill station and light. Supplies by restr. tender after prequalification. Prequalification launched in March 88. Date financing April 89. 6th EDF. EDF REG 6116. A2a

Regional programme to promote soil protection and reforestation. Resp. Auth.: Ministère du Développement Rural et de la Pêche du Cap Vert. 4.250 mECU. Works, training, supply of equipment and T.A. Date financing April 89. 6th EDF. EDF REG 6145. A3a

Information and training programme on environment. Resp. Auth.: CILSS Secretariat. 10.5 mECU. Supply of pedagogical equipment, T.A. and training. Date financing May 89. 6th EDF. EDF REG 6147. A8f

**MEMBER COUNTRIES OF U.A.P.T.**


**EAST AFRICAN COUNTRIES**

and housing. Project stage: identification. 5th EDF.
EDF REG 5311 A6b

Institutional support to Eastern and Southern Africa Management Institute (ESAMI). Resp. Auth.: ESAMI, Tanzania. Estimated cost: 4.5 mECU. Extension of ESAMI installations plus provision of library, audio visual and printing equipment and improvement of kitchen and laundry facilities. Project on appraisal. 6th EDF.
EDF REG 6311 A6b

IGADD COUNTRIES

T.A. for a fight against desertification strategy. Resp. Auth.: IGADD. Supply of specialised T.A. Project on appraisal. 5th EDF.
EDF REG 5361 A3a

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

EDF REG 6306 (TA 0000) A2d

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost: 20 mECU. Project on appraisal. 6th EDF.
EDF REG 6310 (RW...) A2d

Central Corridor-Tanzania-Bukombe-lasaka road. Resp. Auth.: Ministry of Works. Estimated cost: 35 mECU. Asphalt covering of 130 km. Project on appraisal. 6th EDF.
EDF REG 6309 (TA ...) A2d

Block trains (Tanzania Railways Corporation, TRC). Resp. Auth.: TRC. 28 mECU. Provision of main line and shunting locomotives and wagons. Project on appraisal. 6th EDF.
EDF REG 6313 (TA ...) A2d

SADCC — MOZAMBIQUE

Beira-Machipande road. Resp. Auth.: Ministry of Construction and Water. Maputo 5 mECU. Repair works. Date foreseen for financing: July 89. Project on appraisal. 6th EDF.
EDF REG 6413 (MOZ...) A2d

KENYA — SUDAN — MOZAMBIQUE

Field oriented research on the control of tse-tse and livestock ticks. Resp. Auth.: ICIPE (International Centre of Insect Physiology and Ecology). 2 ECU. Support for the ICIEP for the research on the two parasites. Project in execution. 6th EDF.

ASECNA

Regional air safety training schools at Douala and Niamey. Resp. Auth.: ASECNA. 7 mECU. Building and equipping of schools in Douala and Niamey. Works and equipments by int. tender. T.A. Project on appraisal. Date foreseen for financing: June 89. 6th EDF.
EDF REG 6057 A6d

CARIBBEAN ACP COUNTRIES AND MONTSESRAT

Regional trade development programme. Resp. Auth.: CARICOM Secretariat. Estimated total cost: 10 mECU. EDF 6.1 mECU, CARICOM 3.9 mECU. Short and long term experts, seminars, training, market promotion activities, evaluation. Project in execution. 5th EDF.
EDF REG 5681 A5de

West Indies university. Resp. Auth.: UWI and National Authorising Officers. EEC contribution 7 mECU. Works, supplies and technical and scientific equipment, T.A. and training. Project in execution. 6th EDF.
EDF REG 6601 A6b

EDF REG 6601 A2d

ORGANISATION OF EASTERN CARIBBEAN STATES (OECs) AND BRITISH VIRGIN ISLANDS

Eastern Caribbean States Export Development Agency (ECSEDA) and Automatic System for Customs Data (ASYCUDA). Resp. Auth.: ECSEDA secretariat. Estimated cost: 3 mECU. Cooperative marketing in Europe, T.A. and tourism training. Project on appraisal. 6th EDF.
EDF REG 6610 A5d

OECs integrated tourism programme. Resp. Auth.: OECs secretariat. Estimated cost: 6.2 mECU. Construction of container terminals. Project in execution. 6th EDF.
EDF REG 6613 A5c

CARICOM AND UK OCT

Regional hotel training programme. Resp. Auth.: Bahamas Hotel Training College (BHTC). 4.4 mECU. Construction region training facility, supply of equipment, scholar­ships. Project in execution. 6th EDF.
EDF REG 6614 A5c

MEDITERRANEAN COUNTRIES

EGYPT

Integrated programme to improve seed production for large scale farming. EEC contribution 7 mECU. Works, supplies and T.A. Project in execution.

ALGERIA

Scientific cooperation programme with "Ministère de l’Enseignement Supérieur" (MES). Resp. Auth.: MES. EEC contribution 2.5 mECU. Supply of technical and scientific equipment, training and T.A. Project in execution.

SEM AL A4g


SEM AL A3a

Integrated programme to improve seed production for large scale farming. EEC contribution 7 mECU. Works, supplies and T.A. Project in execution.

SEM AL A3a

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JORDAN

A.T. to the Royal Scientific Society - Phase II. 2 mECU. Supply of equipment, training, scholarships and seminars. Project in execution.

SEM JO 2006 A6b


SEM JO A2a

Study on underground water-level in the Azraq basin. Resp. Auth.: Ministry of Hydrology and Irrigation. 3 mECU. To collect and exploit all data concerning water region of Azraq basin. T.A. supply of equipment and drilling works. Works by acc. tender. Project in execution.

SEM TO A2a


SEM TO A1g

Support to the stock-farming (bovins). Resp. Auth.: Ministry of Agriculture. 0.500 mECU. Supply of specialized equipment and T.A. Project on appraisal.

SEM JO A3a

MALTA

Tourism industry modernisation. 2.4 mECU. Tourism development plan, promotion, institution for hotel management and tourism, restauration of the St. Jean Cathedral. T.A. and works. T.A.: short-list not yet drawn up. Works by acc. tender. Project in execution.

SEM MAT A5c


SEM MAT A9b

MOROCCO


SEM MOR A2b

Support to the anti-locaust programme. Resp. Auth.: Ministère de l'Agriculture. EEC contribution 6 mECU. Purchase of 4 bi-turbo props aircrafts by restr. tender. Date financing June 89.

SEM MOR A3a


SEM MOR A3a

SYRIA


SEM SYR 2002 A6b

Rural Water Supply Suwelda Region. Resp. Auth.: Ministry of Local Administration and Ministry of Housing and Utilities. EEC 3.8 mECU. Project in execution.

SEM SYR 2001 A2b

TUNISIA


SEM TUN A2b

Rural development project for the South-West of Kef. Resp. Auth.: Office de mise en valeur du Kef. Ministère de l'Agriculture. EEC contribution 10 mECU. Purchase of 3 bulldozers, 2 motograders, 5 tractors with 51 trailers, 5 tanks (3000 litres each) 2 4 x 4 vehicles by int. tender. Project launched in November 88. Works by direct labour. Project in execution.

SEM TUN A3a


SEM TUN A3a

TURKEY

Geothermal energy in Western Anatolia. Resp. Auth.: MTA - Institut de Prospection et Recherches Minérales. EEC contribu-

tion 8 mECU. Supply by int. tender of specialized equipment for wells, boreholes and for laboratory analyses. T.A. and training. Project in execution.

SEM TU A4a

Improvement of health studies. EEC contribution 5.8 mECU. Master plan, specialized medical equipments, scanner, vehicles. T.A. and supplies. Project in execution.

SEM TU A7ac

Fight against environmental pollution. Resp. Auth.: Prime Minister's Office, Directoire General of the Environment. EEC contribution 2.8 mECU. Purchase of mobile system to measure, control, water, air, surface and soil pollution. Supply of laboratory equipments. Project in execution.

SEM TU A8f

Vocational training programme for tourism and mining. EEC contribution 5.4 mECU. Seminars, staff, trainers, supply of equipment, studies. Project in execution.

SEM TU A5c, A4a, A6d

Programme to deepen association relations between EEC and Turkey. EEC contribution 3.6 mECU. Scholarships, supply of equipment for the University of Ankara and Marmara. Training centre and language laboratory in Marmara. Establishment of a Euro-Turkish "Business Council". Project in execution.

SEM TU A5b

Regional centre for training and development for "Union Internationale des villes (UIV)" for eastern mediterranean countries and Middle East in Istanbul. EEC contribution 1.4 mECU. T.A. and supply of equipment. Project in execution.

SEM TU A1c

WEST BANK AND GAZA

OPERATIONAL SUMMARY

Assistance to the Palestinian population in the occupied territories. EEC contribution 2.971 mECU. Various projects, lines of credit, supply of equipment, T.A. and training. Project in execution. Third int. tender for the rehabilitation of ADS diary in Jericho foreseen in the 2nd half 89.

SEM OT A8a, b, e

A.L.A. developing countries ASIA and LATIN AMERICA

ASEAN

Aquaculture development and coordination programme. 6.77 mECU. Project in execution.

ALA ASN 8604 A3d
Industrial standards and quality control programme. 5 mECU. Project in execution.
ALA ASN 8609 A4a

Marine fisheries resources assessment. Resp. Auth.: South-East Asian Fisheries Development Centre (SEAFDEC). EEC contribution 0.652 mECU. Supply of equipment and T.A. Project in execution. ALA ASN 8618 A3d

BANGLADESH


Improvement of food grain storage depots (LSD's). Resp. Auth.: Ministry of Food, Dept. of Food (MOF/DOF). 15 mECU. Rehabilitation and improvement of 130 LSD's. Works and supply of T.A. Works by acc. tender. Project in execution. ALA BD 8816 A3a

Thikana project. Resp. Auth.: Thikana Village Development Fund (TVDF), Committee and Promotion, Planning and Management Unit. EEC contribution 9.5 mECU. Establishment of the Village Fund, and T.A. Project in execution. ALA BD 8815 A3a

BHUTAN

Water supply. Resp. Auth.: Inter dep. Commission on water and sanitation. Works by direct labour. 4.5 mECU. Supplies int. tender or direct agreement. T.A.: UNICEF. Project in execution. ALA BHU A2b

Development of agricultural support activities. Resp. Auth.: Ministry of Agriculture. EEC contribution 3.4 mECU. Building of regional centres, soil analyses laboratory, supply of equipments and vehicles, T.A. and training. Project in execution. ALA BHU 8809 A3a

BOLIVIA

Regulation-prevention programme of the TDPS basin. Resp. Auth.: CORDEOR for urgent works. 5 mECU. T.A. by EEC expert for 2 years for works and T.A. by a multidiscipline team for TDPS study. Purchase by int. tender of 2 dredgers, equipments and specialized equipment for study. Works by direct labour. T.A. direct agreement after restr. tender. Project in execution. ALA BO 8723 A3a

CHINA (PEOPLE'S REP.)

China-EC centre for agricultural technology. Resp. Auth.: Ministry of Agriculture, Animal Husbandry and Fisheries (MAAF) and EEC Commission. EEC contribution 5.9 mECU. China will construct the centre. EEC part: supply of equipment, documentation, training, european staff, T.A. and works supervision. Project in execution. ALA CHN 8821 A3, A6

Maize and sunflower research development project in the Jilin province. Resp. Auth.: Jilin Province Commission for Foreign Economic Relations and Trade (JPCFERT). EEC contribution 2.7 mECU. Supply of specialized equipment by int. tender on direct agreement. Training, T.A. and evaluation. Project in execution. ALA CHN 8813 A3a

ECUADOR

Rural development in the region of the Chambo river. Resp. Auth.: Institucion Equatorien des Ressources Hydrauliques (INERHI). EEC 9 mECU. T.A. and training, irrigation works, line of credit, supply of equipment. Project in execution. ALA EC 8701 A3a

Reconstruction Programme. (After March 87 earthquake). Resp. Auth.: Banco Ecuatoriano de la Vivienda (BEV). EEC contribution 3.5 mECU. Housing and T.A. Project in execution. ALA EC 8810 A8a

EL SALVADOR

Programme for the Development of Handicrafts in deprived areas. Resp. Auth.: Interministry Committee with the leadership of the Ministry of Culture and Communication. EEC 6 mECU. T.A., studies and supply of equipment and vehicles. Project in execution. ALA ES 8710 A4d

Construction of a hospital in Zacamil. Construction and equipping of a 200 beds hospital. 12 mECU. Works and supplies by int. tender. T.A. for supervision and management. Project in execution. ALA ES 8712 A7a

GUATEMALA

Support to the rural diversification in the Pacific Region (Montellano and San Carlos Malaga). EEC 5.5 mECU. Supply of equipment, infrastructural works, lines of credit. T.A. and training. Project in execution. ALA GU 8707 A3a


HONDURAS

Water supply, health in the rural sector. Resp. Auth.: Consejo Directivo de Saneamiento (CODISA), and Ministerio de Salud Publica. EEC contribution 14.5 mECU. Supply of equipment, materials, vehicles, T.A. and training. Int. tender launched end of April 89. Project in execution. ALA HO 8820 A8bc

INDIA

Coconut development, Kerala. Resp. Auth.: Kerala Kera Karshaka Cooperative Federation (Kerafed). EEC 45 mECU. Supply of equipments, oil plants, T.A. and evaluation. Project in execution. ALA IN 8709 A3a

Inland Fisheries Development. Resp. Auth.: National Cooperative Dev. Corp. (NCDC) with Dept. of Fisheries (DOF). EEC contribution 22.1 mECU. Works, T.A. and supply of equipments. Project in execution. ALA IN 8804 A3a

Tank Irrigation System, Tamil Nadu. Phase II. Resp. Auth.: Dept. of Agriculture. EEC Contribution 24.5 mECU. Works, supplies and T.A. Project in execution. ALA IN 8811 A3a

Agricultural markets in Kerala. Resp. Auth.: Ministry of Agriculture. 18.4 mECU. Construction of three larger regional markets and three smaller markets along the east-west trade routes. Site development, shops and storage facilities, roads and parking areas. T.A. and training. Project financed through counterpart funding from sale of - 260 000 T of muriate of potash (MOP). Purchase by Minerals and Metals Trading Corporation (MMTC) Int. tender in 89. Project in execution. ALA IN 8818 A3a

South Bhagirath: Integral watershed management. 8.4 mECU. Reafforestation, soil protection. T.A. Project financed through counterpart funding from sale of 115 000 T of muriate of potash by MMTC in 89. Int. tender: see ALA IN 8818. Project in execution. ALA IN 8820 A3a

INDONESIA

Evaluation of the pelagic fishery in the Java Sea. Resp. Auth.: Agricultural Agency for Research and Development (AARD) and RIF. Cofinancing with France. EEC contribution 2.20 mECU. France 1.20 mECU, local 0.45 mECU. Supply of equipment, T.A. and training. Project in execution. ALA IND 8717 A3a


LAOS

Equips and T.A. Project on appraisal.
ALA LA 8802 A3a

NEPAL

ALA NEP 8706 A3a

PACTO ANDINO MEMBER COUNTRIES

ALA JUN 8806 A1b

ALA JUN 8803 A2c

PAKISTAN

Primary education in rural areas. Cofinancing with CIDA and IDA. EEC contribution 15 mECU for works, T.A. and scholarships. Project in execution.
ALA PK 8716 A6a

ALA PK 8897 A6ci

PERU

ALA PE 8817 A3a

PERU — ECUADOR — COLOMBIA (PEC)

Regional programme: fishing technical cooperation EEC/PEC. Estimated EEC contribution 6 mECU. T.A., supply of equipment and training. Project on appraisal.
ALA REG 8721 A3a

PHILIPPINES

ALA PH 8824 A6ci

THAILAND

Development and extension of fruit and vegetable production in Northern Thailand. EEC contribution 9.45 mECU. Long-term T.A., supply of equipments, line of credit, training, research and follow-up and evaluation. Project in execution.
ALA TH 8812 A3a

INQUIRY

If you have suggestions for improving the presentation, format and print used in the "blue pages", operational summary, please send them to:

M. Franco Cupini
Directorate-General for Development
Commission of the European Communities
Berl. 6/86
200, Rue de la Loi
B-1049 Brussels

N.B.: If you are happy with the present layout, please also let us know at the same address.
DELEGATIONS OF THE COMMISSION

In ACP countries

Ethiopia
Tel. Dosta Building
Africa Avenue (Bole Road) 1st Floor
P.O. Box 5570, Addis Ababa
Tel: 51 01 25/51 25 11/51 01 80/51 01 89/
51 26 72
Telefax 21138 DELEGUE — ET
Telefax (251-1) 51.41.15

Gabon
Quartier Batterie IV
Lotissement des Cocotiers
B.P. 321, Libreville
Tel: 73 22 50
Telex DELEGEF 5511 GO — LIBREVILLE
Telefax (241) 732228

Gambia
10 Coronet Street
P.O. Box 512, Banjul
Tel.: 777— 87 69
Telex 22333 DELCOM GV — BANJUL
Telefax (220) 26219

Ghana
The Round House — 65 Cantonments Road, Cantonments, Accra
P.O. Box 9505
Tel. (233-21) 774 201/2 774 236
Telefax 2099 DELCOM — K.A GH
Telefax (233-21) 774154

Guinea-Bissau
Rua Eduardo Mondlane 29
Caixa Postal 359, Bissau
Tel. 21 33 60/21 28 78
Telex 264 DELCOM BI

Guinea
Commission Central Mail Department
(Diplomatic Bag Section — B 1/123)
Rua de la Lo 200, 1049 Bruxelles
Telex via Embassy Fed. Rep. of Germany 22479

Guyana
64 B Middle Street South Cummingsburg
P.O. Box 10584, Georgetown
Tel: 63 963, 62 61 5, 64 004, 65 424
Telex 22688 DELEY GV — GEORGETOWN
Telefax (92-2) 62815

Jamaica
Mutual Life Center, 2nd Floor
Oxford Rd/Old Hope Rd.
P.O. Box 435, Kingston 5
Tel: 92-93030/92-93031/92-93032
Telex 23811 DELEGEKINGSTON 5
Telefax (1-809) 9292786

Kenya
National Bank Building
Harambee Avenue
P.O. Box 45119, Nairobi
Tel: 33 35 92
Telex 223022 DElRE Bishop CE
Telefax (254-2) 725603

Lesotho
P.O. Box MS 518
Maseru, 100, Lesotho
Tel: 313 726
Telex 4591 LO DELEGUE — MASERU

Liberia
34 Payne Avenue Sinkor
P.O. Box 3049, Monrovia
Tel. 26 22 78
Telex 44388 DELEGUE LI — MONROVIA

Macedonie
Immeuble Ny Havana — 67 hectares
B.P. 746, Antananarivo
Tel: 242 16
Telex 32811 DELEGUE MG — ANTRANARIVO

Mauritania
Ille V., Lot 24
B.P. 213, Nouakchott
Tel: 527 24/527 32
Telex 54164 DELEG MT — NOUAKCHOTT

Mauritius
61/63 route Floreal Vacos
P.O. Box 10 Vacos
Tel: 86 80 61/86 60/86 60/86 65
Telex 4282 DELCCE IV VACOS
Telefax (230-86) 6318

Mozambique
C.P. 300 — MAPUTO
1214 Avenida do Zimbabwe — MAPUTO
Tel.: 74 44 73 — 74 40 92/93/94
Telex 6-146 CCE MO
Telefax 741886

Niger
B.P. 10385, Niamey
Tel. 73 23 60/73 27 73/73 48 32
Telex 52077 NI DELEGED — NIAMEY
Telefax (227) 732322

Nigeria
4, Idowu Taylor Str. Victoria Island
PM Bag 12787, Lagos
Tel: 61 76 52/61 06 57
Telex 21868 DELCOM NG LAGOS — NIGERIA
Telefax (234-1) 617248

Pacific (Fiji, Samoa, Tonga, Tuvalu and
Vanuatu)
Dominion House, 3rd Floor
Private Mail Bag, GPO, Suva, Fiji
Tel: 31 36 33
Telex 2311 DELECOM FJ — SUVA
Telefax (679) 300 370

Papua New Guinea
P.O. Box 76
Port Moresby
Tel: 675-21 35 44-21 35 04-21 37 18
Telex NE 22300 DELRE — PORT MORESBY
Telefax (675) 217 850

Rwanda
Avenue Depute Kabumini, 14
B.P. 515, Kigali
Tel: 755 86/755 89/725 36
Telex 22515 DECE WRMCI

Senegal
Avenue Pompidou 57 (2e étage)
P.O. Box 2329
Dakar 1000
Tel: 21 13 24/21 57 77
Telex 21605 DELGSE — DAKAR
Telefax (022) 217 898

Sierra Leone
Westley House.
44 George Street
P.O. Box 13589, Freetown
Tel: 239 75— 230 25
Telex 3203 DELFED SL — FREETOWN

Solomon Islands
2nd floor City Centre Building
Solomon Islands
NPF Plaza
P.O. Box 844 — Honiara
Tel: 22 26 370 — DELEGSI
Telefax (675) 23318

Somalia
P.O. Box 10 Vacoas
4, Idowu Taylor Str. Victoria Island
PM Bag 12787, Lagos
Tel: 61 76 52/61 06 57
Telex 21868 DELCOM NG LAGOS — NIGERIA
Telefax (234-1) 617248

Sunset
Mutual Life Center, 2nd Floor
Oxford Rd/Old Hope Rd.
P.O. Box 435, Kingston 5
Tel: 92-93030/92-93031/92-93032
Telex 23811 DELEGEKINGSTON 5
Telefax (1-809) 9292786

Sudan
2nd floor City Centre Building
Solomon Islands
NPF Plaza
P.O. Box 844 — Honiara
Tel: 22 26 370 — DELEGSI
Telefax (675) 23318

Suriname
Westley House, 4 George Street
Dr S. Redmonstraat 239
P.O. Box 484, Paramaribo
Tel. 993 22
Telex 192 DELEGED SF

The Courier no. 116 — July-August 1989 XV
There is a question: What has been the point of the aid over the past 20 years?

Gabas shows that there is in fact a negative effect in the Sahel and that it is threefold:
— Aid has been supplied massively and on very favourable terms, leading to the “myth of free capital in a world of scarcity”. It has provoked a policy of very low interest rates and discouraged domestic savings and private investment.
— Soft loans contracted from cooperation institutions (the OECD and OPEC) as official development assistance make up 90% of the Sahel countries’ debt. So official development assistance is responsible for the excessive debt in the Sahel. The countries concerned are finding it very difficult to pay back the aid today, to the point where they want a special easing of the terms, as agreed by the industrial nations at the Toronto Summit.
— The extent of the aid provided means that the returns on development projects are rarely investigated before implementation and most of them turn out to be unable to create viable productive processes that are likely to be self-financing, thereby triggering a need for further aid. So non-project aid (support for the balance of payments and the budget, food aid, technical assistance etc.) is constantly being increased to prop up the failing economies.

The Sahel is therefore caught up in a real aid economy totally disconnected from the world of production. The aid directly feeds public consumption and discourages investment and so more aid is essential if the States are to carry on functioning.

Can a production economy be encouraged in the Sahel countries in a situation such as this? Although there is nothing wrong with the amounts being given, the arrangements for channelling and allocating the aid, and the recipients of it, have to be reviewed.


The latest edition of the Yearbook, the 8th, takes the reader on the usual world tour, this time in 625 pages with 280 articles by 130 writers of 20 or so nationalities. This work, now a classic, gives a complete picture of the political, economic, diplomatic, social and religious events of the past year (1987 in fact, plus the first five months of 1988) in 170 sovereign States and 27 non-independent territories. All the articles are original. The eighth edition also has two major innovations—a geopolitical presentation of the big continental and regional units and 17 subject chronologies making up the Diary of the Year.

The latest update of the Yearbook is in five main parts. Part one, on “strategic questions”, contains six articles giving in-depth coverage of major problems which have directly or indirectly helped change the international situation—the INF (intermediate nuclear forces) Treaty, the stock exchange crash of October 1987, the post-Reagan American empire, the turn in Soviet external politics, and prolonged over-indebtedness in 50 States.

Part two, “geopolitical States and units”, covers 66 sovereign States and 27 non-independent territories.

Part three, “events and trends”, contains 46 articles on outstanding events under 11 headings—conflicts and tensions, international organisations, controversy and debates, media and communications, culture and society, social movements, religious issues, economic issues, science and technology, the environment, and portraits.

Part four is a “dossier”, this time on “human rights and democracy”, an overall approach taking historical, legal, political and ethical considerations into account.

The fifth and final part, “international statistics”, is a comparative supplement to the statistical information given in the body of the yearbook.

Readers interested in Third World and African issues will find the article on “50 States in a prolonged state of over-indebtedness” (page 38) — it points out that the per capita income of sub-Saharan Africa has declined by 5.5% since 1980 to below the level of the end of the ’60s—particularly useful. The article entitled: “Clouds of Locusts over North Africa” (page 545) is also of interest.

Alain LACROIX