



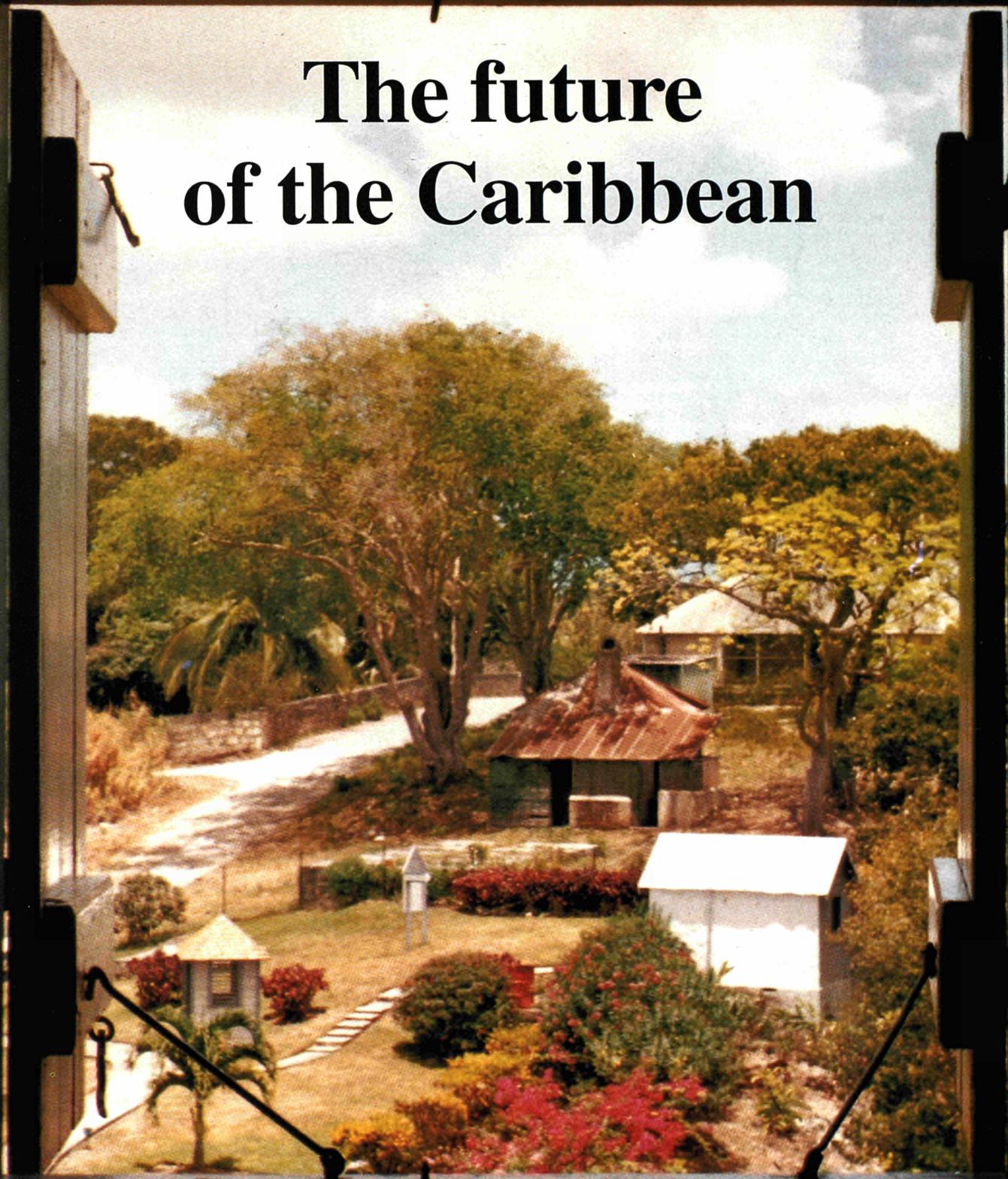
The Courier

AFRICA-CARIBBEAN-PACIFIC - EUROPEAN COMMUNITY

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The future of the Caribbean



THE EUROPEAN COMMUNITY

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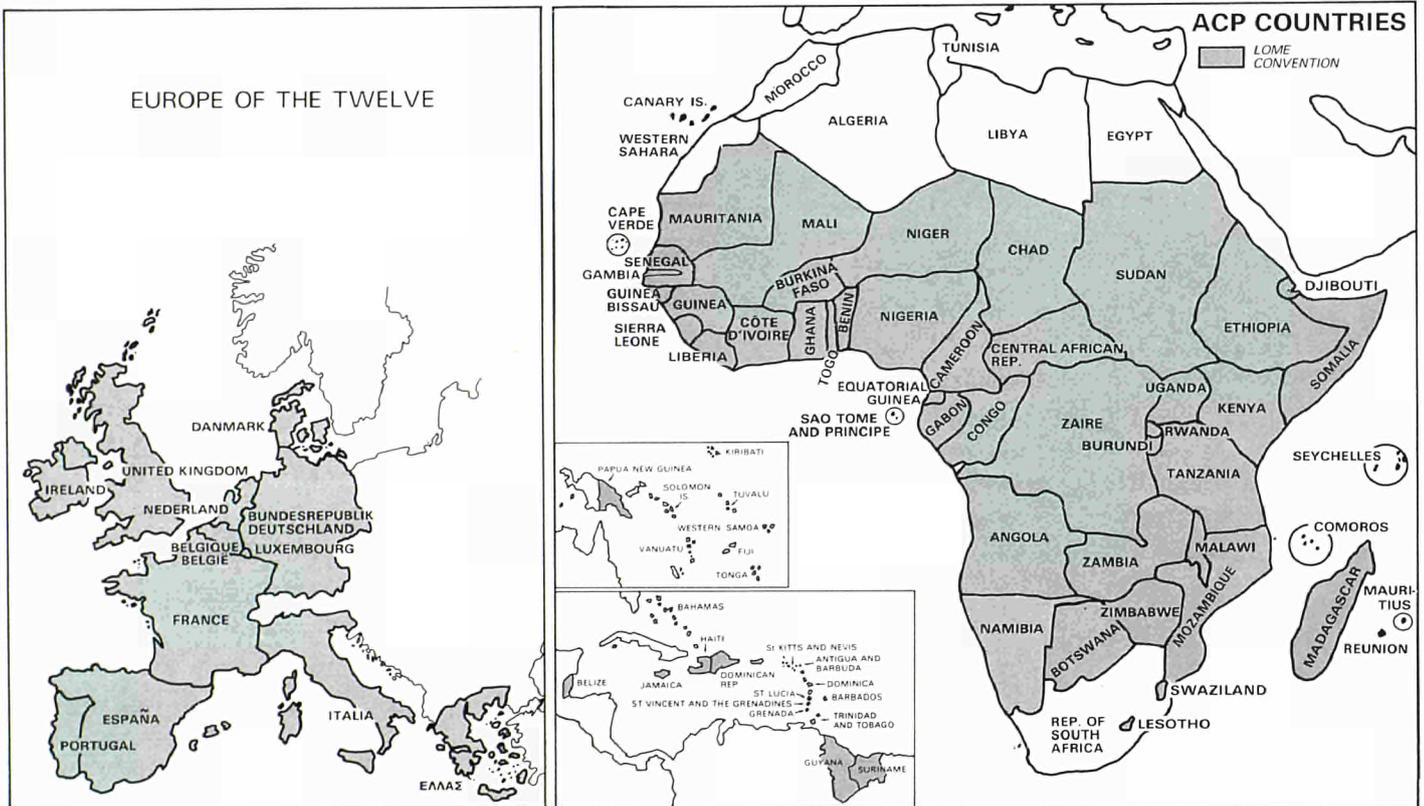
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French Southern and Antarctic Territories
Wallis and Futuna Islands

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(Overseas countries)

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(Bonaire, Curaçao, St Martin,
Saba, St Eustache)
Aruba

DENMARK

(Country having special relations with Denmark)
Greenland

UNITED KINGDOM

(Overseas countries and territories)

Anguilla
British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Cayman Islands
Falkland Islands
Southern Sandwich Islands and
dependencies
Montserrat
Pitcairn Island
St Helena and dependencies
Turks and Caicos Islands

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

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MEETING POINT: Ralph Maraj

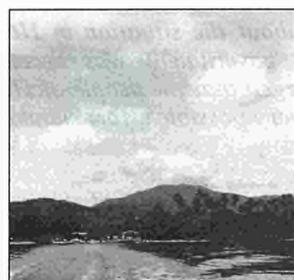


Ralph Maraj, Trinidad and Tobago's Foreign Minister, is also current chairman of the ACP Council of Ministers. At the Joint Assembly in Santo Domingo, he delivered a wide-ranging and forceful speech which ranged from the possible 'marginalisation' of the South in the post-cold war world to

the problems facing the Caribbean banana industry. In an interview with *The Courier* afterwards, he expanded on these and other issues. **Pages 2 to 3.**

COUNTRY REPORTS

Angola: After 14 years of struggle for independence and 16 years of civil war, the guns are finally silent in Angola. Last May, the two opposing movements concluded a ceasefire. It is true that the peace is still a fragile one, but the country is now heading for free elections, and everywhere, the signs of economic renewal are to be seen. **Pages 11 to 26.**



Solomon Islands: Economic development is currently being constrained in Solomon Islands by the Government's financial difficulties. At the same time, concerns over the exploitation of the country's natural resources — and notably its forests — are increasing. In this Country Report, the *Courier* examines how the Solomon Islands, with their traditional culture and lifestyle, are tackling the problems of living in an interdependent world. **Pages 27 to 48.**

DOSSIER: The future of the Caribbean

The Caribbean is in danger of being totally marginalised in a world whose geopolitics have radically altered and which is breaking into economic blocs. Made up mainly of small island countries, the region has to unite and act collectively to survive economically. The role of the European Community and also of the United States will be crucial. Our dossier investigates. **Pages 49 to 81.**



NEWS ROUND-UP: Joint Assembly

Democracy topped the bill at the latest meeting of the *ACP-EEC Joint Assembly*, which was held in Santo Domingo (Dominican Republic) from 17 to 21 February 1992. The significance of the main debate on democracy and development was sharply underlined, when the Assembly was addressed by the directly elected President of Haïti, who recently lost power in a military coup. **Pages I to IV.**

The Courier

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Ralph MARAJ

President of the ACP Council of Ministers

'Economic imbalances between North and South are becoming more and more pronounced'

This is the gloomy assessment of Trinidad and Tobago's Foreign Minister, Ralph Maraj, who is also current President of the ACP Council of Ministers. The Courier interviewed Mr Maraj in Santo Domingo (Dominican Republic) in February during the most recent session of the ACP-EEC Joint Assembly. In his hard-hitting speech to the Assembly, the Minister articulated the concerns of many ACP countries about a possible shift in the developed countries' priorities in favour of Eastern Europe and at the expense of the South. Nobody at the meeting attempted to rebut his uncomfortable conclusion that the prospect of a 'new economic order' had receded since the 1970s when the first Lomé Convention came into force.

As a Caribbean, Mr Maraj also reflected the concerns of his region over the presumed threat to traditional trading links with Europe, resulting from the establishment of the Single European

► *You said in your speech to the Joint Assembly that the new economic order which was talked about in the 1970s seemed less attainable now than it was then. Why do you think this is the case?*

— There are a number of reasons. First, a lot of the ACP countries are now saddled with onerous levels of debt. It is my view that this problem is creating an increasingly large area of real agony in the world. There seems as well to be an inclination, or at least the perception of one, for attention to be shifted away from the problems of the ACP countries. This is especially the case now that there are new opportunities opening up for relationships in Eastern Europe with the democratisation process which is taking place in that part of the world. The fact of the matter is that the economic imbalances between countries of the North and the South are becoming more and more pronounced. I am not convinced that there is a genuine political will to correct these imbalances. I feel that now more than ever, with the collapse of the cold war, there is an opportunity to redirect resources towards dealing with some of

the endemic problems that ACP countries face — the real tragedies of hunger, malnutrition and underdevelopment in general.

► *Various figures on the European side have sought to reassure the ACP countries that there is no question of their being marginalised. You seem to be doubtful about such reassurances. In what practical ways do you see marginalisation taking place?*

— I think it might be reflected in various ways. There is a real fear among the ACP countries that there could be an erosion of their preferential access to the European markets, with the emergence of the Single Market and also with what is going on in the GATT Uruguay Round. It could also be seen in a reduction in development funding. The point I made in my speech was that we need to trade more than we need aid, although we cannot deny the continuing importance of the latter.

► *Could it not be argued that trade which is preferential equals aid?*



Market and trends in the GATT negotiations. He made an impassioned plea for the maintenance of preferential access to the EC market — particularly for bananas which are crucial to the economies of many island states in the region. He urged the Europeans to resist the latest 'Dunkel' proposals which were aimed at subjecting bananas to the GATT regime. These he predicted, could prove ruinous to many Caribbean economies.

Mr Maraj also spoke at length about the situation in Haiti, where the democratically elected government was recently overthrown in a military coup. He urged that the people of Haiti should not be abandoned and that every possible effort should be made to find a peaceful solution.

In this interview, Ralph Maraj expands on some of the issues which he raised in his presentation.

— It is a challenging question. When you are running a race and you are handicapped from the start — handicapped by history, by geography, by size and by all kinds of factors — I don't think it is necessarily right to say that preferential access equals aid. You are not equal partners at the outset. I made the point about the Caribbean countries, most of which are small islands with small populations. We don't have the kind of resources which are to be found in the industrialised world. So we have got to look at the overall picture. We have to recognise that in a totally free market, there are some people who are just not able to compete.

► *Do you think it is realistic, given the trend of the GATT negotiations and the aim of significant liberalisation throughout the world, that any region will be able to have that sort of preferential access to other people's markets in the future? Is the tide of history not in fact going in the other direction?*

— Yes, I have to acknowledge that the tide of history is going in the other direction but one still has to make a plea for the defenceless. For example, I think some speakers were making the point today that you cannot realistically talk about democracy when you have hundreds of thousands of children in the world dying of starvation. There is something essentially undemocratic about that. If complete liberalisation of trade in the world is going to lead to the entrenchment of imbalances, and more underdevelopment, then we have to have some kind of system to ensure that the less fortunate — the people who, not for the want of trying or talent, remain disadvantaged — are protected. The Lomé Conventions were built on that noble ideal and if it is lost, it will mean the loss of one of the foundation stones of EC-ACP relations.

► *You appear to be quite critical of the process of structural adjustment. Do you think there are any viable alternatives to it?*

— We in the ACP countries have indicated that we accept the need for reforms but my concern is over the pace and extent to which we are being asked to move. I believe in an incremental or evolutionary process. I firmly believe that things which happen in an evolutionary way are more likely to endure. I feel that if we nurture the transformation — assisting it rather than seeking to impose it in the strict way that it is currently being imposed in some areas — the chances of success are greater in the long run.

At the moment we are seeing a lot of social dislocation all over the world because of structural adjustment and some people are saying that it is just not working. There is no doubt that in many cases, it is encouraging discontent and social disorder.

► *You spoke in some detail in your presentation about the situation in Haiti. Can you summarise your position on the issue?*

— There is a need for us to continue to support Haiti in its efforts towards achieving social, political and economic stability. That was essentially my point.

► *What does that mean in terms of the kind of assistance we should be providing, bearing in mind the undemocratic nature of the current regime in Haiti? I am thinking in particular here about the debate over the*

effectiveness of sanctions which takes place every time a situation like this arises.

— Yes, some people say that the sanctions are not effective; that there are people who are breaking them. The Haitian situation is a very complex one and I think that the most that we can do at this point is to seek to have a dialogue and, by moral persuasion, to bring about some kind of effective solution. We need to refer constantly to the situation. You see it is a very strange situation that we have in dealing with Haiti. For the first time, perhaps, we are seeking by peaceful means to overturn what has happened as a result of violence. That is one of the unique things about our action. We have to recognise the fragility of the democratic process in Haiti and the existence of entrenched interests in that country that do not want to see democratisation. But the basic point that I am making is that we cannot abandon Haiti.

► *Despite the unhappy situation in Haiti, it is clear that in comparison with other parts of the world, most of the Caribbean has a well-entrenched democratic tradition. How would you explain this?*

— In the English-speaking territories such as Jamaica, Trinidad/Tobago, Barbados and so on, I think that our tradition of democracy is based on a number of factors. In the first place, we had strong links with a mother country which itself has strong democratic traditions, which practices democracy and which has spearheaded the democratic movement. We inherited a system which has worked for us to a very large extent.

We also have in our countries a fairly educated population — education has always been a very important aspect in the development of certain Caribbean countries. In fact, it was important for the colonials — it was the way by which you gained social mobility, opened up the society and democratised opportunity in the country. Consequently, you have a healthy public opinion which, as you very well know, is one of the bases of a strong democracy.

Furthermore, you had the emergence of parties which were anchored in a strong political tradition. The political figures who emerged at the time of the independence movements were intellectually and politically strong — they had visionary ideals of transforming society — I am thinking here about people like Dr Williams in Trinidad and Tobago,

Manley and Bustamante in Jamaica, Barrow in Barbados — larger than life figures who took their movements forward. Related to this is the fact that their political parties lasted and endured having anchored themselves within the political traditions of the region.

► *The European Community is in the process of moving towards a closer union. Do you think there are any lessons to be learnt from that experience for the countries of the Caribbean, in terms of regional cooperation?*

— Oh yes, certainly. We are very much aware that Caribbean integration is a must and we need to move further towards it. We are seeing it not only in terms of deepening the integration movement — that is between the Caricom countries — but we are also seeing it in terms of widening the movement. In this context, for example, I recently, participated in what I consider to have been a historic conference where two sub-regions of the hemisphere, Caricom and Central America, got together. As a result of this, I am sure that the way is now open for deepening relations between these two sub-regions. I think it is also important for bilateral relations to develop between countries of the two areas, both at the level of government and at the level of the private sector so that you are effectively widening the region and the whole concept of integration. With the emergence of world trading blocs — on our own doorsteps we have the new free trade area in Northern America and of course there is the European Community — we are very much aware that that is the way things are going. We want to be able to survive in this new world with its huge economic ocean liners and that means that we have to get our own act together to be able to negotiate and make our way in the world. I am in fact leaving tomorrow morning to attend an inter-sessional meeting of the Caricom heads of government in Jamaica. This meeting is the culmination of a series of ministerial discussions which will then take us to the full Heads of Government meeting to be held in my own country in July. So you see it is all part of a movement. Recently, we have removed the hassle of travel among our countries. We are taking steps to eliminate the use of the passport, we are moving towards monetary union and towards the free movement of labour and skills within the region. This shows that in terms of functional cooperation, things are already well in train.○

Interview by Simon HORNER

A review of financial cooperation under the Lomé Conventions

by Adrianus KOETSENRIJTER (*)

The Lomé Conventions require the Commission, in collaboration with the European Investment Bank, to prepare an annual report on financial cooperation.

The latest report covering the period up to 31 December 1990, with particular emphasis on the year 1990, has now been presented to the ACP-EEC Development Finance Cooperation Committee.

This is in order to assist it in its examination of any problems in connection with the implementation of the timetables of commitments and disbursements and for the implementation of projects and programmes, with a view to facilitating the removal of any difficulties and bottlenecks (Article 193 of Lomé III, Articles 325-327 of Lomé IV).

The 1990 report presents an examination of many areas and facets of financial cooperation under the Lomé Conventions.

One finds an analysis of the implementation of the indicative programmes of the ACP States, large programmes and projects, structural adjustment, regional cooperation, microprojects, industrial cooperation, the instruments of non-programmed aid (Stabex, Sysmin, aid to refugees and returnees, AIDS control), the aid administered by the European Investment Bank (EIB) and other specific fields related to aid implementation.

This article will only give a brief summary of the report, however, with an update of most of the figures for financial cooperation up to the end of June 1991 ie just before the start of Lomé IV which came into force on 1 September 1991.

The European Development Fund

The end of 1990 marked five years of cooperation under Lomé III, 10 years of Lomé II and the completion of the operations of the Fourth European Development Fund which started in 1976. The total sum allocated under the Fourth Fund was ECU 3003 million. A small amount of uncommitted funds were transferred to the Sixth Fund.

Table 1 shows that funds from the Fifth EDF have now been almost fully allocated. Commitments were close to 90% and payments just over 80% of the envelope of this Fund.

The Sixth EDF was very active in 1990 with an increasing level of aid approvals, commitments and payments. Comparison with the two previous funds, after five years of operation, shows that the Sixth EDF performed well in the level of approvals (higher than the Fifth and equal to the Fourth), had a somewhat lower percentage of secondary commitments compared to the Fourth EDF and was slightly behind with payments compared to both other Funds. (See Table 2).

Table 2 shows what has already been said in previous reports on financial cooperation, namely that it was particularly the programmed aid of the Sixth Fund which explained the lower levels of

commitment and payment. It should also be noted that a comparison of the three funds is only tentative, the composition of aid and the financial volumes today having changed considerably from the First Lomé Convention. As regards programmed aid under EDF, the emphasis on rural development with large, multi-component programmes had the effect of slowing down the rate of commitments and, consequently, payments.

Overall aid to ACP States

Table 3 shows the total aid — EDF and EIB — approved for each ACP State under the Lomé III Convention. For most countries, the main source of aid is the national indicative programme. However, some countries receive large amounts of aid from other instruments such as Stabex (notably Cameroon, Ethiopia, Côte d'Ivoire, Kenya, Papua

Table 1: European Development Fund

	Cumulative result at 30.06.91	% of the envelope	1990 to June 1991	1989	1988
	(ECU millions)		(ECU millions)		
Decisions					
4th EDF	3002.5	100.0	- 81.7*	1	1
5th EDF	4582.4	97.5	- 3.1	36	133
6th EDF	7028.0	88.4	1078.3	1305	2379
Secondary Commitments					
4th EDF	3002.5	100.0	- 34.1*	9	10
5th EDF	4195.6	89.2	168.9	127	225
6th EDF	5072.6	63.8	1663.6	1382	1356
Payments					
4th EDF	3002.5	100.0	20.5	31	36
5th EDF	3864.4	82.2	238.6	236	345
6th EDF	3650.8	45.9	1357.7	1016	805

* The negative figures are explained by the transfer of uncommitted funds or balances of the 4th EDF to the 6th EDF at the end of 1990.

(*) Administrator, Directorate General for Development, European Commission.

**Table 2: European Development Fund:
Aid decisions, secondary commitments and disbursements under
Lomé III at the end of 1990 compared with Lomé I and II
after 5 years**

Programmed Aid	LOME III		LOME II		LOME I	
	ECU m	% of the envelope	ECU m	% of the envelope	ECU m	% of the envelope
Decisions	4319.7	86.0	2424.9	77.0	1979.7	84.0
Secondary commitments	2394.7	47.7	1648.4	52.4	1317.6	55.9
Disbursements	1499.3	29.9	1101.8	35.0	812.3	34.5
Non-Programmed Aid						
Decisions	2485.0	84.8	1204.0	75.9	711.6	95.8
Secondary commitments	2311.6	78.9	1103.2	69.5	696.4	93.8
Disbursements	1824.2	62.3	921.3	58.1	631.9	85.1
Totals						
Decisions	6805.5	85.6	3628.9	76.6	2691.3	86.8
Secondary commitments	4706.3	59.2	2751.6	58.1	2014.0	65.0
Disbursements	3323.4	41.8	2023.1	42.7	1444.2	46.6

New-Guinea, Solomon Islands, Western Samoa, Senegal and Vanuatu).

Special aid for emergency cases and refugees was mainly given to Ethiopia, Mozambique and Sudan and to a lesser extent to Angola, Malawi and regionally organised operations.

The majority of ACP countries have benefited from loans financed with risk capital. Substantial amounts were lent to projects in Congo, Ethiopia, Ghana, Madagascar, Mali, Senegal, Sudan and Tanzania, while regional projects have also been included. Own resource loans from the Bank went to a smaller number of countries, notably Botswana, Côte d'Ivoire, Jamaica, Kenya, Mauritius, Nigeria, Papua New-Guinea, Zaire and Zimbabwe.

General trends in the implementation of programmed aid

By the end of June 1991, only 1.2% (ECU 37m) of the total envelope for programmed aid under Lomé II still had to be approved. An amount of ECU 362m remained uncommitted and ECU 515m remained unpaid.

Approvals for total programmed aid under Lomé III were ECU 4460m by the end of June 1991. Thus, 88.8% of the financial envelope has now been allocated to projects and programmes.

The 1989 report on financial cooperation identified commitments as the main bottleneck in the utilisation of Lomé III funds. 1990 has brought a great improvement with commitments reaching almost ECU 1 billion in that year. Payments also increased considerably, bringing the total to nearly 35% of the envelope for programmed aid at the end of June 1991.

For all *national programmes* (excluding regional programmes), average percentages of the envelope for approvals, commitments and payments were 90.0%, 54.0% and 36.2% respectively. By the end of 1990, virtually the entire financial envelope of the indicative programmes had been decided and allocated to projects and programmes in some 34 countries.

A number of countries have rates of approval, commitment or payment⁽¹⁾ that are considerably below the average. Delays are explained by various factors such as the insufficient capability of national administrations to manage the aid programme or macroeconomic problems and the lack of sufficient national

(1) Whenever percentages are given for rates of approval, commitment or payment, these should, unless stated otherwise, be read as follows:

Rate of approval — decisions as a percentage of the envelope;

Rate of commitment — (secondary) commitments as a percentage of decisions;

Rate of payment — payments as a percentage of commitments

financial resources to accommodate EDF programmes. Sometimes, the envisaged timetable has been too optimistic, in particular for programmes with an emphasis on large scale rural development schemes which have required more time for internal coordination. Co-financing with other donors has been necessary for some large projects, and this has also resulted in time delays on occasion. Finally, certain ACP States have been confronted with a down-scaling of activities due to internal political struggles.

Structural adjustment

One of the major innovations in relations between the ACP and EC countries during the implementation of Lomé III was the introduction of quick disbursing import support programmes. These were the Community's response to the severe debt problems of ACP States, contributing in the short term to the relief of external financial problems.

Community financing was provided through Article 188 of the Third Lomé Convention, which specifies the conditions for assistance to resolve problems of a structural nature through the provision of inputs to the productive system, and through the Special Debt Programme which was decided at the 1987 Venice summit and adopted by the Council in December of that year⁽²⁾.

The Community programme was integrated into a more comprehensive initiative for the sub-Saharan African countries, coordinated by the World Bank, which included the participation of approximately 20 other bilateral and multilateral donors. The Community's Special Debt Programme was planned, like the World Bank Programme, for a period of three years (1988-1990) and it expired on 31 December 1990.

52 programmes were approved in 39 countries (35 programmes covered by the debt programme in 25 countries). The amount of finance approved was ECU 812m (of which ECU 556m came from the debt programme) by the end of June 1991.

(2) The resources of the debt programme (ECU 572m) are made up of ECU 311m in additional resources (ECU 211m from the Lomé III programmed aid reserve and ECU 100m covered by a Council decision of 19.12.1987) together with ECU 261m from the normal indicative programme allocation of ACP States.

Table 3: Lomé III — Aid committed as at 30.6.91

Country	PROG- RAMMED AID	NON-PROGRAMMED AID							TOTAL EDF	EIB OWN RESOUR- CES
		Stabex	Sysmin	Special aid (*)	Interest sub- sidies	Risk capital	Trans- ferred invest- ment	Total non-pro- grammed aid		
Angola	81.70			17.60		4.00		21.60	103.30	
Antigua/ Barbuda	0.80					1.50		1.50	2.30	
Bahamas	3.60				3.30		0.10	3.40	7.00	17.60
Barbados	2.40				1.40	1.00		2.40	4.80	7.20
Belize	7.90			2.00	0.30	1.00	2.10	5.40	13.30	2.50
Benin	82.30	17.60		0.45		13.50	3.10	34.65	116.95	
Botswana	23.60		21.65	0.90	3.90	4.50	0.80	31.75	55.35	24.00
Burkina Faso	103.10	7.30		0.35		9.90	3.60	21.15	124.25	
Burundi	107.30	44.50		1.20		12.00	0.70	58.40	165.70	
Cameroun	98.20	198.80		0.15			3.40	202.35	300.55	
Cape Verde	24.50					3.00		3.00	27.50	
C.A.R.	64.90	31.20		0.60		10.00	0.75	42.55	107.45	
Chad	88.90	40.40		4.60		8.20	2.80	56.00	144.90	
Comoros	20.30	9.50				2.00	0.30	11.80	32.10	
Congo	41.50					26.00		26.00	67.50	
Côte d'Ivoire	79.50	365.30		1.60	17.20		0.90	385.00	464.50	87.10
Djibouti	15.10			1.00		2.00	0.20	3.20	18.30	
Dominica	6.00	1.20				3.80		5.00	11.00	
Equatorial Guinea	6.30	9.80				4.00	0.35	14.15	20.45	
Ethiopia	209.50	98.20		55.00		31.00	0.20	184.40	393.90	22.50
Fiji	16.90	0.30		0.30	3.90	1.00		5.50	22.40	
Gabon	20.40	3.10		0.10				3.20	23.60	
Gambia	21.00	12.60		0.20		5.70	0.20	18.70	39.70	
Ghana	71.40				4.10	20.00		24.10	95.50	21.00
Grenada	5.50	2.50		0.10		2.80		5.40	10.90	
Guinea	106.60		35.00	2.70		19.00		56.70	163.30	
Guinea Bissau	33.70	2.90		0.10		3.50	0.20	6.70	40.40	
Guyana	20.40			0.25		4.00	0.05	4.30	24.70	
Jamaica	36.55			1.25	6.10	1.00	2.00	10.35	46.90	31.25
Kenya	134.20	70.90		0.40	12.60	7.50		91.40	225.60	69.00
Kiribati	6.30	2.50					0.25	2.75	9.05	
Lesotho	41.50	3.10				9.50	0.35	12.95	54.45	
Liberia	31.90			5.00				5.00	36.90	
Madagascar	83.10	4.50		0.25		31.60	0.20	36.55	119.65	
Malawi	105.40	21.70		17.90	1.90	13.50	0.25	55.25	160.65	10.50
Mali	136.80	20.30		0.80		20.50	2.40	44.00	180.80	
Mauritius	27.20	3.00		0.05	4.40	6.50		13.95	41.15	28.00
Mauritania	58.10		18.00	2.35		21.50		41.85	99.95	
Mozambique	134.00	21.50		39.90		9.00		70.40	204.40	
Niger	120.70	6.60	12.45	2.60		14.30	0.80	36.75	157.45	
Nigeria	213.50			1.15	30.90		0.90	32.95	246.45	168.00
Papua New Guin.	34.40	110.00	18.00	0.75	5.20	3.50		137.45	171.85	33.00
Rwanda	73.60	61.90		1.80		12.00	0.20	75.90	149.50	
St Christopher/ Nevis	2.80					1.50		1.50	4.30	
St Lucia	5.80				1.20	2.00		3.20	9.00	6.00
St Vincent	6.95			0.15	0.70	2.80		3.65	10.60	3.00
Solomon Islands	16.90	27.70		0.45		2.00	0.10	30.25	47.15	
Sao Tome & Principe	6.00	1.60		0.10		2.10		3.80	9.80	
Senegal	108.50	107.00	15.00	6.20		25.20	3.40	156.80	265.30	
Seychelles	4.90				0.30	1.50		1.80	6.70	1.50
Sierra Leone	58.70			0.90			1.40	2.30	61.00	
Somalia	91.00			7.30		15.40	4.50	27.20	118.20	
Sudan	94.70	63.90		53.40		22.00	4.20	143.50	238.20	
Suriname	12.20			0.10		3.00	1.10	4.20	16.40	
Swaziland	25.50			1.50	1.10	7.00	0.10	9.70	35.20	6.00
Tanzania	172.80	8.90		0.15		34.50	0.75	44.30	217.10	
Togo	61.20	21.10	15.70			9.30	0.10	46.20	107.40	
Tonga	6.45	3.80			0.30	1.80	0.05	5.95	12.40	2.00
Trinidad & Tobago	13.70			0.10	2.30	3.00	6.30	11.70	25.40	12.00
Tuvalu	0.90	0.10						0.10	1.00	
Uganda	127.00			9.20		15.00	3.40	27.60	154.60	
Vanuatu	6.90	19.30		0.55			0.10	19.95	26.85	
Western Samoa	9.00	11.10		0.20		4.20	0.05	15.55	24.55	
Zaire	137.20			2.65	7.80	12.00	0.05	22.50	159.70	50.00
Zambia	81.30			1.30		11.70	0.80	13.80	95.10	
Zimbabwe	73.00			1.30	11.20			12.50	85.50	70.00
Regional projects	734.90			19.80	2.70	22.20	10.20	54.90	789.80	21.00
Total	4458.85	1435.70	135.80	268.75	122.80	542.00	63.70	2568.75	7027.60	693.15

(*) Special Aid = Emergency Aid + Aid to Refugees.

Total payments amounted to ECU 623.3m. This is 77% of the approved amount which is twice as high as the comparable percentage for programmed aid under Lomé III (payments for programmed aid are 39% of the aid approved at the end of June 1991). This result confirms the quick disbursing nature of the import support programmes.

26 programmes were nearly completed by the end of June 1991. Most of the others are expected to be completed in the course of 1991. Only a very few programmes are confronted with implementation delays.

The conclusions of a Commission evaluation report indicate that the import programmes financed by the Debt Programme have been quite successful⁽³⁾. The Community has been able to respond quickly to the new situation in the ACP States, and coordination with the other major donors, in particular the World Bank and the IMF has improved significantly.

The experience gained with the import programmes financed under Lomé III will be very useful in creating the right conditions for the implementation of the structural adjustment policy that is to be carried out under Lomé IV.

Stabex

In 1989, the prices of a number of important ACP export commodities, in particular coffee and cocoa, have remained at low levels. After the suspension of the economic clauses of the International Agreement on Coffee in 1989, neither of those two commodities benefited from any action to stabilise prices. It is therefore not surprising that the Stabex system has again been confronted with the situation of having insufficient resources in 1990.

The transfers for 1989, made in 1990, were the last to be made under Lomé III. One may conclude that in spite of the difficulties that the system has encountered, it has made a contribution to the ACP States of ECU 1.5 billion between 1985 and 1989. During its 15 years of operation, the Stabex system has provided more than ECU 2.5 billion.

Table 4 shows that there was a high concentration of certain commodities for

all three Conventions. The three most important commodities were coffee, groundnuts and cocoa (including cocoa products) together representing approximately two thirds of all transfers. It is also worth noting that 43.5% of the transfers (Lomé I, II and III; Lomé III: 40.4%) went to the least developed ACP States.

Sysmin

By the end of June 1991, total aid from this 'special financing facility' had risen to ECU 136m (ie 44.5% of the total envelope of ECU 305.35m⁽⁴⁾ available

⁽⁴⁾ Following the transfer of ECU 55m to finance Stabex aid in 1989, the total Sysmin aid available under Lomé III was reduced from ECU 415m to ECU 360m. A further transfer of ECU 54.65 in 1990, to finance Stabex, has reduced the amount available for Sysmin to ECU 305.35m.

under Lomé III). Secondary commitments of Sysmin aid under Lomé III totalled ECU 21m and ECU 17m had been paid.

The slow progress in implementing Sysmin aid continues to be a problem. The disappointing results are partly due to difficulties involved in bringing together industry rehabilitation programmes which, because of the scale of action involved, usually entail financing by several donors. In addition it is frequently necessary to seek clarification of outstanding questions before final decisions.

It should perhaps be added that the Sysmin procedures defined in Lomé II and III have proved cumbersome and one of the aims of Lomé IV is to overcome the procedural problems of the past.

Table 4: Stabex transfers by product

Product/ Group of products	Period			
	Lomé III (1985-1989)		Lomé I - III (1975-1989)	
	Allocated amounts (ECU)	% of the total	Allocated amounts (ECU)	% of the total
1. Coffee	589 494 410	40.40	850 571 356	33.78
2. Groundnuts	168 023 123	11.52	440 641 445	17.50
3. Cocoa/cocoa products	203 098 818	13.92	353 456 761	14.04
4. Cotton	84 611 974	5.80	164 505 748	6.53
5. Timber	107 111 119	7.34	147 493 817	5.86
6. Coco/copra products	101 336 328	6.95	143 532 914	5.70
7. Palm oil products	77 727 124	5.33	92 239 282	3.66
8. Iron ore			61 789 536	2.45
9. Tea	45 905 104	3.15	56 531 537	2.24
10. Oil cakes	20 848 292	1.43	52 434 242	2.08
11. Others	60 894 295	4.16	155 027 537	6.16
Total	1 459 050 587	100.00	2 518 224 175	100.00

Table 5: Sectoral breakdown of EDF aid approved up to 30.06.91

Sectors	Lomé II		Lomé III	
	ECU m	%	ECU m	%
Rural production	1133	24.7	2092	29.8
Transport and Communication	833	18.2	1092	15.4
Industry	916	20.0	798	11.4
Health, Social development, Water engineering	677	14.8	521	7.5
STABEX	630	13.7	1436	20.5
Others*	393	8.6	1089	15.5
Total	4582	100.0	7028	100.0

* Others include emergency aid, aid to refugees, trade promotion and various smaller sectors.

⁽³⁾ The Commission presented an evaluation on the implementation of the Special Debt programme to the Member States on 10 April 1991.

Aid administered by the EIB

EIB lending to the ACPs declined during the last year of operation of the Third Lomé Convention. This decline is partly explained by the winding down of Lomé III and the exhaustion of risk capital, but also by the continuing depressed economic environment in most of sub-Saharan Africa.

Risk capital lending was at 92% of the amount available under the Convention by the end of June 1991. Concerning own resources lending, 62% of the amount foreseen in the Convention had been allocated. The borrowing capacity of the African states continues to be hampered by the wide extent of their overall indebtedness. Details of EIB financing under Lomé III are given in Table 3.

With most projects financed under Lomé II now having been completed, only small amounts remain to be disbursed. During 1990, Lomé II disbursements were only ECU 20.4m (ECU 15.9m on own resources and ECU 4.5m of risk capital). No further funds were disbursed under the First Lomé Convention in 1990.

Disbursements of Lomé III funds increased from ECU 153m in 1989 to ECU 174.5m in 1990, a 14% increase. The total disbursed under Lomé III was ECU 440.9m — ECU 224.1m from own resources (33% of own resource funds so far committed under the Convention) and ECU 215m from risk capital (40% of the risk capital resources committed to date) by the end of the first half of 1991.

EDF — sectoral breakdown

Table 5 gives a comparison for major sectors of Lomé II and III by the end of June 1991. It presents figures that are virtually definitive for Lomé II, where 98% of the total financial envelope has been decided, and represents an advanced picture for Lomé III, where 88% of the envelope has been decided.

A first observation that can be made is the increase in expenditure on *rural development* which was almost twice as high under Lomé III compared to Lomé II. In relative terms, rural development used up 30% of all aid under Lomé III compared to less than 25% under Lomé II. This confirms the importance attached to this field of cooperation under the Lomé III Convention.

As regards *transport and communications*, the contribution of Lomé III was almost ECU 1.1 billion by the end of June

Table 6: Sectoral breakdown of EDF financing (own resources and risk capital)

Sectors	1989		1990		1986-90	
	ECU m	%	ECU m	%	ECU m	%
Energy	10	3.9	53	35.9	252	20.3
Infrastructure	102	39.4	19	12.8	306	24.7
Industry	147	56.7	76	51.3	682	55.0
of which: Global loans	(46)	(17.8)	(65)	(43.9)	(266)	(21.5)
Total	259	100.0	148	100.0	1240	100.0

1991, which is higher than the amount for Lomé II. However, in relative terms this sector was less important, representing nearly 15.5% under Lomé III as compared to 18.2% under Lomé II. This decreasing share was also found for industry and the sectors of health, social development and water engineering. The latter two sectors showed an even lower amount of finance under Lomé III.

The lower share for transport and communications can be explained by a deliberate shift away from this sector, in particular from roads and bridges, in favour of rural development strategies.

The decline in the *industrial sector* can partly be explained by the lack of success of the Sysmin instrument. Financing in the extractive industry sector was more than ECU 330m under Lomé II but only ECU 136m under Lomé III by the end of June 1991.

Support for the *energy* subsector has also dropped under Lomé III compared to the previous Convention (ECU 250m for Lomé II, ECU 174m for Lomé III at the end of June 1991). This can partly be explained by the fact that projects in this sector are often eligible for loan finance from the EIB. The total amount of contributions from the Bank to this sector stood at ECU 252m by the end of 1990.

As regards the *health sector*, the volume of aid was almost equal under Lomé II and III. There was a stronger emphasis on operational expenditure (technical assistance, training, operational costs) and health campaigns, and less financing of infrastructure (construction, equipment).

The *social sector* has received less finance under Lomé III than under Lomé II. This can partly be explained by a change in definition: the large multi-component programmes in the rural sector include the social dimension and thereby reduce the number of projects

identifiable specifically under this heading. Another factor is the increased resources available in local currency from counterpart funds generated by import programmes and food aid. This allows more projects to be carried out which can be paid with local money and these are more often to be found in the social field. Aid to the *water engineering* sector also diminished but again, this is partly due to the definition of the integrated rural development programmes.

The relative decrease in resources for the industrial and social sectors was mirrored by an increase for other sectors such as Stabex and various new instruments under Lomé III. Transfers from the Stabex system increased more than twofold and amounted to just over 20% of the aid provided under Lomé III, by the end of 1990 (Lomé II: 13.8%).

New instruments classified in Table 5 under 'others' are the quick disbursing import programmes (multi sector programmes), thematic actions — in particular against desertification, drought and natural disasters, aid to refugees and increased support for trade promotion.

EIB sectoral breakdown ⁽⁵⁾

The sectoral lending by the EIB during the 5 years of Lomé III is shown in Table 6. EIB lending for infrastructure declined abruptly in 1990 to the lowest level for the last five years. Lending for energy projects, however, increased considerably, making 1990 the third year in importance since 1986 for energy lending.

Another encouraging development within the field of industrial operations was the growth of lending in the form of global loans, which reached ECU 65.2m. This was the third consecutive year of growth in this area. The decline in direct

⁽⁵⁾ The activities described in this paragraph include loan finance from risk capital which is funded by the EDF.

industrial lending and increase in global loan lending are likely signs of new patterns in development lending, tending to shift away from a strategy of development based on large industrial projects towards one based on support for small and medium sized projects, mostly financed through global loans. This reflects the Bank's continued commitment to promoting the private, small- and medium-sized enterprise (SME) sector through local financial intermediaries.



'Events on the commodities markets during 1990 have shown more than ever, the importance of the Stabex system'. Cotton, featured here in Burkina Faso, is an important export commodity in many ACP countries

Conclusions and outlook for Lomé IV

The Third Lomé Convention expired in March 1990 but the financial cooperation between the Community and the ACP States continued to be very active. The achievements of Lomé III in terms of approvals, commitments and payments are comparable to the results for Lomé I and II after five years, although the rate of payments is still somewhat lower, which can be explained by the result for programmed aid.

The implementation of *programmed aid* under Lomé III is relatively slow due to the fact that considerable funds have been allocated to large-scale rural development programmes which require more time for execution than traditional programmes of the past. Despite this, implementation since 1990 has accelerated and the discrepancy vis-à-vis Lomé I and Lomé II after five years of operation has been much reduced.

At the same time, it should be stressed that there are significant variations in implementation between the different ACP States. Sometimes factors external to the aid programme, such as civil wars or unfavourable weather circumstances have had a negative impact on implementation which is hard to avoid. In other cases, programme implementation could be improved by better preparation, more effective administration and greater commitment on the part of the national authorities.

An obvious conclusion is that continuous monitoring and evaluation of programmes is highly important. In addition, the study of aid procedures will enable improvements to be made in the implementation performance of national indicative programmes.

One of the success stories of programmed aid concerns the quick disbursing *import programmes* financed by the Special Debt Programme and Article 188 of the Third Lomé Convention. These are

fully related to the indicative programmes and are aimed at supporting the adjustment process in ACP countries and coping with the problem of debt.

This policy will continue under Lomé IV. ECU 1.15 billion has been allocated in this Convention, for structural adjustment, to which a proportion of the envelopes of the indicative programmes will be added.

Events on the commodities markets during 1990 have shown more than ever, the importance of the *Stabex* system. However, the problem is that *Stabex* cannot attack the roots of the difficulties. It is designed rather to soften the effects of shocks in the agricultural sector. The current position is that *Stabex* is, once again, overburdened. In 1990, aid requests far exceeded the available financial resources. The Community has made efforts in providing additional resources to meet at least part of the shortfall. By the end of 1990, total transfers stood at ECU 1.46 billion. The Third Lomé Convention had only provided for a sum of ECU 925m. This experience has led the ACP States and the Community to decide on a more than proportional increase of *Stabex* funds for Lomé IV.

Implementation of the *Sysmin* system which was set up to help countries which depend strongly on the mining sector, and which are confronted with declining incomes in that sector, proved also to be more difficult in 1990. The disappointing results are partly due to the difficulties involved in putting together industry rehabilitation programmes which, because of the scale of action involved, usually entail co-financing by several donors. Here it must also be acknowledged that past procedures were cumbersome and one of the aims of Lomé IV is to overcome these problems by using simplified procedures.

As regards *EIB* lending, 92% of the Lomé envelope for risk capital has been made available while only 62% of the provisions for 'own resources' loans from the Bank have been agreed. One of the main constraints on Bank lending is the continuing difficult economic circumstances of many ACP States. This has the effect of seriously reducing their borrowing capacity.

Faced with a slower rhythm for commitments and payments, notably for national and regional programmed aid, both the ACP States and the Community looked at the question of how best to speed up the implementation of aid. A Council Resolution of 7 May 1988 called for a streamlining of aid operations and in a Resolution in 1989 on financial and technical cooperation, concern was again expressed at the slowdown in secondary commitments and disbursements of national programmed aid under Lomé III.

It was with this in mind that Manuel Marin, the Commission Vice-President with responsibility for development, proposed in 1990, a joint ACP-EC evaluation study on implementation of aid procedures. This study was commenced in May 1991. The intention is that it should examine and identify problem areas and bottlenecks related to all stages of aid implementation such as programming, project preparation and appraisals, preparation of financing decisions, tender and contract procedures and project execution (with a particular focus on payment procedures). The exercise, undertaken within the framework of the responsibilities of the Development Finance Cooperation Committee, will reach conclusions designed to facilitate the implementation of the Conventions in general and of Lomé IV in particular. ○

A.K.

Cooperating with the new South Africa

'Changing South Africa, Challenge for Europe' — NGOs and the Commission asked to review their methods. This was the dramatic title of the conference organised, on 22-23 January in Rotterdam, by the Standing Committee of NGOs on South Africa. Participants came both from South Africa itself — notably the ANC, trade unions and the Kagiso Trust ⁽¹⁾ and from within Europe, including the embassies of southern African countries and of EC member states, as well as from the European Parliament and the Commission. Also actively present, from both North and South, were academics, people from NGOs, the business community and the press; in total, attendance was about 150 and the discussions were frank and stimulating.

Opening addresses were delivered by Mr Jan Pronk, the Dutch Minister of Development Cooperation; Dr G.K.T. Chiepe, Minister of External Affairs of Botswana, representing SADCC; Mr

⁽¹⁾ The Kagiso Trust is a South African NGO, winner of the 1991 King Baudouin Prize, and which has been working with the EC Commission since 1986.

Giovanni Livi (Director Southern and Eastern Africa, at the Commission), who spoke on behalf of EC Commission Vice-President Manuel Marin, and Mr Mnumzana Moikangoa, Director of the ANC European Dept., on behalf of Mr Thabo Mbeki, Member of the ANC National Executive Committee.

The subsequent debates focused on three themes: the democratisation process, the integration of a democratic South Africa into the southern African region and future relations between South Africa and the EC.

Given the origin of this conference, it is worthwhile to note a comment made by some of the speakers concerning the NGOs themselves. Even though the positive role of NGOs was recognised, they were felt not always to take local priorities into account and sometimes to move too quickly from one project to another.

Democratisation — different speeds

On the democratisation process it was observed that there are very different

speeds for the reforms: political reforms are progressing rather well, economic reforms are much slower to come about and cultural changes slowest of all.

Integration into Southern Africa — mutual interest generally perceived?

Based on each groups' perception of mutual interest, the rapid integration of (a future democratic) South Africa into southern Africa is more or less taken for granted by many observers. However, the specific steps towards a mutually satisfactory form of integration are still far from clear.

Moreover, the discussion in the conference failed to make a clear distinction between cooperation and integration; the word integration is sometimes used where only cooperation is meant. To make this point more fully: cooperation is a (possibly programmed but nonetheless) piecemeal approach where the results of each step are more or less known in advance. By contrast, integration is an all-embracing process 'across the board' and the results are less predictable but potentially more rewarding. This distinction is important with respect to the future role of SADCC, SACU and the Rand monetary zone.

The discussion also often referred to the grim economic situation of South Africa, especially with regard to unemployment and poverty, and to the lack of international competitiveness of South African industry. Naturally, for the ANC the dominant preoccupation is the combination of the democratisation process with solutions for the economic problems. Thus it will be a major challenge to complement political redress with forms of redistribution that increase economic growth.

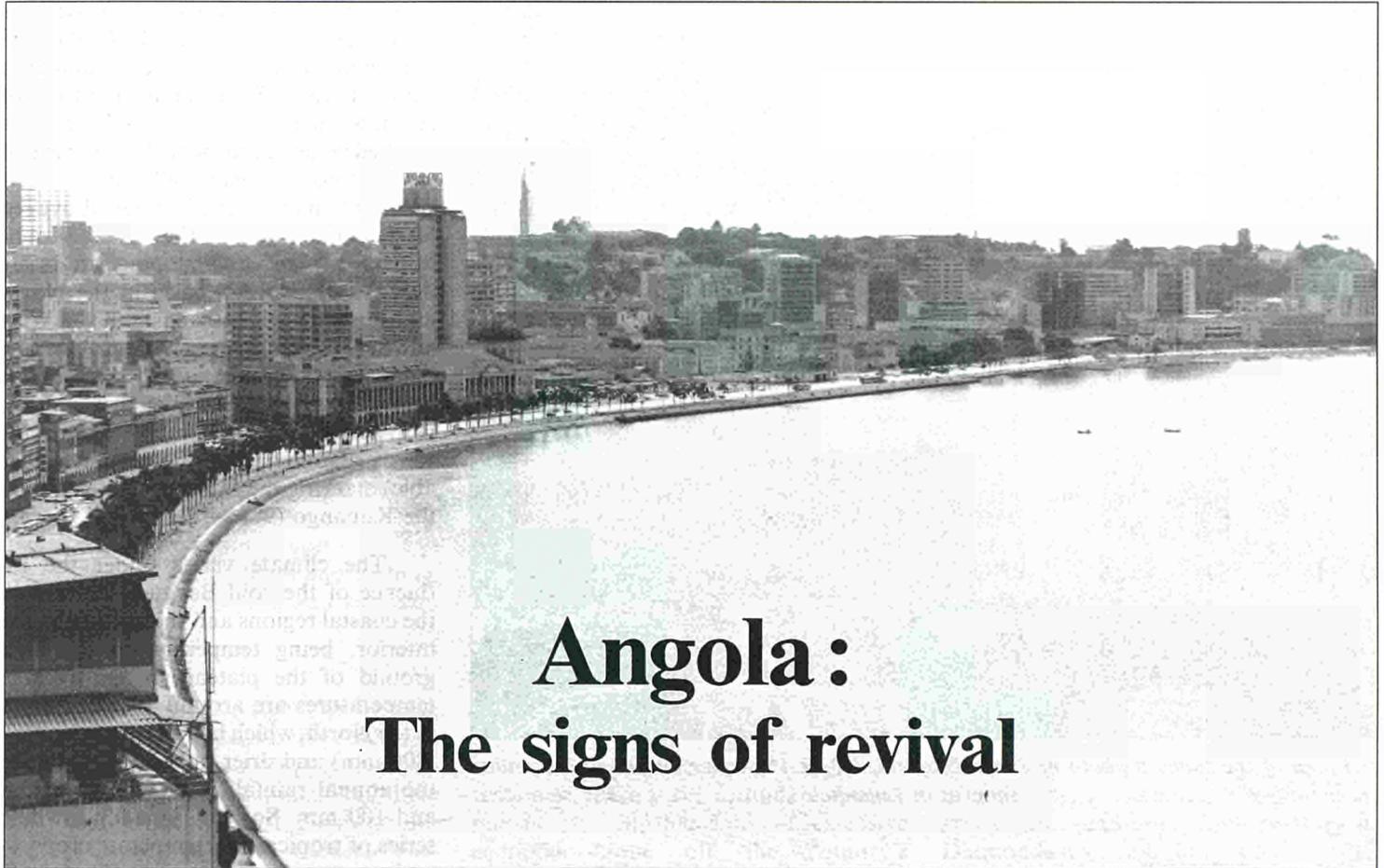
Future relations between South Africa and the EC

A 'scenario' whereby EC assistance would continue to concentrate on helping victims of apartheid, was not found appropriate by the conference. A development-oriented programme to facilitate the economic transformation is rather what is needed to complement democratisation. There was a broad feeling that, even though aid would remain important, trade and market access to the EC will now be the crucial issues for South African development. ○

A.B.



Political reforms are progressing rather well, economic reforms are much slower



Angola: The signs of revival

The bay of Luanda, one of the most attractive in the world

Arriving in Luanda by the regular TAAG flight from Brazzaville is probably not the easiest or most direct way of getting from Belgium to Angola. But a detour through Maya-Maya airport teaches you almost as much about the Angolan economy in half an hour as ploughing through the thickest report from the World Bank, provided you have strong nerves and do not lose your cool when, say, they announce that there is no news of your plane and the next one is not for another four days and last week that very same flight was 48 hours late...

You wait for ages. You grumble about the slackness of State companies, TAAG, in this case, but you are in fact already resigned to trying to fix new appointments with the people you are supposed to be interviewing — if, indeed, they are still available. Then someone tells you to proceed to registration and it is muscles, not patience, you need to elbow your way into the queue at the counter and stay there... for there are of course far more candidates for the plane than seats actually available for them to sit on. Most of them are traders come to get supplies in

Congo and anxious to dash back home and it is bound to be every man for himself. When the luggage is searched, all those vast, shapeless travel bags bursting at the seams often collapse under the strain. But not to worry. Once the customs men have done their duty, the day is saved by yards of sticky tape, that vital protection against the not-so-uncommon thievery on the very short trip between the plane and the baggage hall at Luanda airport.

Textiles are the biggest attraction, of course, but these traders buy all kinds of everyday consumer goods including, most surprisingly, loaves of bread. This excites the interest of the Congolese customs officer. 'What? No bread in Angola, then?' He can rest assured, however. There is bread, as I was to find out, although not enough...

Long-haired Georgina with the tight pants is a regular. She already has plans to come back in a fortnight's time when she has got rid of her American jeans and shirts, although she also stocks up her business in Kinshasa, Libreville, Lagos and, more and more, Windhoek in

Namibia. She may not be able to read, but she can add up pretty fast. Her unit of account is a \$100 bill, which buys her Kwanzas 120 000 on the black market (although, since the last devaluation, the difference between the official and the parallel rates is minimal), for which she can get eight pairs of jeans in Brazzaville, sell them at Kwanzas 160 000 in Luanda and make a profit of Kwanzas 40 000 — which she speedily converts into \$33.

A country which counts

Today, only a few months after the cease-fire between the Government forces and the UNITA troops, the old centralised structures of the socialist war economy are less and less able to satisfy the consumer boom which has taken hold of Angola. The illegal traffic of hundreds of 'busy bees' like Georgina is some help, as is the more legal import trade of businesses which are gradually getting going again, mainly thanks to air transport, as most roads and bridges have been destroyed by 16 years of civil war. 'The demand for air transportation is the same



The Courier

A sign of the time: a photo of Jonas Savimbi, UNITA's leader on one of the main squares in Luanda

as it was in 1974', Bill, a solid American, who has come from Edmonton in Canada to deliver the last of the nine Hercules C130s currently flying freight around the country, told me. With such urgent requirements, his company has three crews for each aircraft so as to provide a round-the-clock service.

After years of war, there are signs of revival everywhere and, not least in this new year period, the Paris-Tripoli-Cape Town rally which has put the country back on the world map in no mean manner. Although peace and security are still to be consolidated — as the ambush which cost the lives of four unfortunate British tourists in southern Angola in early January is there to prove — UNITA and the MPLA's May 1991 decision to settle their differences with political weapons this time has rekindled hope of seeing Angola, which, along with Zaire, has the most fantastic agricultural, mining and energy potential of the whole continent, set back on the path to development. This prospect is attracting more and more businessmen (and politicians) to Luanda, where a hotel room can now only be had by booking weeks in advance. In less than a month, Angola has had visits from Spanish PM Felipe

Gonzalez, South African Foreign Minister Pik Botha (who came to re-open official diplomatic relations), Italian diplomatic head de Michelis, French Cooperation Minister Edwige Avice, the European Troika (the Portuguese, Dutch and British Foreign Ministers) and EC-Commission Vice-President Manuel Marin (who took the opportunity of signing the Lomé IV Indicative Programme), to name but a few. This is proof that Angola is an African country which counts — something which the present changes in South Africa can only reinforce.

And rightly so, for, since independence in 1975, this former Portuguese colony had tended to suffer from being right next to the country of apartheid, present in Namibia on its southern flanks by virtue of an old League of Nations mandate. Thanks to the Cubans and the South Africans, it had become one of the focuses of confrontation between the two super-powers.

Pearl of the Empire

The Peoples' Republic of Angola (its name until the Congress officially turns it

into a people's democracy), is Africa's third biggest country. It is 1 246 700 km² in area and lies between the 5th and 18th degree latitude South along 1650 km of Atlantic coasts with some of the best-stocked waters in the world. It consists of an immense plateau (60% of the territory) at an average of 1200 m above sea level, culminating in the Moco Mountains (2620 m) and sloping gradually down to the Congo basin in the North and East, the Atlantic coast in the West and the Kalahari Desert in the South. The plateau is a real watershed, since this is where four big rivers take their source, with the Kwanza flowing 950 km northwards, the Cunene (200 km of it navigable) marking the frontier with Namibia, the Kubango (975 km) and the Queve.

The climate varies under the influence of the cold Benguela current in the coastal regions and the altitude in the interior, being temperate on the high ground of the plateau, where average temperatures are around 19½ C, humid in the North, which has abundant rainfall (800 mm) and drier in the South, where the annual rainfall is between 600 mm and 100 mm. So it is right for a whole series of tropical and temperate crops — such as cotton, maize and coffee — and for herding and forestry. And, after World War II, this is indeed what the Portuguese went in for on a large scale in this country which one of their countrymen, Captain Diogo Cão, discovered in 1482 and which soon became the 'Pearl of the Empire'. It supplied Portugal with slaves (the trade centred on the Kingdoms of the Congo and Lunda) and hosted all those with nowhere to go when Brazil was lost. On independence, there were 340 000 Portuguese in Angola not only controlling every sector of the administration and the economy, but often doing manual work which the French and English colonies left to the natives, for many of them were illiterate or only very poorly qualified.

Tens of thousands of them took the best arable land and grew cash crops with the help of large numbers of native workers, many of whom (350 000 in the mid-fifties) were in fact forced labour — a system abolished in 1961.

Blessed by the gods

Coffee, the main export crop, already accounted for a third of all foreign

exchange revenue back in 1950, with production surging from 14 000 t in 1940 to 100 000 t in 1960 and 210 000 t in the early 1970s (1), making Angola the world's fourth biggest producer. Sugar cane once flourished on the flat alluvial land of Kwanza, Lucala, Queve and low-lying Cunene, with output up at the 80 000 t-mark on independence; cotton (86 000 t) was produced, three quarters of it commercially, on the semi-arid coastal strip in the Cassanga basin. The country also grew rice (57 000 t), half of it on modern farms, tobacco (4800 t of Virginia and Burley in 1973), wheat (output fluctuated, with 50 000 t in the 1950s and 22 566 t in 1971), and there was maize, most of it grown by small peasant farmers (although with regular surpluses for export) and fruit and vegetables too (bananas grew everywhere) and manioc, one of the native staples, and sorghum and millet.



The Courier

The Central Bank's headquarter.

Luanda has no more than a few signs of its past splendour ...

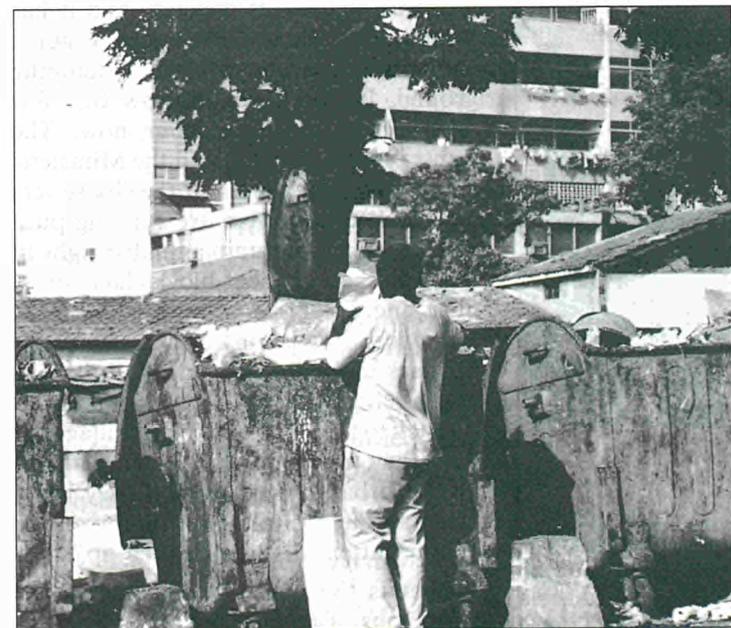
The climate is also right for herding and, before independence, there were 2.8 million head of cattle to supply the local market with good quality meat and three dairy centres (Cela-Catofe, Huambo and Matala/Capelongo) with modern pasteurisation and sterilisation equipment which could turn out 165 000 litres of milk per day and produce butter and

cheese. To complete the list of primary resources, there is the formidable potential of the 500 000 km² of exclusive economic zone off the country's 1650 km² of coast. The Portuguese fleet of an estimated 700-800 vessels landed 600 000 t of fish in 1972 and much of it was processed in well-equipped canning plants in Namibia and Lobito.

ground too — iron (5-6000 t p.a. exported in 1968-73), phosphates, uranium and, above all, diamonds and petroleum. Diamonds were first found there in 1912 as gravel on the beds and banks of rivers and conglomerates known as Colonda or Kimberlites in old volcanic craters. Companies combining Belgian (Société Générale), Portuguese, French and African (De Beers) interests began exploitation in 1917 and, by the end of the 1940s, the annual output was up at 800 000 carats.

But Angola is really blessed by the gods, because it has vast wealth under-

(1) The figures for agricultural output are for the period prior to independence, because the upheavals of the civil have made more recent figures insignificant.



The Courier

... everywhere the spectacle of bins full of rubbish and smally puddles

By the early 1970s, 2 million carats were being produced from 42 different sites — proof that diamonds are present all over the territory.

Petroleum is the other major mineral resource. Oil prospecting began in 1910 and production in the 1950s and this is the only sector to have escaped the general economic slump, not just maintaining output, but increasing it a lot, from 144 000 barrels per day on independence to 500 000 now.

Nationalist aspirations

With such wealth, a vital prop for the staggering economy of the metropolis, it is easy to see why Portugal decided to turn a deaf ear to nationalist aspirations and even to step up its presence in Angola in order to keep a hold on it. The number of colonials there went up from 40 000 in 1940 to 340 000 in 1974, at which time the colony had 4000 manufacturing firms employing 200 000 people and producing the equivalent of \$650 million, making it one of the most industrialised countries of the continent.

The fight for independence began in 1961. It was led by three rival movements — Agostinho Neto's MPLA (People's Movement for the Liberation of Angola), Roberto Holden's FNLA (National Front for the Liberation of Angola) and Jonas Savimbi's UNITA (National Union for the Total Liberation of Angola).

In 1974, after the Spring Revolution in Lisbon, Portugal started peace negotiations, which led to a transitional Government, a coalition of Portuguese Ministers and Ministers from each of the three nationalist movements being set up in January 1974.

But it did not last. It was undermined by internal rivalry and the country soon sank into civil war. With Zaire's help, the FNLA occupied the Bakongo regions. The MPLA, backed by Cuban advisers and Katangan rebels, reinforced its positions in Luanda, the capital, and in the main towns. UNITA withdrew to its bases in the Ovimbundu regions. The conflict soon took on international proportions. In the summer of 1975, South African troops invaded Angola and lost no time in covering the 200 km to Luanda. The MPLA then called in Cuban troops who, with massive material backing from the Soviet Union, pushed the South Africans back to the South and the FNLA into the North.

On 11 November 1975, when independence was officially proclaimed, the Government was in the hands of the MPLA. Although war with the FNLA was soon to come to an end, UNITA, backed by the South Africans, was to spend years waging harsh guerilla warfare in the South, so increasingly large Government forces consisting of contingents of Cuban troops had to be posted there. Many attempts at mediation, particularly under the aegis of the

OAU, Côte d'Ivoire and Zaire, were to no avail and it was not until Mikhail Gorbachev came to power and East-West détente followed that all the regional conflicts, including the Angolan drama, came to an end. President Dos Santos and UNITA leader Jonas Savimbi signed a peace agreement in Estoril (Portugal) on 31 May last year. A joint politico-military commission has been set up to supervise the peace process and the UN Peace Keeping Forces will be ensuring that the cease-fire is maintained until the legislative and presidential elections in September-November 1992.

Although Angola has finally laid down its arms, it will bear the scars of war for years to come. The economy has been devastated by 16 years of fighting and the massive departure of Portuguese colonials which completely overturned production and distribution networks. Roads and fields are mined, bridges have been destroyed, whole regions are covered in burnt-out army vehicles and populations have been uprooted, leaving their villages to escape the fighting and taking refuge abroad or going to Luanda and creating an inextricable situation.

Luanda, with its wide roads, squares full of flowers, and picturesque houses, is on one of the world's loveliest bays in. It was once one of the most attractive cities of Africa and it now it is one of the most polluted cities on the planet. It was originally designed for 400 000 people, but its current population is more than 2 million. Handling the influx of hundreds of thousands of people from the countryside was beyond its capacity and it has turned into what one of my Angolan contacts unsparingly called a dumping ground. Indeed there are now very few signs of its past splendour now. The Central Bank building and the Ministers' compound still stand, but the city sewers are blocked and there are stinking puddles of something unimaginable right in the centre. Apartment blocks have burst pipes and water and power have been cut so the lifts do not work and the stairwells are dark and dirty and smelly. Will most of the refugees from the interior want to go back to their fields and their villages or have they already been infected with the bug of urban living? And, if they have, how can the capital — a window on the country after all — be cleaned up?

That is the question and one of the many jobs of reconstruction. ○

Amadou TRAORE

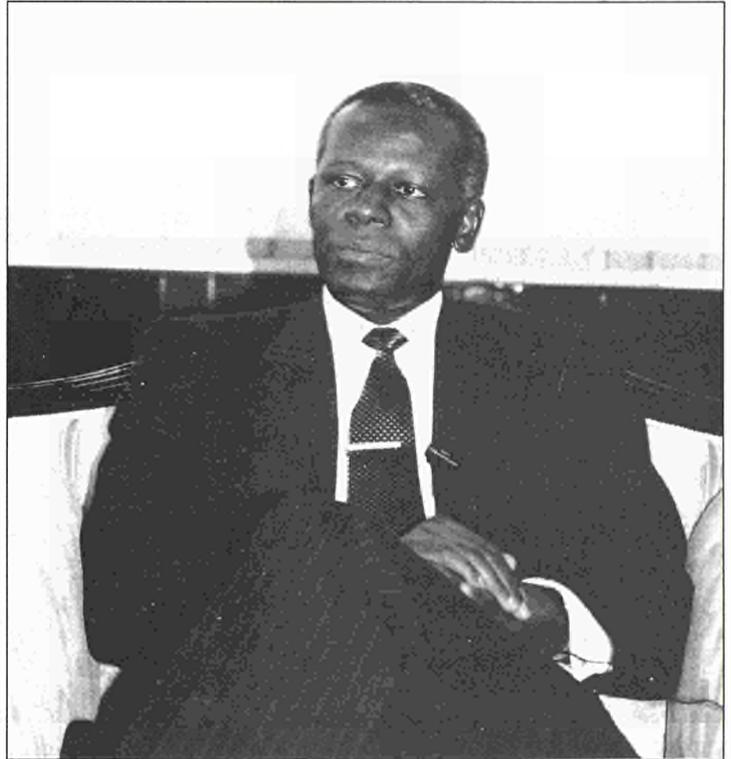


Peace has returned, but the country, like these young men, will carry the scars of war for a long time

President Jose Eduardo dos Santos:

'There are new rules for living together'

Jose Eduardo Dos Santos, the always very elegant President of Angola, was one of Africa's youngest heads of state when in 1979, at the age of 33, he succeeded his country's historical leader, Agostinho Neto. Today, aged 45, he is leading Angola through the delicate transition from a one-party state to a multi-party democracy. After 16 years of an often fierce civil war, the country, at last at peace with itself, is heading towards general elections. The Courier met President dos Santos in Luanda in January.



► *Mr President: For the past thirty years Angola has known only armed conflict. How is the new democracy taking shape?*

— It would be dishonest of me not to admit that the first steps towards democracy in Angola haven't been easy. As you say, war was rife in Angola for many years and we have been living under a single-party regime, so people have not become used to comparing ideas, to inter-party debates. Furthermore, our country has been independent for only about 16 years: it is a very young country, and its people are still in the process of becoming a nation.

In spite of those difficulties, we have noted a very great commitment on the part of the people to seek ways of establishing true democracy in Angola. There have not been serious public disturbances. There have been incidents which we may regard as isolated cases, but, generally speaking, people have understood the need for change, the need to establish democratic rules and to try to resolve problems peacefully, through dialogue. The first steps are difficult but pluralist, multi-party democracy *can* be established in Angola.

► *Is it hard for you, to adapt to this new situation?*

— I wouldn't say it is very hard for me now. It was more difficult a little while

ago, because we began liberalising the system a few years ago and were taking small steps towards establishing a pluralist regime. About three years ago, on the government's and my own initiative, we started a broad, open and transparent debate in our country on national problems, on the problems of governance. This was unheard-of in a country ruled by a Marxist-Leninist party and which had opted for scientific socialism. That system, under which the destiny of the country was in the hands of the 'cadres', met with much criticism. Today some of those 'cadres' are setting up political parties, strange as it may seem.

Then we announced that we were broadening the scope of democracy: even within the single-party system we allowed the expression of ideas other than those of the single party. At that stage we called it pluralism of ideas. Later, we opened the door to multiparty politics. So we have been moving along this path for the past three years: the process of adjustment has been taking place for some time now. For me in particular it has not been difficult, but we do have adjustment difficulties in general — in adapting our institutions, that is to say in making radical changes in the laws, especially in the basic law of the land. We have to change our working methods. The 'cadres' themselves need a fresh outlook, because although there is the political will for change, there are also

habits which have been acquired over a long period of time: a certain mentality has grown up which must be overcome. So people are making an effort to adjust. Adjustment has not been achieved without difficulty. What's more, the forces which had been fighting against the Government day after day for years also have to adapt to a new way of life. There are new rules for living together, and it is particularly difficult for those people.

► *Is there not, Mr President, too much to do all at once, and all within a few months, because — after all — the elections are in September?*

— We shall do all we can to meet the established deadlines and especially the date set for the general elections. But we cannot hide the fact that it is a complex process. As you say, we have to accomplish many tasks in very little time, and the tasks are all complex. For example, there is the peace process which — when all's said and done — must lead to the extinction of two existing armies, namely the Government forces, with over 150 000 men, and the UNITA forces, with about 35 000, and the formation of a single national army. What is more, we have to demobilise some 120 000 ex-combatants, ensuring their survival and social reintegration. Consequently, jobs must be provided for them. At the same time we are carrying out economic



The presidential residence in the outskirts of Luanda

reforms. For years our Party was run under a system of centralised and planned management of the economy. We are now moving towards a market economy, so the economic system must be radically reformed. At the same time we must create the right conditions for holding multi-party elections. Three difficult, complex processes are all going on at the same time. But, as I said just now, our people are committed; they are supporting the Government and cooperating very seriously, and I have faith in the great political and social maturity of the Angolan people. Besides, the progress which has been made would not have been possible without it.

► *As in other African countries, this new democratic climate has seen political parties springing up like mushrooms. Your opponents say that many of these parties are being set up by the MPLA in order to 'divide and rule'. What do you say to that?*

— It's not true. Those people say many things, as you would expect, because their aim is to overthrow the Government and take power: so they make false accusations. Some of their criticisms are justified, others are not. But this talk of the MPLA manipulating the political process or creating satellite forces does not correspond to the truth. As I said just now, we have opened the door wide — I would say completely — to multi-party

politics. There is freedom of expression and of association. Consequently, Angolans are setting up political parties and, quite naturally at this early stage, there is a great deal of euphoria. Parties are springing up all over the place: small parties. Many will not survive. But that is by no means our intention. On the contrary, we are trying to encourage these emerging parties and, at the legislative level, we are trying to create the right conditions for them to develop. Of course the laws sometimes seem rather more advanced, shall we say, than the political mentality of some people who lived for years under a single-party system. That is why those parties find it difficult to carry out their tasks, their programmes: it is not the result of any policy tolerated by the Government. On the contrary, we are endeavouring in every way to make it possible for the parties to publish their programmes and statutes, recruit members, engage in publicity campaigns of all kinds. However, as you know, there are also well-established parties here, which are regarded as the traditional parties and which have a great deal of weight and influence in the country's political life. Such is the case with the MPLA and also with UNITA, the party which was at war with the Government. There is also the FNLA. Now, these three older parties do not share the same opinion on the upsurge of new political movements. There are those who think that these new

political forces will confuse the process rather than help establish a genuine, working democracy. The MPLA does not share that view.

► *Mr President: Will you stand for election as your own successor? Could one imagine a President Dos Santos as Leader of the Opposition under a UNITA-led government, for example?*

— That is a question which cannot be answered at this stage, when the role of President of the Republic is chiefly that of a referee, not that of a player. Since the Bicesse Agreements were signed, I have sought to ensure that my attitudes and behaviour are strictly in accordance with my functions as President of the Republic, confining my activities as Party Chairman to, shall we say, more internal Party matters. I have not campaigned in public, nor have I issued statements on behalf of the MPLA-PT. It has to be admitted that, to some extent, this is prejudicial to the MPLA-PT's present campaign. We have to finish setting up the institutional framework necessary for the transitional arrangements and, above all, we have to adopt the laws which are to regulate the electoral process: only then shall we take a decision on whether the current President will or will not be standing for election as President of the Republic.

► *The problems of peace are as formidable as were those of war. Just now you*

spoke of demobilising about 120 000 combatants: that must be extremely difficult and very expensive.

— Yes, it is difficult and very costly both in material and financial terms and from the social and political viewpoint. We are appealing to the international community for material and financial assistance in implementing various schemes for the social reintegration of all the soldiers to be demobilised. At present a number of EEC teams are helping us prepare programmes and projects. Certain Angolan Government departments have put forward concrete ideas and have drawn up their own programmes and projects. We are creating an inter-departmental office to coordinate the preparation of projects and the implementation of those which have been approved. As yet we have received no substantial assistance from the international community, but we hope it will come. The amounts received so far are insignificant. The European Economic Community, the Nordic countries, the United States and the United Nations have all issued statements of intent: we hope that these will be translated into very concrete facts.

► *Angola has long been a friend and ally of the Soviet Union, which has now ceased to exist as such. How did you personally feel about the collapse of the Socialist bloc?*

— Well, it could be foreseen three or four years ago that social problems and disturbances would arise in Socialist countries because, as you know, even in the 1980s (1982-83) opposition movements had begun in a number of those countries. I am thinking particularly of Hungary, where a process of economic reform began and had an impact on political life. Later, in about 1986-87, similar movements began in China and Africa — in Algeria, for example — and Angola was involved in that movement. By Angola I mean the MPLA-PT: it took part in that questioning and reform movement — seeking, shall we say, new ways to resolve economic problems, since many of the problems which were arising within our society could not be solved by the Socialist system of directing the economy. So we were not greatly surprised or disturbed by the collapse, the disintegration of the Socialist system. We had already begun a whole process of readjusting our own system. Here in 1983, for example, we set up various think tanks and working groups to carry out an

in-depth analysis, a diagnosis as it were, of the country's economic, financial and social situation. This led to the adoption, in 1985, of the strategy we have been implementing ever since. Thus the peace process, the end of the war, was — so to speak — the culmination of the application of an entire strategy for directing the Angolan process, a strategy adopted in the eighties — I would say in 1983-84.



The Courier

'We were not greatly surprised or disturbed by the disintegration of the socialist system'

► *What about the debt of some 3.5 billion dollars your country owes to the former Soviet Union? And another question: is it Russia which will now act as observer on the Commission responsible for monitoring the peace agreements?*

— Well, with regard to the foreign debt you refer to, we had started negotiations with the former Soviet Government. Unfortunately these did not reach a conclusion. However, we had some very clear ideas on the subject. We drew a distinction between military and commercial debt: we intended to request that the military debt be cancelled and then to find ways of dealing with the commercial debt. We learned that the USSR was applying to join the International Monetary Fund: consequently, our next step would be to negotiate with the Soviet Union, as with our other creditors, according to the rules of the Paris Club.

As regards the Soviet Union's participation in the peace process in Angola, the USSR was, as you know, represented on the Joint Political-Military Commission,

which is responsible for supervising the implementation of the agreements. After the demise of the Soviet Union, we asked the Russian President for confirmation that Russia would take over the role played by the USSR. We are expecting a reply any day now. I think that Russia will indeed assume the Soviet Union's responsibilities in relation to the Angolan peace agreements, because of a message sent to the Secretary-General of the United Nations by the newly-independent states which make up the Commonwealth of Independent States of the former Soviet Union. According to this statement, Russia assumes all the former Soviet Union's responsibilities and obligations vis-à-vis the UN and the international community.

► *Now that peace has returned, Mr President, many former Portuguese settlers will no doubt wish to reclaim their property in Angola. How do you intend to solve this problem?*

— In our Constitution there is a very clear Article on this subject. During the 16 years since independence there have been nationalisations and confiscations, and these are irreversible. In a few instances there may be reasons for, say, negotiating new terms for the operation of enterprises or for returning real estate to its former owner. These must be examined on a case-by-case basis. But as a general rule the decisions taken to date will be upheld.

► *One final question, Mr President. On 1 January, Portugal, which has acted as mediator in the peace process, took over the Presidency of the Council of the European Communities. What role do you expect Europe to play at this delicate stage in the life of your country?*

— Portugal has, of course, had relations with Angola for centuries. She was the ruling colonial power in Angola and, after independence, there was a difficult period, but since then normal relations have been established and today they are excellent. The Portuguese and the Angolans know each other well: there are bonds of affection and great cultural affinities. We think that these factors will help Portugal channel the Community's energies into deepening cooperation between Angola and Europe, between the European Economic Community as a whole and Portuguese-speaking countries in particular — and, I believe, African countries in general. ◯

Interview by A.T.

The problems of transition

Angola is at peace — unknown for 30 years with fratricidal civil war succeeding the armed fight for independence. It was all made possible when President Dos Santos and UNITA leader Jonas Savimbi signed a 57-page document laying down the conditions of cease-fire and the transition to a democratic régime in Estoril on 31 May last year, in the presence of the Portuguese mediator, PM Cavaco Silva, American Secretary of State James Baker, Soviet Foreign Minister Alexander Bessmertnykh, OAU President-in-Office Yoweri Museveni and UN Secretary-General Javier Perez de Cuellar.

In the general euphoria, many people dreamed of massive transfers of financial resources away from the military, which had mopped up all the country's revenue since 1975, and into productive investments. But they were over-optimistic. The end of the hostilities does not mean immediate savings. Quite the contrary, as Angola PM Jose da França Dias Van-Dunem made clear. 'We have much more spending than before. We are the only ones financing the CPM (the joint, politico-military commission of MPLA and UNITA representatives responsible for keeping the cease-fire, under the scrutiny of Portuguese, American and Russian observers and with the help of a 600-strong UN peace-keeping force) and we have to rehabilitate our infrastructure, train the new Angolan army (50 000 men from the ranks of UNITA and FAPLA, Angola's people's liberation armed forces) and carry on underwriting the old Government army until it is dissolved at election time. We have to pay for all those who have been demobilised to get back into civilian life'.

All this costs money, obviously, and the funders are taking their time with the promised aid. The sums received are insignificant, the President maintains in his interview (page 15). Yet the success of the current drive in Angola very much depends on getting the 120 000-odd soldiers from both sides back into civilian life properly. The Government is well aware of this fact and there will be 37 centres dispensing 4-5 week training courses for them in 20 special subjects over a period of 20 months. Some of

them, França Van-Dunem confirms, will be able to help rehabilitate roads and bridges for the Ministry of Public Works, but farming will be taking most of them.

The present structures can take 60 000 of the demobilised soldiers, but 'there is no question of turning them into civil servants' Benjamin Castello, Deputy Agriculture Minister, hastened to add. 'The idea is to help them back into their old jobs by giving them seed and equipment and land (2.5 ha per family on average) plus food aid so they can hang on until the first harvest. If we had the advantage of resources, we could help more old soldiers get back into civilian life'.



Jose da França Dias Van-Dunem, Angolan Prime Minister

Payment in kind

But money is what the Angolan economy needs most. In 16 years of civil war, all the country had was oil, which, as we know, fluctuated a lot — although it still provided \$3 million last year. Current prices are dropping (about \$17 per barrel after a surge in the months prior to the Gulf war), but, at the same time, Angola owes more than \$1 billion in arrears on the interest on its debt.

Since independence, Angola has accumulated a debt of more than \$7 billion

— the equivalent of the GDP and about a third of it military spending. The former Soviet Union, to which it owes about \$3.6 million, is its main creditor, followed by the members of the Club of Paris and such countries as Brazil and Portugal, which are owed \$2.8 billion between them.

Rescheduling on soft terms came from the Soviet Union and the Club of Paris in 1989, but a lot more loans are due to mature by 1993 and it is not clear how they can be met so further postponements are vital. A Club of Paris agreement is on the cards and Russia may well join in — provided Angola negotiates a structural adjustment agreement with the International Monetary Fund.

It has already started to prepare this inevitable stage, the PM said. 'We have an outline programme. We began with a

stabilisation plan, reducing the gap between income and expenditure to tone down the effects of the future austerity drive. And we have had several devaluations'.

In 1990, new bank notes worth only 5% of the old ones (95% devaluation) were put into circulation and savings accounts frozen. The following year, the currency was devalued again, this time by 50%, and the Government went in for what the economists call a remonetarisation of the economy. This meant doing away with the system of 'perks' in the civil



The Angolans have long maintained that peace alone would be all it would take to give the country back 50% of its agricultural potential

service, where staff got grade-related purchasing entitlements so they could buy goods at the official price in the State shops — much cheaper than on the market — and, of course, sell them off at a profit elsewhere. This sort of payment in kind was very common. Employees could buy cut-price goods from their firms, as a wage supplement, and sell them elsewhere, thus competing with the official marketing circuits which were forced to sell the same things for higher prices.

Many of these firms are in a very difficult situation today, although not just because of this. The problem in Angola, as all over Africa, is that the State has turned out to be a very bad economic operator. França Van Dunem assured me that the Government had learned its lesson and was ready to privatise the many companies where the State had been forced to protect both jobs and facilities by stepping in to replace owners who left in a hurry on independence. 'Angolan citizens will be made the owners or managers of the small businesses and we are planning on joint



*Benjamin Castello
Vice-minister of Agriculture*

ventures with the others. But privatisation will take time however it is done'.

Prices plummet

The big economic priority for the moment is to repair the transport infrastructure to allow people and goods to move about more easily so the country can return to its original vocation — farming. The Government is betting on access to the markets stimulating agricultural output and enabling it to make substantial savings on its food import bill.

And if Deputy Agriculture Minister Benjamin Castello is to be believed, it is a good bet. The price of agricultural goods on the free market plummeted as soon as peace was announced, after all. 'On 30 May 1991', he said, 'a bag of manioc root cost Kwanzas 75-80 000. On 1 June, the very next day, it was only Kwanzas 15 000, because the market anticipated the movement which the end of hostilities was going to bring about between the production zones and Luanda, and it has gone back up a bit, to Kwanzas 20 000, since'.



The Courier

Liquid gas production plant
Angola has lived mainly off its oil over the past 16 years

He thinks that the country simply needs peace to become self sufficient in food again as it was before independence. For the war hit hardest in areas with the greatest agricultural potential and the longest-standing farming traditions. And it prevented any trade relations with the main markets, particularly with the disappearance of the middleman between

the peasants and the urban consumers, the famous *comerciante matos* or Portuguese bush trader.

Yet whenever demand cropped up somewhere, there was an attempt to meet it. In 1987-1988, for example, in the throes of the fighting, Huila province sold the Angolan army 30 000 t of surplus maize.

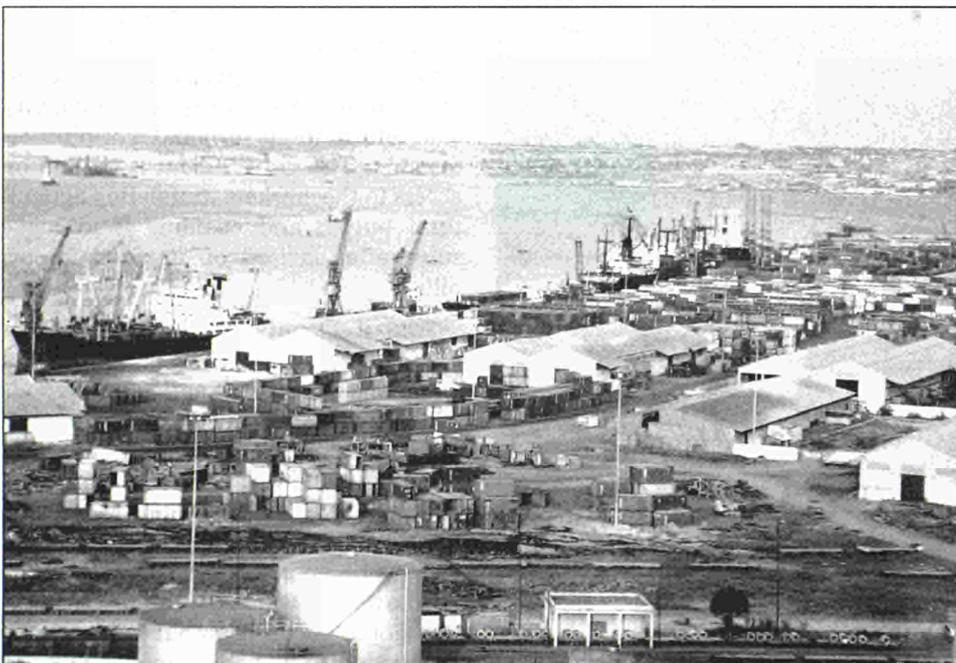
The Government has decided to earmark \$96 million of its 1991-1992 budget for agriculture, in particular to provide backing for the peasant farmers and organise access to bank loans for them via producers' associations — the term 'cooperative', which is reminiscent of the past, no longer being used. After independence, indeed, many peasants had found themselves reduced to the rank of farm labourers on plantations abandoned by their Portuguese owners and turned into cooperatives, with consequences much the same as those in the Soviet Union — dwindling productivity on the collective farms and better output on the small plots allocated to the cooperative farm-workers.

Will extra money be the anticipated spur to agriculture, with last season's good rainfall and good harvests bringing an end to years of drought? Benjamin Castello is convinced it will and the reappearance of Huambo potatoes and Huila oil in Luanda is all the proof he needs. In any case, most things have slumped so badly, that they can only get better. In 1989, Angola produced slightly less than 7000 t of coffee, although the figure was 210 000 t pa before independence. The picture is much the same for maize (892 t instead of 800 000 t in the 1970s) and rice (20 t instead of 57 000 t) and cotton (2350 t instead of 86 000 t in 1972) and tobacco (only 70 t in 1989 instead of 4800 t in 1973).

The Angolans have long maintained that peace alone would be all it would take to give the country back 50% of its agricultural potential. For peace was signed in Estoril on 31 May last year and the terms of the agreement have been adhered to. Elections are scheduled for September and November this year and, despite a sudden proliferation of political parties (there are something like 30 of them), the general feeling is that only the long-formed MPLA and UNITA are likely to win.

So the Angolans, most of whom are under 20 and have never seen anything but war, have only a few months to get used to democracy, unknown to them hitherto. Let us hope that they have done enough fighting never to want civil war again and that they accept the results of the polls, whatever they are. If they can, then one of the blackest pages in the country's history will have been turned. ○

A.T.



The Courier

Containers in the Port of Luanda
One Government priority is to boost the movement of people and goods

Oil, an enclave within the economy

Black gold tends to dominate the economy in any oil-producing country and, in Angola, it is no exaggeration to say that it actually *is* the economy. It is the only sector which has withstood years of civil war and even contrived to expand. It is responsible for virtually all (95%) of the State's foreign exchange earnings and supplies 90% of the budget. Without this revenue — \$2 billion in 1990 and \$3 million in 1991 — there would have been no chance of financing the costly food imports which were vital when the production apparatus collapsed or of coping with military spending or, quite simply, of keeping the civil service ticking over.

Oil prospecting in Angola began in 1910, in the hands of Canha E Formigal, a company which had obtained a 144 000 km² concession in the Congo and Kwanza basins. The first well was sunk in the Kwanza region in 1915. However, the first barrels were not extracted from Angolan soil (in Benfica, in the Kwanza) until 1955 and it was much later still, in 1968, that off-shore production began off the Cabinda enclave. Cabinda is of course where the bulk of the country's oil production comes from today, as the potential of the first underground fields

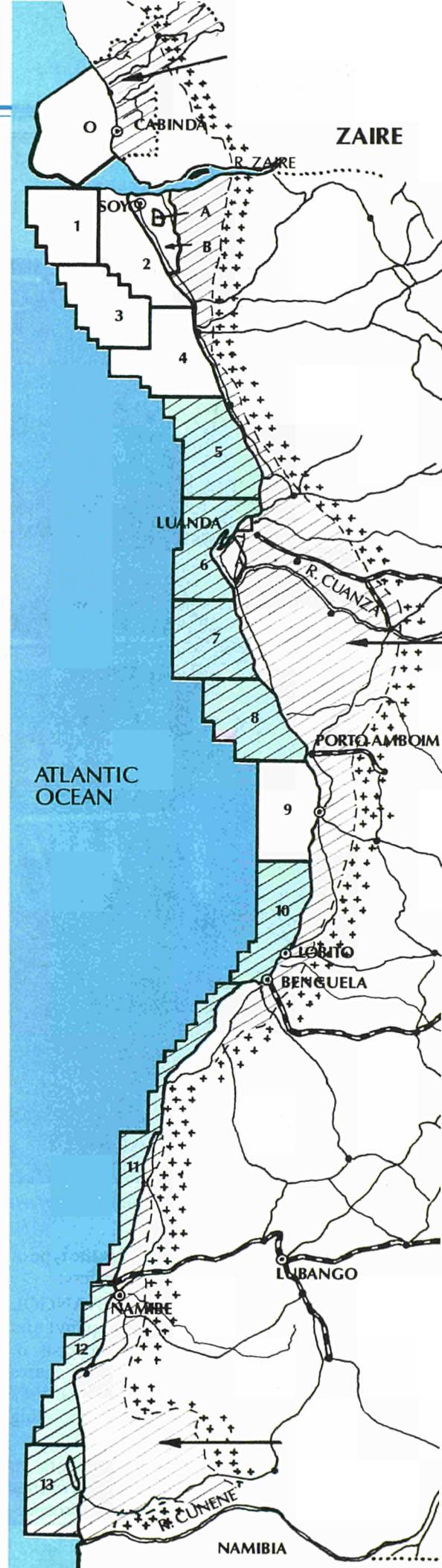
in Kwanza and Congo has dwindled over the years to only 30 000 barrels per day.

Angola was turning out 172 000 barrels daily on independence. This dropped to 100 000 daily in 1976 with the ensuing upheavals, but picked up again the following year and went on improving, to stabilise at the present rate of around 500 000 barrels daily.

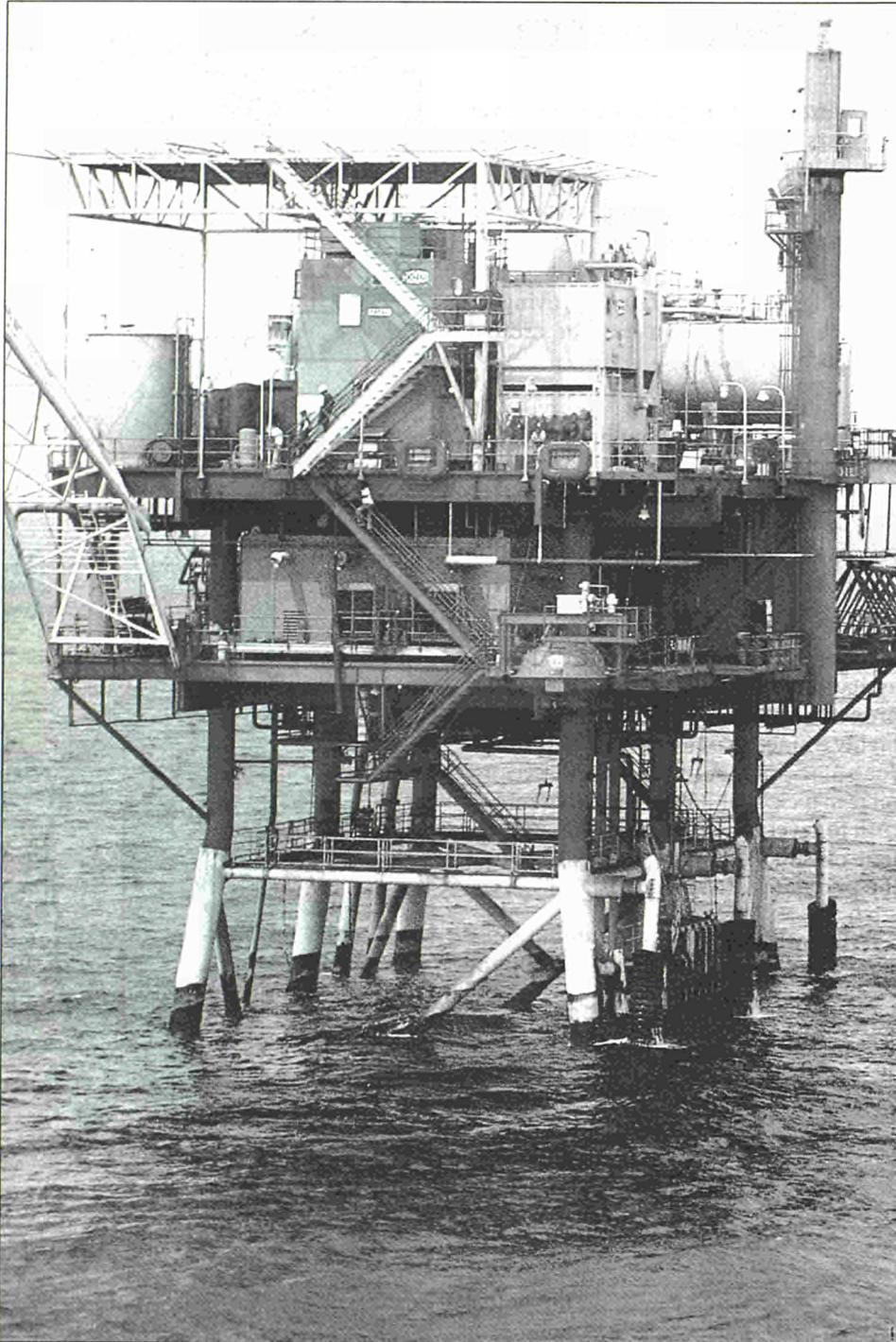
At this rate exploitable reserves will last until the year 2010 but prospecting is continuing on land and sea and there is every hope that more deposits will be found. (see opposite: a map of the principal oil exploration and production sites)

How has Angola contrived to manage in the oil sector what it failed to do in, say, agriculture? By organising the sector properly and appointing competent and highly trained people, claims Oil Minister Joao Landoite. And, no doubt, because oil is in a class of its own and there was a rush for every barrel in the 1970s after the first oil shock and Angola light crude is the one the refiners like best.

What pushed the big multinationals such as Gulf, Texaco, Petrofina, Elf and



Joao Landoite, Minister of Oil

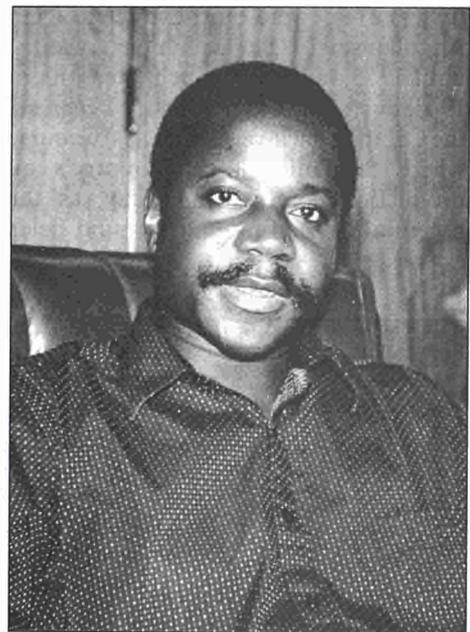


Oil drilling platform off the Cabinda coast

tion costs (\$4-5 per barrel) are fairly low despite the risks inherent in civil war — although, as Joaquim da Costa David, the Head of SONANGOL told us, sabotage can easily be headed off from installations off shore, with all the production and pumping centres and loading terminals out at sea.

The bulk of the 500 000 barrels produced every day is exported, for domestic demand is still low and can be covered almost entirely by the 36 000 barrels per day from the country's only oil refinery (Luanda). However, with peace, the anticipated surge of economic activity in Angola and the encouraging prospects of regional trade, other refineries may well be set up soon and the Head of SONANGOL confirmed that several foreign companies have already put in applications with this in mind.

Can the oil industry carry on as an enclave in the national economy even



*Joaquim da Costa David,
Director-General of SONANGOL*

Agip to invest in Angolan oil is the type of agreements which the State offers:

— joint ventures in which SONANGOL (Angola's National Fuel Company) and its foreign partners share the cost of investment in proportion to their shares (usually 51% for SONANGOL and 49% for the partner) and get a corresponding part of the output;

— production sharing agreements in which the foreign firm alone underwrites the investments and, where, if prospec-

ting is successful, it gets a percentage of production equal to its share-holding, after allowance for the production costs.

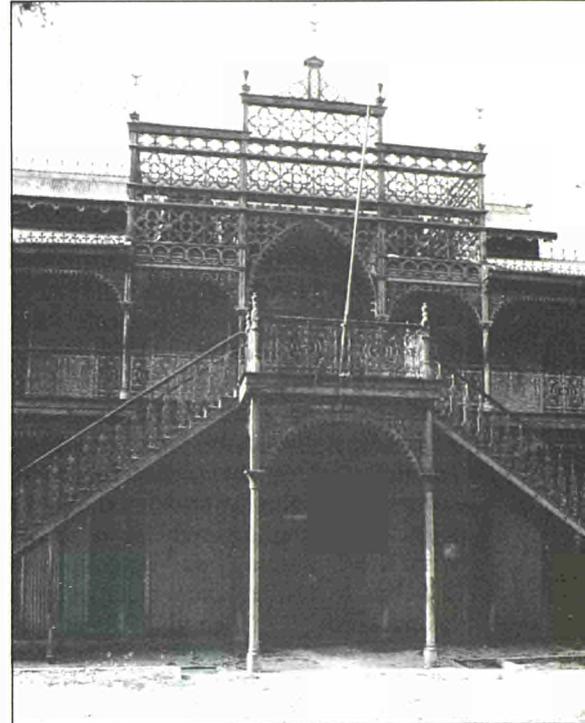
In both cases, the foreign partners are free to sell their share of the oil as they see fit and to transfer both capital and profits home.

A State within a State

It is easy to understand multinationals being attracted to a place where produc-

after the period of transition? It is far from sure. Prime Minister França Van Dunem believes the enclave economy has to go. 'What has been done for oil was already done for diamonds in the colonial era. The Angolan diamond company was a real State within a State, just as the oil economy is today, and that is what we want to alter', he said. 'Oil revenue must serve all the other sectors of the economy'. ○

A.T.



The Courier

Two of the numerous tourist and architectural monuments of the city of Luanda that are in urgent need of some repair work: left is one of the country's oldest buildings, la Casa de Dona Ana Joaquina (17th century) and right is the Palacio de Ferro, the iron palace built by Gustave Eiffel (the father of the famous tower) and which had been destined for Indochina; it was sold at a knock-down price to a rich Angolan

Basic Data (*)

Head of State: President José Eduardo dos Santos

Capital: Luanda

Area: 1 246 700 square kilometres

Population (mid-1989): 9.8 million

Date of Independence: 11 November 1975

Language: The official language is Portuguese. There are four other main languages: Umbundu, Kimbundi, Kikongo and Lunda-Clokwé

Currency: Kwanza Kz; 100 Lwei per Kwanza

Exchange rate: Kz 59.2 — US\$1 (fixed rate since 18 March 1991)

GDP (1989): Kz 231.2 billion (US\$ 7.7 billion)

GDP per Capita (1989): Kz 2028 (US\$ 678)

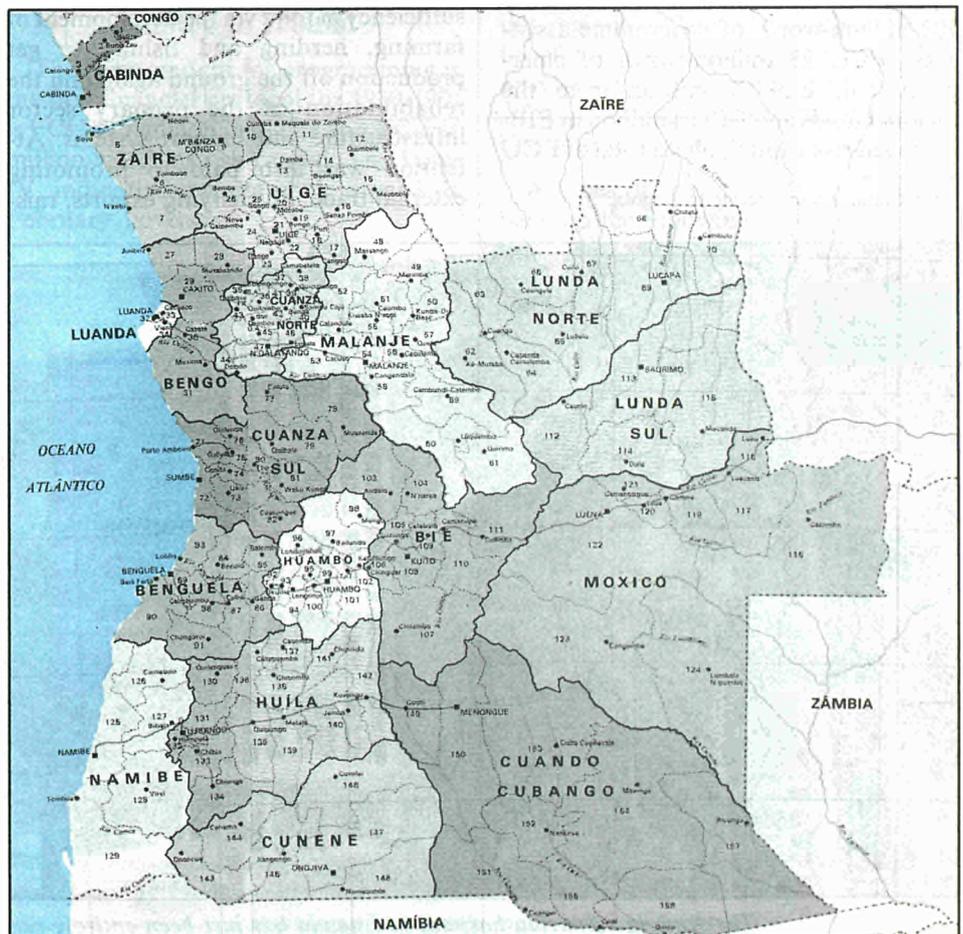
Balance of payments (1989)

Trade Balance: US\$1 730 million surplus

Current Account Balance: US\$ 5 million surplus

Main exports (1989): Oil: 152 million barrels; Coffee: 7 522 tonnes; Diamonds: 1.3 million carats

External debt (medium and long term, end 1989): US\$ 5.9 billion



(*) Source: Ministry of Finance.

EEC-Angola cooperation Adjusting to the country's evolution

by Carlos GIL (*)

Most ACP countries gained independence in the 1950s and 1960s, but it was not until 1975 that Angola saw the end of 500 years of Portuguese presence. But with independence came civil war, which soon swelled to international proportions, bringing human suffering and tragic devastation in its wake, not just on the economic front, but also on the social, cultural and ecological fronts too. All the political and economic cooperation between the Community and Angola since 1979 has therefore taken place against this background of fighting.

In 1979-1985, the country received almost ECU 80 million-worth of financing, notably from the funds for the development of non-associated countries, but also food aid, emergency aid and NGO assistance.

Cooperation with the EEC under Lomé is still in its infancy, for Angola only joined the Convention (Lomé III) in April 1985. Since then, it has had ECU 102 million-worth of programme assistance, ECU 21 million-worth of emergency aid, ECU 7 million from the regional funds and ECU 4 million in EIB-managed risk capital, plus a total of ECU

87 million for food aid (to front line countries and NGOs). The EEC has also paid over a total of almost ECU 40 million under Community-Angola fishing agreements since 1987.

The Community thus channelled a total of something like ECU 341 million into Angola, mainly in the form of grants, between 1979 and late 1991. Although this is only equal to a small percentage of the country's exports, it is crucial nonetheless, because, until recently, the bulk of the State finances went on military spending and debt payments.

Lomé III — vital support for a country at war —

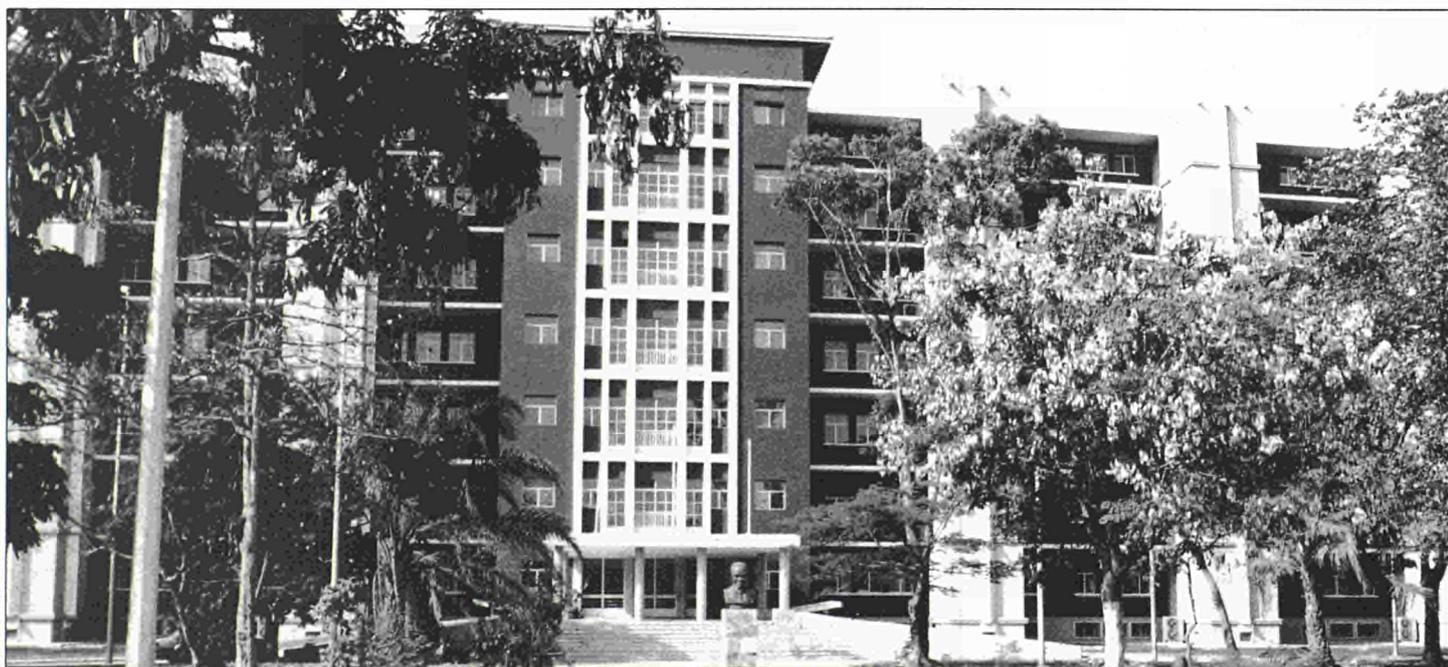
The national indicative programme

The Lomé III programme, for ECU 102 million, had two priorities — self-sufficiency in food via the development of farming, herding and fishing to get production off the ground again and the rehabilitation of the primary sector infrastructure and support systems. Attention was also paid to promoting external trade, diversifying exports, rais-

ing urban health and hygiene standards and training. The programme, which has been almost entirely committed, is outlined in the table below. The war prevented work in the focal areas from getting as far as was hoped, but the forecasts for the health and hygiene sectors were in fact exceeded. The four main programme components were:

- 1) a sectoral import programme which helped both get rural production and marketing off the ground again and recuperate under-utilised potential in fishing and industry;
- 2) total rehabilitation of the buildings, and technical and medical installations at the Amerigo Boavida Hospital in Luanda;
- 3) rehabilitation of the Namibia-Lubango road, a vital part of the direct link between agricultural areas in the interior and markets and marketing facilities on the coast, as well as a means of fostering contact between the regions;
- 4) a hygiene operation in the city of Luanda to improve the capital's rubbish collection and disposal facilities and also the sewage and rainwater drainage system.

(*) Commission Delegate to Angola.



The Amerigo Boavida hospital in Luanda has just been entirely renovated thanks to the EDF

Table 1: EEC-Angola cooperation in figures

1979-1985 — non-Lomé			
Cooperation with non-associated developing countries	25,6		
Food aid	27,5		
Emergency aid & NGO cofinancing	17		
Regional programmes	9,9		
Sub-total			80
1986-1991 – Lomé III			
NIP		102	
• Food production & related infrastructure	28,4		
• Development of human resources (health & training)	37,8		
• Transport	14,3		
• Other	21,5		
Emergency – Refugees		21	
Food aid		70	
Front line, NGOs		17	
Regional funds		7	
EIB – Risk capital		4	
Sub-total			221
Fishing agreements			40
Total			341
Lomé IV Budget — 1991-1995			
NIP			115
EIB – Risk capital			10
Other Commission funds		to be determined	

— the development of agriculture and fisheries, environmental protection and food security. This will include financing for schemes to improve the quantity and quality of food output and better the standard of living and quality of life of farming and fishing communities;

— schemes to improve the health sector and capitalise on human resources to complete and continue work started under Lomé III;

— company development to back up the Government's private sector expansion support policy.

The EIB has been asked to carry on providing risk capital to help promote private initiative in the SME sector and finance energy, transport and agro-industrial projects.

Angola could well be signing a structural adjustment agreement with the Bretton Woods organisations during the course of Lomé IV, in which case the structural adjustment support provided for in Article 246 of the Convention will be used.

Regional cooperation

No review of Community cooperation with Angola would be complete without the regional schemes, for this country benefits from the funds which the EEC provides for the members of the Southern African Development Coordination Conference (SADCC).

A series of operations is being run to back up the following programmes:

Emergency aid

Angola was at war until 1991 and 600 000 people were displaced inside the country, 300 000 fled abroad and tens of thousands were disabled as a (direct or indirect) result. Two years of drought and cholera epidemics did nothing to improve the living conditions of most of the population, although emergency aid of nearly ECU 21 million — most of it channelled through NGO-run schemes — helped cope with the immediate problems.

Food aid

The country's food situation was such that the Community provided urban and rural communities with extra stocks (grain, oil, sugar and beans) worth about ECU 70 million. This was in the form of direct food aid and indirect aid via NGOs and entirely consistent with the other cooperation and emergency schemes.

Support for front-line States

NGO assistance projects worth about ECU 14 million were financed to counter South Africa's destabilisation activity and a further ECU 3 million went to NGO-cofinanced development projects.

Lomé IV A million to resettle and the country to rebuild

The basic amount for programming in the first financial protocol for 1990-1995 is ECU 115 million in grants and ECU 10 million-worth of risk capital. The Lomé IV indicative programme, signed in February, covers:



Tens of thousands of Angolans have become invalids because of the war. The EEC is helping the Viane orthopaedic and disabled rehabilitation centre to fit numerous amputees with locally-made artificial limbs



One of the priority sectors of Lomé III was food self-sufficiency and re-launching farming production

- technical training (languages, agriculture, energy and transport);
- cattle disease control in southern Angola;
- energy studies in the SADCC countries;
- the Lobito corridor;
- the Namibia corridor.

More specifically, Angola currently receives technical assistance under the SADCC-energy programmes to back up the alternative energy initiatives.

Fishing agreements

The EEC-Angola fisheries agreement is an extension of the old Spain-Angola bilateral agreements which expired in 1987. The EEC Commission's mandate provides for the negotiation of fishing conditions in the light of Article 55 of Lomé III and Article 64 of Lomé IV.

Fishing in the exclusive economic zone (EEZ) is strictly controlled and limited to

Community platform — Commission-Member States coordinated national reconstruction scheme

Angolan President J.E.Dos Santos visited the Commission on 26 and 27 September 1990 and asked for more European assistance for his country's current democratisation and economic and social reconstruction drive. At the Development Council on 28 November, Member States responded by saying that they were willing to provide special, coordinated support. They will be increasing efficiency with regular meetings which the Commission is organising with an eye to coordinating EEC involvement in the emergency and economic and social reconstruction programmes.

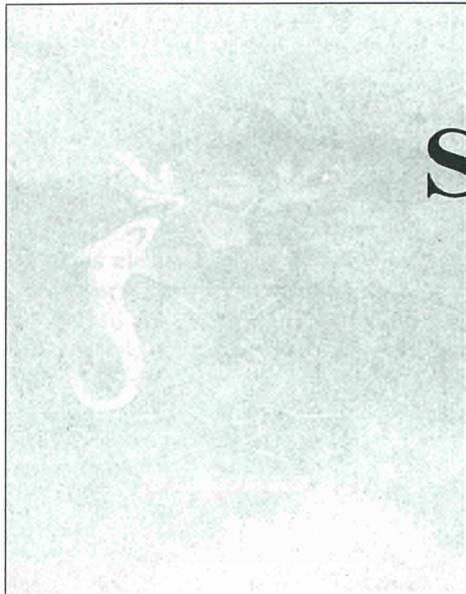
a specific number of vessels, all of which have to hold licences. A training and research programme has been designed to help improve knowledge of the human and biological resources of this important sector of the economy.

The current fishing agreement runs from May 1990 to May 1992, during which time the Community has to pay ECU 15 850 000 in financial compensation, plus ECU 800 000 over two years to finance the country's scientific programmes. ECU 1 320 000, again over two years, has been earmarked to train cadres and pay for study awards.

The EEC has paid Angola almost ECU 40 million in this sort of financial compensation and as funding for scientific, technical and training programmes since 1987.

Although fishing agreements are negotiated separately, they do, thanks to the training programme, represent considerable support for the fisheries support schemes financed under Lomé. ○ C.G.

SOLOMON ISLANDS



Situated in the Pacific, to the east of Papua New-Guinea, the Solomon Islands are home to some 350 000 people, mainly of Melanesian origin. The archipelago has 992 islands, cays and atolls stretching 1 500 kilometres from Shortlands in the north west to Santa Cruz in the south east. The total land area is 29 785 square kilometres. The majority of the population lives on the six largest islands (Guadalcanal, Choiseul, Santa Isabel, New Georgia, Malaita and San Cristobal). The capital, Honiara, which is situated on Guadalcanal is the only sizeable urban centre with an estimated 35 000 inhabitants. Four fifths of Solomon Islanders continue to follow a traditional lifestyle in small, mainly coastal, villages. Approximately 70 local languages are spoken in the Islands but Pidgin is widely spoken while English is the language of administration.

The country, which is a constitutional monarchy with Queen Elizabeth II as Head of State gained its independence from Britain in 1978. It has a unicameral Parliament of 38 members.

The principal economic activities are agriculture (mainly copra and palm oil), forestry and fishing. Minerals discovered include bauxite, nickel, gold and silver but to date, exploitation has only been on a small scale. There is a small manufacturing sector, involving mainly the processing of primary products (fish canning, sawmills etc).

In 1942, the Solomon Islands were the scene of bitter fighting between American and Japanese forces. This year sees the 50th anniversary commemoration of the Battle of Guadalcanal.

Seeking the wisdom of Solomon

King Solomon was renowned both for his wisdom and his wealth, but it was reputedly the latter which Spanish explorer Don Alvaro de Mendaña Neyra particularly had in mind when he named this Pacific archipelago the *Yslas su Llamen de Salomon* after his first voyage of exploration in 1568. While European explorers may have had a tendency to exaggerate the scale of the riches they had discovered, Mendaña's assessment in this case was not wholly inaccurate. The Solomon Islands are blessed with considerable natural wealth, both on land and in the surrounding seas, and as the end of the 20th century approaches, there is a growing realisation that wisdom is equally important in the search for long-term prosperity. In a country which relies so heavily upon renewable resources — notably forests and fish — 'sustainability' has become the new buzzword. With increasing pressure on the natural assets of the country, the central question is whether the means can be found to achieve sustainable development and to protect the very special culture and lifestyle of the Islands, before time runs out.

The pressure is greatest in the forestry sector. Most of the Islands are covered with natural tropical forest and in common with (although somewhat later than) many of the countries in the Far East/Pacific region, this is now being logged commercially in the Solomon Islands on a large — and some would say unsustainable — scale. Since the natural forests are an integral part of traditional life in the Islands, this exploitation throws up a range of moral, social, political and economic issues which are discussed in more detail later in this Report.

Paradox

Economically, the Solomon Islands present something of a paradox. At first sight, the GDP figures for the country appear surprisingly low. In 1989, nominal GDP was measured at SI\$384.4 million representing some SI\$1 100 per inhabitant (1 US dollar is approximately 3 SI dollars). On the other hand, mother nature has been generous to this part of the world and the poverty and malnutrition so often associated with the term 'subsistence living' elsewhere, is largely absent here. Since the majority of Solomon Islanders are involved only partially — and in some cases not at all — in the cash economy, it is virtually impossible to measure their level of prosperity in monetary terms. Suffice it to say that there is a high level of self-reliance in the villages, and that the land and the ocean still supply most of the ordinary Islanders' needs.

This conclusion immediately poses the question: 'Why development? What is the point of upsetting the equilibrium of a

successful, non-materialist culture which has existed for centuries? The true picture, of course, is a more complicated one than that which is sketched above. To western, urban eyes, life in the Solomons may seem idyllic. The natural friendliness of the people, their lack of formality and their generous hospitality add to this image. But the people of the Solomon Islands also have challenges to meet and difficulties to overcome. Malaria which is always debilitating and sometimes fatal, is a serious and growing problem. Other diseases and illnesses also need treatment and the Solomon Islanders are no different in their aspirations for better health care. Educational opportunities remain limited and unequal. The country sustains cyclone damage on a regular basis and indeed, has not fully recovered from the effects of the last devastating storm (Cyclone Namu) in 1986. There is also a very high rate of population growth (3.5% per annum) and, although in its early stages, the problem of urban drift to Honiara, and the unemployment which goes with it, looms on the horizon.

The Solomon Islands Government, recognising that the country is part of the wider world, believes that economic development is needed to tackle these problems.

Infrastructure

Economic activity is severely constrained in the Solomon Islands by the lack of infrastructure. While this is a problem which is common to all developing countries, it is particularly acute here with a population which is scattered in



The Courier

*The coat of arms
of the Solomon Islands*

hundreds of villages across scores of islands.

Transport, as one might expect, figures high in the development priorities. Perhaps surprisingly, air transport is already quite well developed. There is a good network of airstrips (many dating back to World War II), and regular services provide an effective, but expensive, link with the capital. On the other hand, the runway at Henderson Airport does not currently have the capacity to take wide-bodied aircraft, and its terminal facilities are rudimentary, to say the least.

Of course, the air option can only be used by a fortunate few, and it is not suitable for the transport of goods on a larger scale. The bulk of inter-island movements must, of necessity, be by sea and here, one can encounter serious problems. Although some 100 vessels are registered with the Marine Department, services are often erratic, and for those who wish to get their goods to market in Honiara or for export, the non-appearance of an expected ship can be disastrous. This is particularly the case for fresh goods such as fish, which have to be kept cool. Small craft play an important part in inter-island communications. On some islands, jetties and wharves are in a poor state of repair.

The least developed area of transport in the Solomon Islands is the road network (there are no railways). There are only 100 km of bitumen roads out of a total of 1 300 km maintained by the

Government and most of these are on Guadalcanal.

Development assistance from a number of sources, including the European Community, has been, and is being provided to improve the transport infrastructure.

Mains electricity is only available in the larger towns. The Government has recognised that it is not presently viable to undertake a comprehensive extension of the network to the many villages. However, steps are being taken to upgrade the supply in the main centres and there are prospects for a hydro-electric scheme on Guadalcanal.

The telephone network is also limited but connections between the existing system and the outside world are good, thanks to the satellite-based communications system which the European Community helped to fund under Lomé I.

The economic challenge

While recognising that the lives of most Solomon Islanders are more directly governed by informal economic activity, the importance of the cash economy is clearly growing. It is worth emphasising that, unlike many developing countries, the Solomon Islands has never experimented with socialist economic models. Although the Government has had some involvement in state enterprises, the formal economy has always been a fundamentally free market one.

The general consensus is that the Islands' private sector is quite buoyant. After a severe dip in 1987, as the Solomons struggled to recover from the effects of Cyclone Namu, the economy expanded by approximately 6% annually between 1988 and 1990. As the Central Bank of the Solomon Islands explains in its Annual Report: 'This growth is coming mainly from increased output in the natural resource-based activities of fisheries, forestry and agriculture, where export-oriented investment has been financed almost entirely by foreign capital'.

Unfortunately, there is a shadow looming over this relatively bright picture, which can be deduced from the reference to foreign capital, and which is now widely discussed in Honiara. This is the poor shape of the Government finances and the effect which this is having on the wider economy. At present, the Govern-

ment is operating a very large deficit which has effectively monopolised domestic credit, at the expense of private enterprise. As the Report of the Central Bank states; 'The central weakness of the Solomon Islands economy is the financial condition of the government caused by expansionary fiscal policies. By absorbing more savings than the economy is generating, the government is handicapping the economy's ability to grow on a sustainable basis'.

In September/October 1991, the issue threatened to come to a head when it was widely rumoured that the Government would run out of the money needed to pay its civil servants. Strike action was threatened, but in the event the problem was averted, although the precariousness of the national finances remains.

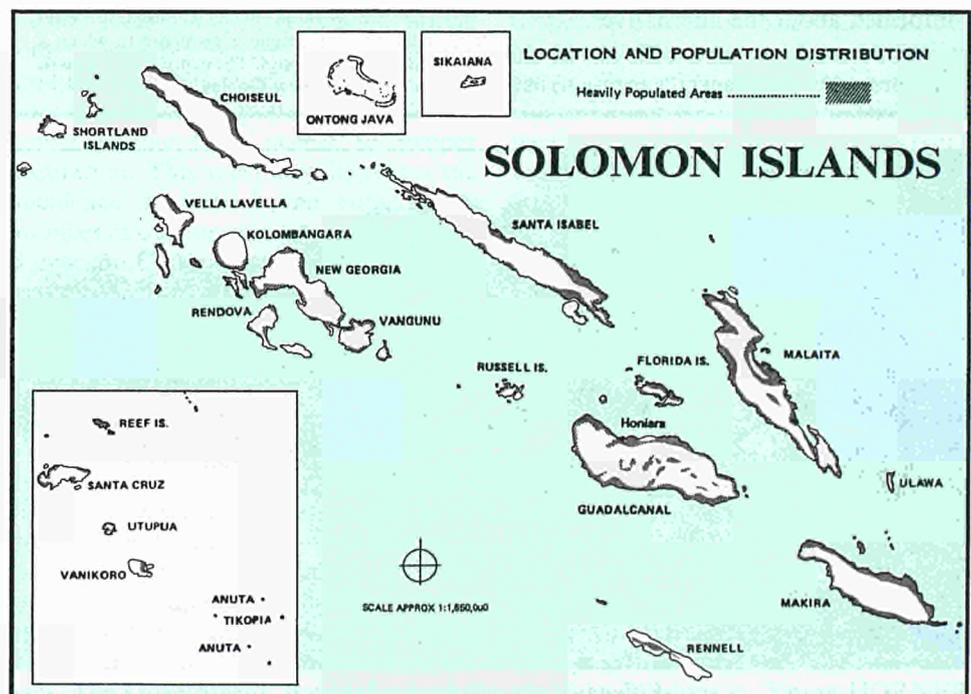
It is true that Government financial policies have caused more than a few eyebrows to be raised both within and outside the country. Structural adjustment has been talked about — indeed representatives of the Bretton Woods institutions visited in 1991 — but no agreement could be reached. The Government has only recently embarked on a modest programme aimed at reducing the size of the public sector. The issue is clearly a sensitive one in the Solomon Islands. Snyder Rini, who is Permanent Secretary at the Ministry of Finance

emphasises the point that structural adjustment is on the agenda. He goes on to say, however, that "one of the reasons the Prime Minister is not accepting the IMF Report is that they are sitting out there and saying 'this is what we think is good for you'".

Andrew Nori MP, who recently gave up the post of leader of the opposition, takes the view that the issue must be tackled quickly. 'When the Government absorbs 60% of the economy, that leaves little room for private sector expansion and access to the banking system'. He argues for a drastic cut in the public service with manpower only being employed in the 'essential areas'.

Few would dispute that remedial action will be needed, and probably sooner rather than later. Perhaps Solomon Islands could take a leaf out of Papua New-Guinea's book and develop its own adjustment package. The Islands might then be able to benefit from considerable outside support, including access to the European Community's own structural adjustment facility under Lomé IV.

Notwithstanding the growth in the economy in recent years, some of the more traditional productive activities have suffered from low world prices. Copra, which is produced mainly by smallholders and is a major export-earner is one such commodity. 34 000 tonnes



Land tenure and village life

For anyone interested in economic development in the Solomon Islands, the land rights question is a pervasive one. The traditional land tenure system is riddled with complexities, vesting ownership of the land in the people, and more particularly in village groups. Different groups and individuals enjoy different rights depending on the circumstances and woe betide the outsider who seeks to make use of the land without the full consent of the customary owners.

It is a system which could be described as the 'developer's curse', necessitating long and often fruitless negotiations. Even when agreement is apparently reached, there is the constant threat of subsequent legal action from owners who were not initially identified. The problem is exacerbated by the absence of written records.

While genuine developers may be frustrated by the land tenure system, it does offer some possibilities for the less scrupulous. It is reported that some logging companies have been able to turn the system to their own advantage, concluding deals directly with the landowners and bypassing the Government. This has caused some concern since the pressure exerted (whether by inducement or some other means) may be difficult for a village group to resist and the owners are unlikely to be well-informed about the alternatives.

While ministers and officials in the Government frequently express frustra-

tion over the effect of the land problem on economic development, it is often mingled with pride. As one official pointed out during *The Courier's* recent visit, 'where else outside the Pacific region, will you find a place where almost all the land is owned by the ordinary people rather than by the Government or large landowners'.

In fact, the land is something which is fundamental to the culture and lifestyle of the Solomon Islands. Village life remains the predominant *modus vivendi* and the so-called 'Wontok' (1) involves a series of mutual rights and obligations vis-à-vis other members of the extended family. An overseas voluntary worker from Europe described it as 'a culture with a built in system of social security' and thought that it compared favourably with the 'individualism' which predominates in the North.

In view of this, it is not perhaps so surprising to discover that the Solomons are also strongly Christian. Although traditional village life predates the arrival of the missionaries by many centuries, there appears to have been no fundamental conflict between the two. The Christian religion is now comfortably accommodated in the rich tapestry which is the culture of the Solomon Islands.

(1) The term 'Wontok' (which is Pidgin for 'one-talk') relates to the language grouping to which a Solomon Islander belongs. The expression is also to be found in Papua New-Guinea.

were produced during 1990 but the export market remained depressed. Stabex funds, provided under the Lomé Conventions, have been remitted on a significant scale to help offset the loss of copra export earnings. Other products which have attracted Stabex transfers include palm oil (98 000 tons produced in 1990) and cocoa (3 900 tons).

Regarding livestock, it would appear that attempts to establish a cattle industry in the Solomons have been a failure, despite a significant injection of development assistance from overseas. A project is currently underway to increase pig and poultry production, mainly in the Honiara area.

Commercial fishing is undertaken by two companies; Solomon Taiyo Ltd, based at Noro and NFD at Tulagi, both with significant foreign investment. The former operates a canning plant which is the largest single private sector employer in the country. Most of the tuna which is canned is exported to either Europe or Japan.

The forestry sector is dominated by overseas logging companies, mainly from the Far East. 436 000 cubic metres of logs were removed from the natural forest in 1990 (representing between 9 000 and 10 000 acres) and with the bulk of this going for export, earnings amounted to SI \$55 million in 1990. Whether this is a fair return is a matter of heated public debate, (see later in this Report) but even with the present pricing structure, it represents an important contribution to the country's balance of payments.

The Solomon Islands offer some scope for mineral exploitation. Alluvial gold and silver has been mined in the past and some reserves are known to exist in Shortlands, Vella Lavella and Marovo. Nickel offers a more promising prospect with large tonnages of ore identified in San George and Santa Isabel. Overseas investors hope to proceed with mining in the latter. Despite these developments, the overall level of prospecting has declined in recent years. It is thought that this may be due, at least partly, to the events in Bougainville (in the neighbouring PNG province of North Solomons) where land disputes over a large copper mine mushroomed into a secessionist war, closing the mine altogether. The Solomon Islands have a similar system of traditional land ownership (see box).



Village life is still predominant



*The Hon. Sam Alasia
Minister of Education and Human
Resources*

Tourism is another sector which is regarded as offering considerable potential. The seas around the Solomons are ideal for leisure fishing, snorkelling and scuba diving, while it is not difficult to see the Islands themselves being marketed to overseas visitors as a 'Pacific paradise'. For tourism to grow, further investment is needed in the infrastructure, notably at the airport but also in the provision of accommodation. The Islanders will also want to consider the type of tourism they wish to attract. Visitors may bring cash but they also bring other things which may jar with local cultural values. At present, the Solomon Islanders have a living, day to day culture and there is the ever-present danger of damaging it by caricature, in order to please the foreign tourist. There is also the well known paradox of visitors spoiling an environment which they chose to visit in the first place because it was 'unspoiled'. The remoteness of the Islands makes this less likely than elsewhere, however, and there appears to be real scope for high quality, environmentally-friendly tourism aimed at the wealthier end of the market.

Social services

While the structural adjustment discussed earlier may be a necessary step it is also something of a euphemism. In practical terms, it involves cuts in Government expenditure and this can be

painful for those in receipt of services. For the Hon. Sam Alasia, who was recently appointed Minister of Education, the priorities are, naturally, somewhat different. Figures from the last census (1986) revealed that 52% of the population had received no formal education. Of the remainder only 8% had secondary schooling with 1% going on to higher education. For the Minister, the priority is to 'ensure as many people as possible have the opportunity to go to school'. He is particularly concerned over the hurdle which youngsters must jump in graduating from primary to secondary school and hopes to develop a system which allows junior secondary teaching to be available at existing primary schools.

The Minister is also hopeful that the current economic difficulties will not have too serious an effect on the school system. As he explains; 'Our primary schools are centred in communities and these communities contribute to the school'. He acknowledges, however, the possibility that 'if things get worse, we may have problems with teachers' salaries and teaching materials'.

Health is another area which relies heavily on government finance. The country has eight hospitals (six operated by the Government, the other two by missions) but, with a scattered population, rural clinics are in the front line of medical care. Malaria, which has already been mentioned affects a very large proportion of the population (upwards of 80 000 cases in the early 1980s). Among other diseases reported are tuberculosis and leprosy. Safe water is only available to a quarter of the population and even fewer people have access to proper sanitation. This inevitably increases the incidence of water-borne ailments. A number of outside agencies, including the European Community, are active in the provision of rural health facilities.

Politics

The Solomon Islands has had, since independence, a democratic system of government which is characterised by free and open discussion of the issues. This is reflected in the vibrant, free press which operates in the country. Although political parties exist, individual personalities are more important. The national Parliament has 38 members elected from single member constituencies. The Government, presided over by

Solomon Mamaloni currently has 22 supporters in the House while the remaining 16 members form the opposition. Joses Tuhanuku was recently chosen to lead the opposition. Queen Elizabeth II, as Head of State, is represented by a Governor-General who is appointed on the advice of the Solomon Islands' Parliament.

The absence of a strong party system, and of the competing ideologies which that usually implies is seen by some as a factor of instability. In the shifting sands of Solomon Islands politics, governments are vulnerable to motions of no confidence and there is much juggling of ministerial portfolios. There is also a system of nine provincial governments which it has been suggested, leads to the Islands being 'over-governed'. Some of the provinces have very small populations and they are heavily reliant on central government for revenue. As a result, their effectiveness is open to question, particularly in the current economic climate. On the other hand, it is important to recognise the diversity of the Solomon Islands and the distances which must be travelled to reach the centre. While a system centralised in Honiara might be administratively more efficient, it could lead to political tensions and a sense of isolation in the outlying islands.

Looking to the future

A little over fifty years ago, the easy pace of life in the Solomon Islands was rudely interrupted by the Japanese invasion. In 1942 the region was the scene of desperate battles on both land and sea culminating in victory for the Allied forces. Physical evidence of the conflict is still to be seen throughout the Islands, as well as in several of the place names (such as Henderson Airport, and Iron Bottom Sound). During 1992, an influx of (mainly American) visitors is expected to attend the 50th anniversary commemoration ceremonies of the Battle of Guadalcanal, leading to a sharp increase in tourist arrivals. The Islands will be hoping to capitalise on this to increase tourism in the longer term as well.

1992 will also be an important year for the wider economy of the Solomon Islands. It remains to be seen whether the Government will bite the bullet of financial reform but whatever decisions it takes will be crucial to the country's economic future. Solomon Islanders will be hoping that it finds the wisdom to take the right decisions. ○ Simon HORNER

A country with a tradition of democracy

The Courier talks to Sir Baddeley Devesi

*Sir Baddeley Devesi, who is Deputy Prime Minister of Solomon Islands was having to juggle with a range of Ministerial responsibilities when **The Courier** met with him earlier this year. Sir Baddeley is also Minister for Home Affairs and when we interviewed him, he was 'holding the fort' at Foreign Affairs as well, following the appointment of Sir Peter Kenilorea (a former Prime Minister) to the Directorship of the Forum Fisheries Agency. In this interview, Sir Baddeley, who has also been Governor General of Solomon Islands, talks about some of the important domestic and foreign affairs issues for his country.*

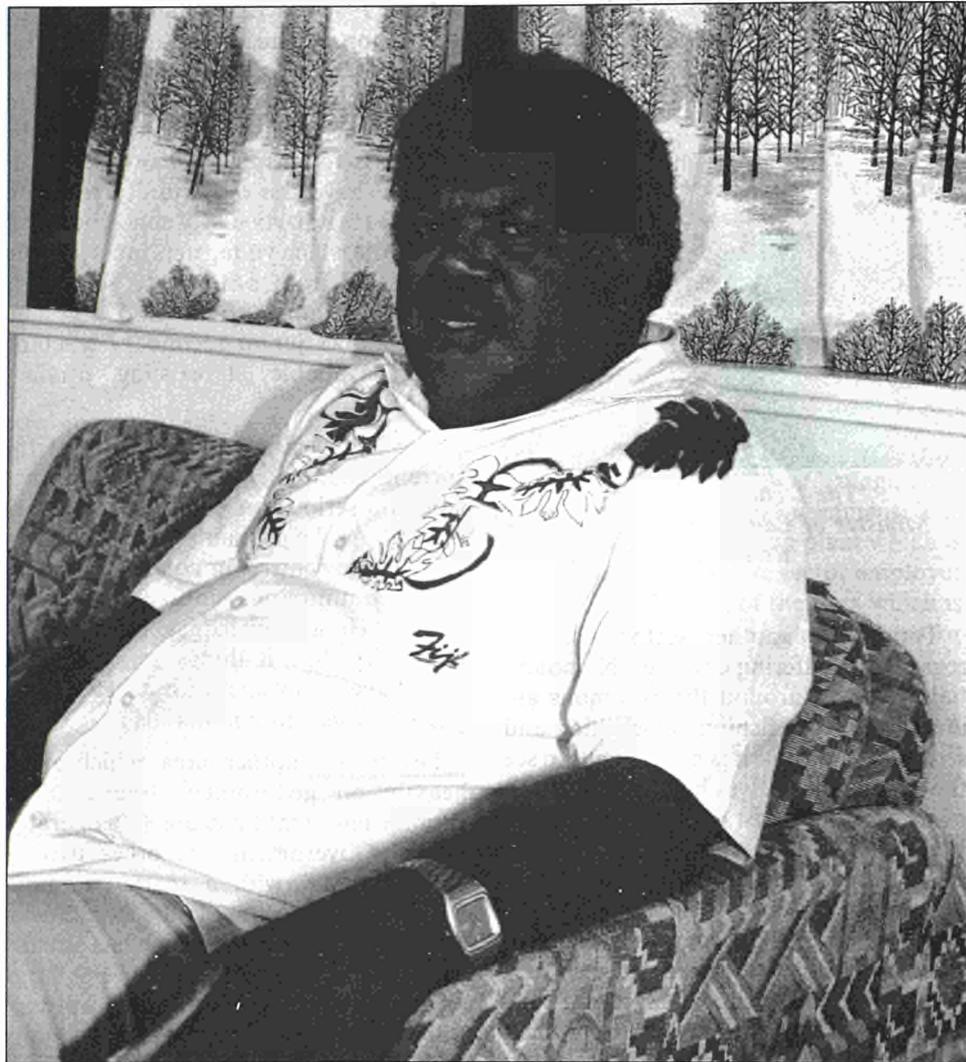
► *Sir Baddeley, you currently have quite a wide brief in the Government as Deputy Prime Minister, Minister for Home Affairs and acting Foreign Minister. What are the principal issues you are dealing with at present?*

— My main focus is in the field of home affairs. I am only really supervising the foreign portfolio at the moment, since Sir Peter Kenilorea's departure in November, and my main work in this area is meeting with foreign ambassadors and representing the Ministry in Parliament.

In home affairs, the principal issue at the moment is the Honiara Municipal Authority. You may be aware that about two years ago, the elected members of the municipal authority were removed from office and the Minister of Home Affairs appointed members in their place to run the affairs of Honiara. Their appointment is due to expire in June and I am planning to let their term of office elapse and then to hold an election in September.

► *Why were the original elected members removed?*

— At the time, most of the members elected to run the town council were very young. Because of their youth, there was a lot of argument among them so they were not really running the authority at all. There was too much infighting and although they kept going for two or three months, the Minister decided that it was better to remove them — by making the election null and void. The members who



were nominated in their place represent the private sector — both large and small enterprises — and the government sector, so in a way, we have a balance. We are working now towards new elections and I hope that by then, we will have better candidates.

► *Moving on to Foreign Affairs, what is your view of the present relationship between Solomon Islands and the European Community?*

— The relationship is one which is very important to us, particularly in the light of the current developments taking place in Europe. That is why we have just appointed a counsellor in Brussels and we are hoping that when his contract expires, we may be able to upgrade our presence to a mission there — although unfortunately, we can't afford that at the moment.

► *In the ACP Group at the moment, and particularly in Africa, there is now a strong tide flowing in favour of democracy after years of one-party rule. The Solomon Islands, by contrast, have enjoyed uninterrupted democracy since independence. What do you think is the explanation for this?*

— We are an island state and a very small place, so everybody knows who's who. This is very different from larger countries, for example in Africa, with much larger populations. The second thing is that we didn't really have to struggle for independence. Whether it was because the British Government was no longer interested, or because of the expense, it is not clear, but when we requested independence we got it. We didn't have to fight for it. We also have a

tradition of being democratic. We have a free press and people talk freely about the issues.

Another possible explanation — and this is very much my personal opinion — is that the big powers had much more significant economic interests in places like Africa and this may have affected the ways in which government developed after independence.

► *What is your attitude towards the secessionist movement in Bougainville and how has the conflict in that island affected your relations with the Government of Papua New-Guinea?*

— The Solomon Islands Government takes the view that Bougainville is part of the state of Papua New-Guinea. Our main concern is to expedite the process of reconciliation so that the situation can be restored to normality. Once this has been achieved, it is up to the Government of PNG and Bougainville to decide what the future arrangement should be. From our side, those who are likely to be most eloquent on this issue are the members for the Shortland Islands (!). Our relationship with Papua New-Guinea remains cordial. We are working through normal diplomatic channels and are trying our best to facilitate the coming together of Papua New-Guineans and Bougainvileans.

Of course, we also want to see a solution because at the moment, the problem in Bougainville is costing us money. We have to have policemen on the border and this is expensive. So economically as well as politically, we would benefit from a solution.

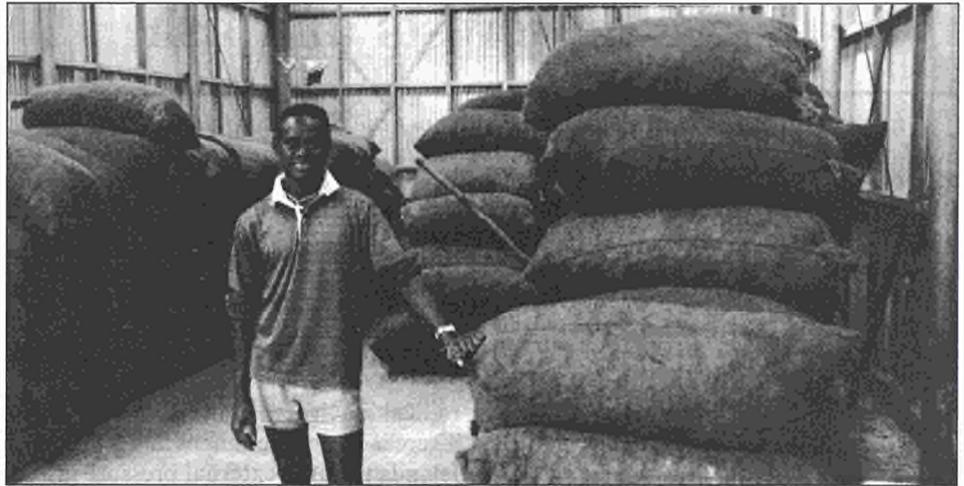
► *What is the main purpose of the 'Spearhead Group' which brings together Solomon Islands, Papua New-Guinea and Vanuatu?*

— It is essentially a club of the Melanesian peoples which provides a forum for us to come together and discuss mutual problems. It also provides a focus for joint activity in international fora, such as the ACP Group, for example.

► *What is the Government view on the position in New Caledonia?*

— Our position remains the same, in line with the views of the UN Committee of 24. It is our policy that people should be given a chance to decide their own

(!) These are the Solomon Islands which are closest to Bougainville. There are strong cultural and ethnic links between the islanders in this area, notwithstanding the international (ex-colonial) boundary.



The Courier

'Difficulty over low world prices for many products'.

The price of copra, which is being stored in this shed in Guadalcanal, has been depressed for several years

destiny. We feel that in New Caledonia, not only because it is a Melanesian country, but because it is still a colony, the people should be given a chance to decide for themselves whether they want to become an independent nation or remain part of France.

I have nothing against France at all — indeed as part of the EC, they have helped us a lot through the Lome Conventions and we are grateful for that. But on this particular issue, and in line with our beliefs in freedom, justice and democracy, we think that the people of New Caledonia should be given a free choice. In fact, we are a member of the monitoring group on this issue which consists of Fiji, Nauru and the Solomons.

► *There has been some controversy in the Solomon Islands over your country's proposed participation in Expo '92 which is scheduled to take place in Seville. What would you hope to see the Solomon Islands gaining out of participation in the exhibition?*

— It is true that there has been some controversy. Almost half the Parliamentarians believe that we should not participate. There is a view, which has some merit, that very little tourism from Europe will be gained for the Solomon Islands because we are so far away. However, from our point of view in Foreign Affairs, even if it is just a token participation, it helps us in our relations with the European Community. Spain is a member of the EC and our involvement, which helps at least to raise our profile in Europe, should be seen as part and parcel of our foreign policy.

► *What is your view about the current economic state of the Islands and what do you think can be done in the short or medium term to improve it?*

— We are receiving somewhere between \$5m and \$7m in Stabex Funds and this should be put into productive areas so that it can be used for things such as import substitution. In the past, you see, we have been using the money in areas which were not productive at all. Now that we recognise our previous mistakes, we should aim for expansion in the productive areas.

Of course, we also have a difficulty over low world prices for many of our products. These have been affecting us very badly. So it is an external as well as an internal problem.

► *One of the areas which is obviously very important in terms of foreign exchange, is the forestry sector. On the one hand, you have a finite forestry resource which risks being over-exploited. On the other, you have the possibility of gaining income from this area in the short term to help solve other economic problems. Has the Government addressed this apparent conflict of interests?*

— Yes, we looked at that very carefully when we came into office. We are involved in replanting in the forestry area. Of course, it is a long-term investment, stretching over 20 years or more, so the fruits of what we put in 15 years ago for example, will only be seen in five years time. The other thing we have got to consider is the weather conditions. Trees which have been replanted are vulnerable to cyclones and that adds to the risk. ○

Interview by S.H.

Focus on forests and fish

The tropical forest which still covers much of the Solomon Islands, and the fish which are to be found in the surrounding exclusive economic zone are probably the country's two most important economic assets at the present time. In this article, we look at what is happening in these two sectors, and consider what the future may hold for them. The theme is continued in the three texts which follow — an interview with the Minister for Natural Resources, the Hon Job Tausinga, an article by a former Prime Minister of Solomon Islands who is seeking to encourage sustainable exploitation of forest resources and a contribution from a European Commission official describing EC involvement in artisanal fishing.

Forestry

There must be few who are still unaware of the controversy which surrounds the continuing depletion of the world's tropical forests. In South America, Asia and Africa, the natural forests, which are said to be the 'lungs of the world', are being cleared to make way for cash crops, cattle, roads or human settlements.

Despite a low population density, the Solomon Islands are experiencing a similar clearance, and very little of it is for the reasons listed above. The forests are being cut down in this part of the Pacific quite simply because there is money — apparently in large amounts — to be made from it.

The 'entrepreneurs' of the timber industry arrived in the Solomons relatively late in the day. Currently, there are about a dozen foreign companies from Far Eastern countries and Australia engaged in logging operations. In principle, their activities are subject to a number of controls. Logging licences must be obtained from the Ministry of Natural Resources and these contain restrictions as to the methods which may be employed in felling and extracting the trees. Doubts have been expressed, however, as to the extent to which these conditions are respected once operations have commenced.

Aside from the possible global effects (and these are still far from clear) unrestricted logging can have serious local environmental consequences, notably through erosion. Rivers become polluted through soil run-off and natural food sources — which are particularly important in the traditional village life-style of the Solomon Islands — are destroyed, together with the natural habitat of various forms of wildlife.

This is not to say that tree felling is always reprehensible as some of the more

radical environmental lobbyists argue. There is some resentment in the Solomon Islands towards external pressure groups — based mainly in countries whose own natural forests have long since disappeared — who argue for the preservation of wilderness with apparent disregard for the needs or aspirations of local communities.

For the Government, the forestry issue poses a dilemma. Commercial logging brings revenue to the national exchequer and contributes a large amount in export earnings. But if it is not properly controlled, it despoils the landscape and threatens traditional livelihoods in the longer term. At the present rate of exploitation, it is estimated that all of the commercially viable forests of the Solomons will have been removed within eight to twenty years. (Fortunately, there are large forested areas which are too mountainous to be logged profitably).

The policy of the Natural Resources Ministry is not to stop logging altogether (although there is supposed to be a moratorium on new developments) but to concentrate on improving enforcement of safeguards. These include the training of forest rangers, the establishment of ranger stations and endeavouring to ensure that methods of extraction con-

form to best practice. Although strapped for resources, they are receiving some external assistance in this task. The Government faces a further problem which stems from the systems of customary land ownership and devolved government. This is that they may be bypassed by logging companies who choose to deal directly with the local landowners or provincial administrations. While it may be exaggerated to describe these operations as clandestine, there is undoubtedly a problem of control given the remote areas where the felling takes place. Although it is rumoured that leading figures have received financial inducements to facilitate logging operations, such claims have not been proven.

Under the present tax rules, companies pay 15% of the value of the timber exported in tax and may opt to pay a further 7.5% reforestation levy (the alternative being to undertake their own reforestation programme). The majority of companies choose to pay the levy. At present, virtually no replanting takes place on existing logging sites although the Government does have a planting programme on its own land.

One problem which is said to exist is the undermeasurement of logs which are exported. It is not clear how serious this is, but there continue to be weaknesses in the government system of checking and it almost certainly leads to revenue losses both to the state and the customary landowners. The issue of transfer pricing, where the company (presumably deliberately) underestimates the value of the timber it has cut down and shipped, is not unique to the Solomon Islands (it was recently reported on a massive scale in PNG) but it is one which evidently can only be tackled with more effective enforcement mechanisms.



Staff of the Timber Control Unit

'It is estimated that all commercially viable forests will have been removed within eight to twenty years'

Within the Islands, there is a body of opinion which favours the ending of commercial logging altogether. One of the possible alternatives is to encourage local felling and processing which is designed to be environmentally sustainable. The 'walkabout sawmill' concept (see the article which follows by Ezekiel Alebua) is attractive because it minimises consequential damage. Perhaps more importantly, it appears to offer considerably greater returns to local people. It is reported that villagers could make up to SI\$1100 per cubic metre as compared to the SI\$5 to SI\$10 offered by the companies. Despite what seems to be a huge difference in potential profit, the walkabout sawmill has yet to prove itself in the market. Clearly, it results in far lower yields and the economies of scale (particularly as regards exports) may be against it. Furthermore, the wood currently sold abroad from such operations is specifically marketed to appeal to environmentally conscious consumers who are prepared to pay a premium. Such a market is not only vulnerable in a recession but can also be damaged when less scrupulous companies are discovered to have 'jumped on the bandwagon' by claiming to be 'green' in their publicity. (This increases consumer doubts as to the veracity of environmental claims even from genuinely concerned enterprises).

The future of the forestry industry in the Solomon Islands, and of the forests themselves, appears to be in the balance. If exploitation continues as at present, the resource will be exhausted and the financial benefits will cease within a generation. The scale of environmental damage can only be estimated, but the lesson of other countries which are further down the road, is there to be learnt.

If, on the other hand, stricter controls can be enforced, with a proper forestry action programme which includes extensive replanting and appropriate methods to protect immature trees and other vegetation the future should be considerably brighter. Improved education, to show landowners how they can maximise the benefits while preserving the resource for future generations, is also needed. Surely this should not be too difficult in a country where the land belongs to the people, and is part of their very soul.

Fishing

Although the medium is very different, similar concerns exist in the fishing sector



An FFA staff member manning the PEACESAT telecommunications link with other Pacific centres

over sustainability. Even in the vast expanse of the Pacific, the effects of commercial trawling are uncertain and examples from elsewhere in the world, of stocks being exhausted from overfishing, should be borne in mind. There are two very distinct types of fishing activity in the Solomons and indeed, elsewhere in the Pacific region. The first is inshore fishing which is carried out by local fishermen (usually part-time) in canoes. The species caught inshore — which are different from those found offshore — are an important source of protein in the villages but they have not traditionally generated much cash income. Attempts are being made to make artisanal fishing more than merely a subsistence activity in order to improve villagers' incomes (see the article by Sicco Roorda Van Eysinga).

Offshore fisheries are more the preserve of vessels from the distant water fishing nations. These operate in the EEZ under licence, bringing revenue to the Government. Of much greater significance to the Solomon Islands, however, are the two companies which are engaged there in commercial fisheries operations. One of these, Solomon Taiyo has a canning plant at Noro which is not only a major employer, but one of the principal sources of Solomon Islands' exports.

Important issues in respect of offshore fisheries include the following;

- the acquisition of knowledge about fish species, their breeding habits, movements etc.
- the delimitation of EEZ boundaries in an ocean which is studded with small islands whose waters are invariably many times their land areas;
- the policing of the EEZ to ensure that fish are not being pirated;

- improving communications between the various Pacific fishing nations;
- developing regional cooperation in the formulation of fishing policies and in dealings with third countries.

All these are matters which are being addressed by the Forum Fisheries Agency which is based in Honiara. (The new Director of the FFA is Sir Peter Kenilorea, who recently gave up his post as Foreign Minister of Solomon Islands and is also a former Prime Minister). This regional organisation has a number of projects which cover monitoring, research, and boundary delimitation. It is, for example, currently involved in 'tuna tagging' the purpose of which is to learn more about the population and habits of this particular breed which is exported on a large scale. External partners, including the European Community, are helping to fund many of these projects.

One area where there is a recognised weakness, is in surveillance. This is hardly surprising given the land/sea ratio and it is unfortunately the case that unauthorised fishing by distant water vessels takes place from time to time. The Solomon Islands had their own celebrated case some years ago when a US fishing vessel (the Jeanette Diana) was arrested for illegal fishing, resulting in a diplomatic *contretemps* with Washington.

Despite this, the future prospects for fisheries in the region look bright. Regional cooperation in this area is well-established and scientific knowledge of the Pacific fishery resource — which is so important for the assessment of its economic potential — is steadily being acquired. For the Solomon Islands, the aim must be, as elsewhere, to improve the value-added component so as to maximise the economic benefits of their maritime wealth. ○ S.H.

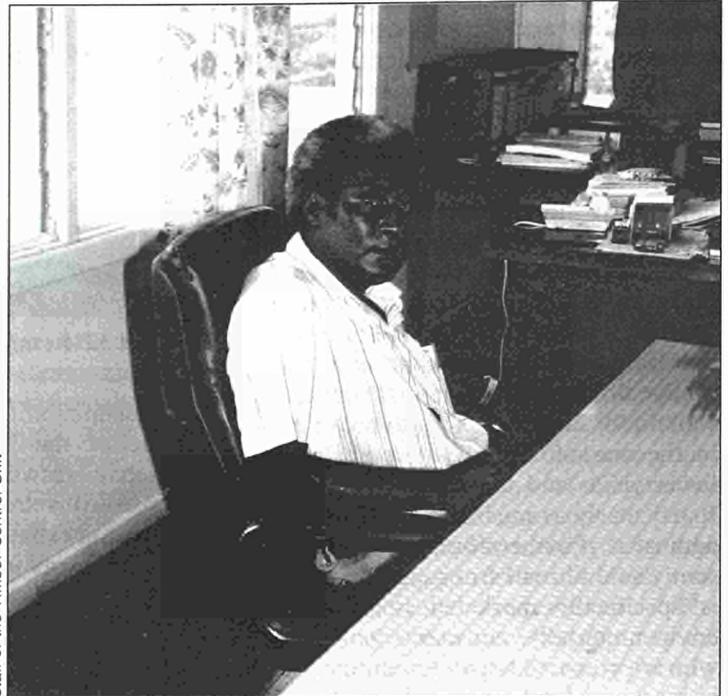
Exploiting the resources in a sustainable way

As Minister of Natural Resources, the Hon. Job Tausinga is at the forefront of the debate in the Solomon Islands about economic development. When he spoke to *The Courier*, he said that three sectors — agriculture, natural resources and infrastructure would remain central to the Islands' economy for many years to come and he went on to stress that 'whatever we do to these sectors must be done in a sustainable manner'. He acknowledged that in some areas, notably mining, sustainability was not possible, but said that the strategy for these resources must be 'to manage and control their exploitation' in order to maximise the benefits. He pointed out that no island is truly an island in the modern world, and said that this was something which the Solomons should always keep in mind.

On the forestry issue, the Minister outlined Government policy with regard to replanting and exploitation of the natural forests. The Islands, he said, already had some 26 000 hectares of forestry plantations, situated mainly on Government land. The stocking and yield per hectare from these areas would, he pointed out, be greater than from the natural forests as well as being more evenly distributed. He also described the inventory project which is currently under way at both national and provincial level and which is designed to gather accurate information about the current state of the forest resource, the conservation requirements and the customary needs of the people. The purpose, he said, was to arrive at better decisions as to how much timber could be logged.

He continued; 'The main objective of the inventory, through a computerised information system, is to improve the capacity of the Government to formulate short and long-term forest development plans, for commercial and other uses, including conservation'. Secondary objectives include:

- estimating the current extent and nature of the accessible forest resource (ie below 400 metres on ground with a slope of less than 30 degrees);



The Hon Job Tausinga, Minister of Natural Resources

- obtaining a greater understanding of the ecological value of the forests;
- estimating the ability of the forest resources to meet the traditional and cultural needs of local communities;
- raising awareness about the role of forests in protecting soil and water;
- ensuring that the results of the inventory are used for the planning and management of natural resource use.

Timber control project

The Minister also explained the aims of the Timber Control Project which is currently being undertaken. These are:

- to assist foresters, landowners and logging company personnel by providing the training required for efficient and environmentally sound control of logging activities;
- to assist and advise on setting up standards and regulations relating to quality control of forest products such as sawn timber and logs for export, in order to achieve the maximum price;
- to ensure proper control of logging activities as a way of ensuring sound, natural regeneration and sustaining future forest development.

On this last point, Mr Tausinga referred to the legal provision which set a minimum 60 cm diameter at breast height, before a tree could be felled. He



A team from the Timber Control Unit of the Ministry of Natural Resources inspecting erosion caused by logging activities

acknowledged, however, that there were difficulties in supervising the implementation of this rule because of staff limitations.

When asked about the measures the Government were taking to ensure reforestation, Mr Tausinga referred to the 7.5% levy on exports which was set aside specifically for this purpose. This is paid concurrently with the export tax (15%) into the Government's Consolidated Fund. He pointed out that there was an option under the Standard Logging Agreement whether to pay the levy or to undertake reforestation oneself, but that most logging companies opted for the former.

The Minister also spoke of the Government's own customary land reforestation project which is being operated with assistance from New Zealand. He said that this project might expand to other areas of customary ownership which are currently under commercial logging but that this depended on requests from the landowners in question.

Fisheries

As regards fisheries, Mr Tausinga underlined the importance of this sector to the Islands' economy both in the

commercial and in the artisanal areas. On the commercial side, the skipjack and tuna resources found in the territorial waters and the Exclusive Economic Zone (EEZ) of the Solomon Islands form the basis, making a significant contribution to the export earnings of the country. The Minister believes, however, that rather than seeking the establishment of new joint ventures in the commercial fisheries sector, a better strategy is to continue providing moral and financial support to existing fisheries companies, who currently share the annual quota. This is because of the present uncertainty over the state of the tuna resource. Mr Tausinga referred to the tuna tagging surveys which were being undertaken by the South Pacific Commission and stressed that 'until we receive the report regarding this survey, the TAC (total allowable catch) should remain as it is — in the best interests of the sound management of our tuna resources'.

On the artisanal side, the Minister sees considerable scope for expansion. He would like to see more central government encouragement for joint ventures involving the provinces. This approach would be designed to help local fishermen expand and commercialise their fishing

activity. Among the areas which he said should be looked into were:

- export of fresh or frozen fish (currently only happening on a small scale);
- infrastructure improvements in the provinces;
- providing means for transporting fish from the provinces to Honiara;
- providing financial assistance to fishermen to set up small-scale fisheries projects.

The Minister felt that some of these issues could be tackled through joint ventures and he referred to three existing fisheries projects (including one involving the European Community) which had shown the potential for development of the sector.

Mining

When asked about the prospect of large-scale nickel exploitation in the Solomon Islands, following the discovery of significant deposits, Mr Tausinga acknowledged that there would be problems. In particular, he pointed to the possible environmental effects, which might include soil disturbance, damage to both terrestrial and aquatic flora and fauna, hydrological disruption, dust and noise pollution and an unwelcome visual impact. From the social point of view, the negative aspects could include the disturbance of Tambu (tabu) sites, cultural disruption resulting from an influx of workers with different backgrounds and customs, an increase in land disputes and problems arising if economic benefits are not properly shared.

In order to minimise these possible effects, Mr Tausinga outlined a number of criteria which he thought should be applied:

- a sound technical feasibility study should be presented to the Government by the developer;
- a practicable development plan, which includes proposals for later rehabilitation, should also be put forward;
- the Government, for its part, should implement a sound and practicable mining law;
- with a view to minimising the possible unfavourable impact of the development, strict conditions laid down by the Government should be followed by the developer.

Mr Tausinga also referred to other possible sites of mineral exploitation in the Solomon Islands and indicated that further discoveries were to be expected as more areas were geologically mapped. ○



Artisanal fishing: 'Considerable scope for expansion'

Eco-forestry in Solomon Islands

by Ezekiel ALEBUA (*)

The forestry issue is one which rouses passions in Solomon Islands. Large overseas logging companies which exploit the country's forests, bring in significant export earnings, but there is growing concern over the environmental effects of their activities and also increasing suspicion that Solomon Islands is not getting a fair return.

Ezekiel Alebua MP, who is a former Prime Minister of the country, is a leading figure in local efforts to develop an alternative approach to forest exploitation which is both sustainable and financially viable. In the following article, he highlights the principal concerns raised by commercial logging operations and describes how the organisations which he helps to run aim to do things differently.

For more than 20 years, the prime tropical rainforest areas of the Solomon Islands have been mercilessly logged by foreign-owned companies. Solomon Islanders were promised many good things but were never told the truth about the effect of logging operations. Chainsaws chop away huge trees, bulldozers tear down what is still standing and skidders and log trucks move in to take away the dead sentinels of the forest. It is all conducted like a military operation with nothing left standing.

When the next rainy season comes, villages that were never previously flooded are now swamped. There are numerous landslips. Rivers and streams become muddied, and clogged with logs and debris. When the sun shines, the streams dry up. People are surprised and say 'this never happened before'. Campsites and logponds are littered with old and broken-down equipment. What used to be a beautiful environment has become

(*) The Right Honourable Ezekiel Alebua MP, is Chairman of Soltrust and Iumi Tugetha Holdings Ltd., and a former Prime Minister of Solomon Islands.

an eyesore with prime agricultural land no longer suitable for cropping.

Sadly, people have realised too late. Many forestry resource owners who entered into agreements with the logging companies are now trying to free themselves from such agreements. If cancellation is not possible, then attempts to stop the loggers from entering their land are an alternative.

At the same time, there are other forest resource owners who are trying to enter into new agreements which they regard as more advantageous to themselves. These agreements, however, fail to take into consideration the future of the Solomon Islands' forests. Nor do they provide fair and just prices to the owners. Attracted by mere figures — the sums involved are more than the owners have ever seen before — they do not realise that they are being cheated.

This pillage of the Solomon Islands forests has brought a reaction from the environmentalists and conservationists. They have argued about the importance of the environment to human survival, and have condemned logging operations.



The Courier

Ezekiel Alebua and Sister Paul Francis, who is one of his collaborators in the campaign for sustainable forestry development

They have even talked about conserving the forests through sustainable timber extraction methods but have come up with nothing concrete. Initially, the landowners were bewildered by the competing arguments but in the final analysis, the environmentalists only offered idealism without cash, and the resource-owners decided to stick with the logging companies.

Fortunately, we have now moved on. More and more Solomon Islanders are learning, through various organisations and individuals, about the possibilities of environmentally sustainable timber extraction operations. They are also increasingly aware of the cash potential of selling value-added products and processed timber. This approach can generate income which is considerably greater than the sums being offered by the logging companies. Nowadays, landowners are keen to realise their resources on a sustainable basis, and the main



The Courier

'You-me together' — a new concept for exploiting the forest

Walkabout sawmills

The 'walkabout sawmill' concept is one which should appeal to environmentalists. It is based on the idea that instead of taking the wood to the mill, the mill should be taken to the wood. In principle, this should eliminate the consequential damage of logging, in which younger trees and other growth need to be cleared in order that felled trees can be removed from the site. The walkabout sawmill idea came from Papua New-Guinea and was employed in the wake of Cyclone Namu when individual trees which fell victim to the high winds were removed.

While the concept may be attractive, its limitations should be recognised. In the first instance, the equipment, while portable, is still bulky and may be

difficult to transport to inaccessible locations. Nor does it automatically guarantee sustainable exploitation of a particular section of forest. This can only happen if felling is selective and the local landowners are ready to limit their immediate returns. Finally, its success depends on the availability of markets. A system such as this, which is highly labour-intensive and does not benefit from economies of scale is likely to have difficulty competing with commercial logging. Unless and until legislation is enacted and enforced which bans the latter altogether, the eco-timber must find a market among the growing number of environmentally conscious consumers who are ready to pay a premium.

organisations and individuals which criticise or oppose our efforts. This may be due to envy or because the critics in question have their own interest in promoting foreign methods. Our first priority is to provide a specific service to the people of Solomon Islands.

In this connection, we have not simply conducted workshops to preach the good news of environmental conservation and sustainable timber extraction. We are also implementing what we preach, and provide an alternative as well as a market.

To date, our operation has generated a great deal of interest and has sparked off many small operators. Support for our programme has been expressed by the Solomon Islands Parliament. Forest resource owners see our programme as offering hope to them and communities are now flooding the banks and ministries, as well as our own offices, to seek grants for the purchase of Iumi Somils (the portable 'walkabout sawmill'), chainsaws etc for their own operations.

A secondary objective of Soltrust, FSP (SI) and ITHL is to facilitate participation by forestry resource owners in economic development, at the same time ensuring that they receive a price for their resource which reflects its true value. The confidence which more and more people are gaining must be regarded as a major breakthrough in the process of economic growth. People are now realising that they can do things for themselves without having to wait for others. People appreciate their own efforts and are content with the reward.

Our programme is people-oriented and we have no intention of losing sight of this vital concept. We maintain a harmonious relationship with the central government as well as with other organisations. At the same time, we will always defend our own agenda. We do not entertain outside influences, particularly those which are a threat to our aims and objectives. We take pride in what we do and are happy when resource owners are content.

Our challenge for 1992 is to continue the programme, particularly in the areas of sawmill production and timber marketing and we look to continuing support from those who support our objectives.

The forests of Solomon Islands are under threat, and we believe that our approach offers the best hope of saving them.○



Workers at the Iumi Tugetha factory workshop where 'wokabaot somils' are manufactured

constraint lies in the fact that the means and methods of achieving this are not readily available to them.

Soltrust, the Foundation for the Peoples of the South Pacific (SI) and Iumi Tugetha Holdings Ltd (ITHL) are trying to provide a method and means for sustainable extraction of timber resources in Solomon Islands. These are the only three organisations in the country that have a joint programme for eco-forestry. The programme is carried out in line with government policies and is

regarded as one of a number of alternatives to logging. The prime intention of Soltrust, FSP (SI) and ITHL is not to promote the products of their factory (Iumi Somil) but to provide a market outlet for eco-timber.

Experience during 1991 shows that this is not always easy, and there are major challenges, both national and international. Too often, international organisations try to jump on the bandwagon for the mere purpose of promoting themselves. Within the country, there are

Development of rural fishing

by Sicco Roorda VAN EYSINGA (*)

The Sea Toy set sail early, leaving Honiara for Isabel Island at barely 7 a.m.. Good weather was premised and the bright morning heralded a fine day. The waters of the Pacific, a sheet of turquoise in the golden sunshine and the blue of the sky, were full of life, profound strength and sombre depths, ever-changing under the watchful eye of sailors and fishermen keen to sense its capricious humours and hidden riches.

At 30 knots, the launch took only two and a half hours to reach its destination, Tatamba.

In February 1989, the EEC approved and signed a financing agreement for ECU 500 000 (6th EDF) for a project to develop rural fishing. The idea was to improve the protein intake and the earnings of rural fishermen. This was to be achieved by rehabilitating various Fishing Centres, providing boats, fishing equipment and ice and by purchasing the catches and transporting them to Honiara to be sold — thereby opening a hitherto inaccessible market.

The project, a four-year one, is supplying 20 fitted boats whereby 20 family firms can be set up. The Community is also financing the project coordinator (ECU 200 000) and the three Fishing Centre managers, all VSO volunteers (ECU 60 000).

At 9.30, the launch tied up at the Tatamba quay (recently modernised by the project, which raised the old jetty with gabions and covered it with concrete) where the water is deep enough for any traditional-style boat.

At the Fishing Centre, the VSO volunteer manager Keith Howard, a vigorous man in his sixties, welcomes the visitors with a big smile. He has spent all his working life in fishing in the UK and, when he retired, he and his wife Jenny decided to put their skills and their



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The quay at Tatamba

stamina at the service of this village on the north eastern tip of Isabel Island, where Keith works closely with Paterson, of the Province's Department of Fisheries, and with the provincial fishing extension workers.

Importance of commercial fishing

Fishing is very much to the fore in the Solomon Islands. It is the traditional source of protein and provides incomes which have been constantly increasing since the 1970s. The potential catch in the 1.3 million km² Exclusive Economic Zone is more than 75 000 tonnes annually and the current catch of 35 000-40 000 t brings in an annual income of upwards of S\$ 85 million (1), or almost 50% of the country's export earnings. A fair amount of international development aid has

been ploughed into this, but less has been done for the artisanal side of fishing and the Government is aware of the development gap. The project is a response to its concern.

Nine Fishing Centres were built with national resources and Japanese aid in 1984-1985, but there has been no upkeep, so they now need rehabilitating. The project is taking over three of the Centres — Tatamba, Marau on Guadalcanal Island and Yandina on Russel Island.

It is here, at Tatamba, that the project work first began in February 1991 after Keith's arrival.

The most urgent job to make the Centre operational again was to get the buildings back into shape, rebuild the jetty and repair the equipment — everything was urgent in fact.

Keith is proud of the big fish reception room and rightly so, for it is light and

(*) The author is an official with DG VIII (Development) at the Commission of the European Communities with responsibility for fisheries.

(1) Worth almost ECU 25 million.

clean, with running water and a 20 m³ cold store (the compressor has been replaced). Next door are the ice-maker — its nominal capacity of 7 kg per hour is already well below the ever-increasing demand — and the building which houses the generators (total capacity 39 KVA).

The Centre depends on these facilities working properly. Standards can only be kept up if the fish is kept on ice (in 'Eskies') from the moment it is hauled on board until it gets to the cold store in the Centre and then during transport (also in Eskies, by the regular boat service) to Honiara. Over the past six months, production has been between one and five tonnes, representing a daily average of 35 kg per boat.

This is a long way short of the original estimates and it is by no means obvious why. Was it the bad weather which dogged the months of fishing? Was it the fishermen's lack of experience of deep water (150-200 m)? Things may become clearer over the coming months.

Training

This is an important part of the project. The Honiara Marine School has put on courses for extension workers and runs local workshops and, Keith himself provides continuous training for both his collaborators and the fishermen.

The profitability — and viability — of the operation depends to a large extent on how much fish the Centre can market and this in turn depends on the number of boats at sea, the number of days each works and the weight of the daily catch.

On the showing of the past seven months, each boat goes out 115 times each year. This is not much, but it does reflect the fishermen's many traditional obligations in their families and villages.

It is still difficult to say just how viable the Centre is, because the trends in the things on which it depends — number of sailings per boat, catch per sailing (tied to improvements in the fishermen's technical skills), cost and regularity of transport to Honiara, response from the domestic and export markets and diversification of the range of products (with the women producing fish fillets, for example) — are unknown quantities.

Three of the project boats — a trimaran, a fibreglass mono-hull and a 6.2 m wooden dory — are at anchor in the clear



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Production is not up to the original estimates

blue waters right by the Centre. Something bigger than the traditional pirogue is required for deep-sea fishing, which the project is promoting, so four dories, five fibreglass boats and a trimaran with five-



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Jenny and Keith Howard

hooked SPC⁽²⁾ deep-sea fishing rods have been provided. Records are kept of the performances of the three types of boat (catches and petrol/diesel motors) so that the economic results can be compared in 12 months time. It is already clear that the trimaran with the sail (it also has a petrol outboard motor) has failed in its fuel saving mission because of a lack of wind!

Jenny and Keith also showed us round their home, a typical wooden house on piles right in the middle of the village. Woven straw hangs on walls and ceilings in the uncluttered interior. It is peaceful and welcoming and open to village life, with no rushing and no mad race for productivity.

Each Centre has its own way of going about things. This is derived from the culture and experience of its fishermen and it needs to be analysed so it can be understood and respected. Everyday life is not easy for a volunteer. There is isolation and there is culture shock and on top of that the various ethnic groups in the region respond differently, as well as slowly and not always peacefully, to the Centres' schemes.

Lunch prepared by the women of the village was the opportunity for the visitors to sample both the delicate flavour of the freshly-caught local fish and the conviviality of life there — the ultimate way of responding to the development brought by the project.

At 2.30, the Sea Toy cast off again. A slight breeze ruffled the water, creating gentle waves, as the launch moved away from the blue-green island whose colours gradually merged into the azure of sky and sea.

What will tomorrow bring for the village and for the project which currently depends entirely on the EDF? It is difficult to say. The project will be there for at least two years, working with the fisherman to define the conditions of economic viability — which depend on meteorological and economic events beyond the bounds of human control, on the perseverance and efforts of the people involved and on the village being integrated in the new context of a market economy.

An evaluation run when these two years have elapsed will be the basis for a decision on a second phase, extending the scheme to other Centres. ○ S.R.V.E.

(2) South Pacific Commission.

Getting away from it all

In Pacific terms, the tourist sector in the Solomon Islands is still in its infancy. In 1991, tourist arrivals were estimated at only 11 500 although a study by the Tourism Council of the South Pacific suggested that this would increase six-fold, to more than 70 000 in the coming decade.

In preparation for this, investments are being made in a number of tourist facilities in the Solomon Islands. New sites have been designated on the Honiara shorefront for hotel accommodation and upgrading of the airport is planned. The country is also likely to participate at Expo '92 in Seville, although doubts have been expressed as to the utility of this exercise in terms of attracting visitors. The problem for the Solomons lies in their relative isolation from the major markets. The cost of travelling there from Europe or North America and even from 'neighbouring' Australia and New Zealand, is high and this effectively precludes the development of mass tourism (for which many locals are probably profoundly grateful!)

This same isolation, however, combined with the outstanding natural setting of the Islands has been recognised by some as a strong potential selling point for a particular clientele namely those who want temporarily to escape from the pressures of modern life and who do not have to worry too much about the budget.



The accomodation at Tuvanipupu



The interior of one of the lodges

Two such entrepreneurs are Keith Paske and Dennis Bellotte who are the proprietors of Tuvanipupu island resort in the south-east corner of Guadalcanal. Having purchased the small offshore island some years ago, the two businessmen set about the task of creating their own Pacific paradise where the expression 'getting away from it all' has real meaning.

The result, it must be said, is captivating. Using mainly local materials and craftsmen, with a judicious input of designer furniture from Italy, they have created an exclusive village for those who want the ultimate in comfortable retreats. Attention to the environment is shown in various ways. The blending of man-made and natural features — which characterises traditional villages in the Solomon Islands — is successfully achieved while electricity to the individual lodges is supplied by solar batteries.

The culinary aspect has not been neglected either. Recognising the importance of good food as part of the overall package, the proprietors have trained a local chef and are promising high standards of cuisine. A number of other local people are employed in servicing the resort.

Reaching Tuvanipupu from Honiara is something of an adventure in itself. In the absence of a road link between the capital and the south east of the Island, visitors must travel by air or sea. The flight from Henderson Airport to Marau (which has a grass landing strip) takes 30 minutes in a light aircraft and this is followed by the short crossing to the island in a small boat. Although inaccessibility is normally a disincentive to the traveller, it is likely to prove the opposite to the kind of customer whom the proprietors hope to attract.

Tuvanipupu is one of a number of high quality, exclusive tourist developments taking place in Solomon Islands. For those who wish to see a tourist industry integrated into rather than superimposed upon the country, it would appear to be the ideal venture. ○

'We cannot turn back the clock'

Interview with Wilson Ifunaoa

Permanent Secretary, Ministry of Foreign Affairs and Solomon Islands Ambassador to the EC

► *How would you assess the current state of relations between the Solomon Islands and the European Community?*

— As you know, the European Community is the biggest contributor in terms of development assistance to the Solomon Islands. We have a warm and friendly relationship which we would like to see maintained. We have got the kind of funding that we want and have been interacting very closely with the delegation here, on various matters relating to the programme.

► *What do you think are the particular problems of development in the Solomon Islands?*

— There is the land problem — a large percentage of the land is customary-owned and, in the context of development, it is very difficult to get access to it. Another major problem is communications. The Islands are scattered and you need transport between them which means extra costs for fuel and so on.

► *A guidebook on the country talks of 'villagers in the Solomon Islands living in a happy state of subsistence affluence'. Is it true to say that given the particular nature of Solomon Islands society, development may be seen as something of a mixed blessing?*

— A very large percentage of our people lives in the provinces and they live mainly on subsistence farming. As regards the provision of services, if these people were dependent on Government, the Government would be having to provide them with a lot more than at present. In fact, they are very independent. So I would say the answer to your question is yes, but I think it also important to stress that the world is moving on and that you cannot stay where you were 100 years ago. Changes are taking place all the time. It is more important today than it was in the past, to get cash to the villages. Basically, what I am saying is that there is no way that we can turn back the clock. We have to move

forward. The important thing is that people in the villages should have the cash to pay the school fees for their children and to pay for their basic needs such as fuel for tilly lamps, clothing etc.

► *Presumably, the problem in providing for those needs at the moment is particularly acute given the economic difficulties the country is facing. What do you think is needed to give the economy a boost?*

— That question is probably better answered by the people in the Ministry for Economic Planning, but from my layman's point of view, I would say that we need to get our economic policies adjusted in order to be responsive to the situation that we face. Of course the question of structural adjustment needs to be looked at, particularly in view of the assistance which is available both under Lomé IV and from other bodies such as the IMF.

► *A number of countries have already embarked on the structural adjustment*



process and some of the results obtained suggest that it may not be a panacea for economic progress after all. Is this something which worries you in the Solomon Islands?

— Our problem is that we haven't really started yet although it is being looked at in an ad hoc sort of way. We need to do it systematically.

► *There has been some political controversy over Solomon Islands' proposed participation at the Expo '92 in Spain. Certain politicians have suggested that this will be a waste of money and that you shouldn't be taking part in it. What form, if any, is your participation likely to take?*

— We will be participating as part of the South Pacific region, not on our own, and will be putting funds in accordingly.



'The important thing is that people in the villages have the cash for their school fees and to pay for their basic needs'

Within the South Pacific pavilion, there will be a Solomon Islands stand.

► *What sort of impact do you expect to have — in the context of tourism, for example?*

— There has been a lot of debate about that. My personal view is that ultimately, it will bring benefits to the region. Even if most of the tourists attracted to the region see Fiji as their destination, there is a possibility that some of them will trickle down to our area; to the Solomon Islands and elsewhere. So there are benefits for us in showing ourselves there, even if one or two other countries benefit more. That is one aspect. There is also the fact that the Solomon Islands were discovered by Mendaña, who was a Spaniard. A lot of names here are Spanish names. We have a historical link with them which we want to ensure is maintained. That is another reason why we feel we should participate. Also, as an ambassador who is trying to promote the Solomon Islands in Europe, I am all for the idea of that kind of promotion.

► *As regards future economic relations with the countries of the North, is tourism likely to be the main focus?*

— We would like to regard tourism as a very important sector for growth, particularly taking into account the natural beauty of the country and the fact that the people are generally very pleasant, which is an important factor. We also have to take account of the fact that the amount of land we have is limited, so we cannot really compete with larger countries, for example, as regards agricultural products. Logging is likely to be very short term. Fisheries is another area of importance which will have to be developed but I think that tourism is going to be particularly significant.

► *I have heard it suggested that Solomon Islands might be a suitable centre for the development of offshore financial activities. One can think, for instance, in the Caribbean, of a large number of small jurisdictions that have taken that route with some success. Is this something which Solomon Islands has ever considered?*

— The matter has been discussed quite actively within the administration. In fact, our man in Brussels has been asked to look at how that can be done and, in particular, what sort of legislation would be needed. ○

Interview by S.H.

Solomon Islands and the European Community

by George GWYER (*)

Solomon Islands became the 54th member of the ACP group on achieving independence in July 1978. The EC office was established in November 1981 and was looked after initially by a Resident Adviser reporting to the Delegate in Port Moresby. The first EC Delegate to the Solomon Islands was appointed in 1987. In December 1991, Solomon Islands opened a representative office in Brussels.

The Lomé IV National Indicative Programme was signed in Honiara in March 1991 by the Minister of Finance and Economic Planning, The Hon Christopher Abe in his capacity as National Authorising Officer of the European Development Fund, by the EC Delegate and by the Head of the Pacific Division for the Commission in Brussels.

A number of Member States of the Community are accredited to Solomon Islands (including Belgium, France, Germany and the Netherlands) but only the UK has a resident representative. The British High Commissioner, therefore, holds the Presidency of the Community on a continuing basis.

Development opportunities and constraints

Solomon Islands has a population somewhat smaller than Luxembourg and a land area slightly less than Belgium, but its share of global space, including sea area, is more than half the land mass of the European Community.

The geographical spread of the country and its archipelagic nature provide both opportunities and challenges for development. The enormous expanse of sea is rich in marine life, especially with tuna which is exploited by industrial-scale fisheries, while *bêche de mèn*, as well as reef fish and red snappers are exploited by artisanal fisheries. The land area, although often mountainous and heavily forested, also provides opportunities for rain-fed agriculture on flat areas closer to the sea. Land issues frequently frustrate development projects.

As a primary producing economy, Solomon Islands faces important challenges for its development. The current strategy is elaborated in the Programme of Action 1989-1993 introduced when the Mamaloni Government came to power in March 1989. The country has an abundance of renewable natural resources, both marine and terrestrial, but questions arise as to how these resources are to be exploited in a sustainable manner, and without irreversible changes in the environment.

As domestic savings are small, the Government looks mainly to foreign investors for the necessary finance for resource exploitation. Successful ventures have been established with European entities (CDC and Unilever) in palm oil, coconuts and afforestation. For the exploitation of fishery resources, the Government receives valuable guidance from EC-funded regional programmes. In estimating tuna stocks and their sustainable yield, the South Pacific Commission (SPC) provides advice, while the Forum Fisheries Agency (FFA) monitors fishing activities by foreign vessels.

In forest exploitation, however, there is much less control over the activities of foreign logging companies, partly because 85% of land in Solomon Islands is under customary tenure, and landowners



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Fish in cold storage on Santa Isabel
'The sea is rich in marine life'

(*) EC Delegate to Solomon Islands.

may be inveigled into agreements that are contrary to their long term interests.

Given the limits to agricultural export growth, and the need in the medium-term to restrain the exploitation of forest and fishery resources, the Government is looking to other sectors to provide the impetus for economic growth in the coming decade. The country has potential for tourism on account of its natural physical beauty, and because of its recent history (1992 is the 50th Anniversary of the Guadalcanal campaign). The country also has mineral and hydropower resources to exploit. Two sets of foreign investor proposals are currently under consideration. One is to mine the nickel deposits in Isabel province and the other, to generate 110 mw of electricity from the mountain streams of Guadalcanal, using the electricity to power a nickel smelter. Whether a nickel smelter would enhance Solomon Islands pristine tourist image as the 'Islands Lost in Time' is a current subject of debate.

Development assistance from the EC

Since 1978, Solomon Islands has been an important recipient of EC assistance, nearly all in grants under the successive National Indicative Programmes (Lomé I, II, III and now IV) as well as from Stabex in compensation for losses in export earnings from its primary products (copra, palm oil, cocoa and timber). The country has also benefited from Pacific Regional programmes and from financial assistance from the European Investment Bank (see Tables 1 and 2). In the last few years, the EC has been the largest provider of development assistance to Solomon Islands, ahead of other important donors (Australia, Japan, the Asian Development Bank, United Kingdom, New Zealand and Taiwan). Total

**Table 1: Solomon Islands
Commitments under the National Indicative Programmes (in ECU)**

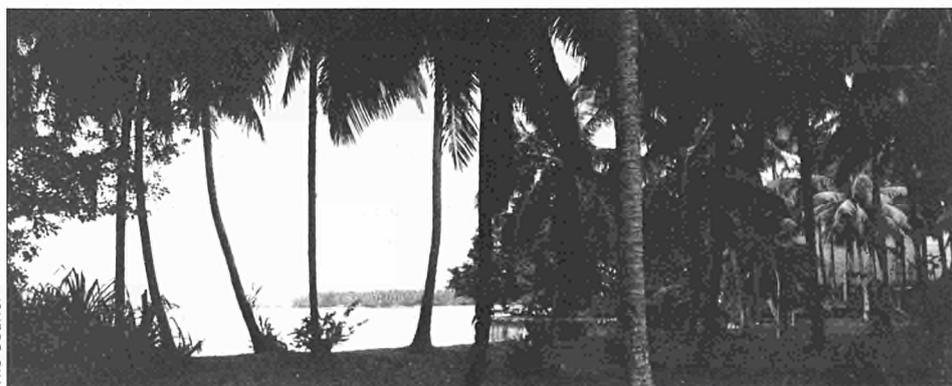
Programme	Commitment
Lomé I of which the principal projects were: — telephone system — Noro port and town — DBSI (Development Bank) credit — reforestation	10 740 000 (5 960 954) (1 667 000) (780 000) (717 952)
Lomé II of which the principal projects were: — Noro port — Viru reforestation — training programme — DBSI credit — small infrastructure	12 000 000 (5 833 000) (1 400 000) (1 365 797) (1 000 000) (500 000)
Lomé III of which the principal projects are: — human resources — smallholder development — rural health — urban development — rural transport — cyclone rehabilitation — fisheries	17 000 000 (4 000 000) (3 000 000) (3 000 000) (2 000 000) (1 500 000) (1 422 000) (500 000)
Lomé IV of which the principal project areas are: — Malaita rural development — rural roads in Guadalcanal — Henderson airport — human resources development — rural fisheries — technical assistance	19 000 000 (6 000 000) (6 000 000) (3 000 000) (2 000 000) (1 000 000) (1 000 000)
Other Lomé Convention funds committed to Solomon Islands include ECU 4 673 583 by the EIB (under Lomé II, III and IV), ECU 264 219 for NGOs and ECU 427 251 in Emergency Aid following Cyclone Namu.	

development assistance since 1978, including the National Indicative Programmes (NIPs), Stabex, EIB, Emergency Aid and NGOs (but excluding Regional Cooperation) amounts to ECU 106.3m (about S\$375m at current exchange rates).

Transport and communications

The sheer size of the country means that producers have to incur significant transport costs in bringing their products to market. The Commodities Export Marketing Authority (CEMA), using Stabex funds, is helping smallholders by opening buying points with associated storage sheds in some of the more distant places.

Sea transport is essential for the marketing of commodities and the supply of inputs. For sea transport to be effective, ships need wharves and jetties to be able to unload and take on cargo and passengers. Under the Lomé III Rural Transport Project, a former landing craft, the MV Vitu, has been rehabilitated and is now in service to carry the necessary plant, equipment, materials and personnel to the remote areas where jetties and wharves need to be constructed or re-



This is a view of northern Guadalcanal from one of the many small offshore islands
'Potential for tourism on account of natural beauty'

SOLOMON ISLANDS

Table 2: Stabex transfers to Solomon Islands

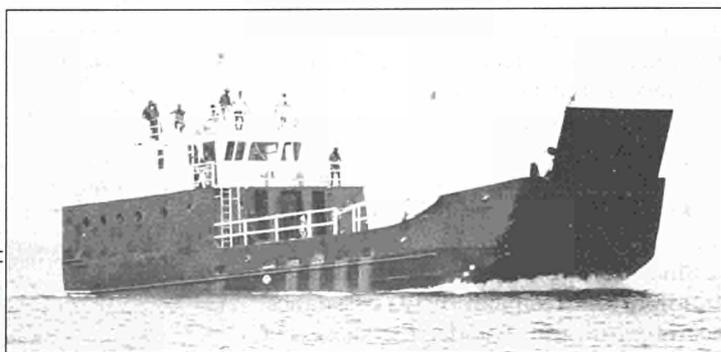
Commodity	Amount of Transfer ECU	Application Year
Copra	1 273 640	1977
Copra	761 245	1978
Cocoa	138 502	1978
Copra	565 092	1981
Copra	1 726 633	1982
Copra	1 463 298	1983
Sawn timber	34 791	1983
Copra	387 031	1985
Palm oil	6 657 167	1986
Copra	12 328 129	1986
Palm oil	3 283 484	1987
Copra	5 435 875	1987
Copra	2 910 168	1988
Palm oil	653 282	1988
Copra	3 555 653	1990
Palm oil	675 471	1990
Cocoa	363 379	1990
Total	42 212 840	



Charlie Chapple

'Ships need wharves and jetties to be able to unload and take on cargo and passengers'.

Above are the remains of a jetty on the island of Ulawa (Makira Province). The vessel pictured below is the MV Vitu, a former landing craft rehabilitated under the Lomé III Rural Transport project



Charlie Chapple

habilitated. This project is also building a road in Makira province, and a labour intensive road rehabilitation programme is about to begin. Under Lomé IV, attention will focus on extending the coastal road around Guadalcanal, so that the capital, Honiara, will have direct access to the weather coast in the south of the province.

Lomé I funds helped to develop the internal and international telephone system. Funds from both Lomé I and II have been used to develop the important deep sea port and township of Noro, which is the base of Solomon Taiyo. Employing more than 1500 people, this company ships canned tuna to the European market, and smoked tuna to Japan.

Agriculture and forestry

Although copra alone cannot offer much prospect for long term growth, the significance of coconuts as a widely distributed cash crop, providing opportunities for income to pay school fees and meet the modest consumption needs of rural people, cannot be overlooked. Palm oil, cocoa and ngali nuts, as well as spices and bee-keeping are promising alternat-

ives for increased agricultural export earnings, and diversifying farmers' incomes.

Important support is being given to the agricultural sector by the Lomé III smallholder development project (SDP), which is concerned with the diversification and intensification of smallholder production. Extension, training and input supply institutions receive financial, technical and material assistance.

Stabex funds are being used in association with the SDP to rehabilitate and expand smallholder coconut and cocoa plantations, using high yielding planting material, inputs such as fertilisers and tools, as well as the introduction of diversification crops. Particular attention is being provided to women in seeking alternative farm enterprises. Additionally, Stabex funds are being used to support copra prices in times when world prices are at low levels, and for improving the marketing infrastructure for farm products.

Reforestation has been a principal activity under Lomé I and Lomé II, carried further by Stabex funding in

subsequent years. New, fast-growing hardwood species have been planted in Gizo, Viru, Shortlands, Kolombangara and Santa Cruz on lands where the original tropical forest has been logged. EC support has also been given to Soltrust, a non-governmental organisation which is concerned to promote community-based mobile sawmills that increase returns from timber sales to local people, and avoid much of the environmental damage associated with large scale logging.

Solomon Islands has been a significant beneficiary of the Regional Agricultural Programme. At the Dodo Creek research station in Guadalcanal, work is being carried out on Taro Beetle and a soil laboratory has been equipped. Research elsewhere in the Pacific on sweet potatoes and coconuts also brings benefits to Solomon Islanders.

Human resource development

The social welfare of the people of the Solomon Islands is being addressed directly by a number of EC projects. A Lomé III Human Resources Develop-

ment project provided technical assistance and finance for community-based income-generating projects, manpower planning, and training of administrators in Government service at central and provincial levels, both in-country and overseas. Lines of credit from EDF and EIB have been channelled through the Development Bank of the Solomon Islands to provide loans to the private sector for investment purposes, including downstream processing of primary products, and boat-building.

Another Lomé III project is concerned with the improvement of the health of rural people, by training nurse aides, rehabilitating rural health centres, and developing a health information system for the benefit of the central and provincial medical services. The rural health centres component is being implemented in close coordination with the British, who have a parallel project in Makira and Temotu provinces. A third Lomé III project will provide serviced building sites for the low and middle-income groups of the community, thereby helping to alleviate the chronic shortage of housing in Honiara, which like many other ACP capitals, is experiencing rural-urban drift.

Fisheries

A Lomé III project is concerned with the development of Rural Fishing Enter-



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The headquarters of the Forum Fisheries Agency in Honiara

prises, assisting small fishermen to catch and market red snappers, which are sold through the project to outlets in Honiara and Brisbane.

Three centres have been established in Tatamba, Marau and Yandina, each with a VSO manager to train local personnel.

Regional support to the Forum Fisheries Agency in Honiara encompasses technical assistance and equipment for the surveillance and control of fishing activities by foreign vessels in Solomon Islands territorial waters, thus discouraging illegal fishing of tuna and other species. Tuna and albacore tagging,



A water tank being built for the fisheries project at Tatamba where the EC is assisting small fishermen to catch and market red snappers

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carried out by the South Pacific Commission with EC regional funds, is aimed at assessing the migration and extent of these fish species, to prevent over-exploitation.

Tourism

A Lomé IV project to strengthen the runway at Henderson International Airport will assist the development of

tourism by permitting wide-bodied jet aircraft to land on a regular basis.

The Tourism Council of the South Pacific (TCSP), supported by the Pacific Regional Programme, has held training courses for hotel staff in Solomon Islands, and has coordinated Solomon Islands participation in tourist fairs in Europe, the USA and Australia through the medium of the South Pacific Village. The TCSP has produced a Tourist Development Plan for Solomon Islands.

Table 3: European Community share of Solomon Islands trade in percentages

	EXPORTS				IMPORTS			
	1987	1988	1989	1990	1987	1988	1989	1990
EC	22	21	28	32	7	8	5	5
UK	14	15	17	23	4	5	3	2
FRG	4	3	2	4	1	1	1	1
Belgium	2	1	2	3	*	*	*	*
Netherlands	2	2	7	1	*	*	*	*

* less than 0.5%.
Source: SIG Statistics Office.

Table 4: Solomon Islands exports by commodity (SIS'000)

Commodity	1985	1986	1987	1988	1989	1990
Fish	31 955	52 928	54 580	78 403	65 293	53 185
Timber	24 744	35 727	37 173	39 789	41 322	60 812
Copra	23 471	5 951	8 328	15 656	20 974	10 936
Coconut Oil						2 467
Palm Products	13 747	6 023	7 628	14 005	20 191	19 323
Cocoa	5 009	6 472	9 198	7 445	7 995	11 051
Shells	877	1 201	2 528	4 446	5 501	6 456
Gold	800	2 219	2 098	1 505	1 105	1 562
Other	35 158	57 306	61 345	87 728	74 192	65 503
Total	103 806	114 899	128 298	170 574	171 280	178 110

Solomon Islands imports by commodity group (SIS'000)

Commodity Group	1985	1986	1987	1988	1989	
Food	15 660	17 169	20 226	34 771	36 588	
Beverages	3 948	4 130	4 231	6 575	7 928	
Tobacco						
Raw materials	886	895	792	1 681	1 837	
Fuels and lubricants	20 829	19 641	20 004	23 055	25 064	
Edible oils and fats	1 806	840	800	1 024	904	
Chemicals	6 120	5 004	9 034	13 881	11 119	
Manufactures	16 181	16 288	27 696	40 161	51 669	
Machinery	27 003	31 552	39 281	61 989	97 852	
Transport						
Miscellaneous Manufactures	9 790	8 179	12 324	19 285	24 396	
Other	441	752	554	876	5 032	
Total	102 664	104 450	134 942	203 298	262 389	

Source: Central Bank of Solomon Islands.



Air transport is important to both tourism and trade. Lomé IV funds have been earmarked for improvements at Henderson Airport



Trade with the European Community

The balance of trade is very much in Solomon Islands' favour as the EC purchases more than one fifth of the country's exports, but accounts for less than one tenth of its imports. The EC buys important quantities of canned tuna, edible oils and cocoa from Solomon Islands.

Over the last six years, Solomon Islands agricultural exports have stagnated in value, whereas sales of marine products have almost doubled and the export of forest products has more than doubled (see Table 4). Solomon Islands imports of food, drinks and tobacco have approximately the same value as earnings from all agricultural exports. ○ G.G.

The future of the Caribbean

Although the Single European Market has been in the offing for a number of years, the breathtaking speed of change in the world in 1991 took the Caribbean, like the rest of the international community, by surprise. The problem was no longer just of meeting the challenge of the Single Market but also of acting fast enough to avoid being totally marginalised in a world whose geo-politics have radically altered and which is breaking into economic blocs.

Fragmented, debt-ridden and increasingly bedeviled by crime and drug-trafficking, the Caribbean has to act collectively to survive. But is it realistically a region? What are the bases for unity? And what are the options for the future? These are among the questions exercising minds not only in the Caribbean but also in Europe and in the Americas, in this quincentenary of Christopher Columbus' first trans-Atlantic voyage.

In November last year the London-based West India Committee organised a conference in Brussels, which examined, among other things, the future relationship between Europe and the Caribbean in the wake of the Single Market and in December the newly-formed Caribbean Technical Advisory Group (CBTAG) met in Miami, within the context of the XV Miami Conference, to analyse the impact on the region of both the Single Market and President Bush's Enterprise for the Americas Initiative (EAI), as well as prospects for the nascent North American Free Trade Area (NAFTA).

Nowhere, however, is the future viewed with so much trepidation as in the Commonwealth Caribbean where an independent West Indian Commission is hard at work finalising a report for the CARICOM's Heads of Government meeting scheduled for July 1992. Set up under the Grand Anse Declaration of 1989 and chaired by former Commonwealth Secretary General Sir Shridath Ramphal, the Commission is expected to recommend ways of strengthening regional cooperation and integration with a view to establishing (however unrealistic it may appear given CARICOM's past performance) a single market by 1993! A bolder move towards political union is being made by the four Windward island countries — Grenada, St Vincent, St Lucia and Dominica.

While CARICOM is widely seen as the possible nucleus of a single market for the wider Caribbean, the role of the Lomé Convention in unifying the region is becoming ever more evident. Lomé IV, to which Haiti and the Dominican Republic have adhered, has already brought the two countries closer to the Commonwealth Caribbean. The European Community's common approach to aid, trade and development (which the Lomé Convention represents), together with its various other instruments for France's *départements d'outre-mer* (DOM) and the

Dutch and British dependent territories, provide the Caribbean with remarkable opportunities for cooperation.

Worthy also of note is the changing outlook of Puerto Rico, which is becoming more and more Caribbean, as well as the prospect of an end to Cuba's isolation in the region.

Clearly, a new mood for greater cooperation prevails in the Caribbean. The means are there, but can the region overcome the obstacles? What form of cooperation is best suited to it? What impact will Europe and North America have? Our dossier examines these and other questions. ◯

Augustine OYOWE

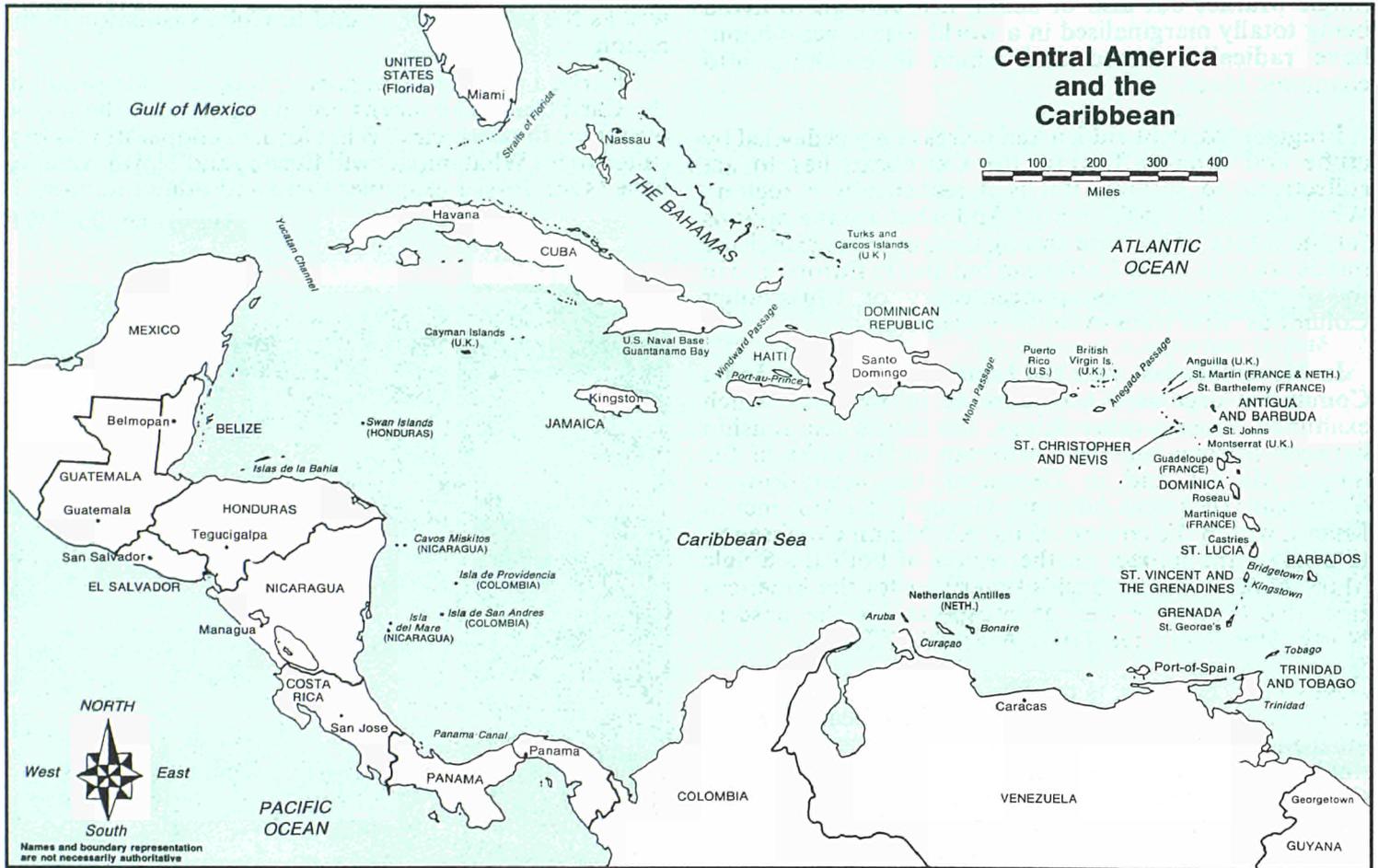


Isabela island in the Dominican Republic (Hispaniola), where Christopher Columbus first landed in the Caribbean in 1492

THE CARIBBEAN

A region in its own right

by Sir Philip SHERLOCK (*)



The Caribbean Sea defines the Caribbean region — the countries of Central and South America which border on the sea, and the long, curving archipelago that separates the Caribbean from the Atlantic. The Caribbean Basin is a region in its own right. The area, politically disunited, is a natural geographic unit.

The islands of the archipelago fall into two groups, each anchored to the main-

land. The Greater Antilles i.e. Cuba, Haiti and the Dominican Republic, Jamaica and Puerto Rico rest on a common submarine bed and form part of a partially submerged continental tract that branches out from north-eastern Honduras. These, with the Virgin Islands, form the northern rim of the Basin.

The Lesser Antilles constitute the Basin's Eastern rim. They form two parallel chains, the most easterly of which terminates in Marie Galante. The inner chain, which runs through to Grenada, is

part of a submerged peninsula. Trinidad, and possibly Barbados, belong geologically to Venezuela.

Climate and crops fashioned a family likeness between the islands and the coastal areas of the mainland. To drive from La Guaira in Venezuela west to Valencia or Barquisimeto is to pass through the same kind of countryside as that from San Pedro de Macoris to Bani in the Dominican Republic. The coastland markets, whether in Port-of-Spain or Port Limon, San Juan, Port-au-Prince,

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Havana or Kingston, tell the same story with their displays of oranges, limes, bananas, plantains, sugar-cane, sweet potatoes, yams, chile, eddoes, chayote (cho-cho), guavas, tamarind and pineapples.

The archipelago and the mainland

The family likeness should not be allowed to mask the fact that the region comprises two sub-regions, the archipelago and the mainland. They differ in size, resources and culture. For example, the eight mainland countries of Belize, Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, Panama and Venezuela have a land area of just under ten million square miles, whereas the fifty-two inhabited islands of the archipelago share a total area of about ninety thousand square miles. If we include Mexico and Salvador, there are ten independent nations on the mainland predominantly — Belize being the only exception — Spanish-speaking. In contrast there are fourteen in the archipelago, some Spanish-speaking, others English, French and Dutch-speaking.

Within the archipelago itself the disparities and contrasts are dramatic. Cuba is as large as the other fifty-one islands put together. The four islands that make up the Greater Antilles have approximately eight out of every nine square miles of the total land area, while the other forty-eight islands share the remaining 10 000 square miles.

Another important point of difference between the two sub-regions is that in some mainland countries the indigenous Indians survived the shock of European colonisation and exploitation as well as the importation of new diseases. Inheritors of a long history, they have an important part to play in the development of the region. Today, in the islands, their kinsfolk, the Arawaks and Caribs, are hardly even a memory. It was in this region that the American Indian people first bore the brunt of the large-scale colonisation of the Americas by Spain.

Columbus' four trans-Atlantic voyages (1492-1498) set in motion the European colonisation of the Americas. He did not discover the Caribbean. The Indians did that centuries earlier. He revealed to Europeans the existence of continents and islands that were already inhabited. He established contact between two



Photo Tobago

Celebrating freedom Carnival in Trinidad and Tobago

worlds, both already old, and this at a time when technological advances in Europe were producing improved ships and navigating instruments as well as the use of gunpowder and cannon.

During the sixteenth century Spain established herself firmly in the largest islands of the Caribbean, Cuba and Hispaniola, as well as in Central America and parts of South America. Her presence, language, creed and culture remain a powerful unifying force throughout Hispanic America.

Colonialism

For the first 50 years of the Hispanic period, Spain's rapidly expanding empire was governed from Santo Domingo. Later the centres of power shifted to the mainland but great bastions of defence were built at Havana in Cuba and San Juan in Puerto Rico to protect the region. Spain, to her cost, neglected the eastern chain of islands but, with the riches of Mexico and Peru in hand, what was the point of disputing the islands with the fierce Caribs? In the 17th century, Spain's enemies entered her Sea through the eastern channels and established themselves — the English in Barbados and St. Kitts, the French in Martinique and Guadeloupe, the Dutch in Curacao, Aruba and St. Maarten.

In the following century the rivalry between the European powers intensified after the sugar-and-slave plantations transformed the islands into producers of fabulous wealth. Sugar is an industrial crop. Its production calls for a large labour force, large estates and, within easy reach, a factory with mills and a boiling house. The growth of the monoculture was more than the spread of a profitable crop and a new industry. It was a revolution which changed the whole racial composition and social structure of the islands. Wherever it went, no matter what the culture, it moulded the same social configuration of ethnic differences, exploitation of land and labour, large land-holdings and a one-crop economy. In contrast, the hacienda-system based on ranching dominated the Hispanic Caribbean.

So it came about that historical and economic forces at one and the same time multiplied the cultural and political differences in the archipelago and reinforced the basic social similarities.

Independence

In the first half of the 19th century the great theme in Latin America was independence and, in the islands, freedom. Revolutionary leaders, Simon Bolivar foremost among them, freed their countries from Spanish colonial rule. In the same period many of the islands moved

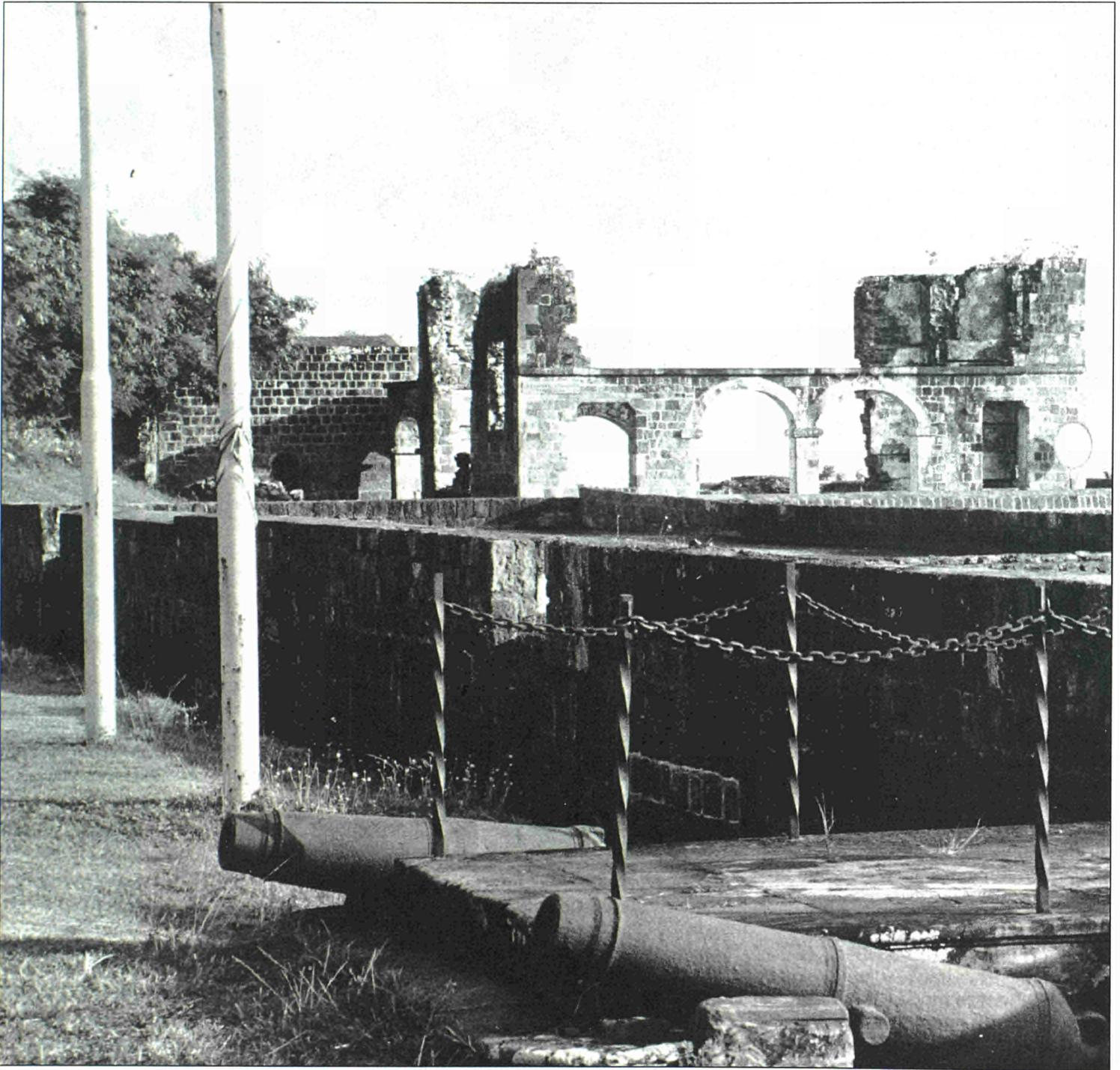
DOSSIER

toward freedom. There were signs of underlying unity, for the same forces of change were at work throughout the Basin. Thus, the movement against colonialism, which achieved its first triumph in the region with Dessaline's declaration of Haitian independence, was carried further on the mainland by Bolivar while the black struggle for freedom, which

found its first victory in Haiti with Toussaint, was continued by blacks in Guyana, Barbados, Jamaica and Martinique. Indeed, ideas about the rights of man led Pètion of Haiti to offer refuge to Bolivar.

The national and the liberation movements were strongly influenced by

trends and movements in Europe and North America. The region lies in the path of the Trade Winds. Occupying the middle section of the Americas, it lies also in the path of the winds of change that sweep in from other countries, and it is especially sensitive to the policies of Canada and the United States. Historically, the mainland countries of the



The Courier

The ruins of a British fortress in St. Kitts, a relic of the European colonial rivalry in the Caribbean
'In the 17th century, Spain's enemies entered her Sea through the eastern channels and established themselves — the English in Barbados and St. Kitts, the French in Martinique and Guadeloupe, the Dutch in Curaçao, Aruba and St. Maarten'

region and those of the archipelago have been involved, at one time or another, in a search for security and viability. It was this, combined with Bolivar's grand design for Hispanic unity, that led the leaders of the Central American struggle against Spain to establish a Central American Federation. More than a century later they sought to accelerate their development by founding the Central American Common Market in 1960.

The islands, in their search for the same goals, tried different solutions. Puerto Rico chose to become a Commonwealth freely associated with the United States. The French Antilles elected to become Departments of France. The Dutch colonies first became members of the Kingdom of the Netherlands. Curacao and Aruba later became autonomous within the Kingdom. The English-speaking nations established the Federation of the West Indies. This was dissolved in 1962 and the member states moved on to independence on their own or, in the case of some small countries, to self-government.

But their policies were not isolationist. They shared a common cultural heritage, had a common sense of purpose and recognised the need to work together. As a result they agreed to continue on a regional basis some common services, and — most important of all — to preserve the regional structure of the University of the West Indies. Six years after the collapse of the Federation, in 1968, they established a Caribbean Free Trade Area (CARIFTA) and later expanded this into a Caribbean Community (CARICOM).

The Community's record is good. 'It is clear to us', writes the Chairman of the West Indian Commission, Sir Shridath Ramphal, 'that the region's political achievements since independence are substantial, in comparative terms, formidable....since universal suffrage began in the CARICOM region in 1944 more than one hundred general elections have been held. Governments have changed and, in some cases, changed again. Twenty-seven different parties have won elections. This is no small achievement and we must not discount it.'

While the island and mainland countries pursued their different paths the Latin American countries were active in the Organisation of American States,

which was founded in 1948 to promote peace and development in the Americas. Within it, in 1961, under the leadership of President John Kennedy, the Alliance for Progress was created to develop an inter-American programme of economic assistance. On achieving independence, English-speaking Caribbean nations became members of the OAS and so gained access to a large, influential Latin American audience.

The Alliance for Progress demonstrated United States interest in promoting regional approaches to social and economic development. The Caribbean Basin Initiative (1982) and the Americas Enterprise Initiative make clear the cardinal points in United States policy — a regional approach to Caribbean economic development, strong support for democratic forms of government, free elections, freedom of expression and respect for human rights.

Threats polarise opinion. Fidel Castro performed this function in the Caribbean after coming to power in 1959. A symbol of change and revolution throughout the Americas, he compelled other New World governments to re-examine their policies, especially those on human rights, land reform and social development. Cuban support of guerillas and subversion throughout the Western hemisphere led to the break, suspension or down-grading of relations between Cuba and the democratic countries of Colombia, Costa Rica, Venezuela, Peru and Ecuador. There followed Cuba's backing of the disaffected in El Salvador, of the Sandinistas in Nicaragua and the intervention in Grenada. These activities increased Caribbean and United States concern about national security and regional development, for it was generally recognised that, as Ambler Moss, a former U.S. Ambassador to Panama, pointed out, Central America's conflict in the 1980s was partly the result of a revolt by the young, by reform-minded military officers, by the new middle and professional classes and by much of the clergy against the unjust and repressive systems of government which had gone on for too many generations. These various conflicts, and the United States declarations of policy, made the Caribbean region more of a reality to the Caribbean people than it had ever been.

There have been mutterings of disappointment at the results of the CBI, but

the governments and people of the region welcomed the regional approach which led away from the rivalries and particularism of the earlier colonial period, and offered much larger prospects for regional development through the opening up of markets, the improvement of the climate for private investment and the transfer of technology.

Regional cooperation and integration

Regionalism is no longer a Caribbean option. It is a top priority, imposed by major world trends and policies. Every dawn brings news of geo-political shifts and economic alignments that would have appeared highly improbable five or ten years ago: the USA/Canada/Mexico Free Trade Area, the establishment of a European single market in 1992 with its possible enlargement to Eastern European countries, the Pacific Rim comprising Japan, China, Taiwan, North and South Korea, the Asian countries including Singapore, Thailand, Malaysia, possibly Australia and New Zealand.

In these circumstances the two Caribbean sub-regions have no choice but to work toward regional co-operation and, in some cases, integration. The trend toward closer co-operation is already clear both in conflict-torn Central America and also between Venezuela, Colombia, Mexico and some island nations and groupings. Venezuela and the Dominican Republic, for example, are interested in membership in CARICOM.

It is fitting to conclude this overview with the words of William Demas, one of the chief architects of CARIFTA, CARICOM and the Caribbean Development Bank and a life-long advocate of Caribbean co-operation. What he wrote of CARICOM also applies to the nations of the Caribbean as a whole: 'One lesson for the CARICOM countries of all this global change is obvious — to deepen integration as much as possible among its present members and to widen CARICOM to include most of the other countries of the Caribbean archipelago and Suriname. It also calls for the strengthening of the growing links between CARICOM as a group and the mainland Latin American countries such as Venezuela, Colombia, the Central American countries, Mexico and Brazil. ○ P.S.

The political future of the wider Caribbean

by Neville C. DUNCAN (*)

Given the different history of colonialism which characterises each island grouping and the varied political relationships with the colonising or dominant power, it does seem a bit far-fetched, on the face of it, to be reflecting on the possibility of a common political future for this region. As in the previous 500 post-Columbian years in the Caribbean, this possibility is largely being determined far more by external factors than by domestic and regional dynamics. Yet, whatever may be the spur to such an investigation, there is the fact that now, more than ever before, those countries which constitute the Caribbean are faced with challenges fraught with peril such as never before experienced. To recognise this is also to accept that there are proper paths to a successful future inherent in any crisis situation.

Ideological differences

Within the Caribbean, Cuba and Guyana claim to be socialist states and claim to be pursuing socialist policies. Specifically Cuba is a society which actively operates on the principles of scientific socialism. Guyana has a socialist constitution (1980) yet it would be true to say that the doctrine or ideology of socialism represents a distortion of the political and social reality of Guyana. In recent years, under Executive President Desmond Hoyte, Guyana has been moving towards economic liberalisation. In the case of Cuba the doctrine of socialism is rapidly becoming a status quo ideology as the system of government becomes more institutionalised. However, with the abandonment of Cuba by the former Soviet Union, its ability to remain socialist is in serious doubt.

The dominant ideology in the Caribbean, whatever the linguistic grouping, is that derived from liberal democracy, which, in turn, given the actual variations, is derived from the former Western colonial powers. It is pervasive, since through successive forms of government, through periods of slavery and

colonialism to formal independence, liberal democratic forms and practices have been institutionalised. Indeed, with the exception of Guyana, Grenada during 1979-1983, and, perhaps, Jamaica (1974-1980), there have been no truly significant post-independence changes to both the constitutions and the political way of life of these countries.

In the case of the French Overseas Departments (DOM), their incorporation into the Western state of France ensured liberal democratic continuation. Following partisan practice in the mainland, socialist parties are important in both Martinique, Guadeloupe and French Guyane, but, overall, the framework of liberal democracy has been and is dominant along with the institutional arrangements which go along with it.

The American Virgin Islands and Puerto Rico both operate within a framework similar to the US version of liberal democracy. The Netherlands Antilles have wavered between remaining in a kind of dependent federal arrangement with the Dutch government in Europe, and moving towards formal independence and full sovereignty. No doubt some uncertainty would have developed based on the former Dutch colony Suriname which is now ruled by a military council after securing formal independence from the Netherlands in 1975.

All the other Caribbean countries, such as the Dominican Republic, the remaining colonies of Britain, and Belize espouse a long-standing commitment to liberal democracy. The only outstanding aberration to this general picture is the case of Haiti which had a thoroughgoing revolution during the period of slavery and deepened a rightist and sometimes populist dictatorship during its subsequent history. Were it, of course, a dictatorship of the left, it would have attracted Nicaraguan-type attention from the USA and the USSR.

There is no insurmountable barrier to political integration because of the *ideological pluralism* which characterises the region. It was, nevertheless, of some importance when the USA and the USSR were in superpower competition. The USA, in spite of the new world order concept, has continued to show an

inclination to intervene militarily in regional matters. Caribbean nations may nonetheless feel freer to pursue nationalist and autonomous development and political strategies. It seems that the region is destined for a democratic future based on the liberal/pluralist persuasion, notwithstanding Haiti and Cuba. This may eventually form the basis of a wider Caribbean political integration.

Dependent clientelism

The easiest choice in terms of a future political economy is simply that which has already been made for, and apparently accepted by, countries such as (a) Martinique, Guadeloupe, and French Guyana, (b) Puerto Rico and the American Virgin Islands, (c) The Netherlands Antilles, including Aruba, and (d) the British crown colonies of the Turks and Caicos Islands, Bermuda, the Cayman Islands, the British Virgin Islands, Anguilla, and Montserrat.

In the case of group (a), the choice is to remain as a part of France and receive in perpetuity the undoubted welfare benefits which come from becoming *rentier* societies without any particular obligation to develop self-sustaining economic activities and assume the full responsibilities of independent statehood. The dependent material comforts of welfarism in the DOM and the remarkable complicity of mainland France in maintaining such a relationship override all political considerations such as self-determination. Is the latter due to the fact that France still aspires to the grandeur of Empire with hegemonic attributes (which it, unlike Portugal, Spain and Britain, at various times 'enjoyed') even when other former colonial powers have dismembered their empires? These features of the French West Indies appear to militate firmly against their involvement in any form of political union. They may, however, wish to participate in a variety of supra-national Caribbean entities, including economic market groupings. Indeed, along with the Netherlands Antilles, these countries offer the most efficacious doorway into European markets for Caribbean goods and services.

Group (b) includes countries with special relationships with the USA; relationships which are said to provide for mutual benefits and satisfaction. Puerto Rico is a Commonwealth said to be in free association with the US, and US capital found this relationship sufficiently strong to make considerable

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investments in Puerto Rico and for the US government to provide it with substantial financial transfers. Yet, for all this and more, Puerto Rico has not found the golden road to poverty eradication, national dignity and self-sustaining growth. Its electorate appears strongly to support statehood within the USA and there is the known willingness of the US government to incorporate Puerto Rico into itself for military and strategic reasons. The country will almost certainly not wish to be part of any political union among Caribbean states.

Groups (c) countries, the Netherlands Antilles and Aruba, were once part of a tri-partite kingdom with the Netherlands, and Suriname (formally independent since 1975). The Dutch government has generally proved to be far more generous to its overseas member countries than the parsimonious British has been to their ex-colonies. This could be seen, for example, in the handsome independence development funds allocation made to the Surinamese government and the open offer of Dutch citizenship, prior to independence. Needless to say, with the military coup there in 1980 and the subsequent atrocities, the availability of the funds has been frozen. In regard, however, to the Netherlands Antilles, the changed status of Aruba, on January 1, 1986, to become a selfgoverning 'Partner' in the Kingdom of the Netherlands, raised the question of future fragmentation of the grouping. There is the awareness that areas of economic collaboration with the rest of the Caribbean could be mutually beneficial but this does not include supra-national political involvement.

The group (d) countries are the remaining territories under British rule. In general they 'enjoy' a higher per capita income than the anglophone Caribbean independent states, an income based on tourism and off-shore financial services and the leaders and people feel that much of this is due to their continued crown colony political relationship with Britain. Not one of these territories has actively sought independence but each has sought anxiously to retain the status quo although seeking for more autonomy within that relationship. Formally and effectively, Britain is responsible for their defence and foreign affairs and has to approve their involvement at any level in regional political organisations, institutions and functions, which approval has not always been readily forthcoming. In addition, in order to participate in many regional and hemispheric organisa-

tions and benefit from their activities, the political status of formal independence is required. Until participation in these institutions offers the credible hope of extending the material welfare of these countries as soon as they join, they are likely to retain their present dependent but comfortable status.

Formal independence

Another choice appears to be the path of documentary independence supported by a commitment to liberal democracy. There are the formally independent states of the Caribbean most of which attained that status during the past three decades. Haiti and the Dominican Republic have been independent for nearly two hundred years, Cuba since 1890, whereas Suriname achieved that status in 1975 and the anglophone Caribbean between 1962 and 1981. Haiti is still a tragic country in spite of its heroic beginnings as the first successful black revolution in the 'New World'. Cuba has been a socialist country since 1959 and has been allowed only limited relations with Caribbean states still suspicious of its capacity to export revolution. The independent anglophone Caribbean states failed to achieve political unity (1958-1962) but have successively sought as a group or as a sub-set to deepen integration. The Caribbean Community and Common Market (CARICOM) is the widest grouping while six Eastern Caribbean independent states are members of the Organisation of Eastern Caribbean States (OECS). Some countries of the OECS are now formally engaged in processes and discussion which may lead to the formation of a unitary or federal state.

The future

Developments over the past few years indicate that CARICOM could become the basis of widening the economic and functional integration process and that out of this could emerge a number of supra-national bodies which may suggest the necessity for political integration across linguistic boundaries. Unfortunately, CARICOM governments have done very little apart from setting up numerous commissions and receiving various reports. They have been extremely weak in implementing decisions, theoretically of great importance, taken at the Heads of Government level. This record points to the necessity of effective implementation institutions and the need for supra-national powers but all this is still viewed with immense suspicion. If, within CARICOM itself, the leaders with

ideologically similar thoughts, language and culture cannot rapidly set up appropriate processes and institutions for Caribbean development, it leads to the conclusion that a widening process will compound the existing difficulties and delay the process of achieving some form of political integration.

And yet, the emerging North America Free Trade Area, the inducements of the Enterprise for the Americas Initiative, the offer of one-way free trade between the Caribbean and Venezuela as an initial inducement for a two-way free trade area, the Single European Market, and the sheer size, sophistication and complexity of these groupings and business enterprises suggest that the Caribbean should make haste in finding appropriate institutions for political integration if they are to avoid being swamped. At one level this could occur with the G3 grouping (Venezuela, Mexico and Columbia) which may seek more vigorously to become regional powers. At another level, the USA-dominated trade, aid and investment systems such as the Caribbean Basin Initiative (CBI), EAI, 807 programme, the Puerto Rican 'Twin Plant' scheme, each with their large doses of unilateralism, seriously threaten Caribbean unity and independence. Not to be a part of these schemes is to be ignored and punished. To be part of them is to continue to pursue 'magic of the market place' development programmes as perfected by the IMF, World Bank, and IDB, which have left Latin America and the Caribbean becoming more and more net exporters of capital and thus in an accelerated process of 'disdevelopment'.

Widening and deepening the circles of functional, financial and trade integration among Caribbean countries, before participating in regional and hemispheric schemes, could protect these countries somewhat from the negative effects of entering schemes with Canada, the USA and the G3 grouping. A history of comfortably dependent clientelism, a contemporary low level of interaction, a marked lack of a sense of urgency, and parochial leadership militate against the immediate or short-term emergence of supranational institutions or political integration. The only hope then is that the variety of relationships, with Canada, with Latin America, with the United States, and with Single European Market will provide some scope for political manoeuvrability and for mitigating the degree of dependency. ○ N.C.D.

The future of relations between the European Community and the Caribbean (*)

by Paul SUTTON (1)

Now that the quincentenary of the European-Caribbean connection is upon us the question to be asked is 'What of the future of European-Caribbean relations?' Will these continue to be as important as in the past or does the end of the era of European colonialism point to the attenuation and eventual demise of the European link? The short answer to both questions is 'no'. A continuing association of Europe with the Caribbean can be confidently predicted for the foreseeable future although for most countries in the Caribbean and the European Community this will neither be as intense nor as singular as it has been in the past.

(*) This article draws on material presented in two recent studies: Paul Sutton (ed.) *Europe and the Caribbean* (London: Macmillan Caribbean, 1991) and Anthony Payne and Paul Sutton *Caribbean International Relations Beyond 1992: Between Europe and North America?* (A Study for the West Indian Commission, November 1991).

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The present relations of Europe with the Caribbean are overwhelmingly bilateral and mostly reflect historical ties. For Britain, it is the Commonwealth Caribbean that has commanded the attention and resources of business and government and in which British interests are regularly cultivated. For France, the political status of the *Departements d'Outre-Mer* (DOM) do not warrant policy being considered foreign as much as domestic with all this entails as to the levels of support the territories receive. Dutch policy likewise remains concentrated on the Netherlands Antilles, Aruba and Suriname where continuing responsibilities define a distinctive role. So also Spain, in its renewed interest in the Caribbean, has focused overwhelmingly on the old centres of empire in Cuba, the Dominican Republic and Puerto Rico, in that order of importance. Finally, while there has been major discussion of Soviet policy to the Caribbean in recent years much of it has been ill-informed and unnecessarily alarmist. Soviet influence in the Caribbean has been essentially confined to Cuba, with the short interlude of Grenada under the

Peoples Revolutionary Government very much the exception which proves the rule.

There is good reason to expect that the pattern outlined above (Soviet-Cuban relations excepted) will continue in the near future. Britain is not about to abandon its distinctive Caribbean presence. It has formal commitments to its colonies and to the territorial integrity of Belize which it will continue to discharge until mutual agreement or a satisfactory alternative arrangement dictates otherwise. It also has a popular, symbolic and practical link with the Commonwealth Caribbean through the Queen and the Commonwealth. Neither are under any direct challenge at present. Britain also has long-established commercial interests in the region which, if not substantial, then at least in its former colonies provide it with a significant measure of advantage over its competitors. Finally, it has responsibilities and understandings of a general sort, derived both from its continued territorial presence and its 'special relationship' with the United States. The high-level concerns with narcotics trafficking, money laundering and security in the Eastern Caribbean are presently the main manifestation of such commitments.

DOM: not open to question

France also is not about to abandon its Caribbean territories. The political status of the DOM is not open to question,



EEC delegation led by Commissioner for Development Edgard Pisani discussing EEC-Trinidad and Tobago relations with Prime Minister George Chambers in 1982

notwithstanding the difficulties and the costs that have attended its realisation. There is little support for independence in the DOM, buoyed by a belief in Paris that France has a right to be in the Caribbean by virtue of history and interest. Preservation of the status quo is therefore the dominant theme, the reforms of the Mitterrand governments in the 1980s being more a necessary modernisation of the policy of *departementalisation* than a fundamental challenge to it.

The Dutch similarly are not about to leave the Caribbean however much they might wish it otherwise. Indeed, their commitments are likely to expand as they grapple with the convoluted aftermath of a string of military coups in Suriname and the ever-perplexing problem of what to do with the Netherlands Antilles and Aruba. Indeed, proposals for the revision of the *Statuut* (the fundamental law governing relations between the Netherlands and the Netherlands Antilles) currently under discussion in The Hague imply closer supervision of the affairs of the Antilles than has been the norm in recent years. Accordingly, the new *Statuut*, if agreed, should more properly be seen as a half-way house to integration with the Netherlands and not a half-way house to independence as before.

Spain's rediscovery of the Caribbean

In contrast to the settled presence of Britain, France and the Netherlands, that of Spain and the Soviet Union is more tenuous. There are no compelling reasons behind Spain's re-discovery of the Caribbean. Its interests are largely financial and commercial and its policies reflect this in being more pragmatic than ideological, the early attempts by the socialist government of Felipe González to foster social democracy in the area notwithstanding. As such, there is as yet no coherent policy to the region as a whole and the Caribbean is regarded in Madrid more as an area of potential rather than actual interest, with the parameters of involvement clearly subordinate to the wider concerns of Spain in Latin America.

Until a few months ago the Soviet Union also had to be regarded as a country with legitimate interests in the Caribbean. Its substantial support of Cuba was reason enough to warrant this judgement, irrespective of its desire to propagate communism in the region or to

embarrass the United States politically in its own 'backyard'. The situation has now changed dramatically and it is evident that the states of the former Soviet Union will not extend, and Cuba does not expect, the levels of support it once enjoyed. The presumption must therefore be of a rapid disengagement from Cuba and a return to the situation of minimal interest in the Caribbean which prevailed before the Cuban revolution. The full impact of this is yet to be worked out in Havana and Washington DC. As far as Western Europe is concerned, however, it is likely to lead to a marginally increased commercial and financial interest in Cuba in the immediate future, dependent, of course, on the strategy the Cuban government decides to adopt to cope with the 'emergency' situation it now faces.



By comparison with these five countries, other states in Europe have only a limited interest in the Caribbean — Germany, Italy and Scandinavia — or none at all — Eastern Europe. In its bilateral dimension European policies will therefore remain largely confined to the three states with 'traditional' ties to the region (Britain, France and the Netherlands) and to the one with a 'renewed' interest (Spain). This pattern of involvement would not be unfamiliar to anyone travelling through the Caribbean shortly after the end of the Napoleonic Wars. The European presence has been remarkably durable and comparatively

stable. It has also been essentially bilateral even in recent times. What London decides is best for its dependent territories is not followed with any great interest in Paris or The Hague (or Madrid for that matter) and *vice versa*. The vertical and disconnected character of European influence in the Caribbean is thus still predominant and deeply rooted.

Nevertheless, there are signs of change. The successive Lomé Conventions have brought into being a common 'Community' approach to matters of trade, aid and development in the Caribbean. The emergence of the Single European Market (SEM) has also triggered a region-wide recognition of individual vulnerability leading to a renewed interest in regional cooperation. The European Community, in forging closer union, has thus encouraged the Caribbean to re-examine its European legacies of division and fragmentation to see whether a new unity can be found.

The most obvious example of this wider embrace is the accession of Haiti and the Dominican Republic to the Fourth Lomé Convention. The benefits of Lomé now extend to the majority of the people of the Caribbean. The Conventions have been especially supportive of traditional trade in sugar and bananas providing valuable foreign exchange to a number of Commonwealth Caribbean countries. The European Development Fund has also delivered substantial programmes of national assistance to the smaller less developed countries of the Organisation of Eastern Caribbean States and Belize, as well as to Aruba and the Netherlands Antilles. The diversity and scale of benefits have been universally welcomed and favourably compared to assistance from elsewhere. They are also supportive of regional unity in ways that are clearly absent from the United States' Caribbean Basin Initiative and Canada's CARIBCAN. The regional programme of the European Development Fund is particularly important in this regard as having provided welcome support to a range of regional institutions in the Caribbean Community (CARICOM). The overall framework of Lomé also encouraged CARICOM to collectively monitor the implementation of the Conventions and to negotiate as a group in their periodic re-negotiations with the European Community. Up to the present Haiti and the Dominican Republic have benefitted only marginally from these developments. Now that they

are members of Lomé they stand to gain, certain trade exceptions apart, and will almost certainly be progressively integrated into CARICOM in its dealings with the European Commission and the ACP as a whole.

Forging closer links with the Lomé Conventions

The Lomé Conventions have also attempted to facilitate closer links between the Caribbean ACP, the French DOM and the British and Dutch dependent territories (OCT). Under both the Third and Fourth Conventions specific annexes encourage trade and the identification of common projects between the French DOM and neighbouring ACP and OCT. The provisions for the Caribbean OCT have also until recently mirrored those of the ACP. The basis for cooperation has thus been established and to some extent been attempted in aspects of the regional programme (particularly better communications), but there is still some way to go before awareness of the potential for region-wide cooperation is translated into real programmes of joint action.

This slow progress serves as a reminder that regional cooperation does not come easily in the Caribbean. There were difficulties surrounding the accession of the Dominican Republic to Lomé and the confusing political situation in Haiti and Suriname in recent years has acted to prevent closer regional cooperation on several occasions. CARICOM itself can also be fairly accused of indecisiveness in dealing with intra-CARICOM affairs and relative indifference in treating with the non-CARICOM countries of the Caribbean. There is thus no prospect of an immediate unity. At the same time, though, pressures toward establishing a distinctive and coherent Caribbean voice are emerging from changes in the configuration of the international system.

In both North America and Europe the emergence of powerful new entities in the prospective North American Free Trading Agreement and the SEM are threatening to erode even further the weak competitive position of the Caribbean in the global economy. The prospect of marginalisation in world affairs is very real and well understood by many businessmen and a number of political leaders in the region. They are beginning to advocate changes that will result in a reformulation and eventual restructuring



Photo MAPEZ

During an ACP-EEC conference in Barbados

There is 'an increasing recognition in the Caribbean that the region can best gain attention of Europe if it acts collectively to expand its presence in Europe'

of relations with both Europe and North America. In respect of the European Community this can be seen in two developments. The first is an increasing recognition in the Caribbean that the region can best gain the attention of Europe if it acts collectively to expand its presence in Europe. The establishment in Brussels of a Caribbean Council of Europe to promote business with the Caribbean as a whole is a particularly strong manifestation of this trend. The second is the realisation of a need to break with an economic approach which has been too concerned with the preservation of the status quo, too aware of constraint and vulnerability. The focus is consequently shifting in a number of countries from the threat posed by the SEM to the opportunities that will open in the EC to expand trade in services (especially tourism) and non-traditional products (through niche marketing). Insofar as these are helped by projecting a Caribbean trademark as against any other, then further impetus is given to commercial interests in the region to identify common strategies and promote joint ventures, within the Caribbean and with the European Community. In short, among the more dynamic sectors of the Caribbean the consciousness of a Caribbean identity and a common reality is being developed. It will only be a matter of time before this is translated into political programmes and political practice.

The Caribbean is thus entering a period of adjustment in its relations with Europe. The dominant bilateral pattern will continue for some time, but increasingly it will be overtaken by coordination and cooperation among Caribbean countries in their relations with the European Community and by the European Community in its relations with them. Bilateral policy will evolve into multilateral policy where real growth will lie. This does not imply a loss of individual identity among Caribbean states any more than it does in Europe. The Commonwealth Caribbean will not stop playing cricket because they are associating more with their neighbours and with mainland Europe. Indeed, quite the reverse if the experience of the Hispanic Caribbean is anything to go by, where the Spanish inheritance has been encouraged as a way of adding cultural distance to the powerful United States presence. The Caribbean is not about to stop looking toward Europe or devalue the separate European legacies, while in the capitals of the once metropolitan states as well as in Brussels itself there is no movement toward dissolving the Caribbean link. Of course, it may no longer be the decisive link for the region, nor even the most important, but there can be little doubt that it will continue and be adapted and transformed in that unique process of creolisation which is quintessentially Caribbean and which guarantees its authenticity. ○ P.S.

The Caribbean's need for Europe^(*)

by Rt Hon J.F. MITCHELL,

Prime Minister of St Vincent and The Grenadines

'When a Prime Minister from the Caribbean is invited to Brussels to address this issue 'The Caribbean's need for Europe' and takes time away from home to address this subject, this in itself should convey emphatically the urgency and importance of the Caribbeans's need for Europe.

I see that later on in the conference the question is going to be addressed 'Does Europe need the Caribbean?'. If I have to address both questions together, I would go further and say that five hundred years after Columbus, and despite the historic controversy and trauma of colonisation and its aftermath, and our evolution through independence, at this present point in time, we, the people of the Caribbean need Europe more than Europe needs the Caribbean.

Firstly, let me speak on behalf of the Windward Islands. The Banana Protocol to the Lomé Convention gave the assurance that traditional suppliers will be no worse off as a result of the single market in 1992 as it is vital to our economic survival and social harmony. If the price of our bananas drops, the effect on us will simply be a reflection of what has already been experienced by other third world economies with the collapse of prices for coffee, cocoa, sugar and other primary products. The speed of our diversification into other areas — agriculture and tourism — cannot bridge the shortfall.

The World Bank study of these implications for the Organisation of Eastern Caribbean States (OECS) territories is well documented. Basically, the strength of our currency will be threatened. In turn our purchasing power in relation to Europe will be undermined. We, who are the last bastion of fiscal stability in The Caribbean, will go the way of our neighbours. In our case it will not be due to profligacy in all cases, but simply a

response to external factors. In turn the democratic traditions which we have laboured so hard to cultivate and maintain by implementing the Westminster tradition 'par excellence' will be severely undermined. The standards we have established are ones to which the international community would, I have no doubt, like to pin-point to so many countries, whose records are littered with human rights abuses.

Secondly, Europe's financial assistance to the Caribbean, even after independence, matters a great deal. The flows of concessional finance to the Caribbean



'The Banana Protocol to the Lomé Convention gave assurance that traditional suppliers will be no worse off as a result of the Single Market in 1992'

continue to impact significantly on infrastructural development. Indeed the European Community is now the primary source of such finance, as seems to be agreed with other international donors in burden sharing.

With the re-evaluation of the security dynamics of the Caribbean zone, in the aftermath of Grenada and more recently the Gulf crisis, and in consonance with the removal of communism as a threat, the aid allocations from the United States have diminished and continue to do so. All these fore-going factors reinforce the importance of Europe to the Caribbean.

Thirdly, another facet of the Caribbean's interest in Europe is the human resource development perspective, both in terms of educational opportunities in the metropolis and in the transfer of technology to the island-states. I can state categorically, that this need will never be exhausted in the Caribbean. The rate at which scientific knowledge and industrial design is advancing, means that our educational systems will always need some external stimuli — such as is constantly going on in Europe.

Present analysis of the Caribbean/Europe scenario today focusses on the changing scene in Eastern Europe, and the fear is that we in the Caribbean will suffer from diminished flows of finance, as these funds are diverted to Eastern Europe. Let me say, that my experience in dealing with the European Community does not justify this opinion. The bilateral aid from Britain and France continues to flow, and so does the multilateral aid from the European Community. The slow delivery sometimes encountered, I am afraid, stems more from our technical incompetence which often impairs our absorptive and implementing capacity.

On the subject of private financial inflows, my experience is that private investment continues to flow from Europe, particularly in the tourism sector. Good and feasible projects continue to attract good money. The only limitation is imposed by lack of confidence or attitudes affecting the investment climate in the region.

What worries me in terms of the establishment of free market economies in Eastern Europe is not so much the question of the diversion of finance, as the diversion of time. The CIS, Eastern Europe and the resurgent nationalistic aspirations of these states demand considerable and continuous evaluation and analysis — particularly in the decision-making fora of Western Europe and we, the people of the Caribbean must endeavour to grasp the issues at stake, for otherwise we will find that little time is left for us.

In summary, we have to understand the changes and the rate of change in Europe. We need Europe, and several other areas of the world are competing for Europe's time, markets, designs, and technology. We in the Caribbean have to make the effort to ensure that these flows continue in our direction.' ○ J.F.M

(*) First part of Statement to the Fourth Europe/Caribbean Conference in Brussels (20-21 November 1991).

Is the Caribbean prepared for the challenge of the Single Europe?

by Peter POOLEY (*)

(Summary of a speech to the West India Committee)

The simple answer is 'No'. (Can I go home now?)

Many others are not ready either.

The Commission is not ready. On bananas, the litmus test of our sincerity, we have not quite decided which is the best way to ensure that our pledge to ACP traditional suppliers is kept.

In common with others, you made a slow start: because you were distracted by propaganda about 'Fortress Europe'. This surprised us, but perhaps should not have done. With our reputation for protectionism, perhaps it is inevitable that any major initiative involving trade should be suspected to be a cunning plot to keep outsiders outside.

1993 is not about protectionism. It is about creating wealth through keener competition, economies of scale, the play of comparative advantage. We expect it will boost our GNP by about 5%. This will mean more imports. That is not an easy assertion, it is a deduction from the nature of our economy. We have an enormous share of world trade — with the addition of EFTA, our 380 million people will account for an astonishing 48% of world trade. Every time we have increased our GNP, we have increased the proportion of our GNP which depends on imports.

The opportunities are there, to make money more quickly than ever before; and to lose it more quickly also. How do you equip yourselves to come out on the winning side? I cannot tell. I know very little about the Caribbean. You know everything about the Caribbean. I can tell you how Europeans are equipping themselves, and leave you to decide if the logic applies to your countries: and if so, apply it. I can tell you also two anecdotes.

The first anecdote concerns my holiday in the Caribbean this year. We moved between three islands. At each point of

arrival and departure we had forms to fill in, for immigration, customs, and for currency control. We had to wait to be invigilated by two sets of officials, one at entry and one at exit. Passports were closely examined and stamped. Baggage was opened on a sample basis. Everyone was very courteous, but border formalities took up four to five hours of our holidays. And I speak of islands, two of which are situated within sight of one another. I will not reveal the names of those states, but, purely by coincidence, I interrupt my speech at this moment to welcome to Brussels the Prime Ministers of St Vincent and of St Lucia who are sitting on this platform. I hope they will be able to enjoy visits to neighbouring Community countries, also, while they are here.

The second anecdote concerns a distinguished delegation of Jamaican businessmen, who visited Brussels recently. They landed first in the Netherlands, visited Rotterdam, and then came on by coach to Brussels. At a certain point of the journey, one of them asked when the bus would reach the frontier: 'Didn't you notice?' came the reply 'we passed it ten minutes ago'. The only formality was that the bus had to slow down to 60 k.p.h.. Well, 70 k.p.h. is OK if you smile at the policeman.

One lesson to draw from that second anecdote is the disquieting one that in some respects 1993 has already arrived. These great events cast a shadow before them, because people anticipate the event. There is comfort here too, however, for those who feel unprepared. Such great events unfold slowly. Some few changes will take place overnight, and they will be highly visible changes: but the most important changes will as ever take place over a long period, beginning earlier than you expect and finishing later than you think. There is yet time.

There is yet time to prepare, as that Jamaican delegation were doing, for an

approach to trade development much more sophisticated, and above all, more integrated than in the past. In one sense, trading with us is going to be easier. If you can comply with the requirements of one member state, and get your goods in, they can then circulate as freely as the Jamaican delegation. One set of forms to fill in for twelve markets — 18, including EFTA. One, much simplified, rules of origin procedure under Lomé. But to face the competition, whether, like Europeans, you are selling from inside the market, or — like you — from outside, everyone will need to be very sure about supply of the product. You cannot afford to run out just as the profitable repeat orders come in. Design will have to be constantly improved, packaging constantly up-dated, transport links will have to fit more tightly, financing will have to be more flexible, market research and marketing more sophisticated. That is what Europeans have already learnt about the challenge of the big market. Further, these operations will need to be carefully integrated — you cannot afford to have a weak link in the chain, or different parts of the integrated operation being ready at different times. The days when we could have all the fun and sport of shooting ducks as they fly over, in their random way, and missing a good few of them, are over. We have to catch our ducks, put them all in a row, and then — bing bing bing bing.

Getting ducks to stand in a row is not easy. One of the reasons for the success of Europeans in trade is our very wide choice of ducks, from which to choose the tame ones. It has become and will become ever easier for us, ever more natural, to put an integrated package together which relies upon supply from two or three countries, design work in another, financing in another, insurance and transport in another, market research from anywhere — depending upon where the comparative advantage lies. In the present state of the Caribbean, you can only do this with difficulty and with much formality. Even moving a trading package as simple as tourist Pooleys around the place requires a high degree of procedural formality.

There is a deeper message behind this one. I speak of European experience still, and it is for you to decide whether it is transferable to the Caribbean. Our recent experience shows that the conditions which favour success in international trade are more or less the same as those

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The need for greater integration in the Caribbean

'Even moving a trading package as simple as tourist Pooleys around the place requires a high degree of procedural formality'

which favour intra-regional trade which in turn are much the same as those which favour internal trade. Or, you can put it the other way round if you like; if you are good at trading internally, you have every chance to be good at trading within the region: and if you are good at that, you have every chance in the wider world. Further, the most important of those conditions is liberalisation. How is it that the Community, many of whose Members only joined a decade or two ago, has become so good at international trading? In large part, because we first became good at intra-regional trading. Because we were forced to do so. Because we liberalised. More liberal trade means more trade. Always has done, always will do. And I think we are beginning to prove that stable and exchangeable currencies boost trade considerably.

That said, we all understand the argument for the defence of infant or sensitive or strategic industries. Both your President and I spent a long time running the Common Agricultural Policy, so we know all those arguments. And one thing I do know about Caribbean exports, because it is painfully apparent from the statistics, is that you need to diversify into a wider range of

products and services. Sugar, bananas, bauxite, tourism, garments, rum, rice, coffee, tobacco, and a bit of oil from the lucky ones — these exports still dominate the statistics of your exports to us as they have done for decades or even centuries. Liberalisation at the intra-regional level does not need to be total, or sudden. But it does need to be moving at a steady fast pace in the right direction. Not at your top speed, but at your best speed. And liberalisation within a region can be accompanied by protection from outside the region, if you go about it carefully and make good use of your GATT experts. The European Community knows all about that too.

So, what have I said? I hope you have not the impression that I have said 'copy the Community, and all shall be well'. Heaven forbid. Your President said earlier that we must find our own solutions within the terms of our own national identities and cultures. We must all keep our specificity, for as long as we have enough teeth in our heads to pronounce the word. I am saying only that our experience has illustrated a number of truths which each of us in our separate ways need to put at the centre of our policies. It looks quite easy, but I

know it is in practice difficult. Following economic logic to its final conclusion, to its inevitable conclusion, hurts like hell. Has anyone here tried structural adjustment recently? You will know what I mean. In these circumstances, two elements are essential for a good preparation. You need brain power. These are taxing and difficult problems (I might add in parentheses that the banana problem is the most intellectually taxing that I have ever come across in my life). The West Indies are not short of brains. Look around you in this room! The other element required is courage, especially political courage, the sort of courageous leadership that enables a government to do unpopular but necessary things and remain re-electable. Whether you have that quality, the historians will tell us sometime in the future.

You may have to learn a foreign language or two. Not just to communicate with Europeans, but to trade between yourselves. Let us begin now. I am going to conclude in French. The Ambassador of Barbados is here, and can interpret for you into any Caribbean language, or Swedish if you prefer. Messieurs, Mesdames, des Iles Caraïbes, je vous souhaite bon courage. ○ P.P.

Creating a single Caribbean market⁽¹⁾

by Roberto Martinez VILLANUEVA (*)

As the Lomé scenario unfolds for the Dominican Republic and Haiti, three encounters assist us in focusing more sharply on what lies ahead for the Caribbean — the meetings of political leaders, technocrats and businessmen in Kingston, Bridgetown and San Juan. The ferment is there; the ground for understanding solid. Of course we have had the same difficulties, but we obviously recognise the need to come into a group and perform together ... And do so as quickly as possible!

A newcomer indeed! The Dominican Republic has been the great absentee in the continuous, though most of the time inertial process of regional cooperation. We have been in and out of this process in the last twenty years of our existence, which have been devoted mostly to internal growth and to efforts at penetrating our most feasible markets — those of the US under the CBI and Puerto Rico with its 936 fund which is linked with CBI. Providing us with a sense of regional belonging, the US and Puerto Rico were useful to us above all in the financial domaine.

Lomé IV: a permanent environment needed

But it is Lomé IV and its formidable combination of grant, market and financing that will finally produce the permanent environment that we need, one in which our region can perform together, meeting the challenges and facing adversity ... together as the world around us engages in similar exercises. For all those who have worked towards this, it is beginning to appear like a dream come true. Many thanks particularly to the West India Committee to which my government turned to assist us in carrying out — in the best way possible — the task of approaching our neighbours and staying close to them from there on.

There are complexities along the way and I will attempt to reflect on a few of

them, in developing the subject assigned to me, 'creating a single Caribbean market'.

Let me begin with the 'Enterprise for the Americas Initiative (EAI), known also as the Bush Plan. The reason is simple: we cannot consider the creation of a Single Caribbean Market outside the context of the North America Free Trade Area (NAFTA) proposed by President George Bush, on 27 June 1990 and now being negotiated between the US, Canada and Mexico.

As you are well aware by now, throughout our part of the world the Bush Administration is promoting, by all means available, the Enterprise for the Americas Initiative, which is based on three 'pillars': Trade, Investment and Debt relief.

In the trade arena, what is seriously being considered is the idea of creating an hemispheric market, with free exchange of goods and services and free movement of capital, complemented by mechanisms for official debt reduction between the US government and the countries of the hemisphere, which are burdened with heavy debt.

Of course, the Bush proposal is very interesting. It makes a lot of sense for countries like the US and Canada, which have, relatively, a greater abundance of capital than labour. For the countries of the Caribbean and Central America that do not possess such a comparative advantage in capital-intensive investment for more efficient and large-scale production, the benefits of the Bush Plan might seem questionable.

Let us not forget the fact that altogether the 24 CBI nations produce less than 1 % of what the three North American Free Trade Area (NAFTA) countries produce despite having 10 % as many people and a higher percentage of unemployment than the big three.

Since we do have an abundance of labour, adding a free movement of labour 'pillar' to the free movement of capital

and the free movement of goods and services 'pillars', could make the Enterprise for the Americas Initiative less worrying and more palatable to our people.

As a matter of fact, if we do not loosen labour mobility simultaneously with trade and investment liberalisation, we could very well end up with distorted labour market, and their social consequences. The free movement of people, on the other hand, can and will benefit all nations involved and should help to balance and absorb our labour markets.

But NAFTA also entails a threat to the Caribbean and Central American nations. Let me explain. Until now, most CBI countries have benefitted from a slight marginal comparative advantage with respect to Mexico. This has made these countries investment climate more attractive than Mexico's.

For example, by sharing production with a Mexican border apparel 'maquilladora' plant, a US firm can save approximately US\$20 000 annually, per worker employed across the border. In the case of a CBI country, such as the Dominican Republic, the same firm could save approximately US\$23 600. Therefore by choosing the Dominican Republic instead of Mexico as an investment site, this firm will be able to save (or gain) some US\$3 600. If this comparative advantage disappeared because of US trade concessions to Mexico (such as a tax break or a tariff-duty reduction that would generate more than US\$3 600 per worker in savings) the Dominican Republic and other CBI countries would lose their attractiveness as an investment site for production sharing activities.

Besides adding a free movement of labour 'pillar' to the free movement of capital and trade 'pillars', the Enterprise for the Americas Initiative requires other 'pillars', such as the successful conclusion of the GATT Uruguay Round multi-lateral trade negotiations. The reason is simple, the EAI cannot, and should not, be a substitute for a freer world trade; let me say it clearer, EAI should be a step short from what some labour and business leaders would like it to be: a Fortress America.

It is unfortunate that one year after its deadline, the Uruguay Round has not been concluded because of internal pro-

(1) Edited extract of contribution to the 4th Europe/Caribbean Conference in Brussels (20-21 November 1991).

(*) Secretary of State for Lomé IV of the Dominican Republic.

tectionist and political pressures in the EC, the US and Japan, especially on agricultural matters. Ironically, pressure is being put at the same time on the Caribbean and Central American nations by the international financial community to open their domestic markets to the exports of the EC, the US and Japan and to reduce their trade imbalances, as well as their fiscal deficits.

Finally, a last and equally important 'pillar' needed for the successful implementation of the EAI and the NAFTA, is the structural reform of the economies of some industrialised nations; so as to reduce their trade and fiscal imbalances, whether they have excessive surpluses or huge deficits.

In the case of the US these imbalances have taken the shape of trade and fiscal deficits, which require a flow of some \$400 billion annually in external financing. This amount is equal to approximately 10% of the Western World's annual international capital market flows; and about 10 times larger than the whole of Latin America's annual capital outflow.

In other cases, these imbalances have taken the form of huge trade or fiscal surpluses, which are equally distorting the global markets. Only by complementing our own structural reforms and co-ordinating local economic policies with those of our major trading partners, can we ensure a more efficient and profitable New World Economic Order.

The pros and cons of a closer relationship with the US

Let us now consider the Caribbean region from a different perspective, by taking a closer look at our trade relationship vis-à-vis the US. Of all the countries of the western hemisphere the ones that have the widest degree of trade openings towards the US market are the Dominican Republic and Haiti, who buy 81% of their imported goods and services from the US. Next in line are Mexico (73%), Canada (70%) and Panama (50%), leaving all the other countries buying less than 50% of their imports from the US. The regional markets of the Caribbean, CARICOM and the CACM (Central American Common Market) buy 47% and 45% of their imports, respectively, from the US. In the specific case of our sub-region, the Dominican Republic and

Haiti, these numbers imply several things: 1) Trade with the US is more important for the Dominican Republic and Haiti than it is for CARICOM and the CACM, thus implying a greater degree of interdependency between the Dominican Republic and Haiti and the US. 2) The Dominican Republic and Haiti are already more integrated into the US market than other countries, and therefore have less to gain from free trade with the US than others. This might help to explain why these two countries have shown less interest in integration than the other Caribbean (CARICOM) and Central American (CACM) island-nations. 3) These differences generate contrasting degrees of concern with respect to the integration mechanisms being promoted, both at CARICOM and at EAI levels. To accentuate these contrasts we have on one extreme Haiti, which has one of the most liberal import policies in the hemisphere, and the Dominican Republic, traditionally a protectionist bastion, opening up its trade and liberalising its national economy; and at the other end CARICOM with its Common External Tariff (CET), eternally watchful against the gain of EAI's free trade and export oriented policies and more geared towards protecting the region's industries through import substitution policies.

And then, last but not least, there is the Central American Common Market being revised and revived and revised again but now gradually incorporating Panama into it.

Let me conclude by suggesting that the conclusions and recommendations⁽²⁾ formulated by this Conference, today and tomorrow, be communicated to the recently formed Caribbean Basin Technical Advisory Group (CBTAG) which convenes shortly at the 15th Miami Conference.

In fact, this Conference's contribution to the CBTAG will enable it to proceed with its analysis on the impact that both the Single European Market and the EAI's move towards NAFTA will have on our region. As these economic phenomena will affect the international trade flows as well as the capital flows that make this trade possible, these programmes will equally affect the fate of the workers of North America and Europe as

⁽²⁾ See the Communique of the 4th Europe/Caribbean Conference on page 64.

well as the people of the Caribbean Basin who depend on trade with these two large trading blocs.

This is serious business, therefore it is our responsibility to dedicate resources, time and effort to serious analysis of the possible consequences of these initiatives for our region, and to devise strategies that will not only assist us in minimising any negative effects, but also allow us to optimise the opportunities that these changes will entail for our businessmen and our workers.

Again, global free trade will diminish the comparative advantages of our preferential access to Europe and the US via Lomé or via CBI; this is a fact. But this liberalisation could also provide us all with the benefits that will arise as a result of the economic growth that freer trade expansion will generate. It will be up to us to take advantage of the New World Order that is already starting to emerge.

Meanwhile, time is still on our side, but time is also running out. During 1992, North Americans will — understandably — be more interested in their domestic politics than in CBI; while Europeans — equally as reasonably — will be paying more attention to the consolidation of their Single European Market and to their eastern neighbours than to the ACP countries' problems.

Therefore, I urge our governments and business communities to dedicate significant time, effort and resources during 1992 to the jobs that have to be undertaken.

1992 should also be a year of re-definitions. We will be celebrating five centuries of ethnic, cultural and commercial integration (and segregation) between Indians (the original natives) and Europeans and Africans (the newcomers).

During 1992, we will be looking back at our roots more than ever before, finding out more about ourselves, who we were and where we came from.

This process should also guide us in defining what being an American, Caribbean or a European, is all about. This should also help us in our task of creating a single Caribbean market. ○ R.M.V.

The fourth Europe/Caribbean conference communique

Following three high-level meetings on the Caribbean — London in 1988, Barbados in 1989 and Jamaica in 1990 — the fourth Europe/Caribbean conference was held in Brussels on 20-21 November 1991 (see The Courier no 131, p.III-Yellow Pages). It was organised by the West India Committee in conjunction with the Caribbean Association of Industry and Commerce, and with the assistance of the European Community, Caricom, the Commonwealth Secretariat and the European private sector. Over 200 delegates attended. The communique issued by the conference contains very important recommendations, and The Courier, exceptionally, prints it below.

The pace of change in Europe is accelerating. The danger of marginalisation of the Caribbean is very real. The dramatic developments in the former Soviet Union and in Eastern Europe are causing Europeans to focus increasing attention on their own region. Governments and the private sector in Europe may not have the time to give due consideration to issues affecting the Caribbean region.

Despite this, Europe continues to have commitments to the Caribbean and the emergence of a strong and powerful Europe is to be welcomed if the European Commission and all EC nations recognise Europe's special relationship with the Caribbean.

For its part the Caribbean is unprepared for a world breaking into trading blocs. The region's response to such change is too slow. Rapid movement to trade liberalisation, the free movement of capital and labour, the removal of non-tariff barriers and the encouragement of the private sector within a single Caribbean market is essential.

These were the broad themes running through the Fourth Europe/Caribbean Conference, held at the Hotel Metropole in Brussels, on November 20/21, 1991 and organised by the West India Committee, in association with the Caribbean Association for Industry and Commerce and the Private Sector Organisation of Jamaica.

Caricom

During the conference, delegates noted that the failure of Caricom to both deepen and widen the regional integration movement did not augur well for the region's ability to respond politically

or economically to the need for the whole Caribbean to become a single economic unit. Caricom needed to be restructured and given greater executive responsibility so as to encourage the deepening and widening of the integration process and to give the region greater international negotiating power. All nations of the region must move quickly to join together in one market if the Caribbean is not to be overtaken by global economic change.

NAFTA and Lomé IV

Delegates expressed concern about the ways in which the Enterprise for the Americas Initiative was developing. It was noted that unlike the relationship the Caribbean enjoys with Europe, the United States has in the past often sought to impose rather than negotiate relationships. In this respect, it remained unclear whether a North American Free Trade Area (NAFTA) agreement with the Caribbean region would have to be achieved with the United States alone or negotiated with Canada, Mexico and the US jointly. It was also noted that the advantages offered to Mexico within NAFTA were likely to undercut many of the benefits the Caribbean enjoys under the US Caribbean Basin Initiative.

The extension of NAFTA arrangements to other Latin American countries prior to agreement being reached with the Caribbean was likely to further disadvantage the countries of the Caribbean. Issues relating to NAFTA and the Enterprise for the Americas Initiative (EAI) were preoccupying the Caribbean and causing it not to pay so much attention to the new Europe. Despite this, the Caribbean recognised the need to maintain a special relationship with

Europe. It did not see its destiny wholly within the North American Free Trade Area.

The conference noted that Lomé IV offered the region new avenues to exploit in terms of trade, aid and other forms of association. The un-utilised and under-utilised provisions of Lomé IV relating to the private sector trade between adjoining states and between adjoining ACP states, needed urgent attention.

It was important that the region clarify as soon as possible whether it would be able to retain its preferences under the Lomé Convention if it were to become incorporated into NAFTA.

Bananas and the single market

The conference considered at length the question of achieving a satisfactory post-1992 regime for Caribbean bananas within the single European market.

There was a productive discussion during the course of which the EC made clear its political, moral and legal commitment to the declaration in the fourth Lomé Convention in which the EC assured ACP states that they would not be in any worse position than in the past or at present as far as bananas are concerned, as a result of the EC establishing common rules for bananas. Delegates however noted that such assurances given by the EC in respect of bananas needed to be reinforced in all EC capitals.

Delegates noted that bold action was now required to implement this principle in real terms and in such a way that any new arrangement responds to the needs of smaller Caribbean economies and the need for consistent returns no less than those enjoyed in the past. In this context delegates drew attention to the provisions of the GATT which establish the principle of free trade but not at the expense of small economies.

The conference welcomed the participation in the meeting of representatives of the 'dollar-banana' producers and indications that all parties, including the 'dollar-banana' producers and marketing companies, were prepared to develop a dialogue, so as to reach a mutually acceptable solution. Statements from representatives of the 'dollar-banana' producers that the quality of Caribbean bananas was good and that quality was not an issue, were warmly welcomed.

Caribbean delegates reiterated their belief that the banana industry remained of economic and environmental importance and was an important force in

ensuring political stability in the Caribbean region.

The question of a satisfactory post 1992 regime for Caribbean bananas was considered to be a test case of the EC's ability to meet its commitments to developing countries in the Caribbean.

There are difficult technical problems associated with finding the right solution and the European Commission required help with finding a workable solution. The West India Committee agreed to consider how it might assist.

Sugar

On sugar, delegates noted that while the Single European Act does not directly affect sugar, it remains a very important contributor to net foreign exchange earnings as well as being a significant employer of labour. The cornerstone of most Caribbean sugar industries is their preferential access to the European sugar market. Several aspects of the EC's sugar arrangements are shortly up for review. GATT and the Common Agricultural Policy reform programme are unlikely to leave current sugar arrangements unchanged. Delegates noted that it will be essential for the cane sector in the EC (suppliers and refiners) to ensure that these changes do not damage or weaken the cane sector and that the full benefit of any opportunities afforded by these changes are secured.

Tourism

On tourism, delegates noted that the Caribbean region was likely to face increasing competition from other destinations. The downturn in arrivals in 1991 was not wholly due to the Gulf War and the recession in developed countries, but also reflected increasing global competition. Many in the Caribbean tourist industry and in Governments in the region needed to recognise that if the Caribbean was to compete successfully, there was a need for a change in the regulatory environment and in attitudes towards employment, investment and the preservation of the environment.

Economic cooperation with the Dominican Republic

Delegates noted that the Dominican Republic was moving to take full advantage of the Lomé convention and was looking to find ways in which it might develop new forms of economic cooperation with its ACP neighbours in the region and with Puerto Rico so as to

maximise the region's ability to export to the Single European Market.

Puerto Rico

As in previous years, delegates recognised the special importance of Puerto Rico and the new financial mechanisms it was developing with the EC and other bilateral and multi-lateral funding agencies, including OPIC, the IFC, the IADB, the CDC and, by 1992, the CDB. Puerto Rico's new role in Europe was welcomed, as was its assistance to the countries of the Caribbean. The Caribbean Basin Technical Advisory Group's (CBTAG) role in developing initiatives for economic collaboration between Caricom states and the countries of Central America was noted, as were the advances it had made in analysing the impact of NAFTA and the Single European Market on the Caribbean. It was further noted that the technical work being undertaken by CBTAG will be of value in the development of the work programme of the Caribbean Council for Europe. Delegates also recognised the likely important future role of Puerto Rico's newly established Caribbean Basin Partners for Progress (CBPP), which would provide financing and guarantees for small projects in eligible Caribbean countries.

Relations with Central America

The proposed January 22-24, 1992 summit of Caricom and Central America Foreign Ministers to be held in San Pedro Sula, Honduras, was seen as an important initiative, contributing towards greater integration between both sub-regions.

Cuba

The Conference noted the important new economic initiatives being undertaken in Cuba and the special role which companies in the Caribbean and in Latin America might play in the development of joint ventures in that country. The conference noted with concern the extra-territorial nature of the Mack Amendment currently before the US Congress and the continuing difficulties for Caribbean/Cuban trade resulting from the US trade embargo.

The Dependent Territories

Unanimity was shown in the statements made by the Chief Ministers of the British Dependent Territories. It became clear that all sought a new basis on which they could develop further their relationship with the metropolitan power within

the context of Dependent Territory status. The relationship between the Dependent Territories and the British Government needed to be re-defined so as to reflect the concept of partners in development.

More generally, it was noted that there was a need for all Dependent Territories to understand more about the ways in which the Single European Market and NAFTA might affect their future. There was the need for greater consultation between the European governments concerned and the elected governments of the Dependent Territories. Merit was seen in the recommendation of the Netherlands Antilles that the Dependent Territories should encourage representatives of the EC and European governments to convene meetings in Dependent Territories in the Caribbean region, so as to create greater awareness of the nature of the Dependent Territories and the regions' development problems.

The Caribbean Council for Europe

There was a need for the Caribbean to make its case more forcefully in Europe. There was a strong feeling that if the Caribbean was to ensure that its case was heard in Europe, new mechanisms would have to be constructed which ensured that lobbying and monitoring activities that brought together all interested parties were properly co-ordinated. The proposal by the Caribbean Association of Industry and Commerce, the Private Sector Organisation of Jamaica and the West India Committee to establish a Caribbean Council for Europe was warmly welcomed. This fundamentally private sector body would do much to enhance the activities of the Caribbean in Europe and ensure that there was close co-ordination between the Caribbean Ambassadors, industry interests and the private sector.

General

The central role of the University of the West Indies in the future development of the Caribbean was noted. Significantly more could be done by European governments, institutions and the private sector in providing funding and other forms of support to strengthen this vital body.

Delegates agreed that consideration should be given to mounting further Europe/Caribbean Conferences in a non-Commonwealth Caribbean countries. ○

Europe-Caribbean relations

— Different statuses —

by Yves ROLAND-GOSSELIN (*)

'The difficulty of defining' is the telling title of a remarkable book (PUF, 1986) by Oruno Denis Lara, historian and Head of the Caribbean-Americas Research Centre in Nanterre. In it, he reminds his readers that the great Fernand Braudel had similar problems in 1946, when he described the Mediterranean in the era of Philip II, presenting it as a 'complex cumbersome, special thing which we are unable either to measure or categorise'. And complex and special are indeed apt words to describe the only region in the world with which the European Community has four or five very different kinds of relations.

We shall be showing here just what the links between the EC and the various categories of countries — ACP, DOM ⁽¹⁾ and OCT — are and highlighting both their differences and the new similarities attendant on recent trends in Community law.

The 'C' countries of the ACP Group, plus the OCT, DOM and developing nations of Central America, are part of a major geographical unit. They are extraordinarily diverse. Yet they have many things in common, irrespective of their status vis-à-vis Community law. For them, the search for vital common interests may be a factor of development, a meeting of peoples with similar roots and a joint link with the EEC.

A major geographical unit

The 'Basin' is the only geographical entity that really defines this region — a maritime zone that stretches from the Gulf of Mexico in the north-west to the Caribbean sea in the south, down to the coast of Latin America. It is bounded in the north-east by the Antilles chain (the Greater Antilles in the North and the Lesser Antilles in the East). It is 4000 km from East to West (Belize to Barbados) and 3000 km from North to South (Grand Bahamas to the Guyana coast) —

which makes it much bigger than the European Community.

The total population of around 110 million comprises;

- a mainland population of 80 million (Mexico and the coastal states of Central America);
- 30 million on the islands (Greater and Lesser Antilles).

The 30 million-strong island population contains four linguistic groups which came from different kingdoms in Europe during the various periods of colonisation. There are:

- a Spanish-speaking group, comprising Cuba, the Dominican Republic and Puerto Rico;
- the islands of the British Commonwealth — the Bahamas in the far North, the Turks & Caicos Islands and Cayman Island in the north-west, the Leewards (Antigua, Barbuda, the British Virgin Islands, Anguilla, St Christopher & Nevis and Montserrat), the Windwards (Dominica, St Lucia, St Vincent & Grenadines and Grenada) and Trinidad & Tobago, plus Barbados, lost in the Atlantic to the east of the Windwards, and Belize, which is north of Guatemala in Central America;
- a Dutch group — Aruba, Bonaire and Curaçao in the south and Saba, St Eustache and Sint Maarten in the north;
- the French group in the Guadeloupe archipelago (Basse Terre and Grande Terre, Marie Galante, the Iles des Saintes, Désirade, St Martin and St Barthélémy) and Martinique.

On the Latin American coast are Mexico and the various countries of Latin America (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Colombia and Venezuela) and the three Guyanas (the Cooperative Republic of Guyana, Suriname and French Guyana).

Diversity

There are not just linguistic differences as already mentioned, for diversity is the hallmark of the whole area. Nowhere else in the world have the successive effects of colonisation and decolonisation created

so many individual states, many of them tiny, and with precarious means of existence. A look at the 15 ACP States, seven OCT and three DOM in the region illustrates this.

A. Physical diversity

The first big difference is in size:

— The biggest island territories are the Dominican Republic (48 700 km²) and Haiti (27 800 km²).

— The three countries on the mainland coast (Guyana — 215 000 km², Suriname — 163 000 km², French Guyana — 91 000 km²) are — in comparison — vast.

— By contrast, some ACP States (Grenada — 340 km², St Vincent & Grenadines — 340 km², St Christopher & Nevis — 360 km², Antigua-Barbuda — 440 km²) are tiny.

Another major difference is between the mountainous volcanic islands and the low chalky ones.

The Leewards and Windwards have many recently extinct or still active volcanoes, with mountains rising to more than 1000 metres and sharp slopes almost constantly under snow, so there is very little arable land (only 37% on Dominica, for example). There is plenty of rain, however, and sugar cane can be grown on the plains and in the foothills and bush crops on the steeper volcanic slopes.

The flat, chalky islands — Anguilla, Bahamas Barbuda and above all Barbados — are far drier, on the other hand, but the sunshine and the breezes attract the tourists and are helpful when it comes to large-scale crops. Shrubs which need a lot of water are of course out of the question here, as are those which involve desalination facilities and irrigation.

B. Human diversity

As we have already seen, several different languages are used in this part of the world. Most of the ACP States here are English-speaking, but Suriname is Dutch-speaking and now, since the advent of Lomé IV, there is a French-speaking state (Haiti) and a Spanish-speaking state (the Dominican Republic) as well. English is spoken in the six British OCT, Dutch in the six islands of the Netherlands Antilles which make up the two OCT and French is the language of Guadeloupe, Martinique and Guyana.

This diversity is of course an impediment to neighbouring peoples which want to get together. In particular, it is

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(1) Départements d'Outre-Mer.

responsible for many of the problems which the areas has in speaking with one voice or, at least, setting up joint regional organisations — unlike the Indian Ocean countries which, with their far more traditional family, ethnic and cultural ties, have managed to get together in the Indian Ocean Commission. However, linguistic variety may also be a source of wealth in that it could provide a pool of multilingual traders and of interpreters, translators, hostesses and so on for international conferences in the existing hotel facilities.

Then there are the ethnic differences. The Caribbean was once inhabited solely by Arawak and Carib Indians from the Orinoco. The Greater Antilles were the centre of a brilliant Arawakan civilisation, while the Lesser Antilles were taken over by the Carib Indians, a primitive, warlike people.

The African slave trade never really took off in the Spanish-controlled territories of the Greater Antilles, but it was quite a different story in the English, French and Dutch islands of the Lesser Antilles. In the early days, 'hired' European workers were tied by labour contracts to charter companies, which imported them to clear and work the island. Then, in the mid-17th century, large sugar plantations grew up. When the Amerindians, few in number and resistant to forced labour, disappeared from all but one or two parts of Dominica and St Vincent, they were replaced by black slaves from Africa, who were organised into 'workshops' for the benefit of the planters. Social and economic changes in the Caribbean triggered a major ethnic upheaval and the Africans became the basic population. Jamaica alone took in 800 000 slaves between 1690 and 1815.

The British parliament passed its anti-slavery laws in 1833 and the French in 1848 — triggering a serious labour crisis on the islands and forcing them to recruit contract workers, mainly from India. Trinidad, for example, took in 54 000 Indians and Jamaica 33 000 in 1845-1917, while Guadeloupe and Martinique took in 78 000 between them in 1862-1885. British Guyana hired large numbers of Indian workers — they account for more than half of the present population — and the Dutch brought Indians and Javanese to Suriname.

Lastly, the 19th century saw new ethnic blood with an influx of Chinese (5 000

went to Jamaica in the second half of the century) and small numbers of (economically important) Maltese and Portuguese from Madeira.

The different communities loom large in the political life of some of the Caribbean countries, especially Guyana and Trinidad & Tobago, the two States with fairly similar African-Indian balances.

One last aspect of the human diversity of these islands is population spread.

— On the small, mountainous islands, the populated areas form a fringe on the coastal plains and lower slopes.

— By contrast, settlement on the flat islands, such as Barbados, is regular.

— The population of the three mainland Latin American territories is concentrated in a narrow strip along the coast.

C. Economic diversity

National incomes of the different countries vary widely. The per capita GNP range is very broad, from \$ 11 370 in the Bahamas and \$ 6370 in Barbados down to only \$ 360 in Haiti. The lowest incomes other than this are found mainly in small islands in the Windward group — which were listed as Less Developed Countries when CARICOM was set up.

There are also major differences in the Netherlands Antilles, where Curaçao and Bonaire have economies far more advanced than those of the small islands, Saba and St Eustache.

D. Diversity of status vis-à-vis the EC

Leaving aside the third countries, such as Cuba, which have no special relations with the Community, and those (in Central and Latin America) with which there are cooperation agreements, there are three types of long-term contractual relations between Europe and this part of the world — those governed by the Lomé Convention (15 ACP States), by the Association Decisions (seven OCT) and by the Treaty of Rome and the law derived from it (three DOM).

It is in this part of the world that the three approaches are best represented. The Indian Ocean has a number of ACP States, one of the OCT (Mayotte) and a DOM (Réunion), of course, and the Pacific has eight ACP States and three OCT, but the Caribbean is the only region with such a spread, which makes it the ideal vehicle for a description and comparison of the various statuses.

Although Community relations with the third countries in the area are not our prime concern here, a brief summary may well be useful. Cuba benefits from GSP (the generalised system of preferences) and nothing else, but there are three cooperation agreements between the Community and:

— the Central American Common Market, i.e. Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala;

— Mexico (a so-called third generation agreement);

— the Andean Pact countries, i.e. Venezuela and Colombia (and Ecuador, Peru and Bolivia, which are not on the Caribbean basin).

The Community has also recently granted GSP zero-rating to Colombia (1990) and the other Central American nations (late 1991)

1) The 15 Caribbean ACP States are of course the newest to EEC-ACP relations. Until 1975, Suriname, then a Dutch OCT, which gained independence and joined the Lomé Convention the following year, was by itself. At that stage, the English-speaking future ACP States were listed in Protocol 22 to the Act of Accession of the United Kingdom in 1973 and a few of them (Bahamas, Barbados, Grenada, Guyana, Jamaica and Trinidad & Tobago) joined the ACP Group directly while the rest were covered by the OCT Association in 1976.

As the various territories became independent and joined the ACP-EEC Convention, the number of ACP States increased, to include, inter alia, Dominica and St Lucia (on the signing of Lomé II in October 1979) and St Vincent & Grenadines, St Christopher & Nevis, Antigua & Barbuda and then Belize (on the signing of Lomé III in December 1984).

Lastly, two new ACP States — Haiti and the Dominican Republic, which share the island of Hispaniola — joined on the signing of Lomé IV (December 1989).

Their contractual relations with the Community, and those which most *Courier* readers know best, are currently based on Lomé IV, which spans a period of 10 years and involves three kinds of instrument — trade cooperation, cooperation with commodities (via Stabex, Sysmin and the sugar and banana protocols) and financial and technical cooper-



An EC agricultural adviser talking to the manager of a government-owned banana plantation in Jamaica

John and Penny Hubley

ation, under the 7th European Development Fund (EDF). The 7th EDF has ECU 10 800 million for the first five-year period and all financing (programme and non-programme aid) from now on is to be in the form of grants. Risk capital is included and a further ECU 1200 million has been earmarked for EIB loans (from own resources), which will carry EDF interest rebates.

The trade arrangements for ACP products imported into the Community involve, briefly, completely free access for industrial products (apart from rum above a given, very considerable amount) and generous preferences — by comparison with other third countries — for agricultural products which is an area where Lomé IV, like each of its predecessors, has made further concessions.

A vital part of ACP-EEC relations are the joint ACP-EEC institutions — the Council of Ministers, the Committee of Ambassadors, with its many specialised committees, and the Joint Assembly —

which are an opportunity for permanent dialogue between ACP and EEC, in which many of the Caribbean ACP representatives have played leading roles. The Kingston Conference (Jamaica, July 1974), it will be remembered, was a milestone in the very important negotiations leading up to Lomé I when the Caribbean's problems were crucial and Percival James Patterson, the Jamaican Minister and Caribbean spokesman, was very much to the fore. Nor will the work of the President of the ACP Council, Bernard St John, Barbadian Foreign Minister, at the end of the Lomé II negotiations be forgotten.

So this ACP-EEC agreement is, clearly, the most elaborate form of North-South relations in the Community's involvement with the developing world — and not just because of the instruments we have described or the common institutions we have mentioned either, for the extremely wide range of EDF applications is also a contributing force.

2) Of the seven OCT, five (Anguilla, British Virgin Islands, Cayman, Montserrat and Turks & Caicos) are British and two (the Netherlands Antilles and Aruba) Dutch. They are in an Association with the Community set up under part four of the EEC Treaty (Articles 131 to 136) and organised for the most part by successive Council decisions — so the OCT are covered by this system of decisions which, although similar, should not be confused with the general provisions of the Treaty nor by the law derived from them.

The Council has just approved Decision 91/482/EEC of 25 July 1991 on the Association of the OCT to the EEC. It covers the same 10 years as the Lomé Convention.

It is perhaps a good idea to look at the history of this system and see how things have evolved so far.

Part four of the EEC Treaty deals with the association with the Community of overseas countries and territories. The

aims and means of association are laid down in Articles 131 to 135 of the Treaty. According to Article 131, the idea is to 'promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole'.

Association, an independent move on the Community's part, is, that same Article says, open to 'non-European countries and territories which have special relations with Belgium, France, Italy, and the Netherlands' (listed in Annex IV of the Treaty). After the first enlargement, association was extended to countries and territories connected to the United Kingdom and, in 1986, to Greenland (Denmark).

Although a large number of these OCT became independent in the 1960s and thus joined the Association of African States and Madagascar (AASM) and then, in 1975, the African, Caribbean and Pacific (ACP) States, it was this system of association which laid the foundations of the Community's future development policy. With this first example of Community solidarity with developing countries and territories with special relations with some of the Member States, the High Contracting Parties were gearing the 'Community as a whole' to close economic relations with them and to cooperation in order to advance their development.

So, on 25 March 1957, they signed an implementing convention setting up the EDF and bringing in measures related to the right of establishment and the exchange system. Five years later, the Council took decisions confirming and specifying the details of association, in line with the Conventions (of Yaoundé I and II and Lomé I, II and III) negotiated and signed with the independent States. That is what is behind the constant parallel between the regulations applying to the OCT and those applying first to the AASM and then the ACP States.

The Association still of course has a lot in common with Lomé IV (same fields of application as the EDF and the same instruments), even since the recent Decision, but three major innovations have been made which represent a breakaway from the traditional OCT arrangements.

(a) The *trade arrangements* for products originating (in accordance with the rules of origin of preferential agreements)

in the OCT involve completely free access to the Community. They are the most open of all the trade relations which the Community has negotiated with third countries in that it applies not only to industrial products (as in the case of the ACP States), but to agricultural products covered by the common agricultural policy too.

The Council's choice was made in the light of the special Community-OCT relations established on the basis of the provisions of the Treaty of Rome (part four especially). It was the result of discussions in the Council in 1990-1991, when a number of OCT backed the idea that Member States should apply 'the same treatment they accord each other (Article 132 (1) of the Treaty)' to imports originating in the OCT (which are in fact not part of the Community's customs territory), although without going as far as setting up a proper customs union — which would involve adoption of a CCT in the OCT and reciprocal free movement.

A transit system was also set up to give duty-free entry to the Community for products originating in ACP or other third countries which are then exported by OCT, provided that customs duties or taxes of equivalent amount equal to or higher than the dues payable on entry to the EEC have been paid on these products in the OCT. However, products covered by the common agricultural policy or subject to restrictions or quotas or anti-dumping duty are not included in the new system. A new type of certificate was also introduced on this occasion to accompany such consignments transiting through OCT.

(b) The rules on *establishment and services* have also been changed following thorough discussion on the eve of completion of the internal market.

Legally speaking, in fact, the situation is clear. As we have seen, the Community legislation based on the Single Act only applies on Community territory. It does not apply on the territory of the OCT.

The legal situation of OCT nationals, as individuals, is another matter. Under the constitutions of the different Member States, nationals of Danish, French and Dutch OCT, plus those from the Falkland islands on the UK side, have exactly the same nationality as Danes, French, Dutch or British. They can therefore expect to enjoy the same ad-

vantages of the derived law as all other citizens of the Community — and, equally, suffer any adverse affects.

Articles 48 and 49 of the Treaty (free movement of workers) and the provisions taken pursuant to these Articles apply to nationals of the Community and on Community territory. They also apply to OCT workers with the nationality of one of the Member States, so a Polynesian from Tahiti living in Paris, say, or a West Indian from Curaçao living in Amsterdam is covered by the arrangements on the free movement of workers in the Community and can go and settle in Brussels or Rome.

The principle of the system of establishment and the provision of services is still that the OCT authorities should be non-discriminatory in their treatment of nations and companies of Member States of the EEC. However, they may now derogate from the rules normally covering EEC nationals for the benefit of their own people or local activities — provided the idea is to promote or support local employment in sensitive sectors of their economy.

This is an element of protection based on the demands of their development and it is similar in spirit to the fact that the OCT may also collect customs duties on Community products. The fact that the authorities of an OCT may even derogate from the principle of non-discrimination between Member States this time goes further still — which is why, in this and this case alone, the Commission has to give its authorisation.

(c) Lastly, the *Commission/Member State/OCT* partnership has been introduced with the idea of enabling local OCT representatives to be more involved in a permanent dialogue with the Community — in contrast to the old system, which was mainly confined to a dialogue between the Commission and the central authorities of the Member States whose OCT were concerned.

In suggesting this (at Vice-President Manuel Marin's instigation), the Commission, followed by the Council, was asserting the democratic recognition of the local authorities which, in their autonomous status, accept responsibility for their own economic and social development.

Partnership covers any problem facing relations between the OCT and the

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Community and could therefore well be a new means of assessing the effects of association, defining its machinery and clarifying its uncertainties or making up for its shortcomings. However, changes can only be made by the Council, of course, or, where appropriate, by the Commission, depending on their respective areas of competence.

3. The three DOM (Guadeloupe, Guyana and Martinique) are integral parts of one of the Member States and, therefore, of the Community too. This is laid down in Article 227 (1) of the EEC Treaty, which says that: 'This Treaty shall apply to ... the French Republic ...'. Under Article 73 of the 1946 Constitution and Article 72 of the 1958 Constitution, the overseas departments are fully assimilated to metropolitan departments.

More specifically, the status in question also depends on Article 227(2), as interpreted by the Court of Justice. This paragraph provided, in particular, for some of the rules of the Treaty to apply to the DOM as soon as it took effect and the conditions of application of the rest to be laid down within two years of that date. It also called on the institutions of the Community to 'take care that the economic and social development of these areas is made possible'.

No such implementation occurred within the prescribed two-year period, which ran out on 31 December 1959, and, until 1975-1980, this economic and social development had to rely on the EDF, while a variety of Community measures (especially some of the common organisations of agricultural markets) gradually brought in the DOM by including various elements peculiar to them.

A decisive step was taken in 1977, when the Court of Justice made its decision on case No 148/77 (Hansen), ruling (in relation to Article 95 of the Treaty) that, once the time limit was up, the provisions of the Treaty and the law derived from it had to apply fully to the DOM — although on the understanding that specific measures could still be brought in later on to meet the needs of these territories.

This basic interpretation took practical shape in various memos from the French Government and then in various Community decisions.

(a) in 1977, the Council decided to open the structural funds to the DOM, in the

same way as to all the other regions of the Community, and to stop them benefiting from the EDF.

This was the background against which the reform of the structural funds (decided by the European Council of February 1988) brought a very large increase in the resources of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Guidance section of the EAGGF for the benefit of the DOM — which the European Council itself classified 'the Objective No 1' regions. This reform gave rise to partnership, which saw the Community's financial contributions included in the regional development plans drawn up by the regional authorities and then translated into the Community Support Frameworks discussed with them and set up for five years. It is important to emphasise that the Community contribution here is intended to support the efforts of the State budget and the regional budget.

These two examples illustrate the twofold approach which the Community adopted in the light of the Hansen court decision. The territories are included in the Community in the same way as all the other regions, getting the benefit of internal funds instead of EDF resources (which are earmarked for development schemes outside the Community), but their specific features are recognised in the non-application of the VAT Directive.

Last but not least, the Council's approval of POSEIDOM (Programme d'Options Spécifiques à l'Eloignement et à l'Insularité des DOM) (22 December 1989) was a turning point in the Community's treatment of these territories. This Programme, focused on the distance and insularity of the DOM, means that the Community institutions take account of the specificity not just in resources, but in legal matters too.

The European Parliament was the first to recommend an integrated develop-

Table 1: Caribbean programming Lomé IV: situation 1.5.1991

Country	Lomé IV allocation				Principal programme objectives		Date of signature
	G	RC	SAF*	Total	Focal sectors	Non focal sectors	
Ant. & Barb.	3,5	1,0	—	4,5	Human Res. Devel.	—	20.05.1991**
Bahamas	3,5	—	—	3,5	Socio-econ. Infrastr.	—	13.03.1991
Barbados	5,5	—	—	5,5	Human Res. Devel.	Aid to NDF	9.04.1991
Belize	6,5	2,5	—	9,0	Economic Infrastr.	Human Res. Devel.	30.04.1991
Dominica	5,5	1,0	0,5	7,0	Rural Devel. Environ.	Tourism. Scholarship	21.03.1991
Grenada	4,5	1,0	—	5,5	Tourism Infr. Agr.	Microprojets	19.02.1991
Guyana	26,0	—	4,5	30,5	Social/Econ. Infr. Agr.	Decentralized co-op. Private sector	15.04.1991
Haïti	106,0	14,0	—	120,0	Programming foreseen during 91	Human res. devel.	19.03.1991
Jamaica	46,0	—	2,5	48,5	Rural/agric. devel. Infrastructure	Production & trade devel.	19.03.1991
Domin. Republic	85,0	—	—	85,0	Programming foreseen during 91	Human res. devel.	24.04.1991
St. Lucia	5,0	1,5	—	6,5	Health Infrastr. Agric./rural devel.	Human res. devel.	24.04.1991
St. Christ. & Nevis	2,5	1,0	—	3,5	Health Infr. Agr.	A.T./Training	25.04.1991
St. Vincent & Gren.	5,0	1,5	—	6,5	Social Infr. Rur. dev.	Tourism/Environment	5.04.1991
Suriname	27,0	—	—	27,0	Programming foreseen during 1991	—	—
Trinidad & T.	17,0	—	3,0	20,0	Tourism infr. Agr.	—	12.04.1991
Total	348,5	23,5	10,5	382,5			

G = Grant
RC = Risk capital
SAF = Structural adjustment facility

* Non rprogrammable
** Forecast

(b) The Council also laid down tax guidelines. Directive 80/368/EEC excluded the DOM from the scope of the 6th VAT Directive (77/388/EEC).

ment programme. In October 1986, Mr G. Ligios produced a report on the regional problems of the DOM and this was followed by the unanimous adoption

of a resolution containing 47 very varied points on a range of common policies (11 May 1987).

The Commission had in fact already set up an inter-departmental group, at Jacques Delors' instigation, in late 1986 to ensure better coordination of Community action in various distant parts of the world, particularly the DOM. In May 1987, it examined the first report from that group and invited it to submit a framework for application of common policies in the DOM by 31 December of that same year.

DOM days were held in Brussels in June 1987. The Commission wanted to hear what their highest-ranking representatives had to say and therefore took full account of the feelings and opinions of the people concerned, while affirming the fundamental principles. Inclusion in the Community meant inclusion in the common policies — with the reservation that the Community could modulate the application of some policies to bring them more into line with the particular realities of the DOM, in the spirit of Article 227(2) of the Treaty as interpreted by the Court of Justice. And this was the guiding spirit of POSEIDOM, the outline action programme to which there is no time limit. The idea was to strike a balance between completion of the internal market and recognition of the specific features of the DOM by creating a legal framework which would make the best possible contribution to their development both as part of the Community and in the geographical areas in which they are located. So the DOM were the first 'ultra-peripheral' regions to be covered by global Commission proposals on modulated inclusion in Community Europe.

That was the wager the Community made when it took its POSEIDOM decision. Community-wise, the Programme is a thoroughly new approach to local development in that none of the schemes it provides are limited to structural considerations. They are, as we have already seen, run with a view to making legal changes to common policies for clearly defined regions. For example:

(a) the special arrangements for supplies of essential agricultural products — which enter the DOM free of customs duties and import dues;

(b) recognition of special indirect tax facilities for the DOM — which have

already taken practical shape in the Council Decision on adjusting the dock dues. This made demands on Community law, in spite of a long local tradition of ensuring some degree of tax autonomy for the regional communities by means of a long transitional period or derogations reflecting their development policies;

(c) the possibility of regional trade agreements to facilitate the DOM's commercial and economic cooperation with their neighbours in their various parts of the world.

However, it is important to point out that, while contributing to the 'economic and social development of these areas' [Article 227(2)], the Council wanted to make sure that the economic effects of any specific systems remained strictly confined to DOM territory and had no direct effect on the workings of the common market (as the preamble to POSEIDOM says) — hence the need to target all schemes so as to find the machinery which will drive development without upsetting the construction of the internal market.

So POSEIDOM means not only adopting specific implementing regulations for the DOM (Council Regulation EEC/3763/91 of 16 December 1991 for the agricultural section of the Programme, for example), but also taking account of POSEIDOM policies in more general proposals. In this case, it is for the Commission, the French authorities and the DOM to make sure this happens whenever circumstances require it and particularly with as-yet-to-be finalised dossiers for completion of the internal market — the forthcoming global compromise on abolition of the tax frontiers, for example and, within this framework, the taxes (excise, VAT and the duty on rum) treatment of DOM, or the Community-based reorganisation of the banana market. In these areas, internal market discipline means substituting Community measures for the national ones which have had the effect of fragmenting the Community market.

But in the spirit of POSEIDOM, we should be seeking solutions in the partnership framework which will both prevent the move to new Community systems resulting in a breakdown in the marketing of the products in question which would damage the overseas economies and allow the Community to continue with its job of making laws in the light of its various common policies.

The POSEIDOM approach, which sets the example, has been the start of a specific Community policy for all the 'ultraperipheral' regions (which now include the Canary Islands, the Azores and Madeira).

Following POSEIDOM, with the adoption of POSEICAN and POSEIMA last June, the legal framework for each of these regions is now there and the Commission intends using them in a coordinated way, to some extent in parallel. So, whenever a new formula is mooted for one of these regions, the Commission will see whether it cannot be applied *mutatis mutandis* to them all.

Similarities

The Caribbean territories are similar on a number of points — ie they have certain things in common without actually being the same. These common features can, as we shall see in the conclusion, serve as markers for joint schemes, whatever the legal status of the islands.

A. Insularity

The main feature of this part of the world is that most of the territories are islands. Indeed since 'island' and 'isolated' convey the same idea and come from the same root — the Italian word for island, *isola* (itself from the Latin *insula*) — the notion can even be extended to the three Guyanas in that they are to a very large extent isolated, cut off by the sea on one side and the Amazon forest on the other. The economic effects of the insularity-isolation tend to be similar and, in the Caribbean, they are, typically, as follows.

1. A tiny territory is at a severe handicap when it comes to unit costs. Investment costs and amortisation are relatively heavier, there are only a few taxpayers to pay for them and external contributions or official aid may be required. Yet, whatever the size of the island, these investments are needed for all economic development (airports, ports, roads, etc.).

2. The relief of the volcanic islands is such that, as we have seen, very little land is available, particularly for farming. The size of these little islands is an obstacle for any conventional economic approach and a handicap for everything to do with the market (investments, promotion, input, outlets, etc.).

3. Although the islands tend to be very sunny, the climate is no help to stable production. It can even be damaging. There are hurricanes, violent ones sometimes, there are long periods of drought and there is very irregular rainfall, so much use is made of Stabex transfers for some products.

4. For historical reasons already mentioned, the single-crop approach is also typical of most of these islands. The sugar and banana outlets make them largely dependent on the buying markets. The plain truth is that the ACP and DOM banana producers have to compete on the Community market with the extensive output of large-scale plantations as practised in the neighbouring countries of Latin America on exactly the same terms. In many cases, there is no diversification. That is a common aim which neither ACP nor OCT nor DOM ever manage to achieve. Moreover such extreme economic concentration on one or two agricultural products means that the Caribbean islands are competing with each other. So there tends to be competition rather than complementarity between them.

5. One way of diversifying the economy is tourism, a sector which in some cases has expanded considerably over the past 30 years. It is even a dangerously preponderant part of the local economy in some places in that it involves dependence on the outside world and events in the tourists' countries of origin and the social consequences for traditionally farming populations may be disastrous.

B. Economic vulnerability and dependence

History and geography have combined to put serious limitations on the Caribbean's economic development. The lack of natural resources, the inevitable fragility of small economies and the handicap of awkward communications all herald a difficult economic future.

This fragility was obvious at the time of the two oil shocks, in 1973 and 1978, which hit every island other than Trinidad & Tobago, an exporter of significant amounts of oil, with major natural gas reserves. Hardest hit were the richest, more industrialised countries where oil loomed larger in the economy. Oil im-

ports cost Guyana G\$ 23 million in 1970 (8% of total imports), for example, but nearly G\$ 380 million (a third of total imports) in 1980 — A 17-fold increase in 10 years.

This supply dependence (the trade balances all show a large deficit, regardless, once again, of legal status) goes hand in hand with dependence on export outlets, because, with the local market so small, firms have to earn their living by exporting to the world's large markets in the Community or the USA/Canada. This happens, typically, in the sugar, rum and banana trades.

And the dependence on large markets is closely linked to traditional trade patterns, whose geographical diversification has only been minimal, as a study of 20 years of external trade statistics proves. Despite free movement of goods within the Community (of which the DOM are part), despite more or less free access to the Community market for products originating in the ACP and OCT and despite the efforts ploughed into the trade promotion campaign, the



Pineapple growing in St Kitts, an agricultural diversification scheme supported by the EDF

main products are still going to the traditional markets.

C. Demographic growth

The population of the great Meso-American-Caribbean region rose from 40 million to 150 million between 1940 and 1980!

A good illustration of this is Trinidad & Tobago, whose population has been growing rapidly since the mid-19th century, quadrupling between 1850 and 1900 (255 000), doubling between 1900 and 1945 and doubling again between 1945 and 1980... to reach more than 1 200 000 today.

Overpopulation always results in a very young population and, combined with economic difficulties or the handicaps of an island economy, it regularly produces large-scale emigration to the former European powers or to the USA and Canada.

D. Democracy

The Governments may have different political standpoints, but they have all (other than Haiti, which only had elections in 1990) been legally elected. History has given all the independent ACP States, the British and Dutch OCT and the French DOM the principle of parliamentary democracy.

This has meant that there have sometimes been radical about-turns in policy or drastic changes in leaders and economic options — but the regimes have always been democratic, which is an honour to the Caribbean.

E. Human resources

But this part of the world has an advantage over many other developing regions and it could be crucial to the success of the efforts being made there. It is very well off in human resources, particularly since educational standards have always been high. High rates of literacy are recorded in all the official sources and secondary and higher education have been very well developed along the lines of the British, French and Dutch systems.

There is a major university for each language — the Universities of the West Indies, of Guyana, of Antilles-Guyana, of the Netherlands Antilles and of Santo Domingo — and they have produced many of the Caribbean's leaders.

The great contribution which Caribbean Ministers have made to the successive Lomé negotiations has already been mentioned and recent progress on the OCT front is very largely due to Mrs Liberia-Peters, the Prime Minister of the Netherlands Antilles, to whom the OCT owe the trade arrangements of the new Association. The DOM have also produced some of the greatest poets and politicians France has ever known — think of Saint-John Perse, for example, and Aimé Cézaire and the many local community leaders of all political persuasions.

F. Relations with the Community

We have already noted that the system of relations which the ACP, OCT and DOM have with the Community are different, because some States (the ACPs) are independent countries which have signed an international treaty with the EEC, others (the OCT) are covered by a Community decision for autonomous territories related to Member States and a third group (the DOM) is an integral part of the Community itself.

Yet since Lomé II and more especially Lomé IV, the Community has brought its handling of these three types of status closer together. It is more and more aware that ACP, OCT and DOM in the same geographical area are not just similar, but also have the opportunity to work together despite their difference in status.

This brings us to regional cooperation, which is the subject of the last part of this paper. However, first of all, it is perhaps useful to see that Community law now makes the same, or similar, provisions for all three statuses.

1) It is the case with trade arrangements. Lomé IV makes the preferences for products originating in the ACP States (free access for industrial products and generous preferences for agricultural products) even better, thereby reflecting the increasing openness of ACP-EEC relations.

The trade arrangements for products originating in the OCT (completely free access) are still subject to the rules of origin of the preferential agreements, as are indeed those of the ACP States, but they are very similar to the treatment of products which the DOM send to the rest of the Community within the large internal market.

The situation of imports to the DOM from third countries has, since POSEI-DOM, got closer to that of neighbouring countries bringing in supplies of cereals which they cannot grow themselves.. So far, they have had to levy border taxes just like any other Community importer (which pushed up their human food and cattlefeed costs to protect continental cereal producers), but they can now import at the cif world price, as can their ACP and OCT neighbours.

There is a further point, a relatively new and commercial one, on which the three statuses meet, and that is the fear, regret and maybe even rage at the 'erosion of preferences'. It unites them in a common negative reaction to Community law. Some DOM nationals reacted similarly in 1975 when the Community opened its market to products originating in their ACP and OCT neighbours in Lomé I and in the OCT Association Decision. This was a matter of divergence, but now they are united — in a matter of convergence — in their reaction to the two regulations (late 1990 and later 1991) in which the Community gave GSP zero-rating to their Central American neighbours.

And the same attitude unites them in a stand against any measures which the Community might be preparing to take in the movement of bananas in the internal market which is replacing the traditional compartmentalised markets. Did not the Commission authorities themselves receive the representatives of ACP and DOM Caribbean banana producers together when they tabled a joint motion on guaranteeing their sales to the Community...?

2) Financial and technical cooperation too has more and more in common in the project programming, identification and financing machinery. It was already similar for the ACP and OCT (the same EDF rules).

Methods of financing evolved between Lomé III and IV. Special loans were dropped and projects are now run on grants alone. Exactly the same happened between the OCT Association Decisions of 1986 and 1991. So the method of financing for ACP States and OCTs has come closer to the system of grants provided for the DOM under the ERDF, the ESF and the Guidance section of the EAGGF.

The reform of the structural funds since 1988 has brought the handling of

DOM far nearer to the already long-standing EDF machinery for the ACP and OCT. Since the reform, in fact, Community resources have been programmed over five years by a method close to EDF programming; identification and financing machinery. Each DOM has been invited to provide the Commission with a regional development plan which is then translated with the adoption of the Community support frameworks (1989-1993) for development and structural adjustment in the Objective No 1 regions, which are behind in their development. The scope of the Community support frameworks is very much larger than the schemes which the various funds used to finance in the past. Combining the three structural funds has made their fields of application virtually the same as the many fields of application of the EDF (as listed at the beginning of Lomé IV).

3) One more vital thing in financial cooperation between the Community and the territories enjoying these three statuses is the systematic earmarking of resources for regional cooperation.

This provision existed before, as between the ACP States themselves, from Lomé I (4th EDF) onwards. Then, at the Commission's instigation, it was extended to the OCT at the time of the 1989 Association Decision (period of Lomé II — 5th EDF), so they too were covered by regional projects run with each other or their neighbours. Lastly, Lomé III contained an Annex VII, in the form of a joint declaration by the contracting parties, aimed at encouraging regional cooperation between the ACP States and neighbouring OCT and DOM. The idea of extending regional cooperation to all three types of status gradually took shape.

It has now come into its own, not just in an annex, but in the body of the various parts of the Convention of Lomé IV, in the OCT Association Decision of 1991 and in POSEIDOM. And there is similarity and symmetry in the three sets of (ACP, OCT and DOM) texts.

However, it was difficult really to involve the three different types of territory in the financing of joint regional projects until the scope was the same for all three and structural fund resources had been adjusted to this type of scheme. How many times did representatives of Martinique or Guadeloupe have to be

told that, although it was of course a good idea for them to take part in an international trade fair alongside Barbados and Curaçao, the Community could not underwrite it because it did not meet the rules of eligibility of the ERDF, the ESF or the EAGGF? But it is now a *fait accompli* since the advent of the Community support frameworks for 1989-1993, where every DOM has a line of credit earmarked for regional cooperation schemes, as happens with EDF funds for regional projects for ACP and OCT.

4) Lastly, procedures for dialogue with the Community institutions have been set up for territories of all three statuses. The ACP States, as we have seen, agreed on joint ACP-EEC institutions with the Community institutions as far back as Lomé I. Then, thanks to the reform of the structural funds in 1988, local authorities in the DOM were involved alongside Member State representatives in the debate on Community support frameworks, as they were in the groundwork for the future POSEIDOM — and as they have been ever since in the various details of its implementation in the sectors of agriculture, taxation and so on. The same type of partnership was adopted for the OCT in 1991 and is already beginning to take shape.

So also in trade, in the medium-term programming machinery, in the methods of financing, in the provision of regional resources and in the dialogue institutions, the Community has taken account of the fact that development problems in this part of the world are similar, whatever the territories' status vis-à-vis the EC. This has been brought about gradually, with a view to mutual enrichment and to consistency, sometimes leading to similar wording (in Lomé IV and the 1991 Association Decision) to cope with similar issues.

Joint schemes

The many differences we have mentioned obviously do not help the emergence of a Caribbean identity, nor even a common awareness. Three centuries of parallel living in these islands and different European States have left their mark in every field. Aimé Cézaire's typically 'exclusive' relation is still the hallmark of links between the English-speaking ACP States and the United Kingdom, the Dutch OCT and the Netherlands, and the French DOM and

France. The patterns of trade display it, the flow of investments proves it and the movement of adults, students, families and even ideas reflect it.

Two things have to happen before these entrenched parallel lives stop.

— Ties between neighbours in the Caribbean have to be forged or strengthened in every field (investments, trade, education, culture, etc.).

— Flows of trade, finance, people and culture between States, territories and partners in the Caribbean and the various Member States of the Community have to be diversified.

The texts of Lomé IV, the OCT Association Decision and POSEIDOM both cater for and invite this. And financial resources have been earmarked to help in territories under all three statuses.

But these are bothersome developments, for they upset the habits of training systems and local and national — and even Community — authorities.

There have been frequent attempts at regional integration, of course, and some of them successful. The first, which go back to the colonial era, was the Anglo-American Caribbean Commission, which was set up in 1942 and enlarged in 1946 to include the territories under French and Dutch control. But this organisation, just like the Federation of the British West Indies set up in 1958, could not withstand the centrifugal force of the region's political and economic situation.

In 1973, the Treaty of Chaguaramas (Trinidad) set up CARICOM, which, unlike the previous attempts imposed from the outside, has the great advantage of being designed by the local authorities. It covers all the English-speaking ACP States in the Caribbean, plus the two OCT of Anguilla and Montserrat, and is very similar to the Treaty of Rome on a number of points, with institutions at every level, various sectoral organisations and the Caribbean Development Bank (CDB). In its dialogue on regional cooperation with the EEC, CARICOM has expanded to include Suriname and, recently, Haiti and the Dominican Republic in the Caribbean Forum.

In recent years, the integration drive has gathered momentum in the Organisation of Eastern Caribbean States (OECS), which combines a series of small and very similar islands. With regional cooperation now extended to territories

of every status, it is the OECS countries which have the closest relations with the two DOM (Martinique and Guadeloupe), based on geographical proximity, numerous exchanges of human resources and the Creole culture of the Lesser Antilles.

Many meetings have been held on a broader basis between the ACP States, OCT and DOM in this part of the world, but they have not yet come up with many common schemes, nor, indeed, any common regional organisation. The late Lorenzo Natali, Vice-President of the Commission, often said that there was no point in setting up a whole regional organisation unless there were enough regional projects for it to take care of — a pragmatic approach similar to the one recommended by Jean Monnet, who said that people should get together to create practical things and leave the institutional ideas to emerge on their own later.

Since Lomé I, the Caribbean ACP States, have had many common regional cooperation projects, involving CARICOM members and Suriname, under the various EDFs.

OCT have been involved in a number of projects using the resources earmarked for this purpose. The British OCT especially have made proper use of — and indeed used up — the resources provided in regional projects with CARICOM ACP States. This is a good thing, but, once again, there is nothing difficult about it because it concerns the English-speaking group alone. The regional EDF resources provided for the Netherlands Antilles and Aruba are a very different picture. There is still plenty of the 6th EDF left and the poor rate of commitment is apparently due to scant contact between the Dutch-speaking area and the English- and French-speaking areas.

The regional resources available to the DOM under their Community support frameworks are also largely under-solicited, despite the guidelines which the Council laid down in POSEIDOM and the Commission in the financial decisions relating to each of the Community support frameworks. But these guidelines are very new and clearly there is hope as far as the DOM and the OECS States are concerned.

Regional cooperation is not easy to organise, of that there is no doubt. It is difficult to combine neighbouring ACP States and it is even more difficult to

combine ACP States, OCT and DOM in the same approach. The force of every local identity, which is particularly strong in the islands, is against it. It associates different populations in their languages and cultures, in their ways of doing things and in the trends of their trade. And it goes against economic and political egotism, in particular by occasionally being seen as a means of developing a competing neighbour.

Yet it is also a factor of development in that it brings economies of scale and, therefore, better management of the resources ploughed into developing the region. And it brings different — sometimes complementary, often competing — neighbours together, which is a long-term guarantee of economic integration and the hope of peace between peoples of the same region. A sound geopolitical analysis should guide our future along these lines. It is in the mutual interest of students seeking to improve themselves through contact with neighbouring universities. It is in the mutual interest of firms seeking joint ventures. It is the mutual interest of farmers pooling what they have learnt from special research into tropical products and it is in the mutual interest of populations wishing to find out about, say, the progress of a hurricane, or pooling their architectural know-how to cope with it.

As we have seen here, such cooperation does not always mean joint infrastructure or productive sector development schemes — regional projects which can of course be suspected of serving the competing neighbour at one and the same time. It can easily be geared to human resources or cultural and social operations which may be highly beneficial yet not generate the same fears. Although it is clearly up to the local decision-makers themselves to choose, we still hope to offer one or two suggestions in the light of our positive experience of the on-going process of European integration.

This is also offered to youngsters, those typical members of the Caribbean population.

— The *ERASMUS programme*, launched in June 1987, deals mainly with education and mobility. It is a great success. It enables students to spend some time in a university in another Member State and have special grants and all the guarantees of organised exchange programmes. Would an Erasmus programme for universities in the Caribbean not be a good idea for students there too?

— *LINGUA* aims at raising the standard and availability of foreign language teaching and training. Would this not also be a way of improving communication between future decision-makers in one of the few parts of the world with many languages (five if you count the Portuguese spoken in Brazil) so close to each other?

— *PETRA* is a Community action programme which provides vocational training for young people and helps prepare them for their lives as adults. The idea is to give any youngster who requires it a year or more of vocational training, after his or her compulsory schooling, leading to a recognised qualification. Would this not be a way of helping youngsters prepare for and settle in a job in a region where there are many young unemployed?

Similar examples can be found in the social schemes which the ESF runs in the Community to show solidarity in responding to certain social situations (the disabled, training for mothers, public health, etc.).

The same goes for a partial riposte to the smallness of the markets so often quoted as one of the main handicaps of islands. The combined adoption of one of the many directives on harmonising legislation with a view to completion of the Community's internal market would be a step towards greater internal trade flows in the Caribbean and a facilitator of joint ventures between neighbours with similar standards.

All this means making moves which are dictated by mutual will and a desire for reciprocal advantages. And it means that, whatever the legal status of the neighbours in question, such moves must be both imaginable and realistic. This was what Manuel Marin meant in 1991 when he said that what we had to do was change directions and go towards our neighbour with a view to mutual interest. This was by no means as easy as an inflexible approach, he maintained, but what a challenge it was for regions where 40% of the population was under 20!

Let the now united Europe, which once created this region artificially, separating it from its origins and dividing it to suit the economies of Britain, Spain, France and Holland, help the people there to meet each other and strengthen their awareness of belonging together. ○

Y. R-G

The Caribbean in the 21st century — A US perspective —

by Professor Robert PASTOR and Richard FLETCHER (*)

As the small nations of the Caribbean assess the rapid changes in the world, they have begun to ask whether they will be left irretrievably behind. To pose the question in a more positive way: can the Caribbean end its economic stagnation and backwardness and embark on a bold new course to fulfill the region's potential?

Thirty years ago, there were only three independent countries in the Caribbean, and all three were trying to rid themselves of dictatorship. Only one — the Dominican Republic — succeeded. Haiti struggled through 30 years of oppressive dictatorship only to emerge on 7 February 1991, with its first freely elected president.⁽¹⁾ Cuba is still under the control of an aging revolutionary and a single-party system. In the meantime, 12 English-speaking, parliamentary democracies have joined the group of independent governments. Of this group, only Grenada and Guyana departed from the democratic tradition. But the former returned after an American invasion, and the latter is in the process of returning.

With the exception of Haiti, most of these countries have made substantial social progress: education and health standards are among the highest in the developing world. In terms of economics, however, the region has failed to find a path toward sustainable, equitable growth. Some have done better than others, and there are lessons to be learned from the differences. But generally, economic development has proven elusive.

The strength of the region has always been its people and their adaptability. The region's democratic leaders have modified their views from a philosophy

based on state-directed economic management to one that relies more on the market's ability to allocate resources. The mood of the regional leadership has swung from a fear of foreign investment to anxiety about the lack of it. Some Caribbean leaders had previously viewed the Cuban model as the solution — and the United States as the problem. Now there is widespread recognition that Cuba's path is of limited, if any, relevance for the future, while the United States is viewed more pragmatically as a vital market, a source of support and a possible partner.

Driven primarily by security interests, the United States has often oscillated between intervention to prevent a foreign rival from gaining a foothold and neglect when the threat passed. But the region's increasingly democratic character, together with large-scale emigration to the United States during the last three decades, has changed the U.S. view of the region in ways that might permit a steadier long-term relationship.

We believe the time has come to consider a new stage in the region's development and its relationship with the United States. We recommend that the region shift toward a new economic strategy based primarily on self-reliance. Provided the region makes the appropriate macroeconomic decisions, the United States should offer a bold economic initiative, opening its markets wider to the region's exports, perhaps as part of a broader extension of a North American Free Trade Area (NAFTA). U.S. aid and financing should be a complement and supplement, not a substitute, for the region's new economic strategy.

Problems

Politically and socially, Caribbean aspirations have been commendable and essentially attainable. The nations have wanted democracy, independence and stability, and the region's citizens have sought justice and equality of opportunity. By and large the English-speaking Caribbean has attained these goals, a remarkable achievement in the developing world. Culturally, the region is justly

proud of its distinct identity, and its reggae and calypso have enhanced the global cultural fabric.

The basic Caribbean problem is that its economic aspirations have been beyond the reach of the islands' small scale. Influenced by the demonstration effect of the United States, the Caribbean people have naturally wanted the same standards. Caribbean workers have been unwilling to accept living standards that are lower than those achieved by relatives who have migrated to North America. Democratic leaders have not wanted to tell their constituents that such aspirations are unreal. The region's businessmen have preferred to sell American and European goods to protected home markets rather than manufacture goods for export.

The region suffers chronic balance-of-payments deficits, over-dependence on a few agricultural or mineral commodities (sugar, bananas, bauxite, oil) and increasing dependence on tourism. Although tourism has proven a much needed source of foreign exchange, it also has increased the region's vulnerability. Tourist revenues are greatly affected by developments that are totally unrelated to the tourist industry. Tourism plummets as a result of scares, like AIDS in Haiti, or violence in a neighbouring country or recession in the United States or Europe — all factors beyond the influence of hoteliers. Even the war in the Persian Gulf damaged the crucial winter tourist season.

The region suffers from other problems. Skilled labour and professionals emigrate at a high rate. Foreign investment has preferred Mexico and Costa Rica. While the region has largely maintained its democratic system, political and drug-related threats have increased. The attempted coup in one of the region's largest islands, Trinidad, in July 1990 underscored the vulnerability of all the islands.

The population of the entire 13-member Caribbean Community (CARICOM) is five million; fewer than the population of each of the three Latin nations — Haiti, Cuba and the Dominican Republic. Even if one adds these islands, the total population amounts to less than that of Dade County, Florida. Air traffic in Miami exceeds that of the entire region. The Caribbean simply does not have as large a margin for choice as it would like.

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(1) Article written before the overthrow of President Aristide.

Most of the Caribbean has lost two decades of economic progress. This has led to high unemployment (20% on average, 50% among youth) and increasing frustration. The Caribbean is not in danger of revolution; rather the prospect is of continued deterioration, growing social delinquency (crime, drugs), emigration and sporadic attempted coups by radicals or drug-traffickers or both.

In 1952 Puerto Ricans asked themselves whether they should become independent, and the 3.2 million people on the island decided that their land was too small and underpopulated to consider independence as viable. Ten years later, Puerto Rico's much smaller and poorer English-speaking neighbours began to declare their independence, not bothering to ask the question that Puerto Ricans had agonised over. That question of economic viability remains unanswered.

We believe the Caribbean can attain economic growth, create more jobs and achieve a more equitable income distribution. After a decade of economic regression, where GDP per capita in Jamaica and Guyana fell to levels of the early 1960s, the immediate prospects are not good. The two lessons of the last 20 years that emerge from these experiences are: first, economic performance does not depend on how much aid and resources a nation receives, but on how it uses them and which economic policies it chooses; and second, the most effective policies in the region were those that put greatest emphasis on the use of a country's own material and human resources. If it adopts policies based more on self-reliance, the region can begin a turnaround within five years.

Self-reliance has two components. First, economic policy reform should be driven by a process of local consultation — rather than directed by foreign officials — because that will ensure the requisite commitment for sustained action. Second, countries must avoid borrowing at levels that create an insupportable burden of debt service. For most countries, this means less than two percent of GNP. Imports should be paid for mostly with export revenues; budgets should be financed by taxation, not by printing money.

In recent years a new consensus has emerged regarding those policies that are most likely to produce positive economic growth. The package includes the following: trade liberalisation with a bias

toward export; fiscal self-reliance with an effective tax system; a policy favouring investment over consumption; and deregulation and privatisation. A number of countries, notably the 'Asian Tigers', have demonstrated that this policy mix can produce excellent results. For those who think Asian culture might be the explanation more than these economic policies, they need only consider that two of the smallest countries in the Caribbean with the least resources utilised the same mix with the same positive effect — Barbados in 1960-80 and the Bahamas from 1970-90.

An effective recipe for economic growth and job creation in the Caribbean would involve the following mix.

Trade Policies

Import substitution as an engine of growth has exhausted its possibilities for the Caribbean. To improve living standards and productive capacities, the region needs to import more. But given the limits to future capital flows, the only way to pay for these imports is to expand and diversify exports. The traditional exports — bauxite, sugar, bananas and tourism — cannot grow fast enough. To develop new lines of exports — for example, apparel, light manufacturing, assembly operations, data entry, agro-industry and services — will require a fundamental shift from an anti-export to a pro-export bias. Such a change requires unpopular policies, such as flexible exchange rates, tariff reduction and deregulation. That is the political dilemma and the reason why these policies have seldom been implemented or sustained.

Fiscal Policies

To be self-sustaining, the Caribbean must learn to live within its means, with perhaps a modest current account deficit. (The United States also has much to learn in this regard.) Fiscal policy must be oriented towards increasing the level of domestic savings and ensuring that budgetary expenditures are financed without resort to excessive borrowing or printing of money. The tradition of dependence on external finance in the 1980s unfortunately has been both cause and effect of extremely low savings rates, chronic budget deficits and periodic debt crises in most Caribbean countries. Adjustment in these areas will require reduction in public employment, increased taxes, reformed tax codes, reduced subsidies, increased utility charges and other potentially onerous measures.

Investment Policies

Growth and job creation are not possible without capital accumulation. The tough questions are: Who will invest? In what areas should they invest? How should the government privatise most efficiently? What other steps should the government take to encourage investment?

It is widely recognised that few Caribbean states have been efficient investors or manufacturers, particularly in the export sector. Export diversification programmes will therefore depend mainly on local and foreign private investors. Governments will need to provide improved infrastructure to establish an environment conducive to private investment. Governments have options for judging where they want to encourage investment, and the experience in East Asia suggests that close collaboration between the government and the private sector works better than either a laissez-faire or an adversarial system. Caribbean governments have not begun to develop mechanisms for collaboration yet, but they need to get started.

If done properly, privatisation can generate new investment and innovation in bloated inefficient industries. National governments can also compel these large companies to respond more to the market by measuring their performance according to private standards. But privatisation entails some risks if it is not handled correctly, or if the public monopoly is transferred to private hands with no public accountability or increase in competitiveness.

Labour Policies

Caribbean trade unions traditionally have bargained for higher wages and benefits in capital-intensive industries (oil, bauxite, cement). These sectors could afford high wages but have generated little additional employment. Trade union wage-push has contributed to the anti-export bias and to inefficiencies, which have made Caribbean workers uncompetitive with their Mexican and Dominican counterparts. Trade unions will need to re-examine and broaden their role so that they participate in and take responsibility for tough macroeconomic decisions by governments, such as the trade-off between high wages and job creation.

Social Policies

The transformation of import-driven economies to export-oriented engines for

growth will require a massive effort in education — not just in schools, but also on-the-job training. The universities will also have to be adapted to the computer and technological needs of the 21st century since the labour force of the coming decades is already in school.

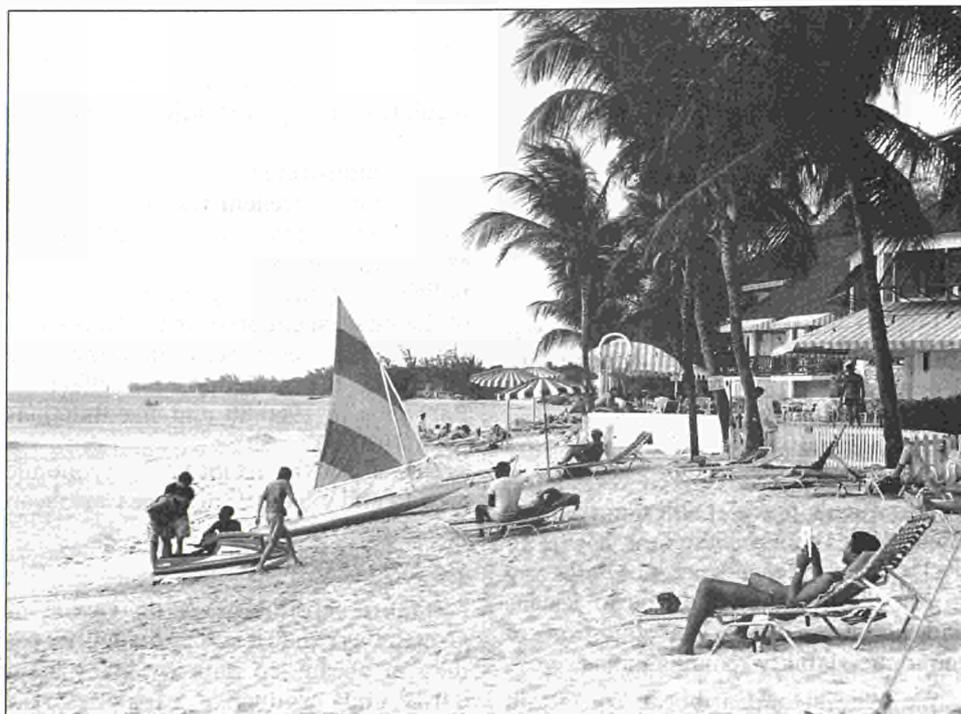
Health programmes are essential, not just because of their inherent worth, but because they are related directly to productivity. And tourism is more attracted to a country that maintains high health standards. Indeed, Costa Rica has shown that a small country with high levels of education and health can attract large numbers of Americans retirees. Expatriate retirement communities represent an important source of revenue and development, especially for the smaller islands.

If the region becomes more export-oriented, it will soon see the emergence of a new class of entrepreneurs climbing up the economic ladder. Nevertheless, there will remain a large number of people who cannot find the first rung. There will be increasing need for programmes aimed specifically at relieving the distress of society's poorest. The most effective remedies are education, job creation and price stability, but specific programmes will need to be targeted to those who are dislocated by the changes.

Strengthen and unify CARICOM

Self-reliance does not mean isolationism, an end to regionalism or the cessation of external assistance. Rather it prescribes a different set of priorities in the way nations have approached their economic problems, and it raises some new and difficult questions.

Notwithstanding the frequent encomiums to regional unity, the decisions of government leaders reveal little interest in transferring sovereign powers to CARICOM. And the truth is that only a small portion of each nation's trade is within the Caribbean; the major part is with the United States and to lesser degrees with Great Britain and Canada. Therefore CARICOM should not be viewed as an alternative to an economic relationship with a wider group like the United States or Europe, but as a necessary complement. The trend toward regional blocs in world trade means that the Caribbean needs to decide its trading priorities. Some have recommended the



The Courier

A beach in Barbados

'Although tourism has proven a much needed source of foreign exchange, it has also increased the region's vulnerability'

region turn to Europe. While we agree that Europe is an important market, we believe the highest priority should be to strengthen and unify CARICOM as an essential stepping stone toward eventual entry to a wider North American Free Trade Area.

One preliminary issue in need of some hard analysis is the currency.

A stable economy is a precondition for a stable currency. But the reverse is also true. The region has three options. First, weak and volatile national currencies can coexist alongside trade in U.S. dollars. The irony is that the region's most vociferously nationalistic regimes — like Sandinista Nicaragua, Guyana and Jamaica — were forced to rely increasingly on the dollar as their own currency lost its credibility or value. A second option is a Caribbean-wide currency that is printed and distributed by a single central bank. If Europe can move in this direction, certainly the Caribbean can as well. A regional currency may be facilitated by establishing a single CARICOM central bank. A third option is to formally adopt the dollar as the region's currency. From the perspective of the Caribbean, this option is not desirable politically, but it could be inevitable economically. If the first option fails, or if the region cannot agree to a regional currency — the best path — then adopt-

ing the dollar might be reconsidered by default.

For the United States the Caribbean is economically insignificant. It accounts for a small fraction of U.S. trade. Nonetheless, for strategic reasons, Washington modified the global trade policy that it had pursued consistently in the postwar period in favour of a regional trade policy aimed at fostering development — the Caribbean Basin Initiative. Passed by Congress in August 1983 and made permanent seven years later, the CBI aimed to stimulate investment, create jobs and promote economic development through expanded trade opportunities. Congress, however, excluded many of the region's key exports from the programme due to fear that declining U.S. industries or agriculture could not compete.

The U.S. International Trade Commission evaluated the programmes effectiveness from 1983-88 and concluded that 'over all, levels of new investment in beneficiary countries in the region remain disappointingly low.' (2) The CBI stimulated non-traditional exports and had a net positive impact on the economies of the region, but that impact was quite

(2) U.S. International Trade Commission, *Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Fourth Report*, September 1989, p. 6.

small. Two analysts estimated that the annual trade creation due to the CBI ranged from \$164 million to \$267 million, less than the annual cost of the simultaneous reduction in the region's sugar exports.

The effect of U.S. sugar policy on the region has been enormous. In the 1890s an increase in the U.S. tariff on Cuban sugar imports precipitated the Cuban war for independence. More recently the end of the U.S. sugar quota system in 1975 led to a steep decline in the Caribbean sugar industry, a mainstay of the region's economy. A new quota system was approved by Congress in 1981. Imported sugar received a higher price, but the reduction in quotas for the Caribbean region was severe — from an annual average of 1.7 million tons imported per year from 1975-81 to only 442 200 tons in 1989. From 1982-89 the countries in the region lost about \$1.8 billion in potential revenue as a result of sugar quotas.

The CBI hardly made a dent in that loss. In the Dominican Republic alone five sugar mills have closed since 1982. Throughout the Caribbean Basin about 400 000 jobs were lost because of the diminished sugar quotas, and these were mostly jobs in poor rural areas with the worst unemployment. In contrast the CBI created about 136 000 jobs in manufacturing from 1983-88. During this same period the Caribbean Basin's labour force increased by 2.3 million. The region, like sugar's value, has been declining.

Thus the decision by Congress to extend the life of the CBI without expanding its provisions or coverage is a mixed blessing. It is marginally useful for promoting development, but the region needs a more potent stimulus. If the Caribbean is willing to consider some of the steps outlined above, then the United States ought to consider a similarly bold initiative. It should include the following: the expansion of the U.S.-Canadian-Mexican free trade talks to include the Caribbean either during or after the negotiations and an interim series of steps to open the U.S. market for sugar, textiles, apparel and steel. The two areas that could have the most rapid and most positive difference are relaxed quotas on sugar and textiles. Of course, the two U.S. lobbies are very strong. The sugar lobby beat back any liberalisation when CBI was extended and the textile lobby came within a few votes of imposing the first protectionist bill on a president in over

half a century. Any change in trade policy will require strong presidential leadership.

On sugar policy — if the president is willing to bear the political consequences — there are a host of alternatives. He could directly subsidise domestic farmers in a free market; change quotas to outright tariffs and reduce them; expand quotas for the Caribbean gradually; or guarantee a fixed quantity and price on a multi-year basis that would permit greater stability for the region. Whatever option is chosen, it should be done in a gradual and predictable manner that would permit long-term planning.

On textiles and apparel Washington could expand access to the U.S. market. This is another case where asymmetry could be used to assist the region as the local effect would be substantial with little adverse effect on the United States. From a practical perspective, however, it might be easier for the United States to negotiate an expansion of the free trade agreement to include the Caribbean than it would be to modify the sugar or textile policies.

The Caribbean has a two-sided problem regarding debt and further aid. It needs new capital to finance the modernisation of its economy but cannot service the debt it contracted in the past. New aid or financing is infeasible unless the region demonstrates that it can use the new money more effectively than it did the old. We believe new financing and debt relief should follow, not precede, reforms and self-reliance. But such financing cannot be delayed for long without jeopardising the reforms.

The Caribbean has been the recipient of some of the largest aid flows on a per-capita basis in the developing world. The Caribbean Group for Cooperation in Economic Development, established at the initiative of the Carter Administration in 1977 and under the auspices of the World Bank, succeeded in coordinating external aid flows and increasing them quite substantially — sixfold from 1978-82. Since then aid has gradually declined, though it still remains high by global standards for a middle-income region.

Debt: need for relief

The region's debt problem is different from that of Latin America's, which is primarily contracted with private banks. From 1980-88, Caribbean debt doubled, to nearly \$10 billion. Most of that new

debt stemmed from the loans generated by the Caribbean Group. Jamaica had to use 40% of its \$1.6 billion in export revenues in 1989 to service its debt. For the whole Caribbean, with the exception of Trinidad and Tobago, 36% of total debt is owed to the international financial institutions, 27% to donor governments and 37% to commercial banks. For Jamaica, 46% of its debt is owed to governments and 40% to multilateral agencies.

U.S. Treasury Secretary Nicholas Brady offered an important proposal on March 10, 1989, to reduce privately contracted debt, but his initiative has made little progress because no single entity was placed in charge of the negotiations. Thus far there has been no effort to negotiate this proposal in the Caribbean.

We believe that the World Bank should take the lead in negotiating the Brady Initiative and begin doing so in the Caribbean immediately. Even if the Brady Initiative is applied vigorously to the Caribbean, its overall effect on the economies will be small since most of the region's debt is official, not private. As regards the official debt, Jamaican Prime Minister Michael Manley made a proposal to Secretary Brady, and on June 27, 1990, in the context of his Enterprise for the Americas Initiative, to which President Bush responded with a promise of relief. Congress has not completed its review of the proposal, and so it is difficult to estimate the magnitude of the relief. U.S. bilateral loans represent about one-quarter of the total debt. Canada already announced in early 1990 that it intended to cancel all outstanding development-aid debt owed by 11 CARICOM countries. That amounts to \$182 million. We recommend that other governments follow the spirit of the U.S. and Canadian initiatives and implement across-the-board official debt relief.

An additional problem is that the region has begun to have a negative transfer of resources to the international financial institutions. Write-offs of official debt owed to these institutions are infeasible, but it is possible to consider several alternative approaches. The maturities of existing loans could be lengthened. This is already being done with new loans, but it should also be applied to older ones. The banks could also refinance loans that are coming due and capitalise the interest and also provide new loans with mixed credits.

Stopping emigration

Emigration remains a powerful factor affecting the region's development, but few have bothered to incorporate that variable into the development equation. Already about one-fourth of the population of the English-speaking Caribbean has emigrated to the United States, the United Kingdom and Canada. The loss of skilled and entrepreneurial manpower remains a significant cost to the region's development, exceeding the positive effect of remittances. The new U.S. immigration law, which makes it easier for people with skills to immigrate, will undoubtedly hurt the region even as it contributes to the economic development of the United States. Despite these facts, emigration is such a central part of the region's psychology, particularly of its elite, that its leaders seek more access to the U.S. labor market, not less.

It is time to create incentives for the region's talented population to return home. The first place to start is at the international organisations, and particularly the development banks where so many talented Caribbean economists work. These organisations should adopt a rule that permits Caribbean technocrats to work there for a fixed term and then to return to their countries. Perhaps more than any single initiative this would create a new psychology for the region and permit the accumulation of human capital needed to manage both private enterprises and public projects. Moreover, since so many of these individuals will have returned with great experience in the international development banks, they would serve as effective interlocutors with these institutions.

Tourism has replaced sugar in many islands as the principal source of foreign exchange, but too much of that foreign exchange leaves the region because too few linkages have been developed with local economies. Few hotels use local food or products. Private sector leaders in the region need to find ways to increase linkages with these hotels and to bring the costs down or risk losing the tourists. Other ideas for expanding tourism include pre-clearance facilities in more countries. The Bahamas and Bermuda already have such facilities, whereby U.S. customs and immigration officials process tourists before they leave the island. Tourists prefer this as it permits them to exit to their destination much more rapidly.

In the course of reviewing a range of policies, it is worth recalling that the islands rest in a very turbulent sea, and nature has had a much more potent effect on the islands than has man. Hurricanes strike periodically with devastating force — Hurricane David in the fall of 1988 and Hugo the next year. Jamaica, Puerto Rico, the Virgin Islands, Montserrat, St. Kitts and Nevis — all have not fully recovered from the force of these winds.

The United States has established the Federal Emergency Management Administration to deal with natural disasters at home, and international agencies have helped the Caribbean to dig out from their disasters. The U.S. Army Corps of Engineers has often played a useful role, but as yet, there is no central mechanism or fund to which all in the region could contribute. We recommend that CARICOM leaders use their next summit to invite the United States and Canada to send representatives to develop a permanent region-wide plan to manage the relief assistance on an emergency basis.

Democracy: the Caribbean's strength and vulnerability

The region's strength and vulnerability is its democracy. There is no better framework for peaceful change or for meeting the needs of the people. Part of the reason Caribbean nations have escaped the Latin American malady of recurring coups d'état is that they have kept their armed forces small and professional. Yet the attempted coup in Trini-

dad alerted the region to its vulnerability, and the CARICOM leaders agreed in July 1990 to study the security issue. The question is, what will be done?

The region faces four threats: pariah states that threaten their own people and their neighbours; coups by mercenaries or minorities (bandits or radicals); subversion or corruption by drug or criminal elements; and oil spills and foreign fishing in territorial waters. To deal with the more conventional threats, several of the larger nations in the region have military forces. Six of the smaller nations have established a Regional Security System, which is not a standing army but rather a mechanism of cooperation. Each has trained 60 police officers, who, in the event of an emergency, would create a force of 360. This is an improvement on the past but inadequate to deal with these threats.

What more is needed? We recommend amending the CARICOM treaty to spell out the steps that the region would take in the event of a coup, a threat of a takeover by drug traffickers or the emergence of a rogue state. The first step should be an immediate regional summit meeting to discuss the timing and sequence for diplomatic, economic and, ultimately, military sanctions. Such a treaty provision would deter threats and substitute for a large military. The treaty also ought to include a provision for requesting non-Caribbean nations or international organisations to reinforce CARICOM'S own security capabilities. The size of local



Parliament Building in Port of Spain, Trinidad and Tobago, where the drama of an attempted coup d'état took place in July 1990

forces is less important if there is a credible deterrent, and that can only be provided by a major power.

The region should try to gain wide acceptance for stronger human rights provisions and groups, such as a CARICOM Commission of Human Rights and a CARICOM Court of Appeals. International election observers may also play a key role, as they did in Haiti and are doing in Guyana and Suriname.

David Coore, Jamaica's minister of foreign affairs, told the United Nations in October 1989: 'There is no doubt that the drug problem has today assumed proportions which are far beyond the capacity of individual states to control.' A recognition of the transnational dimension to drug trafficking is the first step toward managing it better. We would urge more regional collection and sharing of intelligence; more cooperation on interdicting traffickers and arresting money-launderers; a training facility for anti-narcotics agents in both investigative and interdiction activities; and more cooperation involving the U.S. Coast Guard (a better model for the region than the U.S. Navy). Prime Minister Manley's idea for a multinational drug force was tabled by the United Nations; it merits reconsideration for the Caribbean alone.

A big problem in pursuing drug traffickers relates to the reliability of sensitive information. The small nations of the Caribbean were justifiably frightened when U.S. Drug Enforcement Administration agents arrested a Caribbean premier in Miami. To ensure that such sensitive information is accurate rather than used for political purposes to destroy a person's career, we recommend that CARICOM and the United States establish a high-level, trustworthy special court to judge the evidence. In addition the region needs stringent legislation providing heavy fines and long-term imprisonment for drug traffickers. Their property ought to be held when they are arrested and confiscated if they are found guilty. Only four Caribbean nations have such stringent legislation. Consideration ought to be given to strengthening extradition treaties to cope with international drug smugglers.

The United States is a growing source of the problem of arms trafficking, and Caribbean countries have a right to demand changes in U.S. laws on local arms sales if the United States is to demand changes in their banking laws. Miami has replaced Havana as the

principal source of subversion in the region. But it is a special kind of non-governmental, transnational subversion that serves as a source of illicit arms sales, money laundering and drugs. The United States has a responsibility for addressing this side of the problem if it wants the Caribbean to address its own problems.

The Caribbean and Puerto Rico have long had a mutually ambivalent relationship that stems from the ambiguity of Puerto Rico's status. If and when a plebiscite occurs, and if Puerto Ricans make a clear choice, then special attention will be needed to develop enduring relationships between the new Puerto Rico and the Caribbean.

Although Cuba is becoming less of a player in the region, it remains too big to ignore. Indeed the Caribbean is beginning to worry that a post-Castro capitalistic Cuba might become a more serious threat than a communist Cuba. With a vibrant tourist industry and cheap, well-educated labour, a 'new' Cuba would be a formidable competitor.

Joining a free-trade area

If the Caribbean joins Mexico, Canada and the United States in a free-trade area, then political and social issues will become regional in scope. Greater economic integration will inevitably lead to questions about the freer movement of population, and these, in turn, will lead to an inquiry into political association.

In the summer of 1990 CARICOM decided to intensify its efforts to establish a single unified market by 1993, the twentieth anniversary of its establishment. The first step toward that goal was supposed to be implementation of a common external tariff in January 1991. But the continued delay raises the old question: How realistic is the initiative? Are the leaders willing to reduce their sovereignty in favour of a more effective regional autonomy? If the trend toward integration is real, the region's leaders will soon face the same kinds of questions faced by the European Community as it prepares for 1992. Should there be a Caribbean-wide currency with a single central bank, or should the region take a bolder leap and accept the dollar as the currency unit?

Should the region seek political association with the United States, or restrict its relations to a closer economic compact? Should the region be thinking of a North American Commonwealth, a grouping of

sovereign states that seeks to coordinate foreign and defense policies in addition to economic and welfare policies? Should there be free movement of people? What about citizenship?

It is time to begin regionwide discussions about these questions. As the walls of the old world tumble down, we must begin thinking of ways to rearrange the 'new world'. To begin the process we recommend the establishment of an informal group of North Americans with interests in the Caribbean Basin. This includes Canada, the United States, Mexico, Venezuela, Colombia, the Caribbean and Central America. Such an informal group, modeled on the Inter-American Dialogue or the Trilateral Commission (only with a more specific mandate), might eventually propose the establishment of a Caribbean Basin Parliament or Assembly that could address salient issues in a more formal and authoritative way.

The Caribbean is small in size and population but of large importance to the United States. If the Caribbean is to fulfill its potential, the answers must come first from the region. We believe a compact between the United States and the Caribbean is necessary, but that it should begin only after the region's leaders demonstrate a commitment to new economic policies aimed at promoting exports, expanding investment, minimising fiscal and current account deficits, and providing incentives for return migration by skilled labour.

Such a plan of self-reliance is not autarkic; it is not intended to shield the region from the competition of the world. Quite the contrary, the plan is designed to make the region more competitive. It does not rely solely on the market; it is premised on the idea that governments have a crucial role to play in fomenting development, not in production, but in regulating and ensuring that those who are disadvantaged by the market system are compensated by those who gain.

The United States should take a long view of the region and realise that a relatively small investment can yield a bountiful dividend in assuring a democratic and prosperous neighbourhood. By opening its markets and providing financing, the United States would be helping these countries provide jobs for restless youths who might otherwise consider illegal migration or drugs. ○

R.P. & R.F.

Drugs — illegal crops and alternative development

by Marcia ALVAREZ (*)

Peasants, whose once flourishing economic position has been constantly eroded thanks to waning prices on the tropical agriculture markets, have accepted illegal crops despite the dangers. They were hungry when they farmed on the right side of the law, and survival was the lesser of two evils.

One of the elements contributing to this unfortunate phenomenon in the countries of the Andes was agrarian reform. This failed to meet the countries' vital need for foreign exchange and for properly supplied domestic markets. There was no decent land planning and no respect for traditional usage.

Talking about economic crisis in the South means recognising that the States there are unable to handle the agricultural, financial and commercial problems of legal crops (coffee, potatoes, maize and

rice) and that the countries of the North must accept some of the responsibility for the situation in the developing world.

Socio-historical trends in each of the drug-producing countries over the past decade of defeated development have led to one of the most tragic declines of this century. Black Africa is in a bad way. Unemployment is endemic, the health situation is frightening and, since the market for cocoa, coffee and groundnuts collapsed (the international price of cocoa dropped by 50% in 1987, while coffee, with a 40% drop, was not far behind) cannabis has been practically the only commercial product. It has happened in Senegal and Côte d'Ivoire and in North Africa, where Morocco is France's main supplier. In the Middle East, Turkey and Lebanon are the producers and suppliers of cannabis and in Central and Southern America, it is Mexico, Colombia and Jamaica — competition

for the USA, which turns out more than 5000 tonnes annually.

The demand for drugs, which are used mainly in the North, means that willing hands must be available to cultivate the crops. The growing areas have become places of exile for unemployed peasant farmers and workers. These people may well believe the statement by Genaro Flores, the famous Bolivian leader that 'the poor have nothing to do with the drug itself. They only grow the coca plant and it is the USA which actually produces the cocaine'.

Peasants grow crops like cannabis (the commonest illegal crop, also known as maconha, Indian hemp, marijuana etc) all over the world — a million hectares of it stretching across Asia, India and China and parts of the Soviet Union too. Burma, Thailand and Laos, the 'golden triangle', are the biggest producers of the basic opium-morphine and heroin, which are of course also products of the 'golden crescent' countries of Iran, Pakistan and Afghanistan as well as of Lebanon, Turkey, Mexico, Guatemala and Colombia.

The biggest coca producer in the Andes is Peru, where there is galloping inflation and, in contrast with Bolivia, a ban on growing the plant other than for the local markets of the Cordillera or as an attraction for tour operators. Official producers recognised by ENARCO, the National Coca Board, farm in the Convention valley, but there are 100 000-200 000 hectares illegally under crop on top of this.

How did trade expand in this way? The Government decided to develop Amazonia 20 years ago by building roads. Natives and half-castes came down from the Andes to settle by the Hualluga River, growing maize and hunting and fishing for their livelihood. The Bank of Agriculture applied government policy and offered loans to encourage maize growing. This 'development of the Peruvian Far West', however, had unwarranted effects, including the spread of coca growing. Meanwhile, a world economic crisis undermined Peru and brought down the price of maize, interest on bank loans soared as high as 1350% and inflation was such that maize and rice were no longer paying propositions.

In 1989, peasant farmers could sell maize for 250 Intis per kilogramme, but they got 800 000 Intis for 300 kg of the fresh leaves (the amount required to

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Heroin being seized at Schiphol airport in Amsterdam.

Socio-historical trends in each of the drug-producing countries over the past decade of defeated development have led to one of the most tragic declines of this century

make 1 kg of basic coca paste) and 1 200 000 Intis for 1 kg of the paste itself. A kilogramme of cocaine in the USA costs \$10 000, which is 20 times that figure. The crop, which the Drug Enforcement Agency suggests is worth \$2 billion p.a., brings in as much foreign exchange to Peru as all the nation's exports of flour, fish, copper, minerals and exotic wood put together.

Bolivia has 60 000-100 000 hectares of coca. In 1970, there were 3000 ha of the crop in the Chaparre, where it was considered illegal and 7000 ha in the Yungas area near La Paz. This was more than sufficient for the home market. Now, while there are still 7000 ha of coca in the Yungas, the figure in the Chaparre has leapt to 50 000 ha, tended by 60 000 families. Coca boomed in Bolivia during the 10 years of military rule (1971-81). This was when the mafia had the protection of groups trained by Klaus Barbie, among others, and it was able to act with impunity. There was another boom in 1985 when the tin mines closed. When the International Tin Council folded, prices on the London Metal Exchange collapsed, severe unemployment hit Bolivia and former miners, who had filled the coffers of the tin barons for 50 years, fell into the clutches of the coca barons.

Colombia has 27 000 ha under coca, but the worst thing in this country is the way clandestine laboratories produce the drug in powder form. Given the State's continuing impotence in the face of the drug kings, the President of Colombia felt obliged finally to challenge the traffickers. On 23 June 1989, he told the International Herald Tribune that he was determined not to lay down his arms before the perils of the drug mafia... and on 16 August, 45 judges and 42 journalists lost their lives in a wave of killing. All the violence in Colombia recently has highlighted the weakness of State machinery and management. The country has been controlled by drugs, torn asunder by guerrillas and grass-roots groups, subjected to heavy social pressure and prey to all sorts of natural disasters.

The strategies

Various national and international strategies have been devised to bring in substitute crops and alternative development.

The UN has run a global action programme as part of its political activity. Items 14, 15 and 16 of the 35 objectives of the International Conference on drug addiction and trafficking in Vienna in 1987 provided an analysis of the illegal growing and utilisation of these plants and introduced the measures which economic, ecological, social and political information suggested would achieve the vital aim of creating conditions in which integrated development projects could be set up.

It is important to realise that illegal crops can only be eliminated with the help of the growers themselves and that new and viable economic alternatives have to be made available. This means that outlets have to be found for alternative products to bring in extra income and that people living in natural forests must be induced to maintain their forestry resources — thereby helping to protect the environment.

Notwithstanding the UN global programme, it was statements by the Presidents of the three Andean countries (Colombia, Peru and Bolivia) at the Cartagena summit on 15 February 1990 which launched the concerted action plan for substitution and alternative development in coca producing areas in the countries of the subregion.

Repression will never be the best remedy, as experts at the American Drug Enforcement Administration are the first to admit. In February 1990, an official from the Information Department at the Bolivian Home Ministry asked 'On what moral grounds can we ask hundreds of thousands of workers to stop having anything to do with coca and return to a situation of extreme poverty?'

The current interest in crop substitution and alternative development projects will be extremely important in the future, when it comes to identifying the factors which have contributed to the success or failure of the policies. It will also be important in validating or altering the design, aims, ways, means and strategies of each operation. The one or two examples which follow show that it has all taken time, but the outcome is positive.

Asia

Pakistan, one of the countries in the golden crescent, produced 60 tonnes of opium in 1983 and 200 tonnes in 1988. Assistance from the UN, backed up by

the European Community, means that poppy growing in the Buner area has now practically been wiped out. The programme took six years to achieve its aim of supplying and exporting cereals. In 1976, the Pakistan Government signed an agreement with UNFDAC (the UN Drug Abuse Control body) on setting up a \$20 million agricultural development scheme to combat drug production. The preliminary study had shown that there would be obstacles. Buner alone accounted for two thirds of the country's opium output at that stage and almost half the population was against a conversion programme, as opium poppies brought in 70% more than any other crop. Although Islam prohibited drug production, indifference on the part of the religious leaders blinded the growers to all argument.

Thailand, with Burma and Laos, forms the golden triangle, a mountainous area where violence, intimidation and drug trafficking are organised side by side.

Articles by Arnaud Dubois, the Radio France International correspondent in Bangkok, suggest that crop substitution programmes north of Chiang Mai have largely achieved their aims. 25 years after the start of the first scheme in 1966, opium production has dropped from the original figure of about 145 t to some 30 t (1990) and the area under crop has declined from 19 000 ha to 4000 ha. Northern Thailand has 580 000 mountain dwellers potentially involved in opium growing and 80 000 of them live in one of the project zones. But an early 1990 estimate suggests that 70% of the opium produced in Thailand comes from non-programme areas, which gives an idea of just how much ground there is still to cover.

'Maize versus poppies' is the slogan in northern **Laos**. In the Vientiane area, which has three ethnic groups (the Laokan, the Laosoung and the Laolum), each has solid cultural traditions of its own. One of the resources here is the opium poppy which is a traditional crop in some tribes, but the arrival of the colonials incited peasant farmers to produce more.

A Laotian engineer has been the prime mover in a new cattlefeed factory built with financing from French cooperation as part of an alternative development project. Some 20 000 t of maize was needed annually to make it a paying



BELGA

Cocaine from Colombia hidden in coconuts

Coca growing areas have become places of exile for unemployed peasant farmers and workers

proposition and the locals were encouraged to use their know-how to produce this cereal, while cutting down on opium poppies. By 1988, 30 villages (more than 1000 families) were growing the new crop — a success, of course, although it could be better.

NGOs (CIMADE and the CCFD) have decided to back an integrated development project for peasant societies in the Kasy region to capitalise on the potential of the environment (land, water and plant life) and the know-how of the peasants. A Laotian team set up by a combined study and development company, has produced an ecological/socio-economic study for this purpose.

Latin America

Many schemes have been run in **Bolivia**, but one begun in the Yungas region — which is traditionally known for its coca production — stands out. The idea was to make the peasant farmer in traditional coca producing areas less dependent on the crop and prevent it spreading to other settlement areas.

This was a two-stage operation run before the law regulating coca and other controlled substances was passed in 1988. The first steps were taken in November 1986, when peasant farmers had to be convinced that the choices were right and

sign bilateral agreements not to plant fresh coca crops. There were 53 such agreements — 26 in Coroico, 7 in Chulumani and 20 in Caranvi — involving a total of 2703 families and 11 990 people. In September 1987, a group of 133 peasants in the Coroico community voluntarily dropped 25 ha of coca, thereby manifesting their desire to accept the Government's agricultural conversion programme.

By July 1988, the AgroYungas project included 821 ha of coffee belonging to 1359 farmers, with seed storage facilities for a further 1300 ha. The project had managed to bring 2000 ha of land under coffee and create 2000 jobs in the process. Citrus and other fruit, cattle-rearing programmes, bee-keeping and fish farming were also introduced to help farmers who had voluntarily cut back on their coca crops.

In June 1988, the financing unit made 3150 loans (totalling \$4 million) to finance coffee marketing cooperatives and 56 350 t of the product were sold as a result, bringing the country considerable foreign exchange revenue. The communities involved in this scheme benefited from management of 120 km of local roads and 23 drinking water supply systems — which raised the farmers' standard of living and made them psych-

ologically disposed to accept Bolivia's new coca regulation law.

UNFDAC has started up a rural development project in the Quillabamba region (known for its traditional coca crops) in Cuzco Province in **Peru** to provide financial and technical assistance for farmers, marketing cooperatives and producer associations willing to go in for coca substitution on a voluntary basis. The projects have been set up geographically. The Convention y Lares-Cuzco (CODEVA) scheme involves 27 basic cooperatives and 12 000 of the 30 000 farmers. Credit facilities are provided to obtain improved coffee strains with technical assistance from the project, and to upgrade methods of harvesting coffee, annatto and citrus fruit. There are plans to grub up the coca plants, with the farmers' agreement, once the new crops are ready for marketing.

UNFDAC has been trying to introduce new activities in the Huallaga region, using microprojects and a \$7.2 million budget, since 1984. Extra assistance of \$9 million has been earmarked for this area, which is Peru's main supplier of coca. Rice crops have been developed and ENACI, the State organisation, is responsible for marketing this product.

The peasant communities of central Huallaga, who grow a variety of crops (notably beans and rice) and raise domestic animals, are running an alternative artisanal pigmeat programme to produce sausages, for which there is a market in the region.

In spite of the precarious social situation in this country, UNFDAC is continuing to run the project with a \$5 million budget which will be used for such things as settlement and immigration schemes (30-40% of the labour force is constantly on the move with the coca crop).

UNFDAC set up a five-year, \$5 million alternative project in southern Cauca and northern Narino in **Colombia** in 1985. The idea was to help low-income peasants who were socially and economically marginalised in a hostile environment without any physical infrastructure. The coca boom in 1980 had encouraged them to cut back on food and cash crops and go for coca, more for reasons of survival than any traditional considerations.

The project began with negotiations to win the confidence of the peasants, who

had been forced to eradicate their coca crops in 1984 and were subject to pressure from both drug traffickers and guerrillas. Then came a campaign to encourage voluntary coca reduction in exchange for alternative sources of new crops (pulses, manioc, groundnuts and fruit, for example). Thanks to traditional extension systems (broadcasting and agricultural techniques), the ICA (Colombia's Institute of Agriculture) and the creation of infrastructure, 169 grassroots peasant communities have been involved. Legal crops have expanded by 1373 ha, of the 7400 ha planned at the beginning of the programme, to the detriment of coca.

The general aims have not quite been achieved. Problems have arisen with poor utilisation (20%) of the manioc and dried banana preparation plant because of transport costs and, with the high interest rate (41%) on loans, peasants are afraid to run up debts and lose their land. Nor did basic structural schemes take socio-cultural aspects (including the *vereda*, the typical community model in the region) into account.

The criticism is that this project set its sights on productivity instead of the gradual replacement of coca (85% of the peasants have no long-term intentions of abandoning it).

The Community approach

Repression has revealed its undesirable effects and forced the various organisations to recognise the importance of human beings. Upstream, this should mean helping the peasant populations emerge from the illegal situation created by the illicit crops which encourage drug trafficking — a situation which, as we have seen, is the result of the extreme poverty of the countries of the Third World, which sometimes have to bow to the pressure of the drug barons. Peasants have quite unintentionally created a human (drug addiction), economic (drug money laundering), social (violence, a decline in moral values and destruction of institutions) and political imbalance between North and South.

Downstream, the policy should help to achieve a more stable economy. Low-income regions should be helped, with prevention the goal in the most underprivileged areas, to prevent them from fostering drug cultivation in the future.

On 17 June 1987, the Commission signed a cooperation agreement with

UNFDAC as a 'Community contribution to UNFDAC activities, particularly the crop conversion programmes in Latin America'.

Community policy, initially not autonomous but part of the UN's global action plans, tries to back up the expansion of substitute production activities to make for greater impact in the developing world at both national and regional level. The instruments it has set up for this purpose have evolved over the years. Article 949 of the budget, for example, is aimed at providing financial support for the implementation of educational, information and rural development projects in the face of the migration problems provoked by the illicit drug culture. The budget also covers the reduction and/or prevention of drug production and consumption, treatment for drug addicts and training for staff. 46% of the aid has been channelled into prevention, treatment and rehabilitation schemes, 5.0% into training, 17.3% into epidemiology and multi-sector activity and 31.3% into programmes to encourage substitute crops and/or to discourage workers from migrating to illegal crop areas.

Over the four years of the programme, 71 projects (32.5% in Asia, 52.7% in Latin America, 7.2% in the Caribbean, 6.7% in Africa and 0.2% all countries) have been financed with private, official and NGO partners. Seven of them have been completed, 47 are running and 17

are about to start. Four projects out of 11 are regional, two of them specifically in the Andes region. Colombia has received the largest amount, a reflection of the Community commitment to provide substantial help with the Barco plan following the Council of Ministers' decision in October 1990.

These funds are committed within the framework of North-South relations (cooperation with the countries of Asia and Latin America) — which has not prevented help being given to Lomé IV signatories, a couple of whom have had financial assistance for three projects, two of them in the Caribbean. The extent of the African drug problem is such that increasing attention will have to be paid to the countries of that continent in the coming years.

Here are one or two examples of Community support for conversion programmes run with local and international partners:

Thailand: A series of schemes is being run in a post-eradication zone with a view to ensuring alternative sources of income and a better standard of living. The Provincial Authority and the Drug Control Bureau are actually running the operation, the EEC is providing ECU 429 000 and the local contribution is ECU 24 000.

Jamaica: A series of schemes similar to the Thailand series is under way, also in a



A police dog poised to sniff out drugs
Repression will never be the best remedy



Bolivian peasants

There is more involved than simply persuading peasants who are growing plants for drugs to grow something different. The new crops have to be just as profitable and just as marketable

post-eradication zone. The local territorial authority is running them, the EEC is providing ECU 221 700 and the local contribution is ECU 128 870.

Bolivia: The projects here are identical in aim, i.e. intended to restrict and/or divert illegal production. Various sections and sub-sections are under way. These include:

(a) The Procom scheme which is ensuring socio-economic development in four under-privileged areas near to the coca producing zones and in three parts of the production zone itself. It is being carried out by a group of local NGOs (the Association de Instituciones de Promocion y Educacion) and SAGO, a Belgian NGO, which is responsible for monitoring and evaluation. The EEC is contributing ECU 500 000 to the total cost of ECU 1 865 000.

(b) The Tarija scheme, which aims to create jobs for redundant miners via a credit system to help set up craft and semi-industrial firms and build houses. This is being run by a Bolivian NGO (a centre for social communication), a

Belgian NGO (the Fonds voor Ontwikkelingssamenwerking) and the Juan Missel Saracho University of Tarija. The EEC contribution is ECU 189 000 and the local contribution ECU 33 510.

(c) The third Bolivian project (Totolima), should create the right conditions for 50 families of laid off miners to settle in an area with sound development potential. It is being run by a Belgian NGO (FOS) and a local NGO (CORACA), with an EEC contribution of ECU 192 787 and an NGO contribution of ECU 34 020.

(d) The 'Research into Quinoa growing' scheme, the idea of which is to coordinate research into improving returns on this crop and investigate alternatives, including cattle rearing. It is being run by a Belgian NGO (SOS Hunger) with help from a local NGO (ANAP-QUI). The EEC contribution is ECU 356 000.

(e) Involvement in a major UNFDAC operation in the Yungas region. The EEC contributed ECU 500 000 to the agro-industrial section of this project in 1987 and a similar amount in 1988.

The Commission programme has developed pragmatically, with policies and priorities being first defined and then implemented, so they could be brought into line with practical situations where need be. The type of projects assisted reflects the conviction that the anti-drug campaign calls for a vision of development and effective cooperation between national, regional and international structures.

New crops must be equally profitable and marketable

There are many roots to this evil and they run deep. Drugs start by being a symptom of malaise and the problems of living in the modern world, with tentacles curling round the planet, to North and South alike, affecting most of our societies.

The subject itself is a typical example of the way in which under-development in the South questions and challenges the North. It is an opportunity for proper co-development and the drive to achieve it must involve a vice-like strategy, gripping the evil — the illegal production of the raw materials and the abusive consumption of psychotropic products — from both top and bottom.

The efforts of the Commission of the European Community have enabled urgent decisions to be taken and, in 1990, products from the Andean sub-region began a four-year period of coverage by the generalised system of preferences. The train is on the rails, but it will take a lot more effort for it to get up steam. A global development programme should include every aspect of development aid, for this is the only way to run agricultural production, health, education and road infrastructure operations and it means that the peasant farmers can contemplate the recognised national and international priority of substitution, properly planned in time and space, with equanimity.

There is more involved than simply persuading peasants who are growing plants for drugs to grow something different. The new crops have to be just as profitable and just as marketable, so there must be a priority outlet for them. Nor should there be protectionist legislation or commodity price speculation to make them less competitive than coca, poppies or hemp. If there is, then the illegal crops removed from whole stretches of land will just be planted again a bit further on. ○

M.A.

An account of the slave trade by one of its victims, OLAUDAH EQUIANO

by John GILMORE (*)

Olaudah Equiano (c. 1745-1797) was an Ibo, born at a place called Essaka, in what is now Nigeria, and was the son of one of 'the chiefs or elders of the place.' When he was about eleven years old, he and his sister were kidnapped by slave-raiders. The two of them were separated, and Equiano was sold to a succession of masters before eventually reaching the coast, where he was sold again, this time to European slave-traders.

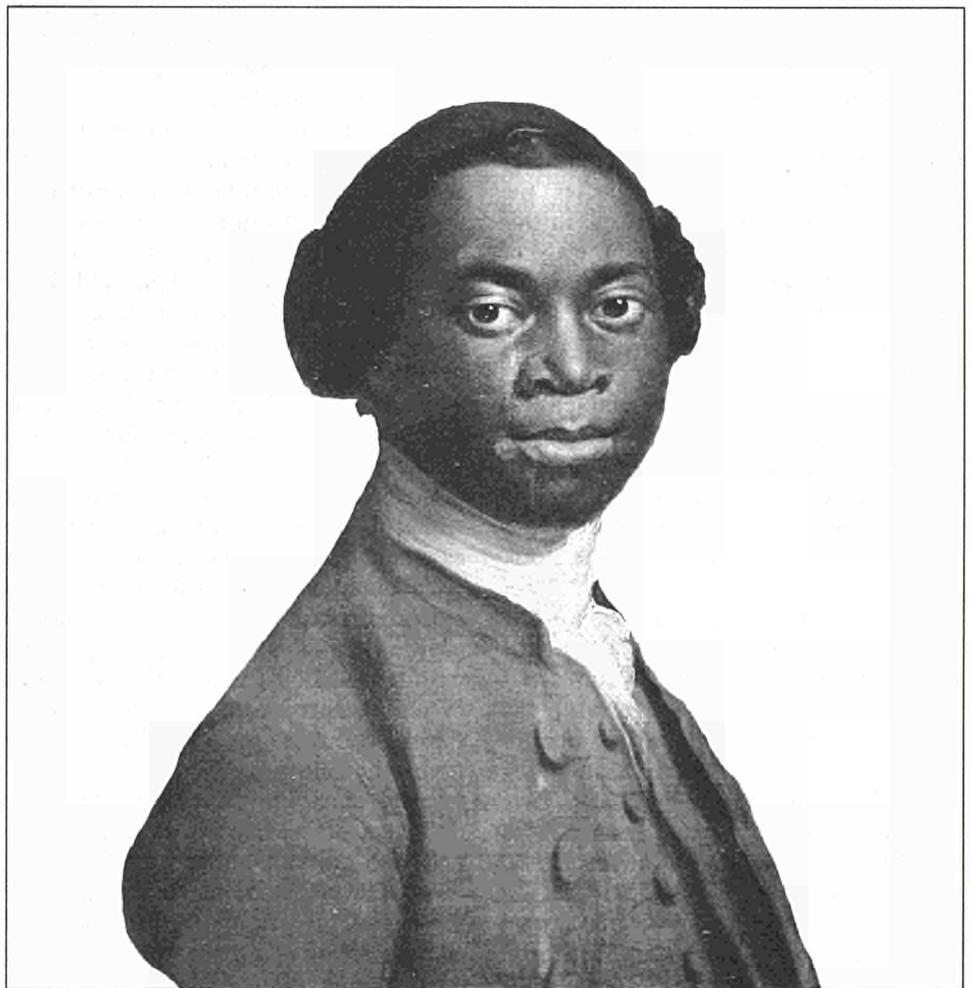
After enduring the horrors of the Middle Passage, he was brought to Barbados. He spent only a few days in the island, however, before being shipped off to Virginia and sold there to a lieutenant in the Royal Navy. He worked for a succession of masters, on board ship and on land, in Europe, North America and the West Indies, but he was luckier than most slaves, as he was able to earn and save money, and eventually bought his freedom, being manumitted in Montserrat in 1766.

As a free man, he continued to travel extensively and was a sort of predecessor of Matthew Henson, the black American who, as a member of Admiral Peary's expedition, planted the United States flag at the North Pole in 1909, for in 1773 Equiano went on the expedition to the Arctic which was commanded by Constantine Phipps and which reached a point farther north than any previous voyage of discovery.

In 1786 Equiano received an official appointment as Commissary for Stores on an expedition which was intended to take a group of poor blacks from England to found a settlement in Sierra Leone. However, Equiano quarrelled with some of the white organisers of the expedition, who he felt were both inefficient and more concerned about their own interests than those of the blacks, and he lost the job. The expedition did in the end sail, but the settlement in Sierra Leone proved to be a disastrous failure.

*In 1789 Equiano published his autobiography, **The Interesting Narrative of the Life of Olaudah Equiano, or Gustavus Vassa, the African.** (Like a number of Africans living in England at the time, he had adopted a European name, which he used interchangeably with his African one.) It is from this book that the extract given here is taken. The first edition of the **Interesting Narrative** was dedicated 'To the Lords Spiritual and Temporal, and the Commons of the Parliament of Great Britain,' and the dedication stated that it was 'the chief design' of the book to excite in their 'august assemblies a sense of*

*compassion for the miseries which the Slave-Trade has entailed on my unfortunate countrymen.' There was a long list of subscribers, including Ottobah Cugoano, another black writer living in England, and William Sancho, son of the wellknown black writer Ignatius Sancho (who was by then dead), as well as members of both Houses of the British Parliament, and many of the prominent opponents of the slave trade, such as the Rev. Thomas Clarkson, Sir William Dolben, Bishop Porteus of London, Hannah More, the Rev. James Ramsay, Granville Sharp and the Rev. John Wesley. We may note that also among the subscribers were Sir Philip Gibbes, a leading Barbadian planter (who took six copies), and William Dickson, a former secretary of Governor Hay of Barbados, who had lived in the island for some thirteen years and who was the author of **Letters on Slavery**, a book which appeared in the same year as Equiano's **Narrative**, and which argued for an end to the slave trade.*



Olaudah Equiano in later life, from a portrait by an unknown English artist which is now in the Royal Albert Memorial Museum, Exeter, England. Reproduced by permission of the Royal Albert Memorial Museum and The Bridgeman Art Library

(*) A Public Relations consultant in Bridgetown, Barbados.

Eight editions of Equiano's book were published in Great Britain and Ireland during the author's lifetime, as well as another edition published in New York, and there are a number of posthumous editions, as well as translations into Dutch and German. Equiano travelled about the country, selling large numbers of copies of his book, and stirring up public opinion — there is little doubt that he was fully justified in writing that 'I Trust that my going about has been of much use to the Cause of the Abolition of the accu[r]sed Slave Trade,' or that his book had its part to play in the change of public opinion

which eventually led to the abolition of the British slave trade in 1807.

In 1792 Equiano married an English-woman called Susanna Cullen, who bore him two daughters, called Ann Maria and Johanna. Susanna predeceased him, while Ann Maria died at the age of four in 1797; a monument to her is still to be seen on an outside wall of St. Andrew's Church at Chesterton, just outside Cambridge. It does not seem to be known what happened to Johanna. Three months before Ann Maria's death, Olaudah Equiano had himself died in London, on 31 March 1797.

I have already acquainted the reader with the time and place of my birth. My father, besides many slaves, had a numerous family, of which seven lived to grow up, including myself and a sister, who was the only daughter. As I was the youngest of the sons, I became, of course, the greatest favourite of my mother, and was always with her; and she used to take particular pains to form my mind. I was trained up from my earliest years in the art of war; my daily exercise was shooting and throwing javelins; and my mother adorned me with emblems, after the manner of our greatest warriors. In this way I grew up till I was turned the age of eleven, when an end was put to my happiness in the following manner: — Generally when the grown people in the neighbourhood were gone far in the fields to labour, the children assembled together in some of the neighbours' premises to play; and commonly some of us used to get up into a tree to look out for any assailant, or kidnapper, that might come upon us; for they sometimes took those opportunities of our parents' absence to attack and carry off as many as they could seize. One day, as I was watching at the top of a tree in our yard, I saw one of those people come into the yard of our next neighbour but one, to kidnap, there being many stout young people in it. Immediately on this I gave the alarm of the rogue, and he was surrounded by the stoutest of them, who entangled him with cords, so that he could not escape till some of the grown people came and secured him. But alas! ere long it was my fate to be thus attacked, and to be carried off, when none of the grown people were nigh. One day, when all our people were gone out to

their work as usual, and only I and my sister were left to mind the house, two men and a woman got over our walls, and in a moment seized us both, and, without giving us time to cry out, or make resistance, they stopped our mouths, and ran off with us into the nearest wood. Here they tied our hands, and continued to carry us as far as they could, till night came on, when we reached a small house, where the robbers halted for refreshment, and spent the night. We were then unbound, but were unable to take any food; and, being quite overpowered by fatigue and grief, our only relief was some sleep, which allayed our misfortune for a short time. The next morning we left the house, and continued travelling all the day. For a long time we had kept the woods, but at last we came into a road which I believed I knew. I had now some hopes of being delivered; for we had advanced but a little way before I discovered some people at a distance, on which I began to cry out for their assistance: but my cries had no other effect than to make them tie me faster and stop my mouth, and then they put me into a large sack. They also stopped my sister's mouth, and tied her hands; and in this manner we proceeded till we were out of the sight of these people. When we went to rest the following night, they offered us some victuals; but we refused it; and the only comfort we had was in being in one another's arms all that night, and bathing each other with our tears. But alas! we were soon deprived of even the small comfort of weeping together. The next day proved a day of greater sorrow than I had yet experienced; for my sister and I were then separated, while we lay clasped in each other's arms. It was in vain that

we besought them not to part us; she was torn from me, and immediately carried away, while I was left in a state of distraction not to be described. I cried and grieved continually; and for several days I did not eat any thing but what they forced into my mouth. At length, after many days travelling, during which I had often changed masters, I got into the hands of a chieftain, in a very pleasant country. This man had two wives and some children, and they all used me extremely well, and did all they could do to comfort me; particularly the first wife, who was something like my mother. Although I was a great many days journey from my father's house, yet these people spoke exactly the same language with us. This first master of mine, as I may call him, was a smith, and my principal employment was working his bellows, which were the same kind as I had seen in my vicinity. They were in some respects not unlike the stoves here in gentlemen's kitchens; and were covered over with leather, and in the middle of that leather a stick was fixed, and a person stood up, and worked it, in the same manner as is done to pump water out of a cask with a hand pump. I believe it was gold he worked, for it was a lovely bright yellow colour, and was worn by the women on their wrists and ancles. I was there I suppose about a month, and they at last used to trust me some little distance from the house. This liberty I used in embracing every opportunity to inquire the way to my own home: and I also sometimes, for the same purpose, went with the maidens, in the cool of the evenings, to bring pitchers of water from the springs for the use of the house. I had also remarked where the sun rose in the morning, and set in the evening, as I had travelled along; and I had observed that my father's house was towards the rising of the sun. I therefore determined to seize the first opportunity of making my escape and to shape my course for that quarter; for I was quite oppressed and weighed down by grief after my mother and friends; and my love of liberty, ever great, was strengthened by the mortifying circumstance of not daring to eat with the free-born children, although I was mostly their companion. While I was projecting my escape, one day an unlucky event happened, which quite disconcerted my plan, and put an end to my hopes. I used to be sometimes employed in assisting an elderly woman slave to cook and take care of the poultry; and one morning,

while I was feeding some chickens, I happened to toss a small pebble at one of them, which hit it on the middle and directly killed it. The old slave, having soon after missed the chicken, inquired after it; and on my relating the accident (for I told her the truth, because my mother would never suffer me to tell a lie) she flew into a violent passion, threatened that I should suffer for it; and, my master being out, she immediately went and told her mistress what I had done. This alarmed me very much, and I expected an instant flogging, which to me was uncommonly dreadful; for I had seldom been beaten at home. I therefore resolved to fly; and accordingly I ran into a thicket that was hard by, and hid myself in the bushes. Soon afterwards my mistress and the slave returned, and, not seeing me, they searched all the house, but not finding me, and I not making answer when they called me, they thought I had run away, and the whole neighbouring was raised in the pursuit of me. In that part of the country (as in ours) the houses and villages were skirted with woods, or shrubberies, and the bushes were so thick that a man could readily conceal himself in them, so as to elude the strictest search. The neighbours continued the whole day looking for me, and several times many of them came within a few yards of the place where I lay hid.

I then gave myself up for lost entirely, and expected every moment, when I heard a rustling among the trees, to be found out, and punished by my master: but they never discovered me, though they often were so near that I even heard their conjectures, as they were looking about for me; and I now learned from them, that any attempt to return home would be hopeless. Most of them supposed I had fled towards home; but the distance was so great, and the way so intricate, that they thought I could never reach it, and that I should be lost in the woods.

When I heard this I was seized with a violent panic, and abandoned myself to despair. Night too began to approach, and aggravated all my fears. I had before entertained hopes of getting home, and I had determined when it should be dark to make the attempt; but I was now convinced it was fruitless, and began to consider that, if possibly I could escape all other animals, I could not those of the human kind; and that, not knowing the way, I must perish in the woods. Thus was I like the hunted deer.

— ‘Ev’ry leaf, and ev’ry whisp’ring
breath Convey’d a foe, and ev’ry foe a
death.’

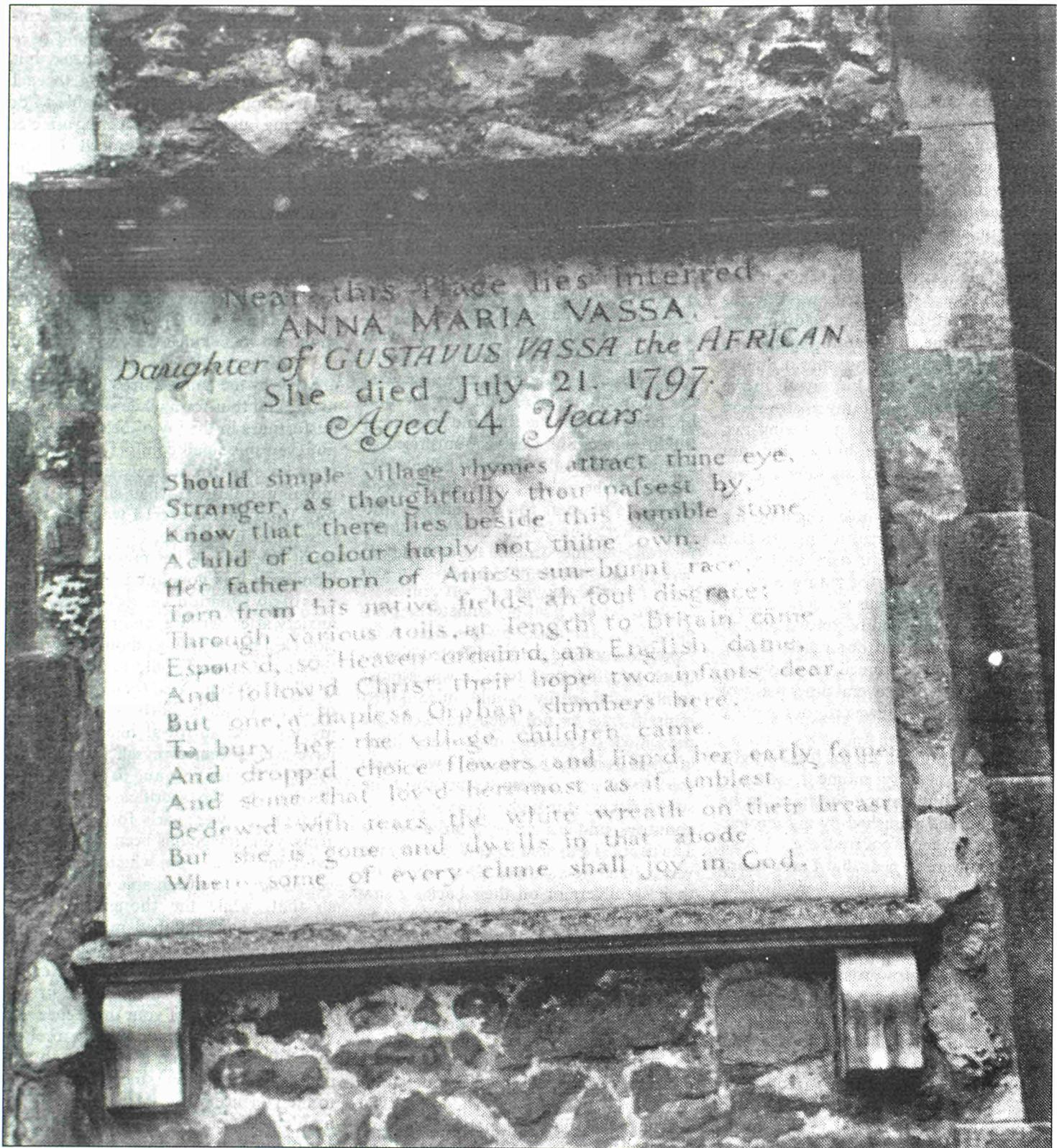
I heard frequent rustlings among the leaves; and being pretty sure they were snakes I expected every instant to be stung by them. This increased my anguish, and the horror of my situation became now quite insupportable. I at length quitted the thicket, very faint and hungry, for I had not eaten or drunk any thing all the day; and crept to my master’s kitchen, from whence I set out at first, which was an open shed, and laid myself down in the ashes with an anxious wish for death to relieve me from all my pains. I was scarcely awake in the morning when the old woman slave, who was the first up, came to light the fire, and saw me in the fire place. She was very surprised to see me, and could scarcely believe her own eyes. She now promised to intercede for me, and went for her master, who soon after came, and having slightly reprimanded me, ordered me to be taken care of, and not be ill-treated.

Soon after this my master’s only daughter, and child by his first wife, sickened and died, which affected him so much that for some time he was almost frantic, and really would have killed himself, had he not been watched and prevented. However, in a small time afterwards he recovered, and I was again sold. I was now carried to the left of the sun’s rising, through many different countries, and a number of large woods. The people I was sold to used to carry me very often, when I was tired, either on their shoulders or on their backs. I saw many convenient well-built sheds along the roads at proper distances, to accommodate the merchants and travellers, who lay in those buildings along with their wives, who often accompany them; and they always go well armed.

From the time I left my own nation I always found somebody that understood me till I came to the sea coast. The languages of different nations did not totally differ, nor were they so copious as those of the Europeans, particularly the English. They were therefore easily learned; and, while I was journeying thus through Africa, I acquired two or three different tongues. In this manner I had been travelling for a considerable time, when one evening to my great surprise, whom should I see brought to the house where I was, but my dear sister! As soon

as she saw me she gave a loud shriek, and ran into my arms — I was quite overpowered: neither of us could speak; but, for a considerable time, clung to each other in mutual embraces, unable to do any thing but weep. Our meeting affected all who saw us; and indeed I must acknowledge, in honour of those sable destroyers of human rights, that I never met with any ill treatment, or saw any offered to their slaves, except tying them, when necessary, to keep them from running away. When these people knew we were brother and sister, they indulged us together; and the man, to whom I supposed we belonged, lay with us, he in the middle, while she and I held one another by the hands across his breast all night; and thus for a while we forgot our misfortunes in the joy of being together: but even this small comfort was soon to have an end; for scarcely had the fatal morning appeared, when she was again torn from me for ever! I was now more miserable, if possible, than before. The small relief which her presence gave me from pain was gone, and the wretchedness of my situation was redoubled by my anxiety after her fate, and my apprehensions lest her sufferings should be greater than mine, when I could not be with her to alleviate them. Yes, thou dear partner of all my childish sports! thou sharer of my joys and sorrows! happy should I have ever esteemed myself to encounter every misery for you, and to procure your freedom by the sacrifice of my own. Though you were early forced from my arms, your image has been always riveted in my heart, from which neither *time* nor *fortune* have been able to remove it; so that, while the thoughts of your sufferings have damped my prosperity, they have mingled with adversity and increased its bitterness. To that Heaven which protects the weak from the strong, I commit the care of your innocence and virtues, if they have not already received their full reward, and if your youth and delicacy have not long since fallen victims to the violence of the African trader, the pestilential stench of a Guinea ship, the seasoning in the European colonies, or the lash and lust of a brutal and unrelenting overseer.

I did not long remain after my sister. I was again sold, and carried through a number of places, till, after travelling a considerable time, I came to a town called Tinmah, in the most beautiful country I had yet seen in Africa. It was extremely



Monument to one of Equiano's daughters, on an outside wall of St. Andrew's Church, Chesterton, Cambridge, England

rich, and there were many rivulets which flowed through it, and supplied a large pond in the centre of the town, where the people washed. Here I first saw and tasted cocoa-nuts, which I thought superior to

any nuts I had ever tasted before; and the trees, which were loaded, were also interspersed amongst the houses, which had commodious shades adjoining, and were in the same manner as ours, the

insides being neatly plastered and white-washed. Here I also saw and tasted for the first time sugar-cane. Their money consisted of little white shells, the size of the fingernail. I was sold for one hundred and

seventy-two of them by a merchant who lived and brought me there. I had been about two or three days at his house, when a wealthy widow, a neighbour of his, came there one evening, and brought with her an only son, a young gentleman about my own age and size. Here they saw me; and, having taken a fancy to me, I was bought of the merchant, and went home with them. Her house and premises were situated close to one of those rivulets I have mentioned, and were the finest I ever saw in Africa: they were very extensive, and she had a number of slaves to attend her. The next day I was washed and perfumed, and when meal-time came, I was led into the presence of my mistress, and ate and drank before her with her son. This filled me with astonishment; and I could scarce help expressing my surprise that the young gentleman should suffer me, who was bound, to eat with him who was free; and not only so, but that he would not at any time either eat or drink till I had taken first, because I was the eldest, which was agreeable to our custom. Indeed every thing here, and all their treatment of me, made me forget that I was a slave. The language of these people resembled ours so nearly, that we understood each other perfectly. They had also the very same customs as we. There were likewise slaves daily to attend us, while my young master and I with other boys, sported with our darts and bows and arrows, as I had been used to do at home. In this resemblance to my former happy state, I passed about two months; and I now began to think I was adopted into the family, and was beginning to be reconciled to my situation, and to forget by degrees my misfortunes, when all at once the delusion vanished; for without the least previous knowledge, one morning, early, while my dear master and companion was still asleep, I was awakened out of my reverie to fresh sorrow, and hurried away even amongst the uncircumcised.

Thus, at the very moment I dreamed of the greatest happiness, I found myself most miserable; and it seemed as if fortune wished to give me this taste of joy, only to render the reverse more poignant. The change I now experienced was as painful as it was sudden and unexpected. It was a change indeed from a state of bliss to a scene which is inexpressible by me, as it discovered to me an element I had never before beheld, and till then had no idea of, and wherein such instances of hardship and cruelty continually occur-

red as I can never reflect on but with horror.

All the nations and people I had hither to passed through resembled our own in their manners, customs, and language: but I came at length to a country, the inhabitants of which differed from us in all those particulars. I was very much struck with this difference, especially when I came among a people who did not circumcise, and who ate without washing their hands. They cooked also in iron pots, and had European cutlasses and cross bows, which were unknown to us; and fought with their fists among themselves. Their women were not so modest as ours, for they ate, drank, and slept with their men. But, above all, I was amazed to see no sacrifices or offerings among them. In some of those places the people ornamented themselves with scars, and likewise filed their teeth very sharp. They sometimes wanted to ornament me in the same manner, but I would not suffer them; hoping that I might sometime be among a people who did not thus disfigure themselves as I thought they did. At last I came to the banks of a large river, which was covered with canoes, in which the people appeared to live with their household utensils and provisions of all kinds. I was beyond measure astonished at this, as I had never before seen any water larger than a pond or a rivulet: and my surprise was mingled with no small fear when I was put into one of these canoes, and we began to paddle and move along the river. We continued going on thus till night; and when we came to land, and made fires on the banks, each family by themselves, some dragged their canoes on shore, others stayed and cooked in theirs, and laid in them all night. Those on the land had mats, of which they made tents, some in the shape of little houses: in these we slept; and after the morning meal we embarked again and proceeded as before. I was often very much astonished to see some of the women, as well as the men, jump into the water, dive to the bottom, come up again, and swim about. Thus I continued to travel, sometimes by land, sometimes by water, through different countries and various nations, till, at the end of six or seven months after I had been kidnapped, I arrived at the sea coast. It would be tedious and uninteresting to relate all the incidents which befell me during this journey, and which I have not yet forgotten; of the various hands I passed through, and the manners and customs of

all the different people among whom I lived: I shall therefore only observe, that in all the places where I was the soil was exceedingly rich; the pomkins, eadas, plantains, yams, etc. etc. were in great abundance, and of incredible size. There were also vast quantities of different gums, though not used for any purpose; and every where a great deal of tobacco. The cotton even grew quite wild; and there was plenty of red wood. I saw no mechanics whatever in all the way, except such as I have mentioned. The chief employment in all these countries was agriculture, and both the males and females, as with us, were brought up to do it, and trained in the arts of war.

The first object which saluted my eyes when I arrived on the coast was the sea, and a slave ship, which was then riding at anchor, and waiting for its cargo. These filled me with astonishment, that was soon converted into terror when I was carried on board. I was immediately handled and tossed up to see if I were sound by some of the crew; and I was now persuaded that I had gotten into a world of bad spirits, and that they were going to kill me. Their complexions too, differing so much from ours, their long hair, and the language they spoke (which was very different from any I had ever heard) united to confirm me in this belief. Indeed such were the horrors of my views and fears at the moment, that, if ten thousand worlds had been my own, I would have freely parted with them all to have exchanged my condition with that of the meanest slave in my own country. When I looked round the ship too and saw a large furnace or copper boiling, and a multitude of black people of every description chained together, every one of their countenances expressing dejection and sorrow, I no longer doubted of my fate; and quite overpowered with horror and anguish, I fell motionless on the deck and fainted. When I recovered a little I found some black people about me, who I believe were some of those who brought me on board, and had been receiving their pay; they talked to me in order to cheer me, but all in vain. I asked them if we were not to be eaten by those white men with horrible looks, red faces, and loose hair. They told me I was not; and one of the crew brought me a small portion of spirituous liquor in a wine glass; but, being afraid of him, I would not take it out of his hand.

One of the blacks therefore took it from him and gave it to me, and I took a

little down my palate, which, instead of reviving me, as they thought it would, threw me into the greatest consternation at the strange feeling it produced, having never tasted any such liquor before. Soon after this the blacks who brought me on board went off, and left me abandoned to despair. I now saw myself deprived of all chance of returning to my native country, or even the least glimpse of hope of gaining the shore, which I now considered as friendly; and I even wished for my former slavery in preference to my present situation, which was filled with horrors of every kind, still heightened by my ignorance of what I was to undergo. I was not long suffered to indulge my grief; I was soon put down under the decks, and there I received such a salutation in my nostrils as I had never experienced in my life: so that, with the loathsomeness of the stench, and crying together, I became so sick and low that I was not able to eat, nor had I the least desire to taste any thing. I now wished for the last friend, death, to relieve me; but soon, to my grief, two of the white men offered me eatables; and, on my refusing to eat, one of them held me fast by the hands, and laid me across I think the windlass, and tied my feet, while the other flogged me severely. I had never experienced any thing of this kind before; and although, not being used to the water, I naturally feared that element the first time I saw it, yet nevertheless, could I have got over the nettings, I would have jumped over the side, but I could not; and, besides, the crew used to watch us very closely who were not chained down to the decks, lest we should leap into the water: and I have seen some of these poor African prisoners most severely cut for attempting to do so, and hourly whipped for not eating. This indeed was often the case with myself. In a little time after, amongst the poor chained men, I found some of my own nation, which in a small degree gave ease to my mind—I inquired of these what was to be done with us; they gave me to understand we were to be carried to these white people's country to work for them. I then was a little revived, and thought, if it were no worse than working, my situation was not so desperate: but still I feared I should be put to death, the white people looked and acted, as I thought, in so savage a manner; for I had never seen among any people such instances of brutal cruelty; and this not only shewn towards us blacks, but also to some of the whites themselves. One white man in

particular I saw, when we were permitted to be on deck, flogged so unmercifully with a large rope near the foremast, that he died in consequence of it; and they tossed him over the side as they would have done a brute. This made me fear these people the more; and I expected nothing less than to be treated in the same manner. I could not help expressing my fears and apprehensions to some of my countrymen: I asked them if these people had no country, but lived in this hollow place (the ship): they told me they did not, but came from a distant one. 'Then,' said I, 'how comes it in all our country we never heard of them?' They told me, because they lived so very far off. I then asked where were their women? had they any like themselves? I was told they had: 'and why,' said I, 'do we not see them?' They answered, because they were left behind. I asked how the vessel could go? they told me they could not tell; but that there were cloths put upon the masts by the help of the ropes I saw, and then the vessel went on; and the white men had some spell or magic they put in the water when they liked in order to stop the vessel. I was exceedingly amazed at this account, and really thought they were spirits.

I therefore wished much to be from amongst them, for I expected they would sacrifice me: but my wishes were vain; for we were so quartered that it was impossible for any of us to make our escape. While we stayed on the coast I was mostly on deck; and one day, to my great astonishment, I saw one of these vessels coming in with the sails up. As soon as the whites saw it, they gave a great shout, at which we were amazed; and the more so as the vessel appeared larger by approaching nearer. At last she came to an anchor in my sight, and when the anchor was let go I and my countrymen who saw it were lost in astonishment to observe the vessel stop; and were now convinced it was done by magic.

Soon after this the other ship got her boats out, and they came on board of us, and the people of both ships seemed very glad to see each other.

Several of the strangers also shook hands with us black people, and made motions with their hands, signifying I suppose we were to go to their country; but we did not understand them. At last, when the ship we were in had got in all her cargo they made ready with many fearful

noises, and we were all put under deck, so that we could not see how they managed the vessel. But this disappointment was the least of my sorrow. The stench of the hold while we were on the coast was so intolerably loathsome, that it was dangerous to remain there for any time, and some of us had been permitted to stay on the deck for the fresh air; but now that the whole ship's cargo were confined together, it became absolutely pestilential. The closeness of the place, and the heat of the climate, added to the number in the ship, which was so crowded that each had scarcely room to turn himself, almost suffocated us. This produced copious perspirations, so that the air soon became unfit for respiration, from a variety of loathsome smells, and brought on a sickness among the slaves, of which many died, thus falling victims to the improvident avarice, as I may call it, of their purchasers. This wretched situation was again aggravated by the galling of the chains, now become insupportable; and the filth of the necessary tubs, into which the children often fell, and were almost suffocated. The shrieks of the women, and the groans of the dying, rendered the whole a scene of horror almost inconceivable. Happily perhaps for myself, I was soon reduced so low here that it was thought necessary to keep me almost always on deck; and from my extreme youth I was not put in fetters.

In this situation I expected every hour to share the fate of my companions, some of whom were almost daily brought upon deck at the point of death, which I began to hope would soon put an end to my miseries. Often did I think many of the inhabitants of the deep much more happy than myself. I envied them the freedom they enjoyed, and as often wished I could change my condition for theirs. Every circumstance I met with served only to render my state more painful, and heighten my apprehensions, and my opinion of the cruelty of the whites. One day they had taken a number of fishes; and when they had killed and satisfied themselves with as many as they thought fit, to our astonishment who were on the deck, rather than give any of them to us to eat, as we expected, they tossed the remaining fish into the sea again, although we begged and prayed for some as well as we could, but in vain; and some of my countrymen, being pressed by hunger, took an opportunity, when they thought no one saw them, of trying to get a little

privately; but they were discovered, and the attempt procured for them some very severe floggings. One day, when we had a smooth sea and moderate wind, two of my wearied countrymen who were chained together (I was near them at the time), preferring death to such a life of misery, somehow made through the nettings and jumped into the sea: immediately another dejected fellow, who, on account of his illness, was suffered to be out of irons, also followed their example; and I believe many more would very soon have done the same if they had not been prevented by the ship's crew, who were instantly alarmed. Those of us that were the most active were in a moment put down under the deck and there was such a noise and confusion amongst the people of the ship as I never heard before, to stop her, and get the boat out to go after the slaves. However, two of the wretches were drowned but they got the other, and afterwards flogged him unmercifully for thus attempting to prefer death to slavery. In this manner we continued to undergo more hardships than I can now relate, hardships which are inseparable from this accursed trade.

Many a time we were near suffocation from the want of fresh air, which we were often without for whole days together. This, and the stench of the necessary tubs, carried off many. During our passage I first saw flying fishes, which surprised me very much: they used frequently to fly across the ship and many of them fell on the deck. I also now first saw the use of the quadrant; I had often with astonishment seen the mariners make observations with it, and I could not think what it meant. They at last took notice of my surprise, and one of them, willing to increase it, as well as to gratify my curiosity, made me one day look through it.

The clouds appeared to me to be land, which disappeared as they passed along. This heightened my wonder; and I was now more persuaded than ever that I was in another world, and that every thing about me was magic. At last we came in sight of the island of Barbadoes, at which the whites on board gave a great shout, and made many signs of joy to us. We did not know what to think of this; but as the vessel drew nearer we plainly saw the harbour, and other ships of different kinds and sizes; and we soon anchored amongst them off Bridge Town. Many merchants and planters now came on

board, though it was in the evening. They put us in separate parcels, and examined us attentively. They also made us jump, and pointed to the land, signifying we were to go there. We thought by this we should be eaten by these ugly men, as they appeared to us; and when soon after we were all put down under the deck again, there was much dread and trembling among us, and nothing but bitter cries to be heard all the night from these apprehensions, insomuch that at last the white people got some old slaves from the land to pacify us. They told us we were not to be eaten, but to work, and were soon to go on land, where we should see many of our country people. This report eased us much; and sure enough, soon after we were landed, there came to us Africans of all languages. We were conducted immediately to the merchant's yard where we were all pent up together like so many sheep in a fold, without regard to sex or age. As every object was new to me every thing I saw filled me with surprise. What struck me first was that the houses were built with stories, and in every other respect different from those in Africa; but I was still more astonished on seeing people on horseback. I did not know what this could mean; and indeed I thought these people were full of nothing but magical arts. While I was in this astonishment one of my fellow prisoners spoke to a countryman of his about the horses, who said they were the same kind they had in their country. I understood them, though they were from a distant part of Africa, and I thought it was odd I had not seen any horses there; but afterwards, when I came to converse with different Africans, I found they had many horses amongst them, and much larger than those I then saw. We were not many days in the merchants' custody before we were sold after the usual manner, which is this: — On a signal given, (as the beat of a drum) the buyers rush at once into the yard where the slaves are confined, and make choice of that parcel they like best. The noise and clamour with which this is attended, and the eagerness visible in the countenances of the buyers, serve not a little to increase the apprehensions of the terrified Africans, who may well be supposed to consider them as the ministers of that destruction to which they think themselves devoted. In this manner, without scruple, are relations and friends separated, most of them never to see each other again. I remember in the vessel in which I was brought, in the man's

apartment, there were several brothers, who, in the sale, were sold in different lots; and it was very moving on this occasion to see their distress and hear their cries at parting. O, ye nominal Christians! might not an African ask you, learned you this from your God, who says unto you, Do unto all men as you would men should do unto you? Is it not enough that we are torn from our country and friends to toil for your luxury and lust of gain? Must every tender feeling be likewise sacrificed to your avarice? Are the dearest friends and relations now rendered more dear by their separation from their kindred, still to be parted from each other, and thus prevented from cheering the gloom of slavery with the small comfort of being together and mingling their sufferings and sorrows? Why are parents to lose their children, brothers their sisters, or husbands their wives? Surely this is a new refinement in cruelty, which, while it has no advantage to atone for it, thus aggravates distress, and adds fresh horrors even to the wretchedness of slavery.

I now totally lost the small remains of comfort I had enjoyed in conversing with my countrymen; the women too, who used to wash and take care of me, were all gone different ways, and I never saw one of them afterwards.

I stayed in this island for a few days; I believe it could not be above a fortnight; when I and some few more slaves, that were not saleable among the rest, from very much fretting, were shipped off in a sloop for North America. ○

NOTE

The first edition of Equiano's *Narrative* was reprinted in facsimile by the firm of Dawsons of Pall Mall, London, in 1969, in a two-volume edition which includes a new introduction by Paul Edwards.

A slightly different text of the *Narrative* is available in the paperback collection *The Classic Slave Narratives*, edited by Henry Louis Gates, Jr. and published as a Mentor Book by the New American Library (New York, 1987).

There is an interesting essay on Equiano in David Dabydeen and Nana Wilson-Tagoe, *A Reader's Guide to West Indian and Black British Literature* (Rutherford Press/Dangaroo Press, Oxford, 1987) and much of interest on Equiano and his contemporaries will be found in Paul Edwards and James Walvin, *Black Personalities in the Era of the Slave Trade* (Macmillan, London and Basingstoke, 1983).

The Barbadian scholar Keith A. Sandiford, Associate Professor of English at Louisiana State University (Baton Rouge), has recently published *Measuring the Moment: Strategies of Protest in Eighteenth-Century Afro-English Writing* (Susquehanna University Press, Cranbury, New Jersey, 1988), which is a study of Ignatius Sancho, Ottobah Cugoana and Olaudah Equiano.

Conservation and biodiversity of Lake Tanganyika

by F.C. ROEST (*)

The rapid increase in human populations around the African Great Lakes and consequent development in land use in the watersheds, combined with increased resource use, pollution and introduction of alien species has led to serious concern about the degradation of the delicate environments of these lakes. As a result, a first International Symposium on Resource Use and Conservation of the African Great Lakes was organised jointly by the International Limnological Society and the University of Burundi. Over one hundred participants from 21 countries attended this conference, which was held in Bujumbura, Burundi, Central Africa, in November-December 1989. The main achievement of the symposium, the first to deal with the conservation of these lakes (Victoria, Tanganyika, Malawi, Kivu, Albert/Mobutu and Edward/Idi Amin), was in bringing together so many people, concerned with various aspects of development of the lakes and their basins, for an exchange of ideas and appreciation of the need for collaborative action. It brought together, in many cases for the first time, people concerned with different aspects of lake resource use (water supply, fisheries, run-off from the land, conservation, scientific aspects such as the evolution and behaviour of endemic species), university people and fisheries scientists, as well as overseas scientists known to many from the literature, who have worked or were working on the same lake but separated by national boundaries, and also biologists concerned with comparable problems on the different lakes.

A series of recommendations was formulated for further rational use of resources and the conservation of the lakes. The report on this symposium and a volume of research papers were published by the International Agriculture Centre of Wageningen, the Netherlands.

Lake Tanganyika

As a follow-up to this symposium, under the guidance of Dr. Andrew Cohen of the University of Arizona, a core group of scientists then proceeded to organise a follow-up International Conference on the Conservation and Biodiversity of Lake Tanganyika. This meeting took place in Bujumbura, Burundi, in March 1991, and was again hosted by the University of Burundi (Prof. Ntakimazi). Sixty-five persons from twelve countries met during three days to discuss the environmental problems facing Lake Tanganyika, and proposed solutions to preserve this extraordinary ecosystem. The principal outcome of the conference was a 'Report on the First International Conference on the Conservation and Biodiversity of Lake Tanganyika' of 128 pages, which is broadly summarised here.

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Uniqueness

Lake Tanganyika is the largest (32 900 km²) and oldest of the African Rift Lakes, and contains one of the most unusual biotic resources of our planet. It harbours over 500 species of endemic animals, most of which have developed during the lake basin's long and complex history (now thought to have been of the order of 20 million years).

Many species and genera of the lake's fauna have no close relatives outside the basin, which indicates a degree of morphological derivation which is extraordinary for lacustrine organisms.

Despite the tremendous importance of the lake for both the maintenance of biodiversity on Earth and as a resource for the people of the region, Lake Tanganyika receives little legally mandated environmental protection at present.

Threats

The most serious immediate problems facing the Lake Tanganyika ecosystem result from localised overpopulation within the lake basin. Excessive suspended sediment input into the lake caused by basin deforestation, local overfishing and local pollution are the primary manifestations of this problem. Particularly in the northern basin, widespread modifications have occurred in the lake's ecosystem through both serious reductions in the complexity of species interactions in the lake and because of local extinctions.

Excess sedimentation

Landsat image analysis has shown that within the central portions of the lake's drainage basin, 40-60% of the original woodland or forest land has been cleared by massive, uncontrolled fires. The corresponding figure for the northernmost portion approaches 100%. The resulting rapid erosion within the lake's drainages has led to a massive increase in suspended sediment as well as in high sedimentation rates in the nearshore regions of the lake. In the northern waters of the lake, increased turbidity has already had a serious impact on biodiversity. Reductions of algal growth rates on rocky substrates can lead to reductions in fish and mollusc diversity. Likewise, excessive sedimentation rates have a well-documented, deleterious effect on invertebrate animals and plants living on soft bottoms, as well as on the fish dependent upon them. All these effects have probably already occurred in the northern part of the lake, where local extinctions of invertebrates and fish are likely responsible for extremely reduced levels of density in precisely those areas which are most heavily impacted by siltation. Equally disturbing is the potential effect of increased sedimentation on the extremely complex patterns of nutrient recycling and algal productivity known to occur within the open water portions of the lake.

Overfishing

Fish is one of Lake Tanganyika's most obvious resources. Two species of freshwater sardines, locally known as ndagala,

dagaa or kapenta, and four predators of the Nile perch group, form the basis of an important fishery. Fishing is done by the small-scale fisheries sector using canoes and catamarans as well as by industrial fishing boats, all using light attraction at night to concentrate and subsequently catch fish. In Burundi and Zambia where fishing pressure is highest, three of the predatory species have shown pronounced decreases in population sizes since the 1950s, when commercial fishing on the lake began. Fishing pressure in the northern part of the lake has also reduced stocks of sardines to such low levels that industrial fisheries are no longer profitable.

Pollution

Sources of pollution into Lake Tanganyika are currently concentrated around Bujumbura, and consist of untreated or lightly treated agricultural, industrial and municipal discharges. Harbour and untreated effluent discharges also occur around Kalemie, Kigoma and Mpulungu. Some research has been conducted on the impact of pollutant discharges on the living resources of the north basin.

Although no production is occurring at present, extensive petroleum exploration has been conducted on the Ruzizi Plain north of the lake, and to a lesser extent in the Kalemie Trough west of the lake. The impact of a tanker or pipeline spill in Tanganyika would be extremely serious, given the lake's relatively small size and the very limited pollution abatement facilities available in the four countries around the lake.

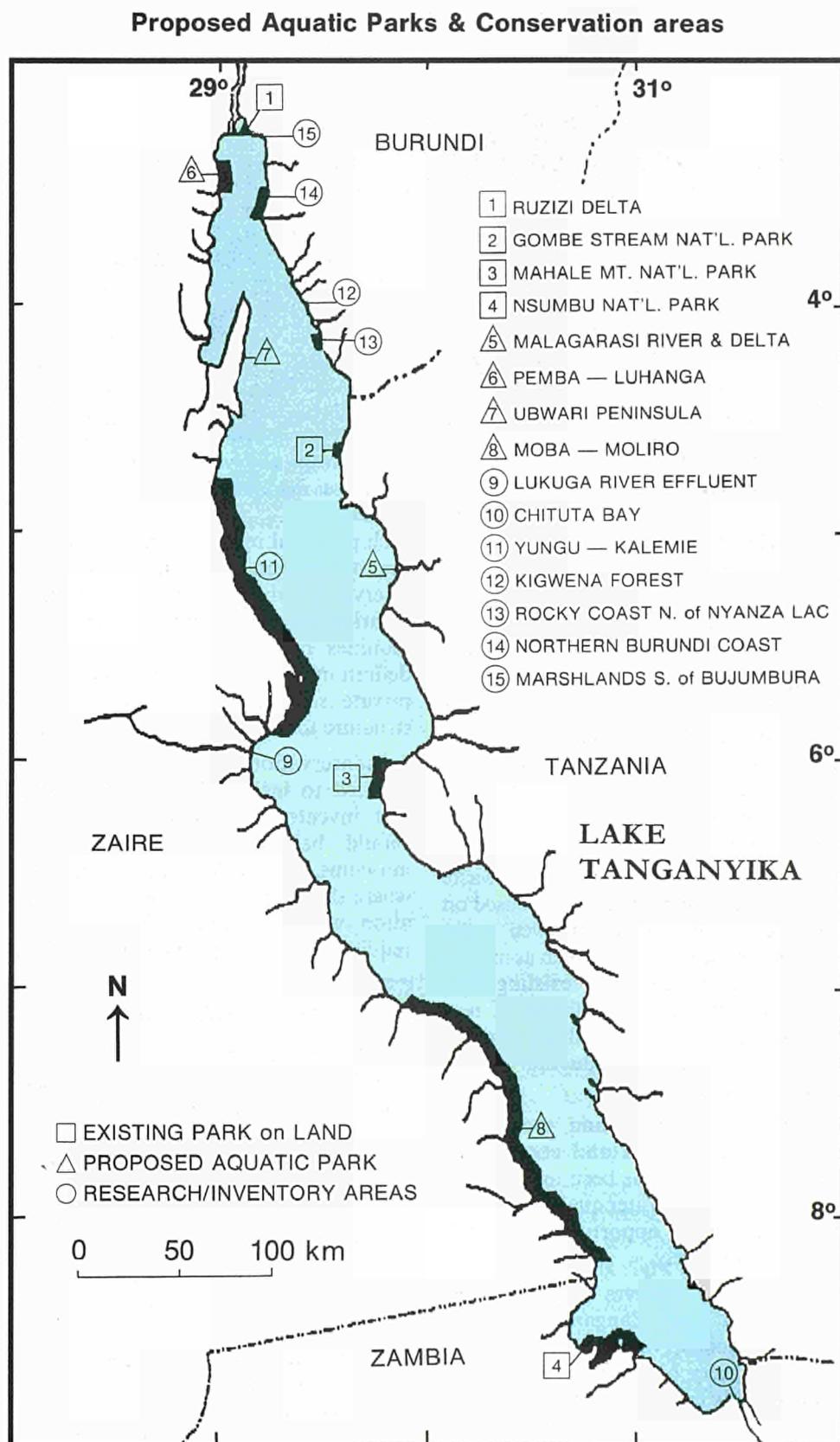
Conference recommendations

Specific working groups were established to discuss the following issues and formulate detailed recommendations: a) land/lake interactions, b) underwater reserve development and management, c) conservation research, d) the relationship between industrial and fisheries development and conserving the lake's resource base.

The plenary session then discussed and harmonised the conclusions and recommendations, which can be summarised as follows:

Lake Tanganyika Basin Commission

a) in view of the international nature of the problems, high priority should be



Existing and proposed reserves around Lake Tanganyika

given to the establishment of a Lake Tanganyika Basin Commission, the purpose of which would be to coordinate planning, conservation and research within the basin and disseminate inform-

ation and policy recommendations among the four riparian states. Among its activities would be, among other things, the planning and development of a Lake Tanganyika museum and laboratory.



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Lake Tanganyika, here near Bujumbura, Burundi's capital, contains one of the most unusual biotic resources of our planet, harbouring over 500 species of endemic creatures

Land/lake interactions

b) every effort should be made to slow down soil erosion. This phenomenon should be researched and appropriate measures defined such as the sensitisation of the general public to the problem through educational efforts, reduction of deforestation through development of alternative energy sources, the definition of optimal use strategies for arable lands and the basin-wide harmonisation of soil conservation legislation.

c) concerning urban water use and waste discharges, recommendations focused on the implementation of improved water use and discharge policies, such as inspection and improvement of existing facilities, planning and installation of new waste-water treatment facilities and the documentation of the production of toxic wastes in the basin.

d) pollution research and monitoring should be established and coordinated after an inventory has been made of the present situation. Water quality scientists should be given opportunities to collaborate effectively.

e) underwater reserves should be established in Lake Tanganyika for the purposes of conservation, tourism, and to protect nursery or breeding grounds of commercially important fish. The highest priority should go to studying and extending the four existing terrestrial wildlife parks to include adjacent sectors of the lake. In addition, ten further areas were identified as requiring full and immediate protection because of their unique biological importance (see map).

f) specific needs in developing reserves concern faunal and floral inventories for

each potential reserve in order to enable the delineation of zones around the reserves for different uses, e.g. fishing; securing the cooperation of local communities by protecting their interests; definition of roles of governments and private sector; development of infrastructure for tourism where appropriate.

g) conservation research was recommended to include biodiversity studies and inventories. Reference collections should be deposited in appropriate museums, on the lakeside and abroad, where they can be identified in collaboration with specialists. Funds will be required for building up and maintaining

Documentation

African Great Lakes Group SIL (1990), Report on the International Symposium on Resource Use and Conservation of the African Great Lakes. International Agricultural Centre, Wageningen, The Netherlands, Fisheries and Aquaculture Unit. Occasional Paper 2.

African Great Lakes Group SIL (1990), Fisheries of the African Great Lakes. Research papers presented at the International Symposium on Resource Use and Conservation of the African Great Lakes. International Agricultural Centre, Wageningen, The Netherlands. Fisheries and Aquaculture Unit. Occasional Paper 3, 134p.

Cohen, Andrew S. (Ed.) (1991), Report on the First International Conference on the Conservation and Biodiversity of Lake Tanganyika, funded by the Biodiversity Support Program.

collections and to install adequate scientific library facilities.

h) further research requirements identified include, apart from those already mentioned, studies of previously introduced species, studies of proposed or existing construction works adjacent to the lake, studies of the effects of pollution on the lake ecosystem (including agricultural runoff, oil seepage and municipal and harbour pollution discharges) and studies of the role of lake circulation patterns on the mobility and retention of pollutants in the lake.

i) in order to establish guidelines for exploitation of the lake's resources, research needs were defined which would provide the information required for the lakewide management of these resources. These concern: fisheries data collection for the management of commercial and ornamental fish stocks and invertebrate animals. A total ban is required on the introduction of any exotic aquatic organism into the Lake Tanganyika Basin.

j) concerning industrial development, the threat of pollution by oil needs to be eliminated by very strict regulations to minimise the chance of an oil spill in the case of further exploration or exploitation.

Projects

A number of projects have started or are being considered to contribute towards the conservation and management of Lake Tanganyika's resources. These include an FAO/FINNIDA project, based at Bujumbura, entitled 'Research for the management of the fisheries on Lake Tanganyika', a bilateral Belgian project to inventory fish species and monitor water quality in the northern part of the lake, national FAO-supported fisheries statistics projects in Burundi and Tanzania, the FAO/UNDP project 'Inland Fisheries Planning, Development and Management in East (Central/Southern) Africa', based at Bujumbura, which stimulates and assists in the collection of basic socio-economic and biological data required for management. The Global Environmental Facility is presently considering funding a regional project entitled 'Pollution control and other measures to protect biodiversity in Lake Tanganyika', which was identified as a direct result of the International Conference on the Conservation and Biodiversity of Lake Tanganyika held in Bujumbura in early 1991. ○ F.C.R.

Democracy tops the agenda at Joint Assembly

It is not surprising that the issue of democracy should have figured so prominently when members of the ACP-EEC Joint Assembly gathered in the Dominican Republic on 17 February for their latest plenary session. It is something, after all, which is emerging across the world and as more and more ACP States embark on the democratic road, it is natural that the subject should feature strongly on the agenda of the Lomé Convention's 'parliamentary' body. A more specific focus on the issue was also inevitable in the Dominican Republic, given that the host country shares the island of Hispaniola with troubled Haiti, whose democratically-elected government was overthrown in a military coup in the latter part of 1991.

In fact, democracy in general and Haiti in particular were the dominant themes of the week's discussions. The principal debate centred on a working document prepared by the Spanish Socialist member, Josep Enrique Pons Grau, entitled 'Democracy, Human Rights and Development in the ACP Countries', while in media terms, the highlight of the week was undoubtedly the address delivered on the Wednesday by the ousted President Jean-Bertrand Aristide of Haiti.

The global democratic resurgence has also had an impact, in a more direct sense, on the Joint Assembly. This is particularly to be seen in the way debates are conducted. There appears to be a trend towards increasingly open and frank discussion, with fewer, pro forma statements and more genuine dialogue. A willingness to criticise (so long as it does not degenerate into mud-slinging) and to disagree without falling-out, form part of the fabric of the democratic process and it is encouraging to see this developing at the Joint Assembly.

It is also worth noting that, in contrast to the relative gloom which characterised the last meeting in Amsterdam, the atmosphere was distinctly more upbeat on this occasion. None of the members who attended in Santo Domingo have any illusions

The proceedings began with a short address by the Mayor of Santo Domingo who welcomed members and delegates to his city. A welcome to the 'Island of sun and love' was also extended by José Osvaldo Leger, the President of the Senate of the Dominican Republic. In the course of his presentation, Mr Leger spoke of the need for a new international economic order which was fairer, better balanced and more 'people-oriented'. He referred in particular to the concerns which existed in his country about the situation in Haiti whose people he described as 'brothers, united in geography'. He appealed to the Joint Assembly and to the international community in general, to seek a way of resolving the situation, pointing to the fact that the current sanctions were deeply affecting the Haitian people. 'It is necessary', Mr Leger declared, 'to find a political solution to the crisis as soon as possible'.

Human rights

Taking the floor for the first time as the ACP's co-President of the Joint Assembly, Dr Erskine Simmons of Barbados warmly thanked his ACP colleagues for the trust they had placed in him in electing him to the post. He expressed the view that the current session of the Assembly would be of greater significance because of the messages, notably on the issue of democracy, which were likely to emanate from it. He stressed that the promotion of human rights (economic, social and cultural as well as civil and political) was a *sine que non* of development and said that the Joint Assembly should be rightly proud of its place in the forefront of this debate.

Dr Simmons also spoke of the debt problem facing many ACP countries. He acknowledged the positive contribution already made by Lomé IV in this regard



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Members of the platform party at the formal opening session

about the mountains which must be climbed in overcoming the development problems of the ACP countries, but they seemed in more of a mood this time to strike out from the base camp.

In this article, we focus on the opening speeches, the principal debate on democracy and development and on the hearing in which the particular problems of the Caribbean region were raised. The last-mentioned included a speech from the Prime Minister of Dominica, Dame Eugenia Charles. The speech of President Aristide is featured in a box article.

Other topics covered during the course of the week included structural adjustment, the situation in Southern Africa, AIDS, fisheries, and ACP debt. There was also a discussion of the situation in Rwanda resulting from the Report presented to the Assembly by its delegation which visited the country in October 1991.

but was critical of the lack of action more generally. As he pointed out; 'volumes have already been written on this issue — what is needed now is action'.

Referring to the situation in Haiti, the co-President expressed the hope 'that we can begin to see the solution to the problem starting right here'.

The European side was also represented in Santo Domingo by a new co-President in the shape of Maria Luisa Cassanmagnago-Cerretti (EPP Italy). She has been elected in place of her party colleague, the former Belgian Prime Minister Leo Tindemans who has taken up the leadership of the European People's Party in the European Parliament.

Priorities

In her presentation, Mrs Cassanmagnago-Cerretti identified a number of priority areas. In the first place, she



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Josep Enriquer Pons Grau, General Rapporteur

emphasised the need to unblock the GATT negotiations while, at the same time, urging a recognition by the industrialised countries of the North of their obligations towards the developing nations.

There was a similar need, she argued, for progress in UNCTAD negotiations aimed at reaching agreements on primary products which would guarantee fair remuneration for the ACP countries.

The third priority area suggested by Mrs Cassanmagnano-Cerretti was the environment. She stressed the importance of the forthcoming United Nations Conference on Environment and Development (UNCED) which is due to be held in Brazil later this year, and made specific reference to measures for preserving the tropical forests.

Reflecting the dominant theme of this particular session, Mrs Cassanmagnano-Cerretti devoted much of her speech to the linked issues of democracy and human rights. She spoke of the need for continuing support for the democratisation process in structural adjustment programmes and welcomed the decision to include, within the European Community budget, an appropriation for fostering democracy in developing countries. Regarding the latter, she pointed out that this was in line with a request which had been made by the Joint Assembly. She then drew applause from delegates with a firm statement that the

Joint Assembly could only 'condemn absolutely, any action designed to remove democratically elected representatives' — a thinly-veiled reference to the situation in neighbouring Haiti.

Mrs Cassanmagnano-Cerretti concluded her speech by reading a message from *Egon Klepsch* (EPP Germany), the newly elected President of the European Parliament (whose elevation precipitated the move, mentioned previously, of Mr Tindemans to the EPP group leadership).

The final speaker in the formal opening session was *Carlos Morales Troncoso* who is Vice-President of the Dominican Republic. He thanked the Joint Assembly for supporting the accession of his country to the Lomé Convention and expressed the hope that Lomé IV would help to solve the economic difficulties which the Republic was currently facing. He also spoke with some enthusiasm about the process of Caribbean integration.

Democracy debate

On the Monday afternoon, the Joint Assembly got down to business with a detailed discussion on democracy and human rights. The subject was introduced by the general rapporteur, Mr Pons Grau (Soc Spain), who presented a working document outlining his initial thoughts on the subject. Mr Pons Grau stressed at the outset that the impetus for a debate (and for a Joint

Assembly resolution) on the issue had not come purely from the European side but from ACP representatives as well. Indeed, he recalled that it was President Nyerere of Tanzania who took one of the earliest initiatives in the mid-1980s when he argued (in the context of Uganda at the time) that outsiders were entitled to criticise severe human rights violations within another country. Nor did the rapporteur limit his attention to the ACP side of the equation. He was particularly critical of the apparent lack of democracy which characterised organisations such as the GATT.

Mr Pons Grau noted that, within the ACP group, democracy was at different stages of evolution. In the Caribbean (Haiti excepted) and the Pacific, the tradition of pluralism appeared to be better entrenched while in Africa, the concentration of power within a single party or ruling group had tended to stifle debate and hinder the development of market economies.

Education

He also referred to the importance of the link between the democratic climate in a particular country and the level of education, noting that the Caribbean in particular was characterised by a high degree of educational attainment. A further important factor in the rapporteur's analysis was that of size — he believed that the small size of most island states in the Caribbean and Pacific regions mitigated in favour of democracy since it meant that governments were necessarily closer to those being governed. Referring specifically to the Pacific, he identified a successful fusion of two different political models, one indigenous and the other European.

Mr Pons Grau's general conclusion from this review of the background in the ACP states, was that each country must 'find a model best suited to its characteristics'. However, he insisted that fundamental to any system were the *separation of powers* and a *guarantee of human rights*. He also emphasised a practical point which could easily be overlooked, namely that laws were useless if they were not published in local languages and hence, accessible to the people affected by them.

Turning to the current situation, the rapporteur noted that the ACP political landscape had changed dramatically during the past two years. He cautioned,

however, that 'the picture was not all rosy' and suggested that events in Haiti, Zaire, Togo, Djibouti and Cameroon 'do not really inspire us to hope'. It was his view that there could be no viable

transition to democracy without economic changes. 'Of what use', he asked rhetorically, 'is the right to education if there are no funds with which to educate?'

President Aristide call for embargo

It was a military coup in September 1991 which removed Jean-Bertrand Aristide, Haiti's first democratically-elected leader from power. For the Joint Assembly, it was also a coup, although in a very different sense, to have him address the assembled delegates in Santo Domingo in February.

Appropriately for a Haitian, President Aristide seems to be developing into something of a cult figure. Flanked by bodyguards, he was given an enthusiastic reception by (most of) the Joint Assembly members, one of whom was even moved to suggest that he should be nominated for the Nobel Peace Prize.

Until very recently, the ousting of an elected leader by the military might have prompted a few expressions of regret, before the international community moved to recognise the new order. De facto control of a country was what mattered and in the shifting sands of cold war politics, maintaining relationships with those in control took precedence over the moral question of how that control had been acquired and or was sustained.

Nowadays, the position is very different and President Aristide is one of the first dispossessed leaders to be able to take advantage of the new enlightenment. When he came to Santo Domingo, he made full use of this opportunity to speak, not just to the Joint Assembly, but to a far larger audience in the Caribbean and the wider world.

President Aristide astutely chose to speak in Spanish, thereby addressing directly the bulk of the massed media who mobbed him on his arrival. He spoke passionately about the events in his country which had forced him into exile — of the 2000 Haitians reported to have been killed, the 20 000 political refugees and of the suppression of the free press. He spoke of blind repression, of the pain and hurt of seven million people and of the desperate economic and social conditions in his country.



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His speech was, at the same time, an appeal and a challenge. Through the Joint Assembly, he appealed to the wider world to express solidarity and he urged a total embargo against Haiti until democracy was restored. In particular he called for visas to be denied to members and officials of the current Haitian regime. He also laid down a challenge to that regime with a promise of 'peaceful resistance'.

In the debate which followed, the President met with support from most quarters. He was described variously as 'the incarnation of the hope of the Haitian people' and 'the man of dialogue and negotiation'. However, one Spanish member did ask an awkward question about the alleged 'necklacing' of opponents by Aristide's supporters (Necklacing is the practice of placing a tyre round the neck of someone and setting fire to it).

Perhaps the principal significance of President Aristide's visit was that it was happening in the Dominican Republic, with its own very special interest in events on the other side of the island. Relations between the two countries have been strained in the past, and are likely to remain so, if the new 'authorities' in Port-au-Prince are able to resist the international opprobrium. However, President Aristide was effusive in praising his 'Dominican brothers' and the restoration of democracy in Haiti could herald a new era of good relations between the two very different countries which live side by side on Hispaniola.

Lend-lease

Mr Pons Grau criticised the International Monetary Fund and the Group of Seven (the largest industrialised nations) for failing to come up with a long-term plan for developing countries. On the subject of debt-cancellation, he drew an analogy with the Lend-Lease system established by the United States to help the Allies during the Second World War. The debts contracted under this arrangement in 1941 were subsequently cancelled. 'Why', he asked, 'can the developed states not do this now?'. The rapporteur said that it was deplorable that the measures to remit debt which had been proposed by the European Commission had not prompted widespread cancellation of bilateral debt.

He went on to talk of the emergence of a tri-polar world centred on the European Community, Japan and the United States, and reached the gloomy conclusion that Africa was currently 'floating around in no-man's land'.

Mr Pons Grau ended his remarks by again quoting President Nyerere. In the final analysis, he said, 'absolute poverty is not compatible with political freedom'.

In the debate which followed, a number of ACP members took the opportunity to outline the current state of democracy within their own countries, and to describe some of the problems which they were encountering. The representative of *Togo* attributed his country's difficulties, in large measure, to the intransigence of the 'over-large' army which he said was reluctant to accept change. He acknowledged that there had also been a lack of consultation between the various bodies operating within the state. The current situation was that there was a legal authority in the form of the transitional government but actual power continued to be exercised by the President backed by the army. A more positive assessment came from the representative of *Chad* who reported on progress in his country on establishing ground rules for political parties, a league of human rights and an independent press. He appealed, however, for help in integrating former soldiers into civil society. A speaker from *Mali* sought to rebut any suggestion that Tuaregs living in the north of the country, who had risen in rebellion, had been mistreated. He insisted that the Taman-rasset Agreements between the Government and Tuareg rebels had not been respected by the latter. The representative

of *Sudan* said that significant progress had been achieved in his country in the process of structural adjustment and that economic democratisation was taking place in parallel with political democratisation. He referred in particular, to the national conference which had been held during 1991. The speaker from *Fiji* referred to the issue of indigenous societies which he said were of particular importance to the Pacific region. He claimed that the Fijian values were those of tolerance and respect.

Five principles

In his presentation, Commission Vice-President *Manuel Marin* recalled the common declaration adopted by the Council of the EC in November 1991. He explained that this declaration was based on five principles, namely;

- flexibility (ie the Community's reaction would not be a blind, automatic one, but would take into account the circumstances of the particular case);
- objectivity (ie flexibility does not mean arbitrariness and the approach must be a fair one);
- open dialogue;
- a positive, constructive approach in helping the process of democratisation;
- a negative approach aimed at sanctioning flagrant violations of human rights or interruptions of the democratic process.

Support for democratisation, the Commissioner stated, would become central to development plans and projects involving the European Community.

Mr Marin went on to emphasise that the EC institutions were ready to assist in the democratisation process. He made it clear, however, that they were not pushing for the adoption of any particular model while insisting that ACP governments must, nevertheless, be ready to incorporate the basic democratic concept in their plans for development.

Blacklist

The *Tanzanian* representative expressed concern over suggestions that a 'blacklist' of countries which would not be eligible for aid, might be set up.

On the European Parliamentary side, there were speakers from across the political spectrum. *Brigitte Ernst de la Graete* (Gre Belgium) pointed out that it was perfectly possible to organise a democratic election and not have a democratic result, and that the system

itself was, therefore, important, *Simone Veil* (LDR France) posed the question, 'how can we claim to be model democrats when we know that many of our own (European) systems have been changed recently or are undergoing change'. *José Mendes Bota* (LDR Portugal) deplored what he saw as an inconsistent policy which blocked relations with Cuba following the execution of a member of the political opposition but turned a blind eye to events in Indonesia. *Henri Saby* (Soc France) delivered his traditionally passionate oration in insisting on respect for human dignity while *Christopher Jackson* (ED UK) pointed out that even poor countries which were democratic tended not to have famines. *Carlos Robles-Picquer* (PPE Spain) expressed his worry that the 'democracy impulse' in Africa may have slowed down. He was followed by *Luciano Vecchi* (Gue Italy) who argued, notwithstanding, that 'democracy looks less and less like a luxury and more and more like a necessity'.



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*Dame Eugenia Charles,
Prime Minister of Dominica*

For the ACP Council of Ministers, *Ralph Maraj* (Foreign Minister of Trinidad and Tobago) argued that the Community should take into account the democratic efforts made by many ACP States. (See also, the interview with Mr Maraj in the 'Meeting Point' section of this issue).

The debate was summed up by the rapporteur Mr Pons Grau who now has the task of drawing up a draft report and resolution, taking into account the various comments made by the large number of speakers who took part in the debate.

Bananas

The particular problems of the Caribbean region were aired during a hearing on the implementation of the Lomé Conventions in the ACP Caribbean countries. The hearing, which attracted a number of notable figures, included Prime Minister Eugenia Charles of Dominica. Mrs Charles gave a forceful presentation in pleading the case for island and landlocked countries. She claimed that Stabex transfers for such countries had been reduced by 65% and

that they were suffering from discriminatory treatment. The banana industry in particular, she said, was facing very serious difficulties. Dame Eugenia also criticised the Commission for its 'failure' to come up with common rules for bananas in the single market and went on to say 'the European Community cannot consider its dealings with the ACP on bananas to be honourable'. She urged both the Council and the Commission to 'act to maintain the integrity of our Lomé relationship' in the face of the GATT 'Dunkel' proposals which threatened liberalisation of this Without the traditional preferential access enjoyed by Caribbean countries to the Community market, the banana industry would be destroyed, she claimed, with untold economic consequences for the countries in question.

The problems facing the banana industry were echoed by speakers from Jamaica, Trinidad and Tobago and the Dominican Republic, in similarly apocalyptic terms. The Jamaican Minister of State, *Terry Gillette* said that the trade liberalisation question reminded him of the story of the hen and the pig which decided to enter the restaurant business together. When deciding what form the breakfast menu should take, the hen suggested ham and eggs. The pig promptly demurred, pointing out that while such a dish involved mere participation for the hen, it represented total commitment for him! Clearly, there are very strong feelings in the Caribbean that a GATT arrangement for bananas could wipe out their principal export crop.

In a spirited defence of the Commission's position, Deputy Director-General *Peter Pooley* denied that there was any discrimination involved in the application of the Stabex rules. The problem, he said, was that the total funds were insufficient and this had resulted in a scaling down of payments across the board. On bananas, he pointed out that the GATT proposals which had raised such concern in the Caribbean had not come from the European Community but effectively from the United States. The question at this stage, he stated, was how to save both the banana production and the GATT talks.

There is clearly much at stake in the debate over bananas, and those most closely involved must be hoping to find a solution which does not involve stepping on any of the products uniquely slippery skins. ○

Simon HORNER

EUROPEAN DEVELOPMENT FUND

In December, the Commission decided to finance ECU 115 405 000-worth of projects and programmes from the resources of the 5th, 6th and 7th EDF (see Table).

Following a favourable opinion from the EDF Committee, the Commission has also decided to finance the following projects:

Nigeria: 7th EDF, grant: ECU 28 000 000 — Mambilla Tea Plantation development scheme

The Mambilla Tea Plantation, developed since the late 1970s, is a 450 ha-block, plus a total of 160 ha of individual plots, in the hands of 166 planters, outside. It currently produces 600 t of tea per annum.

The idea of the project is to expand the plantation, plant an extra 660 ha of tea bushes, rehabilitate the installations and extend the irrigation system by building a dam across the River Tumbuna — all of which is expected to push up production from 600 t to 2225 t p.a. Social infrastruc-

ture and technical assistance are also included.

Chad: 7th EDF, grant: ECU 16 500 000 — Improvements to the health service

This scheme, following the line of the Lomé IV national indicative programme, aims to develop health cover by generalising basic care facilities and raising the standard of treatment.

The strategy is to improve the health and welfare prefectures by:

- helping the central authorities define a national health policy and relieve pressure;
- supporting the development of a health administration in the health and welfare prefectures;
- developing health services and raise the standard of treatment;
- providing medicines.

The programme will do this through various schemes to:

- improve infrastructure and equipment;
- offer support with operation and staff training;
- supply the essential medicines;
- give technical assistance to the Ministry of Health and Social Affairs.

Eight prefectures in the Sahel — Batha, BET, Biltine, Guéra, Kanen, Lac, Ouadai and Salamat — are involved in this five-year operation.

Chad: 7th EDF, grant: ECU 10 000 000 — Elementary teaching support programme

This is part of a general elementary education support programme which is getting the bulk of its financing from the World Bank, French cooperation and the European Community.

The idea is to raise the standard of teaching and educational services by a combination of interdependent schemes involving:

- basic and continuing training for teachers;
- devising new training plans for elementary teachers;
- reviewing elementary school syllabuses;
- fitting out elementary schools and giving pupils school supplies.

Guinea: 5th EDF, grant: ECU 2 000 000, loan: ECU 4 145 000 — Support to rehabilitate the electricity sector

Table

(ECU million)

COUNTRY	PROJECT	AMOUNT	
		Grant	Loan
<i>Industrialisation</i>			
Ghana	Development of technology in urban and rural areas	3 000	
All ACPs	1992 budget for the Centre for Industrial Development (CDI)	11 000	
<i>Economic infrastructure</i>			
St Pierre & Miquelon	Development of Port of St Pierre	1 600	1 000
Zambia	Road	28 000	
Mozambique/Zimbabwe/SADCC	Rehabilitation of a railway line	15 000	
<i>Rural production</i>			
Barbados	Livestock development	1 075	1 400
Madagascar	Rice and fish farming	2 300	
Malawi/Mozambique/Zambia/Zimbabwe	Trypanosomiasis and tsetse fly control	22 700	
All ACPs	1992 budget for the Technical Centre for Agricultural and Rural Cooperation	8 330	
<i>Miscellaneous</i>			
Ghana	General import programme	20 000	
TOTAL		113 005	2 400

Reorganising the electricity industry and reviving ENELGUI, the national electricity board, are one of the priorities of the Guinean Government's economic and financial reforms.

This project brings the EEC into association with a number of funders (the World Bank, Japan, Canada, Germany, France and Italy) which are already backing the ENELGUI recovery programme.

The Community's financial contribution (ECU 6 145 000 in all) will go to buy supplies, equipment and materials to improve the Board's technical, administrative and institutional potential. About two thirds of it will be invested in electric meters and accessories which are a priority.

Guinea: 6th EDF, loan: ECU 5 000 000 — Rubber-Palm programme

This is the EEC's contribution to the rubber- and oil-palm programme in the extreme south of Guinée Forestière. SOGUIPAH (Guinea's palm oil and rubber company) is to run the scheme to develop 12 000 ha, 8000 ha of it for rubber trees, 2500 ha for oil palms and 1500 ha for rice.

The EEC contribution, over a four-year period, is intended to create:

- 800 ha of 10-20 ha plots on valley floors to grow irrigated rice and off-season vegetables;
- 800 ha of family rubber plantations;
- 40 km of access tracks and 20 km of dirt roads;
- village microprojects.

ance with Article 3, officially came into force on that day.

It says that all actual or potential commitments to replenish Stabex have been dropped, as have all transfers submitted to the ACP-EEC Council of Ministers for a decision.

The first category — in which replenishment over a five-year period has actually been triggered — contains transfers for Senegal, Gabon, Madagascar and Jamaica. Thanks to a two-year grace period, the first three countries' first instalments did not fall due until after the advent of the decision. In the case of Jamaica, however, the first fifth (ECU 859 082), due in December 1990, was paid in local currency in April 1991, well before the Commission proposal won the EEC Council of Ministers' approval (on 7 November 1991), and at a time when there was absolutely no way of knowing what was going to happen.

Legally speaking, things are clear. All five annual repayments due from Senegal, Gabon and Madagascar have been dropped, as have the last four repayments from Jamaica. There is no obligation to pay back Jamaica's first repayment, because the decision comes with no provision for retroactive effect and there is no link, substance or chronology-wise, between Jamaica's repayment and the November decisions.

The food aid (worth ECU 195 million) will be in three instalments:

1) *ECU 10 million-worth already committed by the Commission decision of 20 December.*

Member States, which took charge of the delivery and organised transport to Saint Petersburg and Moscow, sent: meat: 5000 t (Moscow: 3300, Saint Petersburg: 1700); milk-powder: 1000 t (Moscow: 500, Saint Petersburg: 500); butter: 2500 t (Moscow: 1600, Saint Petersburg: 900).

On arrival, the food aid was sold and the money put into a special fund to be used to finance welfare for the most underprivileged classes.

The first deliveries were on 30 and 31 December.

The general aim of this operation is to back up the economic reform and help the people cope with the food shortage and the social effects of freeing prices. All stages of implementation of the scheme, from purchase to sale of consignments, were monitored by officials from the Commission and the Member States.

2) *ECU 85 million delivered at end January*

3) *The final instalment — ECU 100 million — in February*

This took a little more time because of the products involved — there were not enough stocks of some of the goods, such as vegetable oil and baby-food.

STABEX

ACP beneficiaries no longer to replenish resources

The EEC Council of Ministers approved the Commission proposal on 7 November and the Community's position was discussed at the 53rd session of the ACP Council of Ministers. On 19 November, the Secretary-General of the ACP Group wrote informing his opposite number in the Community that this Council had backed the Community's draft decision — which, in accord-

FOOD AID

After the Maastricht Summit, the Council of Economy and Finance Ministers (December 1991) officially decided to provide ECU 200 million in aid for Moscow and Saint Petersburg.

The Commission has already released the whole of the first instalment (ECU 5 million) as emergency aid — food and medicines distributed through NGOs. About two thirds of the consignments had arrived in the two cities by 1 January and the final consignment was on 14-15 January.

Food Aid for Albania and the three Baltic States

The Commission has just proposed two emergency food aid schemes for Albania and the three Baltic States to the Council.

In the case of Albania, the Commission is suggesting a Council regulation to finance emergency aid to the tune of ECU 35 million to provide three sorts of food (as yet to be determined), free of charge, from the Community's intervention stocks.

This means that a first response can be given to the Albanian Government's recent request for \$190 million-worth of financing for humanitarian relief schemes.

A second response is the Commission's projected additional financing of ECU 35 million (food aid) from the food aid budget allocation to be agreed on for 1992 (the suggested figure is ECU 300 million).

The Commission is counting on Member States and other members of G24 to provide the rest of the food the Albanian Government says it needs.

It is also looking at a request, for financing (loans or grants), from the Albanian Government which is hoping for something like ECU 80 million-100 million to spend on raw materials and semi-finished goods.

In the case of the Baltic States, the proposed Council emergency food aid financing regulation (ECU 45 million) would provide free supplies of three sorts of food, as yet to be determined, from the Community's intervention stocks.

This means the Community can provide a first response to the three Baltic Governments' recent request for \$500 million-worth of financing for humanitarian relief.

A second response will be the Commission's projected additional ECU 45 million in food aid — also part of the food aid budget appropriation to be agreed on for 1992 (again, the suggested figure is ECU 300 million).

Here too, the Commission is counting on Member States and other members of G24 to provide the rest of the food the Governments say they need.

Food aid for Cambodian returnees

Cambodian refugees being repatriated under a UN programme — it expects to get 400 000 returnees home — are to receive ECU 3 million in emergency food aid thanks to a recent Commission decision.

The UN's World Food Programme (WFP) is to be provided with 13 000 t of grain, 870 t of vegetable oil and various other products for distribution to returnees when they get back to Cambodia.

EMERGENCY AID

On 16 and 20 January, the Commission took the following 7th EDF financing decisions.

1. **Ethiopia**: emergency aid for immediate disbursement to repatriate displaced persons and ex-soldiers. Grant: ECU 1 000 000.
2. **Haiti**: emergency aid for immediate disbursement for populations hit by the embargo on Haiti. Grant: ECU 1 000 000.

ECU 2 500 000 for Angola

Returnees and others affected by the fighting and infected in a measles epidemic in Angola are to get help from the Commission, which has just decided to channel emergency aid worth ECU 2 500 000 through various humanitarian relief schemes.

Civil war, now over, has left the country in ruins. Although there have been considerable improvements in the domestic situation in the eight months since the cease-fire, there is a testing period ahead.

During the war, which left 500 000 dead and completely destroyed all the infrastructure, 600 000 people were displaced inside Angola and 300 000 fled to Zaire and Zambia.

The cease-fire which followed the peace treaty between the Angolan Government and UNITA on 31 May 1991 did not, of course, solve all the problems and returnees from Zambia and Zaire are expected to flood back across the frontier.

Spontaneous repatriation is indeed a quicker and more extensive process than NGOs, the International Committee of the Red Cross and the UN agencies had anticipated. The situation is serious, especially in the provinces abutting Zaire, whose domestic problems have sent an ever-increasing number of people to mass at the frontier posts.

The measles epidemic which has hit Benguela and Ulge provinces particularly hard over the past few months is expected to spread because of all the population movement — which has also made the demand for basic medical care in the

provinces of Benguela, Bie, Cuenene, Huambo, Ulge and Hulla greater than anticipated.

Tightly targeted, short-term schemes can now be set up to cope with the emergency situation.

The aid which the Commission has decided to send is for the following organisations:

- **UNHCR** (UN High Commission for refugees) — relief for returnees;
- **Médecins sans Frontières, Belgium** — containing the measles epidemic in Huambo and Bie provinces;
- **Médecins sans Frontières, Spain** — medical assistance and a vaccination drive in Hulla and Ulge;
- **Médecins sans Frontières, France** — medical assistance in Benguela province;
- **UNICEF** — purchase, transport and distribution of basics for displaced persons.

ECU 300 000 for Western Samoa

The Commission also sent ECU 300 000 in emergency aid to help victims of Hurricane Val, which struck Western Samoa in December 1991.

This financed the Government's first emergency campaigns for the hardest hit.

EIB

Malawi: ECU 6.8 million in support of small and medium-sized enterprises

The European Investment Bank (EIB), the European Community's long-term financing institution, is providing ECU 6.8 million in support of small- and medium-sized enterprises in the industrial, agro-industrial, mining and tourism sectors in Malawi.

The funds from risk capital resources provided for under the Fourth Lomé Convention and managed by the EIB are made available in form of:

- a global loan of ECU 6.5 million to the Reserve Bank of Malawi for on-lending to small- and medium-sized companies via the country's commercial banks and development finance institutions, and

— an equity participation of ECU 300 000, in the name of the European Community, in the Investment and Development Bank of Malawi (Indebank).

Indebank has previously received global loans totalling ECU 9.5 million from the EIB in 1977, 1980 and 1985, out of which 18 smaller scale industrial and tourism ventures were financed.

Malawi: ECU 8 million for water supply

The European Investment Bank is lending ECU 8 million for the extension and modernisation of water supply facilities in Blantyre, Malawi's major industrial and commercial centre.

The funds from risk capital resources provided for under the Fourth Lomé Convention and managed by the EIB, are being advanced in the form of a conditional loan, for 20 years. The borrower is the State, which will pass on the proceeds to the Blantyre Water Board.

The project is part of a larger investment programme and comprises the duplication of the region's main water pipeline, the refurbishment of pumps, expansion of treatment installations, reservoirs and distribution network. The new facilities will help meet demand levels up to the year 2000.

In 1990 the EIB cofinanced with ECU 2.5 million the first phase of a water supply expansion programme designed to relieve critical bottlenecks and which also comprised demand and tariff studies and design work.

Mauritius: ECU 2.5 million for textile mill

The EIB has advanced ECU 2.5 million for further investments in a textile weaving and finishing mill in Mauritius. The funds from risk capital resources provided for under the Fourth Lomé Convention and managed by the EIB are going to Socota Textile Mill.

In 1986 the EIB provided a total of ECU 10.5 million for this semi-integrated mill located some 20 km from the capital, Port Louis, and producing cotton and

polyester cotton blended fabrics. The new investments leave unchanged the plant's overall capacity of 9.1 million square metres but will enable Socota to respond better to seasonally-dependent demand fluctuations and to deal with bottlenecks in production.

Socota Textile Mill Ltd is controlled by a private Madagascan group. The project helps Mauritius to cut back imports of finished cloth and to supply mainly the local market; it constitutes a valuable example of regional cooperation between ACP States in line with the spirit of the Lomé Convention.

Burkina Faso: ECU 5.6 million for electricity supply

The European Investment Bank is lending ECU 5.6 million for the construction of a power line between Bobo-Dioulasso and Banfora in western Burkina Faso, near the border with Mali and Côte d'Ivoire.

The funds are advanced in the form of a conditional loan for 20 years at 2% from risk capital resources provided for under the third (ECU 2.6 million) and fourth Lomé Conventions (ECU 3 million) and managed by the EIB.

The scheme comprises a single circuit medium-voltage overhead transmission line on metal poles (33 kV, 85 km), the rehabilitation of the distribution system in Banfora and in four settlements along the new line, as well as substations at Bobo-Dioulasso and Banfora.

The loan goes to the Burkina Faso Government which will on-lend the proceeds to SONABEL (Société Nationale d'Electricité du Burkina Faso), the national public utility company.

The works, costed at ECU 6.6 million, are expected to be completed by end of 1993.

Trinidad and Tobago: ECU 38 million for oil refinery

The European Investment Bank (EIB) is financing the modernisation of an oil refinery in Trinidad and Tobago with a loan of ECU 38 million for 15 years. The interest rate will be reduced by a 4% subsidy from the European Development Fund.

The funds are made available under the Fourth Lomé Convention to the Republic of Trinidad and Tobago which will onlend to Trinidad and Tobago Oil Company Limited (TRINTOC) and will help finance the upgrading of a crude oil conversion facility, digital processing-plant instrumentation and environmental protection equipment.

Works are estimated to cost some ECU 175 million and are scheduled for completion by early 1994. The Inter-American Development Bank is participating in their financing alongside the EIB.

Guinea: ECU 8 million for water supply

The European Investment Bank is providing ECU 8 million to part-finance the extension and modernisation of water supply facilities in Conakry, the capital of the Republic of Guinea.

The funds from risk capital resources provided for under the fourth Lomé Convention and managed by the EIB, are being advanced in the form of a conditional loan, for 20 years at 2%. The borrower is the Republic of Guinea, which will pass on the proceeds to Société Nationale des Eaux de Guinée (SONEG).

The project will improve water supplies in Conakry and provide access to drinking water for an additional 500 000 consumers by the doubling of raw- and treated-water mains capacity, construction of a second treatment plant and two reservoirs, the installation of distribution mains and 15 000 connections, as well as the rehabilitation of the existing distribution network.

Total cost of the scheme, which is scheduled for completion by 1995, is estimated at ECU 93 million including technical and financial assistance for the sectoral reorganisation measures adopted by the Government. In 1989 the EIB provided a first loan of ECU 6 million for the project, from risk capital resources foreseen under the third Lomé Convention. Financing is also coming from the African Development Bank, France's Caisse Centrale de Coopération Economique, the International Development Association (World Bank Group) and SONEG's own funds.

Aruba: ECU 2.5 million for SMEs

The European Investment Bank is providing ECU 2.5 million to the Aruban Investment Bank (AIB). ECU 2 million, from the EIB's own resources, will be lent to small- and medium-sized investment projects in the industrial, agro-industrial and tourism sectors. The balance of ECU 0.5 million is made available from EIB-managed risk capital resources and will be used for equity participations and pre-investment studies. The funds are being provided under the OCT Decision of the Council of Ministers of the European Communities which parallels the Fourth Lomé Convention making specific aid available to overseas countries and territories enjoying special ties with certain EC Member States.

With its share capital owned by the private sector, the AIB's objective is to promote new investment in Aruba. AIB being the only long term financing institution active on the island, it plays an important role in expanding the Aruban economy outside the tourism sector, which so far has been the main area of growth.

Papua New Guinea: ECU 2 million for small- and medium-sized projects

The European Investment Bank (EIB) is providing ECU 2 million to the Bank of Papua New Guinea (BPNG) for the financing of equity participations in small- and medium-sized enterprises (SMEs) in industry, agro-industry, transport and tourism.

The funds are granted in the form of a conditional loan from risk capital provided for under the Fourth Lomé Convention and will be used by a local financial institution for acquiring equity in SMEs in amounts of between ECU 50 000 and ECU 300 000.

This facility supplements an EIB global loan of ECU 4 million, from the Bank's own resources, granted to BPNG in July 1991 for the financing of investment carried out by SMEs. Seven financial institutions in Papua New Guinea are financing projects with funds from this global loan.

The combination of equity financing and long-term lending at fixed interest, will support Papua New Guinea's policy to diversify the country's economy which is heavily dependent on mining and agriculture.

Tanzania: ECU 8 million for smaller businesses

The European Investment Bank, the European Community's bank for long-term finance, is advancing ECU 8 million to the Tanganyika Development Finance Company Limited (TDFL) to provide support for small- and medium-sized enterprises (SMEs) in the industrial, agricultural processing and tourism sectors in Tanzania. The financing is provided under the Fourth Lomé Convention for 13 years at 2%.

The funds have been made available in the form of a global loan, drawn from risk capital resources provided for under the Convention and managed by the EIB.

Founded in 1962, TDFL's principal shareholders are the Tanzanian State, the Commonwealth Development Corporation, DEG (Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern mbH) and FMO (Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden), together with the EIB which acquired a shareholding in 1986 on behalf of the European Economic Community. EIB's cooperation with TDFL dates back to 1977 when it subscribed, with risk capital resources to ECU 2.5 million of convertible bonds, on which the rights to convert was exercised in 1985. In 1978 TDFL received a global loan of ECU 5 million from the EIB's own resources and in 1987 another global loan of ECU 5 million from risk capital.

Mayotte: first loan: ECU 1.15 million for ferry boat

The European Investment Bank (EIB) is lending ECU 1.15 million to the Territorial Collectivity of Mayotte (a French overseas territory) to part-finance a 330-passenger ferry boat linking the archipelago's two main islands. The investments costed at ECU 1.75 million

also comprise the development of a harbour terminal and a ticket office for ferry passengers. The scheme is due for completion by mid 1992.

The funds, in the form of a conditional loan for 15 years, are provided from risk capital managed by the EIB and foreseen under the Decision of the Council of the European Communities of 30 June 1986, taken in parallel to the Third Lomé Convention and making specific aid available to Overseas Countries and Territories enjoying special ties with certain EC member countries.

The ferry line is operated by 'Service des Transports Maritimes' (STM), a public utility company within the Collectivité Territoriale of Mayotte.

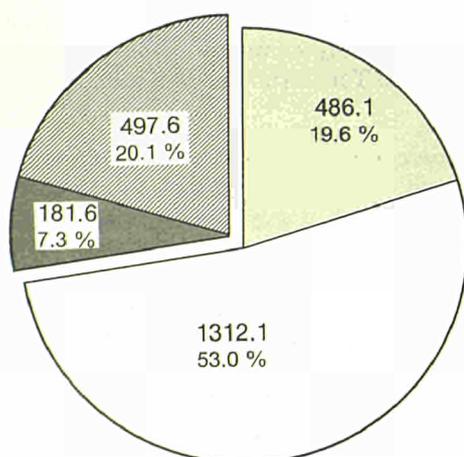
Risk capital: a flexible and well-adapted instrument

Risk capital, financed through budgetary resources and managed by the EIB, is a particularly versatile form of funding which can be made available over a long period (up to 25 years). Risk capital assistance was developed by the EIB under the Lomé Conventions benefiting ACP States and extended to cover financial cooperation with Mediterranean countries in the third generation of financial protocols (1988-1991). The volume of such funds was substantially increased in the fourth protocols, furnishing unequivocal proof of the Community's determination to bolster industrial cooperation with Mediterranean countries and foster joint ventures between local and community entrepreneurs.

The purpose of risk capital is to promote the creation of equity in industrial or tourism companies; operations of this kind usually provide an injection of equity for companies and are conditional, leaving scope for flexible interest rate formats and repayment terms linked to the development of the project (output levels achieved, profits made, etc.). In

some cases, loans from risk capital resources may, in the interests of the project financed, be subordinated such that repayment is only due after other bank loans contracted for the project have been repaid. Risk capital financing can be used in conjunction with a loan from the EIB (as was the case with the tyre factory in Alexandria).

**Financing provided
in the Mediterranean countries
1977-1990 (million ecus)**



- Energy
- Infrastructure
- Industry and services (individual loans)
- Industry and services (global loans)

Risk capital can also be used to finance direct participations, acquired by the Bank in the name of the EEC, in companies set up by local partners, often in association with European promoters, in one of the sectors of the economy identified as a priority target in the financial protocol. Risk capital was used in this way to acquire stakes in venture capital companies set up to promote the financing of corporate equity in Morocco (Société de Participation et de Promotion du Partenariat – SPPP) and Algeria (Société Financière Algéro-européenne de Participation – FINALEP): in both cases, acquisition of the capital stake was supplemented by a conditional loan to the newly-established venture capital company to finance the creation or bolstering of local businesses' equity

'Own resources', 'risk capital' and the 'special section'

The Lomé Convention and the Mediterranean Financial Protocols refer to the European Investment Bank providing loans from its 'own resources'. Under mandate the EIB also manages 'risk capital' provided for in these agreements. This terminology is used here in a specific sense which can cause confusion for the uninitiated. The distinction, in particular, between 'own resources' and 'own funds' is not always clear.

'Own resources'

What are referred to as 'own resources' are essentially the proceeds of the EIB's borrowings on capital markets, mainly raised through public bond issues. Own resources also include the Bank's 'own funds' made up of the paid-in portion of its subscribed capital and reserves. Own resources are fully accounted for on the Bank's balance sheet.

On 31 December 1990 the EIB's 'own resources' included:

	ECU billion
Borrowings	48.86
Own funds	
Paid in capital	2.10
Reserves	5.97
Balance of profit and loss acc. (*)	<u>0.89</u>
Total own resources	57.82

(*) *Annually credited to the reserves.*

'Risk capital'

The Convention and Protocols also provide for a specific form of concessionary finance referred to as 'risk capital'. These funds are drawn from the budgets of the Member States through the European Development Fund under the Lomé Convention, and from the budget of the Community in the Mediterranean. They are managed by the EIB under mandate from the Member Countries in the first case and from the EEC in the second. Risk capital is mostly used as quasi capital (in the form of conditional loans and subordinated loans) but can also be used for capital participations. As for all operations under mandate, this concessionary or soft loan funding is recorded off balance sheet in a fiduciary account called the 'Special Section'.

The 'Special Section'

The Special Section was set up by the Board of Governors in 1963 to account for concessionary financing the EIB carried out in Turkey under mandate from the EC Member States with funds provided from their budgets. The EIB's activities were also widened to provide concessionary finance in African states and later in Caribbean and Pacific countries under what became known as the Yaoundé Conventions and then the Lomé Conventions, and in the Mediterranean region under the Financial Protocols. In 1977, the Bank's Board of Governors extended the Special Section to cover further operations that the EIB carries out under mandate inside and outside the Community.

While financing operations carried out under mandate form an integral part of the EIB's overall activity, in accounting terms they are kept distinct from the Bank's lending on own resources by being clearly identified in the Special Section.

bases. Such financial packages, however, can also be used to channel funds to existing local financing bodies keen to expand or diversify their business: an example of this approach was the recent acquisition by the EIB of an equity participation in the Cyprus Development Bank (CDB), supplemented by a global loan from risk capital resources to the Cyprus Central Bank for the financing, via local banks, of participations in Cypriot industry.

These operations reveal the full spectrum of possibilities offered by risk capital: the flexibility of the terms and conditions applied thanks to their budgetary origin makes such instruments particularly well-suited to financing projects in the productive sectors, especially where the investment involved is to be implemented in a fragile economic environment. Moreover, the provision of long-term resources and equity to companies fosters the development of local industries and promotes partnership with European businesses, thereby giving Mediterranean countries wider access to new technologies and markets.

An innovation: horizontal financial cooperation

The main innovation in the Redirected Mediterranean Policy lies in the creation, for the period 1992-1996, of 'non-Protocol' horizontal financial cooperation comprising: loans from the EIB's own resources (up to a ceiling of ECU 1.8 million) and ECU 230 million worth of budgetary funds, of which ECU 105 million will be deployed to provide 3% interest subsidies on the Bank's loans for environmental protection projects.

This cooperation will represent additional support outside the framework of the financial protocols as part of the Community's dialogue with different partners on the southern and eastern seaboard of the Mediterranean and is directed towards all those non-member countries in the region which are parties to bilateral cooperation or association agreements.

Loans granted under these innovative arrangements will be aimed at promoting projects of relevance to all or part of the region and to the Community itself. The main areas targeted for funding will be

the transport, telecommunications and energy sectors as well as environmental protection schemes. The latter are being given particularly high priority in view of the serious problems facing the Mediterranean Basin, which is why EIB loans for such projects will carry interest subsidies. Indeed, urgent schemes (such as converting industries, creating or modernising water purification plants or providing ballast water cleansing facilities, constructing urban or industrial waste treatment plants, etc.) have already been pinpointed as essential conservation measure for the Mediterranean area; in this respect, joint studies conducted by the EIB and the World Bank under the Environmental Programme for the Mediterranean represent a major contribution towards the type of action that needs to be taken.

Lastly, the industrial sector will also benefit from this horizontal financial cooperation: the EIB will be able to deploy ECU 25 million of risk capital

from budgetary funds to assist European promoters interested in setting up projects with local partners, particularly smaller businesses/industries. These loans will supplement risk capital operations provided for under the financial protocols and aimed at local entrepreneurs in non-member countries which have signed bilateral agreements.

Within the framework of the Redirected Mediterranean Policy, the EIB has been entrusted with a wider mandate with over ECU 4.0 million at its disposal. This prospect will enable the Bank to build on the contribution that it has been making for over 15 years to the development of countries in the southern and eastern Mediterranean. Hence, the EIB will take on added responsibilities as a Community institution in implementing the policy of financial cooperation with non-member Mediterranean countries whose stability and expansion are essential for the development of the region as a whole.

GENERAL INFORMATION

ACP/CENTRAL EUROPE

Professional meetings on agricultural commodities

The first EEC/ACP/Central Europe Professional Meetings on Agricultural Commodities were held in Brussels last November.

Organised on the initiative of APROMA, these meetings, the organisation of which the COLEACP had been asked to participate in by the Commission of the European Communities, aroused an enthusiastic response.

Two hundred and ten traders, civil servants, representatives of development agencies and observers were in attendance. Three European countries, Hungary, Poland and Czechoslovakia, were chosen by the organisers based on two criteria: the recent measures taken to ensure convertibility of their currencies and the creation of new economic structures.

These three countries are also expected to sign associate membership agreements with the European Community. Measures are being introduced to harmonise import regulations with those in force in the EEC, thus easing trade flows which should logically expand with time.

The initial aim of these meetings was to encourage a diversification and if possible a significant growth in exports of agricultural commodities from countries in Africa, the Caribbean and the Pacific (ACP), to lead to the implementation of concrete projects and to make the most of experience gained in other sectors. The goal was to develop — or to create — commercial and/or industrial relations in the form of joint-ventures or direct investment, to collaborate on third country markets and to conclude subcontracting or marketing agreements.

These meetings proved to be only a first step towards this goal which will only be achieved in the medium to long term. In his conclusions, Mr Pooley, Deputy Director General for Development of the Commission of the European Communities, commented that some had come seeking solutions but had only found new problems. He believed that the process would be difficult but the important thing was to have initiated a dialogue and to view this new situation with imagination.

Mr Pooley nevertheless stressed that it was not the Community's role to play an active part in creating new trade flows between partners who, though they enjoyed special relationships with the EEC, remained outside its scope.

One of the primary demands of Central European countries is for products which are competitive in terms of both price and quality. Fruit, vegetables and other products from ACP countries face competition from:

— on the one hand, good quality local produce, notably in the case of fruits. Hungary, for example, grows apples, pears, cherries, raspberries, peaches etc. These products which are theoretically in competition, are obviously not identical to those on offer from ACP countries but the weak spending power of Central European consumers forces them to choose between, say, apples and pineapples;

— other tropical countries are already present in the markets of Central Europe and at competitive prices. Bananas are received from Latin America. In the case of pineapples, the consumer is used to cheap canned products from China and Vietnam. In Poland fresh pineapple is primarily bought for decoration, the consumer being unsure at what stage it should be eaten.

From the outset of these meetings the question of spending power was to the forefront: in Czechoslovakia the average monthly salary is about 700 French francs and in Hungary 1000 francs, providing only for essentials. An importer might try to exploit the small market represented by the section of the population with a higher income but the products must still be competitive in terms of price and quality.

Another difficulty for ACP operators has been the realisation that few contracts can be concluded on a bilateral basis, making it necessary to rely on traditional

European traders. There are several reasons for this:

— a direct relationship between ACP producer and Central European wholesaler would imply a Central European market that was already able to take various tropical products in some quantity and had the logistics and know-how to market them profitably. However, changes under way in these countries, which affect both old and new operators alike, are far from complete.

The East-European operators have insufficient knowledge of ACP suppliers and of the products they can supply to be able to make an informed choice of those products they may wish to market. It would be necessary to set up commercial representations in the producer countries but this would weigh heavily on State budgets. The ACP countries for their part raised the question of the organisation in coming months of missions by private operators to these countries in order to get to know the players in the different sectors and try to develop relations. In the closing declaration, APROMA and COLEACP were asked to ensure the follow-up to these meetings and to contribute to the organisation of such missions.

With the market for tropical fruit in its present underdeveloped state, the volumes imported into Central Europe are still small, meaning that only a fraction of a cargo arriving in a European port is forwarded to these markets. The present

tation on the Hungarian market made during the meetings underlined the fact that imports of bananas, for example, come from the Netherlands, Germany, the United Kingdom, Belgium and Austria, and not from the producer countries. In addition to the question of tonnages there is the problem of port infrastructure, not to mention land-locked countries like Czechoslovakia and Hungary.

Finally, the traditional recourse to methods of compensation which facilitate commercial exchanges between partners with financial difficulties has its drawbacks. Organisations such as the IMF are not in favour of such mechanisms in particular for African countries as they can distort national accounts and run counter to the logic of a market economy. Furthermore, the countries of Central Europe, like the ACPs need hard currency to boost their economies and not only a flow of goods, even if barter is still widely practiced, particularly in Czechoslovakia.

These meetings were an opportunity therefore to get to know one another's problems and requirements and to lay to rest certain illusions.

Even if the economies of Central Europe are as yet unprepared to receive tropical produce in appreciable quantities, preparations should nevertheless be put in hand immediately to enter these markets both in ACP producer countries and in Central European consumer countries. ○

UNCTAD VIII

A new partnership for development is the underlying objective in Colombia conference

The eighth session of the full UNCTAD Conference took place in Cartagena de Indias from 8 to 25 February. This quadrennial Conference is the largest intergovernmental forum for the consideration of economic issues from a development perspective. Some 2000

delegates from more than 150 countries, as well as representatives of a wide range of intergovernmental bodies, international institutions and non-governmental organisations gathered on this occasion for the purpose of 'strengthening national and international action and

multilateral co-operation for a healthy, secure and equitable world economy' — the theme of the Conference. Most national delegations were led by a minister.

The inaugural ceremony was held on 8 February, presided over by Boutros Boutros-Ghali, Secretary-General of the United Nations. Cesar Gaviria Trujillo, President of Colombia, addressed the assembly followed by Bernard T.G. Chidzero, Senior Minister of Finance, Economic Planning and Development in the President's Office, Zimbabwe, in his capacity as President of UNCTAD VII, which was held in Geneva in 1987, and by the Secretary-General of UNCTAD, Kenneth K.S. Dadzie. The Conference started with the election of the President of the Conference, the Head of the Delegation of the host country — Juan Manuel Santos, Minister of Foreign Trade —, and the adoption of the agenda. The general debate began on 10 February in the morning, with a statement by Mr Dadzie on the issues before the Conference.

New Features

A major new feature of the Conference agenda is that it explicitly draws attention to the national as well as international dimensions of the development problematique. It states the need for 'structural reforms in both developed and developing countries... to achieve the effective and efficient allocation, use and mobilisation of human and economic resources', together with 'a more favourable international economic environment'. Consequently, the negotiating text proposes guidelines for both national and international action in the five areas singled out in the Conference agenda, namely: resources for development, international trade, technology, services and commodities.

In addition, it has become evident from the preparatory process that institutional issues will occupy an important place at the Conference. These issues, which are the object of a separate chapter in the text, relate to the future role and responsibilities of UNCTAD in a changing international economic and political environment, its intergovernmental machinery and methods of work.

The Conference Setting

Action by the Conference in all these areas proceeded on the basis of an 'evaluation of challenges and potentials presented by long-term structural changes for sustainable development and expansion of international trade in an interdependent world economy'. The negotiating text sees in the currently evolving international and political context 'an unprecedented conjunction of challenges and opportunities' for development in the 1990s. These new challenges and opportunities are the result of an increased scope for reductions in military expenditures throughout the world and the peace dividend that should result from it, the broad convergence on market-oriented economic reform, significant advances in the democratisation processes and in respect for human rights, the dynamism of economic performance in some developing countries, and technological change. This in turn should lay the foundation of a new partnership for development.

The legacy of the 1980s, however, reveals the other side of the coin, with a deterioration in the economic and social situation of most of the developing world, compounded by persistent poverty, population pressures, shortcomings in structural adjustment programmes and huge external indebtedness. There are, however, some divergences of views on the relative weight of national policies and the external environment, both in generating this situation and in solutions to long-standing problems and new concerns.

Good Management

The Conference agenda explicitly mentions the importance of 'good management', at both the national and international levels, for the success of development efforts. Good management is seen as the sum total of 'governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity', as referred to in the negotiating text. This includes the provision of necessary physical and social infrastructures, the pursuit of sound macro-economic policies, the setting up of clear legal and regulatory frameworks as well as transparent processes for rule-setting,

and efficient institutions for the sound management of resources, the promotion of entrepreneurship and of growth in productivity. 'Effective, efficient, honest, equitable and accountable public administration', and the eradication of corruption, are seen as an essential condition for sustainable, broadly based development.

Another dimension has to do with the desirability of strengthened systems for dispute settlement and of policies to correct market deficiencies. Governmental action is required also when, for reasons of scale or externality, markets left to themselves are unable to respond to certain requirements of sustainable development, such as the integration of environmental costs in economic activities. The negotiating text notes that the proper balance between the public and private enterprise sectors depends 'on the specificities of country situations'. But: 'key considerations must include relative efficiency, working with and through the market, and increased competition'.

At the international level, good management requires 'a higher and sustained level of international co-operation to address issues arising from the interdependence of economies and key areas of economic policy', especially effective co-ordination of the national policies of countries having great weight in the world economy 'to avoid inconsistencies'. Furthermore, stronger international co-operation is needed 'to improve the systems, structures and arrangements that have thus far underpinned international economic relations, particularly as regards trade, money and finance'. In these processes of change 'greater transparency and effective participation by all countries' is called for.

Sustainable Development

The concept of sustainable development places environmental concerns firmly within the context of growth and development. It encompasses 'such key issues as patterns of economic activity, the persistence of poverty, the quality of development and the necessary adaptation of domestic and international management'. The negotiating text states that 'all countries have a common but differentiated responsibility for the main environmental problems'.

Industrialised countries currently emit the largest volume of pollutants into the global environment and are the major users of natural resources. At the same time they are best placed to contribute to solutions to environmental problems. Developing countries are particularly concerned with local environmental problems, such as soil erosion, desertification and rapid urbanisation. The additional burden involved in their efforts to help solve global, regional and local environment problems should be underpinned by adequate international support, including through an additional transfer of resources and of environmentally friendly technologies to them, as well as through fairer trade. International co-operation for sustainable development should also ensure coherence among the various national environmental policies as well as their compatibility with international trade rules. It should aim at preventing any detrimental effects of environmental measures on economic growth and development.

The negotiating text sets out the objectives that should guide further work by UNCTAD in this field, and proposes that the organisation plays an important role in the follow-up process of the United Nations Conference on Environment and Development, to be held in Rio de Janeiro from 2-12 June 1992.

Specific Topics

Following are some of the main elements identified for further negotiation in the negotiating text, which will be available in Cartagena.

With regard to financial resources for development, the text sees the need for increasing amounts of external financing, particularly concessional resources, to complement the domestic savings efforts of developing countries and to provide a needed boost to their structural adjustment. In particular, it calls for external financial support additional to current aid flows for environmental purposes. It reiterates that financial assistance to Central and Eastern Europe should not be at the expense of developing countries.

Proposals in the text on the debt front aim at greater reductions in all types of debt, whether official bilateral or multilateral, or commercial debt. As far as the

latter is concerned, concrete ways and means are suggested to strengthen the present strategy.

The section on international trade to a large extent expresses varying hopes and concerns of countries about the Uruguay Round negotiations, including aspects on services and trade-related aspects of intellectual property rights (TRIPs). Among the other salient issues are the role of UNCTAD with regard to the multilateral framework for rules and modalities of international trade, and to institutional arrangements in this field; measures to ensure that trade and sustainable development are mutually supportive; and a call for a comprehensive strategy on global trade efficiency.

With the aim of strengthening the technological capacities of developing countries, the negotiating text contains a set of suggestions for enhancing co-operation in this field among enterprises of developed and developing countries, as well as between the latter. Prominence is given to new and emerging state-of-the-art technologies and environmentally sound technologies, especially in relation to sustainable development. One of the controversial issues concerns the future of the negotiations on an international code of conduct on the transfer of technology, which were launched in 1976 at UNCTAD IV and have run into difficulties since.

Proposals in the section on commodities aim notably at achieving a better balance of supply and demand in order to improve real prices. Various means are suggested to strengthen producer-consumer co-operation, with a tendency to focus on market transparency. Other proposals deal with national policies and aim at diversification, improved competitiveness and the use of market-linked price hedging mechanisms. Views expressed on the future of the Common Fund for Commodities reflect variations in the level of commitment to this institution.

Institutional Issues

In general, decisions on policies and actions to be taken by UNCTAD VII in the five areas mentioned above are closely related to issues on institutional reform.

A number of countries have stressed that decisions on institutional reform and on the methods of work of the organisation would be the yardstick for measuring the success of the Conference.

All countries have stated their interest in revitalising UNCTAD and in making it more responsive to the changing political and economic environment. Different views have been expressed, however, as to what the necessary changes should consist of. The original mandate of UNCTAD, adopted by the UN General Assembly in 1964 (resolution 1995 (XIX)) is deemed flexible enough to accommodate the required changes. One important outstanding problem relates to the priority areas for future work of UNCTAD in the next four years up to the next Conference. Some countries are of the view that UNCTAD should continue to deal with long-standing problems of development and address new issues in a selective form. Other countries are of the view that selectivity should prevail in all areas of future concern of the organisation, with particular emphasis on the new emerging issues and that the primary function of the organisation is an analytical one.

With regard to UNCTAD's inter-governmental mechanisms, the proposal seems to be making headway to introduce more flexibility by having greater recourse to *ad hoc* working groups for dealing with specific subjects, with the participation of non-governmental actors, including experts from the enterprise sector.

Focus on Least Developed Countries and on ECDC

A special section of the negotiating text is devoted to issues relating to the Least Developed Countries (LDCs). While stressing the need for full implementation of the Programme of Action for the 1990s, it calls for additional actions, in particular with regard to ODA commitments, in the light of the addition of six new countries to the category since the Programme was adopted in September 1990. The negotiating text also deals with issues related to Economic Co-operation among Developing Countries (ECDC) and calls for financial and technical support by the international community to complement the efforts of developing countries to strengthen trade and economic relations among themselves.

EUROPEAN COMMUNITY

Third world debt initiative

Manuel Marin congratulates UK

Commission Vice-President and development cooperation leader Manuel Marin has welcomed the British PM's statement on lightening the third world's debt.

John Major, speaking to the Charities Aid Foundation in London, said that, even if the Club of Paris failed to reach full agreement in the near future, the UK would be unilaterally honouring the commitments suggested in Trinidad in 1990 when Commonwealth Finance Ministers discussed the British plan to lighten the third world debt.

Manuel Marin said he heartily welcomed the move, for the third world's financial and economic situation was cause for serious concern. The developed countries, and the Community especially, had to take immediate steps to encourage the developing nations to pursue their drive for reform and a revival of their economic and social development.

'I am especially pleased to see that the UK initiative is in complete harmony with the philosophy behind the European Commission's proposal to write off the African, Caribbean and Pacific debt to the European Community. The act of solidarity which the Commission mooted on 14 November 1990 in fact completes the bilateral measures taken by the Member States', the Commissioner said.

'I hope', he said in conclusion, 'that the Council of Ministers can reach agreement on our proposal in the very near future'.

The Commission proposal with which the Council has still to agree simply deals with ACP debts to the Community, which were contracted in accordance with the financial instruments which the various Lomé Conventions have provided:

- special EDF loans and Sysmin payments;
- Stabex transfers;
- EDF risk capital.

The proposal does not cover EIB loans from own resources (obtained on the money markets), which are entirely different and managed entirely separately, or measures to lighten the bilateral debt, which are the prerogative of the Member States.

The combined ACP debt to the Community is currently almost ECU 1 billion in soft loans and ECU 475 million in risk capital. On top of this are the sums not yet committed, an estimated ECU 1.15 billion in special loans and ECU 450.6 million in risk capital.

The total external ACP Debt is ECU 130 billion.

The Commission's suggested answer for the Lomé debts is in full agreement

with the philosophy behind the Lomé IV handling of special loans, Sysmin and Stabex and involves retroactive adaptation of the terms of aid — in line with what most Member States have already done at bilateral level. It also echoes the fundamental principles of the international debt strategy (case-by-case approach and the appropriate criteria for economic conditionality).

Throughout the Lomé IV negotiations, the ACP countries insisted that the Community had to come up with an answer to their external debt problems. When the new Convention was signed on 15 December 1989, Manuel Marin undertook to present the appropriate positions — a commitment which triggered the ACP-EEC Joint Assembly and the European Parliament to call on the Community to take specific steps to write off what the ACPs owed.

POLITICAL COOPERATION

Human rights

Statement on the activity of the Community and its Member States

The European Community and its Member States have continued to defend internationally accepted principles of human rights robustly in the course of 1991. The Declaration on Human Rights adopted by the Luxembourg European Council in June 1991 is a comprehensive statement of EC policy. In this Declaration, the Community and its Member States reaffirmed that human rights are a key element in their relations with other countries.

Significant changes have taken place in the human rights issues preoccupying the international community. The collapse of Communist regimes throughout Eastern Europe and the Soviet Union has been accompanied by a dramatic expansion of democratic freedoms. The magnitude of the changes in Europe has to a certain extent overshadowed positive trends elsewhere. In Latin America, Asia and Africa authoritarian and oppressive régimes in some countries have given way

to democratically elected civilian governments. Where dictatorial governments remain, demands for democracy and human rights by their people are becoming increasingly vocal.

International instruments exist to protect universally recognised human rights: most importantly, the International Covenants on Civil and Political Rights, and on Economic, Social and Cultural Rights, and the Universal Declaration of Human Rights. Regrettably these instruments are not always respected by signatories to them and not all nations have become parties to them. The European Community and its Member States continue to work for effective and universal implementation of existing instruments and the strengthening of international mechanisms of control. Implementation and supervision were stressed at the first session of the preparatory Committee of the World Conference on Human Rights (September 1991, Geneva), and will be a key topic at the World Conference itself,

scheduled for 1993 in Berlin. No national, cultural or religious factors can validly be invoked to detract from the principles laid down in these international instruments.

The European Community and its Member States also continue to devote considerable attention to the related issues of development, democracy and human rights. The European Commission integrates human rights issues in economic relations and in development cooperation with third countries. In addition it provides direct support to human rights initiatives. The Council and the Member States meeting in the Council adopted an important Resolution on Human rights, Democracy and Development on 28 November 1991.

The European Community and its Member States maintain that raising individual cases of violations of human rights cannot be considered as interference in the internal affairs of a state, but is a legitimate duty of the international community and all states acting individually or collectively. In 1991, the Community and its Member States issued some 120 declarations and statements referring to specific human rights problems, for example in Iraq, the Territories occupied by Israel, in El Salvador, Somalia, Ethiopia, Burma, Sri Lanka, China and East Timor. These were widely publicised and often brought directly to the attention of the governments concerned. Such declarations and statements serve to raise public awareness of human rights concerns and to put pressure on governments to improve their behaviour.

Besides public declarations and statements, the European Community and its Member States carried out over 150 démarches to governments throughout the world on human rights issues. These, for the most part, were confidential, to intervene to help persons suffering from arbitrary treatment or discrimination, or to mark the concern of the Community and its Member States about particularly serious threats to human rights, for example torture and summary executions. Their confidential nature was designed to engage third countries in a constructive dialogue on human rights rather than in counter-productive public arguments.

Member States of the Community also continue to cooperate closely in monitoring human rights situations in third countries.

The European Parliament plays a significant role in raising public awareness of human rights issues and in contributing to the promotion of respect for human rights, particularly by way of numerous resolutions and parliamentary questions.

Given the universal character of human rights the Twelve pay particular attention to the promotion and protection of those rights in multilateral fora. In the UN, the Twelve have shown in 1991 their cohesion and determination to further the cause of human rights by co-sponsoring resolutions and by an increasing number of joint interventions in the UN Human Rights Commission and the Third Committee of the UN General Assembly on a wide range of issues.

The Helsinki Final Act of 1975 made a specific link between respect for human rights and peace and stability in Europe. It gave enormous encouragement to human rights activists in Eastern Europe. In 1991 the CSCE has focussed on consolidation of the human dimension framework built up during recent years. The Twelve participated actively in the meetings which took place in 1991.

A particularly topical issue within the framework of CSCE is that of minority rights. The report of the CSCE meeting on National Minorities (Geneva, July 1991) reiterates that these rights can only be dealt with adequately within a democratic political framework and notes that issues concerning national minorities are matters of legitimate international concern.

The Moscow meeting of the Conference on the Human Dimension (Moscow, September, 1991) focussed on the implementation of existing commitments undertaken by CSCE participating states. The Moscow document has strengthened and expanded the CSCE human dimension mechanism. Of particular importance is the fact that it is now possible to send a mission of rapporteurs to a participating state even without the state's consent. To further strengthen the implementation of commitments on democracy and the rule of law the Twelve actively participated in a CSCE meeting of experts on democratic institutions (Oslo, November 1991).

Human rights issues are on the international agenda to stay and require the

same sort of responsible handling accorded to other items of international cooperation. The European Community and its Member States will continue to press for universal respect for human rights and to raise violations of those rights wherever they occur. They believe that their activities, which aim to be as non-discriminatory, non-political and universal as possible, help to ensure that human rights issues remain at the forefront of international affairs.

Statement on Zaire

The Community and its Member States, faced with the unilateral suspension of the Zairean National Conference by the Prime Minister, Mr. Nguza Karl-I-Bond, note the seriousness of this decision which puts into question the possibilities of a democratic evolution in Zaire based on consensus.

The community and its Member States decided to suspend temporarily their aid programmes to Zaire, except for emergency humanitarian aid, until the National Conference fully resumes and accomplishes its work.

The Community and its Member States urge all the institutions and political forces concerned to work towards the Conference resuming its work normally as soon as possible.

Manuel Marin's statement on Congo

Cooperation and fisheries commissioner Manuel Marin said this about the events in Congo.

'After the serious events in Congo recently and the innocent victims they claimed among the civilian population, the process of democratisation is in danger.

I should like to express my very real concern at the way the military authorities intervened in the democratic process. I hope that it will not be a threat to that process', he said.

He recalled the great importance which the Community attached to seeing the drive for democracy — part of a whole movement among many developing nations — being pursued without any interference of an illegal or violent nature. The general trend towards respect for human rights and democracy was one of the keys to the Community approach to the developing world.

INDUSTRIAL OPPORTUNITIES

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Industrial approach

A CDI PORTFOLIO OF 'REFERENCE PROJECTS'

From now on, the CDI will be focusing part of its efforts on a portfolio of a dozen 'reference projects' under way in different countries. The objective: to establish 'textbook examples' demonstrating the mechanisms paving the way for the success of a project on the basis of the specific conditions involved.

The chances of success of an industrial partnership project in an ACP country depend on a combination of factors closely linked to the local context. Of course, the conventional basic ingredients must all be found first of all: appropriate financial backing, quality management, and the dynamism and know-how of the partners.

'CHEMICAL REACTION'

But success will also largely depend on a set of parameters specific to the economic environment surrounding the project: utilization of available local resources and the skills of the local labour force, technology well-adapted to the country's conditions, opportunity to meet needs not yet satisfied on the domestic or regional market, existence of an export outlet, suitable distribution channels, etc.

'The success of a partnership is the result of a 'chemical reaction' among a number of factors', explains Mr Patrick Keene, responsible for managing partnership agreements at the CDI. 'And the CDI's role is to act as a catalyst to bring about this reaction. It was with this in mind that we thought an effective solution would be to concentrate part of our means on a dozen projects which we see as 'textbook examples'.'

SOURCE OF INSPIRATION

'By this we mean that both the characteristics of a project and the conditions for its implementation can constitute a model or a source of inspiration for other initiatives in other countries', P. Keene continues. For instance, the approach adopted in an industry based on the development of mining resources in one country can inspire similar measures to develop the timber industry in another. In other cases, the value of a partnership will be more directly 'reproducible': the development of a tropi-

cal fruit processing industry for the local market (1) could be 'copied' elsewhere; a technology suitable for one local context could be applied, possibly with a few adjustments, in other comparable regions.

For instance, the criteria that determined the selection of this portfolio of reference projects (see table page 2) resulted from a 'case-by-case' analysis, also accounting for the impact on the environment of the country in question (job creation, development of substitutes for imports, effects on the trade balance, etc.).

'We want to have a solid foundation of promising, well-structured projects. Of course, this list (2) is open-ended and could be added to as we come across more cases

(1) See our article on page 3.

(2) See table page 2.

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meeting these 'reference' conditions', adds Mr P. Keene. And this approach of concentrating the efforts of the CDI does not mean that its future interventions will be limited to

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Marble exports from the Sudanese reference project

The opportunities offered by external markets allow some projects to make comfortable profit margins.

Continued from page 1

this portfolio alone. 'The CDI will continue to pursue its general policy of promoting partnerships', stresses Mr Jean-Marie Delchambre, who is in charge of the CDI's Interventions and EEC Network Division. 'For more specific assistance, the role of the local CDI antennae in the ACP countries will be strengthened. The CDI will play more of a 'parent company role'.'

THE IMPORTANCE OF THE EXPORT DIMENSION

Five sectors are represented on the present list, headed by the agri-foodstuffs industry, followed by mineral products, textiles, the pharmaceutical industry and fish-farming.

A feature often encountered is the presence of an export dimension. 'Which is quite logical', underlines P. Keene. 'Firstly, because the European markets offer more outlets than the markets of the ACP countries. Secondly, these projects must generate their own foreign exchange so that they can finance themselves. If they work only in local currencies, which are unusable elsewhere, they cannot reimburse the cost of the initial investment or pay for the technical assistance that they need for the start-up stage.'

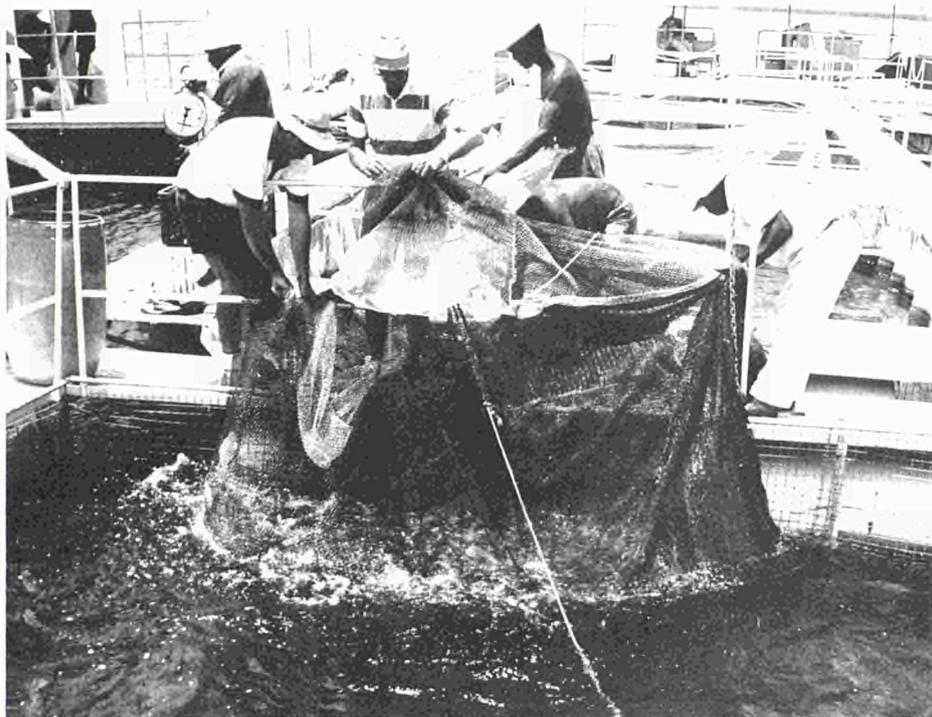
And the opportunities offered by external outlets allow some projects to achieve comfortable profit margins: in Madagascar, for instance, the company that is being set up to produce foie gras is based on a production cost about four times lower than the average selling price on the European market. Apart from paying off the investment, this difference will also provide the industrial promoter with the means of distributing his product efficiently on the

markets that have been targeted. Other projects, as in the textile industry or marble processing, for example, suggest that significant profit margins will be attained.

DYNAMISM OF THE PRIVATE SECTOR

Most of these projects are the result of private industrial initiatives, with the exception of the coconut-processing project in the Seychelles, which was proposed by the authorities. 'The CDI is convinced that the

key to starting up an industrial project in the ACP countries is the involvement of a new generation of private entrepreneurs', remarks Mr. P. Keene. 'With the difficulties afflicting public finances, young people are beginning to realize that success in life no longer means joining the race to get a job in the administration, as used to be the case in the past. And for the ACP countries, development of the private sector is the only way in which to prevent a brain drain. This is what will enable these countries to get on their feet again', Mr. P. Keene concludes. ♦



Fish-farming in the reference project developed in Zimbabwe

Both the characteristics and the conditions permitting the implementation of one project can constitute a model or a source of inspiration for other initiatives in other countries.

List of reference projects

Sector	ACP country	EEC country	Project	CDI support
Foundry	Nigeria	United Kingdom	Extension of iron production	Technical assistance and training
Foundry	Ghana	United Kingdom	Rehabilitation and extension of an aluminium foundry	Transfer of know-how and assistance in technical production
Marble quarry	Jamaica	Italy	Exports of marble tiles to the USA	Market survey and feasibility study
Marble quarry	Sudan	Belgium	Marble quarrying and exporting	Technical assistance
Agri-foodstuffs	Mozambique	Portugal	Privatization and extension of a coconut-processing factory	Technical assistance
Agri-foodstuffs	Togo	France	Production of dehydrated tropical fruit for export	Technical assistance and training
Fish-farming	Zimbabwe	Belgium	Rehabilitation and extension	Feasibility study
Agri-foodstuffs	Cameroon	France	Production of pasteurized fruit juices and training	Start-up assistance
Agri-foodstuffs	Madagascar	France	Production and exporting of quick-frozen green beans	Technical assistance
Agri-foodstuffs	Seychelles	France	Processing of coconuts and exporting to the EEC	Feasibility study and technical assistance
Agri-foodstuffs	Ivory Coast	Italy	Production of cocoa butter for export	Feasibility study
Agri-foodstuffs	Madagascar	France	Production of foie gras for export and training	Start-up assistance
Textiles	Madagascar	France	Production and exporting of children's clothing	Training
Pharmaceuticals	Cape Verde Islands	Portugal	Production and exporting of medicines and cosmetics	Feasibility study

VITAMINS FOR SMALL BUSINESSES

The market for natural fruit juices and nectars is developing apace in Europe and Africa. Whilst opportunities exist for small production units, this requires adequate thought on the technology to be applied, the marketing of the products and the changeover from small-scale to semi-industrial production.

It was already known that the European market would be demanding more and more fresh and processed tropical fruit. But in addition to this positive element for producers, the last few years have seen the beginnings of a revolution on the African soft drinks market itself. In West Africa, the demand for natural juices is growing constantly. Reserved so far for the well-off classes or expatriates, sold at airports and in hotels, natural fruit juice is becoming increasingly popular without any particular sales effort. Carbonated soft drinks, however, still have their price advantage and remain major competitors.

MAKING USE OF AGRICULTURAL SURPLUSES

Taking advantage of the liberalization of economies in Africa, small-scale companies have decided to meet this growing demand and to modernize their production equipment. The interest of this trend lies in the utilization of agricultural surpluses. Whilst sales of fresh produce still generate a valuable income for the farmer, the seasonal nature and over-production of these perishable foodstuffs pose problems. Processing close to the point of production is a way of breaking the vicious circle of harvest losses leading to a loss of earnings.

The GRET (French technological research and exchange group) has just organized a seminar on the processing of tropical fruit at the ENSIAAC (national college of the agri-foodstuffs industries in Ngaoundere). This meeting, which was attended by a representative of the CDI, was an opportunity for the SMEs of Central and West Africa, employing between 3 and 50 people, to exchange their experiences and to identify decisive common factors for their development. Of the eleven companies taking part, five had already worked with the CDI. These companies process fruit into jams, syrups and, above all, juices intended for the local or regional markets.

'It is clear that the processing of tropical fruit opens up attractive rural development prospects: value added input, new outlets, shifting of demand to other periods of the year, etc.', observes Mr P. Chotard, Head of the Technical Resources Division at the CDI, who was present in Ngaoundere.

But at the same time it calls for a conversion of production methods and a

change in commercial approach. The CDI wants to encourage this approach.'

OVERCOMING MANAGEMENT PROBLEMS

The seminar in Ngaoundere allowed the participants to pinpoint the difficulties encountered by African SMEs looking to this new fruit-processing market and, in particular, the manufacture of fruit juices. 'Quickly faced with the problems posed by an increase in production capacity, these small companies must adopt a more rigorous management approach', P. Chotard continues. 'At the moment, this is not an easy bridge to cross for some of them. Those which succeed are generally medium-sized firms. They manage to keep their cost prices and distribution charges down through strict management control.'

In effect, the local fruit juice market is still very small. To be competitive, businessmen must adapt their production to the availability of agricultural supplies, develop a commercial policy and also think in terms of exports, such as supplying fruit pulp to the European markets.

Procuring supplies of fruit is a central issue. At this level, the small company has an undeniable advantage. Its size allows it to set up near to the harvesting areas. The company must then make sure that fruit is available as constantly as possible. One way of doing this is to widen the range of fruit juices. Thorough prospecting among farmers is therefore essential. By juggling production seasons and the storage of frozen or pasteurized pulp, slack periods can be avoided.

Alongside the questions of marketing and supplies, there is also the problem of technology. Few industrial plants constructed at present meet African needs for semi-industrial production of fruit juices. Producers want a flexible, small-capacity plant that can be adapted to the various types of juice extraction and is also easy to maintain.

For the CDI, semi-industrial production of fruit juices represents a real opportunity for African countries. Solutions exist for satisfactory installation, provided that they are well adapted (see box).◆

Support for appropriate technology

The four technical partnerships sponsored by the CDI in the field of the semi-industrial production of tropical fruit juices are being organized with the French SME Simaco.

With experience in the industrial manufacture of apple juice, Simaco has designed a small fruit-juice production unit with the help of the French institute for research on fruit and citrus fruit (IRFA). The complete production line, from fruit reception to final packaging, can process all varieties of tropical fruit into juice or nectar.

Depending on their size, the units can produce between a few thousand and half a million litres a year. In Zaire and Madagascar they process pineapples, in Burundi passion fruits and in Cameroon guavas, mangoes, papaws and pineapples. The Simaco pasteurizing equipment runs on propane or electricity and can be installed by the purchaser himself. Training in fruit juice extraction techniques can be provided by the technical partnership.

In Cameroon, the CDI has organized a technical partnership between SIMACO/IRFA and the company 'Les Conservés M'Banga', which provides for regular monitoring of production over two years. This seven-man business started up its fruit juice extraction activities six months ago, on the initiative of an old small-scale producer. There are excellent development possibilities if the necessary management and marketing efforts are made. By choosing this project for its portfolio of 'reference projects' (see article p. 1), the CDI is trying to give this venture the best possible chance of success. With the help of the French central economic cooperation fund (CCCE), it has sent



Pineapple juice produced by 'Les Conservés M'Banga' (Cameroon project)

Quickly faced with the problems posed by an increase in production capacity, these small companies must adopt a more rigorous management approach.

out a manager to set up an effective commercial and financial structure and to train two executives.

In Burundi, experiments are to be carried out with a new form of packaging for fruit juice. It will involve gradually changing over from bottles to a throw-away container of aluminium and plastic. This will put the product in a more favourable position compared to carbonated soft drinks, from the point of view of both the presentation (25 cl capacity) and the selling price.

The CDI, convinced of the quality of the efforts made by these African businessmen in tropical fruit processing, has decided to help them find technologies and equipment adapted to their environment. The Centre has also just financed a study aimed at gathering information on available technologies in Europe in this rapidly expanding sector.

A TRIED AND TESTED FORMULA

1 974-1992. The formula of EEC-Africa Industrial Forums, bringing together European promoters and entrepreneurs in the ACP countries, has been in existence for almost 18 years. Following the Forum in Libreville in November last year (EEC-Central Africa) and looking forward to the one in Dakar next December (EEC-West Africa), this has clearly become a well-tryed concept.

The idea of holding Forums for the European industrial world and Africa in search of ways and means of getting its industrialization off the ground was dreamt up just after the 1st Lomé Convention was signed. This biennial event quickly found its own rhythm and it was West Africa that served for a long time as the testing ground for this experiment.

At the beginning of the 80s, businessmen in the ACP countries of Central Africa asked the European Commission for a chance to organize a similar meeting in their own region. The Forums in this part of Africa, alternating with those in Dakar, were held in Libreville in 1985, 1987 and 1991, with Yaoundé having hosted the event in 1989.

A LOYAL CLIENTELE

Last November, Libreville welcomed 217 African and 150 European participants. 'It is a satisfactory attendance level, with the figure being roughly maintained from Forum to Forum', explains Mr Martin Minguella, the official responsible for organizing these meetings at DG VIII (Development) of the Commission of the European Communities. 'In fact, our 'clientele' is stable from one Forum to the next, which proves that the formula has found its target'.

What happens at a Forum? Contacts essentially: in Libreville '91, there were some 1,500 personal meetings, an average of ten per participant. What do they talk about? Industrial projects directed either by African businessmen (162 proposals for Libreville '91) or European industrialists (100 proposals).

During the preparatory stage for the Forums, the task of seeking out and identifying projects in the African countries concerned is carried out by experts assigned by the European Commission, in close cooperation with the local antennae of the CDI. 'Our task is to pick out the most valid projects that exist in the region', explains François De Bruyn, consultant at DG VIII. 'It can be said that the proposals discussed at a Forum give a fairly good picture of the industrial partnership opportunities available in the area in question at the time. But there can be no doubt that not all the proposals have reached the same degree of maturity. As well as projects that are already well advanced, and whose feasibility has been established, there are others still on the drawing board which require more detailed

study. But I believe that in both cases the contacts established at a Forum can move things along considerably.'

EVALUATION

But after two decades' experience, what is the assessment of the impact of these Forums on African industrial development? First of all, we must try to reason in concrete terms: how many cooperation agreements have been signed following a Forum? To stay with the case of Central Africa, the 'palpable' results of Libreville '91 are 35 letters of intent signed after three days of contacts between potential partners in Europe and Africa. It is on this basis that the CDI, which, apart from participating in the prior identification of projects also has a follow-up function to perform, will endeavour to build upon the efforts put in at the Forum and see where they can lead to.

For instance, the subsequent evaluation of the previous Forum for Central Africa (Yaoundé '89) revealed that out of 40 or so potential partnerships identified on that occasion, 6 projects had actually reached the implementation stage, 2 export agreements had been signed, 5 projects were in the final negotiating stage and feasibility studies had been successfully carried out for 4 other projects, whilst negotiations were continuing on the other projects.



The Libreville Centre which hosted the Central African Forum (1991)

A stable 'clientele' from one Forum to the next, proving that the formula has found its target.

LONG-TERM INVESTMENT

'But this quantitative approach can obviously only give a partial view of the impact of the Forum', Mr Minguella underlines. 'For the good reason that we, the organizers, are not supposed to know everything. At an industrial meeting of this kind, many things remain confidential. And I also feel that it is presumptuous to talk of a kind of 'paternity' over a project on the part of the Forum. We should say rather that this type of meeting is a major stage in the life of a project, when the promoter is thinking about his alliances, is meeting people and is beginning to spot the factors that could eventually turn it into a reality.'

'I always compare the investment represented by the organization of a Forum with investments in advertising. Every industrialist is forced to make this invest-

Libreville '91 in figures

African participants	No. of projects presented	European participants	No. of projects presented	
Angola	14	Germany	17	23
Burundi	22	Belgium/Luxembourg	15	8
Cameroon	43	Denmark	6	6
Central Africa	13	Spain	22	13
Congo	14	France	30	7
Gabon	68	United Kingdom	4	10
Equatorial Guinea	7	Greece	11	7
Rwanda	10	Ireland	2	5
Sao Tomé e Príncipe	12	Italy	21	11
Chad	6	Netherlands	11	5
Zaire	5	Portugal	11	5
West Africa	3			
Total	217		150	100

The high number of participants from Gabon is, of course, explained by the fact that Forum '91 took place in that country. Similarly, the size of the Cameroon delegation was due to Forum '89 having been held in Yaoundé and businessmen from that country being motivated accordingly. The agro-industry and the chemical/pharmaceutical industry were the best represented sectors with 35 % and 15 % respectively of the projects presented.

ment in order to sell his products, but it is difficult to put an accurate figure on the results of a particular campaign. The benefits from advertising can only be calculated in the long term. The Forums must be looked at in the same way. They also represent an opportunity to make yourself known, to meet people that you may be able to deal with, and obviously the participants are making a certain kind of investment. You don't go there for the sightseeing. And it must be remembered that whilst we, on the African side, help people to participate, the European firms must pay their executives'

travel and accommodation expenses for almost a week. For the Commission, which picks up about 90 % of the organizational costs, this represents an average of 2,500 to 3,000 ECU per participant.'

PROSPECTS

What are the future prospects? Beyond the two alternate cycles of the Forums of Central and West Africa, which are certain to continue, the Commission is prepared to consider a geographical extension to other regions. 'To introduce new formulas involving other geographical areas, we are

tending to favour Forums with a sectoral flavour. Our basic principle is to wait for well-reasoned requests from all the States involved', Mr Minguella confirms. The Commission is currently examining a request by the ACP States of East Africa for a Forum to be devoted to agro-allied industries and the possibility of another event in Southern Africa focused on the mining sector. With these more specific Forums in mind, one idea to be considered is that of organizing an 'Exhibition' where the technologies proposed by the Europeans can be put on show and demonstrated. ♦

Creation of the 'Okoumé Club'

BUILDING BRIDGES BETWEEN FINANCIAL INSTITUTIONS AND TECHNICAL SUPPORT ORGANIZATIONS

On the one hand, we have organizations keen to support the launch of industrial projects in the ACP countries. On the other hand, we have development bankers ready to finance projects provided that they are reliable. Synergisms must be forged between these two potentials. This is the aim of the 'Okoumé Club', a study group set up after the latest EEC-Central Africa Forum in Libreville, on the initiative of the CDI.

A Forum such as Libreville '91 brings together large numbers of people in the same spot for just under a week. They are specialists, of course, but they all share the same ambition: to kick-start the industrialization process that the ACP countries need. A unique opportunity to get them round a table. The CDI took the initiative of organizing such a meeting in the wings of the Forum last November, which convinced the participants to pursue this kind of contact within a group christened the 'Okoumé Club' (the place where the meeting was held).

The focal point of this initial get-together was an analysis of the factors determining the success or failure of financing industrial cooperation projects in Africa.

The first observation: 'We do not use up all the credits available, because we are forced to refuse too many projects not offering sufficient guarantees or funds of their own', said several development bankers.

Second observation: the gaps in the training of local businessmen. 'We are confronted with a lack of training among African entrepreneurs, who have little awareness of business matters'.

Finally, a third ill suffered by the Continent: an absence of available risk capital, due to lack of confidence in the short-term future, although this type of financing is particularly well suited to launching young companies.

CDI PROPOSAL

'In an attempt to reverse this trend, the CDI proposed to create a systematic synergism between the financial instruments and



Partnership day at Libreville '91

During the Forum, the CDI organized a discussion day when ACP and European entrepreneurs came together to talk about their partnership experiences.

the development support bodies', explains Mr Paul Frix, Director of the CDI. 'The problem is twofold: on the one hand, we must help bankers to identify good promoters. On the other hand, we must support the latter in the elaboration of the project and in their difficult search for credit lines, whilst ensuring aid during the operational start-up of the project. To resolve this problem, we must create links between the financial institutions and the technical support bodies that are called upon to work together.'

From a more concrete point of view, the CDI has for the first time signed an agreement with a financial institution, the West African Development Bank, to provide it with technical assistance in setting up a new department to support the private sector.

At the request of the DEG — a German development finance company — the CDI has also played a part, in Kenya, in the creation of a service company for corporate rehabilitation, the Rehabilitation Advisory Service. In addition, the CDI has backed the launch of the Regional Development Company for the Congo Basin, in cooperation with the Walloon Region (Belgium).

In the future, the CDI hopes to develop more technical companies, working in conjunction with finance bodies. 'We are not discarding our role as a service organization; we are not becoming bankers. We want to work more closely with financiers in order to improve the chances of success of the projects in which they are involved or are likely to become involved,' Paul Frix emphasizes. 'Furthermore, the creation of these local support structures should establish breeding grounds for competent national experts and executives, and allow genuine decentralization of the action taken by the CDI to help the ACP countries.' ♦

The members of the Okoumé Club

Financial institutions: CCCE (Central Economic Cooperation Fund — France) / DEG (Finance Company for Investment and Development in the Developing Countries - Germany) / BFE (Banco de Fomento Exterior — Portugal) / FMO (Finance Company for Development — Netherlands) / SOFIDE (Finance and Development Company — Zaire) / PROPARCO (Promotion and Participation Company for Economic Cooperation - France) / National Economic Development Bank (Burundi).

Promotion and Technical Assistance Organizations: ICEP (Foreign Trade Institute — Portugal) / SPRI (Company for Promotion and Industrial Conversion — Basque Country, Spain) / FB (Fonds Bekaert — Brussels Region, Belgium) / ICEX (Foreign Exchange Institute — Spain) / EOMMEX (SME and Craft Industry Organization - Greece), RW (Walloon Region — Belgium).

Observers: CEC (Commission of the European Communities) / Secretariat of the ACP Group / CIAN (Board of French Investors in Africa — France).

THE INTEGRATED NON-METAL MINERAL PROGRAMME IN TRINIDAD AND TOBAGO

The current CDI assistance in this country illustrates the Centre's strategy: a sectoral, in-depth approach involving assistance in all matters from mining reserves, through equipment and partner selection, to long-term technical assistance.

This on-going programme in the field of non-metal mineral was initiated by the Government of Trinidad and Tobago in 1989. It aims to reduce imports of raw materials and finished goods, to generate products for export and to create sector-based employment.

An initial CDI-assisted study singled out possible manufacturing opportunities in the sector. Potential European partners, sources of finance and export markets were identified. This was followed in early 1991 by two CDI-sponsored diagnostic missions by Prof. Jan Baeyens of the University of Leuven (B), assisted by George Braithwaite (the project coordinator in Trinidad and Tobago). The missions allowed an initial set of target developments to be selected. During a subsequent coordination visit by Prof. Baeyens (September 1991), three additional projects were identified.

DEVELOPMENT OF HIGH QUALITY LIMESTONE SUPPLY

This is the essential basis for a lime industry. Limestone is currently imported from Curaçao or Barbados. A wide range of quarry minerals were screened at the University of Leuven and subsequently two projects received CDI-selected expert geological assistance.

Later, two assessment missions by a British Mining engineer analysed the potential reserves of two quarries. As soon as quarrying leases have been granted by the Trinidad Government, CDI will assist in seeking a suitable European technical partner.

LIME AND DERIVED PRODUCTS

High quality limestone will find four main applications as follows.

- Use of limestone as a soil conditioning agent, as animal feed extender or as pulverized filler for asphalt mortars. CDI-selected experts are providing assistance to two companies willing to expand in these products;
- Use of limestone as micron-size extender in cold-cure resinmixes. Travel assistance

was extended to a company which plans to manufacture cold cure sanitary ware. Contacts were made with several Belgian companies. To set up a local showroom and evaluate the buyer's response, CDI assisted in shipping Belgian cold-cure sanitary samples to Trinidad. An investment programme is currently being negotiated in Trinidad and Tobago. This 150,000 ECU project is expected to come on-stream in June 1992.



Professor Baeyens (KUL-B) on an expertise mission to Trinidad and Tobago

From the design stage to fieldwork, from the extraction site to the finished product on the market.

- Use of limestone as raw material for a medium-scale lime kiln. One company that already imports lime has received the support of two CDI-assisted preliminary studies on implementing a lime kiln and lime-derived production plants.

The kiln being the key in this programme, current efforts are focused on this plant. A CDI-sponsored EEC-partner will act as 'Coordinating Engineer' on behalf of the

local promoter and supervise equipment selection and manufacturing (both in the EEC and locally), plant erection and start-up, operator training and quality control procedures. A long term technical assistance contract will be concluded in due course.

- Hydrate lime. Within the lime-based product industry, assistance was granted in solving production problems to another company which produces hydrated lime. A consultant performed a full audit of the plant and as a result the rate of rejected product has been reduced by 30%. The consultant also developed a quality control system and maintenance programme. Spare part lists were completed. A regular programme of technical audits has been initiated.

SILICA AND SANDS

A CDI-assisted study found ways for a company producing *abrasive sands* to increase production and improve quality using existing equipment. Local sands and silica are being tested at the University of Leuven in order to compare their quality and potential with imported products.

The use of existing equipment to micro-nize other non-metal minerals, such as limestone, was also demonstrated. CDI continues to support this project which involves an investment of about 200,000 ECU. A British engineering company has been commissioned by the promoter and CDI to source and select appropriate equipment, investigate the local fabrication of plant items and supervise the plant erection and start-up. Here too, a long-term technical assistance agreement has been included.

Possible processing and sale of high purity silica imported from Guyana is being investigated by a Belgian company active in the field. Results will be available in February 1992.

CLAYS

CDI assisted a company planning to produce expanded clay aggregates. The promoters visited several producers in Europe and decided to seek the assistance of a United Kingdom company for the supply of equipment and long-term technical management. To better assess the market potential and applications, CDI assisted by sending a UK product to the local promoter. Once these tests have proved successful, CDI will assist in the final partnership negotiations.

THREE NEW PROJECTS

Dr. Baeyens also reported on three new projects. These include:

- A manufacturer of *ornamental clay figures*, whom CDI is assisting to visit potential partners in Europe interested in setting up a joint venture to manufacture in Trinidad and Tobago for export.
- A major Trinidad and Tobago *clay brick* manufacturer wishes to expand into refractory bricks. CDI is sponsoring discussions between the promoter and a potential partner in the United Kingdom as a first step in what is likely to become a long-term technical assistance programme.
- Establishing a *lime silicate brick plant* in Guyana is the aim of a Trinidad and Tobago insurance company which is receiving the assistance of CDI in searching for a European technical partner.

THE INTEGRATED CDI INTERVENTIONS

The description of the project development illustrates the 'to the point' assistance granted by CDI in this non-metal minerals sector and includes, for example: expert follow-up within CDI; in-depth evaluation of raw materials; partner and/or technology search; travel assistance for direct ACP/EC discussions; confirmation of local markets by sending representative sample products; plant upgrading and rehabilitation; implementation of quality control and preventive maintenance programmes; coordination of project engineering on behalf of the promoter; and more...

A total approach from concept to field-work, from quarry to product, and from there to the market. ♦

Madagascar leather

A FREE ZONE INITIATIVE

A hundred and twenty-two people at work, 167,000 wristwatch straps produced and another 300,000 on the order books: after six months in operation (end of 1991), the future of Fleurus-Madagascar, set up in the new industrial free zone of Tananarive, is very promising. To support the start-up of this French-Madagascar partnership, the CDI co-financed the staff training programme.

Pursuing an open industrial policy, the Madagascar government hopes to attract foreign investors through the quality of its local labour force and its low wage costs. The creation of the free zone of Tananarive in 1989 was a major step in this direction. The authorities also want to make more effective use of the raw materials of this vast island. And indeed the Fleurus-Madagascar project uses leather produced by two local

tanneries, Omnium industriel de Madagascar and Anjeva.

The EEC partner, the French group Fleurus, has been manufacturing wristwatch straps, fancy leather goods and jewellery since 1942. It employs over 500 people at its factories in France, Spain and Morocco.

EUROPEAN DISTRIBUTION ENSURED

Attracted by the conditions offered in Tananarive, the French group decided to set up the Fleurus-Madagascar company to manufacture leather wristwatch straps. Fleurus was approved in October 1990 and staff recruitment began in May 1991.

The company's target: to produce 1.2 million articles a year by 1993, using local leather, which means the creation of 250 jobs. All production is marketed by Fleurus-France through its European distribution networks.

To achieve such a quick start-up, it was essential not only to settle the industrial and financial aspects but also to cater for training requirements. When the CDI received the application for assistance for this project, it decided that aid for this company was in keeping with its intervention criteria: job creation, utilization of local raw materials and technological transfer. The Fleurus Group, the CCCE (French Central Economic Cooperation Fund) and the CDI have all been involved in training the staff in leather-working techniques.

RAPID TRAINING

In the first stage, a group of 50 skilled workers and mechanics were selected for training. This was followed by a second group of the same size, whilst an assistant production manager and a precision tool-maker were trained in France. The factory manager has received administrative, commercial and technical training.

Recruiting its labour force in successive waves, Fleurus-Madagascar is confronted with the need for rapid training. Another application for CDI participation was made in October 1991, particularly with a view to training supervisors. The same three partners will also be contributing at financial level.

Fleurus has just installed a canteen at the factory and introduced a shuttle service for its staff. On the Madagascar side, the authorities consider that they have made a good choice, by thinking not only in terms of production but also about the guaranteed outlet for this production. ♦

The attraction of the Madagascar free zone.

Since 1990, in addition to Fleurus-Madagascar, three clothing factory projects have also been set up in the Madagascar free zone, receiving assistance from the CDI. French-Madagascar joint ventures, they have received 126,000 ECU, primarily for training purposes. The co-financing by the CCCE amounts to 99,600 ECU.

These three projects are currently the subject of an extensive vocational training campaign for supervisors and cutting and stitching operators. When this is completed, 300 to 600 people will have benefited from on-the-job training. Even before this, the CDI had been involved in preparing the approval files and credit applications, together with training of production and maintenance managers.



A Fleurus-Madagascar workshop

For a quick start-up, it is essential not only to settle the industrial and financial aspects, but also to cater for training requirements.

NITRIC OXIDE UNDER ATTACK

Producing without too much pollution! This major challenge is beginning to exercise the minds of ACP industrialists. And if this challenge is to be met, transfers of technology are essential.

The ACP States are increasingly concerned about the processing and disposal of waste from factories producing paint, detergent and fertilizer. Tentative laws have started to be introduced. In the meantime, industrialists are successfully endeavouring to incorporate the ecological aspect in some industrial development projects.

In October 1989, for instance, the CDI received an interesting request from the Mauritian company Mauritius Chemical and Fertilizer Industry Ltd. (MCFI), which produces NPK fertilizers and nitric acid. Subject of the request: assistance in a study aimed at reducing the ecologically damaging waste discharged by its production unit.

MCFI, which has invested 14 million ECU in this factory (opened in 1977), employs 350 people and has an annual turnover of 13 million ECU. Four European partners were approached by MCFI with a view to resolving this problem of pollution caused during the production of nitric acid.

THE MOST ECONOMICAL PROCESS

It was the French company Rhône-Poulenc which came up with the most efficient and most competitive process. This consists of either transforming some of the waste nitric oxides (NO_x) into nitric acid, or partly oxidizing them during the liquid phase through an absorption tower. This HEA (High Efficiency Absorption) process has the advantage of being much cheaper than conventional processes.

The agreement signed between MCFI and Rhône-Poulenc provides for the construction of an absorption tower capable of handling 140 tonnes of nitric acid a day. Anticipated results: an 80 % reduction in traces of nitric oxides discharged into the atmosphere.

The CDI intervention, co-financed by the French Central Economic Cooperation Fund (CCCE) and the local promoter, MCFI, provides for assistance during the start-up stage and training of an MCFI engineer in France, Greece and then on the spot in the utilization and supervision of the new equipment. ♦

Fiji garment industry

MARKETING IN EUROPE

Five selected garment manufacturers from Fiji received assistance from the CDI and the EDF to participate in the 'Inter Jeans/Herren Mode Woche' fair held February 7th-9th, 1992, in Köln, Germany.

The assistance formed part of an overall programme being conducted in close cooperation with the Fiji Trade and Investment Board (FTIB) to assist local garment manufacturers to diversify markets into Europe, to which the Lome Convention allows duty free access for products made in ACP countries.

The five manufacturers had been selected by a panel which comprises the FTIB, the FGMA (Fiji Garment Manufacturers Association) and a garment industry expert whose services are being funded by the CDI. The CDI was also funding the airfares for the manufacturers to attend the exhibition under its travel assistance programme. Other costs related to the exhibition were covered by the European Development Fund under Fiji's National Indicative Programme.

The Inter Jeans/Herren Mode Woche exhibition is one of the world's biggest international menswear fairs with over 50,000 visitors attending. The participation of Fijian industrialists enabled them to win orders worth over a million Fijian dollars from German, British and Polish companies. Other orders are under negotiation. ♦

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Life at the CDI

The CDI congratulated by the Joint Executive Board

At its last meeting on February 6th 1992, the CDI Joint Executive Board, chaired by Mr Banhoro (Burkina Faso), expressed its satisfaction at the intensive activity deployed in 1991 and the cohesion of the work programme adopted for 1992. In effect, last year for the first time in its existence the CDI committed 97% of its operational budget, i.e. 35% more in terms of value than its commitments in 1990. The Board also encouraged the Directorate of the Centre to pursue its action on the basis of the reforms introduced last year. It will be recalled that at its next meeting in March 1992, the Board will examine all the information in the 1991 annual report.

CDI mission to Copenhagen

On January 13th and 14th last, Mr Paul Frix (Director of the CDI), Mr Jean-Marie Delchambre (Head of the Interventions and EEC Network Division) and Mr Fernando Matos-Rosa (in charge of Relations with the European Institutions) made a working visit to Copenhagen (Denmark) to strengthen the links forged through the existing cooperation agreements with the IFU (Industrialization Fund for the Developing Countries) and the FDI (Federation of Danish Industries). Among the results of this mission: cooperation with the IFU within the framework of the NORSAD (Fund for Southern Africa), which is based in Lusaka (Zambia), and with the IFU office in Lomé (Togo), and cooperation with the FDI in industrial matters. A new agreement is also being prepared with the Danish Ministry of Foreign Affairs (DANIDA). Moreover, these CDI contacts in Denmark came at a particularly propitious time, since the IFU, the FDI and DANIDA have recently decided to coordinate their programmes in the field of cooperation with the developing countries and especially with the ACP countries.

Privatization in Tanzania: business trip

In line with the implementation of wide-ranging economic liberalization policies, the government has launched reforms to encourage free enterprise and private investment. In this perspective, a mission to Tanzania was undertaken by Gary AYLMEYER, Deputy Head of Projects and ACP Network Division, and Mary-Jane CAUDRON, Country Officer for Tanzania. The mission took place from 7th November until 14th November 1991. Its objectives were: following up several projects and meeting with national authorities involved in development of industrial and with bilateral-international organizations dealing with industrial development in Tanzania.

Operational Summary

No. 67 — March 1992

(position as at 26nd February 1992)



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), Lomé III (8 December 1984) and Lomé IV (15 December 1989), 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 Mashraq), which signed cooperation agreements with the EEC since 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).

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.

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

Correspondence about this operational summary can be sent directly to:

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Commission of the European Communities
G 12 4-14
200, rue de la Loi
B-1049 Brussels

Please cover only one subject at a time.

DESCRIPTION SECTOR CODE

A1	Planning and public administration	A5B	Industrial development banks
A1A	Administrative buildings	A5C	Tourism, hotels and other tourist facilities
A1B	Economic planning and policy	A5D	Export promotion
A1C	Assistance to the normal operations of government not falling under a different category	A5E	Trade, commerce and distribution
A1D	Police and fire protection	A5F	Co-operatives (except agriculture and housing)
A1E	Collection and publication of statistics of all kinds, information and documentation	A5G	Publishing, journalism, cinema, photography
A1F	Economic surveys, pre-investment studies	A5H	Other insurance and banking
A1G	Cartography, mapping, aerial photography	A5I	Archaeological conservation, game reserves
A1H	Demography and manpower studies		
A2	Development of public utilities	A6	Education
A2A	Power production and distribution	A6A	Primary and secondary education
A2Ai	Electricity	A6B	University and higher technical institutes
A2B	Water supply	A6Bi	Medical
A2C	Communications	A6C	Teacher training
A2D	Transport and navigation	A6Ci	Agricultural training
A2E	Meteorology	A6D	Vocational and technical training
A2F	Peaceful uses of atomic energy (non-power)	A6E	Educational administration
		A6F	Pure or general research
		A6G	Scientific documentation
		A6H	Research in the field of education or training
		A6I	Subsidiary services
		A6J	Colloquia, seminars, lectures, etc.
A3	Agriculture, fishing and forestry	A7	Health
A3A	Agricultural production	A7A	Hospitals and clinics
A3B	Service to agriculture	A7B	Maternal and child care
A3C	Forestry	A7C	Family planning and population-related research
A3D	Fishing and hunting	A7D	Other medical and dental services
A3E	Conservation and extension	A7E	Public health administration
A3F	Agricultural storage	A7F	Medical insurance programmes
A3G	Agricultural construction		
A3H	Home economics and nutrition	A8	Social infrastructure and social welfare
A3I	Land and soil surveys	A8A	Housing, urban and rural
A4	Industry, mining and construction	A8B	Community development and facilities
A4A	Extractive industries	A8C	Environmental sanitation
A4Ai	Petroleum and natural gas	A8D	Labour
A4B	Manufacturing	A8E	Social welfare, social security and other social schemes
A4C	Engineering and construction	A8F	Environmental protection
A4D	Cottage industry and handicraft	A8G	Flood control
A4E	Productivity, including management, automation, accountability, business, finance and investment	A8H	Land settlement
A4F	Non-agricultural storage and warehousing	A8I	Cultural activities
A4G	Research in industrial technology		
A5	Trade, banking, tourism and other services	A9	Multisector
A5A	Agricultural development banks	A9A	River development
		A9B	Regional development projects
		A10	Unspecified



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ACP STATES

New projects are printed in italics and offset by a bar in margin at left

Projects under way are marked with an asterisk and with words or phrases in italics

ANGOLA

Road rehabilitation — Section A: Lubango — 41 km — Section B: Serra de Leba — Lubango. Resp. Auth.: *Ministère de la Construction.* Estimated total cost 15 mECU. EDF 12.5 mECU local 2.5 mECU. Works by int. tender. Works supervision: short-list to be done. Project on appraisal. Date foreseen for financing April 92. 6th EDF. EDF ANG 6011 A2d

ANTIGUA AND BARBUDA

Road Rehabilitation Programme Phase 2. Resp. Auth.: Ministry of Works and Communications. Estimated cost 3.100 mECU. Reconstruction of the road from Golden Grove to Urlings (11.75 km). Project on appraisal. 6th EDF. EDF AB 6001 A2d

BARBADOS

Hospitality Studies Project. Resp. Auth.: Ministry of Education and Culture. Total estimated cost 2.5 mECU. EDF 1.6 mECU, local 0.900 mECU. Construction of Tourism Training Centre-cum-Hotel. Project on appraisal. 6th EDF. EDF BAR 6006 A5c

Livestock Development. Resp. Auth.: Ministry of Agriculture. 2.475 mECU. Renovation and construction of administrative buildings, supply of vehicles, equipment and computers. Line of credit and T.A. *Date financing December 91.* 5th and 6th EDF. EDF BAR 6004 A3a

BELIZE

Belize City Hospital. Phase I. 8.6 mECU. Work constructions and supply of equipment. 4th, 5th, and 6th EDF. Works: in. tender foreseen *1st half 92.* Project in execution. EDF BEL 6004 A7a

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 A6b

Improvement of Hummingbird Highway - Sibun River Section. Resp. Auth.: Ministry of Works and Housing. 4.4 mECU. Works will be executed by local companies still working for the initial phase. Date financing March 92. 7th EDF. EDF BEL 6001 (7001) A2d

BENIN

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal 6th EDF. EDF BEN 6009 A3d

General Import Programme — S.A.P. II. 24 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). Project in execution. 6th and 7th EDF. EDF BEN 7200 A1c

BOTSWANA

Wildlife Conservation in Northern Botswana. Resp. Auth.: Department of Wildlife and National Parks. (DWNP). 6.800 mECU. New tracks, construction of administrative office quarters and accommodation. Supply of equipment (earthmoving — tractors — 4 x 4 pick-ups). T.A. and training. Project on appraisal. Date foreseen for financing *1st half 92.* 6th EDF. EDF BT 6026 A3e, A5i

Airborne Electromagnetic survey in the Ghanzi-Chobe fold belt and Shin-amba Hills. Resp. Auth.: Dept. Geological Survey. 1.6 mECU. Investigate mineral deposits and water potential. Production of geological maps. *Date financing January 92.* 7th EDF. EDF BT 7001 A1g

BURKINA FASO

Structural Adjustment Support — General Import Programme. 22.500 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). T.A. for monitoring, auditing and follow-up. Project in execution. 7th EDF. EDF BK 7200 A1c

CAMEROON

Rural development programme in the Logone and Chari. Resp. Auth.: Semry. Estimated cost 12 mECU. Consolidation and extension of existing actions. Project on appraisal. 6th EDF. EDF CM 6013 A3a

Rural development poles: Saa-ntui, Sang melima, Bafut. Resp. Auth.: Ministères de l'Agriculture et du Plan et de l'Aménagement du Territoire. Total estimated cost 14.625 mECU. EDF 10.300 mECU, local 4.325 mECU. Strengthening of the monitoring structures, improvement and extension of basic socio-economic infrastructures, training, education, popularization of rural development, health. Works: tracks, buildings; supplies for civil works, vehicles, crop inputs, rural equipment. Project on appraisal. Date foreseen for financing *1st half 92.* 6th EDF. EDF CM 6012 A3a

CHAD

Rural development priority programme in the concentration zone. Resp. Auth.: Ministère de l'Agriculture et de Dév. Rural. 15 mECU. Hydro-agricultural works, infrastructure, education, health. Works, supplies and T.A. Project in execution. 6th EDF. EDF CD 6002 A3e

Strengthening of the health sector in the Sahelian prefectures. Resp. Auth.: Ministère de la Santé Publique. 16.5 mECU. Supply of essential medicines, training programme and T.A. Int. tender for vehicles launched in July 90. *Date financing January 92.* 6th and 7th EDF. EDF CD 6003 A7e

Rural development programme. Phase 2. Resp. Auth. Office National de

Dév. Rural (ONDR). 28 mECU. Works, feeder roads, school buildings, agricultural equipment, pumps, T.A., follow up and evaluation. Project in execution. 6th EDF. EDF CD 6005 A3a

Support programme to revitalize primary education. Resp. Auth.: Ministère de l'Education Nationale. 10 mECU. Works by acc. tender or direct labour. Building materials, equipment, and educational equipment, by int. tender. Training programmes and support infrastructures. Project on appraisal. *Date financing January 92.* 7th EDF. EDF CD 7001 A6a

CHAD

Environmental conservation in the South-East. Resp. Auth.: Ministère du Tourisme et de l'Environnement. 3.5 mECU. Flora and fauna reconstitution in the Zakouma region. Integration, growing public awareness and participation of population for conservation of natural resources. Project on appraisal. 7th EDF. EDF CD 7002 (4017) A8f

COTE D'IVOIRE

Central Region food crops programme. Resp. Auth.: Ministère de l'Agriculture. EDF 40 mECU. Irrigation, agriculture modernization, young settlements. Food crops production marketing improvement. Works, soil improvement, supplies. T.A. studies, follow-up and evaluation. Project on appraisal. Date foreseen for financing 1st half 92. 6th EDF. EDF IVC 6009 A3a

Support to the Structural Adjustment Programme. General Import Programme. Hard currency allowance to import ACP and EEC goods. There is a negative list of items not eligible (military-luxury products). 15.5 mECU. T.A. for the Ministère de l'Economie et Finances and T.A. for the Ministère de la Santé. Date financing February 92. 7th EDF. EDF IVC 7200 A1c

DJIBOUTI

Training programme. 2.2 mECU. New vocational training actions for adults. T.A. for training centres. Training, scholarships and training courses. Works and supplies. Project in execution. 6th EDF. EDF DI 6101 A6d

Urban development programme. Phase II. Resp. Auth.: Ministère des Travaux Publics. 8.750 mECU. To finish works in bloc 4 and sanitation and road works in bloc 1 and 2. Project on appraisal. *Date foreseen for financing April 92.* 7th EDF. EDF DI 6002 (7001) A2d

Fight against desertification and development of livestock husbandry in Western-Djibouti. Resp. Auth.: Ministère de l'Agriculture et du Développement Rural. 1.665 mECU. Supply of equipments, studies, T.A. Project on appraisal. 7th EDF. EDF DI 6008 A3a

DOMINICAN REPUBLIC

Sectoral Import Programme for Petroleum Products. Resp. Auth.: Oficina del Ordenador Nacional — Secretaría de Estado de Finanzas y el Banco Central. Refinería Dominicana de Petróleo, S.A. 22 mECU. Purchase by int. tender. Specialized T.A. for preparation tender dossier, evaluation, follow up. Project on appraisal. 7th EDF. EDF DO 7200 A1c

EQUATORIAL GUINEA

Essential goods import programme. Resp. Auth.: Presidency of the Republic. Estimated cost 1.5 mECU. Hard currency allowance to import essential goods. Project on appraisal. 5th and 6th EDF. EDF EG 0000 A1c

Conservation and rational utilisation of the forest ecosystems. Resp. Auth.: Ministry of Agriculture, Livestock farming, Fisheries and Forests. Directorate General for Forests. 5.070 mECU. Land Classification and Use Master Plan — National System of Conservation Units — Forest Training and Research Centre. T.A. and supply of equipment. Project on appraisal. ★ Date foreseen for financing 1st half 92. 6th EDF. EDF EG 6001 A3c, e, i

M'Bini — Akalayong road. Rehabilitation and improvement of the road. 65 km. Int. tender for works (conditional) foreseen end March or April 92. Estimated cost 3.5 mECU. Project on appraisal. 6th EDF. EDF EG 0000 A2d

ETHIOPIA

South Shewa conservation-based rural development. Resp. Auth.: Ministry of Agriculture. 26.2 mECU. Buildings, roads, rural infrastructure, agricultural inputs, consumer goods, training, T.A., micro-projects, credit line. Project in execution. 6th EDF. EDF ET 6005 A3a

Coffee improvement programme III. Resp. Auth.: Ministry of Coffee and Tea Development. 38.1 mECU. Construction and civil works, supply of equipment, vehicles and agric. inputs, aerial photography, training and T.A. Project in execution. 6th EDF. EDF 6003 A3a

Lake fisheries project. Resp. Auth.: Ministry of Agriculture, Fisheries Dept. 7.5 mECU. Provision of inputs to fishermen, development of cooperatives, establishment of marketing organisation and infrastructure, training, research and fingerling production centres. Works, supplies and T.A. Project in execution. 6th EDF. EDF ET 6008 A3d

Foreign trade development. Resp. ★ Auth.: Ministry of Foreign Trade (MOFT). 1.5 mECU. T.A.: two-years marketing

expert. a team of marketing specialists (short-term consultancy services in Ethiopia). Market research, training in international marketing and international trade, technical seminars. Equipment and supporting services Project in execution. 6th EDF. EDF ET 6010 A5de

FIJI

Investment and export development. Resp. Auth.: Ministry of Trade and Commerce (MTC) and Fiji Trade and Investment Board. 7.2 mECU. Land purchase for the Tax Free Zone, works, supply of equipment, T.A. and training. Project in execution. 6th EDF. EDF FIJ 6007 A5d

Electrification of the Lakeba, Gau and Koro islands. Estimated cost 2.762 mECU. Supply and installation of diesel power stations, electrical distribution and T.A. Project on appraisal. 6th EDF. EDF FIJ 6004 A2ai

GAMBIA

Rural Development Programme. Resp. Auth.: Ministry of Finance and Economic Affairs. 14.5 mECU. Rehabilitation of Water schemes, supply of road equipment and materials, T.A. and supervision. Project in execution. 6th EDF. EDF GM 6004 A3a

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

Twifo oil palm development. Maintenance aid 1988-1991. Resp. Auth.: Ministry of Finance and Economic Planning (M.F.E.P.). Total estimated cost 12.6 mECU EDF 5 mECU, local 7.6 mECU. Works, supply of equipment and T.A. Project on appraisal. 6th EDF. EDF GH 6007 A3a

Ghana regional Appropriate Technology Industrial Service (GRATIS). Phase II. Resp. Auth.: GRATIS. 3 mECU. Supply of equipments, vehicles, T.A. and training. ★ Date financing December 91. 7th EDF. EDF GH 6004 A4g

Second microprojects programme. (Lomé III). Total cost 9 mECU, Ministry of Finance and Economic Planning 2 mECU. District assemblies — communities 1 mECU. Construction of schools, clinics, wells, sanitation facilities, markets. Local T.A. Project on appraisal. 6th EDF. EDF GH 6102 A6, A7, A8

Structural Adjustment General Import Programme. Hard currency allowance to import ACP and EEC goods. There is a negative list of items not eligible (military-luxury and environmentally hazardous product). 20 mECU. T.A. for procurement agent ★ possible. ★ Date financing December 91. 7th EDF. EDF GH 7200 A1c

GRENADA

Tourism development project. Resp. Auth.: Grenada Board of Tourism. 0.812 mECU. T.A. — consultancy services and supplies for a marketing and promotion ★ campaign. ★ Date financing January 92. 7th EDF. EDF GRD 5007 A5c

Peggy's Whim Water Supply Project. Resp. Auth.: National Water and Sewerage Authority (NWSA). 1.580 mECU, local 0.235 mECU. Construction of tanks and access roads, supply of equipment for treatment plant and pipe works. ★ Project in execution. 7th EDF. EDF GRD 7001 A2b

Farm and feeder roads project. Resp. Auth.: Ministry of Agriculture. 1.580 mECU. Construction or rehabilitation. Works by direct labour. Project on appraisal. 7th EDF. EDF GRD 7002 A3a

Microprojects programme. Resp. Auth.: Ministry of Labour, Social Service, Community Development. 0.220 mECU. Water supply, road improvements, repairs and extension of schools, medical and community centre and sports grounds. Project on appraisal. 7th EDF. EDF GRD 7102

GUINEA

Contribution to the Rubber and Palm Tree and Rice Programme in 'Guinée Forestière'. Resp. Auth.: Ministère de l'Agriculture and SOGUIPAH. EDF part 5 mECU. Intensification of village rural production. Soil preparation, feeder roads, rice ★ inputs. ★ Date financing January 92. 6th EDF. EDF GUI 6008 A3a

Support to improve electrical sector. Resp. Auth.: Ministère de l'Industrie and ENEL GUI. 6.145 mECU. Supply of equipments: 30,000 sets of power-meters and fittings, spare parts for hydro-electric power-stations, generator sets, tools, work-shops equipments, radio-sets, vehicles. Date financing January 92. 5th EDF. EDF GUI 5042 A2ai

GUINEA BISSAU

Rural development programme. 23.8 mECU. Improvement of food and fisheries production, line of credit, micro-projects, T.A. and training. Project in execution. 6th EDF. EDF GUB 6001 A3a

Project for the rehabilitation of social and economic infrastructures. Resp. Auth.: Ministry of Public Works. 7.8 mECU. Road rehabilitation, schools, health centres, urban roads, markets, water and sanitation. Construction of secondary bridges, access roads, supply of a ferry. Works, supplies and T.A. 2 Projects on appraisal. ★ 5th and 6th EDF. EDF GUB 6013 (PRI) - 6014 (PASI) A7, A8

GUYANA

Structural Adjustment Support – General Import Programme. Foreign currency facility to the Bank of Guyana for importation of goods for the non-traditional and traditional productive sectors. 4.5 mECU. T.A. to the Bank (procurement expert) and evaluation. Project on appraisal. **★ Date foreseen for financing December 91 or 1st half 92.** 7th EDF. EDF GUA 7200 A1c

JAMAICA

Negril and Ocho Rios sewerage schemes. Resp. Auth.: National Water Commission. 25 mECU. Negril: 17 km of trunk sewers, 13 pump stations and 2 treatment plants. Ocho Rios: 5 km of sewers, 6 pump stations, 1 treatment plant and deep sea outfall. T.A. for supervision. Works by int. tender. Project on appraisal. 5th EDF. EDF JM A8bc

KENYA

ASAL livestock development programme. Resp. Auth.: Ministry of Livestock Development. 9 mECU. Works by restr. tender. Supplies by int. tender. T.A. and evaluation. Project in execution. 6th EDF. EDF KE 6009 A3a

Strengthening of research resources of the national museums of Kenya. Resp. Auth.: NMK Directorate 3 mECU. Construction, transport, equipment, T.A., training and research links with national, regional and international organizations. Project in execution. 6th EDF. EDF KE 6020 A6f

Rehabilitation Advisory Services. Resp. Auth.: Ministry of Finance. 1.950 mECU. T.A. to rehabilitation advisory services. A consulting firm specialized in the rehabilitation of medium scale enterprises. **★ Date financing November 91.** 7th EDF. EDF KE 6018 A4,A5

LESOTHO

'Lesotho Highlands Water Project' – Muela Hydropower Project (MHP). 44 mECU. Engineering supervision and part of the civil works. Project in execution. 7th EDF. EDF LSO 6001-7001 A2ai

MADAGASCAR

Maize development programme in the Middle West. Resp. Auth.: Ministère de la Production Agricole. 9.5 mECU. Building of a nursery and farmers training. Works, supplies, T.A. evaluation and training. Project in execution. 6th EDF. T.A.: CONSULT-IBERICA (E) EDF MAG 6006 A3a

Local handicraft, improvement Programme. Resp. Auth.: Ministère de l'Industrie de l'Énergie et des Mines. 2.750 mECU. To improve production and marketing. T.A., training and line of credit. Project in execution. 6th EDF. EDF MAG 6022 A5d, e

Rice and fish-breeding promotion and popularization. Resp. Auth.: Ministère de la Production Animale, des Eaux et

Forêts (MPAEF). 2.300 mECU. Fish-breeding and research centres, excavation, rehabilitation, reclaim of swamps, access roads, supply of equipments and T.A. T.A.: short-lists done. **Date financing December 91.** 6th EDF. EDF MAG 6023 A3a

Livestock development in the South-West. Resp. Auth.: Ministère de la Production Animale. Estimated total cost 6.850 mECU. EDF 5.700 mECU, local 1.150 mECU. Buildings and feeder roads. Supply of equipments and T.A. Project on appraisal. **★ Date foreseen for financing April 92.** 6th EDF. EDF MAG 6013 A3a

MALAWI

Strategic fuel reserve. Resp. Auth.: Office of the President and Cabinet. Contingency Planning Unit. 4.2 mECU. Construction of tanks for diesel, petrol, ethanol. Associated infrastructure and equipment. T.A. Project on appraisal. 5th EDF. EDF MAI 5020 A2a

Programme for industrial products imports. 12.5 mECU. Supply of industrial equipment, raw materials and spare parts. Project in execution 6th EDF. EDF MAI 6019 A1c

MALI

Rice-growing intensification programme in the large irrigated areas of 'Office du Niger' and 'Opération Riz Segou'. Resp. Auth.: Ministère de l'Agriculture. 65 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 in execution. 5th and 6th EDF. EDF MLI 6004 A3a

Support for Structural Adjustment Programme. 31 mECU. Project in execution. 7th ADF. EDF MLI 7200 A3a

Support programme to S.M.E. creation. Lines of credit, T.A. and follow up. 13 mECU. Project in execution. 7th EDF. EDF MLI 6001 A4,A5

MAURITANIA

Aioun El Atrouss hospital. Resp. Auth.: Ministère de l'Équipement. 1.050 mECU. Renovation and supply of equipment for 3 buildings. Works by acc. tender. Supplies by int. tender. Project on appraisal. 5th EDF. EDF MAU 5012 A7a

Rehabilitation of Nouakchott National Hospital. Resp. Auth.: Ministère de l'Équipement. 4 mECU. Renovation and upgrading for building, supply of medical-technical and surgical equipment. Project on appraisal. 6th EDF. STUDIES: STUDIO BICHARA (I) EDF MAU 6003 A7a

Support programme for the development of the Gorgol region (PDRG). Estimated cost 35 mECU. Improvement of the irrigated areas, support for traditional crops, regeneration of natural habitats, rural infrastructure, sanitation of Kaedi. Project in execution. 6th EDF. EDF MAU 6007 A3a

MAURITIUS

Pamplemousse – Grand Baie Road. Resp. Auth.: Ministère des Travaux Publics. Road construction. 11.8 km. Works and supervision. Works by int. tender (conditional). Supervision: short-list done. Estimated total cost 7.4 mECU. EDF 5.7 mECU, local 1.7 mECU. Project on appraisal. 5th and 7th EDF. EDF MAS 5014 (7001) A2d

MOZAMBIQUE

Integrated development programme of Cabodelgado. Resp. Auth.: Ministry of Commerce. AGRICOM. 8 mECU. EDF 5 mECU, local 3 mECU. Support to ± 50 000 people in the districts of Mocimboa, Praia and Mueda. Works, supplies and T.A. Project in execution. 6th EDF. EDF MOZ 6022 A3a

NIGER

Training programme. Resp. Auth.: Ministères de l'Éducation, Commerce, Culture, Plan, Agriculture. 4,366 mECU. Three priority sectors: rural development, business development, cultural development. Supply of equipment T.A. and scholarships. Project in execution. 6th EDF. EDF NIR 6101 A6b, c,i

General Import Programme. Support for structural adjustment. Estimated cost 27 mECU. Project on appraisal. Date foreseen for financing 1st half 92. 7th EDF. EDF NIR 7001 A3a

Training Centre and music promotion (CFPM). Resp. auth.: Ordonnateur National Ministère du Plan. 1 mECU. Supply of equipment, T.A. Recurrent costs. Date financing February 92. 7th EDF. EDF NIR 7002 (6101) A6d

Support to the development of the private sector (S.M.E.). Resp. Auth.: AFELEN (Agence pour le Financement et l'Encouragement de la Libre Entreprise au Niger) - Niamey. 12 mECU. T.A. for the AFELEN and line of credit. Project on appraisal. Date foreseen for financing March 92. 7th EDF. EDF NIR 6023 (7002) A5b

Re-arrangement of the health services located in the ancient 'Maternité Centrale' in Niamey. Resp. auth.: Ministère de la Santé Publique. Estimated total cost 9.650 mECU. EDF 3.150 mECU, Spain 9.650 mECU. Works by acc. tender (EDF part), supply of equipments and T.A. by Spain. Project on appraisal. Date foreseen for financing April 92. 5th EDF. EDF NIR 6027 A7a

NIGERIA

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

Desertification control and environmental protection programme in Sokoto. Resp. Auth.: Sekoto Environmental Programme (SEP). Direct responsibility of the Office of the Governor. 30.6 mECU. Community awareness, mobilisation and development campaign. Afforestation actions, improvement of range management and livestock development. Rehabilitation of a smallscale irrigation scheme, training and applied research. Works: buildings, nurseries, water points, irrigation networks. Supply of vehicles, motorcycles, generators, media equipment, T.A. Works by acc. tenders. Supplies by int. tenders. Project in execution. 6th EDF. T.A.: SIR MAC DONALD & PARTNERS (UK) — I.N.C. — IL NUOVO CASTORO (I) EDF UNI 6003 A3a

'Middle belt' programme. Resp. Auth.: States of Kwara and Niger, Executive Committees. Estimated total cost 38.662 mECU. EDF 33 mECU, local 5.662 mECU. Education, health, social infrastructure. Renovation works, rehabilitation, supply of equipment, T.A., training and evaluation. Project in execution. 6th EDF. T.A.: B.M.B. (NL) — TRANSCON LTD. (UNI) EDF UNI 6007 Aabe

Mambilla Tea Integrated Development Project. Resp. auth.: Nig. Beverages Production Company Ltd. 28 mECU. Civil works: dam, roads, buildings utilities. Supply of vehicles, factory and irrigation equipment. T.A. for management and training. **Date financing December 91.** 7th EDF. EDF UNI 5004 A3a

Export Development Programme. Resp. Auth.: Nigerian Export Promotion Council. 35 mECU. To transfer export know how to ± 250 Nigerian firms. Components: sectors, market, human resources and institutional development. Others: T.A. for management and supervision. Project on appraisal. 7th EDF. EDF UNI 6011 A5d

General Import Programme. 25 mECU. Hard currency facility to import goods and equipment not specifically excluded via a negative list. T.A. foreseen. Project on appraisal. 7th EDF. EDF UNI 7200 A1c

Oban Hills National Park Project. Estimated total cost 30 mECU. EDF 19 mECU, Germany (KfW) 11 mECU. Park management and conservation, support zone development, park research and monitoring. To give the local people an incentive to protect — support the park. Buildings-peripheral facilities, supply of equipment and vehicles, T.A. and research studies. Villages Development Funds and recurrent costs. Project on appraisal. 7th EDF. EDF UNI 7001 A3c, e-A8f

PAPUA NEW GUINEA

Road and Bridge Rehabilitation Programme. Resp. Auth.: Ministry of Works. Parallel cofinancing with World Bank. EDF, part estimated 21.520 mECU. Works and supervision. Project in execution. 6th EDF. EDF PNG 6014 A2d

Second Structural Adjustment Programme. General Import Programme. 11 mECU. Foreign currency facility to the

Bank of PNG. There is negative list of items **not eligible (military-luxury items).** **Project in execution.** 7th EDF. EDF PNG 7200 A1c

RWANDA

Special Import Programme. Resp. Auth.: Gouvernement du Rwanda and Banque Nationale Rwandaise (BNR) 12mECU. 6 mECU for petroleum products by int. tender. 6 mECU hard currency allowance to import essential products (malt, oil, sugar, salt, gypsum, pharmaceutical products, fertilizers, pesticides). T.A. (procurement agent) to promote, coordinate and follow up operations. Project in execution. 6th EDF. EDF RW 6009 A3a

ST. KITTS AND NEVIS

Development of Social Infrastructure — Phase II. Resp. Auth.: Ministry of Education and Ministry of Works, Communications and Public Utilities. 0.872 mECU. Construction and supply of furnitures for primary schools, supply of equipments, T.A. for supervision of works. Project on appraisal. 5th and 6th EDF. EDF SCN 6001 A6a

SENEGAL

Consolidation of the livestock development programme. Resp. Auth.: SODESP. Estimated cost 1.6 mECU. Study under way by Bessel Ass. (UK). Project on appraisal. 5th EDF. EDF SE A3a

Support programme for the phosphate sector. Sysmin. Resp. Auth.: Ministère du Développement Industriel. 15 mECU. Research for methods to eliminate cadmium from rock and/or from phosphoric acid. Investments in 2 processing plants. Research actions, studies, new humid storage (central conveyor, adjustable stocker, rail scraper, longitudinal conveyor), mining equipment, 3 dumpers, 1 bulldozer, 2 loaders, 1 hydraulic shovel. Project in execution 6th EDF. EDF SYS SE 17 A4af

Support to the Sectoral Adjustment Programme for Transports. Resp. auth.: Ministère de l'Équipement, des Transports et de la Mer. M.E.T.M. 70 mECU. Works by int. tender for 4 roads. Supervision: short-lists to be done. Training. General Import Programme (10 mECU). Project on appraisal. Date foreseen for financing April 92. 7th EDF. EDF SE 5046 (7001) A2d

SEYCHELLES

Consolidation of the development of the craft industry. Resp. Auth.: Department of Industry and CODEVAR. 1 mECU. T.A. on policy in the sector and specialized for wood, ceramics, textiles and others (to be decided). Training and evaluation. Project in execution. 7th EDF. EDF SEY 6003-7001 A5d, e

Tuna quay rehabilitation. Resp. auth.: S.F.A. 1.200 mECU. Supply of equipment and works. **Project in execution.** 6th EDF. EDF SEY 6008 A2d

SIERRA LEONE

North Western artisanal fisheries and community development programme. Resp. Auth.: Ministry for Agriculture and Natural Resources (Fisheries Division). 6 mECU. Infrastructure, supply of equipment, 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. Project in execution. 6th EDF. T.A.: BRITISH TELCONSULT (UK) EDF SL 6006 A2c

Tourism development programme. Estimated cost 0.850 mECU. T.A. to the Ministry of Tourism and supply of equipment. Project stage: identification. 5th EDF. EDF SL 5026 A5c

SOLOMON ISLANDS

Rural health project. Resp. Auth.: Ministry of Health and Medical Service. 3 mECU. Works by acc. tender. Supply of equipment by int. tender. T.A. Project in execution. 6th EDF. EDF SOL 6007 A7a

Honiara Urban Development Project. Resp. Auth.: Ministry of Housing and Government Services (MHGS). Home Finance Corporation (HFC). 2m ECU. Works, supplies and T.A. Works partly by direct labour, partly by acc. tender. Supplies by int. tender. T.A.: short-list done. Project in execution. 6th EDF. EDF SOL 6013 A8a

SUDAN

Sudan Railways Support Programme (SRSP). Resp. Auth.: Sudan Railways Corporation. 19 mECU. Supply of materials, tools and replacement parts, 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 Bridges Public Corporation (RBPC) and Sudan Railways Corporation. 15 mECU. Agricultural sector: supply of spare parts for repair and replacement of 2500 pumps. Int. tender and direct agreement. Supply of maintenance parts for 100 trucks (6t): by int. tender. Supply of 100 pumps by int. tender. T.A. for repair, control and credit allowances. Transport sector: bridges repair and work supervision. Supplies for railways, gabions, pipes by int. tender. Project in execution. 6th EDF. EDF SU 6020 A2d

SURINAME

Rehabilitation Road Section Jenny — Ingikondre. Resp. Auth.: Ministry of Public Works. Estimated cost 4.4 mECU. New asphalt surfacing on 37 km and ancillary

works. T.A. for supervision and tender dossier preparation. Short-list done. Project on appraisal. 5th EDF.
EDF SUR 5011 A2d

SWAZILAND

Human resources development programme. Resp. Auth.: Ministry of Education. 8 mECU. Works and supply of educational equipment, T.A. and training. Int. tender launched in July 89. Project in execution. 6th EDF.
EDF SW 6010 A6a, b

Rural dam rehabilitation programme. Resp. Auth.: Ministry of Agriculture. 4mECU. Works and supervision. Project in execution. 6th EDF.
EDF SW 6012 A3a

Upgrading of the Manzini-Matsapha Road. Resp. Auth.: Ministry of Works and Communications. Estimated 10 mECU. 8 Km dual carriageway. The existing 2-lane road is to be upgraded to a 4-lane highway. Works by int. tender foreseen **1st half 92**. Short-list done for supervision. Project on appraisal. 5th and 7th EDF.
EDF SW 5016 A2d

TANZANIA

Management Assistance To Morogoro Canvas Mill. Estimated cost 2 mECU. Continuation of T.A. for the management. Project on appraisal. 7th EDF.
EDF TA 6002 A4b

Port development Zanzibar and Pemba ports, phase II. Resp. Auth.: Ministry of Works. Zanzibar. Estimated total cost 13.4 mECU. EDF 10 mECU, Italy 3.4 mECU. Procurement and rehabilitation of cargo handling equipment. Rehabilitation of transit sheds, construction of passenger terminal with RO-RO facilities. Study: design of passenger terminal with RO-RO facilities for Zanzibar port. Short-list done. Project on appraisal. 7th EDF.
EDF TA 6009 A2d

Structural Adjustment Support – General Import Programme. Resp. Auth.: Central Bank of Tanzania. 30 mECU. Importation of goods in the context of Tanzania's open general licence system, subject to a negative list. Project on appraisal. 7th EDF.
EDF TA 7200 A1c

Support for Aids Control in Tanzania. Resp. Auth.: Ministry of Health. 3 mECU. To strengthen health and other support services. Supply of equipments and T.A. Project on appraisal. 7th EDF.
EDF TA 08000/000 (7001) A7c

TOGO

Rural development programme in Bassar. Resp. Auth.: Ministère du Dév. Rural. EDF 10.3 mECU. Rural intensification and diversification, soil protection, improvement of infrastructure, support to the small-farmers association, marketing improvement. Works, studies, research, evaluation. Project in execution. 6th EDF. T.A.: S.A. AGRER (B)
EDF TO 6006 A3a

Support programme to the phosphate mining industry. Resp. Auth.: Office Togolais des Phosphates (OTP). 15.7 mECU. Research actions on cadmium problems. Purchase of drying machines and shovels. Project in execution. 6th EDF. Pilot Trials: DUETAG (F).
EDF TO-SYS 6015 A4a

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

Vava'u development programme. Resp. Auth.: Vava'u Committee. 5 mECU. Construction of new market, road improvement and maintenance, education and health facilities, training. Project in execution. 6th EDF.
EDF TG 6002 A8b

TRINIDAD AND TOBAGO

Sectoral import programme: industry. 12 mECU Allocation of currencies to import raw materials and intermediate products. Project in execution. 6th EDF.
EDF TR 6002 A4b

TUVALU

Electrification development programme. Upgrade existing diesel power station – extend provision of electricity for home lighting to households on the outer islands. Supply of photovoltaic systems. 0.880 mECU. Project on appraisal. 6th EDF.
EDF TV 6004 A2a, i

UGANDA

Rehabilitation of Kampala City Roads. Phase II. Resp. Auth.: Ministry of Local Government. 30 mECU. Rehabilitation of some 33 km of roads in the Kampala City network, improving drainage, construction of side walks and parking areas. Works and supervision. Project on appraisal. 7th EDF.
EDF UG 6011 A2d

Structural Adjustment Support – General Import Programme. 35 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). T.A. procurement agent. Project in execution. 6th and 7th EDF.
EDF UG 7200 A1c

ZAIRE

Kivu programme. 40 mECU. Action for crops (coffee, corn, palm-trees, rice) environment (Parc de la Virunga), lines of credit. 1st int tender launched in April 89. Project in execution. 6th EDF.
EDF ZR 6002 A3a

Kinshasa hinterland programme. APEK 25 mECU. To improve crop production. 1st int. tender launched in July 89 Project in execution. 6th EDF.
EDF ZR 6003 A3a

Rehabilitation programme of SNCZ. 7.5 mECU. Supply of raw materials and

spares to replace railways system. Project in execution. 6th EDF. T.A.: TRANSURB CONSULT (B)
EDF ZR 6017 A4a

Apek Programme, roads section. Resp. Auth.: Office des Routes. 35 mECU. Rehabilitation of 111 km of surfaced road on the Kinshasa-Kikwit route with works supervision — upgrading of 384 km of major earth roads managed by Office des Routes. Rehabilitation of 496 km of country earth roads managed by local authorities. Bridge repairs, additional technical and economic studies, training programme. Supply of equipment. Project on appraisal. Date foreseen for financing 1st quarter 92. 6th EDF.
EDF ZR 6006 A2d

ZAMBIA

Smallholder development in copper belt region. 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

Lusaka-Kabwe road. Resp. Auth.: Roads Dept. Road rehabilitation 134 km. 28 mECU. Int. tender for works (conditional) launched in June 91 no 3416 — Opening **★ 18.10.91. Date financing December 91.** 6th and 7th EDF.
EDF ZA 6014 A2d

ZIMBABWE

Small scale irrigation programme. Resp. Auth.: Agritex Irrigation Division. 14 mECU. Irrigation works over 700 ha. Supply of vehicles and equipment. T.A., training, studies Int. tender launched in July 90. Project in execution. 6th EDF.
EDF ZIM 6010 A3e

Human resources development programme. Resp. Auth.: Ministry of National Scholarships. 3.4 mECU. T.A. and scholarships, awards, seminars. Project in execution. 6th EDF.
EDF ZIM 6020 A6

Zimtrade Support Programme. Resp. auth.: Zimbabwe's new Trade Development Organisation (TDO) in Harare. 10.200 mECU. The programme will be delivered by a six man T.A. team. These will supervise local and international consultants engaged to execute specific elements of the programme. T.A., training, supply of equipment. Project on appraisal. Date foreseen for financing April 92. 7th EDF.
EDF ZIM 6001/7001 A5d, e

OMAY land use and health programme. Resp. Auth.: A.D.A. 6.031 mECU. Raising the standard of living of Omay rural population. Conservation and improved utilisation of the Wild Life resource, support to agriculture and improvement of social infrastructure. Road network, water, sanitation, building of a district hospital, equipments and supplies. Project on appraisal. 7th EDF.
EDF ZIM 6004/7002 A3a

Overseas Countries and Territories (OCT)

ARUBA

Airport extension. Extension of airport facilities. Apron, taxiway, new arrival building, car park, access roads, platform buses, fencing, security, peripheral road, technical studies. Estimated cost 14.5 mECU. EDF 6.3 mECU, The Netherlands ± 8,2 mECU. Works, supplies and T.A. (final design, tender dossier, supervision). Project on appraisal. 6th EDF. EDF ARU 6003 A2d

ST. HELENA

Sea defences. Resp. Auth.: Public Works and Services Dept. 3 mECU. 2,5 mECU EDF, 0,500 mECU UK. To protect shore facilities at James and Rupert's Bay. Rehabilitation and reinforcement of existing sea walls. Project in execution. 5th and 6th EDF. EDF SH 5001 A8g

Regional Projects

GUINEA — GUINEA BISSAU — SENEGAL — MAURITANIA — NIGER — MALI

Soil development of the versant basin type in Guinea: Fouta Djallon and Niger Upper Basin. Resp. Auth.: Ministère Guinéen de l'Agriculture et des Ressources Animales (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 NGOs and population. Preparatory studies for programme extension, aerial survey and mapping. Works by acc. tender. Supplies by int. tender. T.A. and training. Project in execution. 6th EDF. EDF REG 6137 A3a

BURKINA — NIGER

Timber development in the future reservoir of the Komienga Dam. Resp. Auth.: Ministère de l'Environnement du Burkina. EDF 5,9 mECU. Recovery and processing of trees to obtain building and service timber, fuel-wood, charcoal for their commercialisation. Works, supply of equipment and T.A. Project in execution. 6th EDF. T.A.: ANERCO GMBH (BRD) EDF REG 6102 A3c

BENIN — BURKINA — NIGER

Regional project for the management of the 'W' national park and adjoining game reserves. Estimated total cost 10 200 mECU. To establish three management units and 10 bridges and 20 observation posts with their equipment. Building and rehabilitation of administrative, technical and social buildings, tracks and bridges. T.A., training and studies. Project on appraisal 6th EDF. EDF REG 6122 A5i, A8f

INDIAN OCEAN ACP COUNTRIES

Regional programme of meteorological cooperation concerning tropical hurricanes. Resp. Auth.: Madagascar as Regional Authorizing Officer. 5 mECU. Purchase of specialised equipment by int. tender. T.A. and training Project in execution. 6th EDF. EDF REG 6508 A2e

Development and management of tuna resources. Phase II. Resp. Auth.: Indian Ocean Commission (I.O.C.). 5 mECU. Installation of a legal structure for management and regulation: regional programme of applied research: collection, exchange and analysis of fisheries statistics: training. Supply of equipment, T.A. training and evaluation. Project in execution. 6th EDF. EDF REG 5504 A3a

PACIFIC ACP COUNTRIES

Regional tourism development programme. Phase II. Resp. Auth.: SPEC and TCSP. Development of tourism and tourism related sectors of the Pacific ACP States and OCTs. 7,4 mECU. Works: implementation of programme components, supply of films, promotion and teaching materials, T.A., support for TCSP and project. Project in execution. 6th EDF. EDF REG 6027 A5c

MEMBER COUNTRIES OF CILSS

Regional programme for soil protection and reforestation. Resp. Auth.: Cape Verde Ministry of Rural Development and Fisheries. 4,250 mECU. Works, training, supply of equipments and T.A. Project in execution. 6th EDF. EDF REG 6145 A3e

Information and training programme on the environment. Resp. Auth.: CILSS Secretariat. 10 mECU. Supply of pedagogical equipment, T.A. and training. Project in execution. 6th EDF. EDF REG 6147 A8f

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2,0 mECU. Widening of capacity. Construction of classrooms, offices 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

P.T.A. COUNTRIES (Preferential Trade Area)

Computerisation programme for customs and external trade statistics. Resp. Auth.: P.T.A. Secretariat. 6,7 mECU. Project in execution. 6th EDF. EDF REG 6922 A1b

BURUNDI — RWANDA — ZAIRE

Institutional support to the Institut de Recherche Agronomique et Zootechnique (IRAZ), at Gitega, Burundi. Resp. Auth.: IRAZ and Ministère des Travaux Publics, Burundi. EDF part 2,430 mECU. Building of administrative and research complex. *Works by int. tender.* Project in execution. 6th EDF. EDF REG 6318 A1a

MEMBER COUNTRIES OF ECOWAS AND CEAO

Automatic processing of trade statistics and customs data. Resp. Auth.: Executive secretariat of ECOWAS. Director-General of the ECOWAS Fund. 5 mECU. Supply of equipment and T.A. Project in execution. 6th EDF. EDF REG 6163 A1bcef

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare-Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 8 mECU. Project on appraisal. Date foreseen for financing 2nd half 91. 6th EDF. EDF REG 6310 (RW....) A2d

Northern corridor alternative. Kericho-Isebania road Kenya. Resp. Auth.: Ministry of Transport and Communications, Kenya. 9 mECU. Rehabilitation of bitumized road of 170 km in the Lake Victoria region. 6th EDF. Project in execution. EDF REG 6315 (KE) A2d

Musoma — Sirari Road. Resp. Auth.: Ministry of Works — Tanzania — Estimated cost 22 mECU. Upgrading to bitumen standard of existing road. Works, equipment and supervision. Project on appraisal. 6th EDF. EDF REG 0000 (TA 6005) A2d

MALAWI — MOZAMBIQUE — ZAMBIA — ZIMBABWE

Regional Tsetse and Trypanosomiasis Control Programme: extension of preparatory phase. Resp. Auth.: Departments of Veterinary Services. 22,700 mECU. Research and development, training, environmental monitoring and assessments of the economic and land-use implications of tsetse control, T.A. and supply of vehicles, field, scientific and camping equipment. *Date financing December 91.* 6th and 7th EDF. EDF REG 5420 A3a

SADCC

Maseru Container Terminal. Resp. Auth.: Government of Lesotho and SADCC. 1,350 mECU. Construction of container terminal and supply of containers, handling equipment. Study required: detailed design of works. Short-list already drawn up. Project on appraisal. 5th EDF. EDF REG 5421 A2d

Regional Wildlife Training Programme. Resp. Auth.: Ministry of Natural Resources. Tanzania 0.500 mECU. Supply of field training and office equipment, teacher training, restoration of college buildings. T.A.: Project in execution. 6th EDF. EDF REG 6408 A5i

International Baccalaureate Studies. Resp. Auth.: SADCC Regional Training Council. 1.695 mECU. Supply of scholarship programme for selected secondary school graduates from Angola and Mozambique to study for the International Baccalaureate Diploma in Swaziland. T.A. and evaluation. Date financing February 92. 7th EDF. EDF REG 6440 (7016) A6a

SADCC — MOZAMBIQUE

Limpopo line rehabilitation. Resp. Auth.: Mozambique Ministry of Transport. 15 mECU. Community contribution to an overall rehabilitation programme for the Limpopo railway line. **Date financing December 91.** 6th EDF. EDF REG 6421 A2d

Beira port dredging contract. Resp. Auth.: Ministry of Construction and Water. Estimated cost 9 mECU. Dredging for two years of the access channel to the port of Beira. Works: 2 years, 4 million m³/year. Supervision and training. Project on appraisal. 6th EDF. EDF REG 6401 A2d

CAMEROON — CENTRAL AFRICAN REP. — CHAD — CONGO — GABON — GHANA — NIGER — NIGERIA

Aeronautical satellite telecommunications. Project for Central and Western Africa. Estimated cost 38.5 mECU. Improvement of air traffic safety. The project will provide high quality voice and low speed data links between the Air Traffic Control Centres in eight countries. Project on appraisal. Int. tender (conditional) no 3442 launched in June 91 — Opening 31.10.91. **Date foreseen for financing March 92. 6th and 7th EDF** EDF REG 6038 A2d

BENIN — COTE D'IVOIRE — GHANA — GUINEA — GUINEA BISSAU — TOGO

Regional programme to increase awareness in western coastal African countries of natural resources protection. Resp. Auth.: Ministère de l'Environnement-Togo. Estimated cost 10 mECU. Priorities: fight against bush fires and deforestation and for soil protection. Project on appraisal. 6th EDF. EDF REG 6113 A3e

OECS — TRINIDAD AND TOBAGO BARBADOS — GUYANA

Regional fruit and vegetable marketing programme. Resp. Auth.: Caribbean Food Corporation. 6.2 mECU. T.A. and supplies. Project on appraisal. 6th EDF. EDF REG 6620 A5de

OECS AND MONTSERRAT

Tertiary education. Resp. Auth.: OECS Secretariat. 7.2 mECU. Construction, supply of equipment, training, trainers training. T.A. and evaluation. Project in execution. 6th EDF. EDF REG 6628 A6bcj

ACP AND OCT COUNTRIES

ACP and OCT countries participation in trade development actions and services. Resp. Auth.: Programme coordination by Trade Devt. Unit in DG VIII-Brussels and geographical units in DG VIII-Brussels and EEC delegations. 5.800 mECU for ACP's and 0.928 mECU for OCT's. Trade fairs and tourism, seminars, conferences, workshops and symposia. T.A. to prepare programmes and actions and for training. Commercial missions (regional), publication of brochures and documentation. Project in execution. 6th EDF. EDF REG 7001 A5e

MEDITERRANEAN COUNTRIES

ALGERIA

Integrated training programme on forestry. Resp. Auth.: Ministère de l'Hydraulique, de l'Environnement et des Forêts. 2.5 mECU. T.A. long-term and short-term, equipment, scholarships. Project in execution. SEM AL A3a

Centre to Develop Pesticides (CDP). Resp. Auth.: CERHYD (Centre de Recherche pour la Valorisation des Hydrocarbures et leurs Dérivés) 1.9 mECU. T.A. and training, supply of equipment. Project in execution. SEM AL A3a

Support programme for the hydraulic sector. Resp. Auth.: Ministère de l'Équipement Direction de Développement des Aménagements Hydrauliques (DDAH) and Agence Nationale des Ressources Hydrauliques (ANRH). 8 mECU. T.A. for National Water Plan, supervision and monitoring for dams, studies, waste water treatment stations. Supply of equipment. Project in execution. SEM AL 183/90 A2b

Financing of artisanal enterprises from 'Société Nationale de l'Électricité et du Gaz (SONELGAZ)'. Resp. Auth.: Ministère de l'Industrie et de l'Artisanat and SONELGAZ. 9.060 mECU. Supply of line of credit for artisanal enterprises, supply of pedagogical equipment, T.A. for bank-office in charge of credits. Project in execution. SEM AL A4d

Support to the development of the artisanal fishery in the Centre and West. Resp. Auth.: Ministère de l'Agriculture. Agence Nationale Pour le Développement de la Pêche. Estimated total cost 15.6 mECU. EEC contribution 12.6 mECU. Works by acc. tender. Supply of equipment by int. tender. T.A.: short-lists done. **Date financing December 91.** SEM AL A3d

EGYPT

IUD production. Resp. Auth.: National Population Council (NPC). EEC 2.100 mECU. T.A., equipment, raw material for local production of IUD. T.A. by Organon (NL) Equipment by int. tender. Project in execution. SEM EGT A7c

Bardawil Lagoon development project. Resp. Auth.: Ministry of Agriculture and Land Reclamation (MOALR) and the General Authority for Fish Resources Development (GAFRD). 3 mECU. Protection of natural resources by controlling and improving the salinity of the lagoon. Improvement of the marketing of fish and reduction of losses. Construction of an additional landing place with basic marketing facilities and improvement of the existing one. Installation of a cool chain including an ice-making machine. Improvement of fishing methods. T.A. for the development and implementation of training and extension programmes. Purchase of equipment and vehicles by int. tender. Project in execution. SEM EGT 510/90 Aai

Ras Mohammed National Park Sector Development Project. Phase II. Resp. Auth.: Egyptian Environmental Affairs Agency (EEAA). 2.5 mECU. Supply of equipment, transport, T.A. and training. **Project in execution.** SEM EGT 692/91 A8f

Oil pollution combating emergency centre at the entrance of the Gulf of Aqaba. 4.300 mECU. **Date financing November 91.** SEM EGT 771/91 A8f

JORDAN

Project for a national soil and land utilization map. Resp. Auth.: Ministry of Agriculture. 4 mECU. T.A. and training. Project in execution. SEM JO A1g

Education Improvement. Resp. Auth.: Ministry of Education. 1.8 mECU. T.A. by ten experts and one project director. Scholarships. Project on appraisal. SEM JO 261/90 A6a, A6b

Improvement of agricultural productivity in arid and semi-arid zones. Phase II. Resp. Auth.: Ministry of Agriculture and the University of Jordan. T.A. by a European research institution competent in the development of arid zones. Works by acc. tender. Supply of equipment by int. tender. Project in execution. SEM JO 570/90 A3a

Ground water investigation in the Hammad and Sirhan basins. Resp. Auth.: Ministry of Water and Irrigation, Water Authority. 4 mECU. Initial studies, drilling exploration, surveys and analysis. Project on appraisal. SEM JO 589/90 A2a, A9a

Cooperation project in science and technology. Resp. Auth.: Higher Council for Science and Technology (HCST). 3.5 mECU. Supply of specialized equipment, staff exchanges, T.A. training, evaluation. Project on appraisal. SEM JO A6f

Social Development Project — Development and Employment Fund. DEF. Resp. auth.: D.E.F. EEC contribution 4 mECU. T.A. and lines of credit. Project on appraisal. Date foreseen for financing March 92.

SEM JO 932/91

A3b

MALTA

Improvement of infrastructure. 3.1 mECU. T.A. and supply of equipment. Management of natural water resources, long term development plan for 'Telemalta Corporation' Supplies by int. tender. Project in execution.

SEM MAT 88

A9b

Protection of Malta's coastline against oil pollution. Resp. Auth.: Oil Pollution Executive 2.4 mECU. Supply of specialized equipment, training and T.A. Project in execution.

SEM MAT

A8f

Upgrading of standards laboratories. Resp. Auth.: Maltese Government. 2.2 mECU. Identification by European T.A. of the present situation of standards laboratories. Training and organizational matters, purchase of equipment. Restructuring of some laboratories. Supply of analytical, microbiological and calibration equipment.

★ **Project in execution.**

SEM MAT 1012/90

A1c

Strengthening educational and economic relations with the Community. 1.7 mECU. Scholarships and traineeships, establishment of a Euro-Information Centre, integrated marketing programmes and tourism promotion. Differents T.A. and purchase of equipments. Date financing November 91.

SEM MAT 91/431

A5c, d

MOROCCO

Support to strengthen technological and scientific education structures. Resp. Auth.: Ministère de l'Education Nationale. EEC 40 mECU Completion of Beni Mellal and Serrat faculties. Construction of Errachidian and Mohammedian faculties and CPRT of Serrat. Supply of equipment for faculties and CPRT, studies, T.A. and supervision. Works and equipment by int. tenders. Project in execution.

SEM MOR

A6b

Rehabilitation and protection of the disaster areas in Ouarzazate and La Moulouya. Resp. Auth.: Office Rég. de Mise en Valeur Agricole de Ouarzazate (ORMVAO) and La Moulouya (ORMVAM). Works by direct labour. Supply of equipment by acc. tender. Project on appraisal. Date foreseen for financing 2nd half 91.

SEM MOR 236/90

A3a

Support to strengthen training structures in the textile and leather sectors. Resp. Auth.: Ministère des Travaux Publics, de l'Équipement de la Formation Professionnelle et de la Formation des Cadres and the OFPPT. EEC contribution 28.075 mECU EEC part: construction of three centres. Equipment for six centres, trainers, training and T.A. Project in execution.

SEM MOR 264/90

A6c, A6d

Support for scientific research. Resp. Auth.: Ministère de l'Education Nationale. 1.625 mECU. Supply of specialized equipment and study fellowships in Europe.

★ **Project in execution.**

SEM MOR 653/91

A6f

Support to modernize 'work system' in the Ministry of Finance. Resp. Auth.: Direction du Budget du Ministère de Finance, EEC contribution 0.260 mECU. Supply of computerized equipment, T.A. and training. **Project in execution.**

SEM MOR 694/91

A1c

Medical Research Programme. Resp. Auth.: Ministère de la Santé. EEC contribution 0.557 mECU. Supply of specialized equipment and study fellowships in Europe

★ **Evaluation. Project in execution.**

SEM MOR 649/91

A6b, i

SYRIAN ARAB REPUBLIC

Water Supply Bseira and Hama Rural Regions. Resp. Auth.: Ministry of Local Administration. Governments of Deir Ez Zor and Hama. EEC contribution. 7.5 mECU. Drinking water supply. Supply of pipes and fittings and electrical-medical equipment. T.A. Project in execution.

SEM SYR 662/91

A2b

TUNISIA

Date-palm trees in the Rejim-Maatoug region. Resp. Auth.: Office de Mise en Valeur de Rejim-Maatoug. EEC contribution 15 mECU. Italy 7 mECU. Drilling works by int. tender. Drilling equipment— Italy. Electrical equipment: Italy. Irrigation equipment: int. tender. T.A. Italy Project in execution.

SEM TUN

A3a

Mobilization of water resources in the Kasserine Governorate. Resp. Auth.: Ministère du Plan et du Dév. Régional. Commissariat Régional de Développement Agricole de Kasserine. EEC Contribution 7 mECU. Water schemes, dams, drilling. Works by acc. tender. Project in execution.

SEM TUN 254/91

A3c, A9b

TURKEY

Improvement of health services. EEC contribution 5.8 mECU. Master plan, specialized medical equipment, scanner, vehicles. T.A. and supplies. Project in execution.

SEM TU

A7ac

Fight against environmental pollution. Resp. Auth. Prime Minister's Office. Directorate General of the Environment. EEC contribution 2.8 mECU. Purchase of mobile system to measure water, air, surface and soil pollution. Supply of laboratory equipment, T.A. Project in execution.

SEM TU

A8f

Vocational training programmes 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 broaden 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

A6b

Regional centre for training and development for the 'Union Internationale des villes (UIV)' for eastern Mediterranean countries and the 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 OCCUPIED TERRITORIES

Assistance to the Palestinian population in the Occupied Territories. EEC contribution 10 mECU. Various projects, lines of credit, supply of equipment, T.A. and training. Project in execution.

SEM OT 91

A8a, b, e

Exceptional Aid for the benefit of the Palestinian population of the Occupied Territories. 60 mECU. To counteract the negative consequences of the Gulf war. Grants to extend credit and to create revolving funds, supplies of equipment and other materials and contributions to operating costs, technical assistance and training. Project in execution.

SEM OT 91 E

A5e, A8a, b, c

A.L.A. developing countries ASIA and LATIN AMERICA

BANGLADESH

National Minor Irrigation Development Project (NMIDP). Resp. Auth.: Ministry of Agriculture. Estimated total cost 131 mECU. EEC contribution 26.399 mECU. IDA/World Bank and local 66 mECU. Works and supplies. T.A. for environment, training. Project in execution.

ALA BD 9013

A3a

River survey project. Resp. Auth.: See ALA BD 9003 project. EEC contribution 12.6 mECU. T.A. to collect reliable data on discharge, water levels, river velocities and sediment transport, provide reliable hydrographic charts of key areas. Training, special equipment, instruments and SPOT imaging. Project in execution.

ALA BD 9004

A9a

Population and Health IV: Upazila Functional Improvement Pilot Project (UFIPP). Resp. Auth.: Ministry of Health – Project Implementation Unit – P.I.U. and 4^e Functional Improvement Teams – F.I.T. EEC contribution 18.75 mECU. Training, specialized T.A. supply of equipments, furnitures, vehicles, drugs and medical supplies, monitoring and evaluation. Project on appraisal.

ALA BD 9112

A7b, c

Population and Health IV: Contractive Supply Project (C.S.P.). Procurement of approximately 840 million condoms

during the period from January 1993 to December 1996. Phase I approximately 30 million pieces at the rate of about 10 million pieces a month, followed by eighteen subsequent shipments up to 1994. The total quantity for phase 1 is 210 million pieces. Second phase (210 million pieces) in 1995-96. The project would continue to supply the Social Marketing Company 'S.M.C.' with the existing 'Panther' and 'Raja' type condoms. Given the magnitude, complexity and specialised nature of the procurement and supply operation and in order to minimise risks of delays or other supply problems, the project will be implemented with the assistance of a specialised European Procurement Agency (P.A.). Condoms will be procured by the P.A. through restricted tenders after prequalification of EC condom manufacturers as well as from India, Indonesia, Malaysia, Sri Lanka, Thailand and Vietnam. EEC contribution 20 mECU. Project on appraisal.

ALA BD 9113 A7c

Cyclone Shelter-cum-Primary Schools Project. Resp. Auth.: Ministry of Education. EEC contribution 10.716 mECU. Constructions and equipment, of about 150 cyclone shelters-cum-primary schools. Work, by acc. tenders. Supply of equipments and radio communication equipments. T.A. Project on appraisal.

ALA BD 9116 A8g

Import and Internal Resources Support Project. Resp. Auth.: Bangladesh Bank. EEC contribution 16 mECU. The foreign exchange will be made available in ECU to and through the Central Bank to import by private importers vegetable oils, seeds and cement. T.A. for monitoring evaluation and audit. Project on appraisal.

ALA BD 9117 A1c

Cyclone Protection. Project II. Resp. Auth.: Bangladesh Water Development Board. Estimated total cost 78 mECU. EEC contribution 3.2 mECU. The EC will finance the existing T.A. composed by Kampsax International - BCEOM and Danish Hydraulic Institute. The investments costs of the project will be financed by: Bangladesh (2.4 mECU), I.D.A. (19.6 mECU), Japan (17 mECU), Saudi Fund for Development (11.3 mECU). Project on appraisal. Date foreseen for financing December 91.

ALA BD 9118 A8g

BHUTAN

Support to the Ministry of Agriculture (MOA) on Human Resources Development. (HRD). Resp. Auth.: Ministry of Agriculture. Human Resources Development Unit. Planning and Policy Division. EEC contribution 55 mECU. T.A. to define the training structure and to implement the necessary action, to coordinate and assist and for management and administration locally and abroad. Overseas training. Project on appraisal. Date foreseen for financing December 91.

ACA BHU 9105 A6c, i

BOLIVIA

Potosi water supply. Resp. Auth.: Administración Autónoma Para obras Sanitarias (AAPOS). EEC contribution 0.500 mECU. Connection works and renovation. T.A. Project in execution.

ALA BO 9108 A2b

'Quinoa Projects' — Potosi. Resp. Auth.: CORDEPO. EEC contribution 6.100 mECU. Actions to develop Andean crops. T.A., supply of equipment, works by direct labour, research, studies, lines of credit. Project in execution.

ALA BO 9109 A3a

BRAZIL

Pilot programme for the conservation of Tropical Forests. EEC contribution US\$ 15 million (equivalent to approx. MECU 11.9. Contribution to Rain Forest Trust Fund. Project on appraisal.

ALA BR 92/4 A3c, A8f

CHINA (P.R.)

Intensification of crop production in Xinjiang Province. Resp. Auth.: Steering Committee: Provincial Foreign Economic and Trade Bureau, Agricultural Bureau, Changji Prefecture, Xinjiang Planning Committee and The Financial Bureau. EEC contribution .6 mECU. Supply of equipments by int. tender and T.A. (short and long term). Overseas training. Project on appraisal.

ALA CHN 9120 A3a

Land reclamation in Ningxia Hui autonomous region. Resp. Auth.: Coordinating Committee from Provincial Foreign Economic Relations and Trade Bureau, Agricultural Bureau, Water Resources Bureau and the Financial Bureau. EEC contribution 3.8 mECU. To reduce water infiltration in the fields, improve drainage, leach out the salt, improve the soils, water management and husbandry practises. T.A. and supply of equipment, training and evaluation. Project on appraisal. Date foreseen for financing January 92.

ALA CHN 9132 A3e

COLOMBIA

Microprojects in the Pacific Coast zone. Phase 2. Resp. Auth.: Corporación Regional Autónoma del Valle del Cauca (CVC). EEC contribution 11.200 mECU. T.A., works, equipments and line of credit. Training. Project in execution. Int. tender for supplies no 3425 launched in May 91 — Opening 23.7.91.

ALA CO 9020 A3a

'Job creation' for urban youth. Resp. Auth.: National Planning Dept. Consejería de la Juventud, Mujer y Familia — Codirección with European expert. 6.3 mECU. T.A.: 3 European experts, supply of equipment, lines of credit and guarantee, operating costs and training. Project in execution.

ALA CO 9115 A8e

Silk production development. Resp. Auth.: Secretaría de Integración Popular and Unidad de Gestión composed by an european co-director and a colombian co-director. EEC contribution 8 mECU. Specialised T.A., supply of equipment for silk plants, revolving funds. Project on appraisal. Date foreseen for financing April 92.

ALA CO 9131 A3a

ECUADOR

Rural development in the Bolivar region. FOEDERUMA 2nd phase. Resp.

Auth.: FODERUMA — Fondo de Desarrollo Rural Marginal. Central Bank and co-directors (ecuadorian and european). EEC contribution 8.7 mECU. Supply of T.A. (director-expert in integrated rural development programmes, civil works engineer and administrative expert), equipments for road maintenance, medicals, transport, infrastructures, line of credit. Supplies by int. tender, works by acc. tender. Project on appraisal. Date foreseen for financing December 91.

ALA EQ 9126 A3a

EL SALVADOR

Support programme to the micro-enterprises in the marginal areas. 7 mECU. Project in execution.

ALA SAL 9129 A5e

GUATEMALA

Rural development programme in the Huehuetenango department. Resp. Auth.: Ministerio de Desarrollo Urbano y Rural (MINDES) and local and european co-directors. EEC contribution 12 mECU. Supply of T.A., infrastructures, equipments and vehicles. Works by acc. tender. Supplies by int. tender. Project on appraisal.

ALA GUA 9121 A3a

HONDURAS

Credits and T.A. to the rural micro-enterprises (PROCATMER). EEC contribution 9.6 mECU. Date financing January 92.

ALA HO 91/24 A3a

INDIA

Doon Valley integrated watershed management project. EEC contribution 22.5 mECU. Rehabilitation and reforestation, soil conservation, minor irrigation, energy conservation, community participation, agriculture. Works by direct labour, supply by int. tender or acc. tender. T.A. Project in execution.

ALA IN 9014 A3a

Kerala Horticulture Development Programme. Resp. Auth.: GOK Chief Secretary and Steering Committee. 28.7 mECU. Supply of fertilizer, equipment (seeds and industry) works and T.A. (short-term and long-term). Project in execution.

ALA IN 9103 A3a

Kerala Minor Irrigation Project. Resp. Auth.: Irrigation Dept. of Kerala State. EEC contribution 11.8 mECU. Improvement of irrigation systems. Tank and lift schemes. Supply of equipment and T.A. Training, environmental impact studies. Project in execution.

ALA IN 9111 A3a

Sidmukh and Nohar irrigation project. Resp. Auth.: Kajasthan State Government. 45 mECU. Extensive irrigation network. Works in irrigation and associated agro-forestry and livestock activities. Work, by acc. tender. Supplies (equipments and vehicles) by int. tender. T.A. for project monitoring, agricultural development, animal husbandry and forestry and evaluation. The EC financing, except for expatriate expertise and contingencies, will be transfer-

red as counterpart funds of commodity aid in a fast disbursement procedure (38 mECU). Project on appraisal. Date foreseen for financing December 91.
ALA IN 9135 A3a

INDONESIA

Rural electrification project (hydro-electric micro-power stations). Resp. Auth.: Ministry of Energy and Mines. Electricity and Renewable Energy Dept. EEC contribution 18.9 mECU. Works, supply of turbines, generators, adjusters of 10 KW, 25 KW and 100 KW, vehicles and other equipment, T.A. and training. Project in execution.
ALA IND 8719 A2a

Punggur Utara irrigation project. Resp. Auth.: Ministry of Public Works, Directorate General of Water Resources Development (DGWRD) EEC contribution 29.3 mECU. Civil works: main system, secondary and tertiary canals. Works by int. tender and acc. tender. T.A. for preparation tender dossiers, supervision and monitoring. Project in execution.
ALA IND 9019 A3a

Irrigation and water supply programme in Bali North. Resp. Auth.: Directorate General of Water Resources Development (DGWRD), of the Ministry of Public Works. EEC contribution 10.300 mECU. Drilling works and supply of equipments. Specialized T.A. and training. Works by acc. tender. Supplies by int. tender. Project on appraisal.
ALA IND 9119 A3e

IRAN

Rebuilding of the Manjil and Abbar Tarum Hospitals. Resp. Auth.: Ministry of Health and Medical Education. 13 mECU T.A. for architectural and technical studies and work supervision. Building and equipment by int. tender. Project in execution.
ALA IR A7a

NICARAGUA

Reintegration of qualified persons for economic reconstruction and development. Resp. Auth.: Organisation Internationale pour la Migration (OIM), Genève 5.1 mECU. Project in execution.
ALA NI 9005 A1b

Agricultural reform and integrated rural development in the Rio Blanco region. Resp. Auth.: I.N.R.A. Instituto Nicaragüense de Reforma Agraria. EEC contribution 13.500 mECU. Transport and communication infrastructures, rehabilitation and creation of built-up areas, schools, health centres, administrative and technical infrastructures. Supply of equipments, vehicles, materials. Line of credit. T.A. Works by acc. tender, supplies by int. tender. Project on appraisal. Date foreseen for financing December 91.
ALA NI 9136 A3a

PAKISTAN

Support to the rural population of the Chitral region. Resp. Auth.: Aga Khan Foundation, Pakistan, Karachi. EEC contribution 8 mECU. Rural development, health, education. Project in execution.
ALA PK 9018 A3a

Rural roads in the Buner Area. Resp. Auth.: Provisional Government's Construction and Work Dept. (C & W) and District Council. 5 mECU. Construction of new sections of rural roads, upgrading of existing roads. Works by acc. tender. Supervision by European Consultant. Project on appraisal. Date foreseen for financing December 91.
AIA PK 9106 A2d

PANAMA

Rehabilitation of Santo Tomás Hospital. Resp. Auth.: Ministerio de Salud. EEC contribution 4 mECU. Works, supply of equipment and T.A. for maintenance, training and management. Project in execution.
ALA PAN 9017 A7a

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional support programme for fisheries development in the Central American isthmus. Resp. Auth.: OLDE-PESCA. EEC contribution 13.4 mECU. T.A., works, supply of equipments, line of credit, training, studies. Project in execution.
ALA REG 9009 A3a

Regional T.A. programme and development of the telecommunications sector in Central America. 13.800 mECU. *Project in execution.*
ALA REG 9123 A2c

★ **Mother and child health programme.** 16 mECU. *Project in execution.*
ALA REG 9125 A7b

Regional programme for the collection and treatment of the hospital waste. Resp. Auth.: Ministry of Public Health in each country. EEC contribution 4.900 mECU. For the town-capitals hospitals in each country. Supply of equipments, incinerators, vehicles and tools. Training and european T.A. Supplies by int. tender. Project on appraisal. Date foreseen for financing December 91.
ALA REG 9133 A7a

Regional support programme to the Phyto-Sanitary Health. Resp. Auth.: O.I.R.S.A.-Organismo Internacional Regional de Sanidad Agropecuarias in San Salvador. EEC contribution 6.4 mECU. Supply of equipments, vehicles, tools by int. tender. Works by direct labour or acc. tender. T.A. long and short term. Training. Project on appraisal. Date foreseen for financing December 91.
ALA REG 9137 A3a

PARAGUAY

Rural settlement. San Pedro and Caaguazu. Resp. Auth.: Instituto de Bienestar Rural. 10.4 mECU. Settlement of

4 000 families. Basic infrastructure, equipment, training and T.A. Project in execution.
ALA PAR 90/24 A3a

PERU

Irrigation project in Tumbès. Resp. Auth.: Comisión mixta Puyango-Tumbres. Sub-comisión peruviana. EEC contribution 21.4 mECU. Purchase of equipment and materials. Credit line. T.A., training and research. Project in execution.
ALA PE 9012 A3a

Micro-enterprises — Informal sector. Resp. Auth.: Banco Central de Reserva del Perú (BRC). EEC contribution 13.200 mECU. To improve capacities of the micro-enterprises. Lines of credit, revolving funds, T.A. and training. Project on appraisal. Date foreseen for financing December 91.
ALA PE 9124 A8d, c

Drinking water / Pueblos jóvenes / Lima. EEC contribution 7.8 mECU, France 2.350 mECU. Works by acc. tender. T.A. by France. Project on appraisal. Date foreseen for financing April 92.
ALA PE 92/7 A2b, A7

PERU — ECUADOR — COLOMBIA (PEC)

Regional programme: fishing technical cooperation EEC/PEC. Estimated EEC contribution 6 mECU. T.A., supply of equipments and training. Project on appraisal.
ALA REG 8721 A3a

PHILIPPINES

Earthquake Reconstruction Programme (ERP) (July 90). Resp. Auth.: Department of Agriculture, CECAP (Central Cordillera Agricultural Programme). Project Office. EEC contribution 20 mECU. Agricultural rehabilitation, works, supplies and T.A. Hospital rehabilitation: works for two hospitals, supply of equipment and supervision. Studies: 1) Alternative transport strategy study. 2) Urban planning studies for the cities of Bagnio and Dagupan. Project in execution.
ALA PHI 9021 A8a

Western Samar — Agricultural Resources Development Programme (WS-ARDI). Resp. Auth.: Department of Agriculture (DA). Department of Environment and Natural Resources (DENR). Department of Public Works and Highway (DPWH). EEC contribution 15 mECU. Works, supply of equipments, agricultural inputs, vehicles long term T.A., training, evaluation. Project on appraisal. Date foreseen for financing December 91.
ALA PHI 9134 A3a

SRI LANKA

Pilot project for Agricultural Productivity Villages under the poverty alleviation programme. Resp. Auth. Pro-

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Back cover: Artisanal fishing in the Solomon Islands

This is an IBC project boat operated by local fishermen at Yasomba, Tonga

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L'état du monde 1992 – Annuaire économique et géopolitique mondial (The State of the World – International Yearbook of Economic and Geopolitical Affairs) – Editions La Découverte, 1 place Paul Painlevé, 75005 Paris – 638 pages – 143 FF – 1991

This 11th edition contains new material but appeases regular readers by staying with the old lay-out and classification. As usual, it covers a period astride two years, in this case 1 June 1990 to 31 May 1991.

It is in five main parts, starting with strategic issues and basic articles on major trends in the international situation, with a particularly interesting discussion of democratisation in Africa. Part two, on States and geopolitical units, reviews the 169 sovereign States and 28 non-independent territories of the world. The political changes now going on in Africa, it makes clear, are inevitably dependent on economic reality, with State budgets financed from exports of a few non- or only slightly processed, flimsily-priced products, dependence on external aid, ever-mounting debt despite successive rescheduling and more or less inevitable intervention by the major international bodies (the World Bank and the IMF). Part three deals with trends and events, part four is the dossier, as usual, this time questioning matters of national moment, while part five contains the most recent figures on trends and production statistics.

This nicely presented book will give the reader a better grasp of recent international affairs and a clearer picture of the changes going on in the world today. ○ Alain LACROIX

○○○

'Resource-based Industrialisation: Sowing the Oil in Eight Developing Countries', R.M. AUTY, 294 pages, Clarendon Press, Walton St., Oxford OX2 6 DP

This book makes sobering reading for all those concerned with ACP states endowed with natural resources. Sobering because it addresses, calmly and approachably, complex socio-economic issues as they evolved in an era of tumultuous economic change. Governments did use mineral revenues to con-

stitute national capital, notably by investing in income-generating industry.

Sobering also because those investments, by and large, failed. The revenues (actual and potential) from natural mineral resources have tended despite the very best of intentions — but almost it seems axiomatically — to induce undesirable 'symptoms' including political euphoria, overweening pride, sloppy design of policies and projects, corruption and finally, most ironic of all, widespread public hardship.

This study shows that this has been most particularly the case in those countries which by reason of increasing social pressures had the greatest needs and could thus least afford to make mistakes.

In many respects it is comprehensible that young democracies felt — very properly — sensitive to popular pressures for ambitious development. Moreover, it could be argued that the 'Developed World' was not without a certain responsibility for having encouraged possibly imprudent investments, particularly during the 1970s and 1980s which were like a roller-coaster ride in the

unpredictability and size of economic changes; 'Developing countries are at a disadvantage... because of high construction costs... and remoteness from major markets' such that 'so demanding are the overall requirements (for successful Resource-Based Industrialisation) that developing countries might be well advised to eschew such a strategy, especially during periods of heightened volatility in the international economy'.

Sobering but not ultimately depressing because the author, despite all the foregoing, does still think that 'sowing the oil' can be successfully achieved. However, the list of necessary policy measures is not such as is likely to please demagogues looking for instant nostrums with which to bribe a mob. Rather, success can only come to those governments which work closely with their people in the pursuit of patient and prudent policies.

With such an approach, RBI may succeed; without, mineral wealth risks being a poisoned chalice. ○ A.B.

○○○

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The Courier team moved to new premises in early 1992. Visitors are welcome to call at our new offices. Correspondence should continue to be sent to the Commission's postal address.

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Back cover: Artisanal fishing in the Solomon Islands.

This is an EC project boat operated by local fishermen at Tatamba, Isabel Province (Photo The Courier)

Solomon Islands

