

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## REPORT FROM THE COMMISSION

STABEX

1993 application year

Report prepared by the Commission in application  
of Article 194 (4) of the Fourth ACP-EC Convention

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Article 194 (4) of the Fourth ACP-EC Convention provides that :

"If, after the reduction referred to in paragraph 2, the total amount of the transfers which may give rise to a payment exceeds the amount of the available resources, the Council of Ministers shall evaluate the situation on the basis of a Commission report on the probable development of the system and shall examine the steps to be taken to remedy the situation within the terms of the Convention."

This is the Commission report in reference.

1. Financial situation

1.1. After the processing of requests and taking account of the Consultations proposed in application of Article 203, the total amount of transfer bases comes to an order of magnitude of some 495 MECU.

1.2. Application of Article 194 (2) reduces the figure for the transfers which may give rise to a payment to an amount of roughly 445 MECU.

1.3. The resources available for the 1993 application year are made up of the following elements (in ecus) :

1.3.1.	1993 annual instalment, reduced by 25 % arising from the automatic advance for the 1992 exercise, on the instalment, and the exceptional reduction of 12.5 % for 1993.	187,5 MECU
1.3.2.	automatic advance use of 25 % of the instalment for the year of application 1994 (Art. 194 (1))	75 MECU
1.3.3.	approximate amount, at 30.6.1993, of interest made available in application of Article 192	22.5 MECU
	Total	<u>285 MECU</u>

The difference between the amount mentioned at paragraph 1.2 and the total given at paragraph 1.3 is some 160 MECU.

## 2. Probable evolution of the system

One may observe for the 1993 application year, that the recent pressure on the financing stability of the system has been reduced, and this is due to two evident reasons

- the reduction in the reference levels for exports,
- a market price readjustment (increase) of the product prices for coffee and cocoa; the main products treated under Stabex.

This increase in market commodity price for coffee and cocoa has continued in the first two quarters of 1994. If this trend continues, it is possible to forecast a return of financing stability for the application year 1994.

## 3. Steps to be taken

- 3.1. During its 19th session (18/20 May 1994), the ACP-EC Council of Ministers decided to delegate to the ACP-EC Committee of Ambassadors the power to evaluate the situation and to take appropriate decisions (Article 194 (4)).
- 3.2. The Commission wishes, therefore, that the deliberations of the Committee of Ambassadors take place as quickly as possible, in order that the signature of the transfer agreements relating to the 1993 exercise may be signed as soon as possible in accordance with the objectives of the system. The Commission will continue to play its part towards that result.