

**ACP - EEC  
CONSULTATIVE ASSEMBLY**

# Working Documents

1982 - 1983

---

3 November 1982

DOCUMENT ACP/CCE/38/82

REPORT

drawn up on behalf of the Joint Committee

on the Sixth Annual Report of the ACP-EEC Council of Ministers  
for the period from 1 April 1981 to 31 December 1981

and

an analysis of the early experience of the second Lomé Convention

Rapporteur : Mr VERGEER

PART B: EXPLANATORY STATEMENT

15 October 1982

CA/CP/304/B/fin.

English Edition



## CONTENTS

	Page
B. EXPLANATORY STATEMENT .....	5
<u>INTRODUCTION</u> : Lomé II, an ambitious development cooperation agreement which has failed to achieve all its objectives	
I. <u>NEGATIVE ASPECTS OF TRADE COOPERATION</u> .....	7
1. Development of ACP trade .....	7
2. The trade promotion measures are inadequate .....	13
3. Specific issues .....	16
4. Access to available agricultural products in the Community and security of food supplies in the ACP countries .....	20
5. Impact of the enlargement of the Community on trade relations with the ACP countries .....	23
II. <u>RAW MATERIAL EXPORT EARNINGS</u> .....	24
1. STABEX .....	24
(a) Inadequacy of financial resources .....	24
(b) Inclusion of new products in the STABEX system .....	28
(c) Economic assessment of STABEX .....	29
2. SYSMIN .....	31
3. Sugar .....	33
III. <u>INDUSTRIAL COOPERATION</u> .....	39
1. Unsatisfactory situation with regard to industrial cooperation under Lomé II .....	40
2. Proposals to improve industrial cooperation .....	41
3. Cooperation in the energy field .....	46
IV. <u>THE FUNDAMENTAL IMPORTANCE OF TRAINING</u> .....	47
V. <u>COOPERATION IN THE AGRICULTURAL FIELD</u> .....	48
VI. <u>FINANCIAL AND TECHNICAL COOPERATION</u> .....	50
1. Planning and implementation of projects .....	50
2. 'Article 108' Committee .....	53
3. Regional cooperation .....	54

	Page
VII. <u>INSTITUTIONAL PROBLEMS</u> .....	55
1. Role of the ACP-EEC Consultative Assembly and Joint Committee .....	55
2. Organization of working parties .....	56
3. Consultation of the social partners .....	57
4. Financial rules concerning the parliamentary institutions of the Lomé Convention .....	58
VIII. <u>SAFEGUARDING THE QUALITY OF THE ENVIRONMENT</u> .....	61
IX. <u>SOCIAL ASPECTS AND CULTURAL COOPERATION</u> .....	63
X. <u>CONCLUSIONS</u> .....	64

EXPLANATORY STATEMENT

INTRODUCTION: LOME II, an ambitious development cooperation agreement which has failed to achieve all its objectives

1. The signing of the Second Lomé Convention was hailed two years ago as the most comprehensive and practical answer to the demands of the developing countries in the North-South Dialogue. If one compares the developing countries' list of demands with the provisions of Lomé II one can see that the Convention contains key provisions for improving the economic and social position of the ACP states. Agreement was reached on many issues and on a sound legal basis. All the partners are recognized as having rights, obligations and an entitlement to certain benefits. Lomé II can undoubtedly be described as the most important development agreement ever signed between the EEC and the developing countries. It is a solid body of contractual commitments, setting out a policy of close cooperation between the two sides.

2. Lomé II is, however, only a declaration of intent, i.e. only its implementation, its practical application will show whether progress and above all qualitative progress has been made in ACP-EEC cooperation. Now that it has been in force for two years, it is possible to make some observations on the results achieved so far, in particular on whether the procedures for implementing it have been right or wrong. The text of the Convention in itself tells us nothing about whether the available instruments and financial resources have been deployed in the right way to achieve optimal results in existing circumstances and substantially improve living standards in the ACP countries. These questions are important, because relations with the Third World within the framework of the North-South Dialogue ultimately affect and influence the Community's future and, above all its internal balance.

In making an initial assessment one cannot help but observe that ACP trade under Lomé II has taken a downturn. It is no exaggeration to say that this is the most negative aspect of ACP-EEC cooperation, as indeed it was under Lomé I. With the STABEX system, too, of which both the concept and the initial results were so highly praised under Lomé I,

substantial problems have now emerged. In many countries with which the Community has signed the Convention there is still a shortage of food. For this reason the numerous facets of the food problem are of crucial significance, for how can we expect these people to develop their countries while they are unable to feed themselves adequately? How can there be industrial development, let alone cultural development, if people are hungry? Food is still and always will be the first and most essential requirement.

These and other disappointing results in certain fields of ACP-EEC cooperation should make the ACP States concerned and the European partners look very closely at the fundamental structure of their cooperation.

3. When considering the results so far achieved under Lomé II one must, of course, take into account the fact that the new Convention got underway in difficult economic circumstances. Furthermore, in the period since it came into force the economic situation in the EEC, in the other industrialized countries and, above all in the developing countries, confronted as they are by virtually intractable problems with regard to food, energy and payments, has deteriorated quite considerably further.

Lomé must not, therefore, be assessed in isolation, but within the framework of North-South relations. If no decisive progress is made in the North-South dialogue, that must inevitably affect the results of the Convention.

4. Some critical remarks about the form of the annual report of the ACP-EEC Council of Ministers are called for. It is the task of the ACP-EEC Joint Committee and the Consultative Assembly to make a critical assessment of the way in which the Convention is being applied on the basis of the annual report. Obviously, this is only possible if the report provides concrete information. Unfortunately the latest report contains only a few specific comments. It is very largely confined to enumerating when and where the ACP-EEC Council and the very numerous working parties have met and stating that the ACP states and Community have submitted proposals on particular problems. The precise nature of these proposals is only occasionally explained. A group of experts or a joint working party, we read, was given the task of examining such and such a problem.

This runs like a continuous thread throughout the entire report, without any indication as to possible solutions. A stocktaking it certainly is not, since there is no critical analysis of the application of the Convention.

The annual report should be first and foremost not an activity report, but a critical survey, reporting on progress, failures and difficulties, making suggestions for the future and laying down priorities. The report of the ACP-EEC Council of Ministers must have a political dimension. It must be a political report.

## I. NEGATIVE ASPECTS OF TRADE COOPERATION

### Development of ACP trade

5. One of the most important provisions of Lomé II concerns the promotion and expansion of the ACP countries' trade with the Community. This is important, because 'trade, not aid' is the only way in which these countries can radically improve their economic situation. For most of the ACP countries, which, with few exceptions, unlike the EEC Member States with their market economies, possess only rudimentary consumer goods industries of their own, exports are virtually the only way of earning the wherewithal to purchase the industrial and capital goods required to build up their own industry.

Yet in this matter of external trade the Third World countries are amongst the most disadvantaged groups in the world, because the products which they can supply are limited in kind and do not match the demands of today's world markets. Sales of traditional ACP exports can be partially increased, but not sufficiently to meet these states' growing payment commitments. Therefore the ACP states must break into the Community market with new products from new industries and for this they need the full support of the Community, if the concept of development aid enshrined in the Lomé Convention is to have any meaning.

6. Although the Community has opened its doors to 99.5% of ACP products, the initial results of Lomé II have already shown that these measures are insufficient to increase to any great extent the flow of trade from the ACP to the EEC. This means that the aim of Article 1 on trade cooperation, 'to promote trade between the ACP States and the Community, taking account of their respective levels of development, and

also between the ACP States themselves', has not yet been achieved. The opening up of the Community market and the Community's willingness to forego reciprocity are, indeed, signs of generous intentions on its part, even though this has so far proved to be more an impressive gesture than productive of results. The results of the trade links to date provide no evidence that the old trade structures have changed. Yet it is surely crucial for our own interests that the ACP states should become genuine trading partners of the Community if the present economic problems are to be solved.

7. The figures published in the ACP-EEC annual report unfortunately show very clearly that the ACP countries are losing out in trade between the two sides. Although the figures for 1981 are only provisional, since those for a number of Member States are not yet available, they nevertheless point to a considerable reduction in imports from the ACP States into the Community, both in money terms and proportionally:

16,300 million ECU in 1981 (18,900 million ECU in 1980),

5.5% of total imports into the EEC (7% in 1980).

ACP exports to the EEC in million ECUs<sup>1</sup>

	<u>1980</u>	<u>1981</u>
First quarter:	4,603.0 m ECU	First quarter: 4,394.5 m ECU
Second quarter:	4,974.9	Second quarter: 4,498.9
Third quarter:	4,446.3	Third quarter: 3,601 (estimated figure)
Fourth quarter:	4,992.9	Fourth quarter: 3,864

From this it may be seen that the ACP countries' share of the Community's total imports has dropped by 1.5 points, i.e., their share in trade with the Community has fallen by 21%.

In contrast to this the exports of the other developing countries to the Community have remained relatively stable in the period 1977-1980 (1977: 19.7%, 1978: 18.5%, 1979: 19.1% and 1980: 18.8%).

If one looks at the development of trade up to 1980, disregarding petroleum products, it is clear that the ACP share of imports into the

<sup>1</sup> Monthly bulletin of external trade figures, Eurostat No. 6/1982, p.30



LEEC since 1977 has been decreasing (1977: 7.1%, 1978: 6.2%, 1979: 5.5% and 1980: 5%). In contrast to this, the volume of EEC exports to the ACP States rose by 15,700 m ECU in 1980 to 18,000 m ECU in 1981, so that the balance of trade of 3,200 m ECU in 1980 in favour of the ACP States was transformed into a positive balance of 1,700 m ECU in the Community's favour by 1981.

Any figures which relate to the ACP countries as a group and leave out of account the vast economic differences within it are bound to present a distorted picture. If, for example, one picks out from the figures certain important raw materials supplied by the ACP to the EEC, the balance of trade position for many ACP countries is seen to be much blacker.

Conclusion: the provisions governing trade in Lomé II have produced exactly the opposite effect from that which was intended, not an upturn, but a downturn in ACP external trade.

8. From the point of view of trade policy an even more worrying fact is that the trade structure of the ACP countries even under Lomé II has so far remained largely unchanged. Thus, 85.8% of EEC exports to these countries in 1980 consisted of manufactured goods (including processed foodstuffs), whereas out of ACP exports to the Community (including oil and petroleum products) 22.3% consisted of foodstuffs, 48.9% of energy products and 24.7% of raw materials. Manufactured goods made up only 3.8% of ACP exports to the Community. Not counting oil and petroleum products, the picture was as follows:

foodstuffs (43.7%), raw materials (49%), manufactured goods (7.3%).

ACP EXPORTS TO THE EEC IN 1980

(a) including oil and petroleum products

Foodstuffs	22.3%	5,820 million \$	
Energy products	48.9%	12,750	" (oil)
Raw materials	25 %	6,526	"
Manufactured goods	3.8%	952	"
	-----		
	100 %		

(b) excluding oil and petroleum products

Foodstuffs	43.7%	5,820 million \$
Raw materials	49 %	6,526 "
Manufactured goods	7.3%	952 "
	-----	
	100 %	

It is essential to point out here that the percentage for ACP exports of manufactured goods to the EEC includes re-exports. The following example may serve to illustrate this. Supposing an ACP country imports an aircraft or railway engine and later faults develop which cannot be corrected in the recipient country, then the product must be sent back to the EEC country concerned for repairs. This means that the percentage for ACP exports of manufactured goods is actually even smaller than the 3.6% figure, since re-exports distort the available figures for manufactured goods.

It is therefore of vital importance that the subcommittee on trade set up by the ACP-EEC Council of Ministers should draw up proposals for expanding, improving and restructuring ACP trade. The subcommittee must show in detail the factors which have been detrimental to the ACP's export trade and the measures needed to eliminate them.

9. Not only is it regrettable that ACP exports to the Community should have declined, it is of still graver consequence for the national economies that more than three-quarters of their exports should consist now as before of oil and raw materials. In this respect Lomé policy has been unable to make any fundamental change so far in the traditional pattern of trade between industrialized and developing countries - raw materials from the Third World, manufactured goods from the industrial countries.

Fundamental changes will only become possible if the ACP States are enabled to process their own raw materials and produce products which can be sold on the world markets, in particular in the EEC. Trade to date within the framework of Lomé II has shown clearly that the opening

of the Community market to ACP products is not sufficient in itself.

It is therefore of crucial importance that the principal instruments of trade policy such as marketing, investment promotion, industrial cooperation and agricultural policy should be interrelated and implemented in conjunction one with the other, the objective being brought into line with the trade policy aspects. In plain language this means that we must get away at last from the idea of development aid and define a genuine development policy. A vital precondition is, however, that the standard of education and training in the ACP States should be substantially improved at every level.

10. In regard to agricultural products the EEC could do much more than it is doing to meet the wishes of the ACP States. It is unfortunately a fact that it behaves generously only in the case of products for which, because of the common agricultural policy, there is no need to adopt a protective attitude. But it would be of fundamental economic significance for some ACP States to be able to increase exports of processed and unprocessed agricultural products to the Community. It is specifically in this field that the EEC could demonstrate unequivocally that it is taking the trade provisions in the Lomé Convention seriously. Improvements to the economic position and therefore to the food situation are only possible if more intensive efforts than heretofore are made to improve the ACP's chances in trade with the EEC. Expanding their external trade does not, however, only mean expanding trade in industrial semi-processed and manufactured goods, but at present, because of the industrial underdevelopment of most ACP States, also or predominantly expanding trade in agricultural raw materials or semi-processed and processed products deriving from them.

11. The protectionism of the common agricultural policy is highlighted above all by the fact that the application of the Lomé Convention, to which some of the poorest countries in the world are signatories, has not so far met the long-standing demand for completely free access for imports of tropical products in raw and processed form. The only possible explanation is that certain processing industries and hothouse producers established in the Community are thought to need protection. The exportation of tropical agricultural products is vital for most ACP States.

Shortfalls in these exports caused by poor harvests or unfavourable market trends automatically reduce their feeble foreign currency earnings and consequently their purchasing power in industrial countries.

It is absolutely essential that the administrative and non-tariff barriers which still exist to the detriment of agricultural exports from the developing countries be progressively dismantled. At the conference on trade and industrial cooperation between the ACP and the EEC which was held on 3 and 4 September 1981 by the Chamber of Trade and Industry in London, Kenya's Minister for Planning and Development drew attention to the various aspects of non-tariff barriers which are harming not only ACP-EEC trade but also trade between the ACP States themselves. With sufficient goodwill many of them could be dismantled, without either the health of the people or the quality of the products being jeopardized.

12. The Community must at last pursue an agricultural imports and exports policy in line with its development policy. It is an unfortunate fact that tensions exist between certain aspects of trade and development policy. The common agricultural policy is a concrete example of such a conflictual situation, otherwise why should certain agricultural products from the ACP countries be refused free access to the Community market? The Community and its Member States claim to endorse development policy and in particular the Lomé policy; the Community encourages and even supports the expansion of agricultural production in the ACP countries, as Articles 83 to 90 on agricultural cooperation show. And yet the Community is still not prepared to draw the necessary consequences in applying its common agricultural policy. In the resolution on the Community's contribution to the campaign to eliminate hunger in the world<sup>1</sup> which was adopted by a large majority of Parliament on 18 September 1980, Parliament called for immediate action to be taken as a priority to open up the Community market to agricultural and processed products originating in the poorest associated and non-associated developing countries.

The call for an international division of work in the agricultural market, which would take account of natural advantages in that sector, should also be heeded. At all events it is high time that the Community found ways and means of ensuring that the implementation of the common

---

<sup>1</sup>OJ C 265 of 13 October 1980, pp. 37 et seq.

agricultural policy does not have adverse effects on the economies of the ACP countries.

2. The trade promotion measures are inadequate

13. One of the main reasons for the ACP countries' negative export trends is the unfavourable nature of their production. Unprocessed agricultural products and raw materials, together with oil (which is not representative of the range offered by this group of countries) make up the major part of the goods on offer from these countries. The poor export figures for manufactured goods from the ACP countries are also attributable in many cases to lack of know-how regarding export demand. Insufficient knowledge of consumer habits, needs and wishes due to inadequate market research often mean that the producers will place on the market products which are not of the quality required or which are produced far more cheaply in other parts of the world. It is also the case that the channels and methods used for sales promotion are not the most suitable or that price policies are wrong. The result: such products stand no chance on the world market.

14. Consequently, strenuous efforts must be made in regard to trade promotion going beyond the narrow framework of trade fairs and exhibitions. The important thing is not whether an ACP State's participation in trade fairs and exhibitions is financed by funds from its national programme or from regional cooperation funds - assuming agreement about this has been reached between the ACP States and the EEC -, but whether the ACP States and the Community draw up practical proposals for doing away with the outdated trade structures and indicating what help the EEC can and must provide in this process.

The ACP's objective must be to increase their share of the Community market by skilled marketing and the expansion and diversification of suitable forms of production. For certain export sectors there are joint ACP-EEC bodies (COLEACP for late fruit and vegetables, FEDAU for works of art) and many ACP countries have already brought about improvements in the pattern of their export trade; nonetheless, what has been done so far is totally inadequate.

15. Isolated improvements must not blind us to the fact that substantial efforts are required in regard to trade promotion. It is unfortunately a fact that the opportunities provided under Lomé II have so far not been properly exploited for various reasons - inadequate planning in some countries, insufficient knowledge of requirements, lack of qualified personnel.

Article 21 of the chapter on trade promotion sets out in detail in subparagraphs (a) - (k) the measures required. And Article 94(1c) of the chapter on financial and technical cooperation speaks of joint bodies being set up to attain certain specific objectives in the spheres of agricultural, industrial and trade cooperation. There already exists a Committee on Industrial Cooperation and the Centre for Industrial Development; consultation is already in progress on the setting-up of a technical centre for cooperation in the agricultural and rural field, but there is no such institution in the field of trade policy to bring about the improvements set out in Article 21. Machinery of some sort is required above all for disseminating information about trade flows. If a small office were set up it would be a beginning. Many ACP countries manufacture goods which could be exported, while it would be possible in various sectors to start manufacturing products for export relatively quickly, but this is not happening at present for lack of information. Another negative factor is that not enough of the funds provided within the framework of technical and financial cooperation for the promotion of trade have been made available for improvements and training in this field.

With negligible progress on the trade promotion front and ACP exports at an alarmingly low level, one wonders what more is needed to compel the responsible ACP-EEC bodies to set up properly functioning institutions in the trade field which could bring about a substantial improvement.

16. The importance of active trade promotion within the framework of the Convention is obvious in view of the fact that some 50% of ACP exports go to the Community. The contracting parties must therefore pay special attention to ensuring that the ACP countries can make use of the advantages contained in the Convention, since they will be heavily dependent on the Community's support for the sale of their products over the next few years.

The technical and financial help given in recent years must now be extended to cover the purely technical side, by which is meant mainly the marketing aspects. This problem has not been tackled effectively up to now. Exports can be considerably increased by the setting-up of trade promotion centres and marketing offices, discussions about production and better coordination. Above all the ACP States must avoid producing goods which are not geared to the market. Rather, they should improve the quality and expand the production of their indigenous and traditional products. Is it not appalling that the production of craft work, of which there is a fine tradition in many African countries, should have fallen off considerably both quantitatively and qualitatively in recent years? Is it not even more disturbing that large areas of the craft and souvenir market, including those in the ACP countries, should be dominated by many South-East Asian countries?

Ambitious targets or the development of industries which have to contend with serious difficulties in the Community itself and the world at large would only lead to further complications. Studies show very clearly that the undertakings which do well are predominantly those which have become more 'marketing-conscious' and adapt relatively quickly to changing consumer wishes and applications.

17. Adequate knowledge of the totality of economic factors, about trade in material goods and services as well as about the markets is decisive. The principles of market research must be the starting point. Research must cover products, prices and advertising. Research in retail trade is particularly important, for this is the area on which the developing countries seeking outlets for their products must concentrate. Important too are the methods of accounting, instructions as to how to prepare, write and present a report, and lastly the question of how to set up and organize a market research department in an undertaking. These are not technical trivialities, but matters which a market researcher in the developing countries needs to know: they range from simple accounting methods and the drafting of a questionnaire to a suitable terminology. The most effective form of development aid that we can give the ACP countries is a transfer of some of the experience and know-how in the field of trade which is available in the developing countries.

How can the interest of European import firms (importers, businesses and chambers of commerce) in the goods of the ACP countries be aroused and increased? How can those with goods to sell from an ACP country get a better foothold in the EEC market? These are questions to which a practical answer must be found within the framework of trade cooperation, in particular trade promotion. In this connection a special responsibility devolves on the large European import firms and on chambers of commerce and industry. A good example is the ACP-EEC colloquium which was held on 3 and 4 December 1981 by the London Chamber of Commerce and Industry during which the problems of trade and industrial development were discussed in depth.

18. The ACP countries' trade promotion measures must be directed at their export trade as a whole, that is to say exports to the EEC, to other countries and also among the ACP countries themselves, for the importance of the Community market must not make them forget that the other developing and industrialized countries also offer markets which may well be more suitable for certain products than the Community market. The ignorance of the ACP partners about their own markets is still astonishing. There are a few first signs of some improvement but on a very limited scale. The setting up of regional cooperation bodies among the ACP States is another precondition for a successful marketing policy. There is a need not only for funds but also and above all new ideas.

### 3. Specific issues

19. Since the Lomé Convention first came into being the ACP countries have paid close attention to the effects of the generalized preferences system on the advantages which they themselves enjoy. It cannot be denied that these countries have to share their privileged position in regard to Community trade with the other Third World developing countries. Therefore they have regularly expressed fears about the 'erosion' of their special preferences within the framework of the Lomé Convention in relation to countries outside the Convention.

Despite their own problems the ACP States have never called the generalized preferences system into question and have even described it as an important element in the general development policy. They have



nonetheless drawn attention to the special character of the ACP group of countries, most of which belong to the least-developed countries in the world and called for closer cooperation in this matter in order to ensure that the system benefits the most important products of the ACP States and to promote the adoption of appropriate aid measures. The Community should regard itself as duty bound to take account of the ACP countries' legitimate interests when granting the general preferences and to ensure that the concessions enjoyed by them under the Lomé Convention are not diminished but safeguarded. All the same the ACP countries and the Community have concluded an international agreement which does give the ACP countries special advantages in the field of trade and economic cooperation.

20. The ACP countries have always asked the Community to ensure that they are consulted in good time within the framework of the ACP-EEC consultation procedure on the generalized preferences system proposed for the coming year. Unfortunately it appears from the last annual report that the ACP countries are still dissatisfied with the way in which the consultation procedure has been applied up to now. It is true that, at its meeting of 13 and 14 May 1982 in Libreville, the ACP-EEC Council of Ministers noted that the information and consultation procedure had been improved latterly, but insufficient regard is paid to the time required for these procedures. Moreover, the Community should not extend the GPS indiscriminately, but must gear it to the actual requirements of the poorest developing countries, always taking account of its special commitments to the ACP countries. It would be interesting if the ACP States and the Commission could make available information indicating in which fields and to what extent the implementation of the GPS has had a negative impact on the ACP countries. It is to be hoped that the Joint Working Party already set up under Lomé I will soon submit concrete proposals, so that this longstanding issue can at last be clarified. A UNO study has reached the conclusion that the ACP countries have suffered no adverse effects in their trade with the Community or that any potentially adverse effects have been offset by other measures<sup>1</sup>.

21. In regard to the rules on origin for which minor improvements were agreed upon under Lomé II cooperation seems to be working satisfactorily. In addition the Community approved a plan for improving the procedures for

---

<sup>1</sup>The generalised preference system and the Second Lomé Convention, United Nations Conference on Trade and Development, TD/B/C.5/73/Suppl., 23 December 1980.

allowing derogations from these rules which makes it possible to reduce the time between submission of a request for derogation and the moment from which the derogation is applied. Although the rules on origin for fisheries products represent a very important trade measure for the ACP countries, all that the report says on this subject is that the ACP-EEC Committee on Cooperation on Customs Tariffs is looking at the work of the ACP-EEC Working Party on the problems concerning origin in regard to fisheries products. In view of the slow development of ACP trade with the Community means of promoting the export of these products to the Community's markets should be found as soon as possible.

22. A subject of great importance to certain ACP countries, namely that of beef exports, is not mentioned in the annual report. This reflects the fact that there are no problems in this sector at present, since, as the statistics show, there has been an increase in exports to the Community since 1978 both in value and in percentage terms.

23. Nor is the question of bananas mentioned, although, like beef, it has always been the subject of complaints in previous years. Furthermore, recent export trends have not been encouraging. The rate of increase in the value of ACP banana imports to the EEC between 1977 and 1979 was favourable; between 1979 and 1980 there was a drop of 5.8%. Between 1978 and 1979 the volume of trade fell by 5.2% and between 1979 and 1980 by as much as 20.5%. Imports of South American bananas rose between 1977 and 1979 by 15% each year in value terms, while the quantitative increase in that period was 6% each year.

If the ACP countries are to enlarge their share of the Community's banana imports they must pursue a more aggressive export policy. They must therefore do everything possible to improve the quality of their banana production and their marketing system. In view of the importance of banana production for certain ACP countries, the Community should lend its active support to efforts by the banana-producing ACP countries to coordinate their activities, in particular in regard to improving quality and marketing. Direct contacts between the ACP producers

and EEC importers are urgently necessary in this connection.

24. Since the Council adopted, on 24 June 1982, a regulation<sup>1</sup> opening, allocating and providing for the administration of a Community tariff quota for products of sub-heading 22.09 C I, rum, arrak and tafia, originating in the ACP states, it should be pointed out that the ACP countries have not always been in agreement with the application of Protocol No. 5 on rum. The most important issues are the ACP countries' ability to fully utilize the quotas, access to the markets of the individual Member States and the definition of rum. The Community must, above all, ensure that the ACP countries are able to make full use of their quota of 193,178 hectolitres, since supplies on the Community market far exceed the demand. What is more, consumption has been falling off in the last few years. In addition, many products are offered as rum although they have nothing in common with the real thing except the name. Therefore the Commission should draw up proposals giving a precise definition of the product.

25. An important innovation in Lomé II concerns the improved procedure for the application of safeguard measures. In a declaration of intent the Community and the Member States undertake 'not to use safeguard measures or other means for protectionist purposes or to hamper structural development'. Safeguard measures may only be applied after full and early consultation of all those concerned.

On 1 April 1981 the ACP states submitted their proposals on the consultation procedures envisaged in Article 13 of the Lomé Convention in regard to the application of safeguard measures. On 18 November 1981 the Community presented the ACP states with its own proposals on this question. Agreement has also been reached in principle in the ACP-EEC trade cooperation sub-committee regarding the machinery provided for in Article 13(4).

Now, however, we hear from the ACP side that the Community has informed the ACP states that as from 1 August 1982 certain safeguard measures are to be adopted for the importation of certain products covered by the common agricultural policy. That would be a flagrant violation of the provisions of Article 13, since the decisive factor is not notification, but joint consultations. Only when consultations have been completed

---

<sup>1</sup>OJ No. L 189 of 1.7.1982

can safeguard measures enter into force (Article 13(2)). Therefore it is the task of the parliamentary body of the ACP-EEC Convention to monitor observance of the provisions on the application of safeguard measures so that the rightful interests of both partners are protected.

26. In view of the continuing crisis in the European textile industry, care must be taken to ensure that no restrictions are imposed on the ACP countries' textile exports to the Community. Since their level of industrialization is relatively low and it is in the textile production sector that some success has been achieved, any curtailment of the principle of free access for textile products for these countries would have grave economic consequences. In any case, the ACP textile exports can by no means be blamed for the general crisis in this sector in the Community, because the ACP countries' share of the Community's total textile imports is still less than 2%. This shows, too, that the ACP countries' productivity in this field has not been increased, because their exports to the Community already stood at 1.8% many years ago.

4. Access to available agricultural products in the Community and security of food supplies in the ACP countries

27. The food supply situation in Africa has deteriorated drastically in the last few years. Total food production increased between 1970 and 1980 by 1.5% per year, whereas between 1960 and 1970 it had increased 2% each year. Per capita production fell between 1970 and 1980. The economic and social situation and in particular the food situation has worsened above all in the Sub-Sahara region, the African countries south of the Sahara. In this region, where the death rate is already one of the highest in the world, hunger and undernourishment will increase considerably in the 80's unless positive measures are adopted to reverse or at least check this trend.

28. A Community declaration concerning supplies of available agricultural products to the ACP countries states that the Community will endeavour not only to employ the arrangements for agricultural cooperation but also the instruments of the common agricultural policy in such a way that agreements can be reached for certain basic foodstuffs within the framework

of normal trade arrangements on conditions which will make for greater stability in regard to supplies. In this way the Community could help to improve the security of food supplies in the ACP countries in accordance with the wish which they expressed in the negotiations.

The question of supplies of agricultural products available in the Community to the ACP countries has raised considerable difficulties since the beginning of Lomé II, because the Community would not agree to such products being supplied to the ACP countries on particularly favourable terms (GATT terms and payment in national currencies). On 28 March 1977 the ACP countries asked the Community, for the first time, to draw up a programme to enable agricultural surpluses to be supplied within the framework of agreements between the Community and the ACP countries. The Community's reply of 18 July 1978 struck a very cautious note because of the doubts referred to; however, it was acknowledged that there was some scope for such agreements within the framework of the common agricultural policy machinery. It must be said that the Community only very reluctantly accepted the principle of what is called prior fixing of the refund amount in the case of some ACP countries. The Community agreed to its suppliers using one and the same price for supplies of cereals throughout the marketing year, a move which represents a real step forward.

At the meeting of the Joint Committee in Arusha, the representative of Guyana complained that the ACP countries' access to the Community's agricultural surpluses was totally inadequate and beset with difficulties. He accused the Community of adopting a more liberal approach in this matter in the case of Third countries and urged it to conclude purely annual agreements with the ACP countries likewise, since agricultural production in these countries was very uneven for various reasons. It is indeed an anomaly that the Community should not yet have managed, within the framework of the ACP-EEC Convention, to establish long-term supply conditions and satisfactory price arrangements. The ACP countries are seeking a long-term guarantee for a quantitatively and qualitatively constant supply at favourable prices of foodstuffs for which there exists a genuine need. The reason for the failure to conclude such agreements, as for the exclusion of certain agricultural products from the Community market, is to be found in the

common agricultural policy. Here again the gap between the Community's agricultural trade policy and its developing policy must be bridged.

29. It is regrettable that Lomé II contains no practical provisions for supplies of agricultural products apart from emergency aid or food aid granted to particular ACP countries at a time when the food supply situation in several ACP countries is steadily deteriorating. Since the Community has substantial surpluses of certain products and in many cases even systematically destroys products because of the price guarantee, it must, as soon as possible, set up a legal framework within the general agricultural policy to enable suppliers established in the Community to conclude long-term supply agreements with Third countries. Is it not illogical that the desire of countries which are short of food supplies to conclude long-term agreements for the Community's surpluses should be refused because the Community's agricultural policy is suffering from the lack of a genuine trade policy?

30. In the resolution on the Fifth Annual Report of the ACP-EEC Council of Ministers (Doc. ACP-EEC 26/81) the ACP-EEC Consultative Assembly pointed out that the EEC is a major exporter of agricultural products and expressed the hope that particular account would be taken of the interests of the ACP States in the context of the reform of the CAP.<sup>1</sup> In addition, it called on the Council and the Commission to seek ways and means of enabling the Community to supply available agricultural products to the ACP countries on a regular basis and on favourable terms. It also expressed the view that the supply of agricultural products must be effected within the framework of national food supply programmes.

In view of the catastrophic food situation in many ACP countries, the declaration in the Annex to the Second ACP-EEC Convention, the clear appeals of the parliamentary ACP-EEC institutions and now that the Convention has been in force for two years, it is incomprehensible and indeed irresponsible that the question of agricultural surpluses still remains an outstanding point on the agenda of the ACP-EEC working party concerned. What is the use of all the eloquent declarations about hunger in the world if agreement on this matter cannot be reached between two contracting parties?

-----  
<sup>1</sup> OJ No. C 15 of 20.1.1982

It is to be hoped that within the framework of the new food strategies the go-ahead will be given for the supply of available agricultural products on favourable terms over and above the food aid programmes. Such a policy is important because, after the failure of the food aid measures that had been envisaged previously, a new agricultural policy is to be established in the ACP countries based on production strategies designed to make the individual countries self-sufficient in food.

5. Impact of the enlargement of the Community on trade relations with the ACP countries

The imminent entry of Spain and Portugal is of great political importance for the Community. However, everything possible must be done to ensure that this second enlargement to include Mediterranean countries, following the accession of Greece, should not militate against the interests of the ACP countries which already have large balance-of-trade deficits with the Community. This is particularly important given that, in the case of Greece's entry, the consultation of the ACP countries was quite inadequate, although the Lomé II Convention contains very precise provisions for the event of the accession of a new state to the Community (Article 181). The rapporteur on the Fifth Annual Report of the ACP-EEC Council of Ministers expressed his severe disappointment at the incomplete and tardy way in which the ACP countries had been consulted by the Community<sup>1</sup>.

32. Parliament must therefore insist that the ACP countries are consulted fully, and above all in good time, before Spain and Portugal's entry to the Community and in addition the necessary measures must be taken to ensure that certain nascent industries in the ACP countries do not suffer as a result of enlargement. Furthermore, it seems important that, prior to their definitive entry, the applicant countries should confirm their acceptance of the basic principles of the Community's development policy. This is a matter of fundamental importance, in particular in relation to the forthcoming negotiations on the follow-up agreement to Lomé II.

-----  
<sup>1</sup> Insanally report on the Fifth Annual Report of the ACP-EEC Council of Ministers, Doc. ACP/EEC 29/81, pages 6 et seq; resolution in OJ No. C 15 of 20.1.1982, pages 13 et seq.

## II. RAW MATERIAL EXPORT EARNINGS

### 1. STABEX

33. The system for the stabilization of export earnings (STABEX) proved its worth under the Lomé I when the financial resources allocated to STABEX (380 million ECU) were sufficient to satisfy the demand. Since the system worked satisfactorily under Lomé I it was continued under Lomé II with a number of changes and the financial appropriation was increased by 45% to 550 million ECU.

However, application of Lomé II to date has shown the resources made available for STABEX to be inadequate and further difficulties have arisen in the actual operation of the STABEX system. Thought will therefore have to be given to how the financing of STABEX can be guaranteed and its machinery adapted if the system is to remain an important instrument of ACP-EEC cooperation.

#### (a) Inadequacy of financial resources

34. The system for the stabilization of export earnings of the ACP States, which was allocated financial resources totalling 550 million ECU for the period 1980 to 1984, divided into five equal annual instalments, now finds itself in acute financial difficulties. As early as 1980 (the first year of the implementation of the new Convention) the resources available were inadequate owing to high losses in earnings, particularly for coffee and groundnuts. Application for transfers totalled 261 million ECU whereas only 138 million ECU were available (annual instalments of 110 million, 6 million carried over from 1979, advance drawing on 1981 of 22 million). This resulted in a deficit of 123 million ECU. On the basis of these figures, the ACP-EEC Committee of Ambassadors decided, pursuant to Article 34 of the Convention and having regard to the special difficulties of the least developed ACP States (Article 46 (2) of the Convention), to apply different reduction coefficients to the payment of transfers. In practice this meant that transfers to the least developed countries were paid up to 59.9%, transfers to the other ACP States up to 47.4% and only smaller applications for up to 1 million ECU were met in full.



35. While there was already a shortfall in 1980, it is now evident that the resources allocated to the STABEX fund for 1981 are also quite inadequate. Contrary to the Commission's original assumptions, the situation has deteriorated rather than improved. The fund has resources of only 112 million ECU to meet claims from the ACP countries totalling 422 million ECU, which means that only 24% of claims can be covered. Although the Lomé Convention contains a clause (Article 34) whereby a reduction in transfers is permitted where the financial resources are inadequate (as occurred in 1980 when applications for transfers from the ACP States were met only up to 50%), a shortfall of approximately 75% would nonetheless amount to declaring the system bankrupt.

36. Possible methods of financing have been suggested both by the Commission, in its communication to the Council of 31 March 1982<sup>1</sup>, and by the Belgian Presidency to the Foreign Ministers. The proposals range from special contributions by the EEC Member States to their foregoing certain repayments by the ACP States.

37. It is not surprising that the problem of financing STABEX was the main topic of the ACP-EEC Council of Ministers' meeting on 13 and 14 May 1982 in Libreville (Gabon). The Foreign Minister of Mali and President-in-Office of the ACP-EEC Council of Ministers, Mr A.B. Beye, spoke of a 'STABEX Council' during the meeting and referred to the system as the 'main pillar' of the Lomé Convention, while the EEC Presidency preferred to use the term 'one of the pillars of Lomé II'. A proposal to reduce the financial shortfall was submitted by the EEC Presidency but was not received with any great enthusiasm on the part of the ACP.

As a result, the financial appropriations available to meet ACP claims totalling 422 million ECU no longer amount to 112 million ECU but to 208.7 million ECU. After lengthy discussions, the ACP States have since agreed among themselves as to how the resources available for 1981 should be

---

<sup>1</sup> The system for the stabilization of export earnings, application years 1980 and 1981, COM (82) 150 final.

distributed. Their proposal, which is based on the compromise reached at the ACP-EEC Council meeting in Libreville, will enable 50% of legitimate claims to be met in 1981 and not 24% as would be the case if the Convention were applied to the letter. In 1981 the distribution formula is as follows: the least developed countries will receive 46.50% of the amounts due to them (reduction of 23.50%) whereas the remaining ACP countries will receive 41.90% (reduction of 58.10%). Transfer applications of less than one million ECU will be met in full.

Foreign Minister Beye emphasized in Libreville that the main issue was not one of figures but the need for investigations and measures to eliminate the structural inadequacies of the STABEX system. On a proposal from the President-in-Office of the ACP Council, the Committee of Ambassadors was asked to study these complex but important problems. An extraordinary meeting of the ACP-EEC Council of Ministers is scheduled for December in Brussels to discuss the STABEX problem in depth.

38. When the Insanally report was discussed it was pointed out that the STABEX system had not only become the victim of cyclical economic difficulties but was also plagued by structural faults. Whereas the Commission stood by its thesis of cyclical economic problems, the ACP-EEC Consultative Assembly emphasized the dimensions of the STABEX crisis. This can be seen from paragraphs 32 and 33 of the resolution adopted on 30 September 1981: 'is gravely concerned, however, that the resources made available for STABEX under the new Convention have proved to be quite inadequate and calls therefore for the prompt provision of additional resources, which is necessary if the system is to adequately fulfil the purpose for which it was designed'<sup>1</sup>. On the occasion of the oral question with debate in the European Parliament on application of STABEX for 1981<sup>2</sup>, the Commission pointed out that Article 34 of the Convention provided for the possibility of reducing transfers. Moreover it claimed that the Community had never promised full compensation

---

<sup>1</sup> Resolution on the Fifth Annual Report of the ACP-EEC Council of Ministers (ACP-EEC 26/81) and an analysis of the early experience of the second Lomé Convention with recommendations for its optimal implementation, OJ No. C15, 20 January 1982, p 16.

<sup>2</sup> Doc. 1-227/82

in all circumstances<sup>1</sup>.

39. However, this issue cannot be solved by reductions or by accounting devices. It is a political problem which **must be** solved by political means. The present amount of money is simply too small to meet political obligations of these proportions. This fact has to be recognized by all the parties involved. If it emerges that claims which are fully justified can only be met to the extent of one quarter, it will be a bitter disappointment for the Community's ACP partners who are counting on these transfers. IF STABEX is to fulfil its function and if the future of the system is not to be called into question in the long term, then the shortfall must be covered by a significant increase in financial resources. Consideration should therefore be given in the context of the budgetary procedure to all possible means of honouring the commitments entered into by the Community regarding STABEX<sup>2</sup>.

A token entry for this was made in the 1982 Budget - Item 9021 'Reserves for STABEX', intended for entering a reserve which may be used in the event of the annual instalment and advances being exhausted. A rectifying budget would honour both Europe's moral and political obligations vis-à-vis the ACP States. The suggestions aimed at transferring resources from the European Development Fund to STABEX that have already been mooted should be rejected since the EDF has other tasks to fulfil. In addition, the Lomé Convention is not a system of communicating vessels in which resources can be transferred to other purposes depending on the economic situation.

40. A further difficulty that has arisen repeatedly in the past in connection with the methods of calculating transfers or discrepancies in statistics between the individual ACP States and the Community, should not be overlooked. The most recent case concerned Ethiopia. Whereas the latter submitted claims totalling 78.9 million BIRR, the figure arrived at by the Commission's method of calculation was only 4.8 million BIRR. Although the ACP States do not contest the method used by the Commission, this example shows clearly that the calculations must be based on different criteria. A

---

<sup>1</sup> OJ No. 1-285, EP Debates, p. 78

<sup>2</sup> Cf European Parliament resolution of 12 May 1982 on the Commission proposals concerning the application of STABEX for 1981, OJ No. C 149, p. 53.

formula must therefore be found which is consistent with the objective of Article 23 of the Lomé Convention. There are two ways of looking at the problem: from the economic point of view there is a limit to the financial resources available and politically the EEC must honour the commitments it has undertaken towards the ACP States. If, owing to inadequate financial resources, the STABEX fund is unable to satisfy the ACP claims even after application of Article 34, one must at least avoid creating the impression that the inadequate appropriations are somehow connected with the nature of the calculation method. The EEC must therefore try to find a political solution as soon as possible and solve the associated problems in a flexible and equitable manner.

(b) Inclusion of new products in the STABEX system

41. The inclusion of further products in the STABEX system has been on the agenda for some time now. At the ACP-EEC Council meeting in Libreville, the Community declared that it was willing to include nutmeg, mace and shea nuts in the system. In the case of sisal products, the Community would prefer to wait until the producers and consumers have agreed on the broad lines of an international agreement. The inclusion of tobacco and citrus fruit is also a long-standing demand on the part of the ACP States; however, since there was still dissension among the EEC Member States on this issue, it was not possible to reach agreement in Libreville. Efforts will be made to arrive at an agreement for veneers and cellulose before the next ACP-EEC Council meeting.

42. Several ACP States do not benefit from the STABEX system because it fails to cover a number of important export products. An extension of the list of products would therefore have a significant impact on the economic development of certain countries. However, owing to the Community's limited financial resources and the existing financial deficits for 1980 and 1981, it is in any event very unlikely that the EEC will be able to meet the overall demand for compensation resulting from unstable export earnings. In 1981 alone, 85% of transfer applications from the ACP States were in respect of groundnuts, coffee and cocoa. The STABEX system can in fact only operate effectively if it is regarded as complementary to world commodity agreements. It is not a substitute for such agreements. Consequently, efforts must be

made to extend considerably international commodity agreements as part of the integrated programme that was created in 1976 and has so far failed to operate effectively. The resolution adopted by the ACP-EEC Assembly on 30 September 1981 rightly insists on the need for the conclusion for world commodity agreements in order to assure remunerative and stable prices in order to alleviate too rapid a depletion of STABEX<sup>1</sup>.

(c) Economic assessment of STABEX

43. From the outset, the STABEX system was regarded as a key component of the Lomé Convention. One of the major advantages of the system is that it provides the ACP States with readily usable foreign currency which is not tied to specific products or deliveries. Can STABEX be regarded as an effective instrument of EEC development policy? One thing is certain - the economic development of a number of ACP States would have been worse if STABEX had not existed. In a number of cases, substantial transfers were concentrated in a short period and had a positive effect on the stagnating economy. Thanks to STABEX, a number of countries have been able to repay pressing foreign debts and increase the volume of public expenditure. If STABEX is regarded as an instrument of aid, i.e. part of development policy, its advantage lies in the fact that it can be brought into play more quickly than most other conventional instruments. The appropriations are made available to the applicant ACP countries in a relatively short time and are subject to virtually no restrictions, particularly as to how they are used. However, the effective use of transfers to the development sector depends largely on the development policy of the ACP country concerned, the priorities it has set and above all its ability to implement development projects. It goes without saying that these factors vary considerably from one country to another. It has been shown in practice that in a great many countries the foreign currency is not used to benefit the export sectors concerned but to achieve more general objectives with a higher priority.

44. Despite the undeniable economic advantages offered by the STABEX system, a number of criticisms are called for. Initial studies have shown that

---

<sup>1</sup> OJ No. C 15, p. 16

in practice the system does not always produce the desired result<sup>1</sup>.

Not all ACP States are able to take advantage of the STABEX system because a number of important export products are excluded or because a considerable percentage of ACP exports go to third countries. This means that those countries that have the most acute problems with their export earnings are not necessarily those that have profited most from STABEX; consequently the system does not achieve the maximum stabilizing effect. It has emerged that a limited number of ACP States have received considerable financial resources under STABEX although their foreign currency position could not be said to be particularly bad. In contrast, other countries have suffered from a very serious lack of foreign currency as a result of falling export earnings without being eligible for STABEX resources.

What is more serious, the STABEX system does not help to diversify the structures of production, rather it cements the existing structures and provides no stimulus for dynamic change. In the opinion of the Nigerian Ambassador to Brussels, Chief Peter Afolabi, STABEX has been largely responsible for the growth in the production of certain cash crops for export at the expense of the production of semi-finished and manufactured goods in the ACP States. He even maintained that the STABEX system was responsible for the decline in the production of foodstuffs for home consumption in many ACP countries<sup>2</sup>. This is a particularly serious accusation in view of the acute food situation in a number of ACP countries and the measures called for by the European Parliament to combat hunger.

45. In the renegotiation of the next Lomé Convention, the Commission will have to make a close study of these criticisms and submit appropriate suggestions for improvements, such as those contained in the study by the Overseas Development Institute referred to above. The first question to be asked is whether the STABEX system should be maintained or whether the

---

<sup>1</sup> Adrian P. Hewitt, Summary report on the overall impact of STABEX operations carried out in the ACP from 1975 to 1979, based on ten case studies, Overseas Development Institute, London, February 1982

<sup>2</sup> Diversification of cooperation between the ACP and the EEC, in: Le Courrier No. 74, July-August 1982, p. 30

legitimate interests of the ACP States would not be better served in a different way. There should also be a critical examination of the extent to which the original goals have in fact been achieved and the degree to which they have had undesired side effects. STABEX should also be subjected to an evaluation procedure involving a cost/benefit analysis; should the benefits prove to be inadequate, it might possibly be wiser to make use of the resources through other instruments under the EDF. If STABEX is maintained in a new ACP-Convention, it is absolutely essential for its application to be extended to the various levels of processing, which would automatically lead to basic industrialization. The fact that STABEX in its present form excludes processed goods runs counter to the basic principles of development policy, namely that raw materials should be processed locally.

## 2. SYSMIN

46. Title III of the Convention on mineral products is an important innovation the Second Lomé Convention. A number of ACP States, particularly those that are largely dependent on copper for their export earnings (Zaire, Zambia) were unable to benefit from the STABEX system under Lomé I, which was geared exclusively to agricultural products - with the exception of iron ore. As regards how the system operates, the Convention provides for the procedures contained in the title on financial and technical cooperation to be applied. SYSMIN has its own funds and applies its own earnings criteria. There is no question of its automatic application as in the case of STABEX. Each application for aid has to be approved on its merits, the objective being to maintain viable mining capacity in the ACP countries concerned. Aid is project-linked, i.e. unlike STABEX, compensation does not take the form of transfers but participation in financing of projects or programmes proposed by the ACP country concerned to restore its production potential and its exports to the Community. 280 million ECU has been allocated to the fund set up for this purpose. SYSMIN does not serve to support export earnings, its main task is to restore mining capacity hit by particular events. The present structure of SYSMIN thus amounts to a type of emergency aid.

47. SYSMIN was implemented for the first time during the period under review. The Commission received two applications - from Zaire and Zambia. Zaire, 80% of whose export earnings come from the sale of copper, has meanwhile been granted financing totalling 55 million ECU for its copper and cobalt industries. The aim of the project is to stabilize capacity and production costs. This is to be achieved by the following measures: replacement of obsolete production facilities, the introduction of new methods of production, long-term development and planning, the introduction of special safety measures and improvement of the training and the social conditions of the work force. After Zaire and Zambia, the next countries to submit applications under SYSMIN will probably be Ruanda and Guinea.

The Commission should examine applications for aid under Sysmin as quickly as possible since many ACP countries are relying on these financial resources to modernize their mining sectors as a matter of urgency. Now that the initial period has elapsed, there is an urgent need to create an effective mechanism for SYSMIN in close cooperation with the ACP States. This subject was also raised at the ACP-EEC meeting in Libreville when the ACP representatives reminded the Community of a number of statements it had made during the negotiations on SYSMIN (Annex XL II of the Final Act of the Convention; particularly assessment of the system and the incorporation of further products).

An instrument that works effectively in practice is vital to maintain or create viable mining capacity and develop mining potential, particularly since the mining sector can make an important contribution to the industrial and economic development of many ACP countries. Mining is particularly important for its multiplier effect on other economic sectors. Although under Lomé II approximately 15% of the resources have gone into the mining sector, the Commission should still do everything in its power to encourage European firms to invest in the mining sector in ACP States since further substantial resources are required for the necessary modernization programmes.

48. The announcement that the Community plans to participate in the 'Carajas' project in Brazil aroused a certain unease among the iron ore producing ACP States. It should be pointed out here that the EEC, as the largest trade bloc,



carries a heavy responsibility vis-à-vis other developing countries and it must also do its utmost to ensure that Europe has adequate supplies of raw materials. However, it should be made clear that any EEC participation in Brazil would not have the slightest adverse effect on the ACP countries within the framework of SYSMIN. Projects such as 'Carajas' in South America should not result in any delay in urgently needed financial aid for the ACP States.

### 3. SUGAR

49. The sugar protocol came into existence as a result of the entry of the United Kingdom into the common market. In Protocol No. 22 of the Act of Accession to the EEC the Community committed itself to purchasing and importing annually a total quantity of 1,321,500 tonnes of sugar at guaranteed prices from the ACP countries. In contrast to the Lomé Convention the sugar protocol is of unlimited duration; it has been open to revision since 1 April 1981 and may be revoked from 1982.

The application and interpretation of the sugar protocol has been the subject of repeated controversy between the ACP States and the EEC ever since the protocol came into existence; the 'sugar problem' has occupied the limelight at all the meetings of the Joint Committee and the ACP/EEC Council.

50. Addressing the European Parliament Committee on Development and Cooperation on 9 November 1981, Ambassador Jackmann, chairman of the Subcommittee on ACP Sugar, rightly pointed out that the sugar protocol does not constitute an agreement on aid but a trade agreement. Its nature as a trade agreement has been safeguarded ever since it came into force. The Community intervention agencies have never bought up ACP sugar as a market could always be found for it. Almost the entire quantity of ACP sugar has been sold to the British refiners, Tate & Lyle. When the agreement was signed in 1974, the Community was a net importer. At that time the ACP countries agreed to a price below the world market price because they were concerned to secure a reliable outlet for their produce.

The Community accepted this arrangement because it was interested in reasonably priced sugar imports. Since the sugar protocol was signed, the situation has changed completely because the Community has meanwhile become a sugar exporter itself, a situation detrimental to the ACP countries. A study<sup>1</sup> recently published by the Commission therefore rightly emphasises that sugar from ACP countries is meeting increasingly stiff competition from both EEC beet sugar and isoglucose on world and Community markets.

With the exception of the 1975/76 delivery period, the overall prices and the prices actually paid have remained above world market prices since the sugar protocol came into effect:

<u>Delivery period</u>	<u>World prices</u>	<u>Guaranteed prices</u>
1974/75	57.36	-
1975/76	27.39	25.53
1976/77	16.90	26.70
1977/78	13.06	27.25
1978/79	12.21	27.81
1979/80	-	28.23

The ACP countries have summed up the main difficulties which have arisen in the implementation of the sugar protocol as follows:

- no real price negotiations and in particular failure to take account of all relevant economic factors (Article 5 (4) of sugar protocol);
- an increase in the shipping costs borne by the ACP countries in addition to the rate of inflation, the effect of which has been to reduce the annual increase in the guaranteed price;

-----  
<sup>1</sup> Study on the common agricultural policy and the EEC's trade relations in the agricultural sector (effects on the developing countries), SEC (82) 1223, 14 July 1982, p. 56.

- the shortfalls by a number of ACP countries, attributed by the latter to force majeure, and the question of the reallocation of quotas;
- the definition of the rules governing force majeure as set out in Article 7;
- the accession of the new ACP States to the sugar protocol without any increase in the total quota;
- the substantial increase in sugar production in the Community.

51. The ACP States do regard the sugar protocol as a solid basis for their economic planning, production and export earnings. However they are dissatisfied with the way in which the sugar protocol has been applied to date. They take the view that, where sugar is concerned, the aims set out in the framework of STABEX have not been attained. They are calling for a fair guaranteed price calculated on the basis of all relevant economic factors. At the meeting of the ACP/EEC Council in Libreville, the Minister of Trade for Guyana, Mr Frank Hope, pointed out that since 1975/76 the prices for ACP exporters had risen by 26%, whereas in the same period EEC producers had enjoyed an increase of 32%; freight and refining costs had increased by 60% and 250% respectively. In July 1982 it was claimed by official ACP sources that the effective value of the guaranteed prices for ACP sugar had fallen steadily over the previous 6 years. Despite a 26% increase in the guaranteed price during this period, the cost factor had risen in the same period by 150%. Compared with 1981 costs had risen by 16.9%.

For all these reasons fundamental improvements have to be made to the consultation procedure. Genuine consultations must take place during which attention must be paid to all relevant economic factors. The Community's previous practice of unilaterally altering the price structures and the intervention price and submitting its conclusions to the ACP States as a final offer is no longer acceptable. Furthermore, the interpretation of the concept of 'force majeure' should be solved once and for all in mutual understanding and trust. In the event of the sugar protocol being revised, a number of its provisions should be worded more clearly in order

to avoid interpretation difficulties in the future. The Community must do everything in its power to understand the rightful concerns of the ACP sugar exporters, particularly inasmuch as the ACP are not seeking any change to the sugar protocol but are merely insisting on its correct application both in spirit and letter.

52. For years the ACP countries have levelled the criticism at the Community that, despite the existing sugar surplus on the world market, it has done nothing or only very little to reduce sugar beet production in the Community. The concerns expressed by the ACP are not unwarranted since in the period 1968/69 to 1978/80 the area of farmland supporting sugar beet in the Community rose by 25.7% and sugar production by as much as 50%, from 8.1 to 12.2 million tonnes<sup>1</sup>. During the same period sugar consumption in the Community rose by only 5.3% as a result of which the sugar surplus increased from one year to the next. The Community adopted three sugar regulations but no fall in production occurred. The surpluses produced were disposed of on the world market with the aid of subsidies. It is self-evident that these exports tend to depress prices and adversely affect the earnings of the sugar-exporting developing countries. A reduction of Community sugar production can be justified not only for political but also for financial reasons. Although sugar beet production accounts for only 2.7% of total Community agricultural production, between 1977 and 1979 some 10% to 20% of refund expenditure went to this sector.

In addition to the problem of sugar beet production, there is also that of syrups with a high fructose content (isoglucose)<sup>2</sup>. The output of isoglucose, which is produced from maize corn, wheat or potatoes, rose from 82,593 tonnes in 1976/1977 to 164,217 tonnes in 1977/1980 (100 kg of isoglucose are equivalent to roughly 71 kg of refined sugar). The latest Community sugar regulation, which came into effect on 30 June 1981, also covers isoglucose; the quota amounts to 198,085 tonnes.

---

<sup>1</sup> See Jean Terlinden, EEC sugar policy 1981-1986, European Information Office SPRL, Brussels - September 1981, page 34/35.

<sup>2</sup> See sugar/isoglucose competition, Jean Terlinden, op. cit., page 162 et seq.

53. The decisive question which the Community must answer is therefore whether, given the competition from beet sugar and isoglucose, ACP cane sugar is still viable on the world market, characterized as it is by surplus production and, secondly, whether the sugar protocol was introduced as a means of supplying the Community or is intended as an instrument of development aid. In order to answer these questions, it is necessary to realise the economic importance of sugar cane production for a number of ACP countries. For example in 1978 cane sugar accounted for 65.4% of the total exports of Mauritius; the relevant figures for a number of other cane-sugar exporting countries are: Fiji 51.4%, Swaziland (1977) 37.2%, Guyana 35.1% and Barbados 18%.

Because of reasons connected with climate and soil, cane sugar is in many cases the only agricultural product which plays a decisive role in agricultural exports. However, in most developing countries sugar production is a European inheritance dating from the earliest colonial times. In many of their erstwhile colonies sugar production was a very profitable activity for Europeans because of the cheap labour available and the appropriate climatic conditions. Sugar production became so important that basic food crops, which today have to be bought from abroad with precious foreign exchange, were neglected. All these factors have contributed to the trend towards single-crop farming, which exacerbates the economic dependence of some ACP countries on the world market. The ACP are very concerned at this situation because their sugar sales are in many cases their only genuine source of finance and therefore determine the size of the gross domestic product. Moreover, in the sugar-producing ACP countries the production of alternative crops is scarcely feasible or would take years to develop. Diversification, necessary as it is, can only supplement but not replace sugar production in the ACP countries.

54. In view of the importance of sugar production in many ACP countries, the increase in sugar beet production in the Community and the surplus situation on the world market, a greater responsibility lies with the Member States and the Community in the framework of the sugar protocol<sup>1</sup>. As Mr Jamal, Minister of Economic Affairs of Tanzania, said at the opening session

---

<sup>1</sup> The European Parliament Committee on Development is at present drawing up an extensive report on this matter and we can but hope that it will arrive at some practical solutions. (Sablé report on the medium and long-term problems of the Community's sugar policy in relation to the ACP/EEC sugar protocol, PE 80.196).

of the Joint Committee in Arusha on 25 February 1980, the Community sugar policy is a test case for the ACP as it will show whether the EEC will also accept an international division of labour in the sphere of the agricultural policy.

First and foremost the Community must ensure that genuine joint negotiations take place on the fixing of the annual guaranteed prices and that in these negotiations account is taken of all relevant economic factors. In view of the many recurring difficulties which have arisen in connection with the implementation of the sugar protocol, the partners must finally arrive at a joint interpretation of the protocol. Failing this, a joint body must be set up to work out a precise interpretation of the sugar protocol and lay down instructions. The Community must urgently undertake a revision of its own sugar policy and accede to the International Sugar Agreement in order to play its part in remedying the situation of surplus on the world market and the connected unstable price situation. Above all, however, it must recognize the responsibility incumbent on it by virtue of the sugar protocol to make an active contribution to the improvement of the economic situation of many ACP countries.

---

<sup>1</sup> Minutes of the meeting of the Joint Committee in Arusha (25 to 28 February 1980), 2 June 1980, CA/CP/145, p. 4.

### III. INDUSTRIAL COOPERATION

55. Industrial cooperation is a matter of vital importance to the ACP countries. The first Lomé Convention therefore contained provisions designed to guarantee the ACP countries an increasing share in industrial production and international trade in manufactured goods. Although a number of interesting projects were undertaken the results of Lomé I were unsatisfactory. There were many factors to blame for this situation including chiefly, poor planning and coordination of the various intervention measures<sup>1</sup>.

56. Lomé II contains a number of innovations and improvements suggesting that the partners are aware of the importance of industrial cooperation. The chapter encompasses the energy sector and contains a comprehensive list of industrialization measures. The field of application has been extended and the aims have been more clearly defined. Of the projects listed those relating to training, information, industrial development, technological cooperation, cooperation on the processing of raw materials and the development of small- and medium-sized industrial concerns are of particular importance.

The role of the Centre for Industrial Development, which had already been set up under Lomé I to arrange or improve contacts between businesses in the Community and in the ACP countries, has been extended and more clearly defined. The resources at its disposal were increased (25 million UA) so as to make it a practical and operational instrument which can be used to help promote viable industrial projects serving the needs of the ACP.

In the resolution contained in the report by Ambassador Insanally on the 5th Annual report of the ACP-EEC Council of Ministers adopted by the Consultative Assembly in Luxembourg on 30 September 1981<sup>2</sup>, the Joint Committee was called on to set up a working party to investigate the results of the

---

<sup>1</sup> See Katharina Focke, from Lomé I to Lomé II, text of the report and of the resolution adopted by the ACP-EEC Consultative Assembly on 26 September 1980, OJ No. C 306 24 November 1980, pages 17 et seq.

<sup>2</sup> OJ No. C 15, page 17

chapter on industrial cooperation (Lomé I) and make prognoses for Lomé II. This working party began its work during the meeting of the Joint Committee in Zimbabwe and a preliminary draft containing an account of the first series of investigations already exists<sup>1</sup>.

As the working party has not put forward any specific proposals so far in spite of the fact that the question of industrialization is of crucial importance for the ACP States, your rapporteur considers it necessary to deal with this problem in his report. However, he would like to stress that he has no wish to anticipate the conclusions of the working party and its rapporteur.

#### 1. Unsatisfactory results of industrial cooperation under Lomé II

57. Unfortunately industrial cooperation between the ACP countries and the EEC has to date yielded no appreciable results. Two figures illustrate this fact: 95% of ACP exports to the Community still consist of raw materials; Africa's share in world industrial production is barely more than 1%. There are many reasons for this. First and foremost, the fact that the Community itself still has no common industrial policy has had a negative effect. How is a coherent industrial policy for a treaty partner to be devised and implemented if we ourselves are unable to devise such a policy. In some fields, the provisions of the present convention are very vague (transfers of technology, processing of raw materials in their country of origin, promotion of joint ventures with EEC concerns). Activities which have taken place to date in the field of industrial cooperation have been too concerned with the establishment of European undertakings in the ACP countries, the opening up of the ACP markets and the promotion of exports of raw materials. As a result, a balanced industrialization policy tailored to the needs of the ACP countries has not got off the ground.

58. The resources at the disposal of the Centre for Industrial Development have proved totally inadequate for creating or strengthening industrial structures in the ACP countries. As much as 50% of resources are swallowed up by salaries and administrative costs and, other than work in the information field there is little that can be accomplished with the remainder. The Centre is moreover hardly in a position to operate since there is no cooperation on a practical level between it and the European Investment Bank or the Commission. Furthermore it has no access to the investment funds. When investors are found either in Europe or Africa, then projects generally collapse for lack of finance. It has now become evident that additional financial resources are urgently needed for industrial cooperation if this part of the Convention is to have any meaning. There can moreover be no justification for criticising the work of the Centre to date since it does not have the financial resources which it needs in order to accomplish the goals laid down in the Convention.

---

<sup>1</sup> Fuchs report for the ad hoc Working Party on Industrial Cooperation on industrial cooperation between the ACP countries and the EEC, CA/CP/299



The Commission has been criticised for doing too much in recent years to improve the infrastructures (transport and communications) in the ACP countries. This criticism is unwarranted because an efficient infrastructure is an absolute prerequisite for industrialization. On the other hand it is by no means certain that the projects undertaken have been the right ones. Today most ACP countries have mills and sugar or oil refineries although the majority of them produce neither wheat nor sugar, have no oil deposits and do not even have the financial resources to purchase these products abroad and process them at home. During the same period, imports of maize, rice, potatoes and meat have risen steeply, domestic agriculture being unable to produce these commodities in sufficient quantity. One wonders therefore whether in some cases these countries have tended to jump the gun. It is illusory to try and build up industrial concerns without infrastructures in the fields of technology and marketing and without a dynamic agricultural sector. In the industrial sector the Commission has admittedly planned and executed a number of successful projects but in one respect it has failed. It has failed, in collaboration with the European Investment Bank, to draw up dynamic action programmes to establish in the ACP countries industries which are no longer profitable in the Community.

Numerous projects have come to grief because many ACP countries do not have an efficient industrial policy. The ACP countries have also encountered and are still encountering difficulties in devising industrial projects even when they do constitute viable propositions. A further disadvantage lies in the fact that, as shown by the annual report of the Council of Ministers, most existing industries in the ACP countries are only working at 50% of their full capacity. Although compared with Lomé I, Lomé II contains a number of innovations intended to encourage the private investments urgently needed for industrialization, these innovations are subject to so many conditions that the amount of private capital invested in the industrial projects of ACP countries has to date been inadequate.

## 2. Proposals for the improvement of industrial cooperation

59. The industrialization of the ACP countries is a difficult undertaking, difficult because it involves propelling largely rural societies, within a period which compared with their past history is very short, towards a level of industrialization where they can and must compete with other already industrialized countries on the world market. The industrialization of the

ACP countries will therefore require a great deal of discretion because the process would come to grief if the measures to be taken were to have the effect of destroying centuries' old traditions in the space of a few years. There have been a number of examples of this in recent times.

60. If the industrialization of the ACP countries is to be taken further then intense efforts will have to be made in many fields:

- where they do not yet exist, infrastructures must be coordinated with industrial projects when the latter are carried out,
- the powers of the CID must be extended and its financial resources considerably increased. A joint declaration attached to the Convention (Appendix X of the Final Act) recognizes the need to raise additional financial resources where necessary in order to have sufficient capital for industrial development. A group of experts drew up a study, the ACP-EEC Council considered it on 9/10 April 1981 and in November 1981 the Commission sent a communication on this subject to the ACP countries. Many institutions are looking into this matter, it is being examined and analysed, but the finance so urgently needed is still not available. The resources allocated to the CID should be classed separately from the money set aside for regional cooperation because the different problems involved warrant a specific allocation. If the tasks assigned to the Centre are to be carried out successfully then cooperation with the European Investment Bank, the Commission, the relevant organizations in the Community and the social partners will have to be substantially improved;
- the enormous financial resources required by industrialization cannot be covered by the European Development Fund and the European Investment Bank alone. Further resources will have to be raised by means of co-financing agreements (Articles 96-100) especially with the Arab countries and by means of private investment. However, private capital will only be invested in the ACP countries if those responsible provide the appropriate conditions;
- where they do not exist, the basic principles of an industrial policy in the ACP countries must be established and with the aid of the Commission, greater attention than before must be paid to drawing up feasible industrial projects. The industrialization policy must aim at reducing dependence on imports (energy, foodstuffs, simple machinery and appliances) and at creating as many jobs as possible. Since the problem of the industrialization

of the ACP States varies in aspect from one country to another, the policy must be extremely flexible;

- when taking measures to restructure its own industries, the Community must take account of the rightful interests of the ACP countries. In view of the very radical changes involved in this connection medium- and long-term aims must be established which, if they are to be attained, can only be defined in conjunction with the social partners. When building up their own industries, the ACP countries must not let themselves be guided by the interests of the Community;
- greater support than hitherto must be provided for the promotion of small- and medium-sized concerns (Article 69), in particular through the European Investment Bank, because, provided it forms part of any overall development plan, the economic development of the ACP countries can be fundamentally boosted by giving priority to support for this type of undertaking. The agricultural, fisheries and manufacturing sectors in particular offer propitious conditions for the development of small- and medium-sized industrial, commercial and service undertakings. In view of the important place which small- and medium-sized undertakings hold in the economies of the ACP, their financial risks should be limited with the aid of guarantees. Further measures are also needed to safeguard or increase their competitiveness;
- it goes without saying that major efforts still have to be made to raise the standard of professional qualifications in the ACP countries to a level which meets the requirements of industrial development and the specific needs of small- and medium-sized undertakings. Measures specifically tailored to the needs of the ACP are needed particularly as regards the training of senior executive and middle management staff, technicians and skilled workers. They should be trained in the country or, if possible, the region concerned. Professional training should be conducted in close cooperation with local basic organizations at all levels of industrial cooperation;
- more intensive regional cooperation between the ACP countries is urgently needed if industrial cooperation is to be successful. This is particularly true in the case of Africa, where manpower and raw material and energy resources are very scattered. Furthermore, the purchasing power of the various individual markets is excessively low:

- the inclusion of products of the first manufacturing stage or of industrial products in the STABEX system could contribute much to basic industrialization. The marketing of many products would be made easier if the Community were to commit itself to purchasing some of the output of new industrial products;
- special conditions should be established for the development of a raw material industry linked to agricultural development, in which connection greater attention than before must be paid to the role of women in the process of development<sup>1</sup>;
- in developing the industrial potential of the ACP countries every effort must be made to conserve social and cultural traditions and achievements<sup>2</sup>. For this reason it is endogenous development potential in particular which must be exploited, while the process of industrialization must dovetail more tightly with agricultural development and the expansion of domestic industries promoted on the basis of small- and medium-sized concerns;
- information activities must be expanded and administrative procedures simplified;
- a condition for successful industrial cooperation is that the Community pays attention to the long-term continuation of financial and technical support for certain projects;
- technological transfers (Article 71) are a key problem in the mind of the ACP countries which must also encompass the secondment of experts and the development of the education system. This does not mean a transfer to the ACP countries of Community know-how, which has tended to yield negative results in the past but the creation of adapted or intermediary technologies which, whilst being predominantly labour-intensive, are compatible with the environment and suited to production conditions in the ACP countries, technical know-how and the creativity of the population. Furthermore emphasis must be laid on the 'simple technologies' since high oil prices have made energy-intensive technologies uneconomic. Recent technological developments will moreover help reduce unemployment and will make a major contribution to the strategy of helping these countries to help themselves. Technological measures taken under the Community's ACP

---

<sup>1</sup> See Raymond CHASLE, report on the implementation of the resolution of the Consultative Assembly on cultural cooperation between the ACP States and the EEC, CA/CP/301

<sup>2</sup> See Raymond CHASLE, Cultural cooperation between the ACP States and the EEC, Doc. AKP-EWG/27/81; resolution adopted by the Consultative Assembly on 30.9.1981, OJ No. C 15, p 22 etc.

development policy must give prior consideration to the following tasks: satisfaction of the population's most basic needs, exploitation of natural resources, development of technological infrastructure in the ACP countries. Technologies should grow up out of development aid. Technologies existing in Europe must be exploited for the purposes of practical development aid because the dissemination of appropriate labour-intensive technologies is the decisive factor for ensuring that development in the ACP countries involves all levels of the population, particularly in the industrial and agricultural fields;

- owing to the multiplicity of industrial cooperation instruments (Committee on Industrial Cooperation, Centre for Industrial Development, EDF, EIB) there were many instances in the past of poor coordination because none of the bodies concerned had a general view of the activities of the others. It would therefore be appropriate to entrust all intervention measures to the Committee on Industrial Cooperation; an accurate assessment and appraisal of the measures should be made following the submission of the annual CID report;
- if the goals set by the UNIDO conference in Lima, i.e. that by the year 2000 the developing countries should account for 25% of world industrial production, then enormous efforts will still have to be made in the framework of ACP-EEC industrial cooperation.

### 5. Cooperation in the energy field

61. An adequate supply of energy is an unconditional requirement for the industrialization of the ACP countries. Article 76 of the chapter on industrial cooperation therefore rightly provides for comprehensive cooperation in the energy field.

Given the high cost of oil and shortage of foreign currency in the majority of ACP countries (the ACP countries are up to 80% dependent on imports for their oil supplies) research into alternative and, above all, inexpensive sources of energy is of fundamental importance for their economic and social development. The overall report by the Council of Ministers is therefore more than disappointing in that it does not give due consideration to energy problems. It merely states that in the past year the European Investment Bank has financed eight schemes related to energy projects, which is certainly a positive result. However it says nothing about the drafting or establishment of joint guidelines for the energy sector. Nothing is said about how the comprehensive provisions of the Convention, particularly Articles 57, 58, 59 and 76, can be used in order to exploit the energy potential of the ACP countries. Nor is any mention made of the Nairobi energy conference despite the very significant proposals submitted at that conference.

62. It is high time that an inventory was made of the energy requirements and energy potential of each ACP country. Only when such an inventory has been drawn up will it be possible to apply the available instruments properly and take appropriate measures. Importance must be attached to the exploitation of indigenous energy resources, the promotion of more rational energy use, the analysis and development of renewable energy sources (solar energy, wind power, geothermal energy, hydroelectricity and energy from the biomass) and the training of the necessary personnel. A detailed and systematic approach is particularly necessary in the energy field. The measures taken in the energy field must be extremely practical and lend themselves to immediate implementation. Small- and medium-scale projects related to economic and social initiatives in rural areas should be given priority. The Community should give priority to all surveys and research work relating to energy and the developing countries.

The rapporteur will not go any further into this matter, the Joint Committee having drawn up and adopted a comprehensive report on problems in the energy field<sup>1</sup> at its meeting in Zimbabwe (1 to 4 February 1982).

#### IV. THE FUNDAMENTAL IMPORTANCE OF TRAINING

63. The standard of training is important in all fields covered by the Convention. Unless training is fundamentally improved and financial resources are increased, it will hardly be possible to make any substantial progress in the fields of industrialization, trade, agriculture or any other sectors important for development. Yet the general report of the Council of Ministers remains silent on this matter. Training is covered by the section of Lomé Convention II covering financial and technical cooperation (Title VII, in particular Article 141). Your rapporteur considers this matter to be so important that the successor to Lomé II should contain a separate title on training. Under Lomé I and II important measures were admittedly taken to improve training in the ACP countries but they were not commensurate with the size of this task.

64. Education and training are basic human rights and needs. If, as it should, training is to take place predominantly within the ACP countries themselves, the existing lack of appropriate institutions for training and further training will have to be remedied<sup>2</sup>. Many of the problems of the developing countries can be attributed to the fact that for a long time the practice was to try and transfer knowledge to the ACP countries from Europe. Although the problems of this process are well known, young scientists from the ACP countries continue to be educated at universities within the EEC, where instruction and research is conducted in totally different circumstances and aimed at different target groups. If it is to be successful, the training and, indeed, the further training of instructors, must be geared to the target groups of the ACP countries. However this presupposes the existence of development strategies involving an education policy which both complies with the needs of the region concerned and makes provisions for the future. Have any such strategies been developed under Lomé I and II?

---

<sup>1</sup> SIDDIG report on ACP-EEC cooperation in the energy field, Doc. ACP-EEC/34/82

<sup>2</sup> See Resolution attached to report by R. CHASLE on cultural cooperation between the ACP and the European Community. OJ No. C 15, page 24/25

65. The developing countries in general and the ACP countries in particular are faced with a serious problem in the form of a brain drain. One of the main reasons for this situation is the fact that, owing to the lack of infrastructures, the necessary training cannot be provided within the developing countries themselves. It is estimated that between 1970 and 1980 roughly 300,000 people left or did not return to their countries of origin in Africa, Asia and Latin America after completing their studies: about 70% of Africans who study abroad do not return to their homeland. This brain drain is very detrimental to the economies of the ACP countries. In the context of the training programme thought must therefore be given to ways of encouraging these scientists to remain in their own countries. Furthermore in the past the training of people in simple skills e.g. in agriculture or craft industries, has been neglected. There is therefore an urgent need to provide as much dynamic support for the training of the masses as for the training of workers. These are aspects of major importance which must be explicitly included in the new convention.

#### V. COOPERATION IN THE AGRICULTURAL FIELD

66. Lomé II is the first agreement between the EEC and the ACP countries which contains a chapter (Title VI) devoted specifically to agricultural cooperation. However, the Convention also contains other provisions serving the purposes of rural development such as a number of articles of the STABEX system or chapter 12 of Title VII (financial and technical cooperation).

Agricultural and rural development is an absolute necessity and prerequisite for progress in the scientific field because all endeavours are condemned to failure as long as people are hungry. Although 42% of the resources of the EDF were expended on the development of rural areas, in many ACP countries, particularly in Africa, the food situation has deteriorated dramatically. Despite rising population figures, food production in the sub-Saharan region rose between 1970 and 1978 by only 1.5% compared with an annual increase of 2% between 1960 and 1970. During this period imports of wheat (81 million dollars -1970), 473 million dollars -1980) and milk products (109 million dollars -1970 and 457 million dollars -1980) rose steeply. All the instruments of the Convention must therefore urgently be brought into play in this field under optimum conditions.



67. Both the Committee on Development of the European Parliament and the Joint Committee of the ACP-EEC Consultative Assembly have for some time been devoting their attention to the improvement of the food situation in the developing countries and the ACP countries respectively. The European Parliament produced a comprehensive report identifying the weaknesses of measures taken hitherto and making precise recommendations as to what instruments should be used in what field in order to combat hunger<sup>1</sup>. This year the European Parliament adopted a further follow-up resolution following the debate on hunger in the world<sup>2</sup>.

A detailed document on the combatting of hunger was also drawn up in the context of ACP-EEC cooperation<sup>3</sup>. The basis for this report and for the activities of the working party set up for this purpose was the declaration adopted by the Joint Committee in Luxembourg on 24 September 1980<sup>4</sup>. The Kassé-Ferrero resolution of September 1981 came as an endorsement of that declaration<sup>5</sup>. At the meeting of the Joint Committee held in Zimbabwe in February 1982 the resolution attached to the Ferrero report was adopted.

---

<sup>1</sup>Ferrero report on the European Community contribution to the campaign against hunger in the world Resolution adopted on 18 September 1980 (OJ No C 265 of 13 October 1980) -Doc.1-341/80);

<sup>2</sup>Michel report on measures following the European Parliament debate on world hunger, Doc. 1-281/82+Corr.: Resolution adopted on 17 June 1980 (OJ No. C 182 of 19 July 1982)

<sup>3</sup>Ferrero report on the fight against hunger, Doc. ACP-EEC/35/82

<sup>4</sup>Notice to Members of 24 September 1980, CA/CP/170; minutes of the meeting of 22-24 September 1980, CA/CP/173, page 38

<sup>5</sup>OJ No. C 15 of 20 January 1982, page 30/31

68. Since that resolution covers all major aspects of the problem of improving the food situation in the ACP countries, your rapporteur feels it would be superfluous to go into any further detail here. One can but hope that the competent EEC and ACP bodies will do everything in their power to implement the demands set out in the resolution as rapidly as possible. The setting up of the 'Technical Centre for Agricultural and Rural Cooperation' provided for in Article 88 of the Convention is a particularly urgent matter. The report by the ACP-EEC Council of Ministers does admittedly deal in detail with the work carried out in preparation for the setting up of the centre. However the fact remains that, despite the deteriorating food situation, the centre has still not come into operation.

## VI. FINANCIAL AND TECHNICAL COOPERATION

69. Title VII of the Lomé Convention concerning financial and technical cooperation is of great importance. It is important because all fields of policy under the Lomé Convention - trade, industrialization, regional policy, energy, agricultural development (with the exception of STABEX) - will depend for their implementation on the provisions relating to financial and technical cooperation. It is here that the importance of the procedures and methods used in putting financial and technical cooperation into effect becomes evident.

Article 91 states: 'The objective of financial and technical cooperation shall be to promote the economic and social development of the ACP States on the basis of the priorities laid down by those States and in the mutual interest of the parties'. It therefore follows that the economic and social development of the ACP states must be one of the priority aims of financial and technical cooperation.

### 1. Planning and implementation of projects

70. Even if the aim of financial and technical cooperation is clearly stated in the Convention, the question still arises as to how this goal can be achieved rationally in practice. The ACP states take the view that in the past such cooperation did not operate as well as it might have done and moreover that it did not always comply with the provisions and aims of the Convention.

Lomé I can be quoted as an example. That convention entered into force on 1 April 1976 and expired on 29 February 1980. According to Commission statistics for 1980, 90% of the resources of 4th EDF had been allocated by 31 December 1980 and more than 53% of payments had been effected. The ACP considered these figures to be too general because they included transfer payments made under STABEX, emergency aid and interest subsidies. If these three factors were excluded, the figure for commitments would stand at 87% and the figure for effective payments at 37%.

Although the Commission regards the gap between commitments and payments as normal it must be said that the fact that nine months after the expiry of Lomé I only 87% of programmed aid had been allocated and only 37% paid out was extremely disturbing to the ACP countries.

71. The new convention has applied the principle of partnership more intensively. The involvement of the ACP states at all levels, from the programming of aid to the drawing up and execution of projects, has been stepped up and the different goals formulated more clearly. The governments of the ACP countries establish the priorities for those fields in which financial aid from the Community is to be used. The ACP countries have however voiced certain criticisms. In particular, Ambassador Okelo, chairman of the ACP sub-committee on financial and technical cooperation, has referred to considerable delays and cumbersome procedures in the implementation of financial and technical aid<sup>1</sup>. The report of the ACP-EEC Council of Ministers moreover stresses that the ACP countries are anxious to see procedures speeded up and simplified.

The blame for delays should not be laid solely at the Commission's door. As far back as 1980, Mrs Focke stressed in her report that the long 'pipeline' between the receipt of applications and implementation was a typical characteristic not only of the Lomé Convention but of all development organizations and likewise of the administrative bodies of the recipient countries<sup>2</sup>. One reason for such delays is that it is often difficult to find appropriate

---

<sup>1</sup> Francis G. Okelo, Financial and technical cooperation, The ACP viewpoint in: The Courier, No. 74, July-August 1982, page 32 et seq.

<sup>2</sup> Katharina Focke, from Lomé I to Lomé II, op. cit., page 61

projects and put them into a feasible form together with the competent ACP authorities. Nonetheless the Commission must make every effort to improve and, where possible speed up the system used for the selection of projects whilst ensuring that the quality of projects does not suffer. If the phase from drawing up to implementing the programme is to be completed more rapidly and more efficiently, then all partners must consult each other on priorities from the outset and devote special attention to the implementation stage after the financing decision has been taken, i.e. when the funds have been committed. In the context of technical cooperation care must be taken to ensure that the costs of advisers and assistants do not exceed a certain level, a point expressly made by the ACP. The ACP have pointed out further that considerable time has been lost in consultations held within the Committee on the European Development Fund. This matter should be looked into in greater detail because delays in many projects, e.g. in the agricultural field, could have serious consequences.

72. In view of the well-known difficulties which have arisen in financial and technical cooperation, procedures must be improved on both sides if such cooperation is to become more effective and comply more strictly with requirements, the selection of projects which particularly merit promotion must be speeded up and payment deadlines must be considerably shortened.

Past experience and greater efficiency would warrant the following measures:

- to be eligible for finance projects should correspond to actual requirements; In cases where an ACP country already has an appropriate development strategy in which projects and programmes can be incorporated, the Community must do its best to ensure the coordination, quality and stability of aid.
- advisers and experts for the various projects must be carefully selected and must be prepared technically, sociologically and culturally for the particular characteristics of the project and the conditions in the country concerned;
- as already mentioned elsewhere, technologies must be geared to the requirements and capacities of the recipient countries;
- measures must be taken to ensure that, once begun, projects are supervised and sustained and receive the backing of experts from outset to finish.

In short, your rapporteur would stress that the practical results of the Convention - regardless of the financial resources available - will depend largely on how carefully the Community and the ACP countries select and assess projects, relate projects to the necessary infrastructures and select and train the staff required to put projects into effect.

73. So far the provisions of the ACP-EEC Convention relating to financial and technical cooperation have failed to provide a satisfactory solution for all the problems of the ACP countries. With the exception of a number of payments made under the STABEX system, Lomé II for example has done only little to help solve the balance of payments difficulties of the ACP countries. The necessary support measures remain largely the province of the international organizations such as the IMF or the World Bank. However, these institutions are bound by certain provisions and restrictions which do not always correspond to the interests of the ACP countries. The question therefore arises as to whether greater attention should not be devoted to these aspects in the Lomé Convention; the appropriate institutions should consider how this could be done as soon as possible, more particularly in connection with the drawing up of the successor to Lomé II. One possibility would be to allocate, subject to certain conditions, a part of the financial resources of the European Development Fund to the support of balances of payments since the success of projects sponsored in the long term under the European Development Fund depends not only on the manner of implementation or the type of development strategies pursued but also on the overall economic situation of the recipient country.

## 2. 'Article 108' committee

74. The fact that the ACP-EEC committee set up under Article 108, paragraph 6, of the Convention to determine measures to improve the implementation of financial and technical cooperation has now become operative is a very welcome development. Decision No. 7/81 taken by the ACP-EEC Council of Ministers in Luxembourg on 10 April 1981 sets out the rules of procedure for the committee. On 19 June 1981, the ACP-EEC Committee of Ambassadors acting on the instructions of the Council of Ministers, adopted Decision No. 14/81 appointing the members of this committee at ministerial level.

75. The 'Article 108' committee met for the first time on the occasion of the meeting held by the ACP-EEC Council of Ministers in Libreville on 13 May 1982. There were certain differences of opinion within the committee

with regard to the agricultural price policy, local involvement in development programmes and possible negative effects of major development projects. The 22 members of the committee (11 ACP, 10 EEC, 1 Commission Member) drew up a 15-point comprehensive resolution which was adopted by the ACP-EEC Council of Ministers<sup>1</sup>. This resolution opens up further fields for financial and technical cooperation and calls in general terms for the dismantling of bureaucratic and cumbersome procedures in order to speed up the flow of resources for projects already in progress.

One can but hope that the political weight of this committee will provide new and, above all, effective impetus for financial and technical cooperation.

### 3. Regional cooperation

76. Under Lomé II greater importance was attached to regional and inter-regional cooperation. Aims and methods were redefined and financial resources increased.

In the context of regional or inter-regional programmes the Community and the ACP countries concerned will have to draw up a greater number of integrated development projects combining measures provided for in different chapters of the convention. For example measures to promote marketing can be combined with projects to set up agricultural industries undertaken in the context of agricultural cooperation. Combinations of this type, likewise in other fields, could help promote the economic and commercial development of certain regions. The resources available should be released as soon as possible in their entirety and moreover should be allocated to priorities to be determined by the ACP country. Regional infrastructure projects are of particular importance in this respect.

77. There is one aspect, hitherto somewhat ignored, which should be given greater attention in the future: the promotion of regional institutions and organizations for science and technology in the ACP countries<sup>2</sup>. This observation is based on the realization that in the increasingly difficult

---

<sup>1</sup> ACP/EEC 2202/1/82  
ACP/8132/1/82

<sup>2</sup> See Rabbethge report on the establishment of a programme of research and development in the field of science and technology for developments 1982-1985, Doc. 1-202/82, resolution adopted on 17 June 1982, OJ No. C 182 of 19 July 1982, page 83 et seq.

economic circumstances in many ACP countries the national scientific and technical institutions, many of which are suffering from a lack of specialists and financial resources can increase their effectiveness through cooperation with other institutions. At the same time, cooperation of this sort facilitates the attainment of goals agreed under the Lagos action plan<sup>1</sup>. The latter calls for the improvement of scientific and technological capacities in the African states, the raising of the general standards of living in Africa and the reduction of dependence on industrialized countries. This resolution by the African states is therefore of great importance because it is the first time that a statement by the developing countries of one continent assigns an important role to the promotion of science and technology. Such initiatives should be generally encouraged in the context of regional cooperation under the ACP-EEC agreement.

78. The efforts of the Southern African Development Coordination Conference (SADCC) could be summed up with the words: regional cooperation in place of economic dependence. The economic implications of the apartheid policy have for years occupied an important place in the discussions of ACP-EEC bodies. The members of the SADCC wish to increase their cooperation as a method of reducing their economic dependence on South Africa and thus improve their position to exert pressure on the apartheid system. Since a number of ACP states (Zambia, Tanzania, Botswana, Swaziland) or states which may well join the ACP-EEC Convention in the near future (Angola, Mozambique) also belong to the SADCC it would, in view of the policy conducted hitherto under the Lomé Convention - active economic aid for the frontline states in southern Africa - be only logical to lend the greatest possible support to such a regional alliance.

## VII. INSTITUTIONAL PROBLEMS

### 1. Role of the ACP-EEC Consultative Assembly and Joint Committee

79. Article 175 defines the composition, method of operation and powers of the Consultative Assembly.

Paragraph 5 stipulates that 'the proceedings of the Consultative Assembly shall be prepared by a Joint Committee'.

---

<sup>1</sup>The Lagos plan containing a list of related measures was adopted at the conference of Heads of State and government in April 1980.

The continuous improvement in the work of the Joint Committee (an improvement which is the direct result of the setting up of working parties to study specific aspects and reach a consensus on proposals for action) has given rise to a new situation: the Joint Committee no longer prepares the proceedings for the Consultative Assembly but virtually conducts them. As a result the role of the Assembly has been reduced. Debates frequently amount to no more than a simple repetition of those held with the Joint Committee.

One might wonder whether the annual sessions of the Consultative Assembly therefore serve any further purpose.

For the future convention the following arrangement might be considered:

- maintenance of a parliamentary institution
  - = composed of a representative of each ACP state and an equivalent number of Members of the European Parliament;
  - = meeting at least twice a year;
  - = endowed with the powers of the present Consultative Assembly;
  - = and whose proceedings would generally speaking be prepared by joint working parties set up within it.

79(a) The ACP-EEC Consultative Assembly should be given greater information facilities in order to strengthen its role, as it should act more as a forum for voicing the concerns of the nations which have acceded to the convention.

A continuous flow of information is one of the prerequisites for effective work by the Consultative Assembly and its Joint Committee. The 'ACP-EEC Courier', which is of good quality and useful, plays an important role in providing specialized information relating to the Lomé Convention, the concerns of the signatory countries and international development problems in general.

The substantial amount of space reserved in the 'Courier' for the activities of the Consultative Assembly and its Joint Committee reflects a desire to increase still further the democratic aspect of the Convention.

Furthermore, at each of the meetings of the Consultative Assembly and its Joint Committee the EEC Commission has voluntarily agreed to what has become known as 'Question Time', thus enabling all the representatives to ask questions on matters of concern to them.



Consequently, we may wish to supplement this laudable practice by introducing written questions to the ACP-EEC Council of Ministers, a procedure which was provided for in our Rules of Procedure, but on which the Council has still not taken a clear decision.

Finally, arrangements must be made to ensure that the resolutions adopted by our Assembly are followed up instead of - as in the case of the annual report of the ACP-EEC Council of Ministers - simply recording the proceedings of our meetings without giving specific information on what becomes of our resolutions.

## 2. Organization of working parties

The Joint Committee has already acquired considerable experience of working parties. At present three working parties (Hunger, Education, Industry) are in operation. A fourth report on the fisheries is being drawn up on a joint basis involving two co-rapporteurs and two correspondents particularly well acquainted with the problems involved.

In the institutional framework described above, the importance and the role of the working parties would be strengthened. For this reason certain rules should be defined concerning the setting up and operation of these working parties. These rules should concern:

- the choice between permanent or ad hoc working parties;
- the maximum number of working parties which could operate at once;
- alternation of the offices of chairman and rapporteur within these working parties;

- method of making appointments to these offices (by the Joint Committee or by the members of the working parties);
- the number of members per group;
- the choice of meeting places for working parties (see chapter on financial problems).

### 3. Consultation of economic and the social partners

81. Paragraph 7 of Article 175 of Lomé II lays down that 'the Consultative Assembly may, on an ad hoc basis, establish such contacts as it considers desirable in order to obtain the views of the economic and social circles on cooperation under this convention'.

This provision institutionalizes regular contacts which the Consultative Assembly had already established with the social partners through its Joint Committee under the first Lomé Convention.

Hitherto six meetings with the economic and social partners have been held. The gradual establishment of these links as permanent and formal features has been accompanied by an improvement in the organization of the meetings and in their contents.

Discussion of the topics chosen has become more intensive; the problem 'integrated rural development' has for example been discussed at two meetings, thus making it possible to debate the matter in detail.

There remains the problem of the action taken as a result of these meetings with the economic and social partners. To be fruitful, the results of the exchange of views must not only be given tangible form in a document but also be forwarded to the institutions and bodies concerned whether they be institutions under the Convention or institutions representing the economic and social partners.

Initial progress could take the form of a written annual report on the results of the meeting to be submitted to the Joint Committee and then to the institutions of the Convention. The bodies representing the social partners (including the ESC) should do likewise.

4. The financial rules governing the parliamentary institutions of the Lomé Convention

82. A number of rules concerning the operating costs of the institutions are set out in Protocol No. 2 annexed to the Convention, which, like all protocols, forms 'an integral part thereof' (see Article 190). Article 2 of the protocol stipulates:

'The Community and the ACP States shall be severally responsible for the travel and subsistence expenditure of their respective participants at the meetings of the Consultative Assembly.

They shall likewise be responsible for the travel and subsistence expenditure of the personnel required for such meetings and for postal and telecommunications charges.

Expenditure in connection with the interpreting at meetings, translation and reproduction of documents, and the organization of meetings (premises, equipment, messengers, etc.) shall be borne by the Community or by the ACP States according to whether the meetings take place in the territory of a Member State or in that of an ACP State.'

Besides these provisions set out in the basic regulations constituted by the Convention itself, reference should be made to the derived law based on the Rules of Procedure adopted by the Consultative Assembly pursuant to paragraph 3 of Article 175.

According to Article 4 (1) of these Rules of Procedure:

'The assembly shall meet once a year; it shall be convened by its Presidents'.

With regard to the Joint Committee, the Rules of Procedure lay down in Article 21 (5) that it

'...shall meet once a year on the initiative of its Chairman; it shall meet once a year in addition to the meeting preceeding that of the Consultative Assembly.'

Lastly, Article 23 of the Rules of Procedure lays down that

'on the basis of proposals from the Bureau, the Assembly shall lay down its financial regulations'.

The procedure currently in force by virtue of Article 23 is the following:

- separate budgets drawn up for the European part and the ACP part,
- the appropriations for the European part form an integral part of the budget of the European Parliament (Item 3700).

These appropriations are intended to finance:

- the organization of the meetings of the Consultative Assembly and the Joint Committee held in Europe.
- the travel and subsistence costs of the European members of the Joint Committee and of the staff of the European Parliament when meetings are held in an ACP country. Owing to the number of languages used by the European members (7 languages), interpreting and translation costs are in this case also entered under Item 3700 of the budget of the European Parliament.
- the fact that the cost of organizing meetings in Europe and the travel and subsistence costs of members of the European Parliament (in the ACP countries and in Europe) are entered in the budget of the European Parliament poses an institutional problem.

Instituted on the basis of an international agreement, i.e. the Lomé Convention, the ACP-EEC Consultative Assembly is independent of the European Parliament and its bodies. However this independence might be restricted by the fact that a part of the activities of the Assembly and its Joint Committee is financed by budget of the European Parliament and therefore subject to the decisions of the latter's budgetary authorities.

The future convention should put this situation to rights by guaranteeing the financial independence of the institutions which it sets up. Such a guarantee could be provided by giving the institutions a budget of their own (but financed by whom, and on what basis?).

Rather than adopt such a maximalist and institutional procedure a more political solution could be considered. The contradiction between the Consultative Assembly's institutional independence and its lack of any budgetary autonomy would be resolved by means of a political agreement between the Bureaus of

of the two institutions concerned. By this agreement the Bureaus of the Consultative Assembly and the Joint Committee would be called on to issue their opinion on the appropriations to be entered under item 3700 of the budget of the European Parliament before the latter adopts its preliminary draft. Moreover the European Parliament would undertake not to interfere in and not to impede by its management of appropriations under item 3700 the decisions taken by the Bureaus of the Assembly and the Joint Committee concerning the operation of these bodies.

83. All these ideas concerning the institutions should be placed before the Bureaus of the Consultative Assembly and the Joint Committee for their examination.

The results of such an examination could then be submitted to the Joint Committee and subsequently to the Consultative Assembly with a view to defining a 'institutional' position in preparation for the negotiations on the future convention.

## VIII. SAFEGUARDING THE QUALITY OF THE ENVIRONMENT

84. The objective of most of the earlier development plans in the agricultural sector was a purely quantitative one of feeding a steadily increasing population. Only since it has been recognized that pursuit of this goal alone without taking into account the scarcity of resources and possible damage to the environment would reduce production potential and thus jeopardize the chances of achieving the objective, has the preservation of the basic ecological balance been recognized by many to be an important goal. Although the industrialized countries are now aware of the adverse effects of tampering with the natural environment, many developing countries have not yet recognized these dangers<sup>1</sup>. It is easy to point to the long-term effects of, say, the progressive desertification of Africa due primarily to the use of wood as a source of energy, but it is more difficult to eliminate the causes.

85. Many developing countries are plundering their own natural resources in order to obtain, as fast as possible, the foreign exchange urgently needed for food and industrial development. A particularly disturbing phenomenon is the destruction of tropical forests. Every year lumbermen and road construction workers, small-holders and large-scale farmers destroy about 200,000 km<sup>2</sup> of tropical forest. If this irresponsible exploitation continues at the same pace, all forests of this kind will have vanished in 85 years' time according to the 'World strategy to protect the natural environment', a joint report by the United Nations and international nature conservancy associations published in 1980. The annual increase in the rate of felling of tropical hardwoods - from 34.5 million cubic metres in 1953 to 81 million cubic metres in 1980 - is ominous. According to estimates by the FAO, felling will increase to 303 million cubic metres per annum by the year 2000, a figure which shows that the destruction of forests is continuing at a brisk pace.

The effects of this deforestation could be catastrophic for life on earth. For example, around one-third of the 1,700 thousand million tonnes of surface biomass in the tropical forests is being burnt because of deforestation or is left to decay. The long-term implications of this

-----  
<sup>1</sup> See W. VERGEER, introductory statement on the implementation of the Second Lomé Convention, CA/CP/269, pp 8 and 9.

destruction of the natural environment in terms of supplies of raw materials and food are alarming. The effects on the climate will be felt everywhere. Whole regions are already suffering the effects of this wholesale ecological destruction and all these areas are located in the world's hunger belt.

86. As the Director of the Centre for Industrial Development explained to the working party on ACP-EEC cultural cooperation, even industrialization does not always have a positive impact in ecological terms on the ACP countries. In rural areas it has contributed to the drift of a proportion of young people away from the land and served to weaken the commitment of the agricultural population to development at a time when the redevelopment of rural areas and the necessary restructuring of production systems to meet ecological requirements calls for greater efforts. Another ecological aspect of industrialization will assume increasing importance in the years to come. Differences in environmental standards, as well as other cost factors, affect the establishment of industries in the developing countries. This can mean that industrialized countries with their existing production facilities will specialize in production methods which do less damage to the environment and, when relocating industries, will export capital to countries where production costs are relatively low because of less stringent environmental protection provisions or lower taxes.

87. Up to now, environment protection policy has been given only relatively low priority since even the most basic requirements cannot be met in many ACP countries. As ACP-EEC cooperation in the industrial sector is still in its infancy, care must be taken to ensure that the industrialized countries do not transfer part of their environmentally damaging production with the attendant social costs to the developing countries.

In the context of the follow-up agreement to Lomé II, it must be recognized that general ecological requirements are an essential feature of development policy objectives. Consequently, appropriate instruments must be created and the necessary financial resources made available. In this connection a highly commendable development is the fact that the Commission has already taken the first step to this end. (Pisani action plan). The chapter on Lomé in the memorandum on the Community's development policy<sup>1</sup> presented by the Commission on 29 September 1982 makes provision for specific measures to combat desertification, preserve tropical forests, improve the quality of the soil and promote more rational use of natural raw materials and energy sources.

<sup>1</sup> Commission memorandum on the Community's development policy, September 1982, p.33

## IX. SOCIAL ASPECTS AND CULTURAL COOPERATION

88. The ACP-EEC Convention as it has existed up to now has concentrated on economic aspects. Yet social improvements in the ACP States, meetings of the social partners, employee protection, immigration problems, cultural cooperation, new developments in the field of institutional cooperation and improved cooperation with NGOs are all areas which have implications for the economic, financial and socio-cultural structure of ACP-EEC cooperation.

89. There is no chapter in Lomé II dealing specifically with social matters. Annex XV of the convention includes only provisions governing immigrant workers. The Joint Committee has drawn up a report on this subject.<sup>1</sup> Paragraph 2 of the resolution adopted by the Consultative Assembly on 26 September 1980<sup>2</sup> stresses the political importance of the recognition by the negotiating partners that they cannot restrict themselves to economic and trade matters and that attention must be paid to the situation of certain social groups.

One criticism which must be made is that the social partners were not involved in the Lomé II negotiations. However, the Community needs to practise a policy of consulting the social partners on the measures to be taken in the context of ACP-EEC cooperation. In addition, the Council of the European Communities should adopt a position within the framework of the ACP-EEC Council of Ministers on the organization of concerted action with the social partners of the Member States and the ACP States. Your rapporteur considers that a specific legal framework must be created for social matters, in other words, a chapter enshrining social principles and the dignity of work must form an integral part of the third ACP-EEC Convention. Before the negotiations begin, therefore, the Commission, in close cooperation with the social partners, should work out proposals for solutions which would help to improve the quality of the social provisions of the new convention.

<sup>1</sup> MICHEL report on the proposals designed to ensure respect for and protection of the rights of migrant workers, students and trainees who are nationals of one of the contracting parties and regularly resident in a Member State or an ACP State (Doc. ACP-EEC/18/80).

<sup>2</sup> OJ No. C 306 of 24 November 1980, p. 25.



90. No reference is made in the convention to the importance of cultural cooperation between the ACP States and the Community, and yet there are a number of provisions in the convention which deal to varying degrees with cultural cooperation matters, in particular as regards industrial and agricultural cooperation, financial and technical cooperation and cooperation on educational and regional matters.

Ambassador Chasle deserves full credit for pointing to the fact that increased cultural cooperation between the ACP on the one hand and the Community and the Member States on the other would also lead to better coordination of cooperation measures and their incorporation into the whole planning and development process. He also stressed that joint studies on the effects of development programmes on the natural environment and the socio-cultural climate of the ACP States could be of immense value<sup>1</sup>.

91. It would be regrettable if such an important agreement as the ACP-EEC Convention were to deal only with material matters. Furthermore, it is inconceivable, in view of the many economic and financial problems they face, that the ACP countries could carry out the tasks before them in the cultural sector without outside help. This is particularly true in the case of education and research, the aim of which is to enable the ACP countries to continue and step up their efforts to create development models which are appropriate to them and are in accordance with the wishes of their populations. ACP-EEC cultural cooperation could be of fundamental importance, especially if the ACP countries could be sure that the assistance granted within the framework of the convention was neutral and was in no way intended to influence their national cultural policies. The negotiating partners should therefore take account of cultural cooperation in the new agreement, as increased cooperation in this sector could not only strengthen understanding between the partners to the agreement but could also make a substantial contribution to social development.

#### X. CONCLUSIONS

92. It was pointed out in the introduction that the ACP-EEC Convention is the most comprehensive development agreement ever concluded between industrialized and developing countries. The ACP States too welcome and

<sup>1</sup> Raymond CHASLE report on cultural cooperation between the ACP States and the Community, Doc. ACP-EEC/27/81; resolution in OJ No C 15 of 20 January 1982, p. 22 et seq.

support this agreement. Proof of this lies in the fact that the number of countries acceding to the Lomé Convention has been increasing steadily. Zimbabwe became a full party to the convention on 1 March 1982, Belize and Vanuatu have now acceded, and Antigua (with its dependency Barbuda) has applied to join. Angola and Mozambique have also indicated that they would accede to the convention under certain circumstances. The Community should actively encourage them as the economic problems in these two countries appear to be virtually insurmountable. It is to be hoped that an independent Namibia can also accede to the convention in the near future.

93. The results of the convention have been very positive. However, as the report shows, there are also negative aspects. This is particularly true as regards the continuing adverse trend of ACP trade, STABEX, the unsatisfactory results of industrialization and, above all, the extremely unstable food situation in many ACP countries. This is the result not only of the failure to apply the highly appropriate range of development instruments incorporated in the convention, properly or flexibly in every case, but also of inadequate financial resources. Future Lomé policy will undoubtedly be more successful if the relevant texts, statements and actions are consistent. This applies to both the EEC and the ACP countries.

However, Lomé II was also implemented in an extremely difficult macro-economic context, which hit many aspects of ACP-EEC cooperation. If the convention is to operate properly, it is important that detailed global negotiations in the framework of the North-South dialogue should begin at last, as decided at the Cancun summit conference in 1981.

In spite of the considerable economic difficulties in the world in general and the Community in particular, the latter has a moral duty to help the ACP countries, as our problems are relatively minor in comparison with the economic difficulties facing the ACP States. Whereas, in our area of the world, there is a superabundance of agricultural produce, in many ACP States agricultural yields are falling and population levels rising. Would it not be cynical of us if the affluence and plenty we enjoy were to blind us to the sufferings of others!

94. In the light of the above points, the following key problems must be tackled with a view to the forthcoming negotiations on a follow-up agreement to Lomé II:

- critical review of STABEX and SYSMIN;
- fundamental improvement of trade, particularly in agricultural produce and processed products;
- systematic incorporation of food aid into agricultural and rural development projects aimed at increasing local agricultural production, more help to develop the fishing industry;
- creation of an adequate range of instruments capable of reacting flexibly to macro-economic problems;
- greater efforts in the area of industrialization and the creation of appropriate technologies in the ACP States;
- recognition of the important role of women in the development field, particularly in rural areas; this will require their full integration, the possibility of acquiring knowledge and skills and the opportunity to apply them.
- inclusion of a chapter on social and cultural matters;
- increased financial resources for the European Development Fund and flexible implementing provisions;
- increased training and education<sup>1</sup> at all levels - the most important point - in order to enable the ACP States at long last to make full use of the opportunities offered by the Lomé Convention.

95. However, given in particular, the increasingly difficult international economic situation, these objectives can be achieved only if they are understood and actively supported by all sections of the population. One of the drawbacks of the Lomé Convention so far is that it has been a matter for development experts alone: most people are not even aware of its existence, far less of its objectives. It is therefore the duty of everyone to inform the public and awaken public interest if the social and economic living conditions of the ACP countries are to be improved in the long term.

<sup>1</sup> See the extremely interesting statements by the Director-General of UNESCO, Amadou-Mathar M'Bow: 'Education: An essential means of developing a nation' in the Courrier, No 73, May-June 1982, p. 55 et seq.

