

ACP - EEC CONSULTATIVE ASSEMBLY

Working Documents

1981 - 1982

25 September 1981

DOCUMENT ACP-EEC 29/81/A

REPORT

drawn up on behalf of the Joint Committee

on the Fifth Annual Report of the ACP-EEC
Council of Ministers (Doc. ACP-EEC/26/81)

and

an analysis of the early experience of the
Second Lomé Convention with recommendations
for its optimal implementation

Part A : Motion for a Resolution

Rapporteur : Mr S. R. INSANALLY

On 26 September 1980 the Joint Committee appointed Mr S. R. INSANALLY (Guyana) General Rapporteur.

It examined his draft report on 24 and 25 September 1981 and adopted it unanimously on 25 September 1981 in Strasbourg.

Present: Mr Bersani, Co-chairman; Mr Kühn and Mr Pearce, Vice-chairmen; Barbados, Benin, Mr Beumer (deputizing for Mr d'Ormesson), Mrs Boserup, Botswana, Cameroon, Mrs Cassanmagnago Cerretti, Central Africa, Mr Cluskey, Mr Cohen, Comoros, Congo, Mr Denis, Mr Deschamps, Djibouti, Mr Enright, Mr Estgen, Ethiopia, Mr Ferrero, Mr Flanagan, Mrs Focke, Mr Früh, Mr Fuchs (deputizing for Mr Loo), Gabon, Mr Geurtsen, Guinea, Guyana, Mr Hume, Ivory Coast, Mr Jaquet, Mr Johnson (deputizing for Mr Simmonds), Mr Kellett-Bowman (deputizing for Mr Fergusson), Lesotho, Liberia, Mauritius, Mauritania, Mr Michel, Mr J. Moreau, Mr Narducci, Niger, Nigeria, Mr Penders, Mrs Poirier, Mrs Pruvot (deputizing for Mr Haagerup), Mr Puletti, Rwanda, Sao Tomé/Principe, Mr Schieler, Mr K. Schön, Senegal, Mr Sherlock, Mr J. D. Taylor, Trinidad/Tobago, Uganda, Upper Volta, Mr Vandewiele, Mr Vergeer, Mr Vergès, Mrs Walz, Mr Wawrzik, Zaire, Zimbabwe.

The Joint Committee hereby submits to the ACP-EEC Consultative Assembly the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the Fifth Annual Report of the ACP-EEC Council of Ministers and an analysis of the early experience of the Second Lomé Convention with recommendations for its optimal implementation

The Consultative Assembly

- meeting in Luxembourg from 28 to 30 September 1981,
 - having **examined** the general report submitted by Mr S.R. Insanally on behalf of the Joint Committee, (Doc. ACP-EEC 29/81),
1. Welcomes the entry into force of the new Convention between the ACP States and the Community as an international cooperation contract between equal partners reflecting the situation of economic interdependence between the developing and the industrialised countries;
 2. Notes with approval that programming missions under the new Convention have been accomplished;
 3. Regrets that, despite the effort made to ensure early submission on this occasion, the Fifth Annual Report of the ACP-EEC Council of Ministers was not available to members of the Consultative Assembly in sufficient time to allow detailed examination before the annual meeting;
 - (a) With regard to the enlargement of the ACP and of the EEC
 4. Is particularly pleased to welcome the accession to the Convention of Vanuatu and Zimbabwe, and hopes that the Zimbabwe Accession Agreement will be ratified by all the Community Member States with the least possible delay;

5. Warmly welcomes the indication given by the new Caribbean State of Belize of its desire to accede to the Convention of Lomé and looks forward to its taking its place in the Joint Committee and the Consultative Assembly;
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6. Welcomes the imminent signature by Greece of the Second Lomé Convention but regrets the inadequate nature of consultation with the ACP partners concerning the accession of Greece;
 7. Takes note of the Joint Declaration of 19 June 1981 pursuant to which certain outstanding differences between the ACP and the EEC regarding the effects of the accession of Greece to the Community on ACP trade will be dealt with and particularly the provision whereby all the procedures for information and consultation would be put into practice should difficulties arise for the ACP States in matters of trade cooperation;
 8. Is pleased to note that in the Declaration of 19 June 1981 the Community within the framework of consultation procedures provided for by the Convention has undertaken to keep the ACP States appropriately informed of developments in the negotiations for the accession of Spain and Portugal and shall proceed in good time to any necessary discussion of the possible effects for the ACP States of the enlargement of the Community;
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9. Calls on the Community to honour these undertakings and to commence, in good time, real negotiations with the ACP for appropriate measures of adaptation and transition;
- (b) With regard to trade cooperation
10. Notes with concern that while the nominal value of trade between the ACP and the Community increased during the period under review, and that while the trade balance was in favour of the ACP,
 - (a) the pattern of trade between the ACP and EEC has remained unchanged since the signing of the 1st Lomé Convention and
 - (b) the decline of exports of raw materials in total ACP exports to the Community was not compensated by a corresponding increase in exports of manufactured goods;
 11. Stresses that the opening of the Community markets to ACP products is not in itself sufficient to ensure the development of ACP trade with the Community;

12. Emphasises the principle of free access to the Community market for ACP industrial products, including textiles, and urges the Community to take account of this principle in all international agreements;
13. Notes that the ACP States account for only 1.8% of total EEC textile imports, and consequently maintains that the ACP should not be held responsible for the general crisis affecting the European textile industry;
14. Urges the Community and its Member States not to adopt protectionist measures which would have disastrous effects on the ACP countries, and would not be in the long-term interest of the Community;
15. Calls on the Community and its Member States to make full and timely use of the consultation procedures in order to avoid the need to have recourse to the safeguard clause;
16. Urges the Commission of the EEC to encourage and grant adequate financial support to initiatives of the ACP States in export promotion of manufactured products, particularly of small and medium-size industries, from ACP States in the EEC market through financing of trade fairs and other related export promotion activities;
17. Emphasises the importance of trade promotion and calls for the flexible interpretation and full implementation of the provisions governing trade promotion in the Convention;
18. Considers that compliance with the letter and spirit of the Lomé agreements requires the Community to uphold the trade advantages obtained by the ACP States and to protect them against any erosion as a result of other agreements signed by the EEC;
19. Requests the Commission of the European Communities to revoke the rule by which it limits an ACP State's trade fair exhibition space to 60 sq. metres, and furthermore urges the continuation of the system under which EEC Member States have so far made free space available for ACP participation in fairs taking place in their territories;
20. Calls on the trade partners, in the light of the difficulties encountered in this most important area, to undertake as quickly and seriously as possible a detailed study of the root causes of the meagre results obtained so far in the ACP-EEC trade cooperation, and to take appropriate remedial action;

(c) With regard to agricultural products

21. Emphasises the importance of ACP agricultural products being granted the greatest possible access to Community markets especially given the possibilities now offered by the new chapter on Agricultural Cooperation in the Second Lomé Convention;
22. Notes that the European Community is an important exporter of agricultural products and requests that the present re-organisation of the Common Agricultural Policy will take account of the interests of the ACP;
23. Requests the Council and Commission to undertake an examination of the means whereby the Community could supply available agricultural products to the ACP on a regular basis and on preferential terms;
24. Recognises that such a scheme is by no means inconsistent with the efforts of the ACP States to foster greater agricultural development;
25. Is therefore of the opinion that such supplies as well as food aid should take place in the framework of national food security programmes, aiming at self-sufficiency in food;

(d) With regard to food aid

26. Calls on the Community institutions when regulating the Community agricultural market also to take particular account of those Community agricultural products which are suitable for use as food aid, in particular cereals;
27. Demands that Community food aid should be increased and diversified to a larger range of products, including products not produced in the EEC, taking more account of the food needs and habits of the recipient countries, and increasing also food aid in sugar which is at present limited to the 6086 tonnes allocated to UNRWA;

(e) With regard to the system of generalised tariff preferences

28. Recognises the potential value of the system of generalised tariff preferences to developing countries but urges that great care be taken to ensure that its expansion in no way jeopardises the position accorded by the Convention to the ACP Group, among which are to be found most of the poorest developing countries;
29. Sees the need for a systematic exchange of information between the parties on matters relating to the GSP and therefore calls for the early activation of the Joint Working Party; in addition requests the Commission to submit its annual GSP proposals in time to allow for study and eventual suggestions for modification by the ACP States before approval by the EEC Council of Ministers;

(f) With regard to Stabex and Sysmin

30. Recognises that Stabex, as an instrument designed to reduce the effect of price fluctuations, serves to allow ACP countries to plan ahead with a certain degree of security regarding the income they can derive from the exports of products covered by the system;
 31. Notes that the need for coverage of a wider range of products has been admitted by the provisions of the new Convention and that there is scope for further expansion of the list;
 32. Is gravely concerned, however, that the resources made available for Stabex under the new Convention have proved to be quite inadequate;
 33. 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;
 34. Reiterates its request to the Commission to present a report assessing the impact of Stabex on the development of the economies of the ACP countries and, given the importance of this assessment, urges that this detailed study should be carried out by external consultants selected with the approval of the ACP countries;
 35. Insists on the necessity for the conclusion of world commodity agreements in order to assure remunerative and stable prices in order to alleviate too rapid a depletion of Stabex;
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36. Requests the Community to expedite the entry into force of Sysmin and to this end, to work out in consultation with the ACP States the mechanics for the effective operation of this new system;
 37. Observes, however, that there is already apparent danger of the resources provided being quickly depleted; further calls for a fundamental examination of the problem that this presents;

(g) With regard to sugar

38. Notes that despite the disquiet previously expressed by ACP cane sugar producers at the increasing level of European beet sugar production the Community has adopted quotas for 1981/82 - 1985/86 which are not significantly reduced from previous levels;
39. Further notes that the level of Community sugar production forecast for 1981/82 is over 2 million tonnes higher than in previous years;
40. Notes also that the world market price for sugar has recently fallen below the bottom end of the range prescribed in the International Sugar Agreement;
41. Additionally notes that following the closure of a major cane sugar refinery at Liverpool some ACP sugar will have to be diverted from its traditional market in the Community to markets elsewhere in the Community;

42. Notes with surprise that the Community has offered a price increase of only 7.5 percent for unrefined sugar (in which form almost all ACP sugar is supplied) even though the Community intervention prices for white sugar (in which form most beet sugar is manufactured) has been increased by 8.5 percent and that in the price negotiations with the ACP suppliers the Community has so far failed to remove this discrimination;
43. Calls upon the Council of Ministers to recognise that because cane sugar production is based upon a cycle of 7 years and because the margin of profit for its producer countries can be greatly reduced by the surplus production of competing beet sugar it is necessary that the long-term production levels of beet sugar must be based upon a realistic assessment of the likely long-term world demand and supply for sugar;
44. Further urges the Community to revise its sugar production quotas at the earliest practicable opportunity in order to reduce the surplus on the world market and in order for the Community to accept ACP sugar in accordance with its contractual obligations under the Sugar Protocol;
45. Continues to emphasize the importance of the Community maintaining its contractual obligations under the Sugar Protocol to accept the full quantity of ACP sugar;
46. While being conscious of the desirability for some ACP States to process locally their own raw materials, notes that the transfer of cane sugar refining capacity to some ACP countries and the marketing of such refined sugar on Community markets cannot be effected for the time being;
47. Expresses the hope that European cane sugar refining capacity will continue in the medium term to be sufficient to meet the needs of the ACP sugar exports to the Community;
48. Recognises that the discrimination against the ACP in the guaranteed price offered for their unrefined sugar in 1981/82 is unacceptable and calls upon the Community to agree to consultations at the highest political level so that an acceptable price increase can be negotiated for the current year;
49. Calls for the provision in future years as well as in respect of 1981/82 for real joint negotiations with regard to the guaranteed price for ACP sugar;

50. Draws attention to the negative effects of shipping freight costs on the profitability of ACP sugar exports and to the need to find ways of providing compensation for these costs;
51. Calls for an enlightened approach by the Community to the interpretation of the force majeure provisions of the Sugar Protocol, and calls also for an early positive response by the Community to the specific requests for reallocations of quotas already made to it by the ACP sugar exporting States;
52. Urges the Community and the ACP sugar producing States, in view of the many difficulties encountered in the implementation of the Protocol, to formulate a joint interpretation of the Protocol;
53. Urges the Community to contribute towards future stability of world prices in sugar by early and full participation in the International Sugar Agreement;
- (h) With regard to industrial cooperation
 54. Notes the failure so far to achieve any significant results in ACP-EEC industrial cooperation, and hopes that means will be found whereby additional impetus, particularly capital, including bank and private capital, can be mobilised for industrial development in the ACP States;
 55. Requests the Joint Committee to set up the Working Group on the impact of the Chapter on Industrial Cooperation under Lomé I and perspectives under Lomé II;
 56. Proposes on-the-spot processing of natural resources as one of the priority objectives of ACP industrialisation;
 57. Seeks the assurance that the procedures in the industrial sphere set up by Lomé II will induce the Community, after consulting the economic and social groups, to take greater account of the needs of the ACP economies in determining its internal restructuring measures;
 58. Stresses the importance in the ACP countries of the training of large cadres of management staff, an activity which should be given financial support from the EDF;
 59. Calls on the Centre for Industrial Development, the Commission and the E.I.B. to vigorously encourage the setting up of industrial projects in the ACP and the transfer of suitable technology;
 60. Considers it vital therefore that every effort be made, both by the ACP and the EEC, to adopt adequate measures which would generate the additional capital required for ACP industrial development and calls for the taking of immediate steps whereby this can be achieved;

(i) With regard to energy cooperation

61. Views with great concern the acute crisis in the energy sector which is catastrophic for nearly every ACP State, and particularly the poorest of them, and therefore awaits the report of its working party on ACP-EEC cooperation in the field of energy;

62. In recognition of the finding by the Nairobi Conference on new and renewable sources of energy that developing countries need to be urgently assisted in financing the development of alternatives, urges both the ACP and the Community to make the fullest possible use of all relevant provisions of the Convention, in particular Articles 57 to 59 and 76, in order to develop the energy potential of the ACP States;

(j) With regard to agricultural cooperation and the alleviation of hunger

63. Notes the European Parliament's resolution of 18 September 1980 on hunger in the world (FERRERO Report) and awaits the results of the work of the ad hoc group created in the Joint Committee;

64. Notes that under Lomé I, even though more than a third of the appropriations of the EDF were allocated to the development of the rural sector, the food situation in the majority of ACP countries, particularly in Africa, deteriorated;

65. Stresses that priority should be given to increasing agricultural and food production in the ACP States;

66. In view of the increasingly tragic situation of refugees in the ACP countries, calls for the measures taken by the ACP-EEC Consultative Assembly of 26 September 1980 to be effectively implemented;

67. Recalls the request made by the Consultative Assembly for particular attention and increased assistance to be given to ACP countries afflicted by drought, in particular those of the Sahel region and the Horn of Africa which are especially endangered;

68. Also recalls the request made by the Consultative Assembly for the urgent institution of an emergency action programme to allow the countries affected to use their water resources in such a way as to cut down the tragic effects of the drought; in this connection, hopes that urgent practical measures will be taken to launch this emergency programme;

69. Recognises the importance of the development of ACP sea and inland fishery resources, and strongly encourages the conclusion of further bilateral fishery agreements between the Community and interested ACP coastal States or groups of States under mutually satisfactory conditions as provided for in the Joint Declaration on Sea Fishing annexed to the Convention of Lomé II;

70. Regrets the failure of the Member States of the European Community to conclude an internal Community fishery agreement and calls on them to intensify their efforts so that such an agreement can be concluded in the very near future so as to provide the necessary impetus for ACP/EEC fishery cooperation;
71. Emphasises the importance of the Technical Centre for Agricultural and Rural Cooperation as a much needed catalyst for agricultural development in the ACP States and stresses the consequent need for its becoming operational with the least possible delay;
- (k) With regard to financial and technical cooperation
72. Notes that full implementation of the Convention requires that all the funds available be utilised, and hopes that appropriations under the 5th EDF will be more quickly committed and disbursed than was the case under its predecessor;
73. Recognising that the net beneficial value of aid can be increased by the introduction of more efficient administrative procedures, calls for a joint study which, as part of the continuing evaluation of EDF aid, may be aimed at improving procedures for the proper control and management of aid funds;
74. Emphasises in this regard the important role which should be played by the Joint Ministerial Committee as a high level policy instrument for devising ways and means of accelerating and streamlining methods of implementing overall financial and technical cooperation;
75. Welcomes the Convention's improved provisions on co-financing with their recognition of the need for harmonisation and flexibility of procedures adopted and reaffirms the crucial role to be played by the Community in encouraging and facilitating the participation of other donors;
76. Warns against the risk of allowing considerations alien to the spirit and letter of the ACP-EEC Convention to determine the granting of appropriate financing to requesting ACP States;
- (l) With regard to regional cooperation
77. Emphasises the importance of regional cooperation and acknowledges the increased funding made available in the new Lomé Convention for this purpose;

78. Stresses the need for these resources to be fully and rapidly allocated with respect for the priorities set by the ACP regions themselves in order to maximise the benefits obtainable and to fully explore the possibilities of intra-ACP cooperation;
79. Urges that the support and aid schemes for specific bodies and projects implemented by ACP countries within a regional or sub-regional framework, particularly in the field of infrastructures, should be reinforced;
80. Asks the European Community, in agreement with the ACP countries concerned, to draw up and carry out a programme of specific practical activities for the Sahel territories to put an end to the tragic and unacceptable conditions in which the people there live, with the aim of developing agriculture, particularly the animal breeding areas, and trade in this region of Africa. This plan should be established by the European Community over and above the appropriations already allocated for the implementation of agreements resulting from Lome II;
- (m) With regard to the least-developed, landlocked and island ACP States
81. Reaffirms its concern at the growing difficulties and specific obstacles encountered by the least-developed countries, notably certain ACP States;
82. Welcomes the political will shown by the signatories of the Lome II Convention to assist these states in solving their problems by means of specific measures (Title VIII of the Lome II Convention);
83. Takes note of the results of the United Nations Conference on the least-developed countries held in Paris from 1 to 14 September 1981 and of the positive role played by the EEC and its Member States at the conference;
84. Calls on the Community and its Member States to devise and implement effective and immediate measures to put into effect the substantial New Programme of Action and the Immediate Programme of Action adopted by the Paris Conference;
85. Strongly urges the EEC and its Member States to use all possible means to secure the active participation of all other industrialized countries in implementing these programmes;
86. Calls on the Community and its Member States to take all possible steps to promote these efforts at international level, notably at the forthcoming Cancun (Mexico) North-South Conference;

87. Requests the ACP-EEC Council of Ministers and all the institutions of the EEC and its Member States to ensure that rapid and full use is made of the specific measures provided for in the Lome II Convention to assist the least-developed countries, notably those contained in Article 82 of the Convention;
88. Stresses the need to activate the ACP-EEC Subcommittee on least-developed, landlocked and island countries which was set up in 1977;

(n) With regard to institutional aspects of the Convention

89. Welcomes the attempt to expedite and facilitate the work of the Council of Ministers by providing for consultations and regular exchanges of view by the Co-Presidents in between the Council's annual sessions;
90. Reminds however, that this new mechanism should be auxiliary to and not in substitution of the main meetings of Council;
91. Sees the need for greater political effort to be undertaken in all ACP-EEC institutions toward the solution of outstanding problems;
92. Firmly believes that the operation of the Convention can be significantly improved by a readiness to take and implement bold and timely decisions;
93. Calls on the parties to display at all times an active, open and constructive participation in the implementation of the Convention and, within its several institutions, to be guided continuously by political goodwill;

(o) With regard to global development policy - situation and trends

94. Is convinced that multilateral cooperation between developing and developed countries is particularly indispensable for the necessary strengthening of the socio-economic position of the developing countries in the context of efforts to create a new world economic order;
95. Expresses its concern at the lack of progress made under the agreements negotiated to launch the construction of a new international order;
96. Stresses the importance of an early resumption and successful conclusion to the global North-South negotiations;

97. Considers moreover that, in view of the present world economic crisis, and in the common interest of the Community countries and the ACP countries, far-reaching and imaginative solutions are necessary at the global level in order to make the Lome Convention a truly coherent and viable agreement;
98. Expects that the imminent conference in Cancun will provide the necessary impetus for such a resumption;
99. Underlines, in this context, the responsibility of the worldwide community towards the poorest countries and, in particular, that which rests upon the shoulders of the members of the European Community;
100. Stresses the incredible wastage of material and human resources involved in the arms race and the constant growth of military expenditure which will swallow up 550,000 million dollars this year although there is a lack of funds to check the scourge of hunger;
101. Recalls the proposal drawn up by the non-aligned countries and the Group of 77 for the creation of a development fund made up of resources from the reduction and transfer of arms expenditure on the part of all countries;
102. Notes the aspirations expressed at the Paris and Nairobi Conferences, but urges the continuous necessity to pursue the measures required to bring the results of these Conferences to fulfilment and demands that the European Community and its Member States specifically develop concrete policies and mechanisms both for individual Least Developed Countries as well as for its global programmes;
103. Reiterates the need to attain as soon as possible the respective aims of 0.7% and 1% of the GNP of the developed countries to public development aid, and at the same time highlights the minimum aim of providing immediately 0.15% of the GNP for the Least Developed Countries, all of which requires more equitable participation by the developing countries in the management of international economic bodies, especially the World Bank, the International Monetary Fund and GATT, and not only reliance on the present inadequate transfer of goods and financial resources from North to South;
104. In this context, notes with concern the threat of certain major industrialised countries to reduce commitments as regards development aid, representing a renewed threat to implementation of U.N. Resolution No. 2626 of 24 October 1970;

105. Appeals to all the industrialised countries to guarantee the volume of their aid to the developing countries, particularly the least developed countries, and to respect their previous commitments by rejecting any reduction in this aid;

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106. Instructs its Presidents to forward this resolution and the report drawn up by HE Mr Insanally to the ACP-EEC Council of Ministers, to the ACP-EEC Committee of Ambassadors and to the Council and Commission of the European Communities;

107. Calls on the ACP-EEC Council of Ministers to give due attention to this resolution of the ACP-EEC Consultative Assembly.

