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## THE EEC AND THE CARIBBEAN

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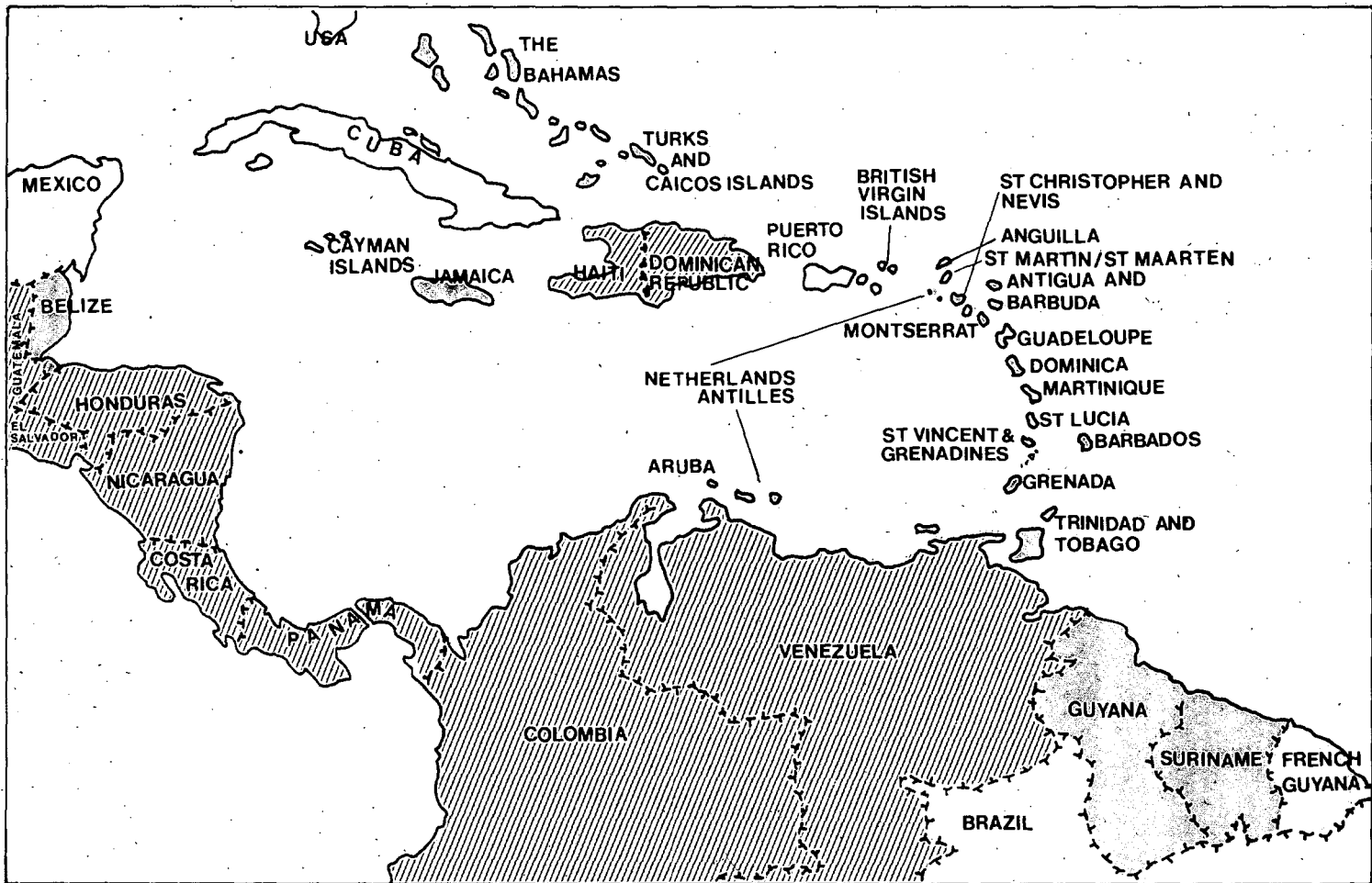
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# THE CARIBBEAN REGION



**ACPs:** (African), Caribbean (and Pacific) states which have signed the Third Lomé Convention



**OCTs:** (British and Dutch) overseas countries and territories



**ODs :** (French) overseas departments



**ALAs:** (Asian and) Latin American States receiving EEC financial and technical aid on a national and/or regional basis

## THE EEC AND THE CARIBBEAN

### INTRODUCTION

The history of Europe's relations with the Caribbean since the 1490s - when the pioneering Spanish explorer Christopher Columbus was credited with having discovered a number of islands in the region - is a varied and eventful one.

Columbus was followed over the centuries by thousands of settlers from the Netherlands, France and Britain, who in turn brought slaves from Africa, and subsequently cheap labour from India and China, to work the lucrative sugar-cane plantations. The influence of the colonial powers in political, commercial and cultural spheres was - whether benevolent or otherwise - a pervasive one. The vestiges of the colonial era are still very much in evidence, although the era itself is now history.

The influence has, of course, been mutual. Hundreds of thousands of European tourists flock to the region each year not only to take advantage of its sun, sand and seas, but also to experience its refreshing culture. In the other direction, large numbers of Caribbeans have emigrated to Europe since the 1950s. Jamaica, for example, may have a population of some 2.2 million - one of the largest in the region - but there are as many Jamaican nationals living outside the country, a large proportion of them in the UK. Similarly, one-third of all Surinamese have settled in the Netherlands.

After more than three centuries of colonial government, most Caribbean countries have now become independent - many of them only within the last decade or so. They are now in the process of carving out a distinct, but also collective, identity of their own.

Although the nature of the Caribbean's relationship with Europe is changing, the ties are still close, reflecting as they do the continuing interdependence of the two regions. The islands have always been a major source of agricultural produce - sugar, bananas, rum, cocoa, coffee and spices - for European countries, and trade between the two regions has long been governed by preferential arrangements of one sort or another, usually coupled in recent times with economic aid.

While strong bilateral ties still exist, responsibility for trade arrangements has been taken over by the European Economic Community, which also handles a substantial proportion of European development aid to the Caribbean. The EEC now has dealings with every Caribbean country except Cuba and Puerto Rico, but the mixture of trade and aid measures which it administers varies with the status of the Caribbean partner. For the Community the Caribbean contains four categories: French overseas departments (ODs), Dutch and British overseas countries and territories (OCTs), independent states that have signed the Lomé Convention (ACPs), and Latin American states that have no contractual ties with the Community but receive EEC development aid (ALAs).

#### ODs

The French Overseas Departments of Guyane, Guadeloupe and Martinique have been part of the Community since its establishment in 1958 and as such are entitled to all the benefits which that status bestows, notably access to the European Regional Development Fund (ERDF) which seeks to stimulate the development of the EEC's economically disadvantaged areas, the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Social Fund (ESF). In the past they have also received assistance from the European Development Fund (EDF).

#### OCTs

Relations between the Community and the Netherlands Antilles and Suriname, Dutch overseas possessions, were governed by a special convention appended to the EEC's founding charter, the Treaty of Rome, which gave them preferential access to the EEC market and

financial assistance from the EDF. Relations with the Netherlands Antilles - and, since British membership of the Community, with Anguilla, the Cayman Islands, Montserrat, the Turks & Caicos Islands and the British Virgin Islands - have been governed since 1976 by an EEC Council Decision on Overseas Countries and Territories (1) which offers OCTs much the same benefits as the Lomé Convention offers ACP countries. Suriname joined the ACP group on independence in 1975.

#### ACPs

When Britain joined the EEC in 1973, Euro-Caribbean relations began to assume genuine regional proportions. The Commonwealth trade preferences which the UK had traditionally accorded to several countries were replaced by provisions relating to the Community as a whole. These were embodied in the first Lomé Convention, which was signed in 1975 by the EEC and 46 independent African, Caribbean and Pacific (ACP) countries. It was in force during the five subsequent years, to be replaced by the Second Lomé Convention (1981-85) and, more recently, by Lomé III (1986-90).

Lomé provisions include: preferential access to the EEC markets for agricultural and manufactured products; aid from the EDF in the form of grants and special loans (which are of up to 40 years duration, including a ten-year grace period, and carry interest rates of 1% or less); soft credits from the European Investment Bank (EIB), the Community's long-term lending arm; food aid; emergency aid in the event of natural disasters; and transfers from the Stabex and Sysmin funds which help to compensate developing countries for sharp falls in their commodity and mineral export earnings respectively.

(1) Council Decision 568/76, followed by Council Decisions 1186/80 and 283/86

In addition, the Commonwealth Sugar Agreement, whereby several Caribbean countries benefitted from duty-free access to the UK market for cane sugar, was replaced by the Sugar Protocol, which continues to guarantee them access to the European market at European prices for fixed quantities of sugar every year.

The current Lomé trade-and-aid pact links the 12 EEC members and 66 ACP states, thirteen of them Caribbean: Antigua & Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Christopher & Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad & Tobago.

#### ALAs

Since 1977 Haiti and the Dominican Republic, the two most populous - but also among the poorest - states in the Caribbean have been beneficiaries of the EEC's budget line for developing countries in Asia and Latin America. Like other ALAs, Haiti and the Dominican Republic are entitled to EEC food and emergency aid as well as to financial and technical assistance for rural development. Trade preferences are restricted to those available under the Community's Generalised System of Preferences (GSP). Other countries bordering the Caribbean, such as Nicaragua, Costa Rica or Columbia, have similar relations with the EEC, but are traditionally classified as Latin American rather than Caribbean countries and are therefore not discussed in this paper.

#### ECONOMIC BACKGROUND

The countries and territories of the region are as heterogeneous as they are numerous, with ethnic, linguistic, social, cultural, political and economic diversities often as marked within countries as between them. By and large they are small, with

(2) Article 930 of the Community budget



populations ranging from a few thousand in the case of some of the OCTs to just over six million in the Dominican Republic.

With some notable exceptions, such as Trinidad & Tobago, Jamaica, Suriname and Guyana, the region is not generously endowed with natural resources - even of the most basic kind. In addition, some countries - Antigua & Barbuda, for example - regularly suffer dire shortages of water. They have no real rivers, little underground water, low rainfall and a high rate of evaporation.

Contrast this with the abundance of water in Suriname, where it serves as a means of communication, has helped to open up the interior, as well as providing a source of energy for industry and irrigation for agriculture.

Trinidad & Tobago has enjoyed rapid economic development owing to its significant reserves of oil and natural gas. Hydrocarbons have until recently accounted for some 40% of total government revenue and 30% of Gross Domestic Product (GDP). These in turn have given rise to downstream industries in the form of refineries and petrochemical plants. The twin-island state has, as a result, been an aid donor of some substance in its own right. However, the recent slump in oil prices has changed the country's economic situation greatly.

Bauxite is mined on a large scale in Suriname, Guyana and Jamaica. The latter's reserves, estimated at some 2,000 million tonnes, are among the largest in the world, sufficient to allow exploitation to continue at current rates for another 150 years.

But commodity prices are subject to the vagaries of the marketplace. Oil prices have slumped dramatically in recent months, while the bauxite market has been depressed since the economic recession set in in the early eighties resulting in a marked downturn in demand for refined aluminium in the motor

vehicle and household goods sector. The upshot was a loss of foreign exchange revenues for the three Caribbean bauxite producers. With cheaper sources of bauxite available (Australia, Brazil), the industries in these countries are having problems not only competing on the market, but also surviving in it.

Excessive dependence on one or more products is the trademark of many post-colonial economies and it is a feature of the Caribbean as much as it is of other regions in the developing world. Oil and bauxite are just two examples. But there are many more. Sugar accounts for a major proportion of many countries' export earnings, particularly Trinidad & Tobago, Jamaica, Barbados, St. Christopher & Nevis, Guyana and Belize, even though the bottom fell out of the market some years ago. Reliance on bananas and other tropical cash crops is also heavy in a number of countries.

Not only are producers vulnerable to sharp price fluctuations, but they are also subject to natural disasters, particularly hurricanes - and the Caribbean has had more than its fair share. A crop failure or slump in prices can cause havoc for economic planners, as it may deprive them of a substantial amount of anticipated revenue, and require significant additional outlays. Tourism too has long been the only major industry in some Caribbean countries. Notwithstanding the attractiveness of the region, high costs and external factors, mainly exchange rate movements, can cause a serious reversal in earnings.

Other factors too serve to act as a brake on the region's development. With the exception of Guyana, Belize and Suriname, the Caribbean consists mainly of islands dispersed over a wide area. Not only are they constrained by the small size of their domestic markets, but their traditional productive structures and dependence on tourism, as well as the geographical remoteness of their regional neighbours, constitute a formidable barrier to increased trade. Moreover, the distance from extra-regional markets and sources of supply is a further burden in terms of production costs, as well as requiring heavy investments per capita in transport and communications infrastructure.

By comparison with many other parts of the developing world the standards of education and skills in the region are exceptionally high. These factors have doubtless contributed to the strong individual and collective motivation to come to terms with the enormous difficulties with which it is confronted. During the past few decades unemployment and the more attractive wages and conditions available in other parts of the globe have prompted a massive exodus from the Caribbean. While this has in one sense constituted a safety-valve, it has also deprived the region of some of its able personnel.

#### REGIONAL COOPERATION

Faced with these many and varied constraints to development, the countries of the Caribbean have sought, over the years, to tackle them collectively as well as individually. Several regional and sub-regional groupings and bodies - with both multifarious and sectoral aspirations - have been created to this end. They include the Caribbean Community and Common Market (CARICOM), the Organisation of Eastern Caribbean States (OECS), the Caribbean Development Bank (CDB), the Caribbean Food Corporation (CFC), the Caribbean Agricultural Research and Development Institute (CARDI), the Caribbean Agricultural Trading Company (CATCO), the Caribbean Tourism Research and Development Centre (CTRC), the University of the West Indies (UWI), the West Indies Shipping Corporation (WISCO), the Leeward Islands Air Transport (LIAT) corporation and the Caribbean Association of Industry and Commerce. EEC assistance continues to be channelled through most of these bodies.

The most ambitious and wide-ranging programme of regional integration and development got underway in July 1973 with the establishment of the Caribbean Community and Common Market (CARICOM). The objectives laid down in its founding charter, the Treaty of Chaguaramas, mirror those contained in the EEC's own Treaty of Rome - economic integration, foreign policy coordination and functional cooperation in specific fields.

CARICOM currently comprises thirteen members - Antigua & Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher & Nevis, St. Lucia, St. Vincent & The Grenadines and Trinidad & Tobago. Haiti, Suriname and the Dominican Republic have observer status in certain areas of the Community's competence.

Despite the inevitable emergence of economic, commercial and political differences within CARICOM, the wide-ranging scope of its objectives and large membership means that the organisation is a major catalyst for regional integration and therefore constitutes an appropriate vehicle through which to channel aid earmarked by the EEC for this purpose.

This aid has been substantial. EEC aid set aside for regional projects under the first and second Lomé Conventions amounted to some 90 million Ecus (mEcus) (3), which is equivalent to almost 43% of the 231.5 mEcus provided for under the individual national indicative aid programmes of the Caribbean ACP states and OCTs. Indeed the growing importance which Caribbean and European governments attach to regional programmes is underlined by the fact that the proportion doubled - from 25% to 50% - between Lomé I and Lomé II.

According to the Convention the Community commits itself to promoting collective and self-reliant social, cultural and economic development and greater regional self-sufficiency. But the recent negative developments resulting from the global

(3) The regional allocations were: Lomé I 27 mEcus; Lomé II 62 mEcus (including 6.5 mEcus for OCTs) plus funds for specifically earmarked for regional trade and tourism promotion. The regional allocation for Lomé III - exclusive of OCTs - is 72 mEcus, to which will be added funds for regional trade and tourism promotion.

economic crisis and the slump in oil, sugar, bauxite and alumina prices have served to weaken somewhat the impetus for integration in the CARICOM area.

The trend in regional trade illustrates this. Although there is theoretically free trade between all CARICOM members, intra-regional trade remained largely static in the 1976-81 period and fell in both nominal and real terms after 1982. Having accounted for 9.3% of total CARICOM imports in 1981, intra-regional trade accounted for just 6% in 1985. Protectionism had crept in with the recession, with some members imposing quotas on imports or rendering them subject to a strict licencing system. Declining foreign exchange earnings and frequent currency adjustments also contributed to the collapse of the Caribbean Multilateral Clearing Facility, which had been designed to facilitate commercial transactions. Moreover, national trade policies have tended to favour imports from outside the CARICOM region because they generate more tax and customs revenue.

These tendencies, coupled with the preferential access terms available under the Lomé Convention, the Generalised System of Preferences (GSP), and, most recently, The Caribbean Basin Initiative (CBI), launched by the United States in February 1982, led exporters to look further afield.

Nevertheless, at a crucial meeting in Nassau in July 1984, CARICOM heads of government stressed the "cardinal importance of revitalising intra-regional trade and payments and of achieving greater cooperation and coordination of efforts in the field of production. In relation to the trade regime, they endorse the decision of the (CARICOM) Common Market Council to establish interim arrangements for mutual trade expansion among member states. They affirm their resolve that that these interim arrangements will give way in the shortest possible time to a return by every member state to full adherence to the formal obligations of Common Market membership."

Regional development projects presuppose a degree of political commitment by governments to the integration idea as well as an acknowledgement that all members of the group, and particularly the weaker ones, should benefit. Indeed there are those who argue that the best way to strengthen regional cooperation is to promote national strategies which aim to create complementary structures throughout the Caribbean. The potential for integration is structurally limited by traditional monocultures, a lack of complementarities, the absence of any possibility for economies of scale and geographical dispersion of states which results in high transport costs and communications problems.

Food  
production

The EEC finances many projects which are designed to support CARICOM's Food and Nutrition Strategy, which seeks to increase food production, raise the level of self-sufficiency and reduce dependence on imports. The importance of agriculture in the Caribbean is declining in terms of its share of both GDP and employment, while the traditional orientation of agricultural production towards export crops like sugar cane and bananas has made the region highly dependent on food imports, with the bill now exceeding US \$1,000 million a year. Its size has as much to do with the growing volumes of food imported as with price rises. Under the fourth and fifth EDFs the Community has provided some 14.5 mEcus to the CFC, CATCO and CARDI for projects designed to encourage agricultural research, increase production and stimulate diversification, as well as to facilitate the marketing of output and the control of plant disease.

The EEC has also financed, to the tune of 2 mEcus, a regional trade promotion project, based in Barbados, which seeks to eliminate the obstacles outlined above. CARICOM members are becoming increasingly aware that one of the major constraints to the development of exports is the low level of value added in the products traded, and that promotional activities require simultaneous measures to ensure higher productivity, improvement of quality and greater specialisation throughout the region.

**Transport & communication** Against a background of geographical dispersion, transport and communications represent key instruments for sustaining and promoting the integration process in the Caribbean. The EEC, through the EDF, has been heavily involved in this sector at regional level over the years, financing a variety of projects undertaken by LIAT and WISCO.

In the case of LIAT, the island-hopping airline, the Community has provided 5.9 mEcus for technical assistance, training and ground handling equipment. For WISCO, a regional shipping company owned by twelve Caribbean governments, the EDF made 6.3 mEcus available for the purchase of two 3,500-ton cargo vessels providing a scheduled service between the different Caribbean islands and between the Caribbean and the USA.

The EDF has provided a 12.1 mEcu grant for a ferry service between Guyana and Suriname across the Corentyne river. It involves the provision of a roll-on-roll-off vessel, construction of two terminals as well as approach roads.

**Tourism**

In terms of foreign exchange receipts and employment, the importance of tourism to the region as a whole is increasing. Governments are paying greater attention to this industry as a means of reducing balance of payments problems which have arisen in part because of the decline in traditional sectors such as agriculture and extractive industries.

The EDF provided the Bridgetown-based Caribbean Tourism Research and Development Centre (CTRC) with 9.2 mEcus to i) finance a series of studies on the establishment of a central hotel reservations system, tour operations and tourism demand, ii) establish a Caribbean Tourism Office in Frankfurt, West Germany, in order to promote the region in Europe and iii) improve the quality of the Caribbean tourism "product" via training schemes, better planning and handicrafts development. One of the CTRC's main priorities is the concentration of promotional efforts in favour of the smaller, less-developed islands in the region.

However, various external factors, outside its control, have served to limit the success of the sales exercise in Europe. Chief among these has been the appreciation of the US dollar - to which most Caribbean currencies are directly linked - against European currencies. Indeed these exchange rate movements adversely affected the execution of all EDF projects in the region. Those planned in the 1978-80 period when the Ecu was at par with the dollar or even higher were implemented between 1980 and 1985 when the US dollar's value increased gradually to Ecu 1.50. This situation was exacerbated in those countries experiencing a high rate of inflation.

Training &  
research

EDF involvement in training and research at regional level has been concentrated mainly on cooperation with the University of the West Indies (UWI) and CARDI. UWI in particular effectively serves regional cooperation because of the high level of specialisation at its three campuses (in Jamaica, Trinidad & Tobago and Barbados), its readiness to grant scholarships to students from economically disadvantaged areas of the Caribbean and its coordination of programmes and activities at regional level.

UWI has received a total of 13.437 mEcus under the fourth and fifth EDFs for additional facilities, equipment, research materials, technical assistance and scholarships. A further 4.71 mEcus was made available to CARDI under Lomé I and II for a variety of programmes including the establishment of field stations in some of the region's least-developed states, while smaller sums have been provided for more specialised projects such as a cocoa research germplasm bank located in Trinidad and a Moko disease containment programme in Grenada which has arrested the spread of the banana disease.



### NATIONAL DEVELOPMENT

Individual countries in the Caribbean are confronted by serious economic problems - poverty, heavy dependence on international markets, population pressures, inflation, unemployment, small domestic markets - all of which make them extremely vulnerable to external influences such as debt, fluctuating commodity prices, international currency movements, protectionism and the economic state of health of industrial countries.

These constraints to development are not insurmountable. Nevertheless, to overcome them, external assistance is vital, and the European Community's contribution in this respect is also significant. The development strategies which national governments have embarked upon have several common objectives: the substitution of imports, especially foodstuffs; the promotion of the tourism industry; upgrading education and training as well as boosting employment; achieving a better balance between demand and supply; and the strengthening of regional cooperation.

The bulk of EEC aid to the Caribbean is devoted to the realisation of national development strategies. Over the five years of the first Lomé Convention, the thirteen countries which are now full members of the ACP group received a total of 87.3 mEcus. This increased to 100.1 mEcus under Lomé II (4).

(4) For Lomé III the 13 ACP states have been allocated a total of 142 mEcus (see Table XIV for breakdown by country).

The six OCTs, for their part, received 21.5 mEcus and 22.6 mEcus respectively, while the Dominican Republic and Haiti, the "non-associated" states, benefitted from transfers totalling 19.2 mEcus and 28.3 mEcus in each of the two periods. The European Investment Bank (EIB) also provided most countries in the region with soft loans for productive investments, either via national financial institutions or regional ones such as the Caribbean Development Bank.

The sectoral distribution of EEC aid to the Caribbean is wide-ranging. The priorities, as set out by the governments of the region, include: agriculture and fisheries; health; training and technical assistance; and transport and communications. EEC interventions are characterised by a high degree of continuity.

Agriculture, forestry & fisheries      Agriculture is a priority sector for most governments in the region. The essential aim in this field is to promote a better use of natural resources for import substitution and to increase exports. Projects can vary considerably in size and scope. On the one hand there are the massive ones, such as the Demerara Forestry Project in Guyana. Costed at more than 60 mEcus and co-financed by the EDF, EIB, the World Bank and the Inter-American Development Bank, this ongoing project involves the construction of a large sawmill, a power station, a township and allied infrastructure, as well as the provision of logging and transport equipment. But the vast majority of projects are carried out on a much more modest scale, in keeping with local economic and social conditions, technological and managerial capacities, as well as the limited potential for economies of scale.

In Jamaica, the EDF has provided 3.367 mEcus to establish a 2,000-acre banana estate in an effort to revive dwindling production. The funds were devoted to land preparation, construction of buildings, the provision of transport and field equipment and irrigation systems.

In Antigua & Barbuda, the government is proposing a project for EDF funding to expand and improve the livestock sector - both beef and dairy cattle - with a view to cutting down the substantial imports of beef and dairy produce that are mainly used to serve the tourist industry.

Under Lomé I a 446,000 Ecu EDF special loan was made available to the Bahamas for the construction of a Food Technology Laboratory, which was completed in 1985. With the aid of a 200,000 Ecu grant for technical assistance under Lomé II, the laboratory is now fully operational and providing an essential service in this field.

In November 1983 EDF grants and loans totalling 7.65 mEcus were approved for the Coronie Rice Project in Suriname, involving the establishment of a polder of 1,650 hectares as a first phase and the construction of a well-equipped technical centre which will manage the polder and provide various services to the farmers and their cooperatives. This centre will also include a paddy drying and storage complex with a view to rendering farmers independent of outside buyers. The polder infrastructure will achieve a far better water management (irrigation from the swamp reservoirs and proper drainage system) enabling a much higher cropping intensity (two full crops a year) and higher paddy yields. Total annual productivity is therefore expected to increase to a minimum of 3,000 kg a hectare.

The impact of the Oistins Integrated Fisheries Complex in south-west Barbados, co-financed by the EDF (to the tune of 950,000 Ecus) and the Government, has exceeded even the most optimistic initial expectations. It involved the construction of a small harbour - including a jetty, slipway, maintenance yard and fuel facilities - and marketing stalls allowing catches to be sold directly to the public. During 1983, its first year on stream, the total catch landed was in excess of 6,500 tonnes, against just 3,500 tonnes in each of the two previous years.

Almost six million Ecus from Guyana's Lomé II aid package is going towards the establishment of an inshore fish port and market at Houyton, on the outskirts of Georgetown. The extension of the Exclusive Economic Zones (EEZs) to 200 miles has also served to stimulate the industry's development in other Caribbean states.

Education &  
training

The relatively high rates of unemployment prevailing in the Caribbean are the consequence of a number of factors: economic recession; population growth; the small size of domestic markets; and a limited industrial base. The key to gainful employment is often regarded as a function of levels of education and training.

Under the fourth EDF, Belize was provided with 1.25 mEcus for the construction and equipment of three junior secondary schools. They have made a substantial contribution to the Government's policy of expanding education at the secondary level and giving it a more practical bias. Enrolment is high and already exceeds the initially set targets in two of the schools. Although they are somewhat understaffed and underequipped, both pupils and teachers are highly motivated. Even though the first pupils are not due to graduate until 1987, the schools have met the needs as well as the aspirations of the rural communities in which they are located.

An 834,000 Ecu grant was approved by the EDF committee in July 1985 for the construction of a new primary school at St. Johnston's village in Basseterre, St. Christopher & Nevis. Construction of the 16-classroom complex - to accommodate over 500 pupils - started early in 1986.

Multianual training programmes throughout the Caribbean have been widely supported by the EDF. Under these programmes, training can be organised in European, ACP or other Third World countries.

Technical  
assistance

The provision of technical assistance also constitutes a significant element of the EEC's interventions in the Caribbean. The guiding principle in this field is that help should be given with a view to rendering projects self-sustaining, thereby making technical assistance redundant sooner rather than later.

Health

Even though most countries in the Caribbean are relatively small, EDF-financed projects in the health field reflect a generally felt need for a more decentralised approach to the improvement of healthcare. The approval of a 200,000 Ecu grant in July 1982 for the construction of three healthcare centres on the Bahamas' Outer Islands is a case in point. The financing was undertaken jointly by the Government, with the EDF funding the health clinic in each unit and the authorities in Nassau the adjacent residential quarters.

Of course, decentralisation presupposes the availability of adequately trained personnel and basic facilities at local level. The Union Island Health Centre in St. Vincent & the Grenadines, a 2.6 mEcu fifth EDF project which includes the construction and equipment of a new ward at the hospital in Kingstown, has considerably improved the health infrastructure at district level. On the other hand, the financing of a new ward in the capital does not run counter to the decentralisation principle since adequate health care at local level can only be guaranteed if central referral units are functioning properly.

Infra-  
structure

A country's economic and social development relies on an adequate economic and social infrastructure. The latter is necessary for the development of agriculture and tourism, which are becoming increasingly important for the generation of foreign exchange earnings, especially in the light of declining oil and mineral

(bauxite) revenues in the region. Infrastructure also facilitates export activities and local trade, and gives the rural population access to urban and other social centres. EDF involvement in this sector in the Caribbean has yielded substantial results, particularly when local labour, management and materials are used.

Nevertheless, because of the dollar's sharp appreciation against the Ecu, original budget estimates for such projects in recent years have regularly been exceeded - often substantially. As a result, the difference between the EDF commitment and real costs may imply a heavy financial burden for the governments of the beneficiary countries. The latter are also obliged, by virtue of their project financing agreements with the EEC, to take responsibility for the maintenance and upkeep of EDF-funded roads, bridges etc. However, cash-strapped governments often find it difficult to make the necessary entries in their national budgets. Assessment of the financial running costs is therefore an important aspect in the preparation of EDF-financed projects.

A model project in every respect was the construction of a bridge at Carolina, 40 kilometres from Paramaribo up the Suriname river. While traffic traditionally crossed the river by ferry, the growth in its volume coupled with the Government's desire to open up the interior prompted the EDF to provide a 784,000 Ecu grant for a fixed link in 1981. Studies showed that although the investment cost of the 560-metre tropical hardwood structure would be more than twice that of a ferry, recurring costs of maintenance and operation of the ferry would be more than seven times greater than those of a bridge. The project was implemented for a slightly higher cost (837,000 Ecus), almost entirely using local know-how, materials and labour. Indeed only 16% of the overall outlays went on imported items. Today the nominal toll charged to cross the bridge generates more than sufficient revenue to pay for its operation and maintenance, while the volume of traffic crossing it greatly exceeds the original forecasts.

Unfavourable exchange rate movements have often resulted in the scaling down of projects. February 1981, for example, saw the granting of a special EDF loan worth 7.3 mEcus for extending the St. Maarten airport in the Dutch Antilles. The money was to be used for the construction of new hangars, extensions to the terminal building, the laying of taxiways, the building of a parking lot and the purchase of navigational equipment and furniture. Between the signing of the financing agreement and the opening of works and equipment supply tenders in May 1983, the value of the Guilder had risen to such an extent against the Ecu that the loans available were insufficient to cover envisaged costs. Even with the pledging of additional funds by the EEC (742,000 Ecus), the government was unable to ensure the full realisation of the original objectives. Nevertheless, the new installations were inaugurated on 11 November 1985 - St. Martin's day - and are expected to make a substantial contribution to the development of tourism in the vicinity.

Food &      The EEC provides food aid to raise nutritional standards in emergency aid recipient countries, to provide relief in emergency situations, or to assist their economic development - by devoting the counterpart funds generated from the sale of food to agricultural development projects. The essential guideline for all operations is that food aid should be integrated as much as possible into development policies in general - and agricultural/agroindustrial development policies in particular - with a view to achieving food self-sufficiency.

Although the Caribbean's food imports have risen, its intake of Community food aid - essentially in the form of milk powder and butteroil - has been decreasing over the past few years.

But of much greater significance in the case of the Caribbean is the emergency aid which the EEC has provided over the years. It is designed to help counter the effects of natural disasters such as hurricanes or other extreme climatic conditions. The Community provided substantial aid to several islands in the region

following Hurricanes David, Frederick and Allen in 1979-80. Torrential rains and flooding in recent years have also prompted a swift response from the Community. Indeed, in the five years to mid-1984 the Community granted a total of 11.8 mEcus in emergency aid to the Caribbean.

#### TRADE

The Lomé Conventions state that "products originating in the ACP states should be imported into the Community free of customs duties and charges having equivalent effect." This applies both to agricultural and manufactured goods and is not conditional on the granting of reciprocal preferences by ACP states.

As a result, for many countries and territories in the Caribbean the trade advantages available under the Lomé Convention, or the arrangements for the OCTs, are considerably more important than the aid they receive. This is particularly true of St. Vincent & the Grenadines, which in 1984 sent no less than 77.4% of its total exports to the Community.

Significantly, however, the proportion of exports from the region's bigger economies destined for Europe was relatively small. As a result, less than one-sixth of the region's total foreign sales - which include oil, sugar, bananas, bauxite, alumina, cocoa, coffee, rice, citrus, rum and tourism - is destined for the EEC.

Trade in the opposite direction by and large observes similar proportions in terms of reliance on the EEC, although the product mix is markedly different. The region's imports from the Community consist of oil, mineral products, machinery, electrical equipment, chemicals, food and beverages. Despite its traditional importance as an agricultural producer, the Caribbean, as stated above, has a massive food import bill each year, much of it with the EEC. That of the Bahamas, for example, exceeds the value of total production by about three to one.



## Sugar

Because of the importance of sugar for the economies of several states and the heavy dependence on sales of sugar as a source of foreign exchange - in St.Christopher and Nevis sugar accounts for some three-quarters of total overseas earnings - a sugar protocol was negotiated and appended to the first Lomé Convention guaranteeing them duty and levy-free access to the EEC for a fixed quantity each year. For the 1985/86 marketing year the quantities were as follows:

|                   |                |   |
|-------------------|----------------|---|
| Guyana            | 158,935 tonnes |   |
| Jamaica           | 118,300        | " |
| Barbados          | 50,048         | " |
| Trinidad & Tobago | 43,500         | " |
| Belize            | 40,104         | " |
| St. Christopher   | 15,394         | " |
| & Nevis           |                |   |
| Suriname          | 0              | " |

Guyana's quota is the third largest of all ACP states after Mauritius and Fiji.

The Sugar Protocol is related to the UK's entry into the EEC back in 1973, taking account as it does of the preferential access previously granted to Commonwealth producers. The vast bulk of the sugar is still purchased by traditional UK refiners.

Since the protocol was negotiated there have been major changes in the structure of the world market. In particular the EEC has evolved from being a net importer to become one of the world's major exporters. With the exception of 1980, the world market price has always been below the guaranteed EEC price, particularly in recent years when free-market levels have hit record lows. As a result, it is estimated that the implementation of the Sugar Protocol between 1975 and 1984 resulted in additional revenues for Guyana equivalent to some 212 mEcus. This sum represents the difference between the value of sugar exports to the EEC at

guaranteed prices and the same quantity sold on the world market.

But there have been casualties of the slump in world market prices. Antigua & Barbuda's sugar industry, the backbone of the country's economy for more than three centuries, closed down in 1972. Jamaica, once the world's biggest producer, no longer produces enough to cover all its exporting obligations and satisfy domestic consumption requirements. In 1985 Trinidad & Tobago had its quota reduced by more than one-third - to 43,500 tonnes - after failing to deliver its full quota. The difference was shared out among other ACP suppliers. Prior to that Suriname, always a relatively small producer, was given a zero quota for the same reason.

The Protocol itself is not without its critics. Some ACP producers, while acknowledging that the EEC's price is higher than those available elsewhere, contend that it bears little relation to their costs of production. The gap between the two has been widening - to their disadvantage - for some years. This is particularly true of the Caribbean producers. The ACP also claim that while the protocol provides for a negotiated annual price settlement, they are obliged to accept prices based on internal Community considerations, rather than those pertaining to ACP production.

Divers-  
ification

Nevertheless, the example of sugar has served to impress upon political leaders in the region the risks associated with such excessive reliance on one, or a few, cash crops. The upshot has been much greater emphasis on agricultural diversification programmes - with some considerable success. Non-sugar agriculture in Barbados, for example, now generates as much income as the traditional cash crop, while Trinidad & Tobago's introduction of guaranteed producer prices for coffee and cocoa is having a similar effect.

Rice

Suriname is the only ACP state to have taken advantage of the preferential access offered by the Lomé Convention for rice exports to the Community. At the request of the ACP, Lomé III modified this preference by establishing an annual quota of 122,000 tonnes of husked rice equivalent and 17,000 tonnes of broken rice equivalent which could benefit from a reduction of 50% in the EEC import levy. The EEC levy is replaced by a levy of the same amount applied by the exporting ACP state, thus assisting the ACP state to retain part of the benefit of higher EEC prices in the country of origin.

Bananas &  
rum

Protocols 4 and 5 of the Lomé Convention are of particular interest to the Caribbean states and territories, favouring as they do some of the EEC's "traditional suppliers" of bananas and rum.

Bananas constitute the principal export of no less than three of the Caribbean's ACP states - Dominica, St. Lucia and St. Vincent & the Grenadines. In terms of taste, the region's bananas are rated second to none. EEC imports from the Caribbean are zero-rated at customs and benefit from so-called "Community preference" arrangements. But production in the region has suffered from adverse weather conditions and disease for a long period. After severe droughts in the early seventies and some recovery afterwards, three hurricanes in 1979 and 1980 - David, Frederick and Allen - ravaged the banana crop. As a result, at the beginning of the eighties exports were well below the levels of a decade earlier. Since then, however, by virtue of replanting, improvements in growing conditions, yields and quality, export availabilities have been recovering. But production costs can be high by comparison with the Latin American "dollar zone" owing to the fact that Caribbean banana plantations tend to be small, family affairs. Supplies can be irregular, often for reasons outside producers' control, while quality is sometimes less than satisfactory, a factor which has much to do with the wide range of varieties cultivated in the Caribbean. The Lomé Convention's Banana Protocol takes account of the region's difficulties by concentrating on: improvement of conditions of production and enhancement of quality through action in the areas of research, harvesting, packaging and handling; internal transport and storage; marketing and trade promotion.

In the case of rum - which is governed by Protocol 5 of the Convention - generous growth rates in permissible annual sales to the Community are provided for, in addition to duty-free access. Although current sales of ACP rum in the EEC are well below the quotas available, the ACP producers claim that the existence of quotas inhibits their efforts to modify the structure of the market and thus improve sales, particularly of branded rum. The particular problems related to this complex and sophisticated market (ACP rum has to compete not only with EEC rum produced in the French Overseas Departments but also with whisky, brandy, gin, oozo, grappa etc. produced in other member states) are regularly discussed in a regular joint working group on rum.

#### Stabex

The Stabex system for compensating shortfalls in agricultural export earnings is a particularly welcome feature of the Lomé Convention as far as the Caribbean states are concerned, owing to both their heavy dependence on a small number of products and their vulnerability to hurricanes and other extreme weather conditions. In the latter case Stabex actually constitutes a form of emergency aid, rather than playing its intended role as a balance of payments support mechanism. Nevertheless, studies show that while fluctuations in export earnings are normally higher when caused by hurricanes, they have sometimes been more severe when market-related. In 1981, for example, Dominica suffered an 81.8% drop in the value of its coconut product sales, entirely because of a drop in external demand. It was the sharpest decline ever experienced by a Caribbean Stabex applicant.

No less than 48 products are covered by the Stabex system. Countries are eligible for a transfer if earnings from any individual product accounting for at least 6% of their total export earnings - or 1.5% in the case of least-developed, land-locked or island ACP states - fall by 6% (1.5% for least-developed, land-locked or island ACP states) in a given year compared to the four previous years. In the past, Caribbean exporters of bananas, cocoa, coconuts, nutmeg, mace and sawn wood have received transfers, which rose from 3.174 MECU in 1976-80 to 12.334 MECU in 1981-84.

A major shortcoming of the system - non-consideration of transfer requests based on adverse local currency movements against the Ecu - has been rectified under Lomé III, which sets aside 925 mEcus for Stabex payments. Recipients are obliged to use transfers either to prop up the sector which suffered the shortfall, or to promote economic diversification. Examinations have shown that these conditions have not always been fulfilled.

**Sysmin**

A facility for the benefit of mineral exporting ACP countries was introduced under Lomé II, applying to copper, phosphates, manganese, bauxite and alumina, tin and iron ores. Under Lomé III, requests for access to the 415-mEcu Sysmin facility in the event of a loss of earnings in excess of 10% being experienced in other sectors will be examined on a case-by-case basis. Thus far only one Caribbean state, Guyana, has been declared eligible for Sysmin aid under Lomé II (and has received a 3 mEcu advance) because of declining bauxite sales. In October 1985 Jamaica and Suriname applied for transfers from this facility; their requests are being examined by the Commission.

PROSPECTS FOR LOME III

The last of the national indicative programmes for the 13 Caribbean ACP states was signed in May 1986, thus completing the work of three successful joint Commission/EIB programming missions to the region. The road to establishing the indicative programmes had already been paved by the Commission delegations through in-depth pre-programming dialogues with the national authorities on national and regional sectoral priorities, while possible areas for assistance from the European Investment Bank was also discussed. A list of the national indicative aid programmes is given in Table XIV.

Emphasis in the Lomé III indicative programmes is firmly on rural development, diversification of agricultural production, and

economic infrastructure, in particular that linked to the development of the rural sector.

This clearly reflects the Caribbean Governments' determination to come to grips with some of the most serious constraints on the economic and social development of their countries, i.e. heavy reliance on mono-cultures in difficulty (sugar), excessive food import bills and lack of adequate infrastructure to support the development of agricultural production as well as the expansion of the tourism industry.

The programming exercise and the establishment of indicative programmes have however been a good deal more than economic analyses, identification of sectoral priorities and the distribution of aid funds. By setting out in the indicative programmes their policies and future actions related to sectors and priority development programmes, the ACP Governments have already broached the implementation stage. The joint task awaiting the Governments and the Community is to identify as rapidly as possible areas, policies and programmes where Community financial and technical assistance will most effectively support the development efforts of the ACP Governments.

It goes without saying that under Lomé III other, non-programmable Community support instruments such as Stabex, Sysmin, emergency aid, food aid, and assistance to promote trade and tourism will be available to ACP countries in the region.

Programming of the EDF resources available to the region for programmes and projects of a regional nature is also under way. During the programming dialogue, each ACP Government has indicated the areas in which it considers such programmes and projects to be of particular importance. Furthermore, joint consultations between the ACPs, the CARICOM Secretariat and the Commission are being pursued with the object of identifying coherent regional programmes and projects for Community support in areas of particular importance to the future development of the Caribbean area.

ANNEX

Main Abbreviations

|         |   |
|---------|---|
| ACP     | African, Caribbean and Pacific countries                |
| CAIC    | Caribbean Association of Industry and Commerce          |
| CARDI   | Caribbean Agricultural Research & Development Institute |
| CARICOM | Caribbean Community                                     |
| CATCO   | Caribbean Agricultural Trading Company                  |
| CDB     | Caribbean Development Bank                              |
| CFC     | Caribbean Food Corporation                              |
| CMCF    | CARICOM Multilateral Clearing Facility                  |
| CTA     | Caribbean Tourism Association                           |
| CTRC    | Caribbean Tourism Research and Development Centre       |
| CXC     | Caribbean Examination Council                           |
| ECU     | European Currency Unit                                  |
| EDF     | European Development Fund                               |
| EEC     | European Economic Community                             |
| EEZ     | Exclusive Economic Zone                                 |
| EIB     | European Investment Bank                                |
| LIAT    | Leeward Islands Air Transport                           |
| NGOs    | Non-Governmental Organisations                          |
| OECS    | Organisation of Eastern Caribbean States                |
| OCTs    | Overseas Countries and Territories                      |
| PAHO    | Pan American Health Organisation                        |
| UWI     | University of the West Indies                           |
| WHO     | World Health Organisation                               |
| WISCO   | West Indies Shipping Corporation                        |

Table I

POPULATION, AREA AND PER CAPITA GNP

| Country                         | <u>Population</u><br>( '000)<br>1984 | <u>Total</u><br><u>area</u><br>(square km) | <u>Agricultural</u><br><u>area</u><br>( '000 ha)<br>1983 | <u>Per capita</u><br><u>GNP (US\$)</u><br>1984 |
|---------------------------------|--------------------------------------|--|--|--|
| <u>ACPs</u>                     |                                      |  |  |  |
| Antigua & Barbuda               | 79                                   | 440  | 11   | 1,834  |
| Bahamas                         | 226                                  | 13,940                                     | 11   | 4,256  |
| Barbados                        | 255                                  | 430  | 37   | 4,342  |
| Belize                          | 156                                  | 22,960                                     | 97   | 1,147  |
| Dominica                        | 83                                   | 750  | 19   | 1,078  |
| Grenada                         | 94                                   | 340  | 15   | 882  |
| Guyana                          | 806                                  | 214,970                                    | 1,725  | 578  |
| Jamaica                         | 2,289                                | 10,990                                     | 469  | 1,084  |
| St. Christopher & Nevis         | 54                                   | 360  | 15   | 1,390  |
| St. Lucia                       | 126                                  | 620  | 20   | 1,130  |
| St. Vincent &<br>the Grenadines | 104                                  | 340  | 19   | 900  |
| Suriname                        | 384                                  | 163,270                                    | 81   | 3,523  |
| Trinidad & Tobago               | 1,170                                | 5,130                                      | 169  | 7,138  |
| <u>OCTs</u>                     |                                      |  |  |  |
| Anguilla                        | 7                                    | 91   | n.a.   | 1,000  |
| Netherlands Antilles            | 196                                  | 800  | 8  | 3,629  |
| Aruba                           | 65                                   | 193  |  |  |
| Cayman Islands                  | 18                                   | 260  | 2  | 3,000  |
| Montserrat                      | 14                                   | 100  | n.a.   | 2,360  |
| Turks & Caicos                  | 10                                   | 430  | 1  | 1,500  |
| Virgin Islands                  | 12                                   | 151  | n.a.   | 4,276  |
| <u>ODs</u>                      |                                      |  |  |  |
| French Guyana                   | 80                                   | 91,000                                     | 11   | 3,230<br>( '82)                                |
| Guadeloupe                      | 318                                  | 1,780                                      | 61   | 4,330<br>( '82)                                |
| Martinique                      | 311                                  | 1,100                                      | 51   | 4,259<br>( '83)                                |
| <u>Caribbean ALAs</u>           |                                      |  |  |  |
| Dominican Republic              | 6,102                                | 48,730                                     | 3,552  | 990  |
| Haiti                           | 5,401                                | 27,750                                     | 1,401  | 317  |

Source: World Bank



Table II ECU EXCHANGE RATES OF CARIBBEAN CURRENCIES

| <u>ACP country</u>           | <u>Currency</u>       | <u>1976</u> | <u>1981</u> | <u>1985</u> |
|------------------------------|-----------------------|-------------|-------------|-------------|
| Antigua & Barbuda            |                       |             |             |             |
| Dominica                     |                       |             |             |             |
| Grenada                      | East Caribbean Dollar | 2.946       | 3.126       | 2.052       |
| St. Christopher & Nevis      |                       |             |             |             |
| St. Lucia                    |                       |             |             |             |
| St. Vincent & the Grenadines |                       |             |             |             |
| Bahamas                      | Bah \$                | 1.124       | 1.129       | 0.759       |
| Barbados                     | Bar \$                | 2.225       | 2.105       | 1.519       |
| Belize                       | Bel \$                | 2.225       | 2.105       | 1.519       |
| Guyana                       | Guy \$                | 2.838       | 3.176       | 3.178       |
| Jamaica                      | Jam \$                | 1.047       | 2.029       | 4.091       |
| Suriname                     | Sur Guilder           | 1.987       | 2.068       | 1.357       |
| Trinidad & Tobago            | T/T \$                | 2.708       | 2.729       | 1.829       |
| United States                | US \$                 | 1.118       | 1.116       | 0.763       |

Source: EEC Commission (average rates for the year)

Table III

CARIBBEAN EXPORTS AND IMPORTS (1984)  
(million US \$)

|                                 | <u>Exports</u>     |                |             | <u>Imports</u>     |                |             |
|---------------------------------|--------------------|----------------|-------------|--------------------|----------------|-------------|
|                                 | <u>World total</u> | <u>EEC</u>     | <u>%</u>    | <u>World total</u> | <u>EEC</u>     | <u>%</u>    |
| Belize                          | 83.6               | 24.4           | 29.2        | 125.0              | 26.5           | 21.2        |
| Jamaica                         | 791.6              | 114.8          | 14.5        | 1,296.1            | 143.5          | 11.1        |
| St. Vincent<br>& the Grenadines | 19.3               | 14.9           | 77.4        | 26.2               | 13.6           | 51.9        |
| Barbados                        | 383.3              | 32.5           | 8.5         | 629.6              | 79.4           | 12.6        |
| Trinidad & Tobago               | 2,105.9            | 320.5          | 15.2        | 1,878.0            | 356.7          | 19.0        |
| Grenada                         | 16.3               | 9.9            | 61.0        | 38.9               | 15.0           | 38.4        |
| Guyana                          | 314.5              | 102.2          | 32.5        | 230.8              | 31.6           | 13.7        |
| Haiti                           | 450.3              | 56.2           | 12.5        | 689.4              | 58.6           | 8.5         |
| Bahamas                         | 1,527.0            | 105.9          | 6.9         | 2,513.8            | 419.2          | 16.7        |
| Dominican Republic              | 1,211.1            | 57.3           | 4.7         | 1,459.0            | 74.1           | 5.1         |
| Guadeloupe                      | 93.9               | 69.3           | 73.8        | 595.7              | 470.3          | 78.9        |
| Martinique                      | 163.7              | 98.2           | 60.0        | 623.1              | 471.1          | 75.6        |
| Netherlands Ant.                | 3,486.6            | 507.5          | 14.6        | 5,936.4            | 379.6          | 6.4         |
| <u>TOTAL</u>                    | <u>10,647.0</u>    | <u>1,513.6</u> | <u>14.2</u> | <u>16,041.8</u>    | <u>2,539.0</u> | <u>15.8</u> |

Source: IMF Direction of Trade Statistics, 1985 Yearbook

Table IV

CARIBBEAN EXPORTS TO THE EEC  
(million Ecu)

|                      | <u>LOME I</u><br><u>1976-80</u> | <u>LOME II</u><br><u>1981-84</u> | <u>Trend from I to II</u> |          |
|----------------------|---------------------------------|----------------------------------|---------------------------|----------|
|                      |                                 |                                  | <u>million Ecu</u>        | <u>%</u> |
| Belize               | 21.74                           | 29.87                            | + 8.13                    | + 35%    |
| Bahamas              | 348.49                          | 242.97                           | - 105.52                  | - 30%    |
| Barbados             | 20.66                           | 30.49                            | + 9.83                    | + 47%    |
| Grenada              | 12.56                           | 14.87                            | + 2.31                    | + 18%    |
| Jamaica              | 141.26                          | 185.95                           | + 44.69                   | + 32%    |
| Trinidad & Tobago    | 157.16                          | 414.40                           | + 257.24                  | + 164%   |
| Suriname             | 125.88                          | 173.91                           | + 48.03                   | + 38%    |
| Guyana               | 103.75                          | 135.80                           | + 32.05                   | + 31%    |
| Cayman Islands       | 1.08                            | 6.52                             | + 5.44                    | + 504%   |
| Turks & Caicos       | 0.53                            | 0.35                             | - 0.18                    | - 34%    |
| Netherlands Antilles | 217.61                          | 582.41                           | + 364.80                  | + 168%   |
| Haiti                | 46.95                           | 69.09                            | + 22.14                   | + 47%    |
| Dominican Republic   | 61.99                           | 64.46                            | + 2.47                    | + 4%     |
| Guadeloupe           | 77.73                           | 85.49                            | + 7.76                    | + 10%    |
| Martinique           | 86.80                           | 121.48                           | + 34.68                   | + 40%    |
| French Guyana        | 1.601                           | 7.191                            | + 5.59                    | + 350%   |

Source: EUROSTAT

Table V

TOTAL EEC ASSISTANCE TO THE CARIBBEAN, 1976-85  
(million ECU)

|  | <u>LOME I</u> | <u>LOME II</u> |
|--|---------------|----------------|
| ACP indicative programmes  | 87.30         | 100.10         |
| OCT indicative programmes  | 21.512        | 22.600         |
| Haiti and Dominican Republic<br>(financial and technical assistance) | 19.2          | 29.33          |
| Regional programmes  | 27.000        | 62.100         |
| EIB loans to ACPs  | 20.90         | 77.40          |
| EIB loans to OCTs  | 7.50          | 8.00           |
| EIB regional loans   | 4.00          | -              |
| Stabex   | 3.17          | 12.33          |
| Sysmin   | -             | 3.00           |
| Emergency aid  | 10.62         | 1.20           |
| Aid via NGOs   | 1.70          | 4.24           |
| <u>Overall Total</u>   | <u>202.90</u> | <u>318.80</u>  |

TABLE VI

NATIONAL INDICATIVE AID PROGRAMMES, 1976-85: ACP  
(million Ecu)

|                                 | <u>LOME I</u> |                            |              | <u>LOME II</u> |                            |              |
|---------------------------------|---------------|----------------------------|--------------|----------------|----------------------------|--------------|
|                                 | <u>Total</u>  | (4th EDF)<br><u>grants</u> | <u>loans</u> | <u>Total</u>   | (5th EDF)<br><u>grants</u> | <u>loans</u> |
| Antigua & Barbuda               | 3.15          | 1.90                       | 1.25         | 2.70           | 1.70                       | 1.00         |
| Bahamas                         | 1.80          | 0.66                       | 1.14         | 2.10           | 2.10                       | -            |
| Barbados                        | 2.60          | 1.00                       | 1.60         | 3.20           | 3.70                       | -            |
| Belize                          | 5.58          | 0.80                       | 4.78         | 5.50           | 2.00                       | 3.50         |
| Dominica                        | 2.50          | 2.50                       | -            | 3.50           | 3.50                       | -            |
| Grenada                         | 2.00          | 2.00                       | -            | 3.50           | 3.50                       | -            |
| Guyana                          | 12.80         | 6.00                       | 6.80         | 14.60          | 14.60                      | -            |
| Jamaica                         | 20.00         | 11.40                      | 8.60         | 26.40          | 17.30                      | 9.10         |
| St. Christopher<br>& Nevis      | 2.30          | 1.73                       | 0.57         | 2.20           | 1.70                       | 0.50         |
| St. Lucia                       | 3.21          | 3.21                       | -            | 3.70           | 3.70                       | -            |
| St. Vincent<br>& the Grenadines | 3.06          | 3.06                       | -            | 3.70           | 3.70                       | -            |
| Suriname                        | 18.00         | 10.50                      | 7.50         | 18.00          | 13.50                      | 4.50         |
| Trinidad & Tobago               | 10.30         | 7.41                       | 2.89         | 10.50          | 10.50                      | -            |
| <u>TOTAL</u>                    | 87.30         | 52.18                      | 35.12        | 100.10         | 81.50                      | 18.60        |

GRAND TOTAL:

- LOME I : 87.30 million ECUS

- LOME II: 100.10 " "

187.40 million ECU

Table VII

NATIONAL INDICATIVE AID PROGRAMMES: OCTs  
( '000 Ecu)

|                        | 1976-80 (4th EDF) |               |               | 1981-85 (5th EDF) |               |              |
|------------------------|-------------------|---------------|---------------|-------------------|---------------|--------------|
|                        | <u>Total</u>      | <u>grants</u> | <u>loans</u>  | <u>Total</u>      | <u>grants</u> | <u>loans</u> |
| Anguilla               | 329               | 329           | -             | 400               | 400           | -            |
| British Virgin Islands | 461               | -             | 461           | 500               | -             | 500          |
| Cayman Islands         | 491               | -             | 491           | 500               | -             | 500          |
| Montserrat             | 770               | 770           | -             | 700               | 700           | -            |
| Netherlands Antilles   | 19,100            | 9,529         | 9,571         | 20,000            | 13,334        | 6,666        |
| Turks & Caicos         | 361               | 361           | -             | 500               | 500           | -            |
| <u>TOTAL</u>           | <u>21,512</u>     | <u>10,989</u> | <u>10,523</u> | <u>22,600</u>     | <u>14,934</u> | <u>7,666</u> |

GRAND TOTAL

- LOME I : 21.512 million Ecus  
 - LOME II : 22.600 " "  
 44.112 " "

Table VIII

FINANCIAL AND TECHNICAL AID TO OTHER CARIBBEAN COUNTRIES  
(million Ecu)

|   | <u>1976-80</u> | <u>1981-85</u> |
|---|----------------|----------------|
| Haiti   | 12.90          | 9.83           |
| Dominican Republic                            | 6.30           | 18.00          |
| Haiti & Dominican Republic (regional project) | -              | 1.50           |
| <u>TOTAL</u>                                  | <u>19.20</u>   | <u>29.33</u>   |

Table IX

REGIONAL OPERATIONS (ACPs & OCTs), 1976-85

|   | <u>LOME I</u> |     | <u>LOME II</u>                                |     |
|---|---------------|-----|---|-----|
|   | mECU          | %   | mECU  | %   |
| 1. <u>Allocations</u>                         | 27            |     | 62 (plus funds for trade & tourism promotion) |     |
| 2. <u>Financing decisions by sector</u>       |               |     |   |     |
| Transport & communications                    | 12.15         | 48% | 12.23   | 23% |
| Rural development                             | 4.8           | 19% | 14.94   | 28% |
| Education, training, and technical assistance | 7.73          | 31% | 19.72   | 36% |
| Trade & tourism promotion                     | 0.56          | 2%  | 7.32  | 13% |
|   | -----         |     | -----   |     |
|   | 25.24         |     | 54.21   |     |

3. Main areas of assistance

| <u>Transport &amp; communications</u>                            | <u>Education, training &amp; tech. assistance</u>                               |
|--|---|
| WISCO (purchase of 2 vessels, technical assistance)              | UWI (buildings, equipment, scholarships)  |
| LIAT (ground equipment, management assistance)                   | PAHO/WHO (public health personnel)  |
| Guyana-Suriname ferry  | OECS secretariat  |
|  | CARICOM secretariat   |
|  | CDB (training in project administration)  |
|  | CATI  |
|  | CAIC  |
|  | Disaster prevention & preparedness  |
|  | Customs officials   |
| <u>Rural development</u>   | <u>Trade and tourism promotion</u>  |
| CFC (technical assistance, credit)                               | CTA/CTRC (assistance with CTA office in Frankfurt, and with research)           |
| CARDI (research project, field stations)                         | CTRC (statistical research, tourism - agriculture links, handicrafts promotion) |
| CARICOM (corn & soya bean farm, Belize)                          | Rum (supply/demand study)   |
| CATCO (marketing of farm produce)                                |   |
| CDB (pre-investment studies, production projects)                |   |
| Regional chicken hatcheries                                      |   |
| Moko (bananas) disease control                                   |   |
| Studies (on fisheries, coconuts, forestry, sheep & goats, seeds) |   |
| Cocoa research   |   |

Table X

EUROPEAN INVESTMENT BANK LOANS, 1976-85  
(million Ecu)

|  | <u>CONVENTION</u> | <u>AMOUNT</u> |
|--|-------------------|---------------|
| <u>BELIZE</u>  |                   |               |
| DFC Belize (development bank)                            | L II              | 2.6           |
| <u>BAHAMAS</u>   |                   |               |
| Water & Sewerage Corporation                             | L II              | 8.5           |
| <u>JAMAICA</u>   |                   |               |
| NDB (National Development Bank)                          | L II              | 5.0           |
| JBM Alumina  | L II              | 4.0           |
| <u>ST. CHRISTOPHER &amp; NEVIS</u>                       |                   |               |
| DBSKN (development bank)                                 | OCT               | 1.0           |
| <u>DOMINICA</u>  |                   |               |
| AID bank/Carib Spring (development bank, bottling plant) | L II              | 1.0           |
| <u>ST. LUCIA</u>   |                   |               |
| Geothermal resources study                               | L I               | 0.2           |
| SLDB (development bank)                                  | L II              | 1.0           |
| <u>ST. VINCENT &amp; THE GRENADINES</u>                  |                   |               |
| VINLEC (hydro-electricity)                               | L II              | 2.9           |
| Bequia airstrip study                                    | L II              | 0.1           |
| <u>GRENADA</u>   |                   |               |
| GRNLEC (electricity)                                     | L II              | 2.4           |
| <u>BARBADOS</u>  |                   |               |
| BLPC (electricity)                                       | L I               | 5.0           |
| BDB (development bank)                                   | L I               | 2.5           |
| BDB II   | L II              | 4.0           |
| BPA (port development)                                   | L II              | 5.6           |
| <u>TRINIDAD &amp; TOBAGO</u>                             |                   |               |
| TTDFC (development bank)                                 | L I               | 5.0           |
| TTDFC II   | L I               | 5.0           |
| TTDFC III  | L II              | 8.0           |
| T&TEC (electricity)                                      | L II              | 12.0          |
| TTDFC IV   | L II              | 12.0          |
| <u>GUYANA</u>  |                   |               |
| Upper Demerara Forestry                                  | L I               | 3.2           |
| GAIBANK (development bank)                               | L II              | 4.0           |
| <u>SURINAME</u>  |                   |               |
| NDB (development bank)                                   | L II              | 4.3           |
| <u>CAYMAN ISLANDS</u>                                    |                   |               |
| CUC (electricity)  | OCT               | 3.0           |
| <u>MONTserrat</u>  |                   |               |
| MONLEC (electricity)                                     | OCT               | 0.9           |
| Wind power study   | OCT               | 0.3           |
| <u>NETHERLANDS ANTILLES</u>                              |                   |               |
| OBNA (development bank)                                  | OCT               | 0.8           |
| BAD (development bank)                                   | OCT               | 0.8           |
| KAE (electricity)  | OCT               | 8.7           |
| CDB (regional development bank)                          | L I               | 3.0           |
| CIC (regional development bank)                          | L I               | 1.0           |
| <b>GRAND TOTAL</b>                                       |                   | <b>117.8</b>  |



Table XI

EMERGENCY AID, 1976-85

|                                 | <u>DISASTER</u>            | <u>DATE OF DECISION</u> | <u>AMOUNT</u><br>( '000 Ecu) |
|---------------------------------|----------------------------|-------------------------|------------------------------|
| Antigua                         | Drought                    | May 1984                | 200                          |
| Barbados                        | Hurricane Allen            | September 1980          | 50                           |
| Dominica                        | Hurricanes David/Frederick | September 1979          | 3,300                        |
|                                 | Hurricane Allen            | September 1980          | 600                          |
|                                 | Torrential rains           | May 1981                | 500                          |
| Grenada                         | Torrential rains           | March 1980              | 300                          |
|                                 | Hurricane Allen            | October 1980            | 150                          |
| Jamaica                         | Flooding                   | June 1979               | 275                          |
|                                 | Flooding                   | March 1980              | 600                          |
|                                 | Hurricane Allen            | August 1980             | 300                          |
| St. Christ-<br>opher & Nevis    | Hurricanes David/Frederick | December 1979           | 100                          |
| St. Lucia                       | Hurricane Allen            | August 1980             | 1,000                        |
|                                 | Tropical storm             | October 1983            | 220                          |
| St. Vincent &<br>the Grenadines | Volcanic eruption          | May 1979                | 300                          |
|                                 | Hurricane Allen            | September 1980          | 500                          |
|                                 | Torrential rains           | August 1981             | 200                          |
| Montserrat                      | Hurricanes David/Frederick | December 1979           | 100                          |
|                                 | Hurricane Allen            | December 1980           | 150                          |
|                                 | Torrential rains           | January 1982            | 80                           |
| Netherlands<br>Antilles         | Hurricanes David/Frederick | October 1979            | 100                          |
| Guadeloupe                      | Hurricanes David/Frederick | September 1979          | 500                          |
| Martinique                      | Hurricanes David/Frederick | September 1979          | 500                          |
| Guadeloupe/<br>Martinique       | Hurricane Allen            | September 1980          | 700                          |
| Dominican<br>Republic           | Hurricanes David/Frederick | Sept-Dec 1979           | 600                          |
| Haiti                           | Hurricanes David/Frederick | October 1979            | 100                          |
|                                 | Hurricane Allen            | August 1980             | 400                          |
| <u>TOTAL</u>                    |                            |                         | <u>11,825</u>                |

TABLE XII

STABEX AND SYSMIN TRANSFERS

| <u>STABEX 1976-85 (million Ecu)</u> |                |                |                |               |
|-------------------------------------|----------------|----------------|----------------|---------------|
|                                     | <u>Product</u> | <u>1976-80</u> | <u>1981-85</u> | <u>Total</u>  |
| Belize                              | Sawn wood      | 0.281          |                | 0.281         |
| Dominica                            | Bananas        | 2.893          | 2.528          | 5.421         |
|                                     | Coconuts       |                | 0.502          | 0.502         |
| Grenada                             | Nutmeg/Mace    |                | 0.476          | 0.476         |
|                                     | Cocoa          |                | 3.087          | 3.087         |
|                                     | Fresh Bananas  |                | 0.239          | 0.239         |
| Jamaica                             | Bananas        |                | 3.239          | 3.239         |
| St. Lucia                           | Bananas        |                | 1.350          | 1.350         |
| St. Vincent &<br>the Grenadines     | Bananas        |                | 0.913          | 0.913         |
| <u>TOTAL</u>                        |                | <u>3.174</u>   | <u>12.334</u>  | <u>15.508</u> |

| <u>SYSMIN</u> |         |       |              |
|---------------|---------|-------|--------------|
| Guyana        | Bauxite | 3.000 | <u>3.000</u> |

Table XIII

NGO PROJECTS CO-FINANCED BY THE EEC, 1976-85

|                                 | <u>LOME I</u>   |                        | <u>LOME II</u>  |                        |
|---------------------------------|-----------------|------------------------|-----------------|------------------------|
|                                 | No. of Projects | subsidy<br>( '000 Ecu) | No. of Projects | subsidy<br>( '000 Ecu) |
| Barbados                        | /               | /                      | 3               | 309                    |
| Dominica                        | 2               | 225                    | 4               | 116                    |
| Grenada                         | 1               | 5                      | 9               | 532                    |
| Guyana                          | 1               | 60                     | 1               | 6                      |
| Jamaica                         | 8               | 337                    | 2               | 261                    |
| St. Vincent<br>& the Grenadines | /               | /                      | 1               | 11                     |
| Trinidad & Tobago               | 1               | 33                     | /               | /                      |
| Netherlands<br>Antilles         | /               | /                      | 1               | 59                     |
| Dominican Republic              | 3               | 353                    | 13              | 419                    |
| Haiti                           | 8               | 690                    | 27              | 2,504                  |
| Dominica/St. Vincent            | /               | /                      | 2               | 20                     |
| <u>TOTAL</u>                    | <u>24</u>       | <u>1,703</u>           | <u>63</u>       | <u>4,237</u>           |

Table XIV

LOME III INDICATIVE AID PROGRAMMES, 1986-90  
(million Ecu)

1. ACPs

|                                 | <u>Total</u> | <u>grants</u> | <u>special<br/>loans</u> | <u>risk<br/>capital</u> | <u>sectoral distribution</u>                   |            |
|---------------------------------|--------------|---------------|--------------------------|-------------------------|--|------------|
| Antigua & Barbuda               | 4            | 2.5           | 1                        | 0.5                     | Economic<br>infrastructure                     | 80%        |
| Bahamas                         | 3            | 2             | 1                        | -                       | Economic<br>infrastructure                     | 80%        |
| Barbados                        | 5            | 3             | 2                        | -                       | Agricultural production,<br>marketing & export | 75%        |
| Belize                          | 8            | 4             | 3                        | 1                       | Economic<br>infrastructure                     | 80%        |
| Dominica                        | 5.5          | 5             | -                        | 0.5                     | Economic<br>infrastructure                     | 75%        |
| Grenada                         | 5            | 4.5           | -                        | 0.5                     | Economic<br>infrastructure                     | 80%        |
| Guyana                          | 20.5         | 20.5          | -                        | -                       | Economic<br>infrastructure                     | 90%        |
| Jamaica                         | 39           | 29            | 10                       | -                       | Agricultural<br>production                     | 80%        |
| St. Christopher<br>& Nevis      | 3            | 2.5           | -                        | 0.5                     | Social infrastructure &<br>water management    | 90%        |
| St. Lucia                       | 5.5          | 5             | -                        | 0.5                     | Rural development                              | 80%        |
| St. Vincent &<br>the Grenadines | 5.5          | 5             | -                        | 0.5                     | Rural development                              | 55%        |
| Suriname                        | 23           | 17            | 6                        | -                       | Agricultural<br>production                     | 70%        |
| Trinidad & Tobago               | 15           | 9             | 6                        | -                       | Agricultural prod.<br>Human resources          | 50%<br>30% |
| TOTAL                           | <u>142</u>   |               |                          |                         |  |            |

2. OCTs

Not yet established

3. REGIONAL

72 (plus funds for regional trade & tourism promotion)

Table XV

EEC DELEGATIONS IN THE CARIBBEAN

Antigua & Barbuda

Antigua Commercial Bank  
St. Mary's & Thames St.  
St. John's  
Tel (046) 22 970  
Tx 2074 DELCEC AK  
(sub-office of the  
delegation to Barbados)

Barbados

Sunjet House  
Fairchild St.  
PO Box 654 C  
Bridgetown  
Tel 427-4362/429-7103  
(also responsible for  
Dominica, St. Lucia, St.  
Vincent & the Grenadines,  
St. Christopher & Nevis,  
Anguilla, British Virgin  
Islands and Montserrat)

Belize

PO Box 907  
Belize City  
Tel 45365  
Tx 106 CEC - BZ  
(sub-office to the  
delegation to  
Jamaica)

Grenada

PO Box 5  
St. George's  
Tel 3561  
Tx 4331 CWBUR GA  
(attn CEC delegation)  
(sub-office of the  
delegation to Trinidad  
& Tobago)

Guyana

64B Middle ST  
Sth Cummingsburg  
PO Box 10847  
Georgetown  
Tel 02-626 15  
Tx 2258 DELEG GY  
(also responsible for  
relations with  
CARICOM secretariat)

Jamaica

Mutual Life Center  
Oxford Rd/Old Hope Rd  
PO Box 435  
Kingston 5  
Tel 92-930 30/31/32  
Tx 2391 DELEGEC  
KINGSTON 5  
(also responsible for  
the Bahamas, Belize,  
Cayman Is and Turks &  
Caicos Is)

Netherlands Antilles

Mgr Kieckensweg 24  
PO Box 822  
Willemstad, Curaçao  
Tel 625 084/626 433  
Tx 1089 DELEG NA -  
WILLEMSTAD

Suriname

Dr S. Redmondstraat 239  
PO Box 484  
Paramaribo  
Tel 993 22  
Tx 192 DELEGFED SN -  
PARAMARIBO

Trinidad & Tobago

2, Champs Elysées  
Long Circular  
Maraval  
PO Box 1144  
Port of Spain  
Tel 62-266 28  
Tx 22421 DELFED WG  
PORT OF SPAIN

Venezuela (HQ of the delegation for Latin America)

Valle Arriba  
Calle Colibri  
Carretera de Baruta  
Caracas  
Tel 92 50 56/92 39 67  
Tx 26336 COMEU VC

## OTHER PUBLICATIONS CONCERNING DEVELOPMENT

Other EEC publications about the Community's relations with the Third World can be obtained from:  
Commission of the European Communities,  
Directorate-General for Information, Division "Information on Development",  
200, rue de la Loi,  
1049 Brussels/Belgium

### DOSSIERS

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The European Community and the Arab World, 1982

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