

ACP - EEC CONSULTATIVE ASSEMBLY

JOINT COMMITTEE

AD HOC WORKING GROUP ON INDUSTRIAL COOPERATION

DRAFT REPORT

on

ACP-EEC INDUSTRIAL COOPERATION AND
THE IMPACT OF THE LOME CONVENTION

A - Interim motion for a resolution

Rapporteur: Mr G. FUCHS

The following took part in the work:

ACP States

Ambassador Chief Afolabi
(President)

Representatives of:

Barbados
Benin
Fiji
Grenada
Lesotho
Nigeria
Papua New Guinea
Zaire
Zimbabwe

Representatives of the EP

Mr Fuchs, rapporteur
Mrs Cassanmagnago Cerretti
Mrs Castellina
Mr de Courcy Ling
Mr De Gucht
Mr Deschamps
Mrs Dury
Mr Enright
Mr Flanagan
Mrs Focke
Mr C. Jackson
Mr Michel
Mr Papaefstratiou
Mrs Poirier
Mrs Pruvot
Mr Schön
Mr Vandewiele

31 January 1983

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Interim motion for a resolution

The ACP-EEC Joint Committee

- meeting on 21 to 25 February 1983 in Kingston (Jamaica),
 - having regard to the report drawn up by Mr G. FUCHS on behalf of the ad hoc Working Group on Industrial Cooperation,
- (a) having regard to the general intention of making ACP-EEC relations a model for North-South relations by seeking mechanisms for cooperation which serve the causes of social justice, human dignity and peace;
- (b) having regard to the mutual advantages of industrial cooperation for:
- . the ACP countries, which can thereby hope to speed up the development of their industries and hence to satisfy the needs of their countries,
 - . the EEC, which can thereby hope to foresee and control the developments in its productive apparatus dictated by the emergence of new competitors,
 - . all partners concerned, who can expect it to bring the revival in their economies which is a vital ingredient for any lasting solution to the world crisis;
- (c) whereas participation by the ACP countries in world industry is today on a very small scale and, despite real potential, will remain so unless further considerable efforts are made to improve both quantity and quality at home and abroad, within the framework of effective strategies;
- (d) having regard to the differences between the ACP countries which make a diversified approach to industrial cooperation essential,
- (e) having regard to the external difficulties affecting the industrialization of the ACP countries, arising mainly from the deterioration of, and unpredictability of resources from, their exports of basic products, the continuing lack of balance in their relations with the rich countries and the latter's dominant undertakings, and the debts incurred as a result,
- (f) whereas these difficulties have been aggravated by the recessionary impact of the crisis and the protectionist reactions it has aroused, in the EEC

as elsewhere, although the ratio of EEC-ACP imports to exports for manufactured goods is of the order of 1 : 5,

- (g) having regard to the internal difficulties affecting the industrialization of the ACP countries, arising on the one hand from the after-effects of colonization and on other from the inadequate distribution of a satisfactory level of purchasing power, particularly in the rural sector, and lastly from the present stage in development, where a sufficiently favourable situation has not yet been achieved as regards experience level of training and the ability to make use of technologies developed elsewhere,
- (h) having regard to the text of the Lomé Conventions, particularly Title V of Lomé II concerning ACP-EEC industrial cooperation and the instruments and means for achieving it,

The achievements of Lomé

1. Notes that operations contributing to the industrialization of the ACP countries - including energy and mines - have accounted for a considerable share of the finance committed under the Lomé Conventions (29% under Lomé I and 35.6% for the first 18 months of Lomé II, in 394 and 78 operations respectively);
2. Notes, however, that a great many of these operations are concentrated in a limited number of more dynamic countries;
3. Welcomes the fact that a large (10%) and growing proportion of the expenditure committed is in the form of global loans to the Development Banks which are subsequently used to assist small and medium-sized undertakings;
4. Welcomes also the fact that the funds allocated by the Community institutions have often enabled co-financing operations to be carried out (two-thirds of the sums allocated have been used in this way, making it possible, roughly, to seclude the initial outlay);
5. Considers, nevertheless, that the results obtained in terms of added value or the balance of payments are inadequate in the light of the aims pursued and, despite the ambiguity of this criterion, regards the drop in EEC imports of manufactured goods from the ACP countries as a disturbing development;
6. Regrets in this connection that the finance committed under the Lomé Conventions for industrialization in the strict sense (excluding energy

and mines) represents only about half of the amounts quoted in paragraph 1;

7. Deplores the fact that one of the commitments given in Lomé II - the study of 'the means of tapping additional resources' provided for in Annex X - has not yet produced any firm results;
8. Considers, however, that the problem of identifying a sufficient number of high-quality industrial projects suitable for promoting the development of the ACP countries is no less important than the financial problem, as a key element in strengthening industrial cooperation;
9. Considers, therefore, that the only way of putting an end to the often fruitless debate about 'lack of money' or 'lack of projects' is to associate the ACP countries more closely with the management of those of the EIB's activities which concern them;
10. Considers in the same connection that the successful role played by the CID in matters of information, expertise and technical assistance should be expanded and strengthened;

The strategies for industrialization

11. Reaffirms its full support for the option preferred by the great majority of the ACP countries - the strategy of self-reliant development which, while respecting the individual situation of each country, is principally aimed at satisfying the genuine local needs of the whole population of a country by making the best possible use of locally available resources for this purpose;
12. Supports in this connection the strengthening of regional or subregional cooperation, which for reasons of technology or markets, are often essential for the implementation of self-generating development;
13. Reaffirms its support, however, for the additional demand for more remunerative prices for basic products and fairer representation for the countries of the South in the international organizations directly or indirectly concerned with development;
14. Also views as positive all domestic efforts by ACP countries to enhance the value of their local mineral or vegetable resources, in order to increase the added value of products which are exported;
15. Believes, however, that the internal purchasing power and added value necessary for structured industrialization can also be achieved above all by fixing farm prices at a remunerative level

for food crops and by creating a network of small and medium-sized undertakings, craft associations and cooperatives manufacturing useful products;

16. Considers it necessary for the EEC to step up its contribution to the drawing up of national, and even regional development plans, which are vital for the technical and chronological coherence of the decisions aimed at establishing gradually a comprehensive and balanced industrial network;
17. In view of the current state of private investment in many of the ACP countries, considers that a dynamic public sector or mixed economy has an essential role to play in the realization of these plans;
18. Maintains that the EEC for its part must accept the concept of a new international division of labour as a result of the industrialization of the ACP countries and considers that unilateral protectionist measures offend against the spirit of the ACP-EEC Conventions;
19. Considers therefore that future industrial cooperation should also seek to strengthen those instruments and bodies capable of resolving, to the benefit of all concerned, the contradictions which may exist between the requirements of the national development of each partner and the need for a minimum of coherence and compatibility between the plans of each individual country.

The means for implementation

20. Considers, in the light of the attached report and the remarks made above, that the following suggestions and proposals should be implemented, either during the last part of the period covered by the present Lomé Convention, or when drawing up the convention to succeed it.
21. Entry quotas for imports into the EEC of sensitive industrial products from the ACP countries should be negotiated, and calculated on the basis of precise volumes weighted to take into account specifically indicated positive growth rates;
22. The list of products covered by the Stabex system should be extended to include processed mineral or vegetable products;

23. There should be a considerable increase in the volume of resources for industrial cooperation, particularly in the form of interest rate subsidies helping to offset the current increase in interest rates which slow down the rate of investment and in the form of risk capital, (which is particularly well-suited to industrial development) while ensuring on the one hand that the less developed ACP countries receive their fair share, and on the other that the proportion of global loans continues to increase;
24. Information concerning all the possibilities provided by the ACP-EEC Conventions should be more widely disseminated to private investors in search of partners;
25. A protection mechanism should be created for investments, guaranteed by funds specifically earmarked for this purpose, and limiting the risks involved to the usual economic and industrial risks;
26. Contacts and links should be fostered at EEC institutional level with countries with a balance of payments surplus, with a view to interesting them in new co-financing operations in the ACP countries;
27. Backing should be given to financial support for operations designed to rehabilitate existing production capacity where recurrent but in many cases less onerous expenditure sometimes allows substantial production gains to be made;
28. Conditions for the transfer of technology should be improved by:
 - strengthening the action already taken in this field by the CID, by providing, amongst other things, the necessary financial resources and manpower;
 - encouraging the development of consultancy firms and engineering consultants in the ACP countries;
 - encouraging joint ventures between ACP and EEC consultants in order to achieve this aim;
29. Research and development in the field of technologies adapted to the specific situations and needs of the ACP countries should be stepped up; either by implementing industrial R & D programmes with the joint participation of the EEC and any ACP States interested in the subject concerned or by encouraging independent research in the ACP countries;
30. Assistance should be provided for the training of scientific and technical staff and industrial managers, either through direct local action, or by

the development of specialized schools and institutes (possibly at regional level), or by means of major grant programmes and training courses compulsorily linked to the realization of any industrial project;

31. It should be made easier for ACP students and workers currently in the EEC to return to their country of origin, if they so desire, by giving them an opportunity to adapt their training to the situation and needs of their own country;
32. The responsibilities and role of the present Committee on Industrial Cooperation should be strengthened to enable it to keep in touch with all the problems and measures described here over and above simple control of the operation of the CID;
33. Socio-professional, employers' and trade union organizations should be involved in the management of industrial cooperation, by setting up a kind of ACP-EEC Economic and Social Committee;
34. The possibility should be studied of creating an 'ACP-EEC Development Bank', based on the model of the World Bank, which could group together all the EIB's activities in the ACP countries; the Ministers of Development as well as the Ministers of Finance could be associated with the management of this institution;
35. In conclusion, in view of increased interdependence in the world and the seriousness of the crisis, considers that ACP-EEC relations in the field of industrial cooperation should be based both on genuine medium-term joint planning and joint revitalization, in other words on a new approach involving 'co-development', which, if successful, would make ACP-EEC relations a true model for the management of all the resources of our planet by the service of mankind.