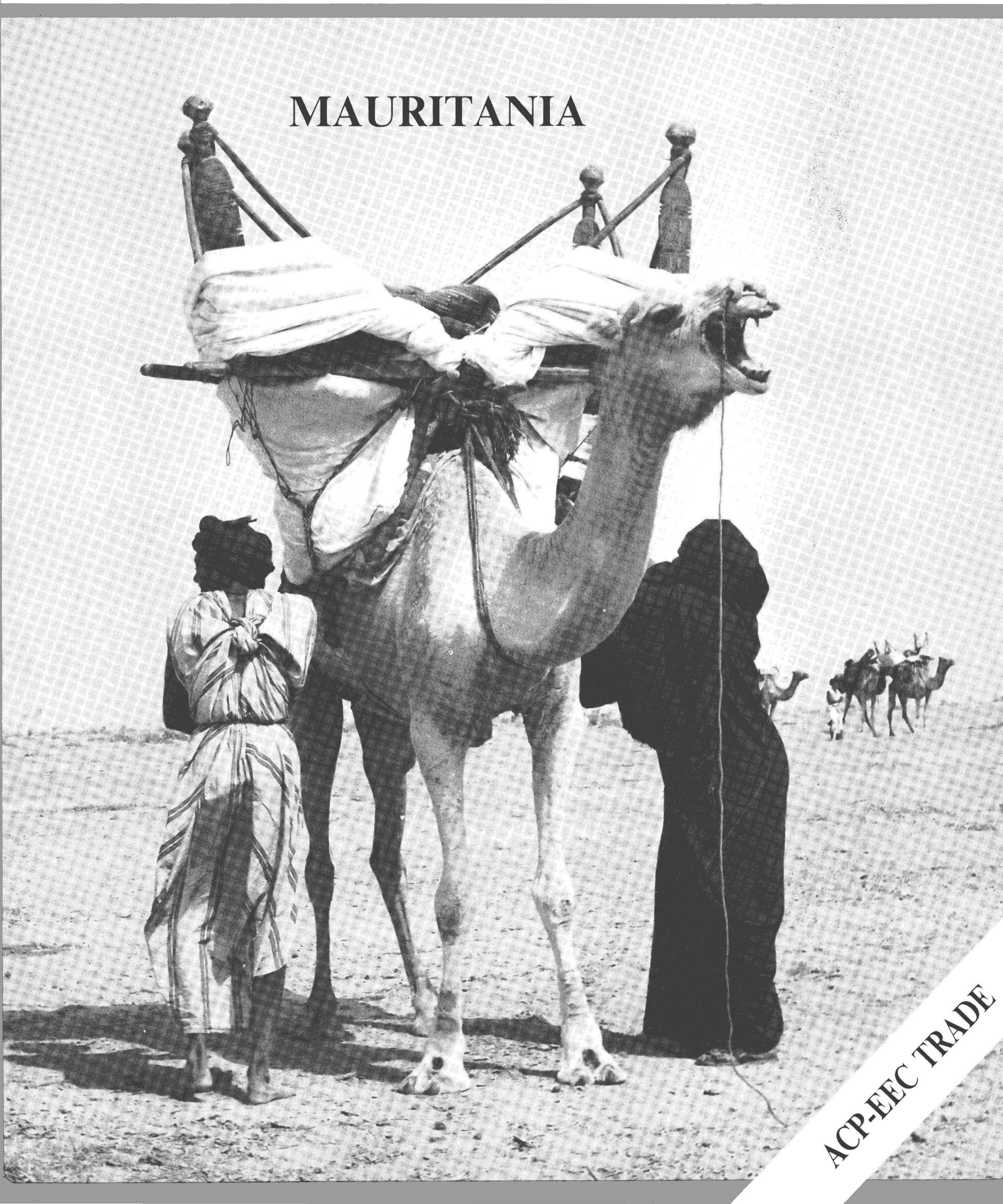
The Courier

AFRICA-CARIBBEAN-PACIFIC - EUROPEAN COMMUNITY

Published every two months

N° 98 — JULY-AUGUST 1986



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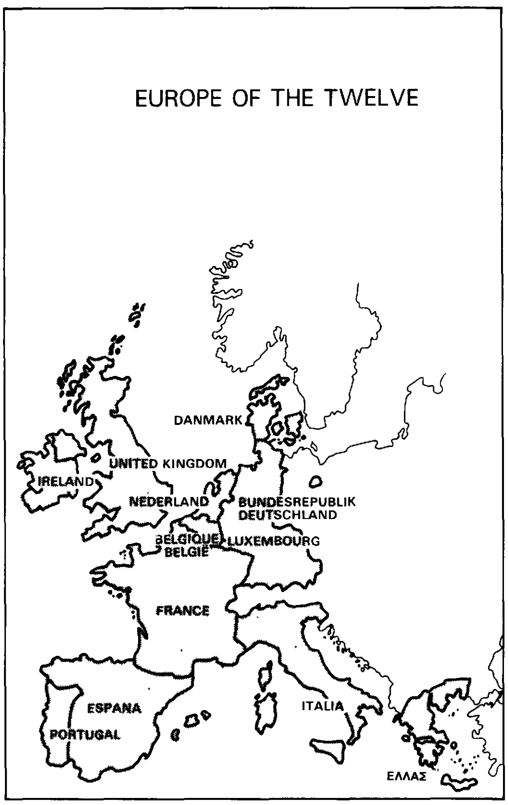

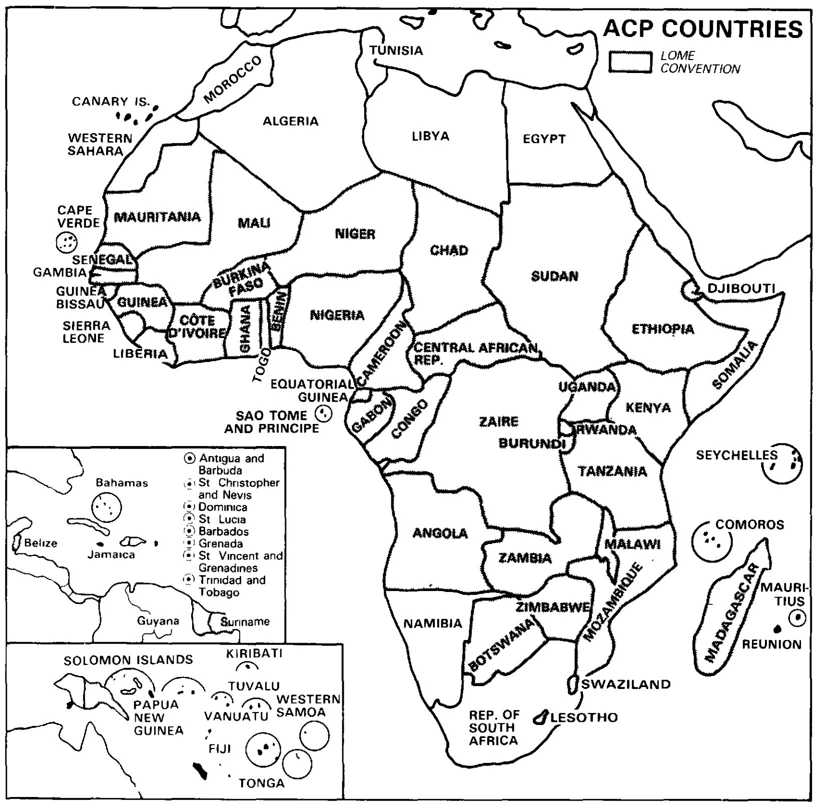

FRANCE

(Territorial collectivities)

Mayotte
St Pierre and Miquelon

(Overseas territories)

New Caledonia and dependencies
French Polynesia
French Southern and Antarctic Territories
Wallis and Futuna Islands

NETHERLANDS

(Overseas countries)

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(Bonaire, Curaçao, St Martin, Saba, St Eustatius)
Aruba

DENMARK

(Country having special relations with Denmark)

Greenland

UNITED KINGDOM

(Overseas countries and territories)

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British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Cayman Islands
Falkland Islands
Southern Sandwich Islands and dependencies
Montserrat
Pitcairn Island
St Helena and dependencies
Turks and Caicos Islands

This list does not prejudice the status of these countries and territories now or in the future.

The *Courier* uses maps from a variety of sources. Their use does not imply recognition of any particular boundaries nor prejudice the status of any state or territory.

Cover: *The camel is the nomad's favoured mode of transport, thanks to its hardiness and frugality (photo Vivant Univers)*

MEETING POINT: Edwin Carrington

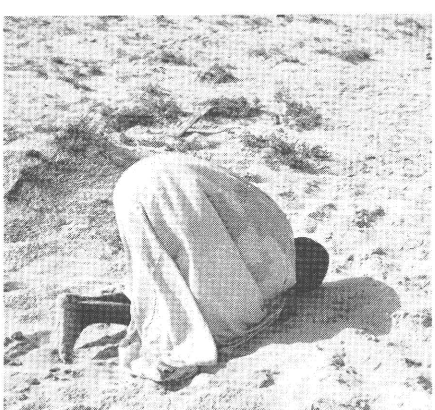
Elected Secretary-General of the ACP Group in October last year, after 10 years as deputy, Edwin Carrington has assumed office at a particularly difficult time in the ACPs' existence. The Courier discussed with him the challenges facing the Group. **Pages 3 to 7.**

UN Special Session on Africa

The UN General Assembly held a Special Session on Africa's critical economic situation in New York from 27 to 31 May. It was the first time such a session had been devoted to discussion of a single continent's problems, and the first time that both the Commission and the ACP Group spoke in their own right in such a session. The background, the expectations and the hopeful outcome are described in detail. **Pages 8 to 13.**

COUNTRY REPORTS

COMOROS: Located in the Mozambique Channel, the Islamic Federal Republic of The Comoros has an economy based on subsistence agriculture and on three cash crops—vanilla, cloves and ylang-ylang. Heavily dependent on foreign aid, the country is also deeply in debt. President Ahmed Abdallah Abderemane reviews the principal barriers to his country's development. **Pages 25 to 39.**



MAURITANIA: A vast land on the West African coast covering more than a million square kilometres, on the hinge on the arab world and that of Black Africa, Mauritania has suffered in past years from appalling drought, which has hastened the advance of the desert yet further, and limited, with every day that passes, the chances of eking out an existence. Mauritania's Head of State speaks of the difficulties his country is facing, and of the possible ways of overcoming them. **Pages 40 to 56.**

DOSSIER: ACP-EEC trade — The Kiel Study

Has ACP-EEC trade developed in the decade since the signing of Lomé I and, if not, why not? To what extent have EEC policies impeded growth in ACP exports and in what degree have those of the ACP been responsible? The University of Kiel (West Germany) addressed itself to these and other questions in an extensive study of ACP-EEC trade patterns. **Pages 61 to 91.**

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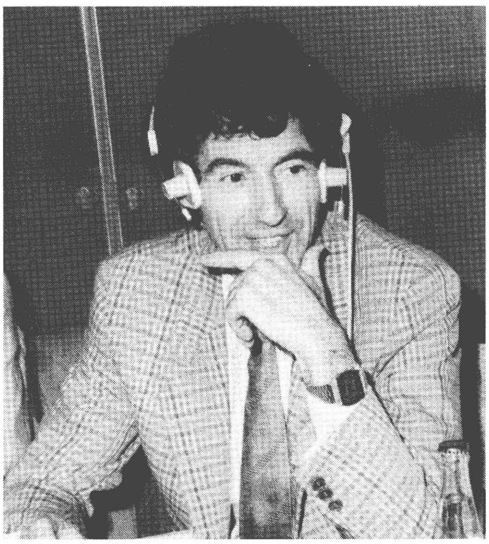
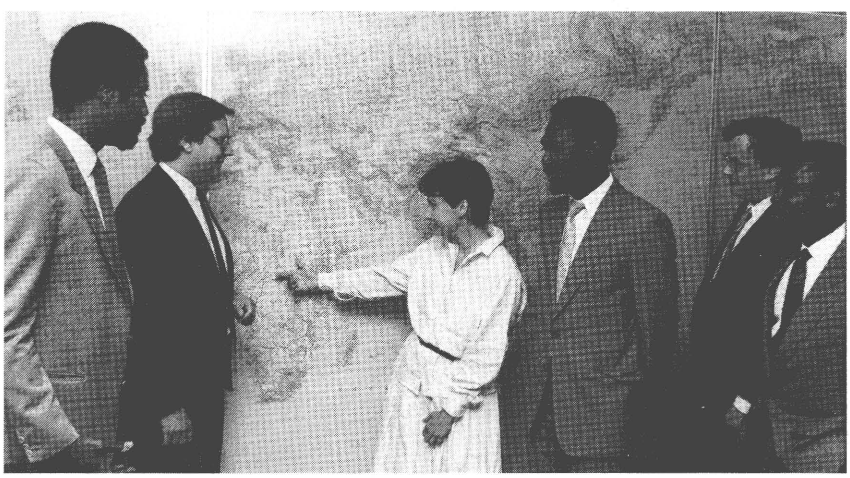
New editor takes over



Fernand Thurmes

Over the past 18 months, Courier readers will have seen that some of the articles have been signed by Fernand Thurmes, who took over the job of editor in November 1984.

Mr Thurmes has now left the Development Directorate to become the Head of the Private Office of Nicolas Mosar, the Commissioner for Energy. I am of course delighted that our friend has obtained this promotion. It will take him to pastures new, a wide field offering much to learn. It is almost bound to be difficult — because he will not just have to come to grips with the European energy policy, with coal and hydrocarbons and nuclear energy, but with energy saving, alternative energy and more. But I cannot but regret the departure of a colleague whom our ACP and European partners know well. Some of them had the opportunity to get to know him during the negotiations for Lomé III and he is well known to the MPs and in our social circles as he spent some time working in the Commission department for relations with the European Parliament, the ACP-EEC Joint Assembly, the Economic and Social Committee and the other institutions.



EEC-Lambiotte

The editorial team. From left to right, Amadou Traoré, Roger De Backer, Myfanwy van de Velde, Augustine Oyowe, Tom Glaser and Lucien Pagni

Marie-Hélène Birindelli is now editor of The Courier. She is the first woman to occupy a post of this level in the Development Directorate — where she has worked since 1962.

Our new editor trained in both economics and arts and is completely familiar with the house and the context of ACP-EEC relations. She, too, has experience of negotiations (Lomé II), which followed her responsibility as a desk officer for Madagascar and various countries in the Indian Ocean and then for a number of countries in western Africa. She also had a spell as an agricultural and water engineering project economist. Mrs Birindelli has lived in both Niger and the Central African Republic. Since 1982 she has dealt with cultural cooperation, population involvement and information, and her varied experience will, I am sure, serve us well in maintaining the high standards of The Courier, that respected organ of reciprocal information on relations between the ACP Group and the Community.

I wish her every success in this unique experience of enriching cooperation on a team of ACP and EEC journalists.

Dieter Frisch — Publisher

Marie-Hélène Birindelli

Edwin CARRINGTON
Secretary-General of the ACP Group
"A pragmatist with a vision"


The Courier

Elected Secretary-General of the ACP Group in October last year after 10 years as deputy, Edwin Carrington has assumed office at a particularly difficult time in the ACP Group's existence. *The Courier* discussed with him the challenges facing the Group.

▶ *You assumed office recently as Secretary-General of the ACP Group. How are you approaching your new job? What are the challenges and what is your conception of international cooperation?*

— First of all, I would like to thank *The Courier* for this interview. Though you referred to my new job, I feel as though I assumed office a long time ago. For it's over a year now since I began directing the affairs of the Secretariat—1 March 1985. In a formal sense, however, you are right, as my substantive appointment did, however, take effect on 25 October 1985. As regards the manner in which I am approaching this task which, very clearly, is a monumental one, it is with the hope of building faith in the long-run future of the ACP Group. The importance of this Group for the social and economic development of the Member States, in my view, is something that is difficult to overestimate. I'm therefore approaching my task determined to improve the functioning of the Group. In this regard, I'm not unaware of the weakness of the institutional structures we now have and of the need for some redefinition of responsibilities and roles. Finally, I'm approaching my task with an eye to exploiting what prospects there are for improved cooperation benefits for the ACP countries in the present international climate. Recently, for example, the European Centre for the Management of Development Policy was inaugurated in Maastricht, Holland. The ACP States should be very interested in this Centre, an initiative which was announced at the signing of Lomé III by the Dutch Government, because it could perform a useful complementary role to the mechanisms in the Lomé III Convention. I was asked by the Dutch Government to be a member of the board of the Centre, and I grasped that opportunity as a means of bringing further assistance to the ACP cause. This is just one example of the prospects that I think are sometimes there and that we have to grasp to advance further the interests of the ACPs. Now that is the context in which I am approaching the job.

As for my concept of international cooperation, I would like to believe that I'm what I call a pragmatist with a vision. I have been in the international field for quite some time and I believe that international cooperation has to start from a very pragmatic conception. The immediate post-independence phenomenon of grandiose visions of what is achievable and the excessive hopes of achieving them virtually overnight, in my view, has now passed. We must now, without losing sight of all visions, start from pragmatic bases towards what I would call an increasing coordination and harmonization of our policies and programmes—especially external policies—in the face of certain major common problems of an international dimension. In other words, we must adopt an approach of realism, harmonizing and coordinating policies and approaches. We cannot expect to adopt identical policies because circumstances are different among the developing world's nations, but there is often scope for consultation and harmonisation. I believe this is the first base from which to start.

"We should concentrate on the areas of similarities"

Secondly, we must recognize that in a group as diverse as ours we can never expect identical positions on all issues. Therefore, what we should concentrate on, in my view, is exploiting the areas of similarities rather than lamenting the areas of differences. If we adopt that approach, I believe much more can be made of our international cooperation and economic aid. Thirdly, my own orientation on international cooperation is that it must ultimately get beyond the governments to the people. That is why I am very interested in the work of the non-governmental Organizations and Youth. I think it is critical that we recognize that international cooperation is not just cooperation of governments but of peoples because, in the end, governments generally emerge from the people. Now, those are overall perceptions, but at the end of the day we have to implement them by way of specific mechanisms. How do we implement them? As I see it, one of the most important mechanisms for achieving international cooperation lies in the establishment of regional cooperation or integration schemes. The rise of mini-nation states (small nation states) and the polarization of the world into two ideological camps have led to a situation whereby the world community at large and small nations as well can gain by increasing intra-regional cooperation and by coordination between regional blocs. This is why intra-ACP cooperation is such an important concept for us in the ACP Group. Finally, by way of mechanisms, the developed industrialized countries must recognize that they have a vested interest in the development of the developing world. It is as much an investment for them as it is for the developing world and this approach to North-South relations, that willingness to invest in the future, is, in my view, critical and is the basis of my perception of international cooperation. A world divided starkly into rich and poor, is, in my view, not only poor but wrong. In a sense, that is one of the moral dimensions of Lomé III or the Lomé arrangements generally. The Lomé mechanism must represent an investment by the developed EEC countries in the development of the poor ACP countries.

► *The ACP Secretariat has in the past been criticized, sometimes unfairly, for inefficiency. How do you see the problem? What do you intend to do about it?*

— Well, sometimes the criticisms have been justified. Sometimes, as you said, they may have been beyond what could fairly be described as such but I think there is no doubt that there is great need for the Secretariat, as the technical institutional backbone of the ACP, the nerve centre, to be greatly improved. It may be useful to see how this can be done, what it can do by itself, what can be done by others and how far we have gone in trying to achieve this in the last year. First of all, there is a problem of the place of the Secretariat among the institutions and organs of the ACP. There are only two organs formally in the ACP structure: the Council of Ministers and the Committee of Ambassadors. The Secretariat does not enjoy the status of an organ. This has implications for its capacity to take initiatives, to represent the Group and to take actions which may call for a certain amount of autonomy on the part of the organization: for example, if you take the Commission in the EEC institutional structures—I am not equating the Secretariat with the Commission—but we need to move in that direction, rather than in the context where it is now seen as—and more or less treated as—a mere technical adjunct of the Committee of Ambassadors or the Council of Ministers. The Secretariat needs to enjoy a more appropriate status in the constellation of institutions in the ACP. Secondly, it needs the means, in volume, in quality and with certainty. What do I mean by that? The financing of the Secretariat has been one of the biggest difficulties. As you know, our Secretariat budget is extremely modest. We have a budget of about $ 3 million a year (over the last three years it has not changed). Of that, just under $ 2 million is paid by the ACP States and just over $ 1 million comes from the EDF and is therefore paid by the EEC. Our staff numbers, all told, 80, from driver to Secretary-General, to serve the 66 countries. Now, if you look at this and try to assess its capacity to serve the Group, and look at it in comparison with other international bodies that are facing the same kind of task, you will find the following: our Secretariat, which serves the 66 ACP countries, is really small compared with say the OAU Secretariat which serves 50 or so countries, which has about 700. You look at the ECOWAS group which is made up of 16 of the 66 ACP countries, their secretariat numbers about 300 and the CARICOM Secretariat, which services 12 of the 66 ACP countries, consists of about 200 and so on. Now, we are not saying that numbers are necessarily the key or even the sole question. We are saying, however, that without a certain *critical minimum* staff you cannot effectively undertake the task and we are way below that critical minimum. That's the first point. Secondly, even for that critical minimum (which we have not achieved) the means to maintain what we have now is so feeble that it casts a pall of uncertainty and demoralization over the staff of the Secretariat, where from day to day they are not sure whether salaries will be available. The conditions of service are themselves already extremely modest, as I am sure you are aware: limited or no promotional opportunities, relatively low salaries and termination benefits. We have therefore great difficulties in attracting competent people and in retaining them when we have attracted them. Then the Secretariat is, on the other hand, faced at this particular moment, with an enlarged area of cooperation with the EEC following Lomé III and an enlarged role related to our intra-ACP cooperation. As you know, we have arrived at our tenth anniversary and we are putting together, following the Harare Council of Ministers, a practical intra-ACP programme of action. That programme, when agreed on by the Council of Ministers, would have to be implemented.

And while we are now looking at wider international possibilities and prospects from which we can extract some benefits for the ACP, how does the Secretariat, faced with the situation I've just described, survive, much less rise to these challenges and improve on its performance? This is the million dollar question. It is clear that we need to take steps to encourage and develop the staff. Some of these steps must include better conditions of service: salaries, promotional opportunities within the Secretariat and so on and so forth, including more autonomy for the Secretary-General to define more effectively the work of the Secretariat, determine the allocation of responsibilities, in short the putting into function of an efficient body. And I put great store on this final requirement. In this task there is the need for means for further training and exposing our staff to international methods and techniques for an organization such as ours. If these things can be done the Secretariat, which is already striving manfully against the odds, can be transformed slowly but surely into an institution of excellence, servicing the wide and far-flung group of the ACP States—because let us not forget that the ACP States are in the Americas—the Caribbean—some are in the Pacific and the bulk across all of Africa. It is a very wide canvas and a very large constituency to serve, and a very diverse one at that. The Secretariat must be given adequate means if it is to effectively discharge its responsibilities to this constituency—the largest institutional grouping of developing countries aside from the United Nations.

"Cautious optimism" in the ACP Group

► *Lomé III has just come into force. What is the mood now in the ACP Group? Is it one of pessimism or one of hope?*

— I would say there is a certain cautious optimism. Very cautious, because I think everyone is aware after 10 years of cooperation that the reality hardly ever matched the promise of earlier Conventions. There is a wide gap between promise and performance. Secondly, we are at the moment faced with a very serious economic crisis, especially in Africa. Africa, as you know, represents two-thirds of the ACP Group. We are preoccupied with the situation there which has been exacerbated by the situation in Southern Africa. So the atmosphere is not one of very hopeful signs. On the other hand, we had the tenth anniversary of the ACP Group. We have therefore survived 10 years. We have been able to stay together in our commitment to international cooperation. By the Convention itself, with Lomé III, we have improved our North-South links, through the ACP-EEC. There is obviously a need to look beyond that horizon and I think in every ACP state you would find greater internal national efforts being made. The recent lowering of oil prices has helped some of our countries. It hasn't helped others but I think in that background now it is a cautious realistic hope (maybe optimism is too optimistic a word) certainly cautious hope, that the objectives and commitment which we have set ourselves in Lomé III will be effectively discharged through a closer matching of the implementation and achievement with the promise.

▶ *Lomé III has introduced the concept of policy dialogue into ACP-EEC relations. The programming missions are in full swing. From feedbacks, how have the ACPs found dialogue? Would you comment on the trend in emphasis in the indicative programmes?*

— Well, you know how we ended the negotiations and what is reflected in the Convention is not what was put to us as the concept of policy dialogue but an approach towards the objective of seeking *more efficiency* rather than *more conditionalities.* We will see whether in the implementation of the Convention this will be the emphasis. Now the Commission is the body which is doing the programming missions alone. Programming missions are not done jointly in the sense of an ACP institution with an EEC institution. It is between the EEC institution and the member state of the ACP alone. We at the ACP Group level have not yet met to have an exchange of views on what individual experiences have been to draw up a sort of overall picture. But there seems to be a certain orientation towards prioritization and concentration of resources within limited sectors rather than diversification and spreading of the resources. I gather some 70-80% of the resources so far seem to be directed towards agriculture and food security. Now I think this is a desirable trend and I support, myself, this approach to concentrate on particular areas, mainly agriculture, especially in the light of the recent experience of Africa. However, I would like for us not to forget that there is a fair amount of diversity in the ACP Group and that for some countries this particular approach and orientation of resource use towards food and agriculture may not be the best one. On this, I want to draw attention to the basic premise of the Convention that it will be the choice of the ACP States to decide on the use

EEC

Mr Carrington beside Mr Rabbie Namaliu of Papua New Guinea during the negotiations of Lomé III

of their resources. Now where, therefore, a country or group of countries were to perceive their best interest to lie elsewhere, I'm hoping that those who are involved in the programming mission will not attempt to insist that they must all follow the pattern of the majority. I was in the Caribbean recently and I got that feeling from talking to certain officials in advance of the Commission team which was going to one of the countries around that time to begin the programming mission. They asked me: "Is it true that we must use all the resources from Lomé III in one sector?". I stated that as far as I was concerned it was not true. They were worried because in that particular country they did not perceive their best interest to lie in one sector. So there is still a certain amount of fear. There may well be a certain amount of more than diplomatic leaning on countries to move in a certain way, but I think by and large no serious complaints or any complaints at all have to my knowledge emerged from the programming missions. On the contrary, they seem to have gone remarkably well.

▶ *Together the ACP Group can be an effective lobby with its EEC, Commonwealth and francophone connections. It has not been able to take this advantage to ensure a more just international financial system. You yourself, I understand, have spoken very much about it in the past. What can you do now as Secretary-General to motivate it?*

— This is an area in which we have not yet done much in the international financial system as a group. The ACP Group has certain assets which, as you rightly said, have not been used to maximum advantage. A large number of the ACP States, for example, are members of the Commonwealth which has some developed countries as members. A large number of ACP States are members of the Latin-American system. A large number of them are members of French Technical Cooperation Agency. We are almost all members of the Non-Aligned Movement. And yet we do not seem to see the need to harness these memberships in a general approach to problems such as the international financial system. Even in the Lomé Convention, on the question of debt, you will find in Article 198 a very small reference which states: "At the request of the ACP States, the Community shall lend technical assistance in studying and finding practical solutions to their indebtedness, debt-servicing and balance-of-payments problems". Now what can be done? I believe one of the first things that needs to be done is that the ACP must become known in the international financial centres. Let's face it, that means going, establishing contact and working with the financial centres in Washington to start with. I was discussing this possibility recently with certain contacts in Washington in respect of the American system. This team which goes to New York (1) will want to take the opportunity to get in touch with UNDP while there. But there is need for a comprehensive study of this question as to how and what can be done. We must, however, have no illusions of grandeur that we can in some way influence the system beyond marginal adjustments, but those marginal changes could be very useful for the ACP countries as regards debt and other international financial questions.

(1) Interview conducted on the eve of the UN Special Session on Africa. The ACP States sent a delegation to the conference to "reinforce the ranks of the African delegates", according to Mr Carrington.

► *The terms of international trade are deteriorating rapidly for the developing countries. What should be done to redress the balance, in your opinion?*

— It's a very interesting question because recently there was a commentary that the fall in oil prices has brought benefits to the developing countries to the tune of about $ 20 billion in one year, and this was considered by the commentator to be very good. Some of us were concerned whether this benefit was not a reallocation, coming in the main from other developing countries... No, you are quite right, the present international situation continues to be difficult for the developing countries and I believe there is no doubt that we need improved commodity agreements because the world prices of most of our commodities traded internationally at this time are extremely low. In real terms, some of them are the lowest we have experienced over the last half a century. Secondly, the trading arrangements themselves reflect the structure of production of the developing world. We are still, by and large, except for the few countries that have emerged on the industrial scene, cornered within the primary production stage. We need more resources for investment whether it be from the World Bank, IDA, FAO or the IFC, complemented by appropriate national and regional policies to help to bring about this structural transformation of our economies. This is the only way we are going to remove ourselves from our dependency on primary commodity exports. Today the international markets are so fragile and prices are so low and we will continue to be kept down by mountainous debts, low foreign exchange earnings, high debt charges, etc. Now how to break this cycle? We can only break it by increased resources for investment in agriculture, industry, etc. This will structurally transform us into quasi-industrial economies moving us slowly out of our dependence on primary products. This, to me, is the only way we can do it.

ACPs' weak industrial capacities

► *The weak industrial capacities of some ACP countries are indeed perceived to be one of the reasons why they have been unable to take full advantage of the provisions of the past Conventions on trade. Do you agree with this perception?*

— Well it is a chicken-and-egg argument. Some say that our weak industrial capacities have meant that we have not been able to take full advantage. Then we say, OK, we need resources to strengthen our weak industrial structures. We do not get the resources so the industrial capacities are not strengthened, so we are thrown back on the primary production structure which I've just described. Now that's one observation. Secondly, even within that weak industrial production structure, we face so many obstacles with all the goods we do produce. Even in the Lomé arrangements, which are among the most preferential, we still have rules of origin which are much too stringent for us. We still have, in areas where we can produce, special limitations imposed within this most favourable arrangement: sugar, beef, rum. Let's face it, we already have limited production structures. Why then block these areas in which we can produce with advantage? Then there are areas to exploit at times when opportunities arise. For example, with the entry of Spain and Portugal into the EEC, a market for over 300 000 tonnes of cane sugar emerged because of Portugal's needs. Here was a chance for the EEC to improve on the 1975 fixed quota which they gave to the ACP in sugar—the 1.3 million tonnes when the ACP was 46 countries and the EEC was Nine. The EEC has grown to 12, the ACP to 66 and here you had a chance to move from 1.3 million tonnes to 1.6 million tonnes without robbing anyone else of his market. No, that opportunity was not given to the ACP. It was taken away from us... So first our structures are weak and we do not get the investment to strengthen them. Secondly, within the weak structures we produce certain goods which we can export, those are limited by certain mechanisms of entry in our most preferred market. Thirdly, opportunities emerge which could be exploited to our benefit but we are blocked. So when we start making all these exceptions, what is left? There was a study done by an EEC group of professors and one of the observations they made on the relatively poor performance of the ACP trade in the EEC was that, unless the ACP trade was treated in the Community no less favourably than Community trade, the chances of the EEC ever making a significant impact on ACP development through trade were very limited. It is not enough to treat ACP trade more favourably than third countries. It is important that they be treated no less favourably than Community trade itself. To me, this should be a guideline for us, if only for a limited period to assist ACP trade. We already have an additional disadvantage of distance in transport costs. We'll never be on equal terms. If for example we produce the same shirt in Mauritius and in Portugal at the same cost, Portugal is already in the Community market, Mauritius has to pay transport costs to bring it from Mauritius to Europe. But when it comes here, it is still treated less favourably than the Portuguese shirt.

► *You mentioned the problem of sugar; it's one of the most intractable in ACP-EEC relations. An agreement, however, was reached recently. Are the ACPs satisfied with this?*

— We are not satisfied with the agreement which was reached on sugar. But there was an agreement: the ACP agreed. by and large, to accept the recent final offer of the Community. This difficulty in reaching an agreement is symptomatic of something which has been affecting the issue of the Sugar Protocol for a long time. Basically a large body of opinion in the Community feels that the Sugar Protocol is something it would have been better off without. This is basically what is the matter. Its undertaking was given in 1975 when its production was low and it needed ACP sugar. It now thinks it would have been happy to do without that sugar after its own production returned not only to self-sufficiency but to a massive export surplus. So the Protocol was attractive to the Community when the Community was short of sugar, but it is no longer attractive to the Community now that the Community has a continous surplus for export. As a result, there is a certain weakening of the basic pillar of the commitment and a loss of vision of the wider issue of what this represents. We at the ACP reiterate the importance of this instrument for ACP-EEC cooperation. We also reiterate the importance of this instrument for the demonstration of the good faith of the Community in long-term cooperation and development in the ACP.

▶ *1985 revealed the precariousness of the food situation in Africa with horrendous television pictures of starving populations. Do you have any reason to believe that adequate efforts are being made to ensure that last year's large-scale famine is not repeated?*

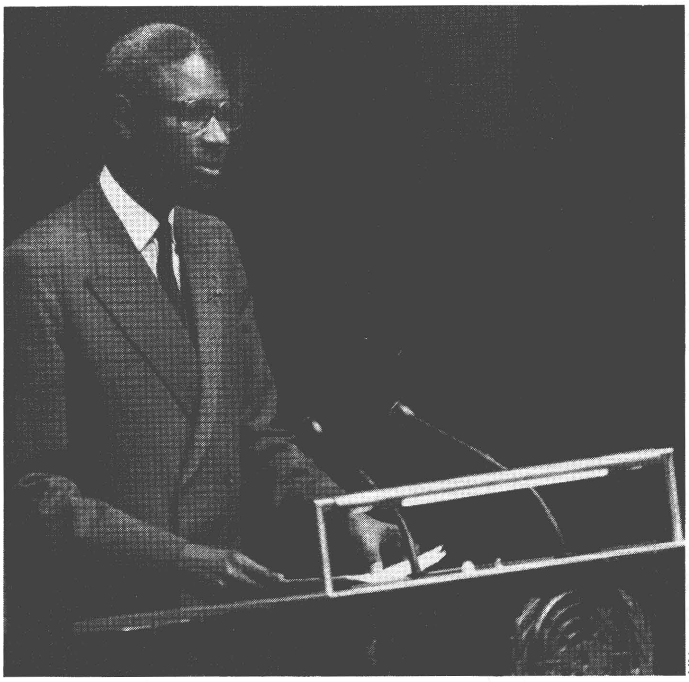
— The most encouraging hope that one has lies not so much with the politicians but with Mr Bob Geldof. I have a feeling that in one year he has done more than we have been able to do within the political institutions in the last decade. I do not think any of us can relax, feeling that adequate efforts are being made to ensure that last year's famine is not repeated. We gather that there has been some rain and that there has been an increase in domestic production within the continent of Africa and within many of the affected countries. I think this is probably one of the most hopeful and encouraging signs. If, therefore, the famine does not repeat itself, and we hope it doesn't this year, I believe it will be due more to the national efforts in the ACP States concerned and to the initiatives of people like Geldof and to ordinary people than to what I would call effective international economic cooperation. Lomé III has given this area of concern the number one priority, but, of course, the resources provided in the Convention and the tight frame of its functioning is not such as to affect so much the possibility of this year's famine. There is a certain amount of resources for emergency aid but that is less than a drop in the bucket in the situation at the end of 1986. In short, the answer is no. I am certain that adequate efforts have not been made, but we are hoping that the problem will not be as critical as it was last year and that all the efforts being made nationally, including the Geldof type of initiative and the international economic cooperation, would be enough to diminish the scourge of famine.

Intra-ACP cooperation

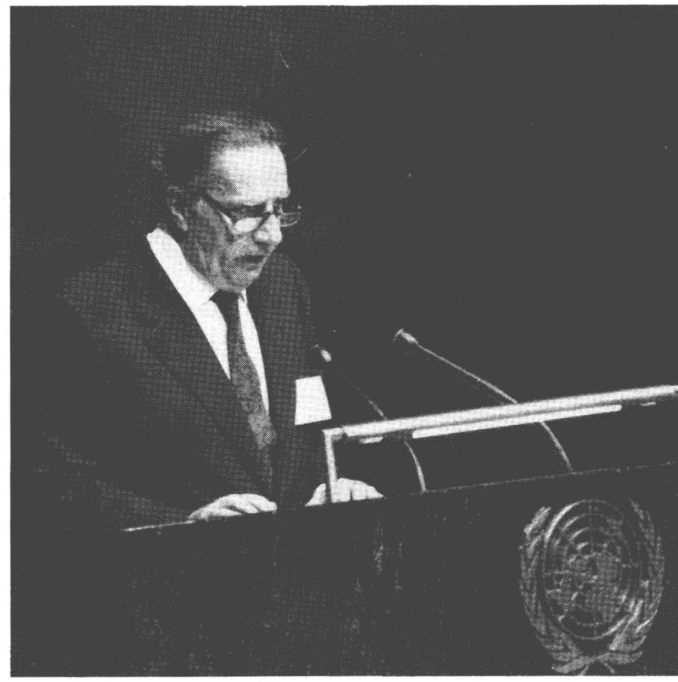
▶ *You mentioned earlier in this interview intra-ACP cooperation. This cannot be underestimated. The potential is there. The ACP Council of Ministers, meeting in Harare last year, has requested a more realistic approach to the objectives and the ways and means of achieving them. What are the prospects?*

— You are quite right. The Ministers' meeting in Harare, which I think was a watershed in the ACP's existence, coinciding as it did with its tenth anniversary, called for a realistic implementable programme of action for cooperation among the ACP States. Now this flowed from the original document establishing the ACP States, the Georgetown Agreement signed in June 1975 just after we had signed Lomé I and came through a number of elaborated documents; the Suva Declaration and Programme of Action which was signed in Suva in April 1977 where six priority sectors for cooperation among the ACP States were selected, right through to Montego Bay in July 1980 when we adopted a Plan of Action which we implemented more in the breach than in the observance between 1980 and 1985 when we went to Harare. In Harare, the Ministers quite rightly said, "Enough is enough, we need a practical implementable realistic programme of action and we need the first tranche of this to be brought before us at the Council of Ministers" which was scheduled for Barbados in April. Well between Harare (October 1985) and Barbados (April 6, 1986), we at the Secretariat worked feverishly with the help of a number of regional and international organizations to put together the first phase of this programme. The first phase concerned itself with the transport sector (maritime and air), trade cooperation and trade financing. The assistance which we received from the International Maritime Organization in London, the International Civil Aviation Organization in Montreal and the African Civil Aviation Organization was tremendous. We also got a bit of assistance from UNCTAD in the trade sphere. The net result was that we prepared a programme of action in intra-ACP cooperation totalling $ 140 million over five years, covering air transport, maritime transport, trade cooperation and trade financing. The most costly was the air transport which was 110 million dollars, the maritime transport was 28 million and the trade was 2 million. In the trade area, a large part of the work has to do with studies. But we were able to put forward a practical set of project proposals within the context of an overall programme based on the revealed needs and demands of the ACP States. In the area of maritime transport, for example, we are concentrating on training, on maritime legislation, on advisory services for the establishment of maritime capacity in the ACP States. We took this programme to Barbados. Unfortunately, because of the short time between the preparation of the programme and the distribution of documentation, the Council of Ministers did not feel that they had had enough time to study them in depth. So they have agreed to postpone the definitive decision on the programme until the next meeting which is due to take place towards the end of the year. In the meantime, the Committee of Ambassadors in Brussels is to undertake an in-depth study of the proposals, the ACP States are also supposed to study the proposals and feed their comments in to us in Brussels. We hope by November we will be able to take a firm decision on certain aspects of the programme. It is now a matter for political decision, the technical work has essentially been completed. We have, of course, got to go on to the other sectors; technology transfer, technical assistance, the possibility for joint ventures, the question of development finance, of culture, education and scientific cooperation. We are only now beginning to map out this work. I do not see it being ready before 1987, but we wish to have an overall programme—modest and realistic, studied, amended and adopted—and to start implementation so that we can then prepare ourselves for the next round of negotiations for another North-South cooperation agreement with the EEC. If we have these two initiatives working in 1990 in full force—a new Convention for the North-South relationship and an effective cooperation programme among ourselves—and one that feeds on the North-South relationship, too, because a large part of the EDF goes into regional cooperation—I think that at last the ACP would then—I won't say be taking off—but taxiing down the runway and hopefully be in a position to take off. This is my dream. This is my vision. This is my commitment. o

Interview by
Augustine OYOWE



President Diouf of Senegal and Chairman of the OAU opened the session with a plea to the developed countries



Vice-President Natali: "I recognise that Europe must show the way in this"

UN Special Session on Africa— a global "act of faith"

The old tag "Ex Africa semper aliquid novo" has proved its validity over the last two thousand years, and it would be hard to deny that in New York, from 27 to 31 May, it was, at least in part, proved valid again. For the first time in the history of the United Nations, the General Assembly devoted a special session to the problems of a single continent, Africa. For the first time, African delegates—mostly of senior ministerial rank—admitted that the major part of any solution to their problems would have to come from their own efforts, and admitted further that at least part of the problem had its roots in Africa's own post-independence political, social and economic behaviour. And for the first time the European Commission, and the ACP Group, spoke in a plenary session of the Assembly, in their own right.

While it was not expected that the special session would end with concrete pledges—it was specifically described as "not a pledging conference"—it was expected that two things would penetrate into the world's consciousness. These are: the catastrophic nature of Africa's economic problems, and the need for developed countries to match Africa's own efforts to bring about a solution.

Historical background

The gravity of the problems facing Africa and its development were clearly outlined as far back as 1980: on the one hand there was the Berg Report, a study commissioned by the World Bank at the request of the Bank's African governors on the perceived reasons for the failure of African governments and economies to keep pace with the basic needs of the population. And, on the other hand, there was the Lagos Plan of Action which had at its root the recognition by African governments that new development priorities would have to be set. The following years saw a worsening of the situation—the world recession, the growing instability of commodity prices, the mounting of African indebtedness as a consequence; and, most devastating of all, the drought and consequent famine which struck much of Africa in 1984.

Again, on a parallel track, 1985 saw the emergence of two new pieces of work. The World Bank produced a lengthy report, entitled "Towards sustained development in sub-Saharan Africa" (reviewed in The Courier no. 90) which covered, with a wealth of statistics, all the adverse factors with which African countries had had to contend, from demography to poor donor coordination. It was a masterly analysis and a call to action. The response to that call was on the one hand, the World Bank's Special Facility (of over $ 1 bn) and on the other the document which the UN General Assembly swiftly learned to call APPER—Africa's Priority Programme for Economic Recovery. This document was adopted in July 1985 by the OAU Heads of State and Government at ameeting in Addis Ababa. It had three main aims, namely:

(1) to ascertain the progress made in the implementation of the Lagos Plan of Action, and the definition of new measures for an early attainment of the objectives of the Plan;

(2) the formulation of an emergency programme for Africa, comprising immediate measures in the priority economic areas and particularly in the agricultural and food sectors;

(3) the establishment of a common platform for action intended for the specialised agencies of the United Nations System on international economic issues of a crucial interest for Africa.

When, in Resolution 40/40 of December 1985, the General Assembly decided to devote the 13th Special Session to the problems of Africa, it created a Preparatory Committee under the chairmanship of Edgard Pisani, former EEC Development Commissioner. And the Preparatory Committee took, as its basis reference point, the OAU document.

APPER

Africa's Priority Programme for Economic Recovery has finance at its base. The OAU, ECA and national experts who analysed what was wrong, and pointed the way to putting it right, were obliged to price the recovery, and to price it highly: $ 128 bn over five years. If one adds to this figure the requirement for debt rescheduling, the total sum would require a trebling of aid flows to Africa.

As a first step, APPER analysed what had hampered the implementation of the Lagos Plan of Action. Five major causes were pinpointed, including the seeming immutability of the colonial economic structures inherited by almost all African countries; the national development plans and annual budgets which perpetuated the "colonial" tendency through over-reliance on external resources (financial and human) and led to the misallocation of domestic resources; lack or inadequacy of skilled manpower; external obstacles, climatic, economic and political; and internal obstacles (lack of political will being cited twice).

The next major part of APPER, meriting a chapter to itself (where industry, science, trade and many other subjects do not), is concerned with agriculture. After setting out the scope of the decline in agricultural output, and outlining what the emergency food supply needs are, the paper states "it is desirable that investment in agriculture should aim at attaining 20-25% of aggregate public investment". And in 15 paragraphs continues to set out short-, medium- and long-term overall strategies on the national, regional and international levels.

UN

Mrs Eegje Schoo, Development Minister of The Netherlands, who also spoke on behalf of the Community's Member States

The final major portion of APPER deals with Africa's debt burden, which the paper expected to exceed $ 170 bn by the end of 1985. Three significant pointers exist towards a further deterioration: the declining share of "soft" loans (down from 62.5% in 1972 to 47% in 1983), the increase in either commercial borrowing (more expensive) or IMF standby agreements (stiffer loan conditions), and the increase of reverse financial flows (the fact that several African countries were paying out more in 1985 in loan repayments than they were receiving under the loan agreements). Debt service as a proportion of export earnings was 19.8% in 1982 and 27.4% in 1983.

When the UN General Assembly agreed on the need to hold a Special Session devoted to Africa's economic problems, the Preparatory Committee decided that APPER, drawn up by Africans, would be the most appropriate document to use as a basic reference point; it covered the points and, above all, it was an insider's view. The aim of the Special Session was to obtain the support and backing of the international community for this primarily African response to Africa's problems; to stimulate world awareness that "a sick Africa means a sick world" and to obtain commitment to concrete measures of relief where these were appropriate and beyond the control or the capabilities of the Africans themselves. Out of the $ 128 bn additional resources for the period 1986-90, Africans pledged themselves to find $ 82 bn, or almost 65%. For the rest, Africa waited for the international donor community, at the same time stating that the Special Session was not a pledging conference. Of the total sum, no less than $ 115 bn was to be devoted to agriculture and its associated sectors.

The Special Session 27-31 May 1986

The UN Special Session was convened at the request of OAU Member States with the dual objective of making Africa's position clear and of obtaining the international community's

"Lomé is a culmination... the session is a beginning"

An interview with Edgard Pisani, Head of the Preparatory Committee

► *The OAU document stresses Africa's human resources and the need for administrative reform. Can these problems be solved without massive technical assistance?*

— First of all, the African document is a sound one, I think. It is neither complete, nor divided up in terms of scenarios or dynamics. But some of the content is very sound. Secondly, I believe the priorities it sets out, the reforms it has decided on and the efforts it envisages are exactly those that were needed. And thirdly — and in answer to your question — I think that Africa will need many kinds of aid to help implement this plan. It needs provisional lightening of its debt burden, with some of the loans becoming grants and with some investments. There is no development without risk investment. And since you asked me, I think that the technical assistance the countries of the North offer to Africa is too expensive, too luxurious, too abstract and too ill adapted and that one of the main aims of our future thinking must be to redefine it. I was very taken with what the Indian Minister said at the UN, that he was not sure that a subtle marriage of North-South technical assistance and South-South technical assistance was not a good idea.

► *You criticized the donor countries for their incoherent views — but aren't the African countries also partly responsible?*

— Yes. I said so yesterday in my speech. I stressed the fact that, because of the absence of any national plans or national authorities to deal with managing the plan and cooperating with the outside world, Africa bore responsibility for failing to offer external aid the reception infrastructure it needed. But, over and above Africa's ability to make proper use of what it receives, there is a kind of vanity or interest on the part of the donor countries which want to manage their aid themselves according to criteria of their own, using their own firms and anxious to haul up their flag on every occasion. The problem is knowing whether aid is an opportunity for the countries of the North to look good or to develop Africa.

► *Mr Pisani, what do you think is the absolute minimum amount of money the international community should be providing to have any effect on the crisis and live up to the hopes of the African nations?*

"The problem is knowing whether aid is an opportunity for the countries of the North to look good or to develop Africa".

— I shall give you three answers which in fact converge. First of all, the aid we currently give is not used properly, so there is a great deal more that could be got from it. Second, it is ill-suited to the situation in Africa in that it provides credit where investment is called for — the Lomé grants are one exception. Third, there ought to be more of it, although personally I incline to the view that we ought to help the Africans do what they cannot do alone and not just do anything. What I mean is that the fight against the desert, control of population problems and the setting up of a very long-term research system, for example, are all very particular things the Africans cannot do by themselves and that is where we should be giving money, because Africa will not advance without it. You asked me to put a figure on how much was needed — I tend to think that the loans could stay put, more or less, if the grants and package investments went up by something like 50%. That's really very approximate, but it's about right — don't increase the loans, or decrease them either, but plough them into schemes that have got behind, where there is an advantage or something being produced, and really push up the grants and direct investments — which amounts to the same thing, as the businessman who invests and doesn't ask anyone for any guarantees and takes the risk himself, creates wealth in Africa without asking Africa to give it back. So it's a marriage of grants and investments which I think would give Africa the best chance.

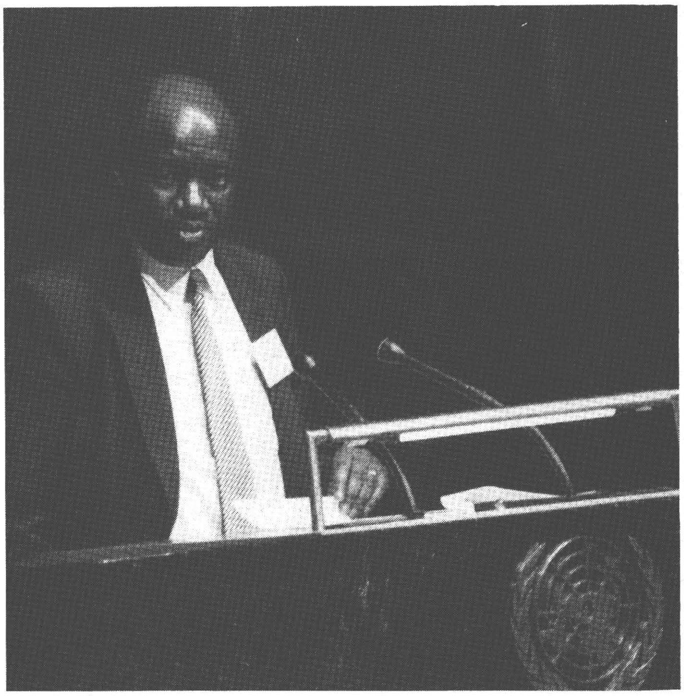
► *And now how could the African countries help themselves?*

— If they improve their structures, their behaviour and their administration, if the development of civil society is encouraged, if they reduce State intervention but improve the quality of it and if they do all that in five years, then they will have given us our answer.

► *And lastly, as the former Commissioner who negotiated Lomé III over 14 months of bargaining, do you think it is reasonable to hope that a week-long session will have comparable results?*

— There are two ways of answering that and I am not trying to wriggle out of it. Lomé is a culmination. Today's session is maybe a beginning. We will be discussing Africa and, basically, what the Africans should be looking for at this session is not the answer to their problem but that the problem should be properly stated. My second answer is that, obviously, we don't have enough time to do such serious things as we should have done. o

T.G.



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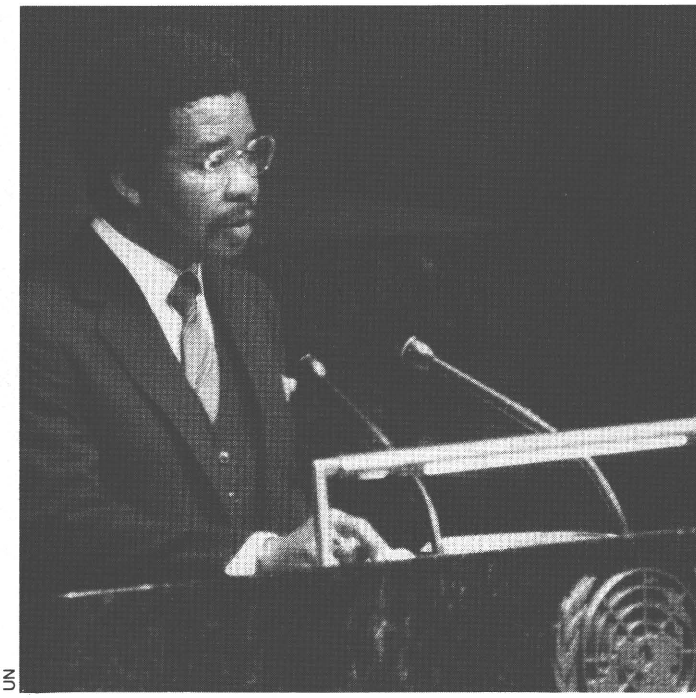

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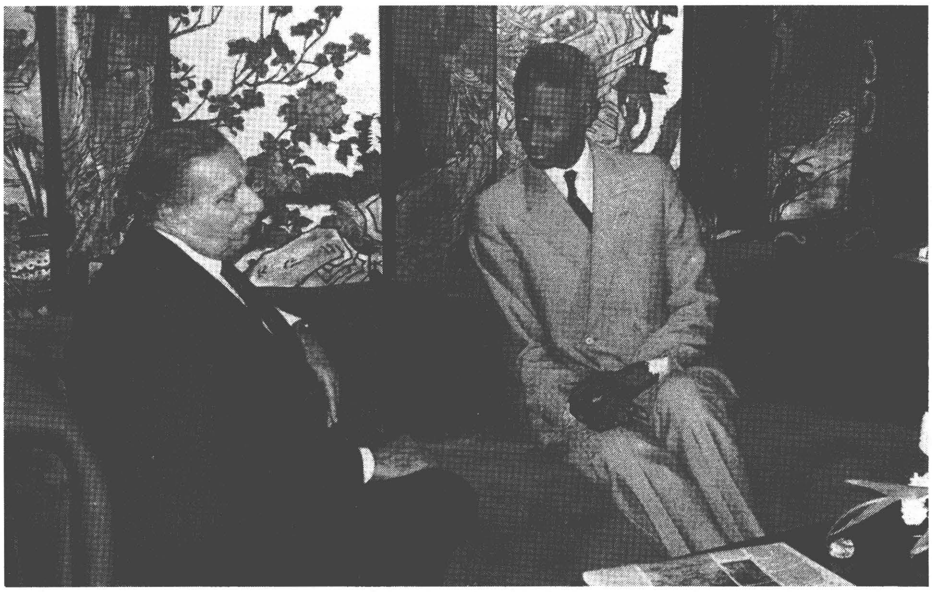
The African states appointed five spokesmen to cover the major themes. The Hon. B. Chidzero, Planning Minister of Zimbabwe (left), spoke on the international economic environment, while Mr Akinyemi, Nigeria's Foreign Minister, dealt with agriculture

concrete support for a recovery programme. It would not be inopportune to state at this juncture that the Special Session achieved both its objectives. It was a notable session, as well, for a number of reasons. As said above, it was the first time that a session of the General Assembly had been convened to discuss the problems of a single continent; it was the first time that either the EEC or the ACP had addressed the General Assembly in plenary session (Vice-President Lorenzo Natali, Commissioner for Development, spoke for the European Community, Ambassador Mohammed Omar Giama of Somalia on behalf of the ACP States); and it was the first time that an entire continent pledged itself to a programme of economic re-programming and overhaul, obtaining in that process the support of the world community. After introductions by the Assembly Chairman Jaime de Pinies and the UN Secretary-General Javier Perez de Cuellar, President Abdou Diouf of Senegal, current OAU Chairman, addressed the Assembly, calling the session "an act of faith on the part of the continent's partners". Since the crisis had structural causes and affected all of the world's economies, he asked, did it not reflect a questioning of social structures and cultural norms and values on which civilization was based? The world was going through a mutation of gigantic proportions which had nonetheless had positive effects. It had highlighted shortcomings and mistakes in a continent where great natural and human capabilities coexisted with famine, illiteracy and total destitution. Structural deficiencies had been aggravated by natural disasters, falling commodity prices, the overwhelming debt and debt-servicing burdens, the stagnation and even the decrease in real terms of financial flows to Africa, and a high concentration of refugees and displaced persons.

Such a grave situation called for structural changes and medium- and long-term solutions, demanded a new development approach in Africa and an improved framework for international cooperation. That, he explained, was the reason why African Heads of State and Government had studied the situation in depth and adopted the Priority Programme. The Programme expressed the African countries' collective and individual resolve to take into their own hands the economic recovery of the continent. It set out the adoption of new economic development priorities which gave the rehabilitation of agriculture and the improvement of the food situation the attention they deserved.

But, added President Diouf, improvements at home had to be matched by increased efforts by the international community, notably by improving the framework of cooperation, and modifying the international economic environment by stabilising raw material prices at profitable prices, increasing the flow of concessional financial resources to Africa, and alleviating the debt and debt-servicing burden. He stated that the Special Session must arrive at agreements which clearly defined each partner's contribution, and that commitment would have to be scrupulously respected over the next five years on the basis of evaluation procedures and follow-up mechanisms similar to those outlined in the African proposals.

Action was what President Diouf was seeking, and that was what he did not get. From the start, it had been accepted that the Special Session was not a pledging conference, but African countries continued to hold on to the hope that clear and quantifiable commitments would be forthcoming. With some minor exceptions, they were not. What was much more in evidence was the desire to score ideological points. The great bulk of the three days' plenary session was taken up, therefore, with exhortations from one group or another to abandon central planning,



The Courier

Two major spokesmen: Vice-President Natali and President Diouf meet to discuss the final resolution

espouse the free market and provide incentives on the one hand, or a tirade against the evils of the past and the virtues of state enterprises on the other. Even Africa's oldest partners, the major European countries, contented themselves by and large with a recital of what they had already achieved rather than with what they could do in the future and only a few minor openings were perceived. It fell to Canada, Denmark and The Netherlands to make the small gestures which greater nations found it hard to follow: Canada announced a five-year renewable moratorium on ODA debt; Denmark announced an increase in ODA from 0.82% of GNP to 1% and the cancellation of $ 83 m worth of debt owed by Tanzania, while stating its readiness to do the same for other LLDCs; and The Netherlands announced a $ 5 m increase in aid—to increase management effectiveness—and a willingness to discuss the cancellation of ODA debt for LLDCs which were prepared to commit themselves to effective adjustment policies. Sweden also promised some concessions.

The Netherlands Development Minister, Mrs Schoo, who announced this good news also spoke, by virtue of the Dutch Presidency of the European Council, on behalf of the Member States of the Community. Her speech was divided into two portions, therefore, and it must be said that the "Community" part was by no means the more striking. Though based originally on a liberal Commission document it reflected the largely-minimalist position of the Member States, many of whom, like the UK, Belgium and Germany, are pursuing austerity policies at home and do not feel that a general commitment to higher spending would do much fiscal or electoral good. Nevertheless, three positive points did emerge from the Community declaration. Firstly, support was given firmly for IDA 8 replenishment up to $ 12 bn, a "substantial increase in the capital of the World Bank" and the contribution of $ 2.7 bn of the IMF Trust Fund within the framework of the Structural Adjustment Facility to be used for African countries. Secondly, the Community was firm on the position that for the period from 1986 to 1990, bilateral donors should not become net recipients of official capital flows from African countries undertaking adjustment programmes. "Thirdly", Mrs Schoo said, "we are ready to support policies aiming at conservation of the natural environment and are prepared to assist Governments at their request in the implementation of appropriate demographic policies".

Vice-President Lorenzo Natali, spokesman for the Commission, which had, for the first time been allowed to address the General Assembly, found himself with a theme and an appeal ready to hand. In essence, the Commission of the European Communities had even less room for manoeuvre than the Council. The amount of aid of which it disposes is fixed by the Member States, and Mrs Schoo gave no hint in her own speech that a collective decision to increase or re-direct this aid had been made. Moreover, since the vast bulk of EEC aid is in the form of grants, there was little chance of a gesture by Mr Natali on a repayment moratorium. He did point out that Lomé was a model—if only in miniature—of the sort of stable, contractual, foreseeable aid that Africa needed.

But, undeterred by the slenderness of his negotiating margins, and unwilling to confine himself to a recital of the Commission's past and present efforts, Mr Natali pointed out the three significant areas in which the Commission felt that progress was possible. The first was debt. "As regards debt", he said, "Mrs Schoo has already indicated the main points to bear in mind, that is to say, a case-by-case approach adapted to the medium-term structural adjustment policies followed by the countries concerned, and applied as flexibly as possible". More than that he could not say, since the Commission is not a major creditor. He could have said little on financial flows, too, had he wished, beyond pointing out, as he did, that the Community and its Member States were "the largest donor of development aid to sub-Saharan Africa (providing 55% of ODA)". But Mr Natali did go further; not in vague terms but in the opening of the debate towards its implementation phase. His words may not have been as full of promise as some African countries might have hoped, but they were full of realism. Speaking of the need for non-concessional flows to Africa, and yet the unpromising climate for investors, he recognised the need for more aid, if only for a time. "Initially" he stated, "an increase in official development assistance, especially grants, is important in order to break the vicious circle. In this regard, if the necessity to do more for Africa is recognised—as the Heads of State and Government indicated yet again in Tokyo, and the European Community demonstrated with the Lomé Convention—it would (unfortunately) be rash to count on immediate, massive supplementary transfers, and stress should accordingly be placed on using the available resources in the best and most efficient way. In any event, a steadily progressive increase in international aid, which certainly remains indispensable, will be secondary to the determined efforts of Africans to stand on their own two feet".

That was a part of his theme—the need to get down, as the provisions of the Lomé III Convention had done, to the real needs: flexibility, policy dialogue, effectiveness, multiplicity of options, and not to concentrate too much on the mere numbers. But at the core of Mr Natali's speech was an appeal to the developing countries "to undertake actions aimed at stabilising export earnings similar to the Stabex and Sysmin systems operated by the Community, in order to tide countries over the transitional adjustment period. It is in that spirit that the Community recently decided to introduce a Stabex-type system for those LLDCs which are not members of the Lomé Convention. It would reiterate its appeal to other countries to bring in comparable arrangements, at least for the least-developed countries. Compensation systems are particularly important where the effects of the stagnant or falling purchasing power of exports have been exacerbated by a countraction of financial flows or an increase in the debt burden, two factors which are closely linked".

"In view of our close ties with Africa", he concluded, "I recognise that Europe must show the way in this: at all events, I can assure our African friends that the Community will exert its own efforts and influence to ensure that the consensus towards which we are working is given effect in our future decisions".

Vice-President Natali's closing sentence was taken up by Somali's Mohammed Giama, Ambassador to the EEC and Chairman of the ACP Committee of Ambassadors, who spoke to the General Assembly on behalf of the ACP Group. The Group, he pointed out, had but one important asset—its unity, which it intended to use in fullest support of its African brothers and sisters. He went on to recall the work being done to foster intra-ACP cooperation (see Courier no. 94 for reports on the Paramaribo Conference) and then went on to say that he considered cooperation with the EEC to be of "critical importance". He looked forward, he said, "to the EEC being among those playing a substantial leadership role in the quest for additional support" of African countries. While the undertaking by the EEC had been "encouraging in many aspects" he was hoping for still more. But in his final appeal, against protectionism and in favour of increasing Africa's role in world trade patterns, he alluded to Mr Natali's appeal and appealed in turn to the EEC to "play a leading role" in this matter.

Everyone had a chance to speak; but there were few speeches, apart from those mentioned, which struck a note or which deviated far from general expectations. By the end of the third day of the plenary session, attention was drawn to the final declaration.

The final declaration

Whatever the expectations of the Africans had been, they themselves had agreed that the Special Session was not a pledging conference. Moreover, a "global Lomé" was never on the cards: it took ten European and 64 ACP countries 14 months of very hard bargaining to arrive at a satisfactory concluion to Lomé III. The UN conference and its final declaration were not a conclusion according to Edgard Pisani (see interview p. 10) but a beginning. And, as a beginning, they were by no means disheartening.

Firstly, in more general terms, the Special Session set an international dimension to the African crisis—it was a recognition, on the one hand, by African governments that a great deal of internal reform was required, and by the international community that the reforms could not be carried out without external help. Secondly, it was a recognition by the international community that aid would have to be increased and Africa's debt burden lightened.

The vexed problem of putting a figure on the reciprocal commitments was avoided by the inclusion of an edited version of APPER in the final document but not in the part entitled "Positive response and undertakings by the international community". The final declaration, recommended by the ad hoc negotiating committee and adopted by consensus by the General Assembly on 1 June, falls into four parts: an analysis of the situation, APPER—commitment on a common reference point, the positive response and undertakings by the international community, and finally, follow-up and evaluation.

The positive mood of the consensus was summed up in the analysis, which contains the following paragraph: "Africa is convinced that, with the necessary support of the international community, it can create, in the relatively near future, national, sub-regional and regional structures which will ensure autonomous and sustained economic development".

The part which was once APPER, the African plan, is now entitled "UN Action Programme for economic recovery and development in Africa 1986-90" and retains the APPER figures. It is in the next section that the international community pledges itself, if not to the figures, then to "spare no efforts to furnish sufficient resources to support and complement Africa's development efforts" and to improve not only the quantity but the quality of its aid. Moreover, on debt, the international community "is resolved to help African countries in their efforts to overcome the financial obstacles", and "is aware of the need to take measures".

Of course, the Special Session will not have pleased everybody. Bob Geldof, the Live Aid organiser, who spent the week at the Session, called it "futile and ridiculous". Senior African figures were often seen shaking their heads gloomily and voicing fears that nothing concrete would emerge.

Taken overall, the Special Session has succeeded. In years to come, the commitments on both sides made in New York will be quoted whenever more limited matters of finance are broached. The undertaking to reform itself on the part of Africa and the recognition by the international community of its place in that process will become part of the complex background to development strategies everywhere. If New York was not the time or the place to talk in terms of pledging, then New York will at least be a moral and operational point of reference when the time for firm commitments of that sort do come. o

Tom GLASER

Ten years of EEC-NGO cooperation (*)

European non-governmental organizations (NGOs) working in the development field met at the EEC's headquarters in Brussels for their 12th Annual General Assembly from 22-24 April. The occasion provided an opportunity for both representatives of the NGOs and officials from the Commission to review ten years of cooperation and to look at future prospects. Present at the gathering were not only Jacques Delors, President of the Commission, Claude Cheysson, Commissioner responsible for North-South relations and Giovanni Bersani, Vice-President of the European Parliament's Development Committee, but also representatives from Spanish and Portuguese NGOs, attending the Assembly for the first time.

It was with an appeal to realism and modesty that Mr Delors opened the General Assembly: "I do not share the belief of those who, in all circumstances, affirm their certainty in the government of people and things. I personally doubt sometimes. I have doubts about the accumulation of the Community's food surplus, and also about sending this surplus to the starving populations of Africa. I have doubts about differential claims in our countries when we are faced with poverty and our 16 million unemployed".

For Mr Delors, this doubt—or this lucidity—is not a sign of weakness, rather the best possible inspiration for NGOs in their persevering action on two fronts: the first is the "daily struggle for collective progress to be accomplished one step at a time". The second front is for creativity and vigilance: the NGOs must be pathfinders for their governments.

"Their role is also to provide governmental authorities with criticism", but in this domain they must take care to avoid the traps of sterile polemic dispute or self-satisfaction.

This idea was echoed by Mr Menotti Bottazzi, the outgoing President of the Liaison Committee of Development NGOs to the European Communities, in his answer to Mr Delors. "The civic society, the very backbone of which is the world of associations and all the intermediary bodies, such as unions, political movements, is essential to a well-run state. Without a civic society worthy of the name, the State is faced with nothing more than an undifferentiated mass. Rather than reinforcing the State, the absence of group spokesmen only weakens it".

The Natali Plan

The Assembly in Brussels was the fitting occasion to examine the road travelled since the 11th General Assembly in April 1985 which had debated at length on the action to be pursued against the drought and famine in Africa. At that time, the NGOs had emphasized a twofold direction: emergency aid (such as medicine) and food aid, vital for the survival of millions, had to be coupled to aid for medium- and long-term development which would enable people to secure their own food and livelihood.

This twofold direction was made manifest in the "Natali Plan" aimed at rehabilitating eight African countries, the hardest hit by famine (Ethiopia, Sudan, Mali, Mauritania, Nigeria, Chad, Mozambique and Angola). The Plan, mobilising ECU 120 million, contributed to the survival of some 15 million people, about half of the population affected by famine. NGOs were largely associated with the financing and implementation of the Plan. The EEC granted them ECU 10.2 m which went into 16 joint (EEC-NGO) actions of the 60 launched by the Plan.

Three sectors were involved: medical assistance, food aid and agricultural rehabilitation (seeds, small tools, small hydraulics, basic technical training...). These three forms of aid are closely interlinked. For example, a joint action with the Red Cross which reached 500 000 people, 400 000 of whom were displaced, in the Planalto region of Angola: medicine was dispatched, along with a doctor and five nurses; food aid was distributed—most of all corn and bean seeds—and small farm equipment provided, together with two agronomists. This equipment was purchased on site from local craftsmen, which is also a means of launching development.

NGO-EEC co-financing in 1985

The NGO-EEC effort on behalf of the African countries hit by famine is just part of the EEC's contribution to the work of NGOs. A few figures will illustrate the breadth of the Community's effort, amounting to a total of ECU 150 m distributed over three sectors: ECU 58 m for food aid, ECU 46 m for emergency aid, and ECU 43 m for development *per se*. As Maurice Foley, Deputy Director-General

EEC/Lambiotte

The President of the Commission, Jacques Delors, opening the 12th NGO General Assembly. On his left is Maurice Foley, Deputy Director-General for Development

(*) Article provided by the Directorate-General for Development, Division "Non-Governmental Organizations".

for Development, recalled, these figures, in themselves modest, are nevertheless 16 times more than the sums allocated by the EEC to NGOs for development projects since co-financing began (ECU 2.5 m in 1976). At the same time Mr Foley, like Mr Delors, emphasized that the efficiency of EEC-NGO cooperation could not be measured by numbers alone. The NGOs' criticism of the EEC's policy on food aid was useful. "For our part", he stressed "we are fully involved in the studies carried out by the Commission to remodel the Common Agricultural Policy (CAP) with a view to ensuring compatibility between the CAP and the food security policies of developing countries".

The UN Special Session —Africa's plight brought to the world's notice

Along the same lines, the European NGOs also had a special interest in the Special Session of the United Nations Assembly on the Crisis in Africa which took place in New York from 27-31 May. With their African partners the European NGOs, which have vast experience in all the fields on the New York Assembly's agenda (land access; systems of distribution, storage, marketing and processing of agricultural products; prices paid to farmers; research and training; promotion of womens' rights; settlement of debt), have approached the Session officials to participate in the debates and more importantly to be associated later with the implementation of the decisions taken at the Session.

The rise of racism and apartheid

The three-day meeting of the Assembly was marked by a serious note. The participants—some 100 representing 500 NGOs in the 12 EEC countries—have noted the rise of racism and intolerance in their countries. It is no secret that there is no simple answer to this problem. Of the suggestions put forward by the Assembly, two seemed to be of particular importance. On the one hand experience shows that schools, from early childhood, are the best places to promote intercultural exchange and to show that this exchange can be a factor of personal and

EEC-NGO relations founded on mutual confidence

Cooperation between the EEC and the NGOs involves schemes to make as direct a contribution as possible to lightening the load and improving the lot of the most underprivileged people.

It was started back in 1976 and it embodies the Community's involvement in the solidarity of non-official Europe with the worst-off in the Third World. It covers the cofinancing of development microprojects in the developing countries, campaigns to make European public opinion aware of what is going on, the organization of food aid and emergency aid and support for inter-NGO coordination with a view to greater efficiency.

The Commission is convinced that aid channelled through these operations is considerable and well able to stand comparison with conventional aid projects. The success of the schemes is primarily due to the high degree of motivation and personal commitment in the non-governmental organizations and to their independence of any external pressures, their relatively small size and the autonomy and flexibility of the management that goes with it. The interaction of these positive factors tends to be reflected in remarkably efficient, speedy and flexible design and implementation.

The Commission has undertaken to respect and encourage the special characteristics of the NGOs—their autonomy and pluralism, for example, based on the great diversity of motivations encountered in them. In the vast majority of cases, this confidence continues to be amply justified by the results.

The total Community contribution to cofinancing over the 1976-85 period was ECU 174 million (of a total combined EEC-NGO investment of ECU 431 million). This financed 1913 projects with 280 NGOs in 113 developing countries. All available budget credit was committed.

The geographical breakdown shows that 46% of the funds over the reference period were allocated to projects to help the populations of Africa, 27% for Latin America, 20% for Asia, 6% for the Mediterranean and 1% for the Pacific. The ACPs got 45% of the total Community contribution and 54% of the funds were channelled into projects in developing countries with a per capita GNP of less than US$ 500.

In 1985, 315 projects were cofinanced in 90 developing countries and there were 450 mini-schemes (global donations). The projects were, as in the past, extremely varied and they continued to be spread over the three main traditional sectors—rural development, training and public health. Most of the projects do, however, cover several sectors at a time, thus reflecting the integrated approach that is so typical of NGO operations.

The campaign to make European public opinion aware of North-South interdependence, especially in industry and agriculture, resulted over the decade in the cofinancing of 275 projects (ECU 11 million) with 231 NGOs. A large number of the 66 projects run in 1985 were on matters closely connected with the African food crisis.

EEC food and emergency aid was also channelled through the NGOs and, in 1985, the emergency funds put at the disposal of these organizations was around the ECU 46 million mark—20% of the funds earmarked under the Dublin Plan for the African populations hit by drought and 50% of emergency aid outside the Dublin Plan. This amount makes the NGOs one of the biggest channellers of this type of aid. Ordinary food aid sent out in 1985 totalled 78 900 tonnes of cereals, milk powder, sugar, beans, dried fish etc. This was distributed in 50 developing countries by the NGOs and was worth something like ECU 46 million.

In the same year, the NGOs channelled 25 345 tonnes of emergency food aid, worth a total ECU 12 million, in particular to Africa (Ethiopia, Sudan etc.), and also to other parts of the world where disaster had struck (Chile, Cambodia etc.). o

UNICEF

Refugees in Somalia (left) and Sudan: NGOs are vitally important in bringing food and emerging aid to where it is most needed

collective growth as decisive as intellectual training based on the selection of the "best students". On the other hand the fight against terrorism is more a matter of political action aimed at relieving tension between countries rather than displays of military strength. It is up to Europe as such to assert itself in this domain. In other words, the NGOs would like to see a clearer assertion, a reinforcement, of the Europe formed by all its people, which could gain assurance as an interlocutor and be better heard in the Mediterranean basin.

The policy of apartheid in South Africa is another, even more tragic, expression of racism. It is also a significant factor of destabilization and underdevelopment. NGOs have long waged battle against apartheid. A large number of them lend particular support to operations favouring the political, social, cultural and professional promotion of blacks. The General Assembly has prepared a resolution urging the European Community and Member States to implement rapidly the budgetary proposal ("Special Fund") of ECU 10 m voted by the European Parliament in support of victims of apartheid in 1986-1987. Two conditions should be observed in its implementation: the need for thorough consultation with European and South African NGOs in order to follow strictly the guidelines provided by South African anti-apartheid organizations, and the need to allocate a specific portion of the Special Fund to Namibian NGOs along the same guidelines.

On the road to a new decade

This year, 1986, marks the 10th anniversary of cooperation between European NGOs and the Community. The Liaison Committee wished to commemorate this anniversary by publishing, with the editorial and financial help of the EEC, a brochure entitled "Partners for Development—The NGOs, the EEC and the peoples of the Third World working together for a new solidarity". This publication sums up 10 years of cooperation and situates the present with one overriding concern: this is not an occasion for self-satisfaction, nor self-congratulation, rather the time to think about the direction to take in the few years left before the year 2000.

This reflection is all the more appropriate in view of the major changes in the structure of the General Assembly of NGOs and the Liaison Committee. On the one hand two new delegations have joined the General Assembly: a Spanish and a Portuguese delegation, following Spain and Portugal's joining the Community on 1 January 1986. This is not just a quantitative increase; it is also a "rebalancing" in its reinforcement of southern Europe. On the other hand an important change has come over the Liaison Committee: of its 12 members (one per country), 7 have just entered the Committee. Moreover, the Liaison Committee's President, Mr Menotti Botazzi (France), has arrived at the end of his term of office and has been replaced by Mr Pierre Galand (Belgium).

The experience of the past 10 years has provided some major guidelines at the start of this new stage. These guidelines are laid out in the 10th anniversary brochure and were debated at length at the General Assembly. As such, these guidelines make up the body of this memorandum. In conclusion we shall resume:

— there is a link to develop between emergency aid, food aid and development aid,

— increased efforts are needed in development education to associate aid to development with a corresponding transformation of our mentalities and of the structure of our societies in order to become aware of the interdependence between our own development and that of the Third World,

— increased efforts are needed in the fight against racism in our countries and to end the regime of apartheid in South Africa.

— To foster the existence of Europe and to reinforce the Europe of democracy, culture and solidarity; a Europe open to other peoples; capable of playing a more affirmative role in the North-South dialogue; a Europe that is the home of fraternity, companionship and a harbinger of peace. o

From Lomé II to Lomé III

The EIB and Community aid for the ACP States

The European Investment Bank, reflecting the convictions of the Member States, has, from the outset, been shouldering its responsibilities in terms of making financial and technical cooperation work on the ground, helping to forge new working relations between the Community and an ever-increasing number of partners (1). The Bank has every intention, with the Lomé III Convention providing its terms of reference, of continuing to play an active part in the process of financial and technical cooperation between Europe and the ACP States. At the same time, there can be no escaping the fact that the grinding effects on most ACP countries of world economic and financial conditions are going to make it even more difficult for the Bank to go about its appointed task of financing productive investment in the countries concerned by means of loans.

Before looking at the broad lines of prospective EIB activity under Lomé III, however, a useful perspective can be gained by a glance at the EIB's developing role in the implementation of the Community's development aid policy for the ACP States as it has emerged through its operations under Lomé I and II between 1976 and 1985 (2).

One or two basic background facts about EIB operations in this domain might perhaps first be stated:

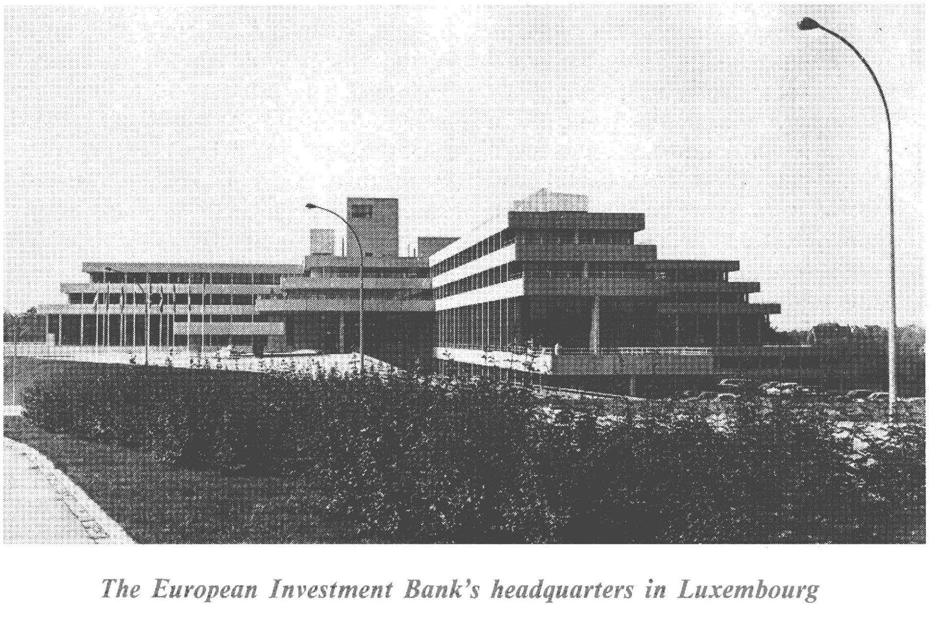
(a) the financial aid administered by the Bank is of two kinds: loans from own resources, the bulk of which consists of the proceeds of borrowing operations on the capital markets, and financing from risk capital which is drawn from the resources of the European Development Fund.

Loans from own resources are reserved for financing investment that looks likely to provide an adequate economic and financial return. In each case, the EIB takes stock of the economic and financial situation in the ACP country concerned and of factors likely to ensure that service payments on the loan are kept up. As a general rule, loans from own resources attract an interest subsidy, usually of 3%, but there is automatic adjustment, where appropriate, to ensure that the rate of interest actually paid by the borrower is not less than 5% and not more than 8%.

Risk capital financing, a form of credit devised by the Bank and refined and proven during the currency of Yaoundé II, is well suited to the financial situation and economic conditions found in many ACP countries. It affords the Bank greater flexibility in its operations and is by definition complementary to lending from own resources. Indeed, it will often, in practice, be arranged alongside subsidised loans, either for different components of a given project, or by way of setting up a financial package, the overall terms and conditions of which are better fitted to investment in the ACP field. Risk capital may be deployed either for the acquisition of equity participations or a quasi-capital funding. The EIB is at liberty, acting in the name of the Community, to purchase stakes in the capital of companies or development banks in the ACP countries. The holding must be of minority proportions, acquired on a temporary basis for transfer at the appropriate time, preferably to nationals of, or institutions based in, the ACP countries in question. Quasi-capital funding may take the form either of subordinated loans, repayment of which only occurs when the borrower has settled all other bank commitments, or of conditional loans, the terms of repayment, duration and rate of interest are not fixed firmly in advance but can vary—depending on the extent to which target profits or output are realised—and only be set at the time the funds are disbursed.

(b) financing is provided by the Bank for deployment in a specified, sector. According to the Lomé Conventions, it is the EIB that has been appointed to give priority to the appraisal of applications for financing of projects in the industrial sector (including agro-industrial ventures), mining, tourism and energy projects connected with investment in those sectors. This guideline does not preclude the granting of loans for economic infrastructure projects, especially in those countries where such a form of financing is deemed suitable, by reason of the level of development they have attained or of their economic and financial situation.

(c) the financial aid administered by the Bank is not subject to a systematic programme specifying set amounts,



EIB

The European Investment Bank's headquarters in Luxembourg

(1) See EIB-information no 25 (April 1981) record of EIB funding in Africa since Yaoundé I.

(2) The EIB also operates in 12 Mediterranean countries under the terms of cooperation agreements between these countries and the EEC.

country by country. Unlike the Commission, the Bank cannot—given the very nature of the operations it conducts—enter into commitments to deploy predetermined financial resources over a five-year period. Nevertheless, within the confines imposed by its mode of operation, the Bank does take part in a process of concertation with the authorities in the States concerned with the aim of achieving optimal utilization of the financial resources potentially available. Indeed, because it is impossible to carry out a systematic programme based on set amounts, it is equally impossible to take it for granted that the volumes of aid placed under Bank administration will actually be committed, in particular the total stated for lending from own resources, which should be looked at as a ceiling figure and not a package to be committed, regardless (the phrase "up to" is clearly inserted). The amounts specified under the Lomé I and II Conventions were ECU 487 million (390 m from own resources and 97 m from risk capital) and ECU 969 million (685 m from own resources and 284 m from risk capital).

The pattern of Bank financing under the Lomé I and II Conventions

Amounts committed

During the Lomé I Convention, EIB commitments—loans from own resources and risk capital combined—progressed steadily and in the end the entire volume of financial aid provided for was committed.

With Lomé II, on the other hand, the Convention was in force at the time the repercussions of the world economic crisis were beginning to be felt, with a consequent slow-down in investment programmes, increased difficulty with their balance of payments for most ACP countries and a marked deterioration in their budget positions constricting their borrowing capacity and hence their scope for absorbing loans from the Bank. The situation was still worse in that an increasing number of countries in Africa were affected by persistent drought. Certain of these—amongst the largest—are currently contending with a grave financial crisis or are locked into a credit squeeze or austerity measures that are inhibiting investment.

In 1981, the first year of Lomé II operations, commitments from own resources showed the same rate of progression as during the final phase of the first Convention (with a stock of projects built up in 1980), but between 1982 and 1984 the volume of lending from the Bank's own resources in the ACPs showed a marked drop, to the extent that by the end of 1984, less than 60% of the overall package of ECU 685 million provided for in the texts had been committed. After that, there was something of a recovery and it now seems certain that by the end of 1985, which should in fact have seen Lomé II run to expiry, almost 84% of the total will have been accounted for.

With risk capital financing, on the other hand, and in spite of the fact that the volume of funds specified under this heading was three times that provided for under the Lomé I Convention, the entire amount of ECU 284 million will be committed. This is further confirmation that this form of aid is particularly appropriate for countries whose economic and financial circumstances are like those of most of the ACP countries. This is why, as will be explained presently, the Lomé III negotiators were bidding for the risk capital appropriation to be doubled to ECU 600 million (i.e. six times the Lomé I allocation).

Between 1976 and 1985, the Bank will have mounted operations in almost every ACP country, financing investment—either directly or through the intermediary of development banks in support of small and medium-sized enterprises—that should help to create about 50 000 jobs, largely in industry and in agro-industrial sectors. In industry as such the average cost of investment per job created is of the order of ECU 45 000. However, the figures do not include rehabilitation projects or help for firms during the start-up phase, the main purpose of which is to get companies operating on an economically and financially viable basis. As far as the energy projects are concerned, these should help either to substitute for imports or achieve additional exports of the equivalent of about 2.3 million tonnes of oil a year, or about 7% of the total petroleum import requirements of all the ACP countries taken together in 1984.

Sectoral breakdown of financing

Going back to 1976, various broad trends in the sectoral pattern of Bank financing have emerged.

During the first two years of Lomé I, the main bias of operations was towards individual financing for new projects or extension works, with agro-industrial ventures taking the lion's share, followed by energy sector projects (34% of all loans from own resources).

The most striking thing about the second phase of Lomé I was the high incidence of global loans (lines of credit) granted to national or regional financial institutions (25% of ACP loans from own resources between 1978 and 1980). This versatile mode of financing, the effectiveness of which had already been shown in the Member States of the Community and various Mediterranean countries, is especially useful as a medium for channelling investment finance into small and medium-sized enterprises (SMEs) which, in the ACP countries, are sometimes better able to accommodate the diverse needs of what are often quite narrow markets.

The trend has been thrown into greater relief with the Lomé II Convention, which provides considerably broadened scope for the deployment of risk capital to help development banks. The present impression is that this type of operation has more or less found its level: that global loans are running at something like 20% of all Bank financing, and that this should continue to be the pattern in the future.

Since 1982-83, what has commanded most attention is a twofold development: a higher incidence of financing for viable infrastructure on the one hand, and for rehabilitation projects on the other, a trend that will doubtless gain momentum under Lomé III.

The scope for infrastructure financing was not excluded during the currency of Lomé I, but neither was it actually exploited. The first such loans, granted from own resources in 1981 under Lomé II, went for investment in the transport sector. Between 1982 and 1985, further financing was provided for telecommunications, water supply schemes and harbour works.

As regards rehabilitating capital investment, such operations were relatively thin on the ground up to the end of 1983, but expanded considerably in 1984. All these operations used risk capital funds, amounting to 43% of total operations under this heading and 22% of all ACP financing by the Bank. To get new projects off the ground, especially in industry and mining, has been proving ever more difficult in recent years, chiefly because of the extremely straitened economic and financial circumstances of most ACP countries and the unpropitious world economic climate. At the same time, various ongoing activities in the manufacturing sector, mining and economic infrastructure have been running into problems and failing to perform as they should. Of these, there are various items of laid-up plant or installations running at low efficiency which could be brought back to viability through renovation, restoration or restructuring. In the appraisal of these projects, an important element is identifying what went wrong: factors included bad management, low productivity, narrower market than projected, a lack of foreign exchange or perhaps an ill-judged pricing policy, but these were probably aggravated by the worsening terms of trade between the industrialized and the developing countries. Rehabilitation works need careful handling and before any go-ahead is given they require thorough examination of all potentially adverse factors and of ways and means of circumventing them. Not to be forgotten either is the fact that putting an investment project back on firm economic and financial feet, while in the long run it may underpin the economy, may equally, in the early stages, involve matters of some delicacy like redundancies and price revision.

The EIB and the new Lomé Convention

— The new Lomé Convention confirms the rights acquired and obligations established under earlier Conventions. It clearly reaffirms the principles underlying ACP-EEC cooperation such as non-interference and mutual respect of the sovereignty of the partners, while extending and building on the main instruments of cooperation: trade arrangements, protocols

EIB

The palm oil industry in Papua New Guinea, which has been a beneficiary of EIB funding

and special trade arrangements, Stabex and Sysmin.

— The new Convention goes much further than simply preserving the legacy of previous cooperation. Having learned lessons from changes in the world economic environment, the particular difficulties confronting the ACP States and the experience of nearly a quarter of a century of cooperation, the Community and the ACP States have sought to pinpont and establish all measures and arrangements which could serve to enhance the effectiveness of aid. The quest for greater effectiveness represented the negotiators' main concern and this ambition is reflected at all levels, both in the objectives set for cooperation and in the instruments of cooperation, all mechanisms of which have been overhauled in detail with a view to ensuring more effective measures accommodating new requirements.

— The new Convention also contains a number of innovations. As regards private investment, for example, whose role is universally acknowledged, as indeed is the need to create a favourable climate and stable conditions for such investment, the Convention sets a general framework and spells out clear principles, especially that of "non-discrimination" which should foster the conclusion of bilateral agreements between Member and ACP States. With the degree of caution necessary in this sphere, it provides for a whole range of studies designed to facilitate ACP States' access to the capital markets and to improve conditions for financing their foreign trade.

— One chapter focuses on "Financial and Technical cooperation", with the EIB playing an essential role. It is interesting to note that, in a highly unfavourable international climate which is restricting, sometimes considerably, most multilateral development finance institutions' scope for action, the Community is stepping up its efforts on the financial side and not merely keeping pace with inflation. The Convention, in fact, provides for an overall financing package of ECU 8.5 bn, nearly 60% more than under the second Lomé Convention, comprising:

- ECU 7.4 bn from EDF resources including ECU 600 m in risk capital funds managed by the EIB;
- (up to) ECU 1.1 bn from the EIB's own resources.

The concern of Lomé III negotiators to tailor aid more precisely to new requirements coupled with the search to link operations more closely to policies pursued by recipient countries have prompted, firstly, adoption of new forms of financing (maintenance assistance, sectoral programmes, support for sectoral policies or strategies, particularly food strategy) as an adjunct to traditional aid for new investment and, secondly, far more comprehensive aid programming.

— As far as the EIB in particular is concerned, the Third Lomé Convention serves to strengthen its role both quantitatively and qualitatively. In addition to the ceiling amount of ECU 1.1. bn, already mentioned, for loans from own resources with interest subsidies (subsidies for which ECU 210 m in grant aid has already been earmarked), the Bank will also deploy ECU 600 m in the form of risk capital financing, i.e. more than double the amount available under the Second Lomé Convention.

The Bank's responsibilities have been reaffirmed in areas already falling within its domain. However, in addition to project financing—its traditional form of activity—special emphasis has been accorded to funding productive programmes in indudstry, agricultural processing, tourism and mining as well as energy production, transport and telecommunications schemes connected with these sectors. These sectoral priorities do not, however, preclude the Bank from drawing on its own resources to finance productive projects and programmes in other sectors, particularly large-scale crop-growing, where such ventures comply with operational criteria. The Convention also underscores the need for restoring, upgrading, rehabilitating or restructuring facilities deemed economically viable but which are temporarily inoperative or ineffective, as well as for equipment and plant maintenance. With these aims in mind, cooperation should focus, much more than in the past, on assistance for the start-up or rehabilitation of undertakings, ground broken by the EIB at the end of 1983, in view of the uncertain economic climate. Finally, particular importance will be accorded to processing ACP States' raw materials, especially agricultural products, as well as to industries likely to establish links between various sectors of the economy and to activities offering favourable repercussions on employment, the balance of trade and regional integration.

The EIB's role in implementing EEC-ACP financial and technical cooperation has clearly been enhanced significantly under the new Convention and this, paradoxically, at a time when it might have appeared preferable, given the ACP States' general debt situation and the international economic and financial crisis, to restrict "theoretical" scope for access to loan aid and to give added weight to financial assistance in the form of grant aid. If the EIB is to make full use of the means at its disposal while respecting the principles of sound management, it will need to turn to best effect the provisions of the new Convention:

— in the case of loans from own resources, greater emphasis on pinpointing and appraising productive economic infrastructure projects, particularly those connected with energy, water supplies, transport and telecommunications;

— scope for backing projects beset with difficulties either during implementation (cost overruns) or when operational (rehabilitation schemes); funding for rehabilitation ventures, decided, of course, on the basis of an appraisal confirming the viability of the scheme in question, may be provided first and foremost for plant and machinery (although finance may also be advanced for purchasing spare parts and raw materials) as well as for technical assistance in managing projects and for replenishing working capital;

— scope for supporting, either directly or through development finance corporations, schemes complying with the EIB's criteria and forming part of a sectoral development programme;

— confirmation, however, of the impossibility of action at the macroeconomic level in the form of "structural adjustment loans", although it is acknowledged that the Bank should coordinate its operations in ACP States where structural adjustment programmes are being implemented under the aegis of the World Bank or the International Monetary Fund, and if possible to attempt to integrate its operations into programme components complying with its criteria.

One new facet merits special mention. It was recognised that the quest for effectiveness implied greater rationalisation and constant coordination of Community financial assistance and that provided on a bilateral basis by the Member States. On this point, the partners, who sought to incorporate into the programming process the development policy views of the parties underpinned by concertation and dialogue, again confirmed their shrewd judgement. In keeping with the spirit of the Convention, the Bank will assist as far as possible in attaining these goals, supporting, where desirable, action embarked upon by the Community with a view to ensuring optimum sectoral concentration of efforts. It may even, in appropriate cases, undertake to guarantee the least developed ACP States (43 out of a total of 66), from the very start of the Convention, a minimum allocation of risk capital funds to finance operations in priority sectors.

EIB

Copper mining in Zambia

"To get new projects off the ground, especially in industry and mining, has been proving ever more difficult"

In conclusion, although it may appear that the Third Lomé Convention merely confirms the tenor of the previous Convention and does not imply any radical changes as far as the Bank is concerned, it is nonetheless clear that, in terms of the resources which it is to deploy and the role it is to play in implementing financial and technical cooperation with the ACP States, the EIB will again need to strive to adjust its financing procedures to the scale of the tasks entrusted to it. ○

Taken from EIB-Information no. 47 (January 1986), available on request from the Information and Public Relations Department of the European Investment Bank, 100 bd K. Adenauer, L-2950 Luxembourg, Tel. (352) 4379-1.

The development of tuna fisheries in the South West Indian Ocean

By Tim CLARKE (*)

Boom or bust

When the first Klondykers arrived in the Yukon territory, in Canada, in 1897 in the elusive search for gold, they could barely have imagined that within ten years their dreams of fantastic riches would have been shattered. Some people no doubt made their fortunes — the lucky ones — but for the majority this was not to be.

Like gold, tuna is a world currency. The most highly prized of fish species, its price is quoted on the world's major stock markets and suffers like all such commodities from the vicissitudes of US dollar exchange fluctuations and changing consumer preferences.

The tuna boom period of the '60s and early '70s seems to be over. The highly competitive chicken and pork-producing industries have pushed tuna prices down, whilst tuna-catching costs have soared. Currently, few tuna fishing operations world-wide are making any money, the long-distance fleets being particularly affected.

Faced with such financial difficulties, the tuna industry has been desperately trying to get itself into shape. This has meant not only drastic surgery—selling off uneconomic vessels conceived before the quadrupling of oil prices in the early 1970s—but also in renewed searches for new fishing grounds and markets.

In recent years, two areas of the world's oceans have become the new Eldorado of the tuna fleets—the South Western Indian Ocean and the Western Pacific. It would take a brave person to predict now whether, like the Klondykers a century before them, the new tuna pioneers of these oceans will get their fingers burned, or whether the fisheries resource can provide a real long-term economic benefit for the regions.

(*) Administrator, Directorate-General for Development, Commission of the European Communities.

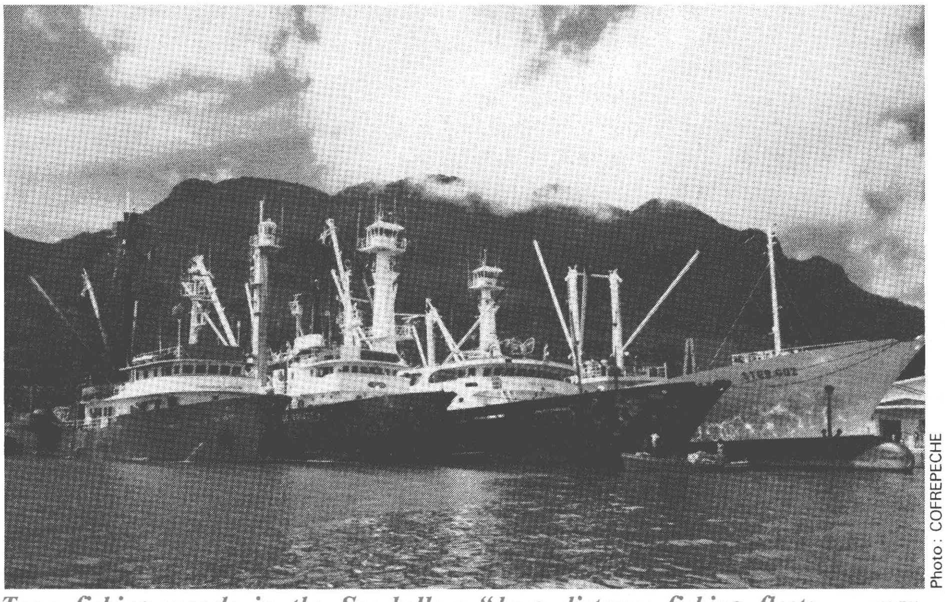


Photo: COFREPECHE

Tuna fishing vessels in the Seychelles: "long distance fishing fleets ... may pose a threat"

Tuna stakes are high

There are four types of tuna fish which are of real commercial significance in the Indian Ocean: the yellowfin, bigeye, albacore and skipjack (see table). They are all highly streamlined migratory predatory fish, capable of attaining great speeds and covering vast distances (two hundred kilometres in a day). They are unique amongst fish in having their blood temperature higher than that of the surrounding water through some sort of thermoregulatory device—this makes their muscles work more efficiently.

The temperature of the water and oxygen concentration seem to be the two most important factors limiting their distribution. The true tropical species—the skipjack and the yellowfin—are primarily found in surface waters between 20-30 °C. The albacore and bigeye swim deeper and seem to prefer a temperature range of about 15-22 °C. For all these species, highly active swimmers, the oxygen concentration of the water is often a crucial factor.

They feed on aggregations of prey fish, and other marine animals such as crustacea and cephalopods, which can often be found at the junctions of warm and cold currents where the physical characteristics of the water cause a mixing of nutrients.

Table 1

Species	Sizes common in commercial catches	
	Length (cm)	Weight (kg)
Yellowfin	to 150	50 - 130
Bigeye	to 180	80 - 150
Albacore	50 - 80	20 - 30
Skipjack	to 80	8 - 10

It is the quality of their flesh that makes them so highly valued. Strong muscle blocks make up the bullet-shaped body, which can be transformed into a highly nutritious canned or frozen product. In Japan, one of the two primary world markets for tuna, (the other being the USA), the most highly prized flesh is converted into a special product—sashimi. The world market prices vary according to the species of fish and quality of the meat. Skipjack—the cheapest—fetches about $ 800/tonne of fresh fish; for bigeye this can reach $ 1500/tonne. Once processed, the tuna prices can quadruple to around $ 4000/tonne. For the highly prized sashimi market, prices can climb as high as $ 1000 for a single 80 kg fish! (These prices must all be treated with some caution, however, since they can fluctuate by $\pm 30\%$ in a year).

First catch your tuna

The fishermen's strategy is to catch the fish in the most economical way. At the artisanal level this may mean simple baited handlines, or gillnets—nets hung vertically in the water designed to catch the fish by their gills.

These methods are cheap and effective, but naturally have their limits. Whilst perhaps suitable for local marketing and consumption of their catch they have no real potential as large-scale income-earners or foreign exchange producers.

At an intermediate scale, three types of fishing have developed of which two—trolling and pole-and-line fishing — are aimed at surface-swimming tuna (primarily yellowfin and skipjack), whilst the other—longlining—aims at the deeper-swimming fish such as the albacore and bigeye (between 50 and 150 metres deep).

Trolling is done by using fishing lures dragged from outriggers over the stern of the boat. Up to 10 tons of fish can be caught in a day. It is a technique used widely in the Indian Ocean in places such as Sri Lanka and the west coast of Sumatra in Indonesia.

Pole-and-line fishing or "bait fishing" involves the capture of live bait—often by dip-nets—and holding the bait on board in tanks until a tuna school can be sighted—either through seeing activity on the surface or watching for birds. The bait is then thrown overboard in a "chum line" in order to attract the tuna to bite. The boat crew try to stir the tuna into a frenzy and heave them out of the water on unbaited hooks. Great skill is needed in keeping the tuna biting for as long as possible and in using as little live bait as possible. This technique is quite common in many islands in the Indian Ocean, such as the Maldives.

Longlining, as its name suggests involves baiting hundreds or thousands of hooks which are then paid out on a line suspended at varying depths. The line may be many kilometres in length and require unpleasant, dangerous work in baiting and removing the fish. The Japanese were the first to introduce longlining on an industrial basis in the eastern Indian Ocean in 1952, and later it was developed further and spread to other parts of the Indian Ocean by the Taiwanese and South Koreans. Longliners catch between 10 and 25 fish per thousand hooks.

Purse-seining

The most modern technique to make its appearance on the Indian Ocean stage is purse-seining. In this technique a school of tuna is surrounded by an immense net which may be 1200-1600 metres long and 150-220 metres deep (enough to swallow the EEC Commission's headquarters—the Berlaymont building). The net is designed to sink as rapidly as possible to prevent the tuna from escaping, the bottom of the net is pulled tight like a purse string. If the operation is done well, an entire tuna school can be surrounded—equivalent to several hundred tons of fish. The tuna are then brailed or vacuum-sucked out of the purse into super-chilled brine where the tuna are instantly frozen.

Modern tuna purse-seiners are amongst the most sophisticated fishing vessels in the world. Costing up to $ 10 million, 80 metres long, equipped with up to 1000-tonne fish storage capacity, and costing up to $ 2 million a year to run, they are the most advanced fishing machines in existence. The larger boats have helicopters for seeking tuna schools and highly developed satellite and thermal mapping fish-finding gear.

These formidable hunting machines have been fishing in the Indian Ocean

Table 2
World tuna production by major tuna-fishing nations, selected years
(thousand metric tons, live weight)

	1970	1975	1979	1980	1981	1982	1983	1984
Japan	502	542	672	723	642	674	696	788
United States	214	259	218	226	222	199	266	263
Spain	47	77	100	101	122	131	126	132
Indonesia	21	39	61	73	84	90	103	115
Philippines	52	84	94	79	95	103	119	104
France	50	58	64	72	69	69	84	100
Taiwan	89	90	109	106	90	104	104	99
Mexico	11	23	31	34	68	45	38	78
Korea, Rep.	NA	119	125	110	105	108	89	71
Venezuela	2	1	3	4	6	4	39	53
Solomon Islands	0	7	24	23	26	20	34	36
Maldives	29	20	22	28	26	20	26	32
Ecuador	16	36	34	19	19	21	15	29
Ghana	0	8	6	9	15	29	33	22
Brazil	1	2	5	10	24	17	17	22
Panama	0	36	18	21	16	25	14	20
Sri Lanka	18	22	14	20	21	22	23	18
Australia	8	11	11	14	18	21	22	16
Others	58	96	122	124	119	109	98	101
Total	1118	1530	1733	1796	1787	1811	1946	2099

Source: FAO FISHDAB.

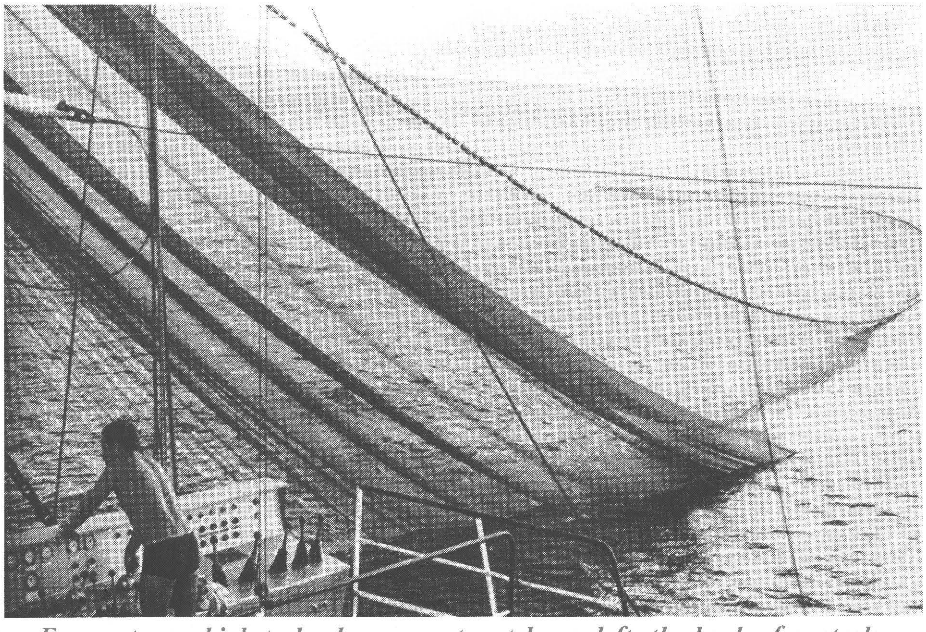


Photo: COFREPECHE

Even nets are high technology — note, at lower left, the bank of controls

since December 1980 when France underwrote a 4-month fishing trial based in the Seychelles with a 48-metre boat the "Ile de Sein" which caught 470 tonnes. This was followed by a 7-month trial with the 70-metre "Yves de Kerguelen" which caught 1370 tonnes of tuna. The echoes of these catches spread rapidly amongst tuna fleet owners (in France, based exclusively in one port, Concarneau) such that by mid-1983 the purse-seining fleet had grown to 18. One year later it was over 30, and by the end of 1985 it had reached over 60 purse-seiners. At present most of the French and Côte d'Ivoire Atlantic tuna fleet has switched to the Indian Ocean as have several Spanish vessels. Recently some of these boats have returned to Atlantic fishing but it appears that catch rates are much less favourable there than in the Indian Ocean.

Four of the larger French seiners have caught over 4500 tonnes of fish in a year, and the French fleet of 27 vessels caught, in 1985, 87 000 tonnes of tuna, divided roughly equally between skipjack and yellowfin.

The market

Of course catching the tuna is not enough. They have to be sold—and at a profit. Of the 1 800 000 tonnes of tuna caught worldwide, about 50% is consumed fresh, or prepared by a variety of preservation methods, and 50% is consumed in canned form. Virtually all the "fresh" tuna is consumed in Asia, where Japan is the principal market. Of the 850 000 tonnes consumed in canned form, the USA takes the lion's share (about 65%) whilst Europe absorbs some 30% (about 230 000 tonnes—principally in Spain, Italy, France and Portugal).

A major difficulty for a long-term exploitation of the Indian Ocean tuna resources is the distance of the major consumer markets from the region, and hence the high transport costs involved.

To cope with this, many countries in the region have started investing in trans-shipment facilities—notably in the Seychelles and La Réunion. Some countries—such as Mauritius—have opted for establishing processing facilities (based on a Japanese venture)—but this is experiencing many difficulties. The fall in the value of the US $ is certainly not making things any easier. Such is the present flux of the market, and the high-risk nature of the operations, that sound long-term planning is a nightmare.

Fishing agreements

But marketing is by no means the only problem. How long can the relatively unexploited tuna stocks of the region withstand this huge increase in fishing pressure? The Indian Ocean had always been considered a relatively impoverished area for tuna. Most of the existing vessels fish in international waters outside the control and jurisdiction of the region's sovereign states. Since the tuna stocks are not static, some means need to be found for managing their exploitation. A regional management plan makes the most sense. Indeed for those countries which are signatories of the Law of the Sea Convention, some form of regional cooperation becomes an obligation. (Article 64—management of migratory species)

Linked to this is a fully understandable desire of the countries in the region to establish their own tuna fishing fleets and processing industries. After all, fish represent one of their most valuable natural resources. In many cases, the long-distance fleets operating in the region may pose a threat, not only in terms of over-exploitation of fish stocks but also in terms of competition with local tuna fleets.

In the short term, at least, they are obliged to rely on foreign expertise and know-how. The EEC has now signed two fishing agreements with countries in the region—one with the Seychelles signed in January 1984 and one with Madagascar signed in January 1986. In addition, Spain has an agreement with the Seychelles.

The EEC agreements have a 3-year duration and permit a certain number of tuna vessels (27 in all, but limited to 18 at any one time) of a certain size to fish in the Seychelles and Madagascar's Exclusive Economic Zone, upon payment of licence fees (for the Seychelles, for example, this represents ECU 20/tonne paid by the tuna boat owner, and ECU 900 000/year by the EEC for the equivalent of 6000 tonnes of fish). In addition, the EEC contribution includes programmes of scientific cooperation and training.

In all likelihood, negotiations to expand these agreements will be sought by the EEC in the future, encompassing other countries, and taking account of an enlarged Community. The highly migratory nature of tuna makes such agreements, especially between neighbouring coastal states with shared resources, highly desirable.

A regional development project

At the same time, the European Community has been requested to fund from its Lomé II Regional Programme a comprehensive programme for the commercial development of tuna in the region. At present three countries are principally involved in this project — The Comoros, Madagascar and Mauritius — whilst The Seychelles and La Réunion are observers.

The project has had a relatively long gestation period. It was approved, in principle, at a meeting of the Indian Ocean Foreign Ministers at Mauritius on 6th January and is expected to be approved by the Commission by the end of 1986. It has three prime objectives:

— to determine the most appropriate techniques for fishing tuna by the countries concerned;

— to evaluate the regional tuna resources and establish a regional system for their management and conservation;

— to assist the countries concerned in developing their own tuna fishing capacities (in terms of institution-building, research and development and training etc.).

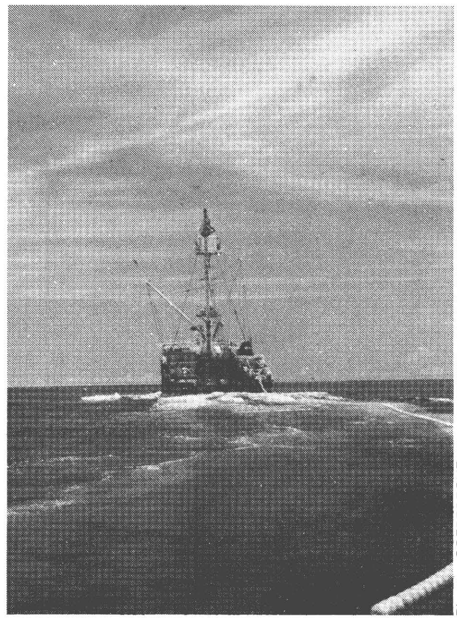


Photo: COFREPECHE

An entire tuna school on the point of being captured

Table 3
Tuna production by FAO Statistical Fishing Area
metric tons

	1970	1975	1979	1980	1981	1982	1983	1984
Western Indian Ocean	117 500	126 697	118 484	120 691	133 825	164 308	192 736	233 653
Eastern Indian Ocean	39 800	62 355	73 495	94 712	77 521	99 474	116 294	115 818
Total: Indian Ocean	157 300	189 052	191 979	215 673	211 346	263 782	309 030	349 471

It seeks to achieve these objectives by various means: — firstly, by establishing a regional structure for permitting the countries concerned to cooperate closely together in tuna management and development. A Regional Association for tuna management and exploitation is to be established in Madagascar and a Scientific Committee will be created to collect and analyse resource data.

Secondly, by providing the countries of the region with a regional tuna vessel, the size of which has yet to be determined (of 35-50 metres) capable of both pole-and-line fishing and purse-seining, that over a 2½-year period would undertake test fishing within the EEZs of the three countries concerned—and in international waters where appropriate. The boat would be managed by the Regional Association and crewed by locals, with European technical assistance.

Photo: COFREPECHE

Several hundred tons of fish are taken in a single catch

Thirdly, the project would assist national centres established in the three countries to carry out national research and development programmes, and in particular provide funds for constructing a number of Fish Aggregating Devices in their EEZs.

The observer countries, the Seychelles and La Réunion, have indicated their willingness to allow the regional tuna vessel to operate in their waters, and assist in the analysis of tuna data.

By the end of the project, which is expected to last about 2½ years, and cost approximately ECU 7 m, it is hoped that the necessary scientific and technical parameters will have been determined to lay the foundations for a long-term tuna development policy.

Long-term future

The long-term aim for all concerned is to see that tuna development in the Indian Ocean proceeds in an orderly way based upon sound principles of economic and ecological management. The current situation, where tuna fleets operate in international waters outside any such controls, threatens the long term viability of the operation. It must be said that the history of the tuna-industry in other parts of the world, which has often led to overcapitalization of the fleet based upon favourable state subsidies and to severe stock depletion, is not a happy one. Development planners in the Indian Ocean must have the courage and the will to introduce appropriate management measures as soon as possible to avoid similar disappointments. Whether this is by means of a wide-ranging convention on tuna conservation, envisaged by the FAO and others, based on a similar convention in the Atlantic, or by some other means, is not clear. Two conferences in late 1985, in Bangkok and in Colombo, looked at some of the potential management measures that could be introduced, as well as methods for data collection and analysis.

Whatever the outcome, the sudden boom in interest over the last few years is a welcome sign for the island states involved. It's in everyone's interest to make sure the bubble doesn't burst. ○ T.C.

CNDRS

COMOROS

Archipelago drowsy with the scent of spices

As the plane comes into Hahaya international airport, the visitor gets his first glimpse of Grande Comore, the main island of the archipelago, and gains impressions that are confirmed once he lands. His first feeling is one of relief at having actually arrived, as it is by no means easy to find a convenient flight over from the continent, and the people haphazardly congregating in the airport buildings will be further proof that every landing is an event that breaks the otherwise relative isolation of the islands — at least for a while. He could see that the island was volcanic from the plane, although the crater atop Kartala, which is still active, is almost permanently hidden in the clouds. He saw the few sandy beaches and the fringe of luxuriant vegetation giving way to the barer mountains of the interior, houses dotted here and there, sometimes by farmland on the steep slopes, minimal plant cover and the signs of bad erosion. And he saw that, apart from the coastal highway, there are very few roads.

Once the plane has landed and the visitor has been warmly welcomed, the humid tropical climate begins to make itself felt. He notices that the population is a young one, concentrated on the coast and becoming denser towards the capital, Moroni, which, in many ways, is more Arabic than African. He sees coconut palms, clove trees, pepper plants and bananas and mangoes, sometimes intertwined with vanilla, along the roadside and he sees the strange forms of the ylang-ylang bushes. When, in the evening, he rests after his long journey, another sensation, the chant of the muezzin calling the faithful to prayer, completes the picture and the air is filled with fragrance. And lastly, he realizes that the people still in the streets are mainly men and that the women, in this matriarchy, are all at home, in "their" homes.

When he turns it over in his mind, he sees that all these impressions confirm everything he remembers reading about the Comoros. It is a volcanic archipelago in the Indian Ocean between Mozambique and Madagascar. It is a federal, Islamic republic that is relatively little served by ship and plane and it has on top of this to cope with the isolation of the individual islands that make it up. Local resources are few and overpopulation is increasing. Although the main activity is farming, the country still has to import a large proportion of its food as the limited fertile land is at risk from deforestation and erosion. The economy centres on the three main export crops — vanilla, cloves and ylang-ylang — and fluctuating world prices make it vulnerable. It is heavily dependent on foreign aid, but has a large debt burden too. Politically it seems fairly stable now after the upheavals of the post-independence era. These paradise islands are, after all, relatively unknown because they are off the traditional tourist routes to the Indian Ocean.

Four-island archipelago to three-island nation?

The Comoros is on the mouth of the Mozambique Channel about 300 km east of the Mozambique coast and 350 km north-west of Madagascar. So, strategically speaking, it is fairly important in view of its position on the route the oil tankers take from the Arabian Gulf. There are four main islands — Grande Comore or Ngazidja (1148 km^2), Anjouan or Ndzouani (424 km^2) Mohéli or Moili (290 km^2) and Mayotte or Maore (374 km^2) — which are the tips of great volcanoes. Grande Comore is the biggest and highest, with the peak of Kartala reaching 2 361 m, and it is the only island with an active volcano, which last went off in 1977. The islands have few natural resources. There are no known mineral deposits and less than half the land is suitable for farming and while verdant tropical isles are tempered by sea breazes, their position on the edge of the Indian Ocean means they sometimes get devastating hurricanes too.

The Comoros currently comprises Grande Comore, Anjouan and Mohéli — while Mayotte, a French territory, is still administered by France.

The Comorian Government made a unilateral declaration of independence, in the absence of any agreement with the former metropolis on the arrangements for sovereignty. Mayotte came out in favour of the status quo and stayed with France, but the organization of the referendum in which it did this and the *de facto* separation which this now involves are unacceptable to the Comorian authorities, which say that the crescent moon on the national flag shines above four stars. As they see it, Mayotte is an integral part of the national territory and therefore has to come back — a case they have pleaded in various international meetings (see also the interview with the President), which gave them support.

The uniting factor of Islam

The Republic has a population of about 390 000 (this does not include the people living on Mayotte), the vast majority of it very young, almost two thirds being under 25, with a growth rate of about 3.3% p.a. Such rapid growth is already posing serious problems when it comes to providing enough food and jobs, not to mention infrastructure, public health and education, and it puts enormous pressure on the arable land, which is already exposed to erosion and deforestation, too. There are about 350 people per km^2 of arable land and although the population density varies widely from one island to the next, the average figure, up near the 200 per km^2 mark, is one of the highest in eastern Africa. At this rate, there will be almost 750 000 inhabitants come the end of the century — which means that The Comoros' only productive capital, the land, is clearly under threat.

The Comoros is a real melting pot of Bantus from the continent, Arab sailors, Indonesians, Iranians and Madagascans the latter two races in particular having had a strong influence on its socio-cultural, political and economic life. The first wave of Iranians (especially from Shiraz) put the islands on the map in trade between Indian and East Africa and the second, from the Persian Gulf in the

Islam is the great uniting factor of the Comorian people. All the traditions and customs are moslem ones and the whole atmosphere is oriental (Left, inside the Mosquée du Vendredi. Right, the medina in Moroni, the capital)

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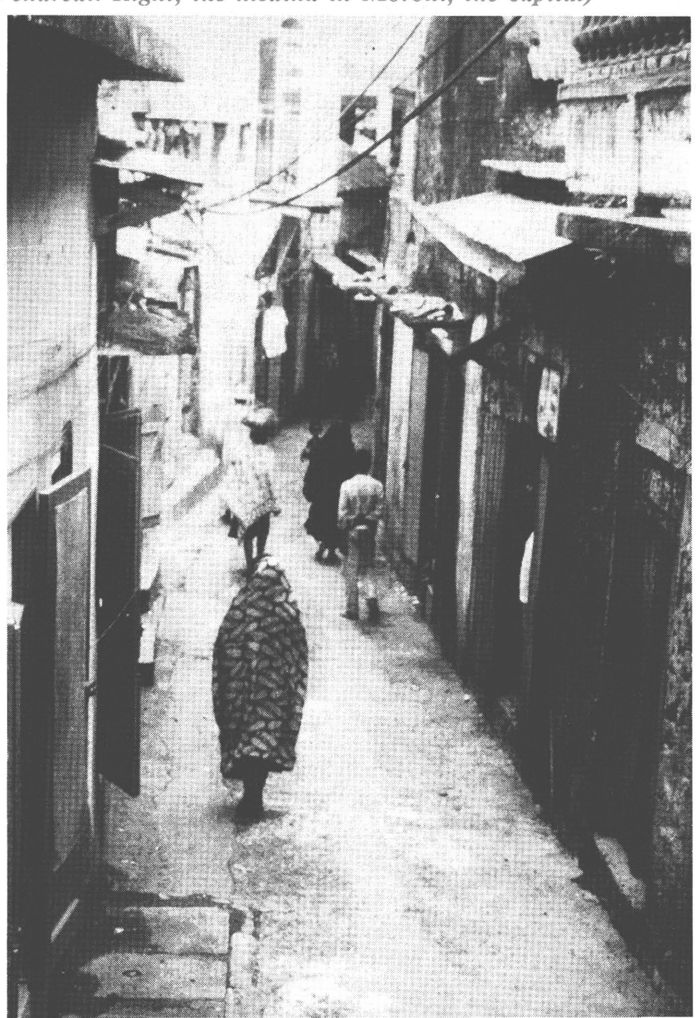


The Courier

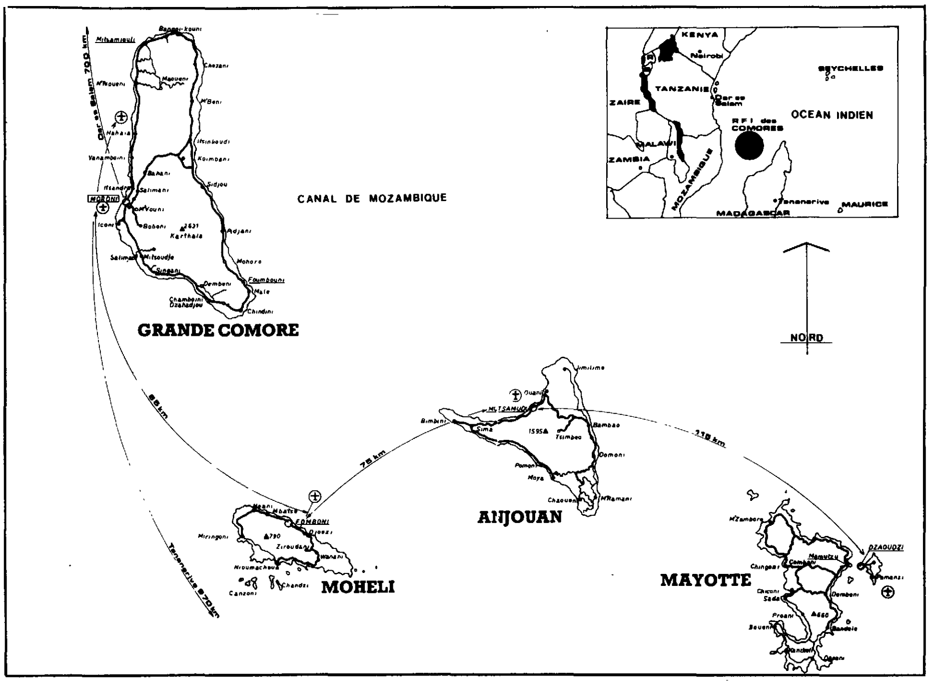
14th-16th centuries, confirmed the people's swing to Islam and replaced the traditional tribal set-up, with its chiefs by a form of socio-political organization with more feudal sultanates at the base. The many Madagascan attacks in the 19th century weakened the sultanates, which were already split by internal rivalries, and thus helped pave the way for French colonization — although it was the Portuguese who were the first Europeans to visit the islands (in 1498), the English, the Dutch and the French coming only later. Some people claim that, in 1841, one of the sultans, who was anxious to outdo his colleagues, sold Mayotte to France which thus got one more naval base in the Indian Ocean. In 1886, the other three islands came under French protection too, subsequently being declared colonies and attached, for administrative purposes to Madagascar, from which they were only separated in 1946. Autonomy of administration and management was granted gradually and 95% of the people on the archipelago voted for independence in the December 1974 referendum. On Mayotte alone there was a majority against, and it was this that ultimately led to the present situation.

Islam is clearly the major uniting factor in The Comoros. More than 99% of the population is orthodox moslem and the whole country runs to the Islamic routine, with the 1400 mosques clearly the focus of everyday life. The customs and traditions reflect the faith, and the atmosphere is a very oriental one.

Another unifying factor is the common language, Comorian, with all its dialectal variants, which is very close to Swahili, although French is also used in education and Arabic, particularly, for the study of the Koran. But regardless of this religious and linguistic unity, there is still some rivalry between the different factions of the Comorian nation — as of course is the case in almost any other multi-island state in which each island has a character of its own.

A doubly vulnerable economy

With a per capita GDP of around $ 250 p.a., The Comoros is one of the least developed countries in the world. The 1984 GDP was an estimated



CF 43.1 billion (1), with growth up by 3.3% in real terms over the previous year. The figure was around 4% in 1980-84 as a whole, but it was mostly due to the expansion of the secondary sector attendant on a large and essentially foreign-funded investment programme. Aid has been increasing rapidly since 1979. The total so far is already more than $ 100 per head p.a. (around $ 40 million in all) and represents almost 80% of public spending and more than half of GDP. The general budget deficit, filled by foreign aid, takes up about 30% of state expenditure.

The state and the prospects of the Comorian economy depend on the health of its agriculture. This is an essential sector, as almost 90% of the people depends on it, 74% of the working population works in it, 38% of GDP is derived from it and almost all the foreign exchange is produced by it. But agriculture is vulnerable on two counts — food crops and cash crops. The Comorians are far from being able to produce all the food they need. The population is expanding faster than is food production and farm productivity is generally poor. Ever-greater demand has to be parried by vast imports, especially of rice (of which around 30 000 tonnes are brought in), which already account for more than a third of the import bill and are constantly worsening the already substantial trade deficit. The cash crops, currently primarily vanilla, cloves and ylang-ylang (copra used to be exported but it now goes mainly for domestic consumption) are very much dependent on demand and on prices, and even speculation, on the world market. This dual vulnerability of the key sector has obviously to be seen against the background of all the other development constraints already outlined, i.e. erosion, the difficult system of land ownership and all the other difficulties attached to the small amount of arable land, together with the relative isolation of and the problematic communications between the islands, which is a handicap to both domestic and foreign marketing of farm produce.

A race against time

Mr Mohammed Ali, the Minister of Production, commented: "Of course we could talk in terms of a fight for the land between our cash crops and our food crops... yet our guiding principle in the long term is that we must achieve self-sufficiency in food, and we have launched a study on a food strategy with FAC financing. Our export crops play a key part in the nation's earnings and, without wishing to increase the areas under which they

(1) The Comorian franc (CF) is in the franc zone and equal to CFAF 1 (ECU 1 = CF 344 in May 1986).

are grown, we want to improve the sector by bettering our technology, our output, the quality of our products and the returns on processing them. Farming techniques will have to improve everywhere to give us the higher agricultural production we need from the land we have available, as there is a really serious clash between the pressure of the population and the extent of our arable land. And greater productivity should go hand-in-hand with reduced demographic pressure. Family planning is a must — although ours is a moslem society. And of course there is the problem of the constant deterioration of our arable land. Much of it is being over-farmed. It is exhausted, degraded and eroded. Some of our peasants are even growing things on 40° slopes with all the dangers of erosion and very few of them put down any fertilizer or let the soil breathe. So we are running a veritable race against time to get our peasants to save our land and thus our future too." The Minister is counting on the support of the Cefader (the federal development support organizations) and the Caders (the island development support organizations) here.

Self-sufficiency in food is no sinecure, but the Planning Minister, Mikidache Abdou, Rahim, maintains that there is no doubt about is: "It is an aim to be achieved gradually". Food dependence is currently considerable,

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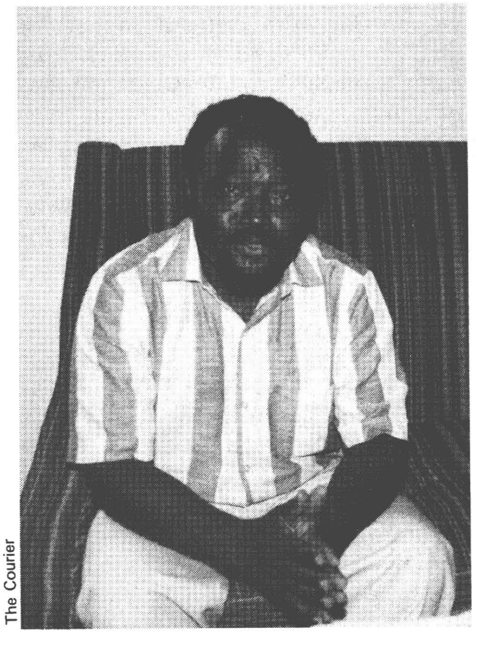
Vanilla production and marketing is the main economic activity of the islands

especially in the rice sector, where, the Minister said, "imports are soaking up foreign exchange". The gradual change in eating habits has brought rice to the fore, to the point where there are regular shortages when stocks run out and deliveries are late. This in turn is leading people back to maize (the EDF is very active in this sector on Grande Comore) and other food crops.

Local livestock is of a fairly low standard. The authorities are very concerned with the health of the herds and breeding stock will be brought in at the end of 1986 to improve the local cattle. Poultry breeding has more or less kept pace with the increase in demand, but meat imports are expanding rapidly. Fishing, said the Agriculture Minister, is still archaic. The coral plateau is overfished but rich ocean areas further out are underexploited. The most curious denizen of Comorian waters is of course the coelocanth, the living fossil thought to have died out millions of years ago, a link in the evolutionary chain that can still be fished off the islands. There are about 4000 fishermen bringing in catches of 4500 tonnes of more ordinary fish too, but their methods and equipment are inadequate. Less than 3% of the 2800 pirogues and other craft have motors and there are storage and outlet problems too. However, outboards are to be provided with Japanese aid and a fishing school has been opened on Anjouan. Studies have shown that there is considerable potential in Comorian waters — in particular it seems that 25 000-30 000 tonnes of tuna could be caught every year, which would make a big contribution to the nation's protein intake and constitute the basis for a processing industry — but, the Minister added, "there are several foreign powers in our economic zone stealing our fish, as we are too poor to patrol our waters properly". The authorities are now setting up a department to manage fishing contracts and they also intend to ask for a fishing agreement with the EEC, as Madagascar and The Seychelles have done.



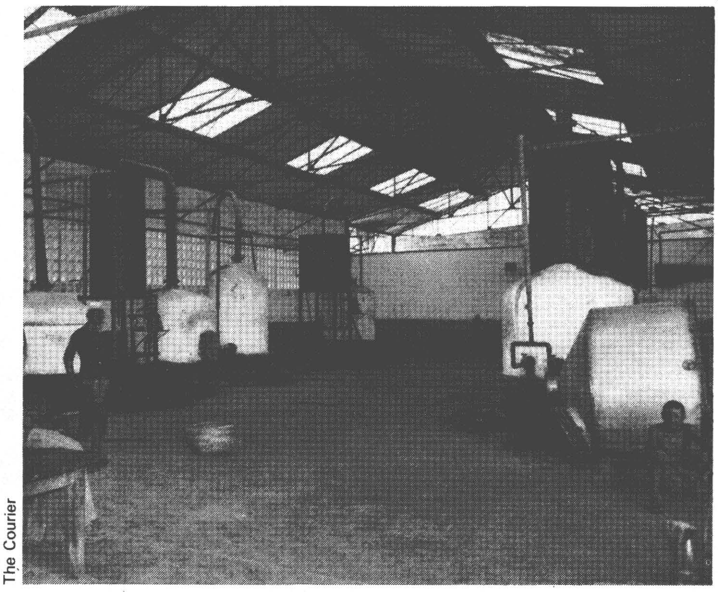
The Courier

The Courier

Mohammed Ali, the Minister for Production, commented: "We are running a real race against time to get our peasants to save our land and thus our future"

Sales problems with cash crops

Cash crops account for around 28 % of agricultural output. There are four main ones, vanilla, cloves, ylang-ylang and copra, but copra has faded as an export product as a combination of low world prices and greater domestic consumption has brought it down to only 1 % of the export trade. A great many coconut palms are old and the World Bank is financing a seed bed of higher yield but smaller palms, which are easier to handle, to provide young stock.



It takes 19 hours to distil 200 kg of ylang-ylang flowers and obtain 4.8 litres of essence — a drop of which will find its way into some of the world's most famous perfumes

Vanilla production and marketing is actually the country's main economic activity in terms of employment and income. Vanilla is an epiphytic plant, so care and harvesting are labour-intensive activities and the market price determines how much time the peasants can spend on it and how good production will be. Over the past few years, The Comoros has produced an average of 900 tonnes of green vanilla (it takes almost 5 tonnes of green vanilla to make one tonne of prepared vanilla). There are three main Bourbon vanilla suppliers in the world — Madagascar with 1100-1200 tonnes, The Comoros with 180-200 tonnes, and Reunion with 15-45 tonnes — but the whole Indian Ocean region is now up against strong competiton from synthetics. More than half The Comoros' vanilla goes to the USA and a third to France. Sales collapsed in 1984 when only 26 tonnes were sold, bringing in CF 589 million as against 177 tonnes in 1984 (CF 3.5 billion) and 259 tonnes in 1983 (CF 4.2 billion). So it is not surprising that Mr Hassan Mohammed Ahmed, one of the foremost representatives of the import-export sector that is so important to the nation's wellbeing, described the business climate since 1984 as "depressed, with only a slight improvement now... We were nearly wiped out by world speculation".

Hassan Mohammed Ahmed, from the import-export sector says: "The business climate since 1984 has been depressed and things are only picking up slightly now"

What happened? In May 1984, the vanilla producing countries of the Indian Ocean signed an agreement with the consumer countries at Nosy Bé, Madagascar. This provided for the price to go up from the US $ 62.15 per kg fob Moroni of 1983 to US $ 69.5 (and the dollar was then worth about FF 8.20). But then the dollar took off, to almost FF 10.5, and the exporters seem both to have speculated on the rise by offering producers more than the fixed green vanilla price of CF 2000 per kg and then refused to agree to a cut in the price fixed at Nosy Bé. The buyers in turn speculated on a drop and ran out their stocks before staggering and delaying their deliveries as much as they could. Fortunately, the situation seems to have righted itself in 1985 and, most important, the quality of the vanilla was very high that year, which reflects the desire of both the Government and the trade to beat synthetic substitutes by the high quality of the natural product.

Cloves, now the country's second source of export earnings, have been grown on the islands since the '30s. Harvests vary from one year to the next, as the tree has a four-year cycle and takes 20 years to reach full production. The main competitors are Zanzibar and Madagascar. One of the biggest traditional outlets, apart from one or two EEC countries, was Indonesia where cloves are used in tobacco-making, but this country is now developing its own industry. Clove prices have also fluctuated, especially downwards, and the purchase price to the producer dropped to below CF 1000 per kg in 1984 from the CF 2350 of 1983. The drop on the world market was spectacular too, as the FF 68 per kg fob Moroni of late 1983-early 1984 dropped to FF 21 per kg in December 1985 and was still only around the FF 30 mark in April, although Hassan Mohammed says it needs to be FF 40 to make a profit.

The vanilla and clove export earnings problems have given The Comoros Stabex transfers, which, Production Minister Mohammed Ali told us, "has played a crucial and indispensable role. Stabex has given us time to get our breath back, if you like, at a difficult time — and God knows it has been difficult... The failing sales of our main cash crops have been a harsh blow that has encouraged us to try to diversify our economy more, not just the food crops but the cash crops too, and to try and improve the way marketing is organized, especially in the region, with Madagascar and Réunion". The Minister stressed quality — The Comoros label, he said, recalled Napoleon's cocoa, the famous criolo, that was produced on the islands — and said there were plans to relaunch and rehabilitate the production of pepper, coffee, cocoa and citrus fruit.

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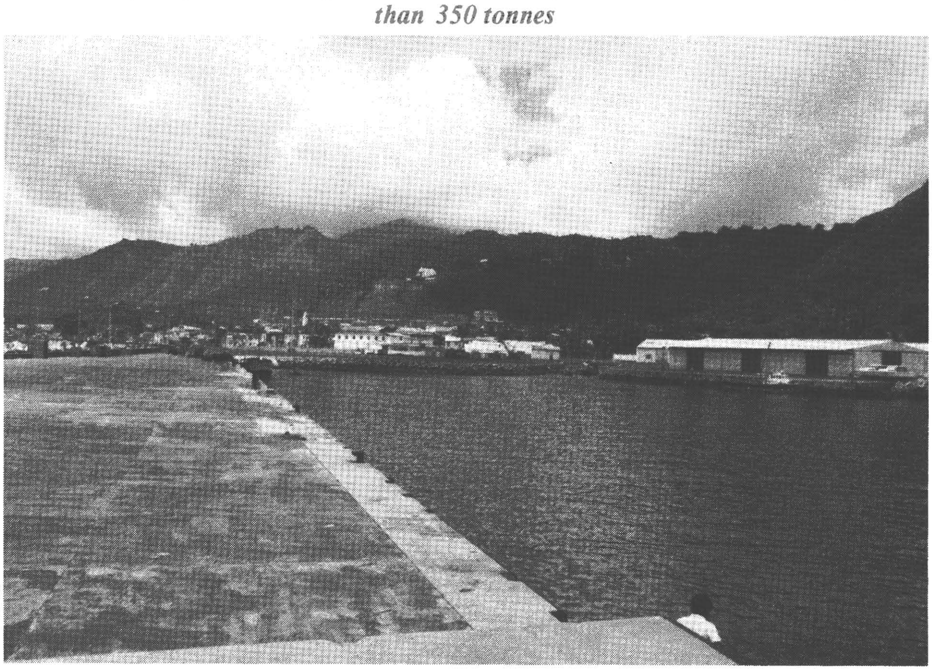
Most goods arriving on Grande Comore and Mohéli have to be taken ashore on dhows. Only Anjouan has a port, at Mutsamudu, that can handle vessels of more than 350 tonnes



The Courier

Shalimar by Guerlain, Coco by Chanel, Chloé by Lagerfeld and Femme by Rochas are just some of the famous perfumes in which the Grasse blenders decided to put a drop of ylang-ylang from The Comoros, which supplies 80% of world demand. Four degrees of distillation are sold — the extra grade, the *nec plus ultra* of ylang-ylangs, and 1st, 2nd and 3rd grades, with fob prices ranging from CF 20 500 to CF 11 000 per kg — above all, and obviously in addition to its own special fragrance, because it holds the bouquet of a perfume for a very long time. Here again, production varies widely with international demand, but the potential is about 65 t p.a. Many of the trees were abandoned, especially after the former colonial plantations were divided up, and some of the distillation equipment is old. All this endangers both the quality and quantity of the essence that can be produced and of course there is competition from synthetic products too, particularly the Indonesian cananga. Energy supplies for processing are also a problem — either the distiller uses oil and feels penalized by the cost or he uses wood and worsens the already acute problem of deforestation.

Communications and debt

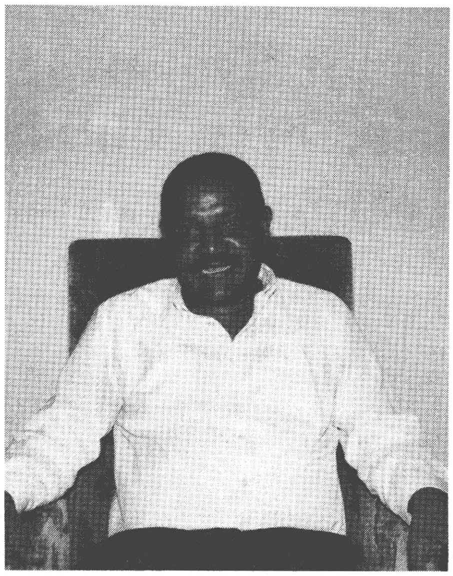
The Comoros has made a huge effort to give the country better infrastructure over the past few years, particularly in the matter of water and electricity supplies, but in road, air and sea communications and transport too. It comes as no surprise that reducing the isolation of the interior of the islands (which is fine for agriculture but has inadequate links with the coast) and improving communications between the whole country and the outside world is one of the top development priorities. Take communications: Moroni and Dar-es-Salaam are barely 700 km apart, but a phone call between the two has to go through Paris and London. If you try to import a few tonnes of merchandise to the islands, you must expect the high freight and insurance costs, given the conditions in the ports of Grande Comore and Mohéli, to add 50% to the fob price of your goods. Grande Comore and Mohéli can only handle vessels of up to 350 t and bigger shipping has to land the goods on dhows, which is a costly and time-wasting business involving considerable risk of damage.

Anjouan has just got a port, at Mutsamudu, which can take vessels of 15 000-25 000 t and 170 m in length. But everyone we spoke to emphasized the fact that Grande Comore and Mohéli also need better ports for Mutsamudu to be really efficient. The EDF-financed studies have been completed and the Government is now collecting cofinancing, in particular from the Community and the French CCCE.

However, although the port of Mutsamudu is a big step towards better contact with the outside world, it is a financial problem. It was financed by an EDF loan and above all by fairly hard loans from the Arab Funds, the ADB and ABEDIA and cost almost $ 39 million (1982). Economic and Finance Minister Said Ahmed Said Ali said that the port of Mutsamudu "accounts for a lot of our debt". More than CF 0.8 billion will have to be paid back on it this year and CF 1.2 billion next, although it is not really operational yet. This is more than a third of the servicing of the external debt proper (i.e. CF 2.57 billion).

When we talked, the Minister reckoned The Comoros' debt to be of the order of CF 96 billion (including CF 50 billion paid over), which is twice the GDP. " Our haste for development has sometimes made us accept loans on terms that were beyond what the country could manage", said Said Ahmed Said Ali, "and in future we shall be absolutely rigorous in our financial commitments, for in the past we were fairly disorganized and even negotiated some financial agreements badly and we are feeling the effects of all this now", he added — although he was preparing to go round the main creditors with every hope of getting the debts rescheduled.

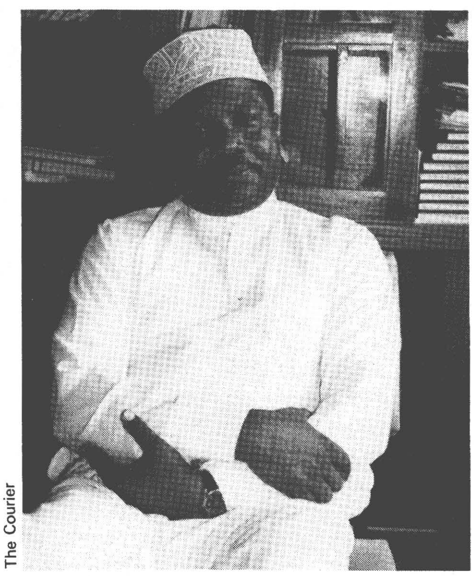
The Comorian financial situation is "cause for some concern", but the Finance Minister has done his utmost to produce a sincere and realistic budget and make State finances more transparent and management more efficient



The Courier

Said Ahmed Said Ali, the Minister for Economic Affairs and Finance said:
"Our haste for development has sometimes made us accept loans that were beyond what the country can manage"

than before. For the first time in 1986, the financial law, for example, put more than 90% of the expenditure in the equipment and investment budget, the Minister told us. This budget involves the spending of CF 17.37 billion in 1986, more than 97% of it to be financed from external resources. The federal operating budget provides



The Courier

Mikidache Abdou'Rahim, the Planning Minister, said:
"The Comoros is a crossroads and the friendship that many countries are already extending to us should be followed up by even more effective development means"

for own resources (95% global earnings and most of the rest from French budget aid) of CF 8.6 billion and a CF 1.8 billion deficit. The adjustment and restructuration budget is vital, the Minister says, but there is limited room for manœuvre in view of the obligatory spending — debt servicing, in the broadest meaning of the term, is already up at the CF 2.8 billion mark and this, combined with the biggest budget item, the civil service wage bill (CF 4.2 billion), accounts for CF 7 billion. Yet the Minister is determined to win through. The number of civil servants on the federal wage-bill has been reduced (350 jobs have been done away with since December 1985), although let us not forget the social implications of this, as each member of staff looks after 11 people or so. Tax evasion, at a conservative estimate costing the country CF 1.5 billion, is due to be tackled. Other measures are planned too. Operating expenditure, for example trips abroad and staff housing, will be controlled and there will be nationwide cuts that some people will see as draconian, while public firms, which are important but running a deficit overall, will be reorganized and forced to fulfil their rights and obligations.

What it all amounts to is maybe a policy of austerity for The Comoros, something that many other developing countries and even some nations of the industrialized world are already familiar with. Yet dependence on the outside world will be no less for it. On the contrary — which is why Mikidache Abdou'Rahim, the Planning Minister, says that "The Comoros is a crossroads and the friendship that many countries are already extending to us should be followed up by even more effective development means".

The islands intend seeking solutions for some of their problems in the region, that is to say through the ZEP and the Indian Ocean Commission, which The Comoros currently presides. Every effort — external, regional and perhaps most important national — must be made to get an economy genuinely based on the productive sectors off the ground. It will take time, for as Minister Mikidache said, "The Comoros is a small country with a thousand and one problems". o

R.D.B.

"The world cannot live in peace... without greater solidarity between rich and poor"

An interview with President Ahmed Abdallah Abderemane

After leading his country to independence on 6 July 1975, President Ahmed Abdallah Abderemane lost power to the so-called "lycéens' uprising" that took place soon after, but returned to lead the nation, which became a Federal Islamic Republic, after a counter-putsch in 1978.

The key issues dear to the President's heart remain indelibly imprinted after listening to the colourful language in which he stressed them during the long audience in which he also handed over written answers to The Courier's questions.

The thing that hurts him most is, of course, the Mayotte affair. "We shall never give up and there will be no peace in the Indian Ocean as long as France occupies Mayotte, making us a three-legged ox!... I want the war with France to be one of words not blood, to achieve understanding, a friendly and amiable solution, and to repair the French Assembly's mistake that President Mitterrand acknowledged at the last summit of French-speaking nations".

And then there is the huge problem of debt, where the President is not without frustration and even ill-feeling. "No, we shall not refuse to pay our debts, but they have to be reasonable and with reason behind them. Brothers who force harsh loan conditions upon us are enemies. What do they want? To encourage revolution where we want evolution?"

Trends in the Comoros' main export products, of which visitors are courteously given free samples, have caused Ahmed Abdallah to say, not without a certain bitterness: "We have incurred great losses, through price drops organized by the principal consumers. You in the West are increasingly worried about AIDS and cancer, but you go on using more and more artificial products. Why don't you use ours instead? They don't cause all these diseases".


The Courier

Improved communications, a programme which has begun with the port of Mutsamudu, provoked the following comment. "Unless we build the port of Mutsamudu—and Moheli—it will be neither useful nor profitable". On the general situation in his country, the President was philosophical—"Everything has declined. Only our spirits have improved. We may be very poor, but we are not unhappy, for here we get on with each other... But no-one listens to sound ideas from a poor man in a little country...".

▶ *Mr President, The Comoros has been independent for 10 years now. What do you think about its progress so far and how do you see the future?*

— We celebrated our 10th anniversary barely a year ago. And what a lot of ground we have covered—although we still have a long way to go!

In spite of the problems we have encountered, it would be ungrateful and dishonest not to see the decade as a largely positive one.

In spite of the first three years, which were years of political instability and economic chaos, and in spite of the world economic crisis, The Comoros has had many encouraging results since 1976.

However, the substantial results we achieved in a difficult international context and a fragile and very vulnerable economy are thanks to the policy of the past eight years, which has enabled our young nation to attain:

— political stability, through establishment of the right sort of institutions that guarantee the fundamental freedoms of every Comorian and greater popular involvement in the country's future;

— an honourable economic record, with growth at around 5% p.a., through a liberal policy that stimulates and develops private initiative. It would not, however, have happened without the Comorian Government's persistent desire to give the country proper structures to support and expand economic activity and to produce and run the investment programme that has encouraged growth. However, the national economy could not have put up this substantial performance without ever-increasing backing from our partners. This new development process has been facilitated by the production and adoption of an interim (1983-86) plan and by the success of the First International Solidarity Conference for the Development of The Comoros which was held in Moroni in July 1984. This boost to the national economy, sustained by the international community, means that, in spite of the currently difficult economic situation, we can view the future with greater serenity.

Boosting agricultural production

▶ *The rapidly expanding population, deforestation and soil erosion are putting great pressure on the arable land and it looks as though productivity will have to go up. Do you think you can manage this?*

— In spite of the small amount of arable land currently available, something that is aggravated by our galloping population growth of 3.3% p.a., I am convinced that The Comoros could gradually increase its food output by taking a variety of action at all stages in the rural production chain.

A programme of this sort—and one is already under way with the integrated rural development which CEFADER/CADER began five years ago—would, with additional human, material and financial means, be a terrific generator of rapid growth in agriculture, herding and fishing.

Preservation of our ecosystem through rational management of the forestry resources, plus an extension of the tree planting schemes begun early this year would, given better follow-up, proper training for our rural workers and a functional extension system, make for a substantial improvement in yield and gradually push up productivity. However, the frequent natural disasters that strike this archipelago—the hurricanes, the droughts, the volcanic eruptions and so on—mean that we need more and more means to cope with the consequences and pursue the drive for national reconstruction we began back in 1978.

▶ *How do you see the balance between food crops and cash crops and how far could you cut your food imports?*

— In a country like ours, where there are many development problems to tackle, self-sufficiency in food is the top priority in the Government's campaign against under-development. And to us, self-sufficiency in food means both boosting food production and expanding our export earnings.

This growth in production is being stimulated by our policy of encouraging and backing up the work of the peasant farmers through:

— the CEFADER/CADER organizations set up with the help of the UNDP and other international bodies (the FAO, the World Bank and the ADB);

— active support for farmers from the Development Bank in the distribution of credit;

— creation of structures to facilitate the marketing of production and the maintenance or improvement of the income of the main people concerned.

Conditions of this sort would give us tangible results in our food production in the short and the medium term. It is a difficult challenge, but we have the determination to match it and we will surmount the obstacles, regardless of the demographic explosion that has doubled our population in less than 22 years. If this drive is to be an effective one, it must be accompanied by a series of measures encouraging research, extension work and back-up facilities for the rural world and speeding up the ongoing process of agricultural production increase.

▶ *What part do fishing and herding play and what is the potential in these two areas like?*

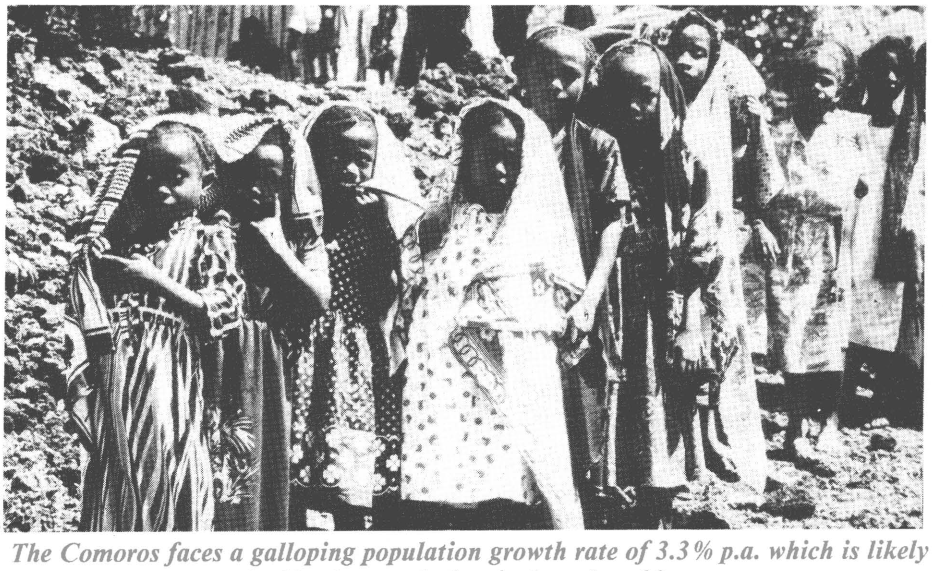
— As I have so often said, we are not exploiting our food production potential to the full and so the country has to put priority on the growth and diversification of local output.

Fishing is a promising sector as far as the country's future is concerned, but our limited means prevent us from exploiting it properly, although it could bring in foreign exchange for the State and improve the nation's diet. We are making contact with various funders, Japan, Saudi Arabia, Korea and so on, with a view to developing the fisheries sector.

We could intensify our livestock production. We have made appreciable progress with this over the past few years and covered part of the long-standing deficit in this area and, with the discovery of a large number of water holes, we will be able to intensify meat production thanks to the aid we are going to seek for the development of the sector and the introduction of new species.

Wild fluctuation of export products

▶ *There have been ups and downs in the marketing of your main export products, ylang-ylang, vanilla and cloves, over the past year or two. Why is this and how has it affected the economy? What have you done to prevent the producers' income being unduly influenced by international speculation?*



CNDRS

The Comoros faces a galloping population growth rate of 3.3% p.a. which is likely to double the population in less than 22 years

— The vulnerability of our island economy is mainly due to the productive base being narrow and our main export products being subject to unfair competition from artifical substitutes on the world market.

The sharp rises and falls in the prices of our products therefore have a harmful effect on the State's already meagre resources, on the finances of the national firms and on the running of our present investment programme.

I should like to stress that the manipulation of the markets in our export products, ylang-ylang and vanilla, for example, and the fact that the traditional buyers fix the prices, are preventing us from obtaining any substantial earnings from sales.

The disordered world commodity markets, the poor elasticity of world demand and the competition from substitute products—as well as the protectionist measures that some countries adopt—are forever compromising our development drive.

And in view of this, our country, in spite of its feeble means, intends going in for maximum diversification of its export production and creating industrial processing units and boosting export organization and structures from back-up for the producer to marketing on the main consumer markets through the cash crop stabilization fund.

These measures will get the economy off the ground and make for a continuous rise in the standard of living of our peasant communities.

Fighting insularity

▶ *How do you, as a federal State, ensure a balance in the distribution of infrastructure and economic and social facilities?*

— One of the handicaps our country has to overcome is being an island. The Comoros, as you know, is made up of four islands and this has always forced us to try and strike a dynamic balance between the different regions so as to ensure the continuous, harmonious progress of the population as a whole.

Increasing development operations, of course, boosts the volume of investment, but at the same time ensures the relative autonomy of each region. The 1983-86 Interim Plan reasserted the need to strike this dynamic balance, in the light of the potential of each island, and to seek the regional complementarity that is such an essential factor of unity and national cohesion.

CNDRS

Growth in production is being stimulated by a policy of encouraging the work of the peasants

In this quest for fairness in the distribution of investments in our different regions, I have proposed that each funder intervene in a different region.

▶ *Communications in The Comoros are of three kinds—within each island, between the islands and with the outside world. How have they developed over the past few years and will they go on developing further?*

— Communications are one of the four top priorities of the Government's development policy. More than half the investments of the past 10 years has been in roads, ports, airports, telecommunications and so on.

This effort, an unprecedented one in the history of our young republic, has been a burden, but it had to be made before any proper national economic take-off could take place.

Over the past decade we have, with the help of our friends, completed almost 80% of the circular road round three of the islands, built a dispersal port at Mutsamudu, extended the hertzian link between the islands and improved the cable network in Moroni.

Generous aid from the EDF and loans from the CCCE, the ADB, the IBRD, the Islamic Bank and friendly countries such as Kuwait and Saudi Arabia will, we hope, enable us to build the ports of Moroni and Mohéli, make the telephone network at least four times bigger, build and extend telephone exchanges and more. And once the Moroni-Hahaya international airport and the projected Anjouan airport are completed, the volume of air traffic and our exchanges with the outside world will go up.

Overwhelming importance of external aid

▶ *The Comoros is extremely dependent on external aid, isn't it? Has it been possible to maintain it in spite of the world economic crisis and how far has it worsened your debt problem?*

— With an investment programme of this order, our external aid, both grants and soft loans, has been of overwhelming importance in achieving the aims of the Government's development policy.

Although these are small investments, the weight of the debt on our meagre State resources has been worsened by the world economic crisis, in which both interest rates and the dollar have soared over the past three years.

The excessive increase in the burden of the debt on our public finances is due to certain loans we have on exorbitant terms, to the price or failure to sell of our export products and to the effect all this has on our meagre State resources.

But we are convinced that, with the help of our partners, we can get our debts rescheduled. This will mean that, with the actual working of the investments that have been made and the stimulating effect this should have, we can pursue our drive to rationalize the nation's finances and provide better support for the rapid growth of our economy.

▶ *People seem to envy The Comoros for its geographical position. How does this strike you?*

— If they do, I must say we haven't noticed it so far. The Comoros is fiercely attached to its independence and sovereignty and, although we believe in the principles of Islam and non-alignment, our liberal policy adopted in 1978 aims at cooperating with anyone who can help us promote our development. We are no-one's enemy. And so we intend to strengthen the ties of cooperation and friendship with all countries keen on peace and freedom.

Let me give you an illustration. When a boy loves a girl and wants to get engaged, he courts her and sends her presents. Comoros is a pretty girl, but no boys have appeared yet...

Bringing the whole territory together again

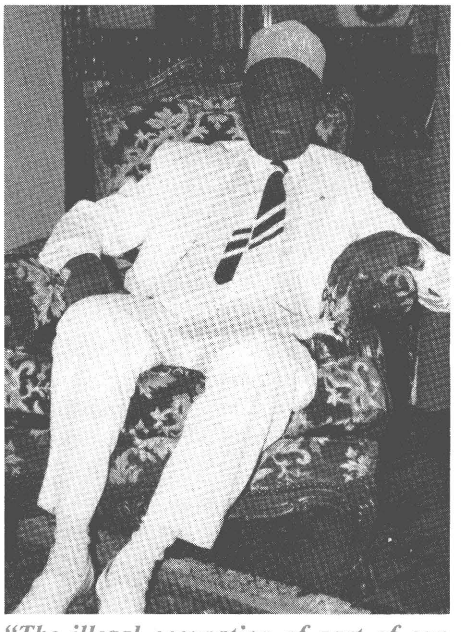
▶ *How do things stand on the difficult problem of Mayotte—that The Comoros has always felt to be an integral part of the national territory? How do you think this issue can be settled?*

— The illegal occupation of part of our territory, Mayotte, by the former colonial power is a challenge to the international right of nations to lead their own lives inside the frontiers they inherited from the colonial era.

But because we are a peaceful nation and because we have longstanding ties with France, we intend to use dialogue and consultation to work towards the sort of solution that will bring the whole territory together again and serve the legitimate interests of the country.

This problem, which is a barrier to the harmonious strengthening of the ties of friendship that bind France and The Comoros, can only be settled with the common desire of the parties concerned, so that the interests and friendship of our two States are preserved.

I am happy to see that my Government's persistence over the past eight years in international organizations—the UN, the OAU, the Islamic Conference and the non-aligned countries—and in the international community has led to the French Government's first recognition, through François Mitterrand's final communiqué at the meeting of French-speaking nations, of its parliament's historic error in balkanizing The Comoros in 1975.



The Courier

"The illegal occupation of part of our territory, Mayotte, by the former colonial power is a challenge to the international right of nations to lead their own lives..."

▶ *The Comoros is currently in the chair of the Indian Ocean Commission. How do you see the future of this organization and of regional cooperation in general? And in what sphere could this cooperation be developed?*

— Comoros welcomed and supported the idea of an Indian Ocean Commission. However, please note that there can be no peace or stability in the Indian Ocean while France occupies the Comorian island of Mayotte.

But in spite of this unfortunate situation, we are happy today to chair this new sub-regional cooperation body.

We are convinced that development cannot be conceived of globally without sustained regional cooperation, in line with the recommendations of the Action Plan and Final Act of Lagos, and we intend working for the collective autonomy in regional and subregional groupings that will stimulate our own development and provide the best defence for the interests of our country.

So, over the coming months, we intend to do all we can to bring together these island states which have been linked in many ways over the centuries by the same historical process of colonization and population.

The indicative programme that all the member countries have adopted—it involves energy, the tourist trade, transport, agricultural production, fishing, training and communications—is a dynamic framework in which many schemes can be developed in a variety of fields.

▶ *What do you think about cooperation with the EEC so far and what prospects do you think Lomé III has opened for you?*

— In The Comorian Government and people's campaign for development, I am happy to say the EEC is and has always been a provider of solid support for our efforts to rid the country of its poverty and under-development.

Do I need to remind you what EEC aid has done for Comoros since 1958?

Our development needs are many and the varied forms of EEC aid provided under the Lomé agreements are an example of multilateral cooperation and a guarantee of North-South relations in current international negotiations.

We go so far as to hope that EEC-Comoros cooperation will expand and make a bigger contribution to the rapid development of our country.

Interdependence of nations in the world economy has become a reality. There will be no peace in the world and no fulfilment for the people who live in it unless there is greater, active solidarity between rich and poor and between all the countries of the international communtiy.

And it is the name of this solidarity and in the light of the historic mission of the EEC in the under-developed world that we intend working for the strengthening of EEC-Comoros cooperation. o Interview by R.D.B.

EEC-Comoros cooperation

By Carlo MANAI (*)

The Comoros became independent relatively recently, in July 1975. It joined the Lomé Convention soon afterwards, in September 1976, but cooperation with the EEC dates back to 1958, to the start of the EDF, when the country was a French overseas territory (see table summarizing 1st-3rd EDF schemes over the 1958-75 period). Since it joined Lomé in its own right, its cooperation links with the EEC have developed continuously, to the complete satisfaction of both parties.

Community aid began with ECU (1) 6.32 million under Lomé I (4th EDF), rose to ECU 14.5 million under Lomé II (5th EDF) and to ECU 21 million under Lomé III (6th EDF). These are the figures for the national indicative programmes. In addition to this, there has been annual food aid, emergency aid, Stabex transfers and the country's share of the regional cooperation funds.

Programmes have always been run with close collaboration between the local authorities and the Commission. Almost all the possibilities of funds afforded by the Convention have been used and the Community has always done its best to support the Comorian Government in its drive to improve the standard of living of its people and reduce the drawbacks of isolation.

4th EDF cooperation

The whole of the indicative programme of ECU 6 320 000 has been fully committed. All the projects have now been completed apart from the inter-island telecommunications scheme where one or two minor operations are being finished.

(*) EEC Resident Adviser in The Comoros.
(1) ECU 1 = CFAF 344 (May 1986).

Table 2—the EEC aid programme, Lomé I—covers all the schemes run over the period of the 4th EDF.

EEC food aid over this period reached a volume greater than that of the entire indicative programme. Emergency aid was very considerable, too, largely because of the Majunga tragedy (2).

The projects with the greatest effect on the country were those run in the rural development sector—maize development, small-time cattle rearing and soil protection in Nioumakélé—although the inter-island telecommunications project, which substantially improved the domestic telephone service, was no less important.

The encouraging results of the agricultural projects led the Commission to pursue its activities in this field and so the maize project was followed up, with an enlarged programme, under the 5th EDF. Soil protection and restoration were also continued as part of the Jimilé project.

A further small cattle rearing project, similar to the first, has just been approved by the Commission. It is to be run on Anjouan and will cost ECU 200 000.

Under the regional cooperation heading, special attention should be paid to the scheme to assist aerial navigation in the Indian Ocean. This was run with additional financing from the 5th EDF and The Comoros' part of the project was completed at the end of last year.

The Courier

Carlo Manai, the EEC's Resident Adviser in The Comoros, with the National Authorizing Officer, Mr Said Ahmed Said Ali, Minister of Finance

5th EDF cooperation

The EEC allocated the islands ECU 14.5 million under the 5th EDF, all of it in the form of grants.

The indicative programme (amended in December 1983), was divided as follows:

– Communications and economic infrastructure: ECU 5 m (34.5%)
– Agricultural development: ECU 4 m (27.5%)
– Social infrastructure: ECU 3.4 m (23.5%)
– Micro-projects: ECU 0.3 m (2.1%)
– Training: ECU 0.35 m (2.4%)
– Trade promotion: ECU 0.075 m (0.5%)
– Reserve fund: ECU 1.375 m (9.5%)
– Total: ECU 14.500 m.

Although the projects in the agricultural and social sectors were slow to get under way, they are well advanced now and a number of them—the Mut-

(2) Ed: At the end of 1976 there were serious riots between the Malagasy population and the Comorian community living in Majunga, Madagascar; following the riots 16 000 Comorians were repatriated.

Table 1: Summary of aid, 1st–3rd EDFs, 1958-1975 (Mayotte included)

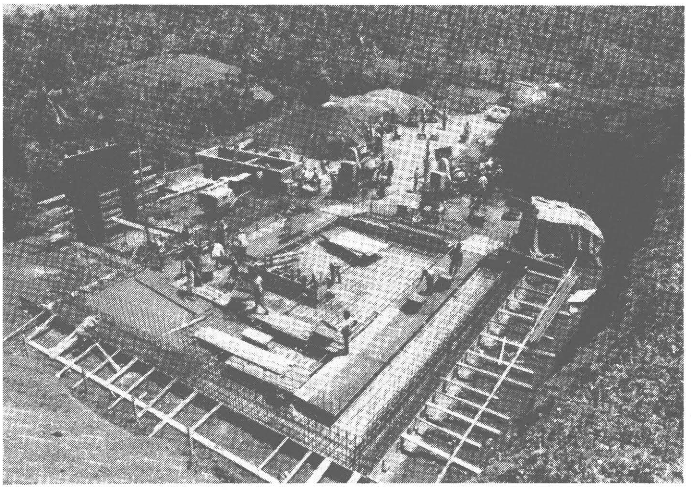
1st EDF	
— Extensions to the jetty at the port of Mutsamudu	866 000
— Asphalting of the main roads	1 148 000
— Improvements to the roads	247 862
— Electricity supplies on Moroni and in Mutsamudu	348 000
— Mutsamudu school of domestic studies	198 000
— Health training in Mamoutzou and Fomboni	234 000
— Four maternity units	274 000
Total 1st EDF	3 315 862
2nd EDF	
— Studies and improvements to the road networks	2 316 230
— Electricity supplies on Moroni and in Mutsamudu	4 000
— Study grants	51 000
— Health training in Foumbouni	230 000
Total 2nd EDF	2 601 230
3rd EDF	
— Modernization of roads on Anjouan and Mayotte	2 142 526
— Moroni water supplies	1 422 349
Total 3rd EDF	3 564 876

Table 2: Summary of aid, Lomé I, 4th EDF

Projects	Amount (ECU '000)	
	Earmarked	Committed
1. Rural	2 850	
— Development of maize growing		1 900
— Development of small animal raising		300
— Restoration & protection of soil in the Nioumakélé area		650
		2 850
2. Internal telecommunications	2 500	
— Inter-islands communications (studies and projects)		2 580
3. Training, technical assistance, trade promotion and a reserve fund	970	
— Training, study grants		100
— Technical assistance		680
— Study, export promotion (ylang ylang and cloves)		70
— Development bank study		12
		862
Total 4th EDF indicative programme	**6 320**	**6 292**
Other aid		
4. Stabex (1976-1980)		2 327
5. Emergency aid		2 897
6. Food aid 1976-1980 (at world market prices)		6 350
7. Regional cooperation (Indian Ocean)		8 493

Table 3: Aid programme Lomé II, 5th EDF

Projects	Amount (ECU '000)	
	Earmarked	Committed
1. Communications & economic infrastructure	3 800	
— Port development		
feasibility study		52
technical studies		600
— Pomoni bridge		230
		882
2. Agricultural development	4 700	
— Development of maize growing		2 340
— Soil protection & restoration study		10
— Development of Jimilimé region		1 482
— Pepper, coffee & cocoa study		20
— Multidisciplinary study for Jimilimé		62
— Banana plantation study		8
— Anjouan small livestock scheme		200
		4 122
3. Social infrastructure	4 072	
— Fomboni water supply study		64
— Mutsamudu water supply study		118
— Fomboni water supplies		805
— Mutsamudu water supplies		3 085
		4 072
4. Microprojects	300	260
5. Training	580	
— Training requirements study		10
— Multiannual training programme		550
— Vocational training study		18.5
		578.5
6. Trade promotion	75	
— Fairs		
Cosmoprof (Bologne, 1984)		7
Anuga (travel supp.), 1985		2
		9
7. Miscellaneous & reserve fund	973	
— Technical assistance to the post office		325
— Technical assistance development bank		100
— Building for funders' conference		50
		475
Total indicative programme (5th EDF)	**14 500**	**10 398.5**
Other aid		
8. Stabex (1976-1980)		6 575
9. Emergency aid		444
10. Food aid, 1976-1980 (world market prices)		7 054
11. Article 958 — Food strategy		300
12. Regional cooperation (Indian Ocean)		10 223



The water supply project at Mutsamudu (Anjouan): left, building one of the water tanks; right, a finished water intake

samudu (Anjouan) and Fomboni (Mohéli) water supplies—have actually been completed, although there is still a year's technical assistance to the EEDC (as requested by the Government) to go in Mutsamudu.

Phase II of the maize project is working more or less normally and there are no particular problems for the moment.

The project to develop the Jimilé region is now starting up in the field. There are still a number of problems to solve, most importantly the allocation of land to the peasant farmers, The Comoros' land ownership situation being a particularly complicated one.

The communications and economic infrastructure drive, however, is more or less at a standstill and this is behind a long-lasting immobilization of most of the funds earmarked for this sector.

The delays in implementing the indicative programme (it is about 75% committed at present) are essentially due to the Government finding it hard to obtain the cofinancing needed to build the ports of Moroni and Mohéli — ECU 5 million have been earmarked for this sector, but the only funds to be mobilized are those for the studies.

Hence the Government's request for a further change in the indicative programme so it can run other, more urgent schemes, in the rural sector in particular.

— Communications and economic infrastructure: ECU 3.8 m (26.2%)
— Agricultural development: ECU 4.7 m (32.4%)
— Social infrastructure: ECU 4.072 m (28%)
— Microprojects: ECU 0.3 m (2.1%)
— Training: ECU 0.58 m (4%)
— Trade promotion: ECU 0.075 m (0.5%)
— Reserve fund etc.: ECU 0.973 m (6.2%)
— Total: ECU 14 500 m

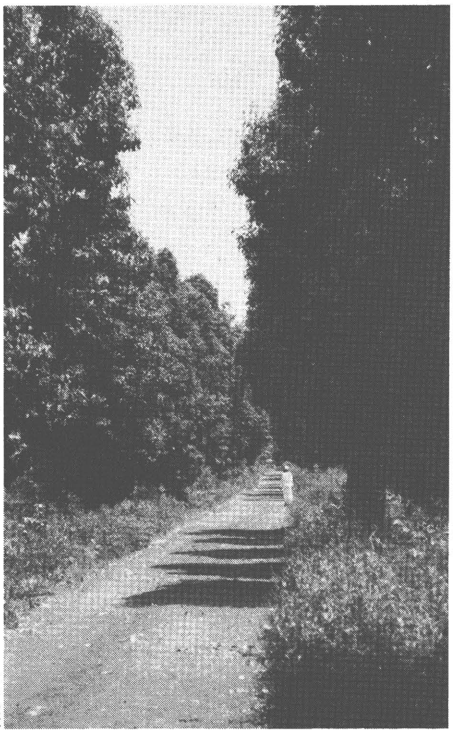
If, as seems probable, the Moroni (or Mohéli) port plans are implemented and the amounts earmarked for this—about ECU 3 million—are mobilized, then 95% of the indicative programme will have been committed.

The Government has also had a substantial amount of aid from the Stabex fund, in addition to the indicative programme, under the 5th EDF over the 1981-85 period. This totalled ECU 6.575 million, a good ECU 4.4 million of it paid in 1985, a particularly large contribution to the State coffers which were sadly depleted when vanilla and cloves, the cash crops, failed to sell.

There was also ECU 444 000 worth of emergency aid and ECU 300 000 from the Commission budget (Article 958) as part of the campaign to fight world hunger in the Domoni region on Anjouan.

More than ECU 7 million worth of food aid was sent out over the same period.

Finishing stages in the building of a new bridge at Pomoni; the old bridge had been destroyed by rocks and mud coming down the mountain following torrential rains


The Courier

The Comoros called on Stabex funds to cushion their losses of export earnings from vanilla and cloves (above, a path bordered by clove trees)

Lastly, the EIB gave ECU 161 000 risk capital to the capital of the national development bank.

Community aid over the period 1981-85 is summarized in Table 3 (5th EDF).

6th EDF cooperation

The 6th EDF indicative programme is for ECU 21 million, ECU 19 million of it grants and the rest risk capital. This is an increase of about 45% over the Lomé II contribution.

The programming mission, led by Deputy Director-General Michel Hauswirth, went out on 16-19 November last year. The programme was finalized and signed on 19 November.

The EIB representative on the mission signed a separate document setting out the possibilities the Bank offered of contributing to the financing of productive projects and action programmes in agro-industry, the tourist trade and mining.

The discussions were held in a climate of frank cooperation and revealed substantially similar views on the aims and priorities of the development programme.

It was decided that the Community contributions would be concentrated on the rural sector, backing up and strengthening the Government's drive to reduce the country's food dependency on the outside world and making more from cash crops.

Other specific schemes were planned outside this sector, but of course in line with the State's priorities.

At the end of the mission, it was agreed that about 65% of Community aid would be concentrated on the rural sector and the other 35% would go to vocational training and technical assistance schemes, to the completion of ongoing projects (especially to open up isolated areas) and such national schemes as were necessary to make more of certain regional projects in the fishing sector, the tourist trade, arts and crafts and so on.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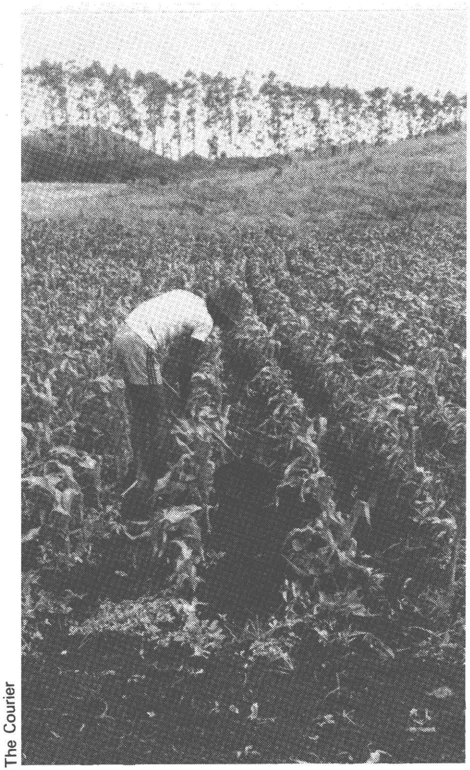
Rural access road financed by the EDF on Grande Comore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The maize growing project has had an impact on the country

An indicative timetable of schemes to be run between now and 1987 was also adopted.

The main objectives within the rural sector are to:

— increase and diversify production of both cash and food crops;

— campaign against deforestation and soil erosion;

— boost the production of meat and eggs;

— intensify fishing schemes.

The EIB document confirmed that the Bank would commit at least ECU 2 million worth of risk capital to The Comoros.

A general discussion of the opportunities available under the regional cooperation heading wound up the work of the two delegations.

The fine spirit of cooperation between the two delegations throughout the mission was indicative of the excellent relations between The Comorian authorities and the Commission. ○

C.M.

MAURITANIA

Outposts of the desert

Vivant Univers

Deserts have always had their admirers, unconditional lovers of the vast silent spaces where nothing disturbs the fixed order of things and where, they say, man can be alone with himself and commune with nature unadorned yet grandiose in its nakedness. The more desolate the land, the more these seekers of solitude and reflexion are happy. Which is no doubt why they enjoy themselves so much in Mauritania, that vast territory of more than a million km^2, which is almost entirely desert and particularly impenetrable—witness the veritable hecatomb that befell the caravan of the unfortunate Thierry Sabine in the Paris-Dakar rally in Mauritania in 1985.

Would-be hermits can rest assured. No-one will disturb them in the vast sands of Mauritania. And there is the added bonus, if this is their desire, of an inevitable hot sun in a cloudless sky. And, come nightfall, as if to refresh them from the heat, the dust and the echo, immense coolness suddenly follows the torrid heat of the day and the firmament glitters with myriad stars.

Water hole—with a somewhat battered rim—in the desert

FAO/J. Van Acker

It is easy to wax lyrical about the desert, that unending source of inspiration for poets and mystics—if you are not an economist or responsible for economic development. They think desert is synonymous with sterility, unless there is oil (is that still true?) as there is in Libya or Kuwait. And although the sands of Mauritania contain resources, they are far from having produced the sort of wealth that can make the desert green. Or even halt its unrelenting advance.

For it is advancing, inexorably, at the rate of 6 km every year. There were only 15 million ha of non-desert of Mauritania's 108 million ha in 1960, but since then 14 of the 15 million the Sahara had spared have been eaten up in the desertification process, we learn from an UNSO [(1)] report that came out a few years back.

Most of the country gets very little rain and what there is is very irregular. The southern part, below Nouakchott-Tidjika, the Sahelian part, used to get more than 150 mm p.a. and this was enough to grow crops (sorghum) and water pastureland for the cattle. But there, too, the Sahel-wide drought of the past few years has struck, probably harder than elsewhere. The country has had 15 years of drought, general or local, since 1967 and this has profoundly altered the countryside in the areas the Government is striving to preserve.

The plant cover, acacia mainly, which was already sparse, has deteriorated further, but the rare or non-existent rainfall is not the only thing to blame, although it has considerably worsened the damage wrought by man and beast. Since the end of the 1960s, says UNSO, the Sahel, a herding region, has lost 80% of its tree cover and even further south, along the Senegal, which is the country's real farming zone, the losses are up to 60%. And the demand for firewood is growing—by 800 000 m^3 p.a. at the moment—eight times faster than the forest can grow. Twenty-one thousand hectares of trees need to be planted every year to cope with requirements until the year 2000, so there is every reason to worry about the 131 000 ha of forest that Mauritania has now.

The diminishing number of trees has in itself led to more frequent sand storms—which in turn speed up erosion by the wind and threaten the nation's economic infrastructure. One example of this is the asphalted Nouakchott-Néma road. It cost billions to build, it was called, as if to lay

(1) United Nations Sudano-Sahelian Office.

a ghost, Hope Highway, and it is always silted up with sand. And then there is the 675 km railway between the port of Nouadhibou and the Zouérate iron mine, which constantly needs nine teams of diggers clearing what is a vital link for the country's economy. "Our fight against the sand is a real labour of Sysiphus", Ishak Ould Rajel, the Secretary-General of the Ministry of Mining, told us resignedly. "You have only just cleared the line when the dune forms again a couple of metres further on and you have to start all over again". The winds, the Harmattan, and the trades, which are created by anticyclones in the Azores or over St Helena, send the sand everywhere and it destroys houses, dries up oases and threatens crops right down to the Senegal river valley.

Fatalism

But maybe the most dramatic consequence of desertification—and here we are dealing with direct possibilities of survival—is the drop in, and sometimes complete drying up of, the water table, which is no longer fed. "The very existence of this country is at stake", said one top official in face of the size of the threat and the meagre means they have of coping with it. Another leader, Mohammed Lemine Ould Abdi, Secretary-General at the Rural Development Ministry, brought in a note of fatalism, albeit one tinted with optimism (Mauritania, let us not forget, is an Islamic Republic and thus profoundly marked by religion), when he said: "Our outlook and our system of values always tell us that one day everything will be all right. Let us not lose heart. It is our country. We don't have the choice of going anywhere else, so we are forced to get acclimatized and adapt".

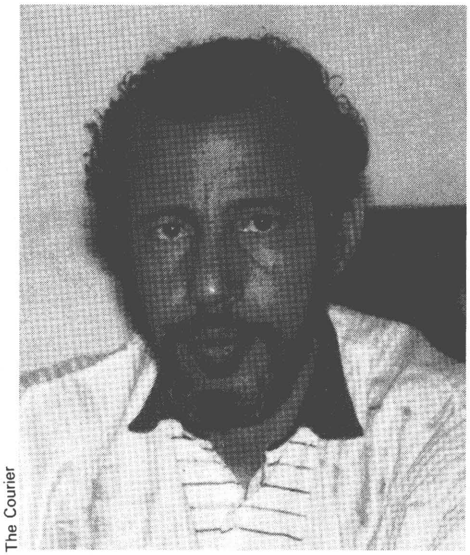
An anti-desertification campaign is being run to make the change a smooth one, but the people running it realized from the word go that it has to be a long-term affair. Yet time is the one thing they are short of, given the virtually irreversible nature of some attacks. And they are unable to reach unanimity on measures such as dune fixing. There is a pilot operation on the Boutilimit road, but this is only a drop in the ocean—or a tiny dam against a whole ocean of sand. "Trying to fix dunes is like throwing money out of the window", said Mr Ould Rajel, and he knows what he is talking about as he tried... and his whole concession and the well to water one or two vegetable crops were lost under the sand.

So what can be done? Some people, including the adviser, say they sometimes feel like throwing in the sponge, but once this moment of discouragement (or lucidity?) has passed, they start singing the same old song—"Stop desertification, find out how to counter it, act at regional level". The problem is that all this is put off till tomorrow, while it is a race against the clock (the pessimists say the countdown started ages ago) to save the remaining 165 000 ha of arable land and the total 5 000 ha of oases. Those who reduce Mauritania to a strip along the Senegal forget the oases in Adrar, representing 2 200 ha, Tagant and Assaba-Hodh (which share the rest more or less equally).

Abolition of slavery

Mauritania's oases are very important. They are spread over a very wide area and they make it possible for people to live in desert regions. The average oasis is 50 ha and some may be as big as 300 ha. About 230 000 people, or one seventh of the population live on them.

These are where the date palms grow and the country's 1 500 000 palms produce 165 000 t of fruit every year. Other crops—corn, barley, sorghum, cow-peas, henna, sweet potatoes, tobacco, fruit and vegetables etc.—are grown beneath the trees. The land belongs to the Moorish Berber tribes in theory, but it is the black population, traditionally under Moorish domination, who works on the plantations. Since the official abolition of slavery in 1980, new and fairer relations seem to have emerged between the two groups, one particular innovation being that the former slaves are now paid for their work.

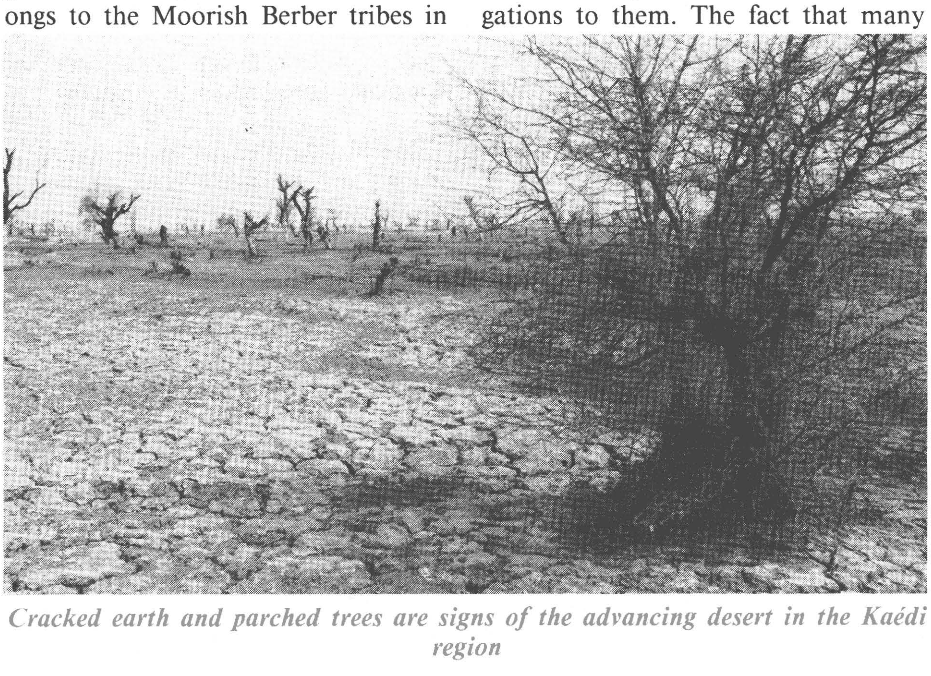


The Courier

Mohamed Lemine Ould Abdi,

Secretary-General at the Rural Development Ministry

Even today, the slavery issue is a sensitive one. The Mauritanians, white and black, will tell you that, contrary to external belief, there is no violence or repression between masters and slaves, but that there is sentimental attachment and that slaves have their traditional rights in Mauritanian society and masters have obligations to them. The fact that many nomadic herdsmen ruined by drought have been forced to settle, they say, has reversed the dependence. The masters are no longer in a position of dominant economic strength and the changes in Mauritanian society have long since doomed the system to disappear now that wage-earning is the rule in the villages.



FAO/J. Van Acker

Cracked earth and parched trees are signs of the advancing desert in the Kaédi region

Another, equally delicate issue, and one that is closely linked to slavery, is the numerical breakdown of the population into two main groups—the Moors, who are traditionally nomads and subdivided into white (Beidans) and black (Harattins), and the Sudanese, who are sedentary blacks of Wolof, Peul and Sarakollé origin. Many books on Mauritania suggest the ratio is 2:1, two thirds being Moors, but others say there is a 60:40 division (still in favour of the Moors) or that they are split equally, there being an apparently much higher birth rate among the Sudanese. This is a delicate question. Not that there are any real problems of cohabitation, but because, going beyond the contrast between nomadic herdsmen and sedentary peasant farmers, which is further heightened by the advancing desert and the way people are moving south, we are faced with the matter of the country's future identity.

Many ACP countries, especially in the Caribbean and the Pacific, are in a similar situation. Mauritania, which is an Islamic Republic, has, in its religion, a powerful uniting factor which could well ensure its cohesion.

Uncontrolled speculation

And cohesion the country will undeniably need in the fantastic changes it is now undergoing. In two decades, the face of Mauritania has changed completely. In 1960, for example, when independence was proclaimed in a tent on the spot where Nouackchott was to be built, only 3% of Mauritanians lived in towns. But today the capital alone houses 500 000 of the country's 1 700 000 inhabitants.

In 1963, about 83% of the population were nomads, but now the figure is down to 25%. The main reason for this veritable social metamorphosis, which came about at breakneck speed, is of course the drought, as the dying pastures meant nomadic herding could no longer be carried out properly and the people crowd into the towns and along the roads to get their food aid rations. Since 1980, the currently million-strong national cattle herd has dropped by 35% and sheep and goats (6 500 000) have dwindled by 20%. Only the camel herd has remained stable, at 700 000 head. But many of these beasts owe their survival to transhumance pastures in Senegal and Mali.

People from the major urban centres have gone in for uncontrolled speculation over the past few years, buying animals, often very cheaply, and selling them further south. The water and pasture shortage has forced the traditional herdsmen to sell their starving animals to the speculators and abandon their age-old way of life—when they have not simply been forced to settle because their herds have died. Mohamed Lemine Ould Abdi told me sadly that a whole civilization was dying out. Once they have lost their livestock, some nomads go off to the big towns and others linger around the water holes, tentatively practising farming. The traditional way of life is upset. The authorities are trying to get these uprooted people to fit into the modern way of life, but there are such things as family solidarity... and food aid, which is especially important, having covered more than half the annual 200 000 tonnes cereal shortfall over the past few years.

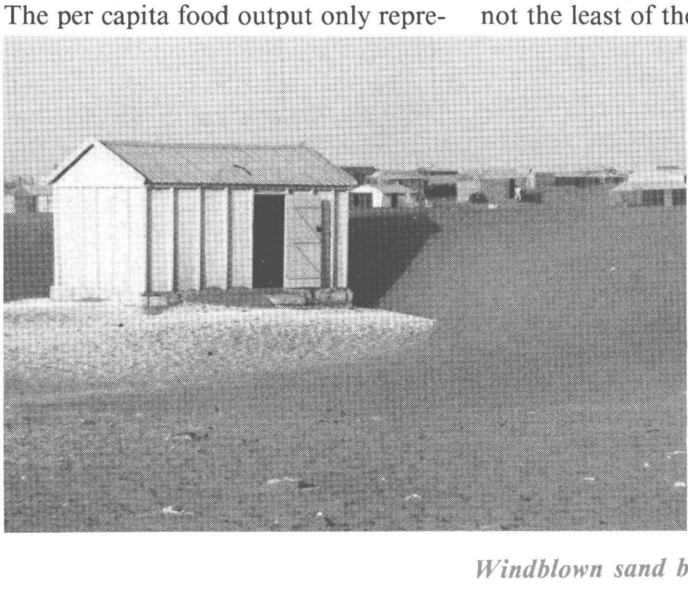

Vivant Univers

Atar, one of the great oases in the Adrar region

Every year, Mauritania consumes something like 250 000 tonnes of cereal, although it only produces an average 40 000 tonnes. Production went as low as 20 000 tonnes in 1983-84 when the drought was exceptionally bad. The per capita food output only represents 40% of the figure for the '60s, a time when rainfed agriculture (essentially millet and sorghum) covered half the nation's food requirements. Irrigated rice and maize growing may have increased threefold since the beginning of the '80s, but it still does not even cover 5% of the total cereal demand. The Manantali dam regulating the Senegal will no doubt have to be finished before 120 000 ha of land can be brought under irrigation—and the work actually has to be done, which is not the least of the problems, as at the present rate of 800 ha p.a., it will take almost 150 years.

So food aid will be an important aspect of the economy for some years to come. The Food Security Commissariat is responsible for managing this aid and for placing increasing emphasis on food for work schemes, in particular in respect of developing roads, tracks, nursery gardens and so on.

Alongside this, there will be a drive to boost agricultural production—this is one of the priority targets—so as to cover 40% of the nation's cereal requi-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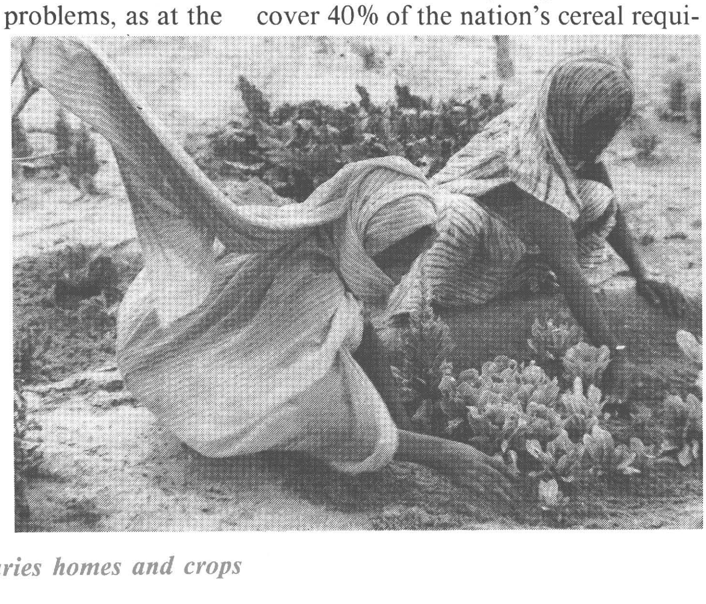
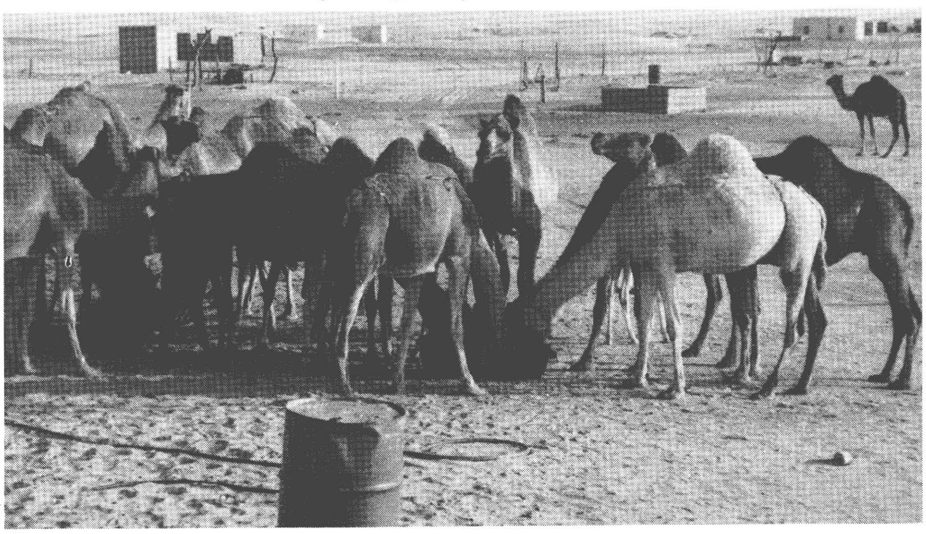

FAO/T. Fenyes

Windblown sand buries homes and crops

The shortage of water and pastures has drastically reduced the Mauritanian herd and is forcing many a nomad to settle



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rements and provide 20% of its vegetables by 1988. This is one of the points in the 1985-88 economic and financial recovery plan.

The first cracks appear

At the very moment Mauritania has to take up the daunting challenge of the growing desertification of its territory, it is faced with a serious economic and financial crisis. One aspect of this is the debt, an estimated $ 1.8 billion in 1984, which it is finding increasingly difficult to pay back. There has been a confirmation agreement with the IMF, followed by a rescheduling of repayments at the Paris Club at the end of last year. But as Mohammed Lemine Ould Deidah, the Head of Finance at the Ministry of Economic Affairs and Finance (and Deputy National Authorizing Officer for the EDF), points out, "the bulk of the debt cannot be rescheduled because it was contracted with multilateral financial institutions like the World Bank, the ADB, the Saudi Fund and the Kuwait Fund, none of which reschedule. We have made a big effort to settle our repayments in 1985, but it was to the detriment of our foreign assets—which dropped by about 6 billion Ouguiyas".

But how did it come to this? It all goes back to the start of the mining of very high grade (65-70%) iron ore at Zouérate in 1963 and copper ore at Akjoujt in 1970, both of which ultimately led to the highest per capita incomes in the region. Everything seemed possible and Mauritania embarked upon an onerous investment policy. These investments—the Nouadhibou oil refinery (costing $ 140 million), the Nouakchott-Néma road, the sugar project and the Gorgol Noir dam, for example—do not look so wise or profitable today, but by 1973, the country felt strong enough to come out from under the umbrella of the West African Monetary Union and create its own currency, the Ouguiya, on the strength of its enormous mineral wealth. The following year, it nationalized the mines.

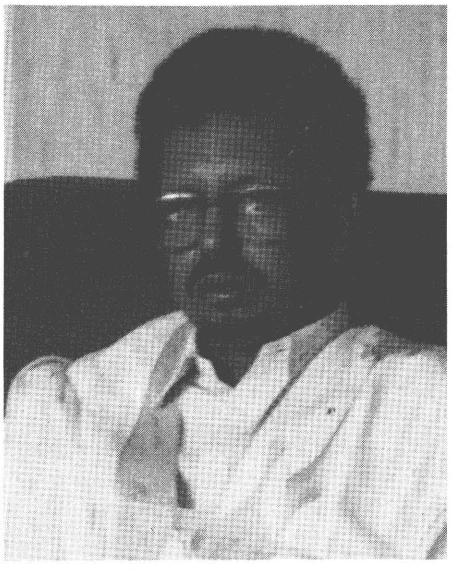
But the first cracks were soon to appear. They stopped mining copper in 1978 after reaching a production figure of almost 29 000 tonnes of concentrate in 1973. Iron production, which peaked in 1974 with 11.1 million tonnes, gradually declined, falling to 7.4 million tonnes in 1977-78 when world demand slumped—iron and steel were in trouble everywhere—and repeated attacks on the Zouérate-Nouadhibou port ore railway from the Polisario Front, the liberation movement of Western Sahara, the territory Mauritania and Morocco had shared out in 1976 when the Spanish withdrew.

The Government of President Moktar Ould Daddah had to increase its military spending tenfold to handle the conflict and the army soon swelled from 1 500 men to 12 000 in 1976 and then to 17 000, without getting the better of the guerillas, in spite of military aid from France and Morocco. In July 1978, the Ould Daddah régime, weakened by the war, was overthrown by a military coup. The following year, an agreement was signed with the Polisario, according to which Mauritania renounced all its claims to Western Sahara and withdrew from Tiris el Gharbia—which was at once annexed by Morocco. But the country did not find immediate stability for all this and there have been four different military leaders in the eight years since Ould Daddah was overthrown. Colonel Maaouya Ould Sid'Ahmed Taya has been in power since December 1984.

Encouraging signs

Men may change, but the problems remain. The budget shortfall is growing (it was 3.6 billion Ouguiyas in 1984), outstanding debt repayments amounted to more than $ 23 million in 1981 and went up to $ 96 million in 1984, the balance of payments defici-

(1) The national currency.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Mahfoud Ould Lemrabott,
Minister for Mining and Industry


FAO / T. Fenyes

Mauritania's coastal waters are some of the best stocked in the world

treached 12 billion Ouguiyas or almost a third of the nation's wealth, making further loans inevitable, and agriculture and herding continued to sigh for their pre-68 performances. The mines, the main generators of the economic growth of the 1960s and '70s, are still having price problems and have never managed the 1974 production figures again, but the National Industrial and Mining Company has just started working the Guelbs El Rhein deposit (see our interview with the head of the SNIM), which should mean production capacities can be maintained in the long run. There are encouraging signs, as Mahfoud Ould Lemrabott, the Minister of Mining and Industry, underlines, from sulphur, manganese and oil, but for the time being nothing really tangible, in spite of the fact that two well-known companies, Texaco and Amoco, are currently prospecting for oil. However, there are proven reserves of copper and phosphates, although the market in these products being what it is now and for the foreseeable future, production prospects are fairly distant.

That leaves fish. Mauritania's coastal waters are some of the best stocked in the world, as is borne out by the fact that hotels in Nouakchott and Nouadhibou are full of representatives of the great fishing nations, of Japan, Korea, the USSR and Spain, who come to negotiate their conditions of access to the country's territorial waters. And of course to observe the frenzied activity of their ships offshore. The annual catch is an estimated 600 000 tonnes, 460 000 tonnes of it pelagic species, 90 000 tonnes demersals and 42 000 tonnes cephalopods.

Fishing has taken over from mining and now represents 50% of the value of exports ($ 148 million in 1984 as against $ 144 million for iron ore). But its contribution to GDP is small, reflecting the strong extraversion of the sector, which is almost entirely dependent on foreigners.

In 1979, the Government produced a new fisheries policy aimed at replacing the old system of selling licences to foreign fleets (a difficult thing to control as Mauritania has 500 km of coast and pathetic means of patrolling it), by a system whereby the fish resources would be exploited by Mauritanian-registered companies. The essential aim in this sector, which has expanded at an annual 11% over the past few years, is to ensure the country has greater control over the amount fished and a better knowledge of the species available, the rate at which they reproduce and potentially how much can be caught.

Not only does Mauritania have only meagre patrolling facilities—it has no naval repair yard of any kind and cannot make its storage and refrigeration installations on land a profitable proposition, as they are only working to 15% of capacity in view of the fact that the vessels operating off its coast have their own units. Nevertheless, fishing will be the main driving force of the economy for some years to come. The Government will be working along two lines here—encouraging the development of integrated activities from the catch through marketing and promoting small fishing to boost the currently rather limited domestic consumption.

Some success stories...

In terms of financing, the nation's fish projects represent, with 3 520 billion Ouguiyas, 8.7% of all new investments provided for in the 1985-88 economic and financial recovery programme mooted in collaboration with the IMF and the World Bank. It thus comes after the rural sector, with 42.1%, urban hydraulics (17.2%) and infrastructure (10%). In contrast to this, the Third Plan put infrastructure to the fore (50% of investments) and the Fourth Plan mining (31%) and infrastructure (29%).

That, then, is the economic picture in Mauritania, which is trying to save what is left of its immense territory from desertification in an economic climate that is unfavourable to one of its main assets, iron. Will it manage it? Aliou Ba, Economic Secretary to the Military Committee of National Salvation believes it will. "Ours is a vast country that is short of water. It is rich in one thing that many other countries produce—iron. Fishing calls for a lot of capital and we have 500 km of coast to patrol. And yet, everywhere, there are people who work hard and who succeed, although maybe not enough of them yet". o

A.T.

“The fight against the desert has not been lost...”

says Head of State Colonel Maaouya Ould Sid’Ahmed Taya

Formerly army chief of staff, Colonel Maaouya Ould Sid’Ahmed Taya was Prime Minister of Mauritania from 1981 to 84 and became President of the Military Committee of National Salvation and Head of State in December 1984 when he ousted Colonel Khouna Ould Haidalla.

In this written interview, he answers the Courier’s questions.

▶ *Do you think Mauritania now has all the right conditions for the stability that is vital to any development?*

— The answers to your questions derive directly from an analysis of the reasons leading up to the changes in our country. War, waste, bad management, personal power, attacks on the fundamental rights of the people and the lack of a strong State — all these things have helped create the situation you are referring to.

What i can say is that we are doing and will continue to do our utmost to combat these evils, all of them, with the active help of all the people.

For our people are perfectly well aware of the risks our country has run over the past few years and they understand the importance and the point of putting things in order as we are now doing.

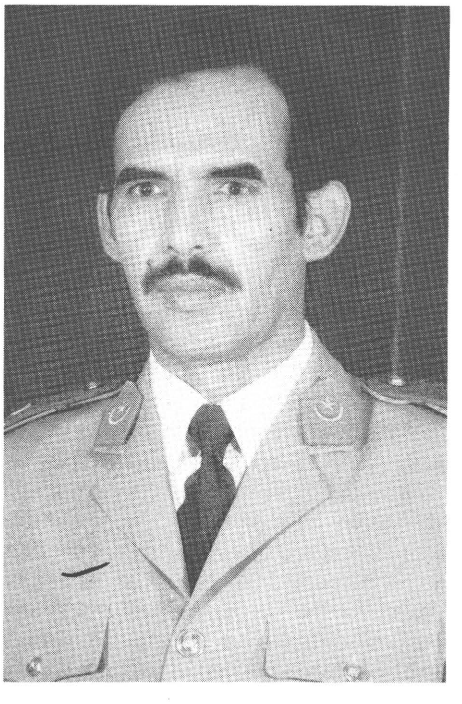
The very day after our restructuration, the Military Committee of National Salvation and the Government produced a plan for economic and financial recovery so our economy, which had been hard hit by a combination of drought and bad management of the national resources could be got off the ground again. Almost 55 billion ouguiyas would be invested in the country by 1988 and the 400 projects planned will bring work for hundreds of our unemployed.

And contact with our foreign partners has borne ample fruit — we have got our external debt rescheduled and won our funders’ support for our economic and financial recovery plan.

Hundreds of political prisoners from the old régime have been released and a start is being made on the democratization of our political life with the imminent municipal elections, the first Mauritania has had for more than 20 years.

So the conditions are right for all our people to join in the drive to rebuild the country and the creative genius of the nation will pave the way for a new era of progress and harmony in our efforts to improve the lot of all Mauritanians.

I can also assure you that the campaign to reconcile our people with itself and to get it back on the road to emancipation, progress and therefore stability will be indefatigably pursued.



▶ *The Mauritanian economy has had a particularly heavy debt burden to bear over the past few years. What solutions can you see to this?*

— Correlative to what I said just now, our plan, over and above the idea of righting the economy, is to run projects that will reduce our dependence on the outside world by producing the means to further our development ourselves.

The rest will be achieved through rigorous management of our goods and resources, thereby consolidating the confidence we have restored in our partners.

▶ *Mauritania is hoping to be added to the UN list of least developed countries. What do you expect to come of this listing — which may well look like an admission of defeat?*

— I do not see it like that. Nor do I have any complexes about accepting the truth. You haven’t overlooked the fact that, over the past 10 years, Mauritania has been hit by the combined effects of the drought, the international economic situation and the conflict in the Sahara, all of which have considerably slowed down our economic and social development. Add to that the consequences of the previously slack management of our national resources and you will easily see why it is wrong to classify Mauritania elsewhere than among the LLDCs.

We have a lot of potential, no doubt, but it should not lead us to overestimate our real possibilities. In this as in many other fields, we have made a realistic assessment of our situation since the reorganization of 12 December 1984. But we do not think that belonging to the group of LLDCs is our destiny and our economic action is aimed at getting us off the list (1).

▶ *Mauritania’s agricultural future very much depends on the development of the Senegal river valley. Can the country afford to wait for the completion of this project, which has been hit by the vagaries of international financing?*

— Farming is still the Achilles heel of our economy. Although cereal production was up at 120 000 t in the 60s, we could only count on 20 000 t in 1984 and this critical threshold both increased our food dependence and strengthened our conviction that priority had to go to the rural sector. So 36.6 % of the projected investments in our economic and financial recove-

(1) The immediate advantage to Mauritania of being added to the list of least developed countries would be the wiping off of its debts to the OECD countries — which would considerably reduce its repayment problems.

ry plan for the coming three years are going into farming. In our country, where implacable drought has hit hard for more than 10 years, it goes without saying that we have to control our water resources if we are to get agriculture off the ground again. That is why water engineering is to get 22.7% of our investments, with priority on exploiting the potential of our underground and surface water supplies and the rate of hydro-agricultural development, which is still very slow, will have to go up. This is why the National Rural Development Company (SONADER), which had been short of cash and very quiet for several years, picked up again in 1985. Other measures aimed at boosting output — fixing incentive prices, introducing agricultural credit facilities, improving extension services and buying surplus production — are also being run, with the whole idea of giving practical shape to the importance we attach to farming. Most of our irrigable land is in the Senegal valley and therefore included in the OMVS programme. We believe in this type of community development and we do not think there are any financial problems attached to it.

▸ *After the terrible cycle of drought of the past few years and the awful effects it has had on your arable land and on your cattle, many people think that Mauritania has already lost the fight against desertification. What do you think?*

— We in Mauritania have suffered particularly badly from the climate and it has diminished our herds and increased our cereal requirements. But it is not just Mauritania. It is the whole of the Sahelian ecosystem that is under threat. Solving the problem is more than any one State can do alone, so we in the region have formed the CILSS, our inter-state Sahel drought control committee.

It did not take us long to realize that this was not a passing phenomenon and that we had to set up a structure to coordinate regional schemes, primarily to control water resources, replant trees, run research and develop irrigated crops. Mauritania is also developing special programmes of its own with the help of the international community. We think the battle will be hard, but it has not been lost.

▸ *Times in Mauritania are changing and the once-nomadic population is settling down, but the economy is not keeping pace with the trend and creating the jobs now needed. How do you plan to rectify this?*

— This is a very real phenomenon and it follows on from the scourges of drought and desertification which have practically emptied our countryside in recent years and sent people to the towns and other built-up areas, creating the imbalance you are talking about.

But we have already taken steps to do something about unemployment, particularly by creating hundreds of jobs as part of the projects laid down in our economic recovery plan.

We also have a fund to get people back to work (the FIRVA) which provides help for certain categories of unemployed by financing albeit modest projects to create jobs.

▸ *Mauritania has launched an economic and financial recovery plan which starts this year and calls for $ 700 million over three years. Have you found this financing?*

— First of all, let me say that the plan actually started in 1985 and will continue over the next two years.

I can tell you that we already have the support of all our partners when it comes to financing. They have agreed to help us run the programme and we are confident they will stick to their commitments.

I should like to taken this oportunity of thanking our partners once more and expressing our profound gratitude to all the States, organizations and financial institutions which have so generously responded to our appeal.

▸ *Mauritania is a member of the Arab League and as such has benefited from major Arab financing. Have these been affected by the oil price drop?*

— Most of the Arab countries that produce oil have been forced to review their internal investment programmes in many fields and the drop in oil prices obviously has something to do with this. In a difficult economic situation, it is easy to understand that the generosity of the past may be rather attenuated, but we are still pleased with the many kinds of assistance we get from our brothers in the Arab world. We very much appreciated the brotherly attitude of the Arab funders when we negotiated the rescheduling of our external debt and adopted our economic and financial recovery plan.

▸ *Mauritania cooperated with Europe right from the start. What do you think about this cooperation and what direction should it take?*

— Our relations with the European Community are very sound. Europe understands our problems and backs up our efforts to right the country's economy and finances and we are committed to persevering with the drive to rationalize our management and to rationalize our investments and to encourage the private sector and what we hope the foreign investors will do is exploit the possibilities offered by the economic and financial recovery programme. If our European partners continued to provide support, they would give us cause for hope and for coping with the relaunching of our economy. We hope that our cooperation expands, in particular through the involvement of various public and private partners. The field for cooperation between Mauritania and Europe is very broad. The potential is still immense and we are convinced that this cooperation will be boosted in all fields and that the Community will go on giving us its support with our economic recovery.

▸ *Mauritania has curtailed its involvement in the Western Sahara conflict that is, alas, still going on. Can it and does it want to mediate in this war?*

— After our restructuration on 12 December 1984, we loudly proclaimed the fact that we intended to establish brotherly relations of confidence with all the countries in the Maghreb — just as we adopted neutrality towards the Sahara conflict which has been tearing the region apart for more than a decade. Yet we are still interested in the conflict on our doorstep and, as we have privileged relations with all the parties concerned, we are doing all we can to bring peace back to this part of the world so that we can all concentrate on the task of building the Great Arab Maghreb. o A.T.

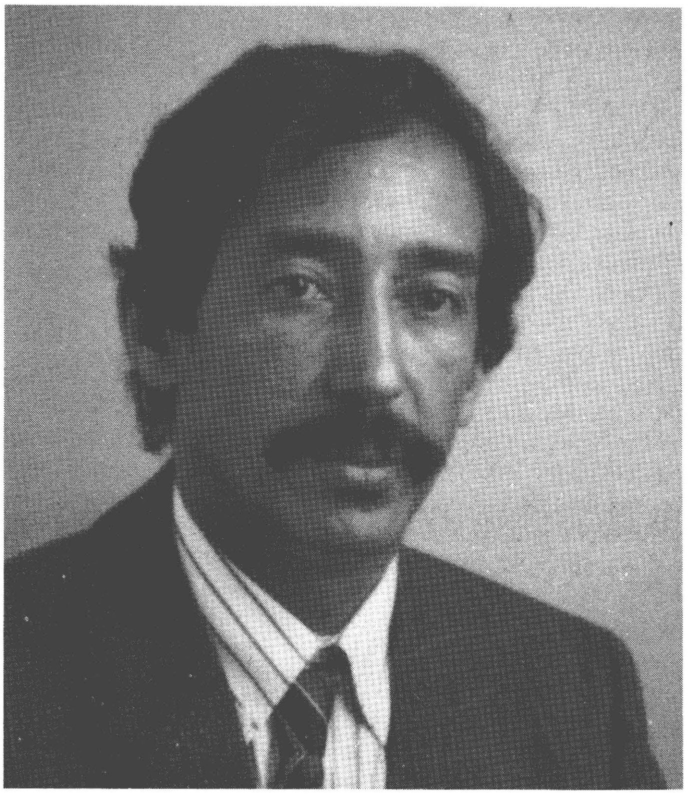
"What you have to look at, beyond the present state of SNIM, are our enormous reserves of iron ore"

An interview with Mohamed Saleck Ould HEYINE, Director-General of the SNIM

Iron mining completely transformed the Mauritanian economy in the '60s, with a tenfold increase in the earnings of this country which had scraped a living from traditional nomadic herding until then. Something like CFAF 70 billion were invested in developing the Zouérate iron (average 65 grade) deposit over the 1960-72 period by MIFERNA, the Mauritanian Mining Company in which most of the shares were held by the State and French iron and steel companies, in association with British, Italian and German shareholders. The infrastructure built at the time included a 675 km railway between the mine and the port of Nouadhibou.

In 1974, Mauritania nationalized the MIFERNA installations and renamed the concern COMINOR (the Northern Mining Complex), which became a vital part of the SNIM (the National Industrial and Mining Company). That year, production reached the never-to-be-beaten level of 11.1 million tonnes. It has dropped since, down to 7.4 million tonnes in 1977 and '78 when there were constant Polisario Front attacks on the railway, and now with slight improvements the figure is around 10 million tonnes.

The high-grade reserves, at this rate, should last until 1990, but, since 1981, Mauritania has known that the recently operational Guelbs mining concern, where the ore is lower grade but the reserves enormous, will be there to take over.



The Courier asked SNIM Director-General Mohamed Saleck Ould Heyine a few questions in his Nouadhibou headquarters.

▶ *How many people do you have working for the SNIM?*

— There are 5 875 staff, half at Zouérate and half at Nouadhibou and on the railway.

▶ *They say that iron ore prices have slumped recently. What is the average price at the moment?*

— It fluctuates a lot. The one sure thing is that it has dropped to half the price (in constant terms, that is) over the past 20 years. In 1983 and 84, the price dropped by 20%—that was in only two years. It crept up a bit, by 3-4%, in 1985, but in 1986 it went down again, by 3-7%. So it fluctuates a lot. Then there is another problem, of course, an important one for us and serious and that is that we feel the full effect of any currency fluctuations too. Our ore is sold in dollars and the instability of the dollar, especially at the moment, is very unfavourable to us.

▶ *You must have been fairly happy a few years ago when the dollar was particularly high...*

— We were indeed. But everything is relative, because although we sold in dollars, we got most of our supplies on the European market—at a favourable rate of exchange—and on the American market too.

▶ *You aren't producing at a loss, are you, in spite of the present situation?*

— It's touch and go.

▶ *How many sites are you working at the moment?*

— The old mines and the new one. There were two deposits in the old mines, I think I can say, and the new mine was opened in 1981 and began exporting ore last year. The new deposit is an important one. In 1985, the new mine produced 15% of the national output and the rest came from the old mines, which have reserves for about another 10 years. But the reserves at our new site are enormous.

▶ *But are they more difficult to process?*

— Yes, they are. The enrichment

was not there in the old mines and so the production costs are higher. At the moment, we are increasing output, although we are far from reaching our capacity of 6 million tonnes. We shan't do that until 1987-88. We produced one million tonnes in 1985 and we shall produce 3 million tonnes this year.

▶ *Does it seem likely that once the old mines are exhausted, Mauritania's present production of around 10 million tonnes will drop?*

— No, because the first capacity, the 6 million tonnes, that Guelbs is turning out will have doubled by about 1991-92, so we shall maintain an average of at least 12 million tonnes. Our production figure is 10.5 million tonnes at the moment, but the facilities can handle more than that, far more.

▶ *But that means more very expensive investment for the '90s, doesn't it?*

— Absolutely!

▶ *Have you already obtained the financing?*

— Not yet. We are currently repaying the first phase financing and this, obviously, will take until the year 2005. But the bulk will have been reimbursed by 1990-91—which is when we start looking for financing for Phase Two.

▶ *You won't be able to finance it yourself?*

— We have to. We have to find at least a third or a quarter. So we have to have accumulated some capital by then to cover our contribution.

▶ *The SNIM also does research and prospection, doesn't it. How far has it got?*

— Traditionally, we have mainly looked for iron ore, but we have slowed up lately as we have discovered some relatively large deposits.

▶ *Reserves of how many tonnes?*

— 700 million.

▶ *What grade?*

— 38%. So we think that we have our exits relatively well covered for the next 20 years and then, we think, it won't be so difficult because our aims are already defined and we know, if we need to start further prospection, where to go. So we have stopped prospecting over vast areas in all parts of the country. Over the last year or two, the SNIM has also prospected for phosphates in the southern part of the country, with the collaboration of BRGM, the Thiès (Senegal) phosphates company, and a Romanian firm. We found a deposit in the south with reserves of an estimated 130-140 million tonnes.

▶ *Don't you plan to look for copper, the other ore you used to work?*

— We pulled out of copper in 1978. As you know, a company was set up to prospect and mine copper in Akjouit, so someone else is running the research and will be doing the actual mining. So for the moment, we are sticking to iron and phosphates. We are taking a minor interest in uranium, but the way energy prices are at the moment, this project has been put on ice.

▶ *The trains from Zouérate are supposed to be the longest in the world. How long are they, on average?*

— They are 2 200 m long and they weigh 19 000 t empty.

▶ *What are SNIM's problems at the moment?*

— In order of importance, the price of iron ore, which is low and getting lower all the time. That is the problem of all mines, in fact, not just the SNIM's. All iron mines have been hit by the very low ore prices and it's certainly a big problem. The second problem is debt.

▶ *How big is it?*

— $ 350 million. And as I said, we have to pay it back, most of it by 1990. If you add ore prices to the debt, it's a lot. It means that a large part of our earnings will have to go to pay our external debts. The third point, I think, is the cost of energy products. We live off oil. It is the only source of energy we have and our oil bill is enormous.

The Courier

Iron ore is extracted from huge open-cast mines

The Courier

► *There is talk of reorganizing the SNIM. What will this involve?*

— There is not really any reorganization, properly speaking, of the SNIM. You know we benefitted from colossal modernization recently as part of the Guelbs project, but it was the centre-north site, the iron ore production centre that was the main beneficiary. So the rest of the SNIM, the port and the railway—the track and the engines and the wagons, that is—did not benefit. So you see that the SNIM modernization plan was concerned with that particular sector. We bought modern equipment because in some cases what we had was 20 years old and obsolete, so the modernization drive will certainly involve an improvement in productivity.

► *Doesn't the SNIM have to do something about the financing that will be the responsibility of the State?*

— No! The financing is something like $ 80 million and the SNIM will be providing half. The other half will come from funders such as the World Bank, the Saudi Fund, the Kuwait Fund and so on.

► *In the past, Mauritania got a lot of Community financing through Stabex, but iron is no longer covered, so what sort of aid are you expecting?*

— The best aid we could be given, I think, is not aid, perhaps, but justice. It means stabilizing the price of iron ore. That must be the first thing any producer of raw materials, especially iron ore, will want.

► *I was referring to Sysmin—I think you have made an application...?*

— You certainly know more about Sysmin than I do. It's more particular than the Stabex because the beneficiaries are firms and the main idea is to rehabilitate the production apparatus. We have indeed made an application this year and it is going to be discussed with the representatives of the EEC.

"I can't imagine the SNIM stopping..."

► *Mauritania has stopped producing copper, so do you imagine that it will stop producing iron too if the things you mentioned just now, the falling prices, the rising production costs and so on, continue?*

— You know, I think it would be a very serious thing if Mauritania did that. I don't think it is on the cards. We have lived through, and we are still living through, a very difficult period, for reasons I have just outlined, prices, debts and so on, but I feel that the consequences would be extremely serious for the country. Socially speaking first of all, as we are a big employer, the biggest employer in Mauritania.

► *5 875 staff, you said?*

— 6 000 if you want to round up. And in terms of wages we pay out much the same as the State does. So that would be the first serious consequence. The second is that we make a contribution to the State budget through the taxes the Government raises on the SNIM. It would lose the State a relatively large source of income if we stopped our activities.

► *You are still paying tax in spite of the situation you are in?*

— We have a rather special tax system. It doesn't depend on how well the firm is doing and if things are going very well we don't get over-taxed either. It's a constant system and rates don't alter with performance.

► *How much do you pay in tax, roughly?*

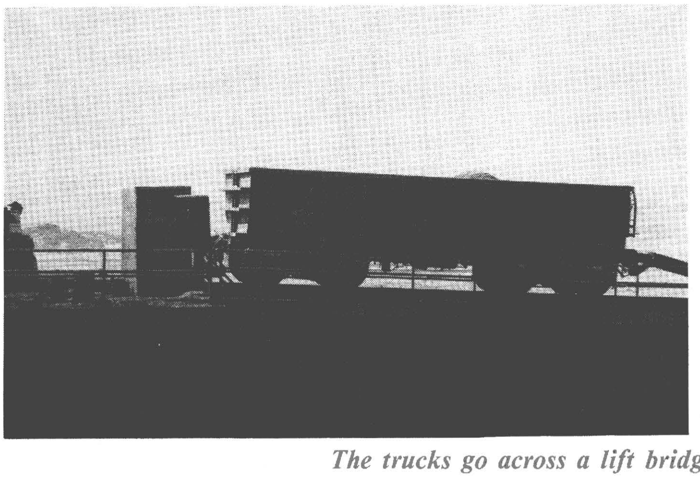
— A percentage of turnover. But once again, our firm is important because it brings in foreign exchange. It is vital for the State. The fisheries sector is currently working on a turnover something like the SNIM's, but it still means that the SNIM is bringing in at least 50% of Mauritania's foreign exchange earnings. Our foreign clientèle is well-established. They know us well and we do things for them.

► *Where is this clientèle?*

— In Europe. In Italy, Belgium, France, England, Germany and Spain. So I cannot imagine the SNIM stopping its activities. First of all, we have not been reduced to that. We wouldn't consider such a thing at all. It would take very little for things to go well. I think stable prices and currencies would to a great deal for the SNIM.

► *Do you foresee any stabilization in iron ore prices? Or even an increase?*

— Unfortunately no! Studies that I have had the opportunity of reading are no cause for optimism in this respect. But things can change drastically from one day to the next. Who, a couple of months ago, would have thought that disaster would have struck the oil producing countries? And what will be the consequences for other raw materials? We just don't know. Things change so.



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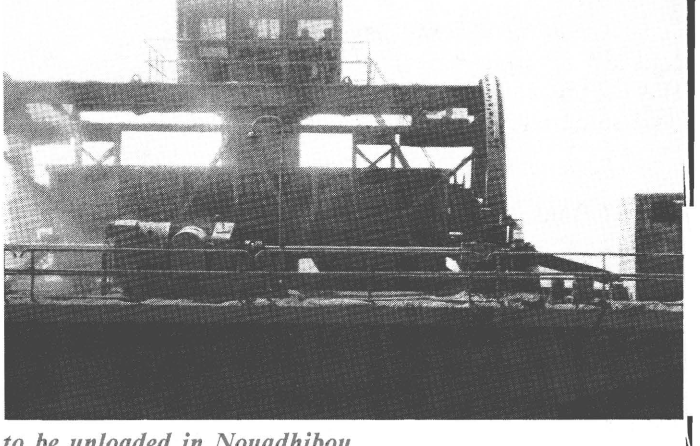


The Courier

The trucks go across a lift bridge to be unloaded in Nouadhibou

▶ *Your clientèle can always go somewhere else. Are you sure you can hang on to your clients?*

— Of course we can!

"The SNIM is not bothered by the enormous Brazilian project"

▶ *Brazil has this enormous Carajas project and the ACPs are waging war against it...*

— First of all, Brazil is the biggest producer in the world, you mustn't forget that. And it is certainly Brazil that determines the iron market on the producers' side—with Australia. We don't count for much. Then there is always the spectre of the cartels. If Brazil and Australia agreed on iron ore production tomorrow, they would rule the sector. But I think the other iron producers have their place and they are even necessary to the consumers. There is security of supply, to start with. That is something important. I don't think any of the sellers is anxious to smash the prices down, but there is the security factor and it is very important. And when you take the SNIM, it supplies the EEC market to the tune of 7-10%, which is not negligible. We are not important on a world scale, but 7-10% of the EEC's supply is still something to talk about.

▶ *There may be Guinea tomorrow too...*

— Yes, and Senegal and Gabon. That is all very fine for the EEC because it means it can diversify its sources of supply.

▶ *But it's not so good for Mauritania, is it?*

— I think we all have our place. We are not being crowded out. But to return to Brazil. The SNIM is not bothered by the enormous Brazilian project because we feel that our ore, qualitatively speaking, complements Brazil's ore. Producers who take Brazilian ore will be inclined—and I'm not saying they'll do it automatically—to go for an additional ore that will complement it, as you cannot load blast furnaces with just one type of ore—or only very rarely—and as ours complements the Brazilian ore, Brazil's future clients may well come to the SNIM.

▶ *Might the Arab countries not be an outlet for you?*

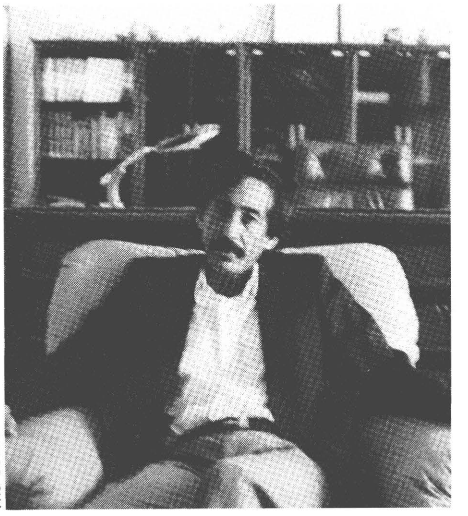
— You have to understand the nature of the Arab iron and steel industry—or future industry, I should say, as it is very rudimentary at the moment. It will not be based on blast furnaces and steel mills such as you have in Europe and Japan and so on. It will be based more as an energy raw material, on gas. And that means very high grade ore. This kind of ore exists in the world, but there aren't many deposits. But in the future, we think, in 10 or 15 years... we have ore that can easily be used for this... obviously it calls for additional investment, but if the market develops, then we have the ore and Mauritania is already bearing it in mind.

▶ *You don't have any plans to produce finished products for the regional market?*

— Not for the moment.

▶ *How do you see the SNIM's future in a Mauritania that is turning into a desert?*

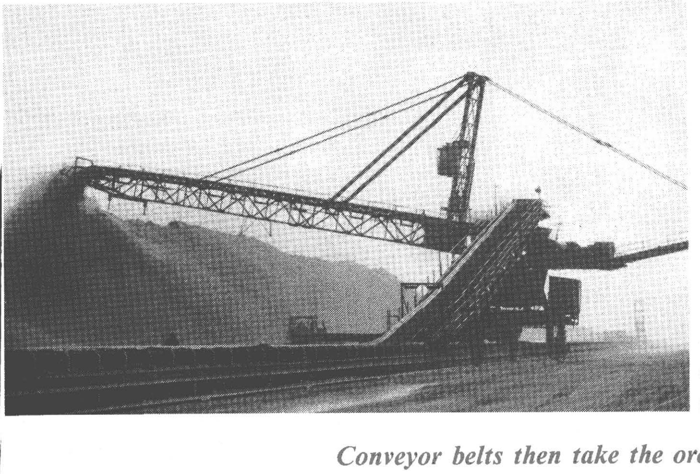
— What you have to look at are the reserves outside the present SNIM, which is only a small undertaking in comparison with those in Brazil and Australia. What you have to look at is the potential of Mauritania's iron ore. It is enormous. In the area we are working at the moment, we have estimated reserves of more than 2 billion tonnes.

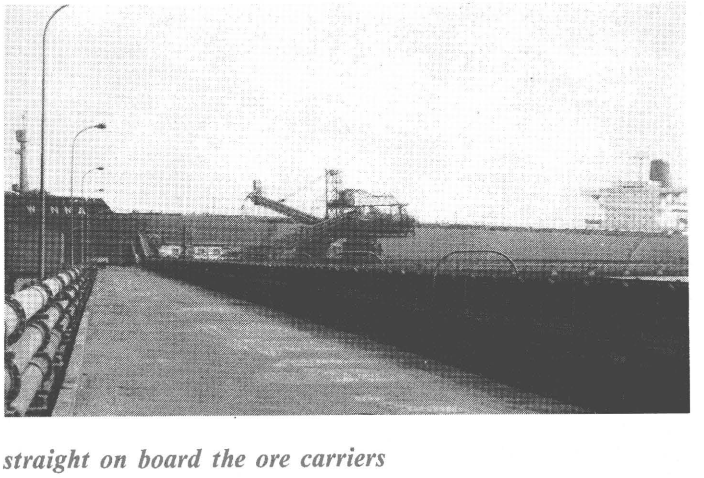


"Our ore complements the ore they produce in Brazil"

▶ *You mentioned 700 million tonnes...*

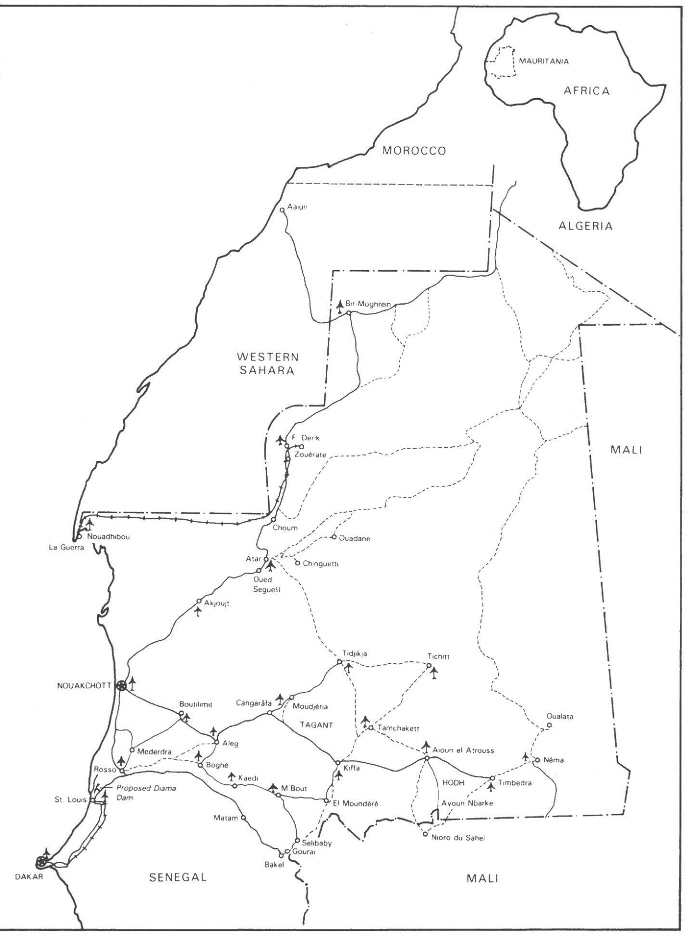
— Those are the reserves on which the ongoing Guelbs projects are based. But there are more than 2 billion tonnes in the Zouérate region. And in a second sector 60 km as the crow flies from Nouadhibou there are reserves of an estimated 6 billion tonnes. It's low grade ore, but it is colossal wealth and we shall begin working these deposits in 10 or 15 years, there's no doubt about that. We will be in a more important position and we will have greater possibilities. I think it is a sector which will develop, even if things in Mauritania are not so good at the moment. ○ A.T.





Conveyor belts then take the ore straight on board the ore carriers

Profile of Mauritania



Area: 1 030 700 km^2

Population: 1 700 000

Rate of population growth: 2.4% p.a.

Density: 1.5 per km^2

GNP per capita (1983): US $ 475

Capital: Nouakchott (500 000 inhabitants)

Other cities: Nouadhibou, Kaédi, Néma

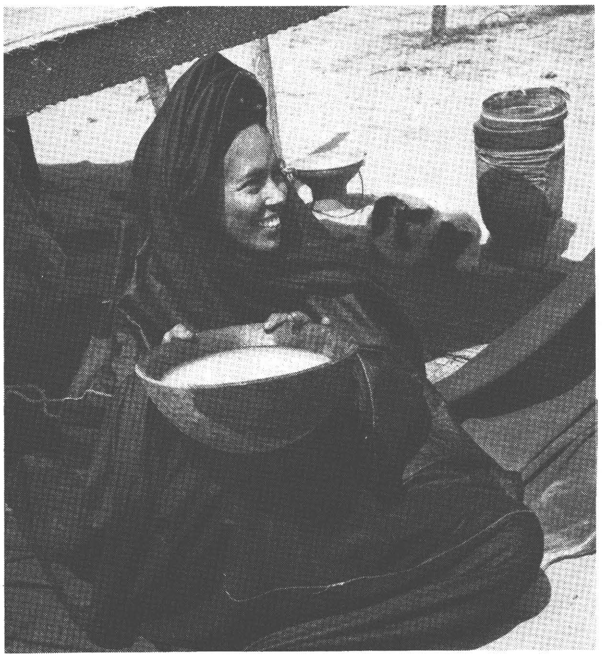
Head of State: Colonel Maaouya Ould Sid'Ahmed Taya

Main food products: millet, sorghum, maize

Livestock: cattle (1 million head), sheep and goats (6 500 000 head), camels (770 000 head)

Main exports: iron ore (10 000 000 t), fish

Currency: Ouguiya (UM). 1 ECU = 72.61 UM (1/4/86)



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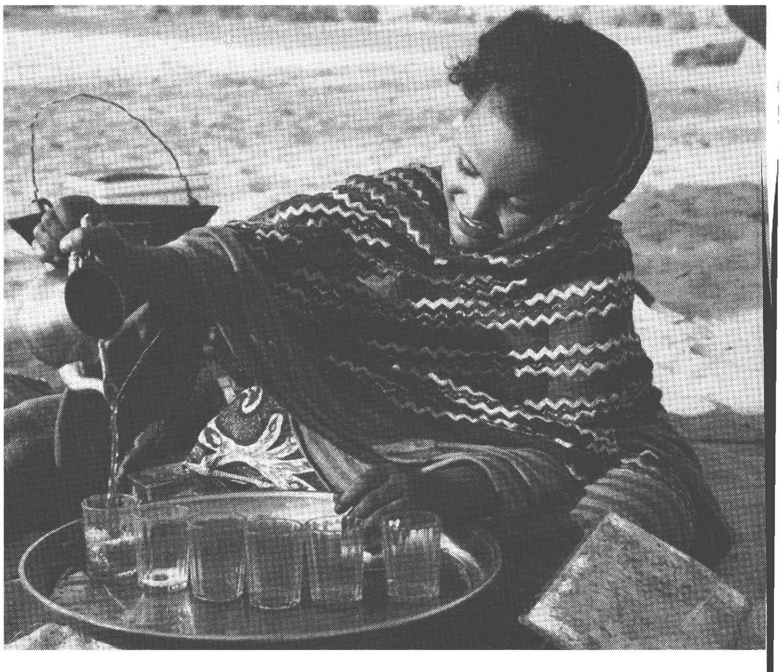

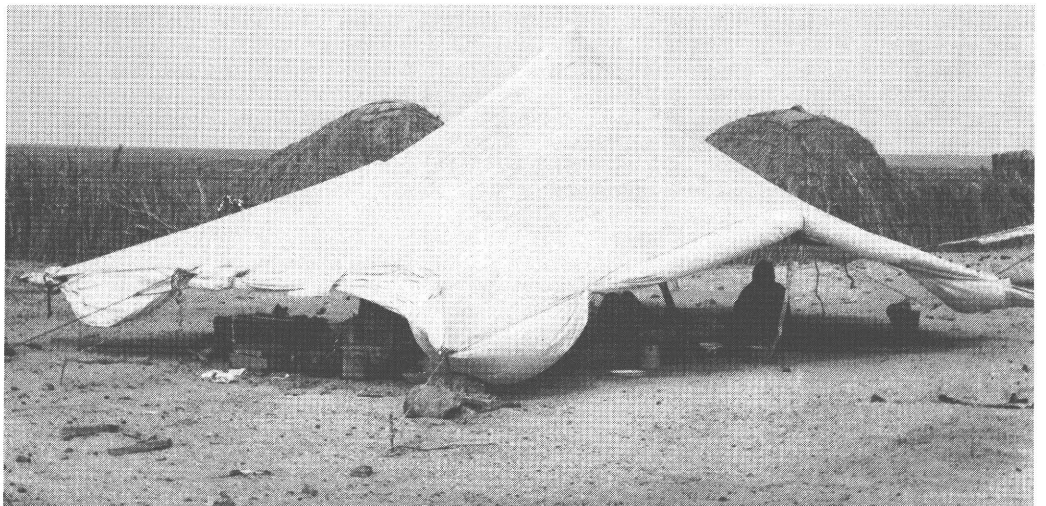

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The stranger is always welcome in Mauritania. Invariably the welcome is accompanied by "zrig", a mixture of sour milk, water and sugar; thereafter he is offered three glasses of mint tea while he is having a rest in a corner of the Moorish tent, a vast canvas structure whose side flaps can be raised or lowered according to the direction of wind and sun.

EEC cooperation in the development of Mauritania

By John MACE (*)

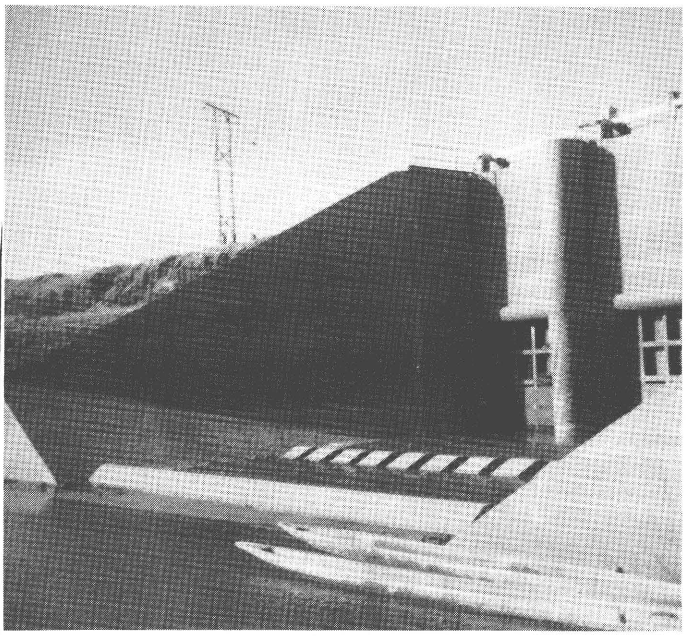
As is the case with most former colonies of the original EEC member-states, Mauritania has been associated with the Community since her independence in 1960, under the 1st European Development Fund and under the Yaoundé and Lomé agreements.

Mauritania entered independence with most of the problems typically besetting all developing countries; but she has, in addition, had to deal with two others; first, the instability associated with the decolonisation of one of her neighbours, the Western Sahara. And, latterly, the savage realities of the Sahel drought, now in its fourteenth year, which has brought about an agonising conflict of priorities. When everything is urgent, what do you do first? And how do you reconcile the needs of development with those of survival, when the latter becomes ever more pressing, and available skills and resources do not increase proportionately?

Mauritania is a vast country, 1 030 700 km^2, with a very sparse and unevenly spread population, 1.7 million. Ethnically, it is one of the Afro-Arab hinge countries with a mixed population, typically found at this latitude in Africa. One of the tasks of Mauritania's leaders has been to forge these different peoples into a nation.

The country's resources are few: in the North, iron ore together with some other mineral deposits of lesser importance; and an extremely rich, but depleting, fishing-ground; in the South, an important river shared with Senegal and which offers potential for irrigated and flood-recession agriculture.

Mauritania's lifestyle on the date of achieving independence was an economically fragile one; stockrearing, traditional fishing and farming, the latter practised in three forms: oasis, rainfed, and flood recession. All of these activities have suffered severely in the current situation, and have made economic reappraisal, and an appropriate response from her partners, urgently necessary.



The EDF has financed several irrigated bottomland projects along the Senegal river

Trade with the Community

The two major commodities exported are iron ore and fish. For iron ore, the Community is by far the most important buyer, as the figures for the last two years show:

	Tonnage	Value* ECU
1984		
Community	8 876 128	138 690 717
Others	650 448	10 776 406
Total	9 526 576	149 467 123
1985		
Community	8 911 797	142 045 969
Others	423 234	6 375 058
Total	9 335 031	148 421 027

In the case of fish, if recent trends are maintained, the Community of Twelve nations will account for almost a quarter of Mauritanian exports:

	1983 Value* ECU	1984 Value* ECU
Community (10)	3 485 370	10 555 050
Spain & Portugal	18 273 092	27 279 143
Others	104 073 430	120 846 280
Total	125 831 892	157 732 695

(*) Value calculated at average exchange rate for the year.

Aware of this potential, Mauritania is interested in concluding a fisheries

(*) Commission Delegate in Mauritania.

agreement with the Community. However, the negotiations for this agreement have struck repeated difficulties and are still pending.

Overall, the Community is the most important trading partner for Mauritania; the Community's share of Mauritania's imports and exports has been, of late:

	Imports into Mauritania	Exports from Mauritania
1980	51.0%	64.0%
1981	40.92%	47.1%
1982	32.3%	42.55%
1983	38.31%	37.7%
1984	36.43%	47.22%

It is noteworthy that, apart from one recent year, Mauritania's trade balance with the Community is well in her favour. The trade surplus for 1984 was 32%.

The bulk of the Community's aid has gone to agriculture, including rice production

Community aid

The other important element today in the association between the Community and Mauritania is the Community's aid programme, and within that, the most important is the aid made available under the Lomé Conventions (see table opposite).

	Lomé I	Lomé II
I. Indicative Programme	ECU 33 300 000	ECU 43 000 000
Rural Development	59%	57%
of which: Agriculture	(25%)	(34%)
Agric. Infrastr.	(29%)	(19%)
Livestock	(5%)	(4%)
Infrastructure	11%	23%
of which: Roads	(11%)	(13%)
Ports	—	(4%)
Water	—	(6%)
Mining	—	4%
Fisheries	—	4%
Social	28%	12%
of which: Health	(17%)	(6%)
Education, Training	(11%)	(6%)
Techn. Assist., Studies	2%	—
II. Emergency Aid	ECU 5 427 400	ECU 6 360 000
III. Stabex	ECU 37 000 450	—
IV. EIB (Loans & Risk Cap.)	ECU 28 636 608	ECU 7 000 000
Total available 1.1.1986	ECU 104 364 458	ECU 56 360 000
V. Regional Fund: actions directly or indirectly in favour of Mauritania (estimated)	ECU 25 000 000	ECU 40 000 000

To these amounts under two Lomé Conventions, one can add, for the same period, the Community's grants of food aid and certain other actions financed from the Community's budget:

Direct Food Aid, 1975-1985:
121,550 t cereals
8,550 t butteroil
11,400 t milk powder
Total, at today's prices:
± ECU 49 000 000
Environmental Protection:
ECU 2 335 000
Emergency Aid: ECU 4 600 000
Cofinancing with Non-Governmental Organizations: ± ECU 1 608 000

which brings the ten-year total to ± ECU 283 million.

Irrigation and agriculture

The weight of the Community's aid has gone into agriculture, more particularly the irrigated sector, which most people see as the possibility of the future. Within the country, in common with most donors and in conformity with the Government's orientations, the emphasis has been on irrigated perimeters in the region of the Senegal river and the Gorgol; beyond doubt the most important control structure in this complex is the dam at Foum Gleita on the Gorgol, for which ECU 11 512 065 was made available from Lomé I and II. In all, Foum Gleita will control a reservoir of 500 million m^3 of water; the perimeters themselves cover currently 550 ha, with an expansion target of 2 400 ha by 1987 and 3 600 ha by 1990.

The main regional effort of the European Development Fund in favour of Mauritania is also in the domain of irrigated agriculture, i.e. support of the Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS). The main investment is in the two dams of Manantali and Diama, the former on the Senegal river, the latter on one of its tributaries. The infrastructure will be

The proceeds of food aid sales would help develop such projects as market gardening

shared with Senegal and Mali. Of the two dams, it is Manantali, upstream in Mali, which will have the major impact on Mauritania, providing 120 000 ha of irrigable land on the Mauritanian side of the river by 1990.

The three countries are having to attack the problem of proper utilization of the water which will be made available when the two dams are completed (Diama in 1986 and Manantali in 1988); at the current rate of investment only 10% of the developable land would in fact be developed. In fact, the area under flood recession culture will remain for some time greater than the irrigated area: between 10 000 and 40 000 ha per year currently, (depending on rain and river spate) against a maximum of 10 000 ha irrigated by 1990. Moreover, irrigated agriculture is enormously more expensive, and can be far more harmful to the environment, than flood recession agriculture.

The social sector

In the social sector, the Community has financed many rural primary schools and many health care projects, both basic health and hospitals. One should mention especially the extension of the hospital at Kaédi. Kaédi is a small town at the confluence of the Gorgol and the Senegal rivers, at the heart of the irrigated area. In planning the extension of the existing hospital, it was decided to develop local building material, and to base the design on tradition, having regard not only to building style but also local lifestyle. A brickworks, the first in Mauritania, was set up by the river. Bricks and tiles were made of river clay, the river water being drawn by a windpump, and the bricks and tiles being fired with local ricehusks as fuel. In general the quest for a local building material can be called a success; we shall see what long term impact it has on building habits. The style of the building, based on dome-shaped units connected by curved passages, is also an experiment which has brought forth much comment—in truth, not all of it favourable. Final judgment can be given only after the hospital is completed and running.

Lomé III

The Indicative Programme for Lomé III will be drawn up in July; its amount will be ECU 61 million.

In considering the orientations of Community aid to Mauritania, two phenomena need to be borne in mind. The first is the devastating effect of the drought. It has brought with it a desertification problem which would strain the resources of even a devel-

To help drought victims (often living in these shanty towns) the EEC regularly gives food aid to Mauritania. In our photo (right) Commission's delegate John Mace is handing over to Mohamed Ould Babetha, Deputy Commissioner for Food Security, a load of foodstuffs oped country. The desert advances by between 6 and 10 km a year, and the lifestyle of a whole population is being destroyed.

The other factor is the current attempt by the Government to take stock soberly of the country's situation, and to plan its response to it.

The drought

Before the drought, Mauritania had an acceptable degree of self-sufficiency in food, thanks to her combination of stockrearing and the three forms of agriculture mentioned earlier. But the repeated failure of the rains, coupled with severe overgrazing bringing about the impoverishment of the soil, have destroyed this relative self-sufficiency and made Mauritania overwhelmingly dependent on emergency aid and food aid. In 1984 the Senegal river, on whose annual spate most of the national grain production depended, had its poorest flood season for the whole 80 years for which records had been kept. Grain production fell to 20 000 tonnes (compared with between 80 000 and 100 000 tonnes before the drought). In the 1984-85 season Mauritania grew 7% of her total grain needs; she was able to buy a further 28% on normal commercial terms, leaving a gap of 65% to be filled by foreign food aid grants (*). To complicate the picture, a large part of the population appeared to be unable to buy its essential food, even if such were available on the market.

During 1983, 1984 and 1985 the Community gave repeated allocations of emergency aid in most of the sectors for which it was asked, such as water transport in the North, transport of food, delivery of medicines and vitamins, delivery of seeds and fertilizers, purchase and distribution of local dried fish, and support for local and NGO rural medical teams. Looking back, we should probably have carried aut certain operations differently, but in the sense that we undoubtedly helped to avert much disaster, we can be pleased with the result.

(*) The 1985-86 season was better—indeed it saw the best July, August and September for four years, as far as rainfall and river spate, and hence agricultural production, were concerned (57 000 tonnes of grain, nearly three times the previous year's production).

WHO/FAO/G. Ciparisse

The devastating effects of drought were the central issue during the discussions on guidelines for Lomé III

Vital though such operations are, however, they have disturbing implications. The mischievous effects of continued free food distribution, for example, are known to all. During 1985, a joint working group was set up in Nouakchott to work out plans for a Food for Work scheme, in response to this problem. The same group is setting up the management of a Joint Counterpart Fund into which future proceeds of food aid sales, and out of which certain appropriate projects, will be paid. The representatives of the Community Member States, and the Commission Delegation, participate in these tasks.

These two instruments will help to bridge the gap between survival and development, which bridge is essential if we are to keep the accent on development. If we do not, the survival priority will assume dangerous dimensions.

The economic and financial recovery plan

It is the awareness of this and related problems which no doubt led the Government, in 1985, to follow the International Monetary Fund's very stringent recommendations as the first step towards economic recovery. A series of austerity measures in public spending and subsidy policy has been introduced. With the help of the World Bank, a recovery plan, the Economic and Financial Recovery Plan, which reflects the discipline and objectiveness of the conclusions reached in collaboration with the IMF, has been drawn up for the years 1985 to 1988, and all donors have been asked to fit their aid into it. It is a bold challenge which the Government has decided to take up, and it will need careful coordination to make it work. The Minister of Economy and Finance, Mohammed Salem Ould Lekhal, who is also National Authorizing Officer of the EDF, is determined to follow what he calls a policy based on means (politique des moyens) and not a policy based on needs (politique des besoins).

The formulation and adoption of this plan reflects the quest for realism and dialogue which are now the base of the Government's approach. It is hoped that this dialogue with Mauritania's friends will lead to aid which is both realisable and effective.

The future

The Recovery Plan is a courageous step. It is too early to say how much of it will be achieved. But we might hope that the Lomé III doctrine of concentrated effort will give the maximum chance of success to that part of the Plan's realisation to which the Community will contribute. ○ J.M.

EEC-ANDEAN PACT RELATIONS
On the threshold of a Cooperation Agreement

In previous issues of The Courier, the relations of the EEC with various regional groupings around the world outside the ACP Group have been touched upon, and the series continues now with a look at EEC-Andean Pact relations.

Latin America, before the accession of Spain and Portugal, was not an area with strong historic links with the Community, yet for more than 15 years the EEC has been weaving a web of relationships, cooperating in development, economic and commercial affairs, with Latin American countries, among them, the countries of the Andean Pact.

The Andean Pact was created in 1969 and comprises five countries — Bolivia, Colombia, Ecuador, Peru and Venezuela. It represents a novel and ambitious form of sub-regional integration within the framework of the looser Latin American Free Trade Area (comprising the whole continent). The Pact countries signed the Cartagena Agreement which foresees not merely the liberalization of trade but a real economic union forged by joint industrial planning and the harmonization of economic policies. In its institutional form, the Pact resembles—more than faintly—the EEC. There is a Commission — roughly equivalent to the EEC's Council of Ministers— and a Junta, which applies the decisions of the Commission and which has its seat in Lima, Peru. The Junta, headed by a Coordinator, is similar to the EEC Commission in its tasks and nature. In addition, as in the EEC, the Pact has its own judicial tribunal, Parliament, Consultative Committee and Economic and Social Consultative Committee. The EEC has cooperated with the Andean Pact since its inception in 1969, but it was on 17 December 1983, with the signing of a Cooperation Agreement, that hopes for even broader and more effective cooperation between the two groupings rose. Only one country, Ecuador, needs now to ratify the agreement before it comes into force. That ratification is expected at any moment.

The Andean Pact Junta meet the Head of the EEC Delegation in Caracas, Mr Boselli (left). He is shaking the hand of the Junta Coordinator, Sr Echeverria. On either side of the Coordinator are his colleagues, Sr Salazar (centre) and Sr Guillermo (right)

The economic background

The Andean Pact countries are large-scale suppliers to the EEC of a certain number of products, notably oil, bananas, coffee, tin and other non-ferrous metals. Their exports to the EEC, while representing only 1.5% of EEC imports, are only in second place to their exports to the USA and stand at the level of 17%. Venezuela is the largest exporter to the EEC (mostly oil) followed, in descending order, by Colombia, Peru, Ecuador and Bolivia. The Pact countries' imports from the EEC are composed mainly of machinery, transport equipment, chemicals and other manufactured goods.

Since 1971, the Community has applied the Generalised System of Preferences to the Andean Pact Countries but several Pact Member States, notably Peru, Colombia and Venezuela, do not make use of the system up to even half of its potential.

In spite of this, the Andean Pact countries have, for the last five years, notched up surpluses in their trade with the EEC, the positive balance rising from $US 1.019bn in 1980 to $1.785bn in 1984.

Andean Pact Trade Balance with the EEC
(in Mio US dollars)

1980	1079
1981	768
1982	291
1983	2158
1984	1785

Development cooperation

The development aspect of EEC cooperation with Andean Pact countries has been without doubt the most important hitherto. Since 1979, the Member States and the Andean Pact Junta (the regional body) have received over ECU 200 m in financial and technical assistance, food aid, emergency aid, and various other forms of assistance, including EEC aid to NGOs working on the spot. The Junta received a substantial amount,

Table 1: EEC–Andean Pact trade

Source: Eurostat. (mio US dollars)

	1980	1981	1982	1983	1984
Imports					
Total Andean Pact	5 077	5 229	4 584	4 882	4 914
of which					
Bolivia	231	182	136	173	162
Colombia	1 477	1 215	1 188	1 144	1 161
Ecuador	253	176	169	128	153
Peru	734	375	685	595	656
Venezuela	2 382	3 083	2 406	2 842	2 782
Exports					
Total Andean Pact	4 058	4 461	4 293	2 724	3 129
of which					
Bolivia	117	211	69	51	94
Colombia	781	730	672	699	716
Ecuador	419	401	424	329	348
Peru	581	941	632	468	394
Venezuela	2 160	2 178	2 496	1 177	1 577

Table 2
EEC aid to Andean Pact countries 1979-1985 (mio ECU)

	1979	1980	1981	1982	1983	1984	1985
Colombia	0.87	1.12	0.72	0.84	0.86	5.39	7.08
Peru	3.68	5.36	5.63	6.94	18.15	5.36	5.52
Venezuela	0.07	0.07	0.09	–	0.02	–	0.09
Ecuador	3.70	1.67	4.47	3.61	5.13	0.88	10.29
Bolivia	3.55	0.74	0.33	3.87	21.23	34.81	16.38
JUNAC	0.30	2.35	5.34	0.94	6.06	7.60	7.00
Total	12.17	11.31	16.58	16.20	51.45	54.04	46.36

Note 1: The sums for each country include financial and technical assistance, food aid at world prices, emergency aid, trade promotion, training and EEC aid administered via NGOs.

Note 2: JUNAC is the Junta of the Cartagena Agreement, the Andean Pact coordinating and administering body.

largely in the form of financial and technical assistance, and aid for trade promotion and energy cooperation.

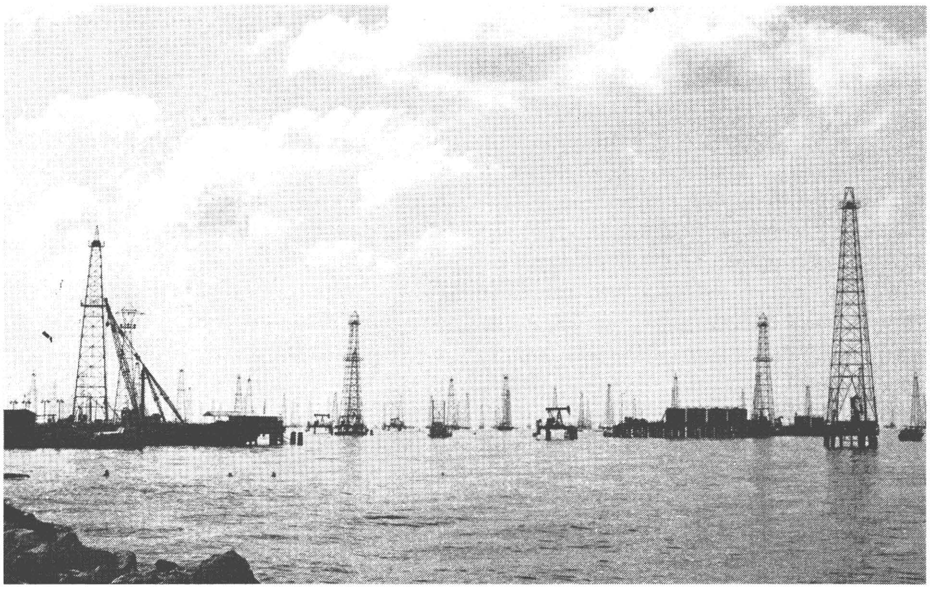
Development cooperation has thus been carried on for some time, and under the new Cooperation Agreement it is expected to continue, at the same time placing this cooperation in an institutional framework which will be better placed to analyse and examine individual Member States' programmes as well as joint or regional programmes.

The 1983 Cooperation Agreement

The agreement signed on 17 December 1983 is a framework, non-preferential agreement renewable automatically after five years, and it has three major aspects: economic, commercial and development cooperation. Development cooperation has already been touched upon: although financially the most significant element of cooperation, it will not be fundamentally affected by the new Agreement.

Economic cooperation

Economic cooperation is seen as an area of considerable potential. EEC direct private investment in Andean Pact countries is only 6%-8% of the average of EEC investment in other Latin American countries. Plainly, there is much to be done in this area, in research, information and promotional activities aimed at the relevant



Vivant Univers

Oil exploration in Lake Macaraibo. Venezuela is the largest Andean Pact exporter to the EEC and most of its exports are crude oil

Signing the Cooperation Agreement on 17 December 1983 at Cartagena in Colombia 'economic operators' in order to facilitate joint ventures, technology transfer, licensing agreements and other forms of industrial cooperation, particularly in the mining and energy sectors.

Commercial cooperation

It has already been noted that some Andean Pact states do not take even 50% advantage of the GSP preferences to which they are entitled currently.

The Agreement should be used to promote the expansion and diversification of commerce by reciprocally improving market access, expanding access to the GSP system and by intensifying trade promotion measures. However, experts caution against too much expectation being placed on this since being in many cases, the markets are already structured by other forms of agreement—GATT, product agreements, and so on,—or offer products of which the EEC has an excess, both in agriculture or in industrial products like steel and textiles.

Projects

Although the Cooperation Agreement, at the time of writing, has not come into force, the Commission has, in agreement with the Andean Pact Junta, already started to take some practical steps in the area of economic cooperation. To this end, it financed a series of seminars on Andean Pact regulations for foreign investors in Milan, Paris, London and Frankfurt between 29 April and 10 May 1985. And a conference for industrial undertakings from both groupings, specializing in agro-industry, is scheduled to be held in Caracas from 10-12 September 1986. Over 200 participants from the two sides are expected to attend.

Until the accession of the two Iberian components of the EEC, it cannot be said that the Community had strong historic ties with Andean Pact countries. Yet, in keeping with its objective of promoting global peace and stability, and in harmony with its own vocation as a regional grouping, the Community has developed, over more than 15 years, its relations with the Andean Pact countries to a point where, with the ratification of the Cooperation Agreement, a new and positive chapter of the Community's external relations will begin. o T.G.

IRELA
A bridge in time

Nearly half a millennium after Columbus set out from Europe, Latin Americans and Europeans are building a bridge of understanding between the two continents.

The name of this bridge is IRELA, the Institute for European-Latin American Relations which was set up through the efforts of European and Latin American scholars, officials and journalists, and is run on a grant (of ECU 350 000 for 1985) from the EEC.

In essence, the argument for setting up the Institute is a simple one. Latin America and Europe are growing increasingly ignorant of each other in a world dominated by information, and the first step towards a remedy is the creation and dissemination of information. The Institute was set up, in its own words, "to foster and strengthen European-Latin American relations on a practical interregional level, in order to contribute to the process of consensus building between the two regions. IRELA aspires to become a linkage institution for an intensified dialogue between Western Europe and Latin America".

The way in which IRELA hopes to promote this linkage is as follows: it plans to organize conferences, seminars and colloquia for European and Latin American officials, diplomats, journalists, politicians, businessmen, trades unionists and academics on various aspects of European-Latin American relations. It plans to collect, systematize and organize all relevant information relating to the links between the two regions. It will furnish advice to official institutions in both Western Europe and Latin America. And, finally, it plans to promote, coordinate and pursue specific research on relations between the two regions.

IRELA is private, independent and non-profit making, and its International Council contains names which have often been in the news—political or artistic: Carlos Fuentes, the Mexican novelist, Graham Greene, the English novelist, Adolfo Suarez, former Spanish Prime Minister, Piet Dankert, former President of the European Parliament and Claude Cheysson, Commissioner for North-South Relations are among the names on the list.

The work of the Institute is not intended to be wholly political—with so many eminent men of letters on the Council, there is bound to be a strong cultural dimension as well, but industrialists and bankers will not be forgotten. In an international atmosphere where debt. recession and political turmoil are still very current themes, there is much work for the Institute to do.

And Columbus? With the 500th anniversary of his voyage due in 1992. IRELA expects confidently to be involved in the planning of that commemoration.

The temporary address of IRELA in Europe is:

IRELA — Pedro de Valdivia 10
Apdo 2600
E-28006 Madrid
España

Fresh data on firms in Benin

— A SOEC-INSAE (1) experiment —

Statistical services in many of the countries of Africa have a source of information on the modern industrial sector in the statistical and tax declarations that firms listed with the Tax Office have to fill out each year.

This full, standard set of information on each of the firms in Benin is in the form of a set of 19 tables (TSPCN, tables summarizing the national accounting plan) covering all data on the structure, management, production, overheads, assets etc. of the firm during any given tax year. The firms have four months in which to fill out the tables and forward them to the Tax Office, which automatically sends a copy to INSAE.

Since 1982, INSAE has received TSPCN for about 400 firms (300 in 1982 and 400 in 1983) in April and it has to process them as quickly as possible. The usual procedure is to process the data manually—which both loses time and involves the risk of error.

The time this takes, plus the fact that the TSPCN usually arrive piecemeal and late at INSAE, is one of the basic reasons for the delays in producing the national accounts and setting up the statistical machinery needed to devise policies for the various sectors as laid down in the aims of Lomé III.

INSAE has decided to remedy this and the SOEC has suggested a simple, unambitious but efficient and rapid solution—micro-processing the data, a method which is flexible and will motivate the national managers.

The proposed procedure has three main features:

— It uses Multiplan, which is simple, universal and well-documented software. This avoids being dependent on a programmer and makes it easier to train the users.

— It uses the microprocessor as a super calculator, keeping the logic of manual processing with the operator still in visual and logical command of the operations. The operator is an active user.

— Lastly, TSPCN data must be keyed in as they arrive in INSAE, as processing is continuous and provisional results are possible.

This avoids some major bottlenecks. The manager in charge of processing has an ever-ready reception structure to handle the data. All he has to do is enter them and follow the logical continuation of the operations. Data are treated on a continuous basis and accounts can be completed as soon as the last details arrive.

The software was tested with real data recently when an INSAE staff member (a statistician but not a computer programmer) produced and printed out a file of general information and a production count of the Buildings and Public Works department for 1983 in one afternoon. The test was run on different equipment from that used to produce the software. Software portability was achieved on a minimal basis (256 Kb active memory, a 5.25″ diskette drive and an operating system MS DOS).

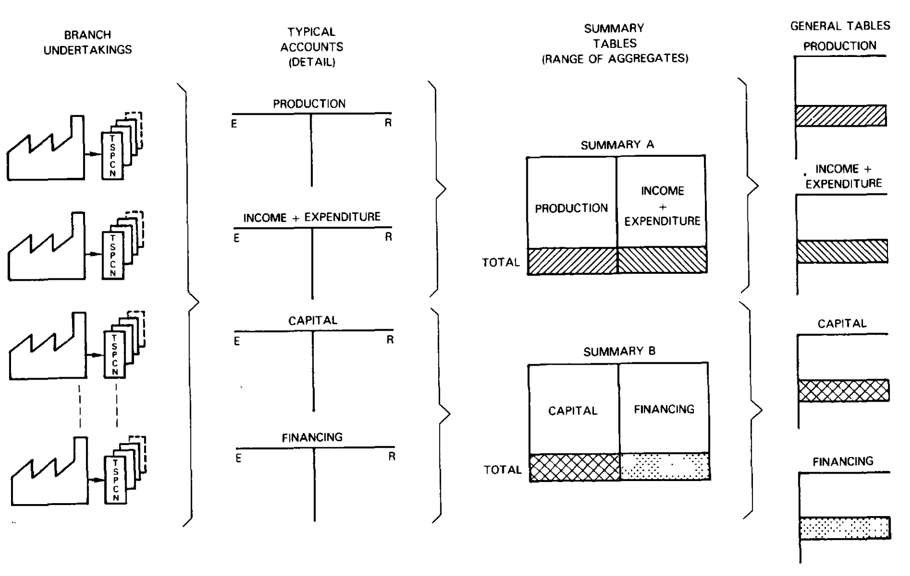
Machine availability apart, the process only takes a small amount of money to instal. In the case of the Benin operation, software development (standardization of tables and methods of calculation) took three man-months and they were spread over a year.

The software is quick to instal (it takes about a fortnight) and it is particularly easy to train people to use Multiplan. The total cost of the operation (equipment, expertise and training) is in the region of ECU 15 000.

Establishment of this inexpensive system can considerably reduce the delays in processing firms' data. It can speed up the publishing of national accounts and boost the development and introduction of the relevant sectoral policies.

The economic leaders in Benin, who displayed great interest when the test results were disseminated, can have the information they need to take reliable, efficient and pertinent decisions in a much shorter time. o

Diagrams of TSPCN processing. Branch operation applications



(1) Benin's National Statistical and Economic Analysis Institute.

ACP-EEC TRADE:

The Kiel Study

The development of trade has always held pride of place in ACP-EEC cooperation and the need to promote and diversify ACP trade in general, and with the Community in particular, has remained one of the first stated aims of all three Lomé Conventions.

The question of trade development—or more often the problem of trade development—has, of course, been a recurring theme of discussion and examination in ACP-EEC circles, not only during periods of negotiation, but throughout the decade of the Conventions' existence. This is not the first time, either, that The Courier has devoted its dossier to the subject: an analysis of EEC-ACP trade for the years 1972-77 featured in a 1978 issue. Now, however, a major report on the subject is being drawn up by an ACP-EEC working group, for submission to the ACP-EEC Council of Ministers, and one of the sources on which that group will no doubt draw heavily in their deliberations will be a study entitled "Effects and Prospects of EEC-ACP Trade and Trade Policy Relations".

It is this study, undertaken by the Institut für Weltwirtschaft at the University of Kiel and published in 1984, which, because of its fundamental interest, is reproduced here in an abridged form. The study is divided into two parts, the first devoted to factual analyses, the second exploring exogenous barriers to ACP export growth as well as both ACP and EEC policy-induced barriers to the growth and diversification of ACP exports. If the language of the dossier is rather more academic than is usually the case, we hope that the reader will forgive. The study, though commissioned by the Community, is, of course, an independent one, and the opinions expressed in it are those of its authors and not necessarily also those of the Commission.

I. Introduction

The present privileged trade relations between the former colonies in sub-Saharan Africa, the Caribbean and the Pacific archipelago (ACP countries) on the one hand and the European Community (EEC) on the other are based on a long tradition.

They superseded:
- reciprocal preferential trading arrangements negotiated between the founder states of the EEC and their former colonies, mainly the francophone sub-Saharan African countries in the two Yaoundé agreements of 1963 and 1969,
- an arrangement of the Yaoundé type with the three East African countries Kenya, Tanzania and Uganda, the so-called Arusha arrangement of 1969,
- the Commonwealth preferences conceded by the UK in favour of all member developing countries of the Commonwealth, and
- some other bilateral arrangements such as that between the EEC and the former Dutch colonies in the Caribbean.

The merger of these arrangements in the three so-called Lomé Conventions or ACP agreements of 1975, 1979, and 1984, meant not only a change in quantitative terms as the number of privileged countries is now larger, but it amounts also to a qualitative change. In contrast to the former agreements cited above, the developing countries no longer have to grant counter-concessions for imports from the EEC members. Furthermore, the scope of cooperation is much more far-reaching than before, comprising financial aid flows, technical assistance and export stabilization schemes (Stabex). Yet, an open market for the large majority of tariff items remains the core of concessions, though the associates themselves seem to have given a higher priority to aid flows in the recent Lomé III negotiations.

This shift in priorities may reflect disappointment on the meagre trade effects of tariff concessions. These disappointments form the background of this study, which provides evidence and reasons of barriers to success of these concessions.

II. Past trends in ACP Country Trade

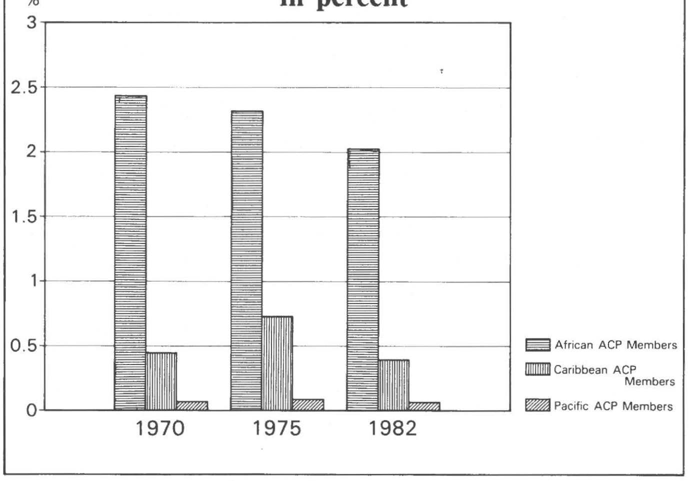
1. ACP Countries in world exports

a. Overall pattern

The ACP Group, though comprising a large and increasing number of countries, holds a very small share in world trade, as shown in Table 1. Between 1970 and 1982 this share fluctuated between 2.5% and 2.9% with a peak of 3.1% in 1975, mainly determined by Nigeria. If this country, which is the biggest oil producer and exporter in the ACP group, is excluded, it becomes obvious that the share of total exports of the remaining countries in world exports has been steadily receding. It went down from 2.5% in 1970 to 2.1% in 1975 and further to 1.6% in 1982. In 1970 about four-fifths of the total exports of ACP countries came from African members and it is their share which is primarily responsible for the decline in the total ACP share in world exports. African exports went down from 2.4% of world exports (1970) to 2% (1982) in spite of the fact that Nigeria was able to more than double its share during this period, accounting for more than two fifths of total exports from African members. Countries which mainly account for the decline in the African share are Ghana, Senegal, Sudan, Uganda, Zaïre and Zambia, but also Côte d'Ivoire and Kenya, the two often-cited African success stories. Gains in shares like those of Cameroon, Congo, Gabon, Guinea, Niger and Zimbabwe could not outweigh the losses.

The share of Caribbean members increased between 1970 and 1975 but then declined. The increase in 1975 was mainly because of the Bahamas whose share registered a tenfold growth. Since then it has declined considerably. The total exports of Pacific members amounts to less than 0.1% of total world exports. Among these countries Papua New Guinea was able to increase her share in 1975 but later lost momentum. More than half of the total exports of Pacific members come from Papua New Guinea. If these exports are excluded, the share of Pacific members has continuously declined from 1970 to 1982.

Table 1
Share of ACP Countries in World Exports in percent



b. Commodity concentration of ACP and world exports: a comparison

Exports of individual ACP countries are mostly concentrated in relatively few commodities. Pacific members appear to have, on average, a higher concentration of their exports on fewer goods than the African members and these higher than the Caribbean members. On the whole during 1970s there has hardly been any improvement in this respect in any of the three regions. The concentration has rather increased drastically in some of the countries (Congo, Gabon, Madagascar, Mali, Niger, Nigeria and Rwanda) during this period. A few exceptions are Liberia, Saint Lucia and Antigua and Barbuda which have been able to diversify their export structure in the past decade.

A high commodity concentration of exports must, however, not necessarily be harmful for a country. This is so, for example, if the concentration is in goods enjoying a high world demand. This holds for ACP oil exporters receiving a large income inflow during 1970s. The majority of the ACP countries was, however, not in such an envious position. A comparison of their export structure with that of world exports reveals a very high deviation indicating that the goods supplied by these countries do not represent the bulk of goods exchanged between the leading trading partners in the world. This is likely to have a negative impact on their prices and income in most cases. The deviation is on average higher in the case of Pacific member countries than in the African countries. In comparison to both these regions the average of deviation indices for Caribbean members is lower, although the inter-regional differences between the three regions are small. To put the level of deviation into perspective, one may compare the ACP countries with Ireland, which had the highest index (0.63) in the EEC. There is not a single ACP country which could reach this level in any of the selected years.

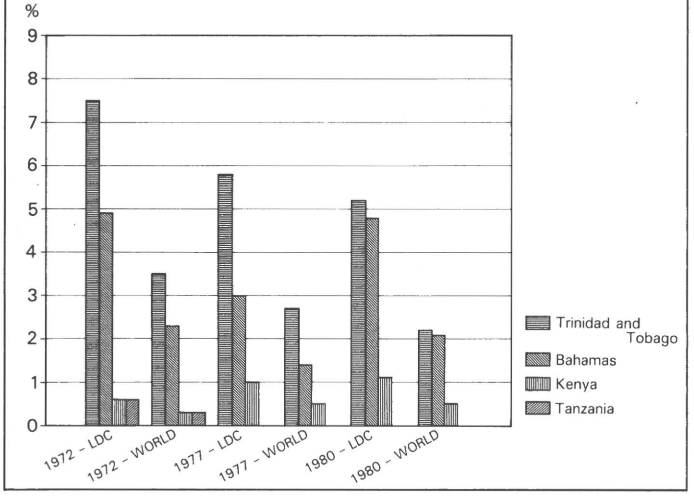
c. ACP performance in leading exports of LDCs

There are only three commodities, viz. cocoa, copper and inorganic chemicals in which ACP countries have leading positions in exports of LDCs (Table 2 (1)). In these items more than two fifths of total LDC exports come from these countries. However, during the seventies they lost some of their markets to other developing countries. Compared with 1970, their share of total LDC exports in 1980 has decreased in the case of cocoa from 77% to 64%, in copper from 57% to 40% and in inorganic chemicals from 58% to 50%. In cocoa, ACP countries are major world suppliers, meeting more than half of the world demand. There is no competition from developed countries. But in copper and

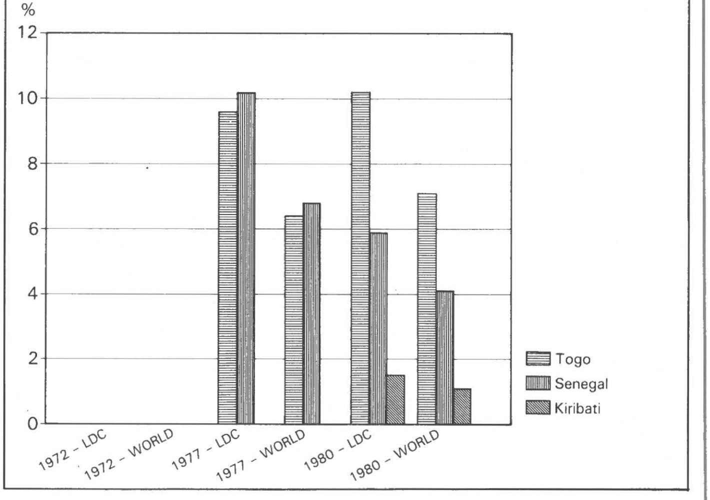
(1) An abridged version of the original table.

Table 2: ACP Country Shares in Leading Commodity Exports of Developing Countries and World Exports (1972, 1977 and 1980)

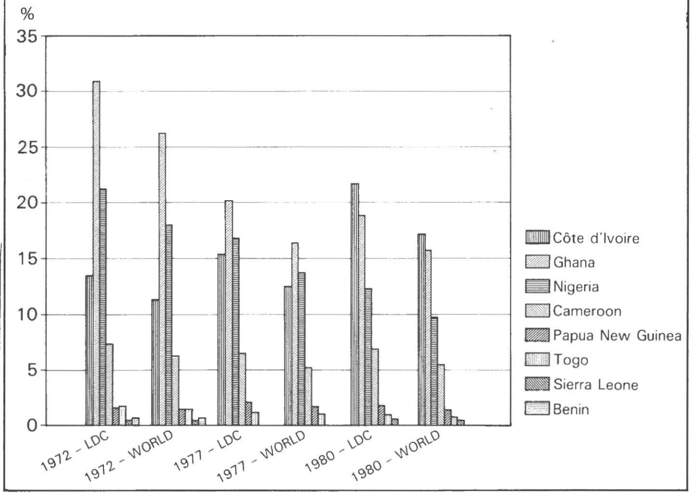
PETROLEUM PRODUCTS



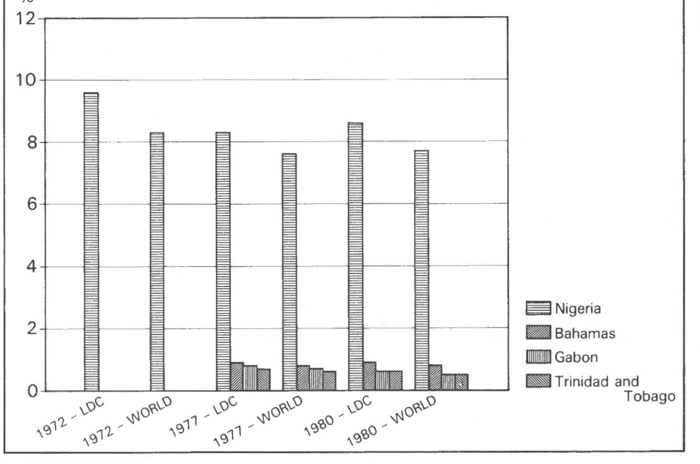
FERTILIZERS, CRUDE



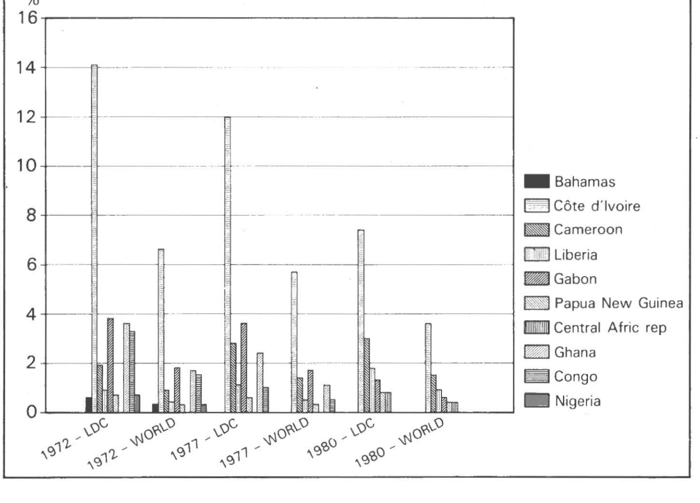
COCOA



PETROLEUM crude and partly refined for further refining (excluding natural gazoline)



WOOD, in the rough or roughly sqared



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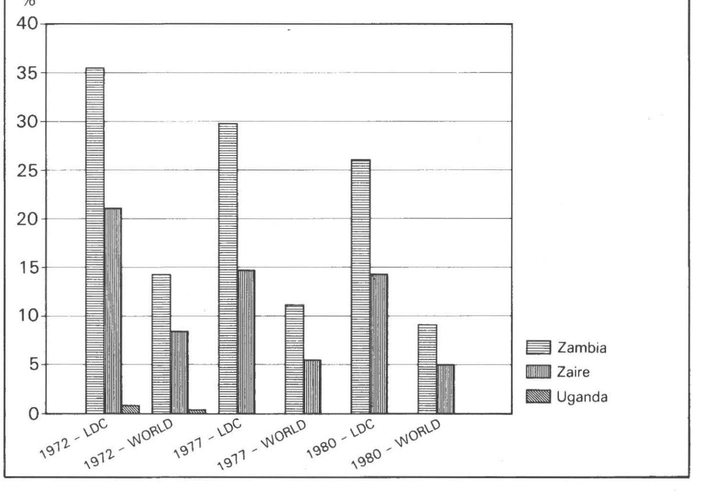


inorganic chemicals developed countries supply the major portions of world demand and some of the market shares lost by ACP countries have gone to them.

There are about a dozen commodities in which 20% to 40% of LDC exports originate or used to originate from ACP countries and as such are of a great importance for their balance of payments. These are coffee, tobacco, oil seeds, wood (rough), cotton, fertilisers, iron ore and concentrates, ores and concentrates of non-ferrous base metals, crude vegetable materials, fixed vegetable oils (soft), pearls and precious and semi-precious stones. In most of these commodities ACP countries have been losing shares in world exports as well as in LDC exports during the seventies. In some cases it was halved (wood, iron ore, crude vegetable materials) and some other reduced to one third (oil seeds) or one fourth (fixed vegetable oils). The two exceptions are tobacco and pearls including precious and semi-precious stones. In the latter, there has been only a minor change. But in the former, ACP countries have been able almost to double their share of LDC exports, although much of it may be due to the accession of Zimbabwe. Other goods worth mentioning are sugar and tea. The ACP share of sugar has gone down from 12% (1970) to 7% (1980) of total LDC exports and from 8% to 5% of world exports. World sugar market is heavily regulated with high price fluctuations determined mainly by developed countries' surpluses sold on world markets. The sugar-exporting ACP countries enjoy purchase guarantee of the EEC at guaranteed prices under the Sugar Protocol. In economic terms, this guarantee amounts to a product-tied income transfer to ACP countries without giving impulses to trade creation through price incentives and corresponding shifts from EEC domestic production to imports from ACP countries. In fact, ACP countries lost their share in spite of the Sugar Protocol.

The tea market is, however, a stronghold of developing countries and in this case ACP members have been able to increase their share by about two percentage points.

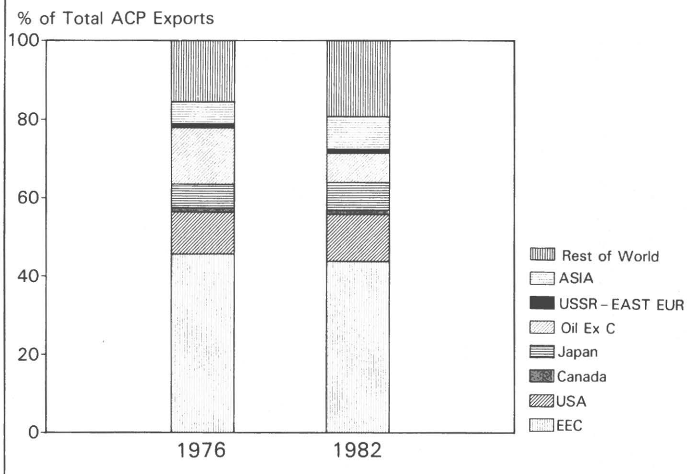
2. Regional trade pattern of ACP countries

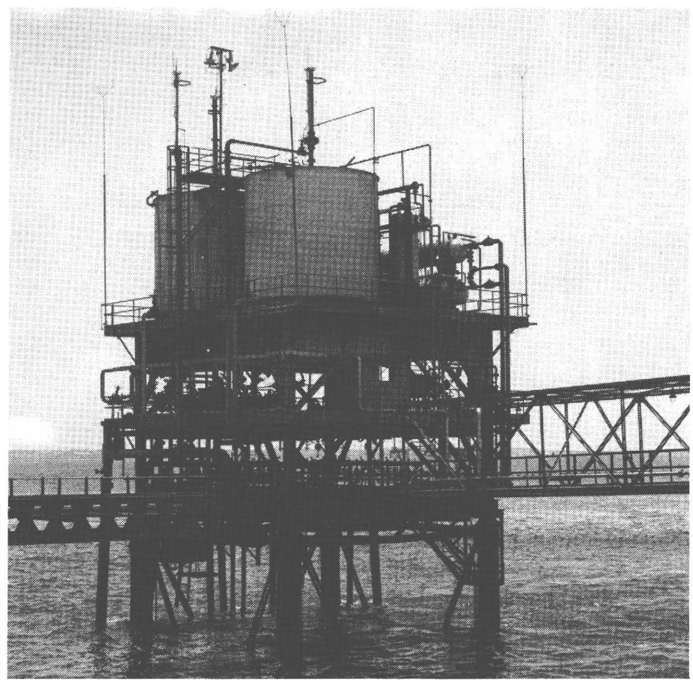
a. Exports

Table 3 indicates the direction of exports of twenty major ACP countries. The EEC is the most important export market for these countries, although its share in their exports has gone down from 41% in 1976 to 38.5% in 1982 in spite of the intensification and extension of institutional trade relations following Lomé I. However, as non-EEC OECD members have also granted concessions under the Generalized System of Preferences (for instance the USA since 1976) and the Commonwealth members among the ACP countries enjoyed Commonwealth preferences until 1978, the Lomé I agreement may not have essentially improved market accessibility for them compared with the market accessibility of other markets outside the EEC or an EEC sub-market.

The change was, however, not uniform among all the countries. In 12 countries EEC shares decreased and in eight countries they increased. Among the former, changes in Cameroon, Gabon, Liberia, Madagascar, Sudan and Zaïre were remarkable in the sense that the EEC lost more than 15 percentage points of their total exports. The sample of these countries reveals that mainly those ACP countries shifted exports to non-EEC destinations for whom the EEC had an overproportionate importance as an export market. In most of the above cases (Cameroon, Gabon, Liberia, Zaïre) more exports were directed to the USA. In Sudan and Madagascar, however, almost the entire shifting of trade was accounted for by the OPEC countries. The increases in EEC shares of ACP exports are more pronounced in Mauritius, Suriname and Trinidad, and it may be comforting to note that these changes also occurred mostly at the cost of US shares. Nonetheless, the total US share of ACP exports has increased.

Table 3
Direction of Major ACP Countries' Exports




Government of Trinidad

Trinidad oil: Trinidad, along with Mauritius and Suriname, increased the proportion of their exports going to the EEC

Most of the negative changes in EEC shares have occurred in African countries and positive ones in Pacific and Caribbean countries. This may indicate that transport costs or other trade resistance factors are losing some of their importance.

b. Imports

The direction of imports of the 20 major ACP countries is shown in Table 4. Here also it is apparent that the EEC is the main trading partner for these countries, supplying more than two-fifths of their total import demand. The EEC share in their total imports has, however, gone down from 45.6% (1976) to 43.7% (1982). More remarkable is that this decline was spread over all the importing countries except Ethiopia, Suriname and Trinidad. Traditionally Ethiopia and Trinidad had non-EEC sources for covering their import demand so that the recent development in favour of EEC suppliers started from a rather low level. Another group of countries which lost ground in the major ACP markets is OPEC. Its share suffered a major setback falling from 14.5% (1976) to 7.4% (1982). Most of it occurred in the case of Ethiopia, Mauritius, Tanzania and Trinidad. They have been able to reduce their oil imports from OPEC members as a result of their declining demand and/or increased supply from domestic and other sources.

Excluding the EEC share, imports of the major ACP countries are more evenly distributed among the different regions than their exports. The USA absorb about one third of ACP exports occupying the place of second biggest market for them. But in the case of imports, the USA supply only about one tenth of ACP demand. The American share has, however, increased by 1.3 percentage points between 1976 and 1982. The highest growth is registered by imports from the Asian countries which include such good export performers as Hong Kong, Japan, Singapore, South Korea and Taiwan.

On the whole it may be concluded that EEC performance in both imports and exports of major African partner countries has been poorer than in other associated countries, though this hypothesis needs a more detailed examination for a final confirmation.

c. Intra-ACP trade

Intra-ACP exports of 52 reporting ACP countries increased from US$ 1.3 billion in 1976 to US$ 1.8 billion in 1982; but the share of these exports in their total exports remained almost constant at a rather low level of a little more than 4% (Table 5).

At country level, however, there have been some changes in intra-ACP trade. Its shares increased in 25 countries but were outweighed by the decreases in the remaining 27 reporting countries. More noteworthy is that intra-ACP trade constitutes more than one fifth of the total exports of Barbados, Grenada, Gambia, Mali, Niger, Burkina Faso, Senegal, Zimbabwe, Kenya and Djibouti. This list includes three major exporters (Senegal, Zimbabwe and Kenya) accounting for more than one fourth of the total exports of

Table 4: Share of EEC and Other Regions in Imports of Major ACP Markets, 1976 and 1982

Country	Exporting Area															
	EEC		USA		Canada		Japan		Oil Exporting Countries		USSR, Eastern Europe		Asia		Rest of World	
	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982	1976	1982
Cameroon	68.5	56.4	7.4	5.1	0.6	1.5	5.9	4.2	0.4	0.2	1.5	0.7	4.4	15.0	11.3	16.9
Congo	79.4	69.7	4.5	8.0	1.0	2.9	1.9	2.7	0.6	—	0.3	0.2	1.9	2.8	10.4	13.7
Ethiopia	29.8	42.1	19.5	6.9	1.8	1.9	14.3	9.1	14.8	1.0	1.8	21.5	7.5	6.2	10.5	11.3
Gabon	77.5	65.7	7.1	15.6	0.5	0.3	2.6	6.4	—	—	0.2	0.1	1.6	1.7	10.5	10.2
Ghana	43.7	39.3	15.7	18.8	2.4	1.3	5.1	3.7	12.4	13.1	1.7	4.4	4.8	1.6	14.2	17.8
Côte d'Ivoire	62.1	51.1	5.4	5.4	0.6	0.2	5.6	4.1	11.3	18.5	1.4	0.6	1.0	5.1	12.6	15.0
Jamaica	16.7	12.5	37.0	36.7	5.6	4.5	0.8	1.8	15.8	11.4	0.4	0.2	1.1	22.5	31.8	
Kenya	38.6	36.1	4.8	6.2	1.0	1.3	11.2	7.1	25.2	32.0	0.7	0.4	6.5	7.0	12.0	9.9
Liberia	43.0	21.4	5.1	4.6	0.2	0.2	0.7	1.6	2.9	2.9	0.4	0.1	11.2	30.0	36.5	39.2
Madagascar	47.3	42.2	1.9	5.4	0.3	0.4	3.4	5.2	34.8	29.0	0.3	1.3	8.8	11.0	3.2	5.5
Mauritius	39.2	33.1	2.9	4.1	0.4	0.3	9.0	4.4	8.6	0.3	—	0.5	23.0	21.0	16.9	36.3
Nigeria	58.3	56.0	12.1	10.9	0.5	0.4	9.0	10.1	0.1	0.1	1.3	1.1	4.8	6.4	13.9	15.0
Papua New Guinea	5.1	5.0	3.4	6.8	—	1.9	16.7	13.0	1.2	—	0.2	—	18.4	17.3	55.0	66.0
Senegal	60.9	58.3	6.3	3.1	0.3	1.0	0.3	1.4	13.4	13.5	0.2	0.6	4.6	8.3	14.0	13.8
Sudan	46.9	38.5	10.6	15.3	0.3	0.7	6.3	4.4	11.4	14.8	2.8	1.3	9.6	10.2	12.1	14.8
Suriname	48.3	58.0	7.9	9.9	—	—	7.9	13.0	12.6	—	4.6	—	9.9	4.9	8.8	14.2
Tanzania	47.2	43.5	5.5	4.7	2.0	11.7	10.4	13.5	3.7	0.6	1.4	12.9	9.2	6.6	25.0	
Trinidad	6.8	16.9	12.2	31.1	1.5	4.1	2.0	7.4	71.0	24.1	0	0.2	0.4	1.3	6.1	14.9
Zaïre	54.9	52.1	11.8	9.2	1.9	1.8	3.9	5.2	3.0	—	0.2	0.1	3.6	2.9	20.7	28.7
Zambia	48.4	36.0	8.2	9.2	5.1	0.7	3.4	6.8	12.9	13.9	0.3	0.8	6.0	4.7	15.7	27.9
Total	45.6	43.7	10.6	11.9	1.1	1.2	6.1	7.0	14.5	7.4	0.9	1.1	5.4	8.3	15.8	19.4

Source: IMF.

Table 5: Intra-ACP Trade and Share of Intra-ACP Trade in ACP Countries' Total Exports, 1976 and 1982

	Intra-ACP trade		Share in total exports	
	1976	1982	1976	1982
	Mill. US $		per cent	
Bahamas	0.10	1.80	0.00	0.12
Barbados	16.28	58.48	18.84	23.24
Belize	1.78	9.05	4.19	10.68
Burkina Faso	11.26	22.86	21.21	28.54
Grenada	0.40	3.77	3.15	22.57
Guyana	39.32	51.84	14.64	13.36
Jamaica	43.70	102.10	7.18	11.89
St. Vincent	0.00	1.53	0.00	7.97
Suriname	13.86	1.73	5.04	0.47
Trinidad	11.80	80.90	0.53	2.69
Benin	6.09	5.17	16.07	15.39
Burundi	0.78	4.99	1.24	5.70
Cameroon	57.30	67.40	11.18	3.92
Cape Verde	0.20	0.50	13.33	17.86
Central African Republic	2.03	1.13	3.47	1.07
Chad	1.52	16.86	1.10	16.61
Congo	3.99	4.62	2.20	0.50
Djibouti	0.60	11.70	1.99	46.25
Equatorial Guinea	0.01	0.20	0.08	0.78
Ethiopia	26.99	0.00	9.61	0.00
Gabon	145.60	37.50	12.82	1.93
Gambia	1.70	6.86	4.84	20.66
Ghana	13.80	7.50	1.67	0.81
Guinea	10.69	27.17	4.99	6.61
Guinea Bissau	0.63	0.72	11.89	7.20
Côte d'Ivoire	144.50	272.70	8.80	11.17
Kenya	240.80	247.10	30.36	21.97
Liberia	4.90	9.40	1.07	0.78
Madagascar	3.57	3.54	1.28	0.82
Malawi	12.01	27.50	7.23	11.84
Mali	19.67	11.30	23.28	12.18
Mauritania	7.64	2.32	3.91	0.90
Mauritius	2.53	3.98	0.95	1.09
Niger	34.83	70.68	26.07	23.05
Nigeria	210.00	261.00	1.95	1.75
Rwanda	1.56	6.52	1.90	7.91
Senegal	60.38	119.56	12.32	24.78
Seychelles	0.20	0.20	2.60	0.59
Sierra Leone	1.01	1.41	0.99	0.83
Somalia	1.24	1.11	1.31	0.78
Sudan	0.60	0.50	0.11	0.09
Tanzania	47.40	28.00	9.63	5.85
Togo	6.95	27.24	6.66	12.82
Uganda	9.99	6.37	2.77	1.72
Zaïre	5.90	9.40	0.73	0.55
Zambia	25.70	16.00	2.46	1.82
Zimbabwe	31.10	116.00	22.97	10.98
Fiji	12.44	30.47	9.10	10.74
Papua New Guinea	2.10	0.50	0.35	0.07
Solomon Islands	0.17	1.10	0.66	1.85
Vanuatu	0.02	0.02	0.12	0.13
Western Samoa	0.03	0.12	0.44	0.94
Total	1297.67	1800.42	4.33	4.28

Source: IMF.

ACP reporting countries in 1982. However, in five out of the above 11 countries ACP shares moved upwards and in four downwards showing that changes were more or less equally distributed and no conclusions can be drawn with regard to any definite trend.

Four of the above countries with an upward move of their intra-ACP exports participated in one or other regional integration scheme (Barbados in CARICOM, Senegal in WAEC, Gambia and Burkina Faso in ECOWAS) whereas only two of the countries with declining shares had such a participation (Mali and Niger in WAEC). Therefore an attempt was made to examine whether intra-trade of the various regional integration schemes registered any significant growth in intra-ACP trade. In all the cases the contribution of regional integration schemes to intra-ACP trade has improved. Maximum growth took place in the Mano River Union, but its intra-ACP trade in the base year was too small to allow any far-reaching conclusion. Next to it in terms of growth are the Caribbean Community and the Central African Customs and Economic Union. The share of the former in intra-ACP trade in 1982 rose by 37% compared with 1976 and that of the latter by 33% during the same period. The biggest of the regional integration schemes among the ACP members is constituted by the Economic Community of West African States (ECOWAS) consisting of 16 countries. In 1982 it accounted for more than two fifths of the total intra-ACP trade after an increase of 17% between 1976 and 1982. The francophone West African Economic Community (WAEC) is the third largest integration organization having six members, which form a core group within ECOWAS. Its share of intra-ACP trade increased by 12% in 1982 compared with 1976 and accounted for about 17% of total intra-ACP trade in 1982.

In total, if the East African Community which has already collapsed, is taken out of consideration, about 58% of intra-ACP trade takes place within the individual communities. Thus, regional integration does appear to have made its contribution to intra-ACP trade when measured by this share. However, a word of caution is in order here in so far as these regional organizations are still very young and their internal relations have been far from being free from distributional conflicts. Further this analysis is based on a comparison of two years and some accidental factors may bias the above conclusions. It is for example by no means evident that trade flows within the schemes are integration-induced, i.e. influenced by tax harmonization or internal trade liberalization. A ranking of top 24 ACP countries according to their shares in intra-ACP imports of 1976 and 1982 showed that occurrence of erratic changes in their regional pattern of trade cannot be ruled out. Bahamas and Tanzania who occupied in 1976 first and fourth places, respectively, had no ranking at all among the first 24 most important ACP import markets in 1982. It seems noteworthy that Côte d'Ivoire instead of Nigeria proved to be the main absorber of ACP products though Nigeria's absorptive capacity rapidly increased during the seventies. There are two possible explanations for this. First, in 1982 Nigeria already suffered from severe balance of payments problems and consequently restricted imports drastically. This may have affected imports from ACP countries as well. Second, the integration level within francophone West Africa is much more advanced than between anglophone and fran cophone West African countries, so that Côte d'Ivoire as the fastest growing country in the WAEC absorbs increasing amounts of imports from her neighbours.

3. Structural pattern of ACP exports to the EEC

ACP countries supply only about one twentieth of total non-oil demand of EEC satisfied through imports from outside the Community. Their share of these EEC imports even declined from 6.2% in 1975 to 4.5% in 1982 (Table 6). The downward trend persists also when non-oil imports of EEC from third countries are subdivided into three major groups: total imports from developing countries, agricultural imports, semi-manufactures as well as manufactures. The maximum reduction took place in the last category of goods where they lost one third of their original share. The lowest rate of change was in the case of agricultural goods. Here the ACP countries still supply a little more than one fourth of EEC imports from all developing countries.

These conclusions hold for individual national markets in the EEC. The only exceptions are agricultural imports in West Germany, Belgium-Luxembourg and Italy, where ACP shares of total imports from all developing countries have increased. The increase was lowest in West Germany and highest in Italy.

The United Kingdom used to be the most important market for ACP countries absorbing about 29% of their total exports in 1976. This share had gone down to 22% in 1982. This change was almost equally distributed on agricultural and manufactured goods. Now in this context the first place is occupied by France importing one fourth of the total ACP exports. The French market has however been more receptive for their manufactured products than for agricultural goods. As compared to their former metropolises, ACP countries have been able to export more to the remaining EEC members. Consequently the shares of West Germany, Belgium-Luxembourg and Italy have risen in ACP exports to the EEC. In the case of semi-manufactures and manufactures, West Germany has overtaken the United Kingdom absorbing about one fifth of these exports of ACP countries into the EEC in 1982.

One per cent growth of GDP in the United Kingdom leads to less than ½% growth of its imports from the ACP countries. Theoretically speaking it is possible that demand for imports supplied by these countries is very inelastic in the UK. But the income elasticities for imports of both agricultural goods and manufactures from the Latin American countries are more than twice as high as for the ACP countries, although the former do not enjoy the trade preferences granted to the latter on account of their association agreement with the European Community. This suggests that the reasons for a slower growth of exports of the ACP members have to be looked for mostly on the supply side. It is true that the growth of imports from ACP countries during 1976 and 1982 has been slowest in the UK, amounting to only 5% per year. But if the British domestic import demand was slack, exports of Latin America would not have risen by as much as 14% during this period. A similar pattern can be observed for the European Community as a whole as well as for the other individual members, though here differences between the growth rates of imports from Latin America and ACP members are not as high as in the UK. Two exceptions are Belgium-Luxembourg and Italy where the growth of agricultural imports from ACP countries has been higher than that of agricultural imports from Latin American countries. In both of these cases however

Table 6: Changes in Market Shares and Regional Concentration of ACP Exports to the EEC and Selected EEC Member Countries, 1975 and 1982

	EEC		West Germany		France		UK		Belg./Lux.		Italy	
	1975	1982	1975	1982	1975	1982	1975	1982	1975	1982	1975	1982
Import Market Shares												
Share of ACP countries in												
– total extra-EEC non-oil imports	6.2	4.5	3.8	2.9	9.8	7.3	6.8	4.1	9.1	7.4	6.2	4.5
– total EEC non-oil imports from developing countries	25.6	19.1	15.6	12.8	34.6	27.6	31.2	19.0	36.6	29.2	24.8	17.0
– EEC agricultural imports from developing countries	29.1	26.9	19.4	20.0	40.0	33.5	42.7	40.5	13.1	15.0	19.1	25.2
– EEC imports from developing countries in semi-manufactures and manufactures	18.6	12.7	11.4	8.5	28.1	22.0	17.4	8.2	30.3	23.0	22.9	13.2
Regional Concentration of ACP Exports to the EEC												
Share of individual EEC member countries in												
– ACP total non-oil exports to the Community	100	100	16.5	18.3	24.5	24.9	28.9	21.7	9.8	11.6	11.4	11.8
– ACP agricultural exports to the Community	100	100	15.9	19.1	25.6	23.6	36.4	29.2	1.8	2.7	7.6	9.6
– ACP exports of semi-manufactures and manufactures to the Community	100	100	18.9	19.4	26.9	27.9	21.3	15.5	12.8	14.8	13.6	13.6

Source: Eurostat.

the markets are very limited compared with those of the other members of the EEC. Moreover, in the case of manufactured imports the growth for Latin America has been higher than for ACP members even in these two countries.

On the whole, in competition with Latin America, ACP countries have been able to fare better on the West German market than in other EEC countries. The poorest performances are registered on the French and British markets during 1976 to 1982. It is possible that the erosion of some exclusive preferential margins enjoyed by the former colonies in their metropolitan countries after the introduction of EEC preferences and/or GSP is responsible for this phenomenon. Likewise one may hypothesize that the traditional ACP exports on their former metropolitan markets have approached saturation levels so that the growth of their imports is now determined by their (low) growth of population. Scope for growth, however, still exists on non-traditional markets such as the West German market, and this seems to have been done by ACP suppliers in the traditional branches.

4. Market accessibility for the ACP major exports in the EEC

At five-digit SITC level 56 products accounted for 87.8% of total ACP exports to the EEC in 1981. The same result is obtained also on the basis of CCT tariff items. The latter disaggregation is however more suitable for an assessment of market accessibility of ACP exports to the EEC as compared with those of competing suppliers from developed and other developing countries. Market accessibility in this case is broadly speaking a function of (1) the level of GATT-negotiated MFN tariffs, (2) the level of unilaterally imposed variable levies on products which are subject to the Common Agricultural Policy, (3) the changes of MFN tariffs due to the Tokyo Round negotiations and (4) the inclusion of the products in the Generalized System of Preferences (GSP).

Table 7, which provides information on these determinants, yields the following results:

First, in 1982 as in 1977, 56 tariff items accounted for 88% of total ACP exports. About 60% of this total in 1982 was not dutiable under MFN conditions. Thus, for more than the half the ACP exports which consists of agricultural and mineral primary commodities, ACP trade preferences cannot be conceded. It is interesting to note that this share increased rapidly between 1977 and 1982 because of rising oil prices. The share of crude oil in total exports was higher in 1982 than in 1977. In 1982 crude oil accounted for more than 40% of total ACP exports to the EEC. Hence, the ratio between dutiable and non-dutiable ACP exports is determined mainly by the world market price ratios between four products: oil and copper which are non-dutiable products and coffee and cocoa which are dutiable items. In 1977, when world market prices for coffee and cocoa reached their highest post-war levels and prices for crude oil were not as high as in 1982, coffee and cocoa accounted for higher shares in ACP exports and so did their dutiable exports in total. In short, the extent to which tariffs and hence tariff preferences can have an impact on total ACP exports is widely determined by external factors. Trade policies of both contracting parties of the ACP agreement have only a minor influence.

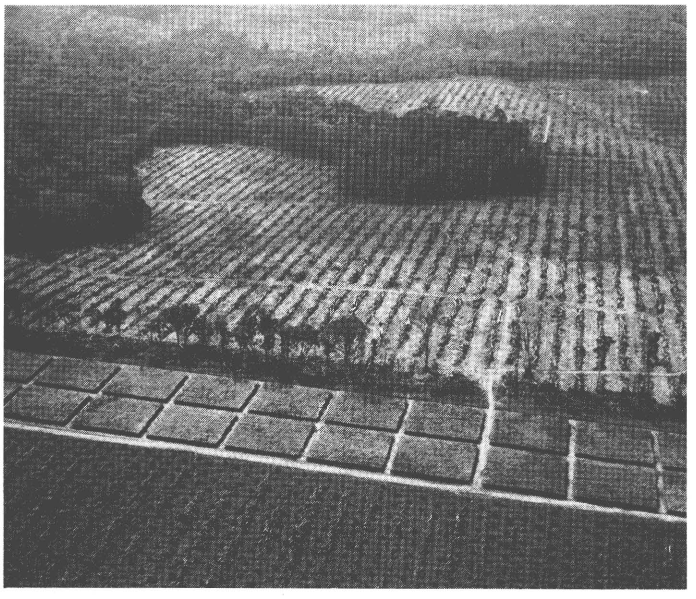
Second, among the dutiable items processed, agricultural products and textiles seem to be the core of non-traditional exports, though a clear-cut distinction between unprocessed and processed items on the one hand and traditional and non-traditional exports on the other hand is difficult to make. The share of dutiable processed products slightly increased between 1977 and 1982. However, what is more relevant is the preference margin enjoyed by these products. It emerges that this preference margin has been eroded to a large extent vis-à-vis the least developed countries outside the ACP group. The EEC has granted a full exemption from tariffs for products like fish, coffee, cocoa, coffee extracts and cocoa butter originating from the least developed countries. However, the adverse impact of this preference erosion on ACP exports is likely to be small because of a very low supplying capacity of the least developed countries. Coffee exports of Haiti, which in 1981 scored a share of 1% in total EEC coffee imports, seem to be the only exception worth mentioning.

Third, ACP trade preferences have been eroded further by the reduction in tariffs on imports from all GSP beneficiaries. The list of products affected comprises fish, shrimps, cloves, dried bananas, coffee extracts, cocoa paste (where tariff quotas exist for GSP beneficiaries) and especially palm oil. The last product which is interesting for ASEAN was included in the GSP in order to compensate

Table 7(1): Major EEC Imports from ACP Countries in 1977 and 1982 and Tariff Treatment before and after the Tokyo Round

(1) Abridged.

Dutiable Products	Percentage of total EEC imports from ACP		EEC Pre-Tokyo Round	EEC Post-Tokyo Round	GSP-rate 1982
	1977	1982	MFN-tariff-rate	MFN-tariff-rate	
Coffe, unroasted	16.1	7.8	7.0	5.0	0
Cocoa, beans	8.2	5.8	5.4	3.0	0
Iron ore	2.4	2.9	0	0	0
Crude petroleum	25.8	41.5	0	0	0
Wood in the rough	3.8	2.8	0	0	0
Unwrought copper	7.0	5.0	0	0	0



EEC

Oil palm plantation in Côte d'Ivoire

ACP trade preferences for palm oil have been eroded by reduced tariffs on imports from all GSP beneficiaries

countries like Malaysia and Singapore for expiring Commonwealth preferences after the UK entry into the EEC.

Fourth, within the range of manufactures the GSP product coverage is almost complete and this includes ACP exportables such as plywood and veneer, cotton fabrics and clothing.

Again, South-East Asian countries are the most competitive suppliers. However, rigid tariff quotas and strict surveillance regulations for products with tariff ceilings have been introduced in order to protect both domestic producers (textiles) as well as ACP exports (plywood, veneer).

Fifth, the least important erosion of ACP preferences appears to have occurred as a result of mutual tariff cuts in the Tokyo Round of trade negotiations, because the majority of tariff reductions were in manufactures which are exported by developed countries rather than by developing countries. Yet, two agricultural items (coffee and cocoa), which are of major relevance for the ACP exporters, also fall in this category. However, changes in prices of these commodities affect the final consumer prices in the EEC only to a lesser extent because they are processed in the EEC. Price changes at the later processing stages may outweigh changes in prices of raw commodities. Domestic excise duties are much higher than the tariff and products originating from ACP and non-ACP countries (coffee, tea) are often blended with imports from other countries thus reducing their substitutability. On the whole, there is up to now little evidence that the erosion of ACP preference margins for raw coffee and raw cocoa by about 2 percentage points has caused any trade diversion, which means that it has not resulted in shifting import demand from ACP to non-ACP suppliers.

To summarize the overall preference margins of ACP countries, it seems that the EEC maintained them mainly by strictly limiting the tariff quotas and ceilings for non-ACP developing countries rather than by keeping the tariff margins constant.

This leads us to an evaluation of specific (ACP) preferences versus general (GSP) preferences. In this respect it is necessary to compare actual ACP exports in dutiable items receiving a complete preferential treatment with preference-receiving exports of non-ACP beneficiaries under the GSP regime. In 1981 duty-free imports of industrial products (including textiles) originating from non-ACP and Mediterranean countries under the GSP were more than five times as high as the corresponding duty-free imports from ACP countries. This ratio is in the opposite direction in the three agricultural categories, where the MFN rates have mostly been reduced only partly (not fully exempted) by the GSP so that ACP countries still enjoy positive preference margins. In the industrial categories such preference margins have been fully eroded. What is more important is that the preference-receiving exports of non-ACP developing countries accounted only for about 38% of the total exports of these countries in GSP-covered items. It means that dutiable exports from Latin America and Asia worth about ECU 13.3 billion were charged the full MFN rates before entering the EEC market though formally they were eligible for GSP treatment. Tariff quotas, ceilings and restrictive rules of origin prevented them from receiving actual preferential treatment and thus helped maintain a sizeable part of ACP preferences.

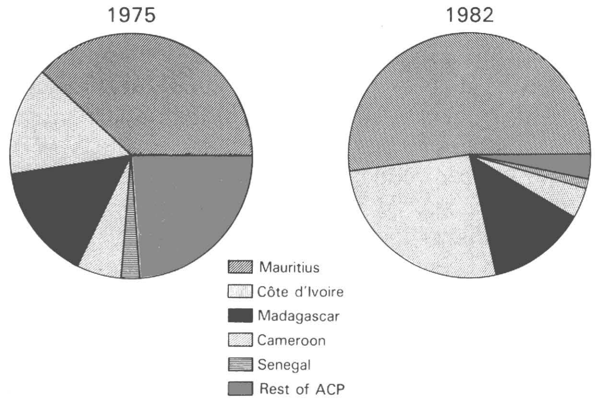
Noteworthy also is the diverging pattern of specialization in the non-traditional export supply of ACP countries and other developing countries. Whereas in the former case processed agricultural goods eligible for the GSP accounted for 60% of exports, in the latter case such exports amounted to only 18%. Hence, there is not much trade overlap between the two kinds of suppliers in general. They are rather complementary trade partners and compromise between GSP and ACP preferences should be feasible for them.

5. ACP non-traditional textile exports to the EEC: more room for hope than for fear?

There are several reasons why ACP non-traditional textile exports to the EEC provoke both hopes and fears in respect of their future growth. First, there is room for hope since ACP export growth rates at the end of the seventies and the beginning of the eighties were much higher in this sector than in other sectors. They were even higher than those of the rest of developing countries. However, the ACP share in total developing countries' textile exports to the Community remained small (1.5% in 1975 and 1.8% in 1982, Table 8).

Second, there is room for fear since textiles (including clothing) represent the nucleus of EEC protectionism against third country producers of manufactures. Strong domestic protectionist forces in all the EEC member countries keep a close watch on the growth of import penetration of their domestic markets regardless of who penetrates their markets, which have been growing slowly. Since the origin of imports does not matter for loss of jobs, this surveillance is also effective against those developing countries

Table 8
Share of Individual ACP Countries in Total ACP Textile and Footwear Exports to the EEC



which are not contracting parties to the Multifibre Agreement because of their special trade relations with the EEC. Mediterranean countries and the ACP Group in particular are such special trade partners of the EEC whose textile exports are under permanent surveillance both in order to prevent the circumvention of the multifibre quotas via indirect imports through ACP countries and to keep endogenous export-oriented textile production in ACP countries under control.

The first target is achieved by means of restrictive rules of origin, the second one by facultative ceilings ("ACP ligne") and not by obligatory quotas. The latter serve as a first warning, even before the start of any consultations, not to invest excessively in sensitive textile items to be exported to the Community.

Third, there is room for further fear because ex-ante ceilings in the very few items where ACP countries proved to be relatively competitive can provoke uncertainties and can thus have a discouraging effect on export-oriented investments in other sectors.

In detail, export-oriented textile processing is concentrated in a few ACP countries, viz. Mauritius (clothing), Côte d'Ivoire (fabrics) and Madagascar. In 1975, the three countries accounted for 68% of the total ACP non-traditional textile exports to the Community (Table 8). By 1982 they accounted for even 92% as Mauritius and Côte d'Ivoire were able during this period to raise their shares from 38% to 52% and from 14% to 26%, respectively. Compared to the rest of developing countries, especially to the MFA countries, in 1981 Mauritius held but the fifteenth rank among the third-country suppliers in its export domain, that is knitwear, and the thirty-seventh rank in other clothing products.

However, even this comparatively minor threat to domestic jobs in the EEC textile industry from the ACP exports did not deter the Community from introducing national safeguards against individual ACP exporters in the late seventies (knitwear exports of Mauritius to the UK, for instance). Later on the Community went further by establishing a similar network of intra-EEC member country ceilings on overall ACP exports as it was fixed for each MFA signatory country in "hyper-sensitive" items on a quota basis. At Community level ceilings were exceeded by the actual exports only in cotton yarn. In the case of pullovers, which includes knitwear from Mauritius, the ceiling was almost fully utilized. The fact that synthetic fibres ceilings were fixed though ACP countries did not export under this category is a strong evidence for the prophylactic nature of the "ACP ligne" and for the prevailing uncertainty with regard to the potential competitiveness of ACP suppliers. Utilization rates for the EEC are, however, averages with considerable differences between the performances in individual EEC countries. Since it is at national level where restrictive measures are introduced first, the differences of utilization rates deserve attention. It seems that a country like Italy, which primarily imports intermediate goods and processes them further domestically, is less inclined to introduce restrictive measures once a ceiling has been exceeded than countries like France or the UK whose imports from ACP countries (and other developing countries) are concentrated on finished goods. Further, the differences in utilization rates between EEC members provide a strong incentive to import via those member countries which have not yet exhausted their shares. Theoretically, in a customs union which allows free circulation of goods internally there is no sense in having quotas for individual members. Such quotas imposed on a relatively small exporter like the ACP group, mirror a serious setback in the internal integration process of the Community. The relative small size of the ACP Group as an exporter of "hypersensitive" goods is evident from the share of ceilings in MFA negotiated quotas. In 1982, these ceilings did not exceed 10% of the MFA quotas and amounted to 4% on average.

The latest on the Multifibre Agreement (Ed.)

The present Multifibre Agreement (MFA), which regulates the sale of textile products from developing to industrialized countries, expires on 31 July 1986. As far as the European Community is concerned, it is hoped that the Agreement will not only be extended, but made more flexible, and it is in this spirit that the Community's representatives have approached the negotiations for a new Agreement which have been taking place in Geneva in the framework of GATT (General Agreement on Trade and Tariffs). The Community hopes that, eventually, a gradual and balanced liberalization of the textiles and clothing trade can be achieved, and therefore aims to slow down European imports of textile products, so as to give a breathing-space to its own, troubled, textile sector, enabling it to modernize and regain its competitivity, without, however, neglecting the interests of developing countries seeking to become industrialized.

The Community is proposing the following measures:
- *to renew the MFA for a period of 4-5 years, with as the final objective a return to free trade;*
- *to extend the cover of categories of products foreseen in the present MFA;*
- *to calculate the quantity limits on the basis of 1986 levels;*
- *to foresee an overall reduction of 25% in the total number of quotas imposed on suppliers, in so far as concerns poorly used quotas;*
- *to make the annual increases granted for imports as well as the provisions regarding flexibility for imports of textiles and clothing depend on the wealth and relative importance of the supplier country, which would mean harsher treatment for dominant countries such as Hong Kong, Taiwan and South Korea;*
- *to make certain clauses more flexible, such as that concerning automatic transfer in the case of regional quotas.*

Alongside this, the Community seeks a commitment on the part of all participating countries (exporters) to bring to the textile trade a contribution, in relation to their level of development and their economic situation, in the form of an opening of their markets and of the creation the bases of fairer competition.

III. Exogenous barriers to ACP export growth

1. Drought and desertification

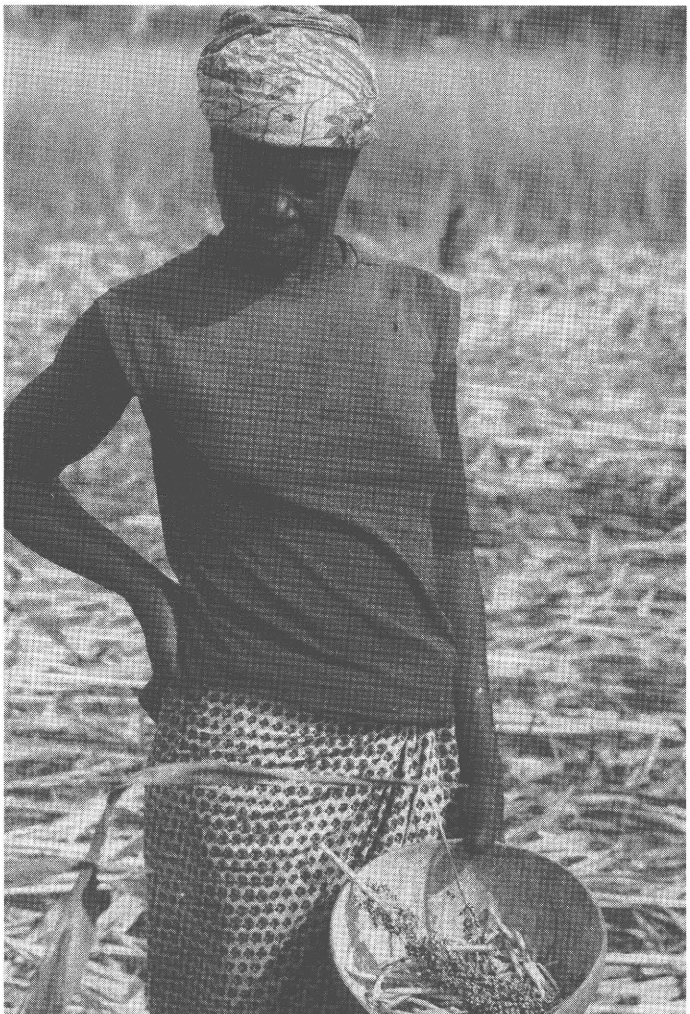
Sahelian as well as some ACP countries south of the Congo basin have suffered and are currently suffering severely again from a succession of drought years. The ecologically very fragile and vulnerable character of these arid areas and the extreme variability of Sahelian rainfalls make it rather difficult to detect a "normal" pattern and hence a long-term trend of climatic conditions. Nonetheless, it cannot be denied that the droughts have at least reinforced—if not partly caused—long-term tendencies of food production shortages and changing human fertility habits.

This pattern has been relatively uniform with only a few exceptions such as the recovery of food production in Niger. The actual situation might have been even worse because within the category of arable land some areas have deteriorated to fallow land after shifting cultivation.

The reasons for such a serious development are manifold. They encompass, apart from natural shocks, internal policy failures resulting in distorted urban-rural terms of trade to the detriment of rural production, inappropriate incentives to give up nomadism, or traditional habits such as extensive livestock production, which does not react to market signals. Furthermore, drought effects have been exacerbated by factors such as changing economic habits (for example the reliance on food aid), water development projects facilitating the salinization and alkalinization of land, post-harvest food losses, and the lack of generally accepted property rights either on a collective or on a private level.

One of the principal consequences of natural shocks is labour migration. It is the mobile and relatively skilled part of labour which is leaving the arid areas and migrating to the climate belt south of the Sahel. Senegal and Côte d'Ivoire have been the most attractive destinations, with the result that the inherent tendency of inter-state migration during the harvest season in the tropical areas has been intensified. Whereas in 1974 only 60 000 non-Ivorian Africans worked in the formal Ivorian sector, this number increased to about 78 000 in 1979. It is rather evident that expatriate employment in the formal sector is only the tip of the iceberg since the majority of unskilled people migrating from desertificated areas is illegally employed or settled in the informal sector. The loss of embodied entrepreneurship, initiatives and stimulants in the Sahel countries due to the exodus is hence the most disturbing economic consequence of natural shocks. Furthermore, water scarcity will also have the impact of higher production costs and hence of deteriorating competitiveness compared to neighbouring countries which do not face such incremental costs. In the case of francophone Sahelian countries which are members of the Franc Zone, the adjustment to deteriorating competitiveness against southern neighbouring countries through currency depreciations is not possible. Thus, unless real wages are reduced, Sahelian countries will lose in relative competitiveness.

Droughts will also have repercussions on the contribution of both imported and local food to apparent domestic consumption. It is possible that due to rising shares of imported food (food aid or food bought at market terms) the attitude of the remaining population will change from a risk-bearing to a transfer-receiving conduct. Again, together with the loss of human capital because of migration and with impaired physical health conditions in the remaining labour force, export orientation towards non-traditional goods will depend on the inflow of foreign risk capital and entrepreneurship. Since such investments face high opportunity costs because of the poor environmental conditions, it is rather unlikely that the inflow of non-risk capital (aid) and the other options of the Lomé Conventions can compensate drought-affected countries for these environmental disadvantages.



FAO/Y. Muller

Drought: a Ghanaian woman despairs at her meagre crop of legumes and millet

To conclude, long-term worsening environmental conditions in some ACP countries suggest that they should focus on strategies which strengthen local individual entrepreneurial initiatives at every level. Without such initiatives further drought periods will have disastrous effects. By guaranteeing a minimum income level the EEC can diminish political fears about the exploitation of immobile and unskilled people by local entrepreneurs. Viewed against a situation of a general idleness of resources based on transfers from abroad, however, economic growth and inequalities through exploitation appear to be the less controversial alternative.

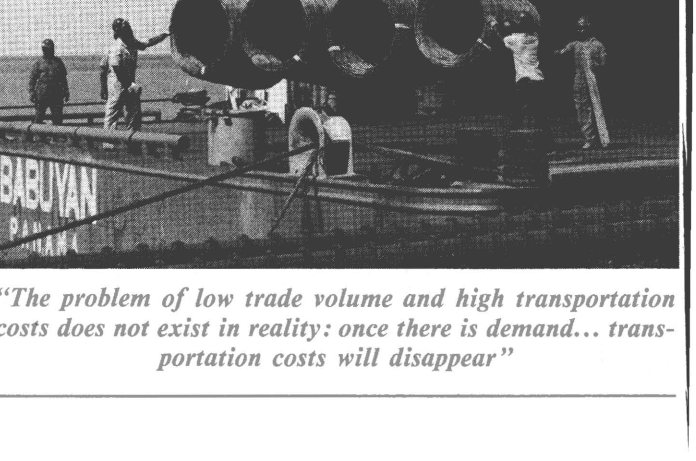
2. Plant and animal diseases

As with droughts, plant and animal diseases—besides their unquestioned character of a natural shock—cannot be separated from the social and economic environment in which they occur. The environment can contribute to exacerbating the spread of inherent diseases of export crop monocultures through the lack of established and generally accepted property rights. On the other hand, it may facilitate controlling pests effectively if property rights are clearly defined and if governments do not provide disincentives, for instance through excessive export tax or state interventions in private sales decisions to economically profitable plant production.

The fact that agriculture and livestock in African countries have been most susceptible to plant and animal diseases during the last two decades is illustrated by the plant disease outbreaks recorded by FAO and by the resurgence of trypanosomiasis in the seventies. At first glance it appears that export crops have been more frequently affected by plant diseases than local crops such as cassava, yams, millet or sorghum. This coincides with the observation that the genetic uniformity of new high-yield crop monocultures provide ecologically ideal environments for pathogens to evolve and to attack plants. With regard to the presence of tsetse flies and the resulting disease of trypanosomiasis, it is estimated that this disease hinders the use of some 10 million square kilometres for livestock or agricultural production. The payoff for increased investments in pest controls, disease research and tsetse eradication mainly depends on the additional income earned from the new "cleaned" areas under permenent cultivation. Here again the crucial role of government's influence on internal rural-urban terms of trade is very important. If additional income to be gained from employing resources in sectors other than the eradication of plant and animal diseases is higher, private investments in the latter sector will not be launched. Financing of public investments by internal and/or external non-risk capital will also be facilitated if price ratios are not distorted. Investments in maintenance of the quality and volume of export crop production are indispensable since export crops are, besides mineral raw materials, the most important source of traditional export earnings for most of the ACP countries. Further, they are needed for export diversification in the field of agricultural processing industries such as canned food or cotton manufacturing. Such attempts have been made successfully for instance in Côte d'Ivoire and Cameroon. However, it should be noted that they proved successful because of new high-yield varieties of the "green revolution" (bananas, coffee, cocoa, pineapples, etc.) which were both suitable for profitable processing and fitted into demand patterns of developed countries. But just these varieties are also vulnerable to diseases. Given this trade-off between profitability and vulnerability, external financial assistance to research, control and eradication of plant and animal diseases on a regional scale is necessary (i) to maintain the export basis of many ACP countries in terms of agricultural primary commodities, (ii) to promote export diversification strategies in agricultural processing and (iii) to stabilize the local livestock production. Yet, without the establishment of clearly defined property rights on land and its use, such an assistance will be less efficient. Thus, an incentive system through property rights must be introduced and controlled by the local governments.

3. Transportation costs of seaborne trade

Transportation costs are frequently assumed to be major barriers to ACP trade in general and to their exports in particular. While this is evident for landlocked ACP countries suffering from inadequate transportation facilities for surface trade, transportation costs for seaborne trade must not necessarily be higher for other ACP countries than for the remaining developing countries. The recent modernization of ACP countries' ports, together with technological innovations of roll-on/roll-off ships, container services, etc. should facilitate their participation in international trade if the volume of trade to and from these countries would allow for an economically viable utilization of available transportation capacity. The often-cited chicken-and-egg problem of low trade volume and high transportation costs does not exist in reality: once there is demand for goods



"The problem of low trade volume and high transportation costs does not exist in reality: once there is demand... transportation costs will disappear"

supplied by ACP countries, transportation barriers will disappear within a relatively short time. The rapid construction of modern port facilities in oil-exporting countries bears witness to this argument.

A discussion of the incidence of transportation costs on ACP exports in detail, faces conceptual as well as statistical problems. Costs are different according to products, transportation media, frequency of shipping, but not necessarily according to distance. A remoteness factor in seaborne trade can be outweighed by economies of scale induced by a large trade volume and subsequently by the utilization of a transportation technology which reduces costs per mile.

a. Cif/fob ratios as transportation cost proxies for ACP imports

With respect to ACP countries three statistical indicators are introduced in order to highlight the incidence of transportation costs. There is at first the cif/fob ratio of ACP countries' imports assessed by the IMF. To find some evidence for ACP exports implies the assumption that the same ratios hold for the export side. This is questionable since the structure of their imports differs from that of their exports. This has implications for their transportation costs. ACP countries import manufactures, which are general cargo in freight terms, and they export primary commodities, which are in form of liquid or dry bulk trade.

The former trade is influenced by liner conferences and other interventions and hence is more regulated and less competitive than bulk trade where outsiders can operate more easily. This could mean that transportation costs of ACP countries' imports are systematically higher than the costs of their exports.

The comparison between costs for landlocked ACP countries and their neighbouring sea-located transit countries indicates the importance of surface transportation costs. Imports for the CAR via Cameroon, for instance, imply the doubling of transportation costs compared to those of Cameroonian imports. CAR imports via Congo on the other hand reveal lower mark-ups on costs prevailing for Congolese imports which, however, are higher than the costs of the Cameroonian imports. Trans-shipment costs are obviously a source of freight rate increases, and trans-shipment by using railways, river transport and trucks is the rule rather than the exception in intra-ACP countries' transportation networks.

To summarize, the IMF ratios have systematic mistakes so that only a comparison of import freight rates between individual ACP countries may be justified. However, because of distinct differences in the composition of ACP imports and exports, no conclusion can be drawn with regard to absolute or relative (vis-à-vis non-ACP competitors) levels of transportation costs charged on ACP exports. Such conclusions necessitate the availability of import statistics on a cif and fob basis for countries importing goods from ACP countries. There are, however, only three countries publishing such data, viz. the US, Brazil and the Philippines. Being a minor importer of ACP products, the Philippines have been dropped from further calculations. Tables 9 and 10 therefore illustrate the ad valorem incidence of transportation costs of the two other countries' imports from ACP countries and their major competitors.

Table 9: Ad valorem Incidence of Transportation Costs of US Imports from ACP Countries and their Major Non-ACP Competitors, 1982

US Imports from	Product	Ad valorem Incidence	Share in US Imports	Competing Supplier	Ad valorem Incidence	Share in US Imports
Côte d'Ivoire	Cocoa beans	8.7	30.0	Brazil	9.9	20.8
Madagascar	Vanilla beans	2.3	69.8	Malaysia	0.7	7.0
Liberia	Rubber, milk	16.2	36.5	Malaysia	20.0	39.7
Sudan	Raw cotton	9.8	22.4	Egypt	5.1	46.4
Jamaica	Crude bauxite	12.4	44.6	Brazil	37.3	4.6
Mauritius	Wool sweaters, knit	7.0	5.6	Hong Kong	4.6	40.4

Source: US Department of Commerce.

Table 10: Ad valorem Incidence of Transportation Costs of Brazilian Imports from ACP Countries and their Major Non-ACP Competitors, 1981

Brazilian Imports from	Product	Ad valorem Incidence	Competing Supplier	Ad valorem Incidence
Nigeria	Crude oil	3.6	Saudi Arabia	6.4
	All products	3.7		
Liberia	Natural rubber	8.8	Singapore	14.5
	All products	8.8		
Zaire	Copper	4.4	Chile	4.4
	All products	4.4		

Source: Ministério de Fazenda, Comercio Exterior de Brazil.

b. Cif/fob ratios as transportation cost proxies for ACP exports

Given the structure of the ACP export supply, the items are nearly exclusively primary commodities. Two major findings emerge from the US data. First, generally freight costs have *not* been higher on imports originating from ACP countries compared to other origin countries. In the majority of cases they have been even lower. Second, the product structure of transportation costs charged on ACP-originating products is strongly correlated with the structure of US imports from non-ACP sources. These results are more surprising as non-ACP countries export mostly much larger volumes in specific items to the US than the ACP countries. In only a few goods (vanilla beans, cocoa beans, sisal, crude bauxite and gum arabic) did individual ACP countries occupy top ranks as a third country supplier on the US market. Thus, one could expect economies of scale in transportation to be more relevant as brakes to cost increases for non-ACP exporters than for ACP exporters. However, this does not seem to be the case.

In general ACP exporters of bulky goods do not seem to face serious transportation cost disadvantages on the American market against non-ACP suppliers. The prevailing structure of ACP exports does not allow for testing these conclusions for general cargo, viz. finished goods. The only case worth mentioning in Table 9 is of clothing exports from Mauritius to the US which face higher transportation costs than those from the leading exporting countries, viz. Hong Kong.

However, there is evidence that ACP non-traditional exports are charged higher transportation costs per unit because of the small volume which makes liner services unremunerative and hence exports through trans-shipment costly.

Similar conclusions emerge from the analysis of transportation costs for the few ACP originating items imported by Brazil (Table 10 (1)). The most important items, crude oil exported by Nigeria, copper exported by Zaïre and Zambia, natural rubber supplied by Liberia and crude aluminium exported by Ghana and Suriname, are not discriminated against competing exports from Saudi Arabia, Canada, Singapore, or Chile. In the case of crude oil and rubber the ACP countries are even better off. The reverse holds for small portions of ACP exports like cinnamon, graphite or seeds. Low-value products such as bauxite reveal higher freight cost components than processed goods (aluminium oxide). Since this holds for non-ACP exporters as well, domestic exploitation of commodities receives a natural rate of protection and may inhibit both ACP and non-ACP exports.

To conclude, bulk exports shipped from ACP countries to the US and Brazil seem to be subject to similar freight cost-induced mark-ups on export prices as they exist for exports from non-ACP sources. Instead of transportation costs in bulk seaborne trade, attention should be devoted to surface trade and its costs and to seaborne trade in general cargo. The rapid containerization of the latter trade will evidently reduce costs of trans-shipment where liner services are not economically viable and hence will be to the benefit of ACP exporters of small volumes of manufactures. However, the surface trade problem will continue to exist. Improving the road network by aid financing cannot promote trade unless other export disincentives which have their roots in the factor endowment and factor prices of landlocked countries are eliminated.

(1) Abridged version of original table.

4. Travel and communications costs

The national and international division of labour crucially depends on the media for communication, i.e. telephone, telex, other postal services, air and surface transportation networks. Though it is true that a fully developed communication network is not a strong prerequisite for economic market activities, it is likewise true that, without a minimum availability of infrastructure, natural barriers to market activities can become prohibitive. The result of prohibitive barriers to market activities is that traditional know-how which otherwise would face adjustment pressures resulting in productivity increases receives maintenance rents and impedes the development process.

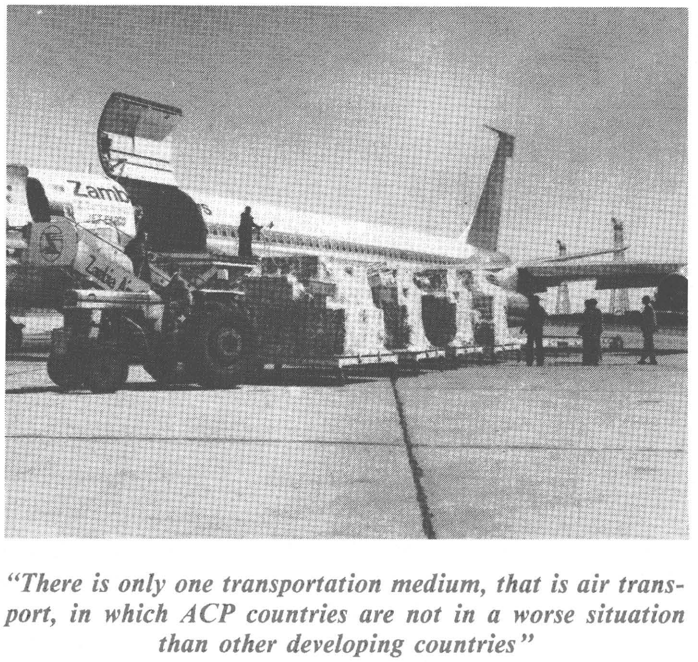
The experience of the development process throughout the world, has, however, taught that the chicken-and-egg view of poor economic performance and bad infrastructure is misleading. The development of infrastructure runs parallel to the growth process, and it is the alliance of economic subjects forecasting profits from entering new fields of division of labour which either builds up infrastructure networks itself or urges for governmental financing of infrastructure. It conforms to the economic rationale that the nature and direction of infrastructure is closely related to the needs of those who have been economically active. For instance, African railways were built either for military purposes by the colonial powers or in order to transport natural resources to the nearest port. Local needs dominated interregional targets. Since the financing of railway networks depends almost exclusively on foreign sources, the cost-benefit analyses are made by them in terms of their measurable profitability rather than in terms of social returns to "intangible" factors. Under these premises the denial by the World Bank to finance railways of regional dimensions such as the Tanzam-railway or the Chad trunk of the Transcamerounais or even local railway networks such as the Transgabonais whose private remunerativeness is doubtful, is logical. Private profitability has also ruled the establishment of unique transportation systems such as the trunk from the Congolese Ocean-railway to M'Binda, which is the terminal of the Gabonese cable-car system for transporting manganese ore.

The same holds for ports and the main roads. Both topography and climate pose considerable engineering costs whose pay-off depends on the prices of low-value and bulky primary products.

Likewise, the telecommunications network is based on colonial structures linking the ACP countries to their former metropolitan countries but not to each other. Further, different technical standards inherited from metropolitan countries impede links between ACP countries. They face additional problems and costs also because of unfavourable climate. The low population density and the enormous space dimensions impede efficient and regular postal services as well. The efforts to economize on funds by negotiating regional communications networks on a multilateral basis have proved to be of little success as shown by the failures of the East African Common Services and the Agence Transéquatoriale des Communications (Congo, CAR, Chad). Given the scarcity of public foreign funds, the overall stagnation of ACP countries' economic development on a very low level, and the high investment costs per capita for almost any transportation medium in ACP countries, there is no hope that the already overproportional share of transport and telecommunications in IDA lending to sub-Saharan Africa (about 30% compared to 17% for all developing countries) will be significantly increased. Nor can it be expected that private funds can be raised in such amounts which would in any way be enough to solve the problem.

There is only one transportation medium, that is air transport, in which ACP countries are not in a worse situation than other developing countries. The colonial heritage and natural disadvantages have not put barriers to the establishment of an air traffic network which is locally as well as regionally fairly well-developed given the income level of the countries concerned. It is this medium on which export diversification should be based. This holds because processed goods are more viable for air transport than bulky and low-value commodities because of their value-added content.

However, in spite of this relatively favourable situation ACP countries have to cope also with locational disadvantages in air transport. In 1980, the average passenger fares per km were higher for flights within Africa as well as between Africa and Europe than between Europe and Latin America or between Asia and Europe. Average rates for general cargo, however, hardly differed on a per km basis.



"There is only one transportation medium, that is air transport, in which ACP countries are not in a worse situation than other developing countries"

Since these data are recorded for scheduled flights, price differences may be larger for non-scheduled flights with special tariffs which are more often supplied in services between Europe and Asia than between Europe and Africa or within Africa. In other words, competition resulting in downward pressures on fares is more intensive on non-African flights.

In general, operating costs per passenger-km for routes within Africa exceeded those of world total routes by 45% (10 US cents compared to 6.9 US cents). Compared to the alternative destinations viz., Asia or Latin America, flights between Europe and Africa (including Middle East) are also more expensive. Differences in competition intensities are reflected in net revenues of flights which amount to 4% in Africa and to zero or less on other routes. Thus, it appears that profits are squeezed on competition-intensive routes such as Europe-Asia and Europe-Latin America rather than within Africa and between Africa and Europe where a much smaller number of airlines operates.

Upward deviations in costs are determined mainly by the relatively short distances in intra-African flights which influence the choice of aircraft in favour of smaller size with relatively high operating costs on km basis. Furthermore, prices of aircraft fuel are higher in Africa than elsewhere. On the other hand, neither exorbitant airport charges nor high idle capacities (vacant seats) can be observed in flights within Africa, whereas the latter factor explains one third of upward deviations in Europe-Africa flights. Here commercial and socio-economic conditions (costs of booking agencies and all passenger-related services such as catering, telecommunications, booking, reservation, etc.) emerge as the major source of higher operating costs.

To summarize, relative air transport disadvantages for travelling to and within Africa are modest. They are determined by both economic factors such as the obvious lack of competition between the carriers and natural determinants (length of flight stages). Such disadvantages are, however, easier to surmount than the heritage of a colonially-oriented network and the costs of unfavourable climate and topography. Given the situation of landlocked countries and the economies of scale of regionally integrated networks, regional cooperation aiming at the reduction of travel and communications costs seems to be indispensable. However, conflicts on voting rights in the multilateral administration of joint services and on the distribution of net gains have prevented some regional arrangements from operating over a longer period. On the other hand, success of cooperation in air transport by groups such as Air Afrique allow for more optimistic expectations in future.

5. Oil price shocks

Some of the ACP countries (Congo, Gabon, Nigeria, Trinidad and Tobago) belong to the category of oil-exporting countries. Their export earnings increased as a direct consequence of sudden increases in oil prices in the seventies. Nigeria, particularly, was able to raise its oil exports tremendously. The following observations on oil price shocks as an exogenous barrier to export growth are therefore confined to those ACP countries which are net importers of oil and had to face highly inflated import bills and rising costs of production as a result of increased oil prices.

The rise of oil prices had two major contrary effects on the exports of non-oil developing countries. On the one hand they were adversely affected through the resulting relapse of economic activity and hence of import demand for their goods in their main export markets of industrial countries. On the other hand, the demand for their goods and in some selected cases also for services in the oil-exporting countries increased due to rising exchange earnings of the OPEC countries.

In addition to these two major effects, exports of non-oil ACP countries may have been adversely affected by domestic inflation, the worsening of international competitiveness of their goods and the shortage of imported inputs resulting from the import restrictions introduced in these countries to face the balance-of-payments problem arising from higher oil prices. The non-oil developing countries tried to solve these problems on the supply side through various export promotion measures including devaluation of their currencies. A detailed analysis of these issues for many non-oil developing countries showed a considerable effect of oil price shock on domestic inflation, though it varied from year to year and from country to country. Their international competitiveness suffered in the case of mineral tar and crude chemicals but not elsewhere because in the competing countries, also, the relative prices were affected by the oil price shocks. In textiles, travel goods, clothing and footwear they were even able to improve their competitive positions. This could not be considered, however, as an effect of the oil price shock because the trend for this improvement had begun already before the massive increase of prices of oil in 1973. Nonetheless this is an indication of the fact that the import restrictions in developing countries were selective to avoid some of their negative effects on the export sector.

The oil price shock induced the developing countries to raise the priorities of exports promotion measures in order to pay the increased bill of imported oil. The success of these measures was marked more for Latin American and especially Asian developing countries than for African countries. Côte d'Ivoire and Congo constitute however exceptions. They were successful in raising their total exports as compared to many other African countries. This large majority of oil-importing countries adjusted to the oil price shock by reducing their imports through decrease in economic growth rates and through import substitution. This especially was true for low-income sub-Saharan countries, to a lesser extent for middle-income countries which could mobilize additional external savings.

To return to the effect of oil price shocks on exports in industrial countries, it is sure that the import demand of these countries decreased relatively more than that of the remaining world. How much the ACP countries were also affected by this demand shrinkage depended very much, among other things, on their market shares of these countries. The estimates for Côte d'Ivoire, Madagascar and Senegal alone amounted to a loss of US$ 829 m during 1974 and 1978. However, only about 27% of this loss can be attributed to the oil price shock which was about 18% of their estimated exports (trend values). The other African countries were not affected so much because of their low market shares in the industrial countries. Such detailed estimates for the period after the second oil price shock are

Table 11: Exports of major non-oil ACP countries to OPEC (1) members, 1970-1982

	1970			1976			1982		
	Total	OPEC	Per cent	Total	OPEC	Per cent	Total	OPEC	Per cent
	Mill. US$			Mill. US$			Mill. US$		
Cameroon	231	2	0.87	513	7	1.36	1721	6	0.35
Ethiopia	123	7	5.69	281	22	7.83	400	25	6.25
Ghana	458	1	0.22	829	6	0.72	929	4	0.43
Côte d'Ivoire	469	4	0.85	1642	21	1.28	2441	57	2.34
Jamaica	340	1	0.29	608	15	2.47	858	33	3.85
Kenya	305	4	1.31	793	8	1.01	1125	48	4.27
Liberia	236	—	—	457	—	—	1200	7	0.58
Madagascar	145	1	0.69	278	9	3.24	433	84	19.40
Mauritius	71	—	—	265	—	—	365	—	—
Papua New Guinea	105	—	—	594	1	0.17	727	1	0.14
Senegal	152	—	—	490	—	—	482	8	1.66
Sudan	298	8	2.68	544	22	3.97	583	171	29.33
Suriname	134	—	—	275	—	—	370	7	1.89
Tanzania	261	2	0.77	492	8	1.63	480	45	9.34
Zaïre	735	—	—	809	—	—	1713	—	—
Zambia	1001	2	0.20	1044	1	0.10	880	10	1.14
Total (ACP Sample)	5064	32	0.63	9924	120	1.21	14707	506	3.44
Total (all LDCs) (2)	36258	879	2.42	142454	8095	5.68	309216	24266	7.85

(1) Including Nigeria. (2) Excluding OPEC.
Source: IMF.

not available, but the shares of some of ACP countries (Côte d'Ivoire, Kenya, Sudan, Tanzania, Zambia) in total world exports in the years 1979 to 1981 do show that their exports suffered mainly due to depression in industrial countries which was caused to some extent by this oil price shock. During this period the protectionist tendencies in the developed countries gained further strength. The ACP countries have, however, not been affected by them as much as some other developing countries like South Korea, Taiwan, Singapore, India, Pakistan, Brazil, Argentina and Malaysia because they enjoy a more favourable preferential treatment for their goods in the EEC than the rest of developing countries. Moreover, most the goods exported by them were raw materials and therefore not subject to protectionist measures.

The positive side of the oil price shock was characterized by a massive increase in the import demand of oil exporting countries as a result of their increased export earnings. These earnings rose in the case of OPEC countries from US$ 25 billion in 1972 to US$ 140 billion in 1978 and by 1981 they again almost doubled due to oil price increases of 1979 and 1980. The total imports of the OPEC members rose from US$ 14 billion to about US$ 93 billion in 1978 and then to US$ 131 billion in 1981. Developing countries as a group were able to benefit from this demand expansion only proportionately in the sense that their share of OPEC imports remained at about 12% constant during 1972 and 1978. In the following two years however it increased to 17%. OPEC imports from developing countries amount to about one third of OPEC exports to these countries whereas for the industrial countries import/export ratio is around one half. The fundamental explanation for this is that a greater part of OPEC import demand and its expansion since the first oil price shock has been for industrial goods supplied mainly by the developed countries.

Total exports of major non-oil ACP countries to OPEC are given in Table 11. It shows that they were able to increase their exports to OPEC countries more than proportionately among the developing countries. The share of OPEC members in total exports of major non-oil ACP countries increased during 1970 and 1982 more than five-fold, whereas for the developing countries as a whole this ratio comes to a little more than three, although the supply structure of ACP countries was not much different from that of the rest of developing countries. Most of this success is attributable to Madagascar, Sudan and Tanzania. Their geographical proximity to some of the domestic markets of OPEC members seems to have been partly responsible for this success. This point should, however, not be overemphasized because the exports of ACP countries in the base year were comparatively very low. Further comparison of shares of ACP countries in total imports of OPEC with those of other developing countries, especially of some Asian ones, does not allow a very favourable comment.

To summarize, the net effect of decreasing import demand in industrial countries and increasing import demand in OPEC countries seems to have been negative for the majority of ACP net importers of oil. This result is almost exclusively determined by their export supply structure based on primary commodities.

IV. EEC trade policy-induced barriers to ACP export growth and export diversification

1. Product coverage in ACP trade preferences and preference redundancy

About 60% of total exports of ACP countries in the EEC was accounted for in 1982 by 20 primary commodities which are freely importable in the Community from all countries. Thus there is no preferential treatment of the imports of these goods from the associated countries in the EEC. ACP exports of an additional 37 items amounted to about 28% of total imports of the EEC from these countries. In these items the ACP imports enjoyed tariff preferences of varying degrees. A third group of ACP exports consisting almost solely of agricultural products constituted approximately 4% of these exports. In many of these products also the ACP exports were given preferential treatment within the Common Agricultural Policy (CAP) of the member countries (Table 12).

An important question which arises in this connection is whether the preferences granted to the imports from the ACP countries are necessary to promote their exports in the Community or whether they are redundant in this respect.

A rather simplified approach has been used here for analysing this question. It is assumed that the ACP exporters face competition on the Common Market only from the exports of the non-associated developing countries and that products are homogeneous (Law of One Price). As long as the import price of a product of ACP countries is lower than the import price of a non-ACP product, a preference margin in favour of the former is not necessary to promote its exports in the Common Market. If in spite of that a preference margin is introduced, the ACP import becomes still cheaper than the import from the non-associated developing countries and in this case the preference margin is considered to be positively redundant. That means that the actual preferential rate conceded to the ACP countries exceeds the rate which would be necessary to compete with

Table 12: ACP Agricultural Goods Having No or Less Than Full Preference in the EEC in 1982

Product	EEC Imports from ACP Countries in 1982, ECU 1000
Meat of bovine animals, frozen	15 952
Meat of swine	370
Manioc roots	2 818
Sweet oranges	1 103
Mandarins and other citrus hybrids	2 269
Apples	146
Strawberries	250
Maize	165
Rice, milled	844
Grain sorghum	2 897
Other starches	219
Sausages	339
Raw sugar for refining	526 742
Raw sugar not for refining	22 303
Molasses	43 302
Fruit prepared or preserved	560
Fruit mixtures prepared or preserved	261
Rum	44 725
Residues of cereals	22 054
Total	687 349

Source: Eurostat.

non-ACP suppliers. Quite contrary to this is the case where the ACP price is so high that even a tariff discrimination of non-ACP imports does not change the price relation between the ACP and non-ACP imports as much as to reduce it to unity or below unity. This is called here as negative preference redundancy. In other words, the preferential tariff is not effective because it is not high enough to enable the ACP exporter to become competitive in relation to other exporters in the donor market. The third possibility where a preferential tariff is not considered as redundant is constituted by those items in which it enables the ACP exporters to compensate for their price disadvantage and become competitive on the Common Market in comparison to exporters from other developing countries. Such cases are however less frequent. Out of 16 selected items only four items (vanilla, cocoa butter, canned pineapples and bovine meat prepared) in 1977 and only one (canned pineapples) in 1982 proved to have had zero preference redundancy. In some other products (palm oil, vanilla) exported by ACP countries in 1982, for instance, preferences helped to converge higher ACP prices and lower non-ACP prices to almost unity ratios. In these cases the imports from the ACP countries were dearer than those from the remaining developing countries before tariffs but preferential tariffs made the former cheaper or almost equal in price than those of non-ACP exporters. It is in these cases where preferential trading is supposed to be effective. In the other two cases where a positive or negative preference redundancy can be observed, either it is not at all needed for enabling the ACP exporters to become competitive with the exporters from other developing countries or it is ineffective because it is by far lower than the difference between the prices of the two competitors.

In both the years (1977 and 1982) for which the data on import prices and preferential tariffs were examined there were equal numbers of import goods having positive and negative preference redundancy available to ACP exporters in the EEC. Goods for which preferential tariffs were found positively redundant in 1977 as well as in 1982 were canned tuna, cocoa paste, aluminium oxide, goat skin leather and tropical hardwood. Here the ACP exports had a definite price advantage over the non-ACP exports from the Third World and even the removal of preferences would not have impaired their competitiveness. Goods where tariff preferences could by no means outweigh price disadvantages of ACP exporters in both of the years were prawns and shrimps, beans and cloves. In the first three products the ACP prices were sometimes twice as high as those of other developing countries. Without tariff increases imposed on non-ACP exporters such big price disadvantages could not have been compensated. The fact that in spite of the ineffectiveness of preferences in these cases ACP countries could nevertheless export to the EEC indicates that either additional quantitative regulations (tariff quotas) exist or that the products are not homogeneous.

ACP competitiveness measured in this sense is, however, not a function of preferential tariffs only. This is quite obvious in the cases of molluscs and tropical hardwood. In both of them the EEC preferential tariffs for ACP exporters remained constant between 1977 and 1982. But in the former case its position changed from a negative redundancy in 1977 to a positive redundancy in 1982 as a result of independent changes in the prices of ACP and non-ACP exports. Quite the contrary happened in the latter case. Tropical hardwood offered by the ACP suppliers in 1982 was more expensive than in 1977, whereas that supplied by the other developing countries became much cheaper during the same period. As a result the preferential tariff for the ACP exporters became ineffective. Whether one is worse than the other cannot be decided *ipso facto*. Nonetheless, both kinds of preference redundancy characterize a waste of resources, in so far as they are either not needed or fail to fulfill their function of promoting the exports of the beneficiaries.

Since ACP preferential margins which are mostly equal to GATT-negotiated tariffs remain usually constant over a period of many years, it is the relative prices of the ACP and non-ACP exporters and their changes which influence the ACP competitiveness on the Common Market. In order to improve it, therefore, attention has to be paid to those factors which have an impact on the price level of ACP exports such as availability and cost of inputs, production techniques, marketing, transportation, warehousing and the level of exchange rate vis-à-vis the competitors. Most of these fall in the domain of domestic economic policy of the ACP countries and are discussed in the following chapter. This should, however, not leave the impression that ACP exports are significantly more expensive than competing exports from other developing countries.

2. Erosion of preference margins

a. GSP-induced erosion

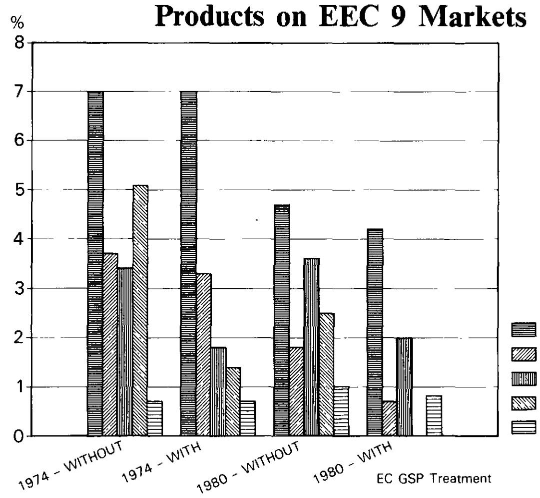
ACP countries frequently complain about the erosion of their special preferences resulting from the broader product coverage and tariff cuts in the Generalized System of Preferences (GSP) as well as from the implementation of MFN tariff cuts negotiated in the Tokyo Round. No doubt both these sources of preference erosion do exist. However, it is important to note that they are related more to the legal conditions of market access than to their effectiveness.

With regard to GSP, the main area of preference erosion lies in the realm of processed agricultural products which have been increasingly included in the list of GSP-eligible products. Whereas in 1971 only 145 items were granted GSP treatment, in 1983 there were as many as 338. Most of the increments in product coverage were achieved between 1975 and 1977 (296 items), which reflects the intention of the Community to compensate the seven Asian Commonwealth countries for the loss of Commonwealth preferences which expired by 1978 due to the accession of the UK. Parallel to the enlarged product coverage in processed agricultural items, GSP preferential tariffs were partly reduced so that the depth of tariff cut became larger.

Except for plywood and veneer, where tariff quotas in the GSP have been introduced in order to protect ACP trade interests, the manufacturing sector is a field where ACP preference margins have been dismantled not because of GSP improvements but because of the implementation of the GSP itself. However, neither anglophone ACP countries under the relatively liberal Commonwealth preferences on the UK market prior to 1975 nor the francophone Yaoundé associates under the reciprocal Yaoundé preferences on the EEC market could make effective use of preferences for manufactures. Therefore the GSP cannot be supposed to have contributed to the reduction of the share of ACP countries in EEC manufactured markets. In fact, the erosion issue centres on tropical agricultural products and their processing, and here the ACP countries compete mainly with the ASEAN countries. It is the ASEAN group to which improvements in agricultural product coverage of the GSP were granted, and it is this group which increased its agricultural exports of competing products during 1974 and 1980 to the Community by a higher rate than did the ACP group.

Thus the question of whether ACP preferential market access suffered from erosion of their tariff preferences can best be answered by calculating ACP preference margins vis-à-vis competing ASEAN suppliers and their changes before and after the first Lomé Convention. For this purpose the core group of ACP countries consisting of the Yaoundé associates were chosen as reference countries for ASEAN suppliers. Commonwealth preferences were not taken into account and the comparison was confined to the remaining eight EEC members. The results of weighted preference margins with and without GSP treatment in 1974 and 1980, respectively, denote the GSP-induced erosion of ACP preferences in the two reference years (Table 13).

Table 13
Weighted Average Preference Margins of ACP Agricultural Exports vis-à-vis Competing ASEAN Products on EEC 9 Markets



They show that in 1974 ACP preferences vis-à-vis Singapore in about 30 sample items would have amounted at most to 5.1% without the GSP but were diminished by 3.7 percentage points or 73% because of the GSP. Erosions emerged also vis-à-vis the Philippines by 1.6 percentage points or 47% of the MFN rate without GDP application. In the case of Malaysia the GSP effect was considerably smaller, and it did not exist in the cases of Indonesia and Thailand.

The 1980 figures reveal that during the second half of the seventies MFN rates decreased except in the cases of the Philippines and Thailand where MFN rates and hence hypothetical ACP preference margins slightly increased because of a changing export composition. On the whole the GSP has dismantled ACP preference margins. At most preferences were eroded fully (Singapore); at least by 0.5 percentage points or 11% of the MFN tariff (Indonesia).

b. GATT tariff cut-induced erosion

The change in average weighted preference margins between 1974 and 1980 is the combined effect of three factors: changes in MFN rates ("without GSP") due to the GATT negotiations, changes in GSP preferential tariffs and changes in weights (product composition effect). Disregarding the latter effect, which is relatively small, the contribution of the MFN tariff cut to the shrinkage of ACP preference margins is denoted by the tariff changes during 1974 and 1980 "without GSP" (Table 13). This effect has dominated the erosion of the ACP preferences vis-à-vis Indonesia and Malaysia and comprised such goods as tea, cocoa beans and coffee beans. As sources of erosion, the MFN cuts and the GSP improvement were balanced vis-à-vis Singapore, whereas for the Philippines GSP improvements were important solely vis-à-vis Thailand, whose agricultural exports depend mainly on tapioca. In this case the ACP countries did not suffer from preference erosion. Since exclusive MFN tariff cuts in the Tokyo Round were negotiated for a much smaller number of tropical items than

GSP preferences, one may be inclined to give the GSP concessions a higher weight as a source of erosion. However, such a view neglects that the three "classical" tropical products (tea, coffee and cocoa beans) which were excluded from the GSP but enjoyed MFN cuts are important export items for the ACP and have become sizeable items for ASEAN competitors. For example, Indonesia's coffee exports to the EEC amounted to 12% of the ACP export volume in 1980 compared to only 7% in 1974. Similar gains can be observed in the share of Malaysia's cocoa exports. However, as opposing trends can be observed for tea, it remains open whether the unquestioned erosion of ACP preferences had a negative incidence on ACP exports or not. Other supply-induced factors which became effective at the same time when preferences were dismantled may have been important as well. Neither unit value comparisons and their changes nor the performance of Yaoundé associates on the UK market after the end of Commonwealth preferences (1) provide convincing evidence for the conclusion that it was the erosion of preferences which worsened the competitive position of ACP countries on the EEC market compared to that of developing countries enjoying either MFN cuts or GSP preferences. The relatively low initial level of tariffs and the market imperfections may have suppressed an effective incidence of shrinking preference margins.

3. Origin rules and their impact on ACP exports

a. Implementation of origin rules

Origin rules are a complement to unequal treatment through regionally specified tariff quotas. Once an importing country starts dividing its trading partners into more privileged, less privileged and non-privileged ones, as measured by degrees of deviations from the MFN tariff, origin rules have to be introduced. Otherwise a trade deflection occurs which means imports from countries which have already exhausted their quotas via countries which have not exhausted their quotas or which enjoy open-ended market access. This would make special preferences ineffective and would open additional export outlets for advanced developing countries, thus putting domestic producers of the importing country under enhanced adjustment pressure.

The relevance of trade deflection is obvious in the case of ACP countries. They enjoy duty-free and open-ended market access for nearly all products in the EEC and are to a large extent unable to use it. On the other hand, advanced developing countries of Latin America and particularly of Asia can use the options of duty-free treatment under the GSP only to the extent fixed by the Community through general safeguards, ceilings and tariff quotas. Furthermore, successful non-ACP suppliers are subjected to quantitative restrictions. The existence of highly competitive and non-competitive suppliers facing different conditions of market accessibility provides strong incentives to trade deflection. This would practically lead to a shift of "finishing touch" activities to ACP countries in order to profit from ACP preferences. These activities may contribute to employ resources in ACP countries which would otherwise remain idle and may thus support the developmental targets of the Lomé Conventions. Yet the protection of its own domestic industries has been given priority by the EEC. Thus, minimum requirements of domestic value added content in gross output have been fixed which are widely identical with requirements set for other preferential arrangements (GSP, Mediterranean preferences). Basically, the Community has set implicit as well as explicit minimum domestic value added content requirements. The explicit ones determine that the cif value of imported materials does not exceed an upper limit fixed as a percentage of the ex-factory value of the exported product (percentage criterion). The implicit requirements constitute specific processing operations to be carried out in the ACP country on the non-originating materials (process criterion). The jump from a 4-digit CCCN heading to another one mostly serves as the criterion of substantial processing, but not always. The so-called regulation lists A and B of the rule of origins enumerate the cases where the tariff jump does not qualify a product for preferential treatment because of insufficient processing and where even without a tariff jump origin rule requirements are met because of substantial processing. In contrast to origin rules fixed for GSP beneficiaries the ACP countries have been granted two cumulation options which basically reduce the restrictive nature of origin rules. Value added contents of several ACP countries can be added together which encourages vertical specialization and intra-ACP trade and second, inputs imported from the Community are considered as originating products (donor content rule). Whereas the former option is not likely to have much impact because of the low industrialization level of the countries concerned and because of low level of trade among each other, the latter may be more important. However, it has the stigma of "tied aid". No doubt the donor country content reduces the options of ACP countries to buy from the cheapest sources of supply. However, the preferences are a non-negotiable unilateral concession and no recipient can complain about the real value of the concession which is deflated by its tiedness.

b. Domestic value added content: implications for ACP countries

It has been concluded from an UNCTAD study in which the implicit value added requirements for garments and woven cotton fabrics were transformed into explicit value added shares (86 and 76% of the finished product) that less advanced ACP countries are unable to meet such criteria.

For 12% ACP countries at the end of the seventies it was shown that the recorded value added shares in gross output

(1) In the heat of discussion of ACP preference margins and their erosion it has often been forgotten that a reverse situation happened after the end of Commonwealth preferences in the sense that the francophone ACP countries gained a duty-free access to the UK market due to the UK accession. Thus, after 1978 the comparative tariff treatment of Asian Commonwealth developing countries and francophone African countries on the UK market turned to the advantage of the latter. This reversal to the detriment of the former could not be outweighed by the extension of the EEC GSP scheme to the UK replacing the Commonwealth preferences.

of manufacturing industries did not exceed 50% for the majority of cases (73%). This proportion was even worse some years ago. Out of the two most industrialized ACP countries, Côte d'Ivoire and Kenya, only one industry (beverages) in the former exceeded the 50% limit.

There are several factors responsible for this result. First, the ACP countries at their given stage of industrialization hardly possess vertically integrated processing chains which would raise the domestic value added content. Second, the import substitution policies pursued by most of the ACP countries inhibit the establishment of local industries producing intermediates. Third, the distortion of factor prices in ACP countries through minimum wage legislation and interest rate ceilings favour capital intensive techniques which lead to a high share of non-originating inputs imported from industrialized economies. Fourth, the goods prices are also distorted through tariffs and subsidies. Tariffs are highest in finished goods and lowest for primary commodities. Capital goods can often be imported duty free because of tax holidays conceded to foreign investors. In terms of world market prices the domestic value added sometimes turns out to be negative. Fifth, the donor country content provision enhances the existing tendency of investors from EEC countries to apply the same labour saving techniques in ACP countries with which they are familiar in their home countries. The above price policies as well as the application of technical standards and norms used in the home countries of foreign investors reinforce this tendency.

Under these conditions one could expect that most of the ACP non-traditional exports have been denied preferential treatment in the EEC because of their not being in conformity with its rules of origin. But this is not true. Though data on ACP exports to the EEC market under MFN conditions are not available, it seems that full tariff exemption has been conceded to all ACP exports in privileged items. This is indicated by a few ACP exports which are classified as GSP-receiving imports in the German import statistics because the importers of these goods filled in the GSP Form A instead of the movement certificate for preferential trade between the EEC and the ACP states. Hence, instead of special preferences, the GSP was applied. Though origin rules are even more rigid in the GSP (lack of donor content), ACP exports could obviously jump over this hurdle.

Why this was possible in spite of the low value added content in gross output can be explained by making references to derogations from the rules. In specific cases and under various conditions to be approved by the Customs Cooperation Council established under the ACP agreement exemptions from the rules of origin can be granted.

c. Effects of the donor country content rule

The donor country content provision combines both a short-term derogation as well as a long-term impasse for ACP exporters.

Are the rules of origin protectionist tools of the Community in the sense that they inhibit ACP exports and if so, against whom are these tools used by the Community? As long as no distinction can made between preference-receiving imports on the one hand and preference-eligible imports from ACP countries which did not receive preferences on the other hand, there is no direct answer to this question. But even if preference-eligible and preference-receiving imports from the ACP region were identical, there is evidence that rules of origin are protectionist tools, not against ACP countries but against those third countries which are excluded from both of the cumulation provisions. Such countries are the non-EEC industrialized economies and particularly the non-ACP advanced developing countries. Fabrics cannot be exported from Asian countries to ACP members in order to be processed there to clothing even if wage costs in the ACP group would make such a trade profitable. Since this holds generally, ACP countries are cut off from transfers of technological and commercial know-how originating from advanced developing countries and this is exactly what they need. Instead incentives are provided by the donor country content rule to import advanced technologies from the highly developed countries of the Community which do not correspond to the factor endowment of ACP countries.

d. Implications for ACP exporters

Whereas cost differentials between inputs from the EEC and cheaper substitutes from non-EEC sources may give rise to concern in the short run as they are equal to an income transfer from the ACP group to the EEC, the long-run implications of the donor country content provisions are more serious. The use of inadequate technologies is fostered, the abundant unskilled labour remains unemployed and the discrimination of domestic producers of inputs through the red tape of the investment codes is not countervailed. Furthermore, ACP countries become increasingly dependent on the EEC for their exports because inputs originating only from the EEC can be considered as originating products if the finished goods are to be exported to the EEC. Rules of origin of potential third markets such as Japan or the USA will deny preferential treatment to these ACP exports under their GSP. Finally, the division of labour with non-ACP advanced developing countries, which might be crucial as a development stimulant for ACP countries, is impeded.

To conclude, as long as discriminatory preferences do exist, rules of origin are indispensable for separating the beneficiaries from the non-beneficiaries. In the ACP case, non-competitive ACP countries are neighboured by competitive non-ACP countries whose labour-intensive industries threaten vulnerable domestic industries of the EEC. In this respect rules of origin, which require substantial transformation with value added contents of more than 50%, have the principal objective of reducing incentives for trade deflection. Proceeding along this line means to close possible loopholes for indirect exports of advanced developing countries via ACP countries, but unfortunately it also hampers potential ACP exports. In order to achieve both targets, viz., the prevention of indirect exports from NICs and the promotion of ACP exports, the donor country content rule serves as a way out of this impasse. However, it is a rather selfish solution of the problem.

V. ACP policy-induced barriers to ACP export growth and export diversification

Internal price distortions are probably the most serious bottleneck to the integration of ACP countries in the world economy because they inhibit domestic producers in producing goods with a factor mix which is commensurate with the country's factor endowment. The costs of these distortions increase, however, with the degree of openness of an economy. The smaller ACP countries are open economies *par excellence*, but they seem to have adopted price-distorting policies more than proportionately. A sample of 31 developing countries ranked by the World Bank according to to the degrees of their price distortions in the seventies, denotes six ACP countries in the lower half of the sample, viz., Côte d'Ivoire, Senegal, Jamaica, Tanzania, Nigeria and Ghana. The latter three countries together with Bangladesh had the highest amount of price distortions.

Price distortions in developing countries are a result of administered prices for production factors through which labour is usually made more costly and capital cheaper than they would be under market conditions. Further determinants of distortions in developing countries lie in the realm of product pricing (tariffs and inflation) as well as in the lack of adjustment of exchange rates to the changing differentials between domestic and international inflation. The latter determinant often results in overvalued nominal exchange rates and hence in an appreciation of the local currency in real terms.

1. Factor price distortions

a. Minimum wages

(i) Labour abundance and labour aristocracy

A relative abundance of unskilled labour is a common feature of Third World countries and especially of those which are in the early stages of development such as the ACP members. According to the traditional theory of international trade these countries can improve their welfare if they specialize in the production and export of those goods which make an intensive use of this factor. Yet, in almost all of these countries the employment of unskilled labour is subject to some form of minimum wage regulations. Obviously the protection of the most vulnerable group of workers has considerable political appeal because it is a visible expression of declared targets of many governments to achieve a greater degree of social justice and to improve the distribution of national income. However, whether minimum wage fixing is an adequate method of reaching these targets is a controversial issue. The main objection to the use of this policy instrument is that it will raise labour/capital price ratios and will foster the introduction of labour-saving techniques. While offering wage rents to a relatively small group of already employed workers, which is defined here as labour aristocracy, minimum wage fixing reduces employment opportunities for a majority of the unskilled labourers.

Evaluation of the economic impact of minimum wages, however, faces considerable empirical hurdles. Its impact on labour costs, prices, employment, investment and economic growth largely depends on their level and effectiveness, especially in the long run when adjustments to increases in labour productivity and general price level have to be made. Nonetheless, some general comments on the importance of minimum wage legislation for economic development in the ACP countries, especially the African ones, are possible.

(ii) Minimum wage legislation in ACP countries in historical perspective

Minimum wages are administered in almost all African ACP countries, where they were introduced first by the colonial powers. At the end of the colonial period the leadership of labour price was in the hands of the public sector. Here the wage level was relatively very high and characterized by a big difference between wages of skilled and unskilled labour. This difference was caused mainly by the efforts of the colonial powers to facilitate recruitment of administrative staff from their own countries. For the same reason a similar wage structure existed also in the private sector which was dominated by foreign firms.

After independence it was easier to meet the political pressure for reducing the massive income disparities within the already employed labour force by raising wages at the bottom of the pay scale than by reducing salaries at the higher levels. As a result, during the first decade after independence earnings of workers in the modern sector increased substantially.

However this wage policy resulted in some adverse economic consequences which soon became perceptible and can be summarized as follows:

— With rising minimum wages the already existing income differences between rural and urban areas increased leading to a massive migration into towns and to increasing urban unemployment and poverty.

— In most of these countries the public sector was (and still is) the largest single employer. High and increasing minimum wages often followed by corresponding increases in wages and salaries of the upper grade employees resulted in a swelling of government current expenditure and decrease of government savings and investment. Further, this increased the pressure on private enterprises to raise the level of their wages and salaries.

— In the private sector minimum wage regulations have tended to increase the substitution of unskilled labour by capital. Thus, while ensuring a relatively high standard of living for a comparatively small number of urban workers, minimum wages have harmed the majority of unskilled labourers because of their adverse influence on employment creation.

— Last, but not least, increasing unit labour costs called for increasing protection of the nascent industries. This in turn biased industrialization in favour of import-substituting activities while competitiveness of export industries suffered.

Studies on wages in some anglophone African countries (e.g. Zambia) confirm that wages paid by foreign firms did have an influence on the wages in the rest of economy. Usually these firms are engaged in manufacturing and mining and therefore tend to use highly capital-intensive technologies. This implies a high factor productivity, a low weight of labour costs in total costs and therefore a greater willingness of the employers to concede high and increasing wages above the minimum levels.

Thus, at the end of the seventies most of the African ACP members were still maintaining the colonial heritage of a relatively high wage level. In the following section the development of wages during the seventies is discussed on the basis of some quantitative information.

(iii) Minimum and real wage rates in the seventies

During the seventies, especially after the first oil shock in 1973 (see chapter V, 2c below) inflation in the African ACP countries sharply accelerated. In almost all countries minimum wages were adjusted to rising prices as shown by the increases in the nominal minimum wages, through they were not always sufficient to compensate for inflation.

Besides the real minimum wages, the real wages paid in the manufacturing sector also declined in a number of African ACP countries (Table 14).

Table 14: Indices of Nominal and Real Wages per Worker in the Manufacturing Sector of Selected ACP Countries, 1970-1980

		1970	1973	1977	1980
Ethiopia	nominal	100	113	152	175
	real	100	111	85	71
Gambia	nominal	—	—	104	261
	real	—	—	93	189
Ghana	nominal	100	—	309	—
	real	100	—	42	—
Côte d'Ivoire	nominal	—	100	158	265
	real	—	100	84	94
Kenya	nominal	100	100	157	235
	real	100	83	73	76
Malawi	nominal	100	99	—	—
	real	100	84	—	—
Mauritius	nominal	100	—	371	501
	real	100	—	170	129
Rwanda	nominal	—	100	194	—
	real	—	100	93	—
Somalia	nominal	100	82	112	—
	real	100	80	61	—
Zimbabwe	nominal	—	100	148	—
	real	—	100	103	—
Fiji	nominal	100	143	317	—
	real	100	111	158	—
Jamaica	nominal	—	165	332	—
	real	—	132	149	—

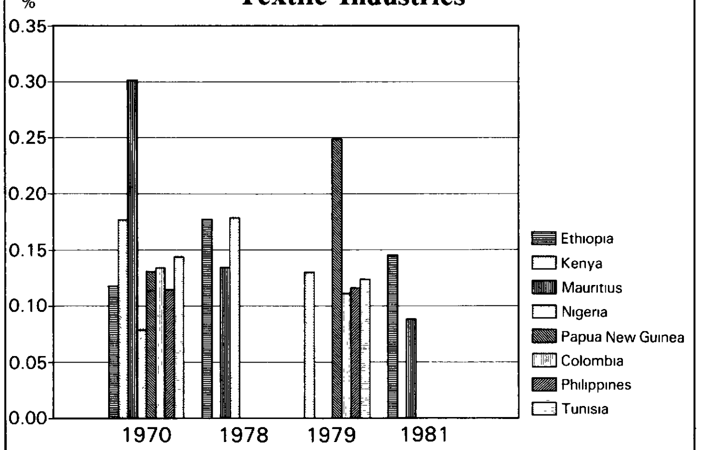
—: no data available.
Source: UN.

(iv) Wage costs in ACP countries in international comparison

ACP countries face a number of locational disadvantages in export-oriented production compared with many other developing countries. Among other things, what determines the desire of foreign investors to establish production facilities in ACP countries is not the wage cost difference between the EEC and the ACP countries but the difference between the latter and other LDCs. This is because ACP countries compete with non-ACP developing countries where unskilled labour is abundant as well.

The comparison between wage costs in ACP countries and other LDCs yields a fairly homogeneous result but should be interpreted with due caution (Table 15). The average wage cost content in gross output was, roughly speaking, higher by more than 30% in ACP countries than in the reference countries. This difference remained stable during the seventies in spite of technology-induced decreases in the wage cost content in both groups of countries over time. The only exception was Mauritius, which is the most successful ACP exporter of textiles and where wage costs per unit of output declined in line with the reference countries.

Table 15
Wages per Output in ACP Countries
Textile Industries



Nonetheless, it may be concluded that while ACP countries have a lower per capita income than their competitors and while unskilled labour there seems to be at least as abundant as in the reference countries, there is no evidence that ACP countries could be more attractive as an investment location than other developing countries because of lower wages.

Two observations underline this conclusion. First, "generous" labour legislation in francophone African countries seems to have led to a shorter weekly working time than in other developing countries. Second, it has been estimated that for instance in Côte d'Ivoire additional social charges on wages amounted to 45% of wages for African labour in 1975. Indeed, it seems to be also a colonial heritage in some ACP countries that social fringe benefits granted to the labour aristocracy have reached an amount which is incompatible with the overall income level of the countries and which the countries can afford only by shifting the costs to the mass of unemployed people in the rural and urban areas.

b. Low interest rate policies

(i) The case for interest rate ceilings

Physical capital is a scarce factor of production in most of the ACP countries. Domestic savings are—given the low income level—too low. Opportunity cost of savings is often relatively high because of high inflation. Domestic financial markets are narrow, rudimentary and not open to everybody. Access to private short-term world capital markets is very limited because of insufficient creditworthiness of ACP countries. In many cases the flow of private long-term capital from abroad (foreign investments) is confined to the exploitation of natural resources. Consequently it does not lead to much employment in the secondary sector. Finally the availability of development aid, especially of soft loans (IDA credits), is conditioned by unforeseeable political disputes on "burden sharing" between the donor countries. Thus, one would expect higher interest rates on the local markets than abroad in order to

— counteract the outflow of expatriates' remittances and savings,
— give incentives to increased domestic savings,
— reduce the import intensity and hence the physical capital intensity of local industrial production in the long run,
— discourage the introduction of labour saving technological progress,
— stop the drain of financial assets into unproductive physical assets in the case of inflationary pressures,
— attract the financing of foreign investments through external funds and hence to shift the risk of failure entirely to the investor instead of allowing the host country to participate in the risk through subsidized local funds,
— avoid credit rationing because of excess demand for capital at interest rates below equilibrium level,
— foster viable export industries which employ the most abundant production factor, i.e., unskilled labour.

But in reality all these countries have followed low interest policies which have been justified on these grounds. First, to promote investment and thus growth; second, to avoid the destabilizing effects of frequent interest rate changes on small credit markets; and third, to keep the debt services low. Like elsewhere in low-income countries the public sector is, in ACP countries, usually the major borrower. Therefore low debt services are justified with the argument to limit budget deficits and to maintain the state's flexibility in financing development programmes.

(ii) Empirical evidence and consequences of interest-rate rigidities

These arguments have been attacked by economists as frequently as they have been defended and implemented by politicians in developing countries in general and in ACP countries in particular. A recent study on interest-rate policies of the seventies in West African countries provides evidence for what the World Bank admonished the francophone African countries and Kenya, i.e. interest rates have been generally fixed at a lower level than in France and the UK, which are the major trading partners and the major sources of capital inflow. Furthermore, interest rates have remained relatively stable. Only recently they were adjusted upward in line with the higher nominal interest rates on world capital markets. Domestic inflation is higher than the nominal interest rates so that real interest rates (lending as well as savings deposit rates) turn out to be negative. What is most crucial, however, is that such an outcome does not emerge episodically but over a longer period.

The implications of such long-term distortions for the export activities of the ACP countries concerned can be summarized as follows.

1. The capital intensity of production is fostered by low interest rate policies over a long period which results in deterioration of competitiveness of exportables on world markets. This seems to have happened in the West and Central African ACP countries.

2. Lower rates of interest in the long run favour imported investment goods because they tend to be of longer life than similar domestic investment goods and hence are financed by long-term lending. As already discussed, this is an incentive to decrease the share of originating inputs and to apply a labour saving technology which is inappropriate given the abundance of unskilled labour in ACP countries. Excess capacities and a protection structure which provide additional shelter to the scarce factor, viz. capital, are then inevitable consequences.

Lending rates which in real terms are lower than the rates of return on the majority of projects requiring capital will result in a crowding-out of viable projects because of credit rationing. Thus, export diversification strategies are impeded by wasting scarce resources. Instead of the market, the administration takes decisions on the allocation of the funds which may be misleading because of distorted price signals. The inflow of foreign equity capital for new export oriented and labour-intensive branches and the promotion of domestic savings are widely accepted targets for ACP countries. However, just the opposite case has happened. The inward looking and relatively capital as well as import intensive branches financed through subsidized loans raised on local financial markets have received strong incentives from low interest rate policies in a number of ACP countries. While many other developing countries seem to have been aware of the incompatibility between interest rate subsidization and export diversification strategies and have consequently liberalized their financial markets, the ACP countries as shown above implicitly impose taxes on their exports through an inappropriate level of interest.

2. Goods price distortions

a. Tariffs

(i) The role of tariffs in industrialization policies of low-income countries

Tariffs play an important role as an instrument of industrialization policy in virtually all developing countries. Since import tariffs raise the domestic prices of tariff-ridden products, they reduce the domestic demand for imports and provide an incentive to engage in the domestic production of substitutes for imports.

This holds in general. Tariffs in the context of low-income developing countries, however, have a special meaning to be derived from their industrialization level and budget constraints. To begin with the industrialization level, low-income countries in the early stage of industrialization have a very small and less diversified manufacturing sector. Production focuses on the final stage of processing (i.e. assembling activities) with strong backward linkages to foreign suppliers of inputs. Domestically produced finished goods replace imports of competing goods facing cost disadvantages because of transportation costs and higher labour costs if they originate from highly developed countries. Tariffs imposed on competing imports are often redundant but are levied for revenue purposes. The same is the case with tariffs imposed on imports which do not compete with local production. This stage of inward-looking industrialization based on infant industry arguments is often called "natural" import substitution and implies a few distortions only. However, because of small market size this stage does not last very long and import substitution becomes a part of the policy with systematic distortions in favour of import-competing domestic industries. This stage may be called import substitution or "policy excessive import substitution". This policy has thus become an ingredient of development policies, in which tariffs change their functions from being mainly budgetary to protectionist tools. Under this policy costly tariff protection is granted to old industries, which do not have the productivity growth of competing imports, and to new industries having excess capacities and relatively high absorption of capital for the protected market. At this stage the structure of tariffs—as it will be shown below—becomes at least as important a tool of protection as the average level of tariffs. Many ACP countries are in this stage of economic development.

(ii) Nominal and effective rates of tariff protection in ACP countries

The tax burden on imports in ACP countries in many cases is higher than is shown by the import duties. This is due to the fact that a number of additional fiscal charges are levied on them. On the other hand, however, a study on the difference between average nominal tariff rates and the rates of effective duty collection (share of collected import charges in total value of imports) in 19 ACP countries yields that effective duty collection amounted only to 46% of average tariffs in the mid-seventies with a range between 71% (Malawi) and 10% (Bahamas). This large discrepancy stems from tax holidays for investors which are allowed in many ACP countries to import inputs free of import charges under the various investment codes. Such tariff exemptions widen the gaps between tariffs on intermediate and finished goods which are an integral part of tariff schedules (tariff escalation) in all the ACP countries. Both the tariff structure and the practice of tariff exemptions point out one of the main elements of import substitution policies in ACP countries, viz. the high amount of protection given to the domestic value added process. This is defined as effective rate of protection. The higher the tariffs on finished goods compared to those on inputs, the higher will be the effective rate of protection in comparison to the nominal tariff rate. Such a difference between value added measured at domestic prices (plus tariffs) and at world market prices is furthermore an increasing function of the share of inputs in gross output. As discussed in Chapter IV. 5, most of the ACP countries are still in the stage of low domestic value added content in gross output, which is itself a result of discrimination against domestic intermediate industries through tariff escalation.

Under such circumstances it is not surprising that many studies on nominal and effective rates of protection in ACP countries show a rather homogeneous pattern of higher effective rates of protection.

(iii) Implications of tariff protection on resource allocation in ACP countries

The empirical evidence confirms that tariff structures, at least in African ACP countries, tend to end up in higher effective rates of protection than is indicated by the nominal rates. In other words the excess costs of the domestic production in ACP countries resulting from the protection are higher than those indicated by the nominal tariff rates or by the excess of domestic over world market prices. Apart from this there are other well-known following adverse effects of extensive and selective use of tariffs as a tool to foster industrialization:

— Protection of the manufacturing sector implies a discrimination against all other activities in ACP countries which are not protected. Of special importance is that the internal terms of trade turn against the unprotected agricultural sector. This impedes investment and therefore growth of output of that sector. In return the protected sector absorbs scarce resources which otherwise would have been allocated to sectors with higher factor productivities.

— Within the manufacturing sector, intermediate industries are impeded so that industrial production remains biased towards "early" industries like food, tobacco, beverages and textiles.

— As in the case of agricultural production tariff protection discriminates also against export industries. While their prices are broadly determined by the world market, inward-looking industries can shift excess costs to the consumer and attract resources away from export industries. Furthermore, high rates of effective tariff protection lead to balance-of-payments pressures, foster currency overvaluation and import licencing and thereby hinder non-traditional exports.

— Existing tariff structures also tend to increase physical capital intensity of domestic production because they make the use of imported capital goods more profitable than it would be in a situation under freer trade. Thus, employment of the relative abundant factor, labour, on which comparative advantages of these countries are based, is discouraged.

To sum up, there is much evidence from country studies that it is a distorted tariff structure rather than the nominal tariff level which determines tariff protection as an important element of the import substitution policy pursued in many ACP countries. In this respect tariff holidays launched through the investment legislation seem to have had a decisive influence on high rates of effective protection in finished goods and on the poor record of non-traditional export-oriented industries.

b. Quantitative restrictions

(i) Non-tariff measures as a substitute for tariffs

Parallel to the reduction of tariff barriers (TBs) in international trade because of both GATT-negotiated MFN cuts and the introduction of unilateral tariff concessions, non-tariff barriers (NTBs) have gained importance. As the current discussion on trade-impeding measures outside the GATT framework highlights, NTBs in the form of voluntary export self-restraints have proved most controversial.

The number of NTBs ranging from quantitative restrictions to import deposit requirements, health and technical standard regulations and government procurements in favour of domestic suppliers—to mention only a few—makes it ambitious, if not impossible, to quantify NTBs and to make them comparable to TBs. However, exactly this problem confronting trade policy analysts simply illustrates the advantage of NTBs for protectionist purposes vis-à-vis TBs. For example, they are not transparent and therefore difficult to dismantle in international trade policy negotiations; they are selective according to sectoral application and can be handled very flexibly; and they are effective in restricting the import volume since, unlike tariffs, they do not allow domestic purchasers to satisfy additional import demand by paying the world market prices plus the tariffs. Any rise in the case of quantitative restrictions in domestic demand will therefore raise the domestic price and simultaneously the costs of protection giving rise to misallocation of domestic resources.

(ii) The spread of quantitative restrictions in ACP countries

Attention to NTBs has mostly been devoted in only one direction of world trade, that is exports of developing countries to developed countries. However, developing countries in general and ACP countries in particular apply NTBs as well. With regard to the latter group, a distinction should be made between those NTBs which the countries inherited from their former metropolitan countries in terms of technical standards and those which they introduced after independence. The former are left out of discussion here, and so is a sub-group of the latter category comprising short-term NTBs for balance of payments purposes (import deposit requirements, for instance). The remaining NTBs include one of the most important of them, viz. quantitative restrictions which are applied as a permanent complement to tariffs. However, even if the analysis is confined to quantitative restrictions, their pattern remains diffuse and widely spread. ACP countries apply the full scale of quantitatative controls encompassing automatic or facultative licensing for import surveillance, facultative and obligatory quotas and import prohibitions. The import regime schedules are highly selective in order to give an effective shelter to import-competing industries.

(iii) The incidence of non-tariff distortions in ACP countries

Transforming the non-tariff measures into an equivalent of tariffs in order to make NTBs comparable and negotiable is a delicate task.

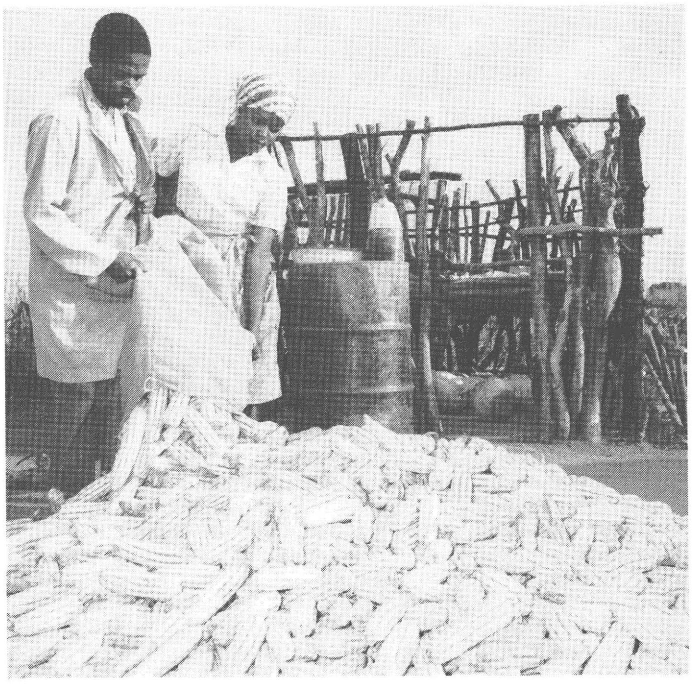
What is relevant is that tariffs cannot solely explain differences between domestic and world market prices. This suggests that NTBs are probably more important for price distortions of goods than TBs. NTBs are apparently strong components of policies biased in favour of import substitution in ACP countries, and they therefore heavily discriminate against non-traditional exports of these countries.

c. Inflation

(i) Effects of inflation in low-income countries

Inflation defined broadly as an upward trend in prices distorts the relation between current and future consumption of goods. It is often used to finance expansionary development strategies in Third World countries. This is especially true for the low-income countries where domestic savings are insufficient to finance capital formation. While the Keynesian approach to inflationary development finance stresses the redistribution of income within the private sector (from wage earners to entrepreneurs), the quantity theory approach emphasizes the fact that inflation is like a government tax on the holders of cash balances. Thus both the theories suggest a shift in income distribution, in the first case to the detriment of wage earners and in the second case to the detriment of cash holders. Observed patterns of reactions by those who are negatively affected are of two kinds: the emergence of parallel currencies and the substitution of financial assets by unproductive real assets (durable consumer goods, cattle, land, gold). Supply of lending capital has thus been frustrated, whereas the dependence on foreign savings (aid, private capital) has increased. Such adverse effects of inflation are exacerbated if nominal interest rates are not allowed to adjust. A number of ACP countries pursue such a policy of putting low ceilings on nominal interest rates for loans and deposits at banks and other institutions in the organized financial market (financial repression). Real interest rates thus are very low or even become negative in several ACP countries.

As a result, both inflation and financial repression provide survival rents for the non-monetized sector. This means that structural changes in the economy in the sense that this sector shrinks over time are impeded. Given the poor income on financial assets in some ACP countries—as discussed above—it is therefore not surprising that especially in African and Pacific ACP countries non-monetary activities are of considerable importance. As inflation en-



FAO/Botts

Inflation means price policy dilemmas: if food prices rise, the community suffers; if they don't, production and investment drop

courages people to adhere to subsistence production the vicious circle of low domestic capital formation, low productivity, low growth and hence low savings continues to exist.

Apart from these adverse effects there are additional reasons why inflation retards economic growth:

— While inflation raises the nominal rate of return on capital, it reduces the real rate of interest (especially in the context of a low interest rate policy). This amounts to a waste of capital because it makes projects profitable which, in a situation of price stability, would be qualified as unproductive. Credit rationing is then a further source of efficiency losses.

— During inflation, governments try to control prices of specific goods and services (e.g. prices of basic food and public utilities) to protect parts of the community (especially the urban population) from losses in real income. However, if food prices are not allowed to rise in an inflationary situation, production and investment in the agricultural sector and thus rural development is impeded. Further, administered prices of public utilities imply a subsidy to consumers and therefore a loss of government resources which could be used for investment.

— Finally, inflation increases the need for adjustments in exchange rates.

(ii) Empirical evidence of inflation in ACP countries

Table 16 provides some information on the development of consumer prices in the ACP countries during the period from 1965 to 1980. In the African member states the average rate of inflation rose from 4.2% in 1965-70 to 6.7% in 1971-73 and then sharply to 17.4% in 1974-79.

However, differences in inflation rates of the African ACP members have increased considerably. This is indicated by the coefficient of variation which rose from 0.21 (1974-79) to 0.47 (1980-81). Some of this divergence may reflect the fact that in 19 out of 45 sample countries—stabilization programmes supported by the IMF were carried out in 1980 and 1981.

Table 16: Average Annual Inflation Rates in ACP Countries, 1965-1980 (Based on Consumer Prices)

	1965-70	1971-73	1974-79	1980-82
African ACP countries				
Benin	3.8	2.7	10.5	11.9
Botswana	n.a.	n.a.	11.5	13.9
Burundi	2.7	4.5	17.6	11.5
Cameroon	1.7	7.5	12.4	11.1
Cap Verde	n.a.	12.1	18.0	13.1
Central African Republic	3.9	7.2	11.3	17.4
Chad	4.8	4.8	9.7	n.a.
Congo	2.1	5.8	10.4	12.2
Ethiopia	2.3	1.1	15.1	5.5
Gabon	2.9	4.5	15.5	12.6
Gambia	1.7	6.2	13.3	7.9
Ghana	8.3	12.5	58.0	63.0
Côte d'Ivoire	4.7	3.3	16.3	10.3
Kenya	2.2	6.3	14.7	15.3
Lesotho	3.4	7.2	12.9	15.3
Liberia	4.5	7.6	10.6	9.4
Madagascar	2.6	5.7	9.8	24.4
Malawi	5.2	5.6	9.9	12.8
Mali	n.a.	15.7	16.4	n.a.
Mauritania	3.4	7.8	10.9	14.2
Mauritius	2.8	6.4	14.8	22.8
Niger	4.1	8.6	12.8	14.9
Nigeria	5.6	8.1	19.9	16.1
Rwanda	1.4	4.3	18.5	8.6
Senegal	2.3	7.1	12.3	10.6
Sierra Leone	4.7	3.2	15.4	21.8
Somalia	3.3	1.0	16.1	42.3
Sudan	2.8	10.0	19.9	23.9
Swaziland	2.8	6.0	13.7	16.6
Tanzania	11.5	7.6	14.9	28.3
Togo	1.8	6.0	12.2	14.4
Uganda	5.5	12.4	51.8	n.a.
Burkina Faso	1.4	2.2	12.1	10.4
Zaïre	19.9	12.4	60.6	38.1
Zambia	6.5	6.0	13.8	12.7
Zimbabwe	2.0	3.0	10.2	9.8
Average	4.18	6.67	17.73	17.37
Coefficient of variation	0.85	0.52	0.72	0.66
Caribbean ACP countries				
Bahamas	5.8	5.6	7.7	9.7
Barbados	6.1	12.0	16.5	13.1
Guyana	2.6	4.5	12.6	19.4
Jamaica	5.0	9.7	21.1	20.0
Suriname	5.3	5.5	11.5	10.2
Trinidad and Tobago	3.5	9.2	14.4	14.5
Average	4.72	7.76	13.97	14.48
Coefficient of variation	0.29	0.38	0.33	0.31
Pacific ACP countries				
Fiji	3.4	9.0	10.1	10.9
Papua New Guinea	n.a.	7.3	9.6	8.6
Samoa	2.2	8.1	11.1	26.8

Source: IMF, World Bank.

The Caribbean ACP countries also suffered from high rates of inflation during the seventies which increased from an average of 7.8% in 1970-73 to 14.0% in 1974-79. As in the African ACP countries, the sharp increase in inflation rates however did not continue in the early eighties. Data on inflation in the Pacific ACP countries are available only for three countries, namely Fiji, Papua New Guinea and Samoa. In none of these countries are such high rates of inflation observed as in the other two groups of countries.

(ii) Inflation in ACP countries in international comparison

Inflation is, however, not confined to the ACP countries and a comparison with inflation rates in other areas is in order, especially for the seventies. In the industrialized countries the average inflation rate declined from 11.2% in 1971-73 to 9.3% in 1974-79. Unless exchange rates in the countries were allowed to depreciate in accordance with the differences between their inflation rates and those of the industrialized countries, competitiveness of the ACP manufactured exports suffered losses on their major markets. It is interesting to note that, for example, in the Asian developing countries (excluding the oil-exporting countries) the average rate of inflation (16.3%) in 1971-73 rose by only 0.2 percentage points in 1974-79. Compared with the acceleration of inflation in the African and Caribbean ACP countries during the late seventies, this negligible increase suggests that inflation in ACP countries cannot be regarded to be a result of only external shocks like that of oil prices after 1973.

(iv) Price change variability and administered prices in ACP countries

While a steady rate of inflation makes it easier for people to adjust to inflationary processes, erratic inflation does the contrary, and increases uncertainty. Uncertainty impedes the development of local capital markets even if the current inflation rate is low simply because of the loss of confidence in the steadiness of monetary policies. It is noteworthy that it is the relatively inexperienced local population rather than the expatriates who can deposit their savings overseas who have to cope with uncertainties. Table 17 shows that even in member countries of the UMOA, where inflation rates did not increase as dramatically as in other ACP countries, fluctuations in the annual inflation rates were considerable during the seventies. In food, which is the most important expenditure item of African households, the fluctuations in price increases were very much more pronounced. Given the high weight of food in the goods basket of African households, changes in the indices of consumer prices seem to be determined to a great extent by changes in food prices.

Fluctuations in price increases may be especially noticed in those products whose prices are controlled or determined by governments. During times of inflation prices of these goods tend to lag behind the prices of goods in general. This calls for occasional adjustments with corresponding price pushes.

To conclude, though inflation in ACP countries in general has not been as excessive as for instance in Latin America, its adverse effects in low-income countries with high shares of subsistence economies should not be underrated. It hampers the monetization of the economies, formation of local savings and the growth of capital markets in these countries. In addition, fluctuations in inflation rates caused partly by discretionary adjustments of administered prices seem to discourage mainly local households from keeping their savings in financial assets. As the development of non-traditional export activities crucially depends on a sizeable domestic capital supply and its efficient allocation to local private borrowers, both inflation and the variability of its rates tend to retard changes in economic structures of ACP countries.

Table 17: Cost of Living in Selected ACP Countries, African Households, 1973-81 (Annual Percentage Changes)

	African household	
	Total	Food
	Côte d'Ivoire	
1973	11.1	16.6
1974	17.4	17.6
1975	11.4	10.3
1976	12.1	7.3
1977	27.4	39.7
1978	13.0	11.5
1979	16.6	21.8
1980	12.2	18.9
1981	11.2	5.2
Average	14.71	16.54
Standard deviation	5.29	10.30
Coefficient of variation	0.36	0.62
	Senegal	
1973	12.2	19.8
1974	16.7	13.3
1975	30.6	39.5
1976	2.8	0.2
1977	10.2	11.8
1978	2.9	4.1
1979	9.5	8.8
1980	8.8	8.3
1981	5.9	0.8
Average	11.07	11.84
Standard deviation	8.55	12.09
Coefficient of variation	0.77	1.02
	Togo	
1973	3.6	3.7
1974	12.8	10.8
1975	18.1	22.2
1976	11.6	16.8
1977	22.2	21.7
1978	0.5	−4.6
1979	7.5	7.4
1980	12.3	11.7
1981	19.7	24.7
Average	12.03	12.71
Standard deviation	7.28	9.65
Coefficient of variation	0.61	0.76

Source: Banque Centrale des Etats de l'Afrique de l'Ouest.

Cost of living fluctuations in African households are largely determined by changes in food prices

3. Exchange rate policies

a. Purchasing power parity exchange rates of ACP countries

Trade preferences are expected to stimulate exports of the preference-receiving countries because they give them a price advantage vis-à-vis the non-beneficiaries. However, in those cases where the difference between the prices of the preference-receiving countries and those on the world market is higher than the preference margin, the preference must fail to stimulate exports of the beneficiaries.

As already shown, one can find a strong tendency for inefficient high-cost production in ACP countries due to a variety of policy-induced distortions in factor and goods markets. As a consequence, official exchange rates become overvalued. To compensate this competitive disadvantage on foreign markets depreciations would be necessary. In an inflationary context, where domestic inflation is higher in its trend than inflation in major trading partner countries, this means that a country wishing to improve its competitive position on world markets would have to depreciate by more than the inflation rate differential, that is to depreciate in real terms.

However, in many ACP countries, exchange rates during the seventies had a tendency to appreciate in real terms, i.e. depreciations were less than the differentials between the inflation rates. According to World Bank estimates for sub-Saharan Africa, real exchange rates appreciated on average by 44% during 1973-1981. One has to bear in mind that if exchange rates at the beginning of the period were already overvalued, this rate of appreciation would indicate only the additional loss in competitiveness during the seventies. It also suggests that, on average, at least the African ACP members could not have taken much advantage of the preferences conceded by the EEC.

b. Effects of exchange rate distortions on sector output

There are further indicators of exchange rate overvaluation. Since an overvalued exchange rate implies an excess demand for foreign exchange, governments, especially in Africa, have increasingly resorted to import restrictions to cope with the limited supply of foreign exchange. On the export side, currency overvaluation reduces competitiveness of the ACP countries on foreign markets and is therefore a serious barrier to their exports in general and export diversification towards manufactures in particular. In combination with other policy measures it is an important factor in explaining the poor export performance of the ACP countries. These measures refer to the treatment of the agricultural sector as well as to industrialization policies. Of course, not all of the ACP countries pursue the same policies but one can find for a number of them the following two common characteristics:

First, exchange rate overvaluation means low proceeds of domestic currency for producers of traditional agricultural exports whose prices are determined on the world market and are fixed in convertible currencies. Further, export crops are heavily taxed especially in Africa. So in several African countries the price actually paid to farmers did not even cover their costs of production. Discrimination of the agricultural sector via heavy taxation and an overvalued exchange rate provided thus strong disincentives to farmers to engage in the production of agricultural exports.

Second, what might be of greater importance for the long term development prospects of ACP countries is that the exchange rate overvaluation should not be allowed to hamper the process towards export orientation in manufactured goods.

By maintaining overvalued exchange rates, ACP countries cut themselves off from the fastest growing part of international trade and discourage potential foreign investors who have to pay more for local factors of production than under equilibrium exchange rates. The bias against exports is reinforced if industrialization is attempted mainly by import substitution. Here an overvalued exchange rate enables relatively cheap imports of capital goods and raw materials.

An exchange rate depreciation in this context could provide the necessary price incentive to switch resources in the production of manufactured exports. At the same time it would make import restrictions superfluous and contribute to a more efficient allocation of imports allowing for a better use of the existing factor endowment.

c. Cases against exchange rate adjustments and their validity

Since depreciation is an effective measure to promote exports the question arises why ACP countries in many cases did not make use of this policy instrument. Two often-cited arguments against the usefulness of a depreciation should be mentioned.

First, foreign exchange earnings of many ACP countries depend heavily on the export of agricultural products and/or industrial raw materials. Price elasticity of export demand in these products is low. A depreciation is expected to reduce total export earnings because the loss of earnings from traditional exports could not be compensated by the possible increase in export earnings from non-traditional manufactured products. The elasticity of supply of exports is also expected to be low. Such an argument, however, is based on given economic structures and underestimates, if not neglects, structural changes.

Second, depreciation is feared to end up in a vicious circle of accelerated inflation and further depreciation. Overvalued exchange rates are hence taken as a tool to fight inflation. In evaluating this proposition one has at first to bear in mind that it is often an inflationary domestic policy that causes balance-of-payments problems and thus a pressure for devaluation. In the course of such a policy, import demand will rise and worsen the trade balance. At the same time the price of non-traded goods will rise in relation to the price of traded goods, the latter being broadly determined by the world market. This will induce resources to move in the production of non-tradeables while demand switches to traded goods; the trade balance will deteriorate further. Flight of capital might also be encouraged because of higher real interest rates abroad and because of the extra profit to capital owners if expected depreciation does actually take place.

A depreciation in this context must be seen as a measure to compensate the adverse effects of such a policy on the country's external position.

To sum up, arguments against the policy of exchange rate changes in a flexible, predictable and coherent manner are based on the given and presumably unchangeable predominance of primary commodities in the export supply of ACP countries. Such attitudes are self-defeating since they preserve a short-sighted pessimistic view of structural changes.

4. Disincentives to the formation of indigenous entrepreneurship

a. Size and pay of government

Human capital embodied in managerial, commercial and technical know-how is scarce in developing countries in general and in low-income developing countries in particular. Thus ACP countries also suffer from the shortage of this production factor which is indispensable for economic progress both in quantitative and qualitative terms.

The larger the size of a government in an economy is, the greater will be the impact of its activities on the economy as a whole. In the case of ACP countries this impact is indeed sizeable in terms of government share in employment in the non-agricultural sector. On average, the public sector absorbed more than fifty per cent of total employees outside agriculture in 13 ACP countries at the end of the seventies. This is higher than the average of non-ACP developing countries.

What, however, raises the ACP average above that of other developing countries is government pay. The latter is measured as the share of wages paid by central government in total wages (on average 22% in the sample ACP countries) and as the ratio between the average government wage and the per capita income which is almost 6:1 compared to 3:1 in other developing countries.

The government size and pay in ACP countries provide a very strong incentive towards a brain drain from private to public employment.

b. Administration of justice and government control

Many efforts have been made to build up nation states in post-colonical Africa. One of them was the imposition of state controls on private economic activities and was based on the colonial heritage of paternalism and public intervention in order to cope with economic problems. Yet, while controls may be adequate in the legal framework, they can be self-defeating and costly if the state considers itself to be a better entrepreneur than the private investors. Apart from public enterprises, state participation in the private sector is widely spread in many ACP countries. One shortcoming of direct state control is that it lowers the necessity of private equity holders to finance their investments on private capital markets and that it shifts the risk of investment failure to the public sector. The state is not likely to be neutral to gains and losses and will thus provide security at zero costs for the private shareholders. The emergence of entrepreneurship which includes risk assessment and managerial responses will thus be suppressed rather than supported.

c. Discrimination of entrepreneurship in the informal sector

The urban informal sector in ACP countries is the main source of indigenous local entrepreneurship. It is the basis for upgrading managerial skills and for employment of non-family members also. Its two most noteworthy characteristics are its inaccessibility for state controls by its nature and its need for capital for improvement. These two elements form a trade-off. Capital is usually only lent to those who can meet security requirements, have legal and permanent accounting systems and maintain at least minimum standards of buildings, health and safety. This is just what the urban informal sector fails to meet. By its very nature its activities are nonlegal (not necessarily illegal) and much of its attractiveness for small scale entrepreneurs is derived from the freedom of operating outside wage legislation and other regulations. Bringing the managerial skills developed in the informal sector to an upgraded level, that is to formal activities for future export-orientation, requires a compromise on both sides.

Entrepreneurs have to obey laws if they do not want to be cut off from private and public capital markets. ACP governments, on the other hand, should reconsider regulations under the criteria that they should not frustrate infant entrepreneurial activities and that they are not superfluous for the mass of African households supplied by the informal sector. That means that credit allocation should not systematically discriminate against informal activities. If private capital should assess the risk of lending capital to non-legally working entrepreneurs as too high, public capital should fill the gap in order to facilitate the upgrading process and bring local entrepreneurs in conformity with local laws.

Though most ACP governments have recognized the necessity of mobilizing local indigenous entrepreneurship and though small-scale business lending has improved, credit allocation rules in many ACP countries are still counterproductive for the emergence of local entrepreneurs: enterprises which can borrow abroad have every incentive not to do so, whereas for those enterprises which must borrow domestically banks have no incentive to lend. By easing the access to local capital markets for the latter group the governments would remove one of the major obstacles to local entrepreneurship.

Whereas ACP governments can easily act as "entrepreneurs" on well-protected local markets, they fail on the export markets, where a complete shift of losses to the purchasers is not possible. Governments adhering to market-oriented stimulants would therefore be well-advised to concentrate their skills to guarantee fair chances for everybody to become an entrepreneur. o

The main conclusion of the Kiel Study—and it is a disappointing one on which to have to reflect—is that the performance of ACP countries in world trade in general and in EEC trade in particular has been poor over the past fifteen years and this despite relatively generous preferences. Both growth rates of export and the speed of their diversification have tended to lag far behind those of non-ACP developing countries. However, while the few exceptions to this pattern appeared to be due more to commodity bonanzas than to the economic policies of the countries concerned, it seemed also to be the case that countries whose economic policies were *bringing about growth were becoming increasingly vulnerable to factors outside their control, such as the policies of neighbouring countries or natural disasters.*

Given this background, the study concludes, the influence of privileged market access had, necessarily, to be small. The export promoting influence of ACP preferences could improve if the Community were to remove uncertainties with respect to its future trade policies, not only for the ACP countries, but also vis-à-vis third countries with whom the ACPs compete for direct investments. However, this can only be labelled low-profile therapeutics. Even a free access with constant preference rates will be ineffective if the incentive system in ACP countries remains as it is now, i.e. against the opening of markets for goods and factors. While improvements in market access can make things easier, the definition and actual implementation of new economic policies by the ACP coûntries is the only way to success.

There are, of course, factors (currency fluctuations, natural disasters) which may radically affect economic performance over which neither the EEC nor the ACP can hope to exert any influence. There are also, however, as the Study points out, definite areas in which policy changes, on the part either of the EEC or of the ACP, or of both, could give a real impetus to growth. Such changes may not be easy to bring about.

The task of the ACP-EEC Sub-Committee on Trade Cooperation (whose work The Courier will follow) will be to examine those various options open to the Lomé partners, in the hope, ultimately, of ensuring greater success in EEC-ACP trade in future years than has been the case in years past. o

THE TRANSCAM

An old dream come true

In the autumn of 1987, if works go to schedule as they have every appearance of doing, the final sleeper will be placed on the final stretch of the railway line linking Douala in the south to Ngaoundéré in the north of Cameroon. Strictly speaking, the Transcam — as the line is popularly known — has been complete for more than ten years, but the building of the Yaoundé-Ngaoundéré stretch, opening up the north of the country, generated such traffic that realignment of the old Douala-Yaoundé line became imperative. With the completion, next year, of a final short, but extraordinarily challenging, 25-kilometre section between Eséka and Maloumé, one of independent Cameroon's great development ambitions will have been fulfilled: a railway network linking north and south, acting as a catalyst to economic prosperity for the country and forging a greater sense of national unity in its people.

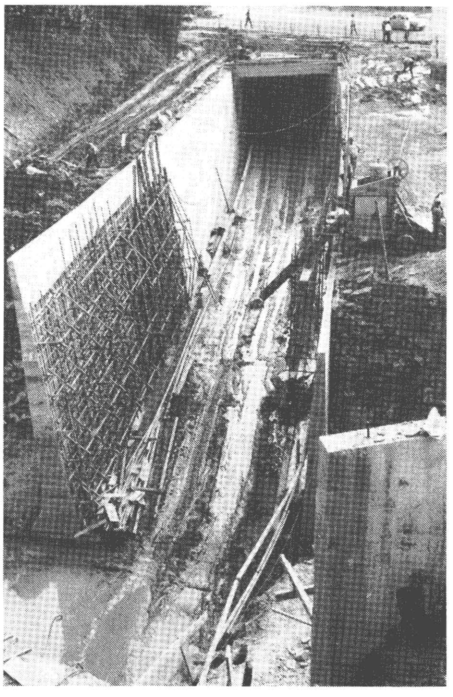
The economic justifications for building the line were clear from the start, and indeed it did not take long for the economic benefits to Cameroon to manifest themselves. The volume of freight transported has risen steadily each year.

In 1969-70 a total of 887 000 tonnes was carried; a decade later the figure had reached 1 323 000 tonnes, and five years after that, in 1984-85, a tonnage of 1 983 000 was recorded, with the total tonnage on the Transcam and the Western line (Douala-Nkongsamba) exceeding the 2-million mark for the first time ever. The main products carried are timber, petroleum products, alumina, cotton and cocoa and building materials. As for passengers, the figures have swollen from 1 253 000 in 1970-71 to 2 196 000 in 1984-85. Those who dreamed of the Transcam had not only economic and developmental benefits in mind, however: they also saw the railway as cementing the unity between the peoples of northern, central and southern Cameroon, which, hitherto, for lack of communications, had been tenuous.

Both these aspects were highlighted by Cameroon's then President, writing in November 1964, when construction work was just beginning. "What", he asked, "is the meaning of the expression 'the Transcameroonian', this construction project which will soon be under way in the very heart of our country and which has become a slogan full of hope and promise for our young State? It is the name given to the railway which, starting at Yaoundé (which is already connected with Douala by rail), will link the port of Douala with central and northern Cameroon, regions which have up until now been handicapped and retarded in their development because of their distance from the sea.

With this railway, which will run from south to north, transporting goods and bringing life to our economy, we foresee the establishment of a strong and permanent link between the people of our country, the creation of closer ties and unity among Cameroonians and the laying of an essential foundation-stone in our nation-building and our search for unity."

To the concepts of development and unity, the President added a third, however: that of friendship, and in



A tunnel being built at the exit to Yaoundé

Table 1: Passenger traffic

	Western Line		Transcam		Total
	Number	Average distance travelled	Number	Average distance travelled	Number
1961-62	691 040	49	689 648	94	1 380 705
1970-71	658 868	66	1 253 839	145	1 912 707
1976-77	351 830	77	1 373 820	167	1 725 659
1978-79	148 560	76	1 258 170	181	1 406 730
1980-81	89 140	75	1 138 980	199	1 228 120
1982-83	138 520	71	1 727 483	220	1 866 003
1984-85	283 610	62	2 196 881	221	2 480 491

Table 2: Freight traffic

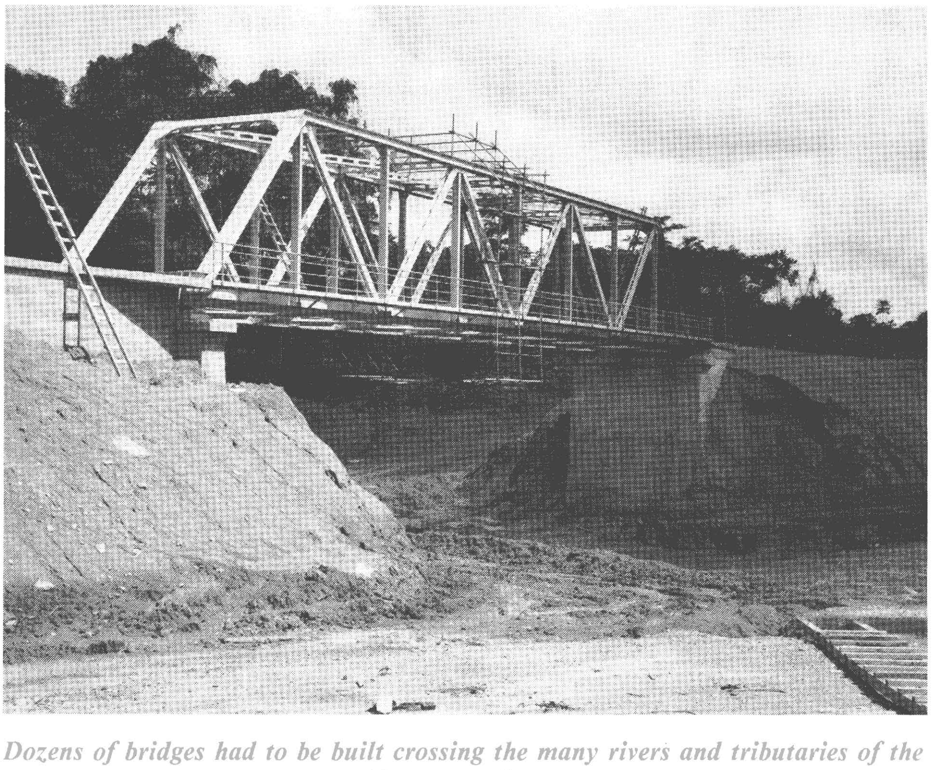
	Tonnes carried			Tonnes/Kilometre (millions)		
	Western Line	Transcam	Total	Western Line	Transcam	Total
1961-62	189 449	612 330	802 269	22.8	111.2	134
1975-76	150 077	1 141 265	1 291 342	20.5	417.6	437.3
1978-79	93 750	1 263 260	1 357 010	9.95	540.5	550.4
1980-81	59 650	1 465 120	1 524 770	5.99	663.9	669.9
1982-83	47 830	1 750 850	1 798 680	5.52	822.4	827.9
1984-85	45 790	1 983 230	2 029 020	4.43	980.5	984.9

particular the friendship built up through the Transcam project between Cameroon and the principal donors. France, the United States of America and the European Community. For the Community, which has lent its financial support to the railway for more than 20 years, contributing some 30% of total funds (see table 3), the Transcam is a development success story with which it can be proud to have been associated.

The building of railways in Cameroon dates back to 1906 when the country was still in the hands of the German administration. The intention even in those early days was to build a railway to the north. Given the difficulties of the terrain, however, and the primitive means at the labourers' disposal (picks and shovels only), progress was slow and the resulting railway was, by modern standards, appallingly slow and sinuous, with the trains crawling up and down, around and about, the endless hills as much as was possible for a train to do. Nevertheless, by 1914, when war in Europe stopped the Germans' work, a stretch of some 200 kilometres between Douala and Eséka had been completed.

After the war, the French military resumed the work—still using the German plans!—and by 1927 the so-called central line had been completed, linking the 309 kilometres between Douala and Yaoundé, together with the northern line, stretching 172 kilometres out of Douala to Nkongsamba. It was not until independence in 1960, though, that the old dream of a nationwide network was to become reality.

The Transcam railway, which was to be the central link of a major trans-



Dozens of bridges had to be built crossing the many rivers and tributaries of the Adamaoua plateau

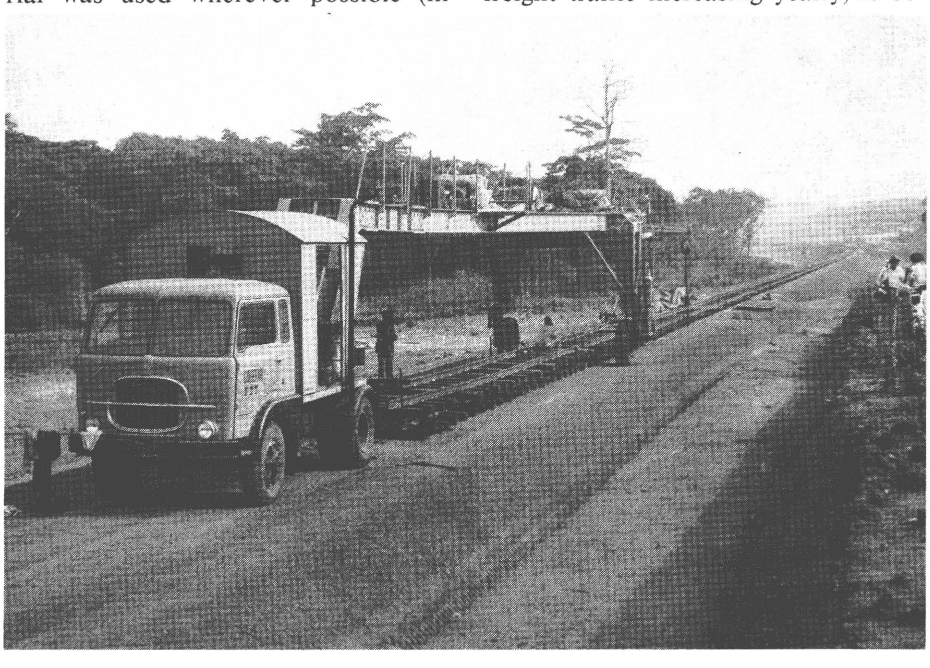
Table 3: Works in Progress								
Donor	European Community	F.R.G.	Cameroon	France	USA	Canada	Saudi Arabia	ADB
Sum in billions of CFAF (1986)	73	43	37	36	29	12	5	5
% of the total	30%	18%	16%	15%	12%	5%	2%	2%

portation route—part rail, part road—linking Douala on the Atlantic to Fort-Foureau in the north, was to be built in two main sections. The first, 296 kilometres in length, was to join Yaoundé to Bélabo — a tiny village with perhaps a dozen inhabitants before it became the terminus of Phase I of the Transcam and which, less than five years later, had developed into a thriving town with a population of some three thousand. This section, while not the most challenging in engineering terms, nevertheless involved the building of a number of major bridges, including the 40-50 metre constructions crossing the Assamba, Nia and Sele rivers, in addition to a whole series of shorter reinforced concrete bridges at various points along the line. Once the rail-bed had been prepared by the bridge-building crews and earthmoving and excavation units, the track-laying itself (track sections having been preassembled) proceeded as fast, sometimes, as 1500 metres a day. Here, as throughout the building of the Transcam, local material was used wherever possible (in particular timber for the sleepers) as well, of course, as local unskilled and skilled labour.

By 1969, barely four months after the date fixed for completion of the work, the Yaoundé-Bélabo stretch of the line was actually in service and work immediately began on Phase II, which was to extend the line 327 kilometres north to Ngaoundéré. Here the terrain was truly daunting, with the line crossing practically the entire breadth of the Adamaoua plateau, a virtually unbroken chain of densely-wooded hills, with four great slow-flowing rivers and countless streams and tributaries, hugely swollen in the rainy season, crossing and recrossing the line.

By February 1974 one of Africa's great development projects was complete, and on December 10th that year the Transcam was officially inaugurated at Ngaoundéré.

This, though, was not the end of the Cameroon railway story. With the Transcam built, and its passenger and freight traffic increasing yearly, it became clear that the network as a whole would greatly benefit by a realignment of the old Douala-Yaoundé line.



The "Trinqueballe" which allowed track to be laid at the rate of 1500 metres a day

Clearly the pioneering spirit was not present in this enterprise to the same degree as with the Transcam, but the realignment was no less of a technical feat. While the work consisted essentially of laying new track parallel to the old one (the gauge of both the old and the new lines was as for the Transcam—one metre), the "parallel" line was nevertheless at an average distance of two kilometres from the existing track. It was, therefore, virtually a question of building a new line. By 1978 the Yaoundé-Maloumé stretch had been realigned, by 1981 the Douala-Edéa stretch, and the year later, the penultimate section, that between Edéa and Eséka was completed. The final, exceptionally difficult section, between Eséka and Maloumé, where the line goes up a cliff, rising from 250 m at Eséka to 600 m only 25 kilometres further, is now under construction.

This stretch is requiring as much earth to be shifted as for the previous 74-km section (some 6 m m^3) and calls for the building of three major tunnels (including one 1500 m long) and of five viaducts. Small wonder that the cost per kilometre will be more than three times that on the Edéa-Eséka stretch!

Nevertheless, the light is now literally at the end of the tunnel and by 1987 the politicians' and engineers' dreams will have come true. A great development ambition—perhaps the one that most caught public imagination—will have been fulfilled, to the eternal credit of those Cameroonians who, over a quarter of a century, moved heaven and earth to find donors for the project, and to the gratification of those donors such as the European Community who can bask in Cameroon's reflected glory. o M.v.d.V.

Hidden treasure: the literature of black Africa

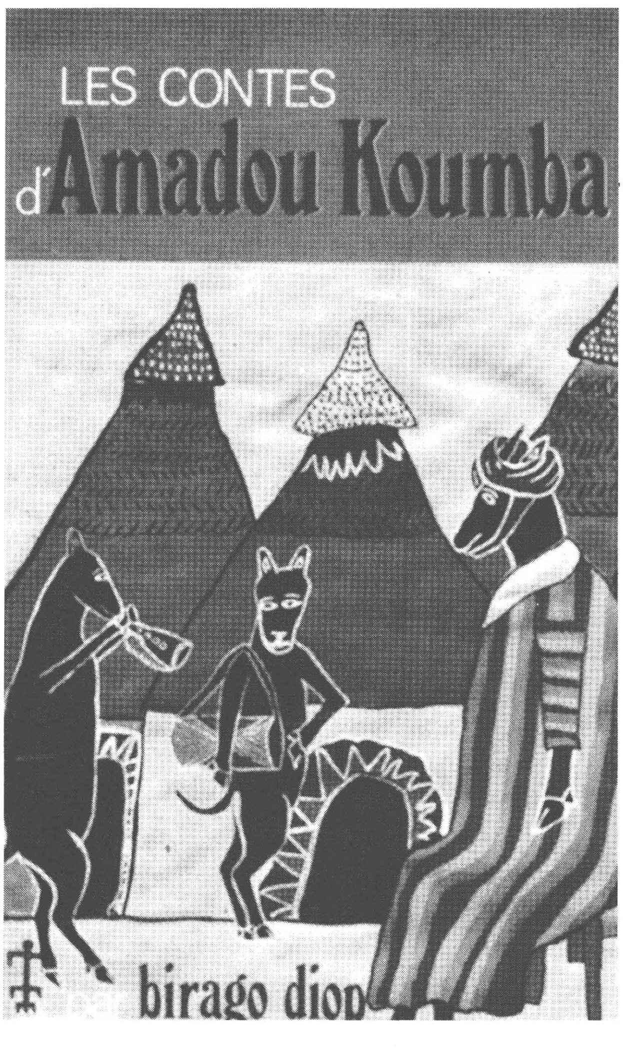
When a Belgian NGO, Cooperation through Education and Culture, decided to organize a three-day seminar in Brussels on African literature, they were beginning what they themselves admitted later to have been "an obstacle race". The objectives of the seminar were straightforward enough: they were to assemble a good number of African literary figures and to introduce them, their work and the literature of their continent to whoever might want to lend an ear. Beyond that, in a more durable vein, the organizers hoped to make known to a wider public both the classics of African literature and lesser-known works, indicating also the names of publishers, libraries and booksellers specializing in such works. The "obstacles" were of a practical nature—the search for patrons and subsidies—obstacles only too familiar, it is true, to NGOs and socio-cultural organizations at all times, but perhaps especially difficult to overcome in times of famine when culture tends to be regarded very much as a luxury item.

The seminar, entitled "Black Africa's writers, unrecognized writers?" (the original French title sounded more elegant) duly took place, nevertheless, with the backing of, amongst others, the European Community (there is, after all, a whole chapter given to Cultural Cooperation in the newest Lomé Convention) and few of those who participated, whether actively or passively, can have been disappointed with the results of the organizers' efforts. The breadth of subject covered was ambitious—from the birth of African literature (in the "colonial" languages) in the early part of the century to the themes of contemporary works; from the philosophical dilemmas of language to the practical problems of getting published; from the particular barriers confronting women writers to those facing black South African writers... While discussions centred principally on the literature of francophone Africa, one full day was set aside for the literature of the rest of the continent, enabling enlightening comparison to be made on, for example, the varying impact of colonial education systems on francophone, lusophone and anglophone African literature.

With so much of interest, *The Courier* has limited itself to a word on Africa's young literary tradition and to highlighting one or two aspects of the Brussels seminar. Those aspects (see boxes) consider, on the one hand, Feminism and Nigerian literature, and, on the other, literary questions, examined at two Round Tables, which affect the whole of the continent—the impact of literature on society and the difficulties and dilemmas facing publishers—or would-be publishers—of African works.

* * *

"A Guide to African Literature", published in 1979 by the Paris publishers Harmattan, lists some 250 writers in francophone Africa alone. Yet ask the averagely well-educated—or even highly-educated—European to name a single African poet or novelist, and the chances are that he couldn't. He (or she) might have heard of Senghor (but if he had *not* been Senegal's President as well?) Of Chinua Achebe?... Just possibly. Of Mongo Beti?... doubtful. And yet, though young, Africa already has a heritage of written works—poetry, drama and prose—in French, English and Portuguese.



The francophone tradition, in poetry especially, had its origins in the Paris of the 1930s, where young African and French West Indian intellectuals (Césaire, Damas, Senghor, Ousmane Soce and Birago Diop among them) met and shared their condition as oppressed peoples, the descendants of slaves or subjects of colonial régimes. The literature born of this meeting of minds and of peoples was dominated in the early days, not surprisingly, not only by the theme of denunciation of colonial injustices, but also by that of 'négritude', the affirmation of traditional values and of Africa's own cultural identity. Often romantic, and emotional, lamenting the solitude of exile and expressing nostalgia for Mother Africa, 'négritude' was—and still is, to some extent—a major inspiration to the literature of ex-French West Africa, in particular, but found little echo outside francophone circles. It even inspired some ridicule, as witness the famous rejoinder of Wole Soyinka on the notion of 'négritude': "un tigre ne proclame pas sa tigritude—il bondit" (a tiger doesn't proclaim his 'tigerness'—he springs!).

While the African novel did not properly flourish until the 1950s, with the human condition, on the eve of independence, emerging as its principal preoccupation, one novel, published in 1921, had nevertheless succeeded in penetrating the barriers of the Establishment and in forcing reflection in metropolitan France on the legitimacy of colonial rule. The book in question, Batouala, written by a colonial administrator of Martinican origin, René Maran, depicts the humiliations of colonial power and calls for greater respect of negro cultures. It might have passed unnoticed, let alone heralded, but for the fact that it happened (to the distress of the then French government, no doubt) to be thrust into the public eye in the most assertive manner possible—by winning the Prix Goncourt.

Of post-independence Africa, "Le Soleil des Indépendances" (the Sun of Independence), by the Ivorian Ahmadou Kourouma, published in 1970, is probably the first great work in the French language of modern, free Africa. Much of the literature from the 1960s to the present day is marked, however, by disillusion and by fear for the future. Death is also a recurring theme, as are hunger and infirmity,

Round Table on the impact and limitations of African literature as an instrument of social change

This round table, which was led by Congo's Mr Bemba, defined the limitations of African literature rather than its impact on social change. Impact is of course very difficult to measure, particularly as situations vary widely from one country to another. The press, for example, is far more important in English-speaking areas than it is in French-speaking ones, yet the print-runs and reports in the media—and the way certain authors are ostracized—suggest that impact there is. But it is limited, first of all, obviously, by the limited readership and then by the language problem, on which a great deal has been said. Opinions are divided into two main camps. There are those who maintain they have to sell and therefore have to write in a language in which they are sure to be read, which has to be a widespread one which will make the reality and the culture of Africa known on the outside. "A writer's strength is his public", said the Guinean writer Williams Sassine, "so don't blame us for writing in French".

But someone else said that an African writer should not seek his legitimacy other than at home, that culture should not be expected to make a profit and that the way to salvation is to write in the national language and try to have as many public readings as possible. "Nothing will change while our writings stay amongst us literates", even if this means financial sacrifices for the author, as a book written in a local language may well only run to 2-3 000 copies, if that. Mr Bemba concluded by emphasizing that each country needed "a national cultural plan, in agreement with the Government", particularly since the State's cultural spending was one of the most productive of its outlays.

Publishing and distribution

Marc Rombout (Belgium) outlined his experience in making African authors known in Europe. "It is very difficult, "he said" to write critiques of African works in European papers and magazines. First of all, you have to come to terms with the fact that Europeans read very little, apart from the odd prize-winning novel". European literary criticism is also guided by specific editorial demands (fashion, aesthetic trends and patterns of trade) and by the difficulty of accepting differences. Publishers come up against the European public's indifference to, and maybe even rejection of, African literature. Even an educated member of the public will often imagine that Africa has no past or react in the light of a Third World myth and, "denied his revolutions, demand what the African writer may well not be willing to give him" rejecting him either due to a "bad bourgeois conscience" or a "bad intellectual conscience". Instead of taking an interest in the aesthetic aspects of creation, "he looks at the mythology of African writing". In short, a writer's legitimacy is viewed differently in Africa and in Europe. To a European faced with an African poet, "being a poet does not look good".

Lilyan Kesteloot (Belgium) spoke along similar lines. In the 1960s, she said, critics used all African writers for anti-colonial purposes. A little later, they went so far as to tell writers why and how to write. "The terrorism of the university took over the militant outlook of négritude". Lastly, more recently, this critical dictatorship mercifully dissolved before the freedom of the intellectual and the diversity of Africa. Mrs Kesteloot felt that the most serious problem in literature is the oral factor. "Editors are allergic to oral literature, especially where it is bilingual", she said, "in spite of the enormous wealth and value of culture of this genre". But she remained optimistic overall. "Literarily speaking, Africa is doing well", she said, "it is in intellectual ferment and literature is very much alive and diversified".

Paul Dakeyo (Cameroon) and Emmanuel Dogbe (Togo), both African publishers, were much less euphoric. As Emmanuel Dogbe, who runs Akpagnon in Lomé said, a young publisher just cannot find any financial support, so publishing is more a vocation than a profession. Paul Dakeyo, whose Silex was founded in Paris in 1980 and has brought out 120 titles since, said there was an area here in which anything was possible.

Both critics and publishers agreed on the problems of distributing books in Africa itself. There is no highlighting of African works and this may well, the Round Table thought, be due to the absence of any cultural policy on the part of many Governments. o M-H.B.

Feminism and Nigerian literature

The Nigerian writers expected at the seminar having failed to respond to the invitation because of other commitments, the organizers produced Buchi Emecheta, a Nigerian feminist writer, partly based in London, as a stand-in. A graduate in sociology, Mrs Emecheta came into public attention in 1972 when her first book *The Joys of Motherhood* was published. It was a personal story that turned out to be an important social documentary on the conditions of black women in England. Buchi Emecheta had lived in England for over 17 years bringing up all alone five children. Since the publication of that book, other works, most of which deal with the condition of women in Nigeria, have seen the light of day.

It therefore did not come as a surprise when she indicated her intention to speak during the seminar on Nigeria's literature from a woman's point of view. Nothing wrong with that, it was thought, at least it would provide the audience with the opportunity to gain some insight into the history of Nigerian literature, what the dominant themes were in the past and are at present and the difficulties facing writers (particular women) in terms of publishing and relationship with government.

Buchi Emecheta did touch on some of these topics but devoted most of her time to what amounted to an attack on Nigerian menfolk in general and the foremost Nigerian writers in particular—Chinua Achebe, Wole Soyinka, Cyprian Ekwensi—for the manner in which, she said, they debased women in their works and for withdrawing from the literary scene at a time when they were most needed.

The good black women in the Nigerian society today, according to her, is the one that is dying or is already dead. This is a theme that Buchi must elaborate on if she is to be understood.

Discrimination

Surely, as she said, women in Nigeria have suffered discrimination in education as a result of the policy pursued by many parents for a long time of sending only their sons to school. This does explain why there are few Nigerian women writers today. The situation, however, has changed. Women are entering the educational system at all levels in great numbers and we are likely, as she said, to see many women writers in the near future.

Mrs Emecheta ignored the dominant role that women play in Nigerian traditional societies when she tried to see things more from the perspective of oral tradition. Even here she appeared to get entangled in contraditions. Oral tradition, she said, has now been left to rural women and oral literature is no longer considered as literature at all judging from current definitions of literature. Definitions or no definitions, there is hardly an African writer today who does not extol the virtues of oral literature. Buchi Emecheta defended the use of the English language in Nigeria because it is the only medium of communication for the country's 200 tribes. If oral literature is to come out of its tribal ghetto and reach out to other tribes and the world at large, it has to be in English and written. What matters are the message, the image and the need to remain faithful to the oral tradition in style when expressing these in English. It is precisely for this reason that many will agree that she, Buchi Emecheta, acted rightly in disagreeing with her publisher over a sentence which the latter considered to be bad English but which she insisted on retaining on the grounds that it expressed her thought better and depicted the image she wanted to convey better.

Nigeria's literary life, one of the richest and most varied in Africa, cannot be reduced to feminism and woman in oral literature. It is a pity that none of the Nigerian writers invited could make it. o A.O.

the break-up of the nuclear family and the abuse of political power. Africa's literature in the 1980s is as closely anchored to the social and political reality of the continent as it ever was.

* * *

Many of Africa's greatest literary works, and some of its lesser ones, were on sale during the seminar, and interest in them was considerable. In addition to the lists of publishers specializing in African works, mentioned above, the seminar's programme included names of admired novelists, poets and dramatists, principally from francophone Africa, but from other parts of the continent as well. Of Africa's novelists the following were recommended: Sony Labou Tansi (Congo), Williams Sassine (Guinea), Malick Fall (Senegal), Ahmadou Kourouma (Côte d'Ivoire), Pierre Bambote (CAR), Oumarou Ide (Niger) and Massa Makan Diabate (Mali). Of those who have already become "classics", Mongo Beti and Ferdinand Oyono (Cameroon), Bernard Dadie (Côte d'Ivoire), Sembene Ousmane and Cheikh Hamidou Kane (Senegal) were amongst those cited, as were Birago Diop (Senegal) and Djibril Tamsir Niane (Guinea), the latter two for their graceful adaptations of the spoken word into the written word. Of Africa's many poets David Diop (Senegal), Tchicaya U Tam'si (Congo) and Edouard Maunick (Mauritius) were recommended, and, of its dramatists, Abdou Anta Ka (Senegal), Senouvo Agbota Zinsou (Togo) and Guillaume Oyono-Mbia (Cameroon). As for the anglophone literary tradition, the Nigerians Wole Soyinka, Chinua Achebe and Amos Tutuola and the Kenyan Ngugi Wa Thiong'o were named as four of the many possible recommended authors from English-speaking Africa. Of the literary figures of Portuguese-speaking Africa, the Mozambican poet Luis Bernardo Honwana was cited as being of particular interest.

To the uninitiated at the seminar, these names will now be recognizable, and what is recognizable today should, with luck, be familiar tomorrow. Africa has hidden literary treasures, and it is one of the tasks of cultural cooperation to put them on display. o

M.v.d.V.

The CTA's Question and Answer Service: for whom and for what?

By Thiendou NIANG (*)

One of the things that has created the development challenge facing the countries of Africa, the Caribbean and the Pacific is their poor scientific and technical potential and especially their minimal store of information.

The CTA was set up under the Lomé Convention to make it easier for the ACP countries to obtain agricultural and rural information, which is an essential factor of production in the pursuit of their objectives, particularly self-sufficiency in food.

Its main purpose is to be a relay between the countries of the Community and the ACP Group which can mobilize the know-how of one and adapt it for the other and encourage the transfer of technology within the ACP countries themselves—without underestimating the job of scientific and technical organization.

Lastly, the CTA has tried to improve its services to the ACP States by opening a question and answer service, a vital complement to its other activities (conferences, seminars, studies, publications and the translation of reference books) and one which should make it easier to disseminate information on agricultural and rural development.

For whom?

Users of the question-answer service come from a variety of professions and jobs. They vary in origin, in the subjects that interest them, in the nature of the requests and in the reasons underlying them.

Our correspondents are, in descending order of frequency of writing, students, researchers, international organizations, teachers, farmers, agricultural extension staff, ministers, ambassadors, company directors, resource centres, economists, and sociologists.

(*) Head of the CTA Information Service.

Many of the requests come from the ACP countries, but there are many from the Member States of the Community as well, and we have had questions from such countries as Senegal, Cameroon, Burundi, Côte d'Ivoire, Liberia, the Netherlands, Tonga, Mauritius, Ghana, Belgium, France and Luxembourg.

The commonest subjects are agricultural products (pineapples, cow-peas, coffee, manioc, cashew nuts and wheat), appropriate technology, farms, vegetable crops, fertilizer (and compost especially), animal production (biology and cattle-feed), seed and rural economics.

Whom should we contact? What is published on what? Who does what where? What data is available? These are some of the fundamental questions the CTA has to answer every day.

People ask us questions because they are involved in running a development project, preparing socio-economic studies or theses, monitoring agricultural research operations or doing market surveys on farm produce.

Sample questions

1. A research worker needed an exhaustive bibliography on Ensete bananas. The CTA service found him the titles and abstracts of all such works published in the West up to 1984, within the prescribed time.
2. An institute working on asexual vegetable production needed the addresses of researchers working on this in the Netherlands. The CTA produced the list.
3. A farmer in Burundi wanted to know how to grow manioc and what to do with it after harvesting. The CTA gave him practical advice.
4. A university student wanted financial details of losses incurred after the harvesting of tropical fruit imported to the EEC. This was his thesis subject. The CTA was able to provide this information. It also encouraged him to contact COLEACP, an organization of ACP exporters and EEC importers of fruit and vegetables, which publishes up-to-the-minute information on the market in these products every week.

These are the sorts of questions we receive every day.

Stimulating demand

Many people in the field could benefit from CTA assistance if they knew about it. The organization is aware of the need to boost the real or potential users' consumption of development information and has therefore channelled a lot of resources into stimulating ACP demand. Experts provide details of the CTA when they go out on mission and in the CTA technical meetings in which 378 ACP nationals were involved.

The CTA section of The Courier, the various articles in Spore (1) and the schemes to make people aware of what the CTA does to disseminate information on agriculture which the ambassadors and contact cells in the ACP States have run have no doubt made their contribution to increasing demand—although it is still relatively small in relation to actual capacity. So we have to go on stimulating demand as well as ensuring the constant improvement of what we have to offer. In particular, the service tries to give answers that are fully in line with the requirements of those who ask the wide range of questions it regularly receives.

Sources of information

This sort of work means having access to many sources of information. So the CTA has introduced a multipurpose data access system comprising a link to agricultural data banks, the

(1) This is the CTA's two-monthly scientific and technical information distribution bulletin.

establishment of contact units in the ACP-EEC countries, cooperation with research and other networks, creation of a tropical agriculture resource bank and a reference library.

First of all, the CTA is connected to the main agricultural data bases, including AGRIS [2], and the systems of the FAO and the Commonwealth Agricultural Bureau, AGRICOLA (the Agricultural On-line Access of the National Agricultural Library of the USA), AGRALIN in the Netherlands and TROPAG (the Royal Tropical Institute, Amsterdam, Netherlands).

Alongside this, it can obtain information for its users from data bases that are not on-line—including the Sahel Institute RESADOC.

It also has working relations with the main suppliers of primary agricultural documents and, in particular, the British Lending Library and the Commonwealth Agricultural Bureau (UK), the Centre National de la Recherche Scientifique (France), PUDOC (Netherlands), the CIRAD documentary information services (France) [3], the Bureau pour le Développement de la Production Agricole (France) and the FAO's David Lubin Library.

What is more, the CTA has set up liaison committees in the EEC countries and networks of relations with the ministry departments of agricultural research and development in the ACP States. It has also established working relations with regional and sub-regional organizations in the ACPs, including CILSS [4], IRETA [5] and the IITA [6].

It has set up a tropical agricultural data base comprising addresses of people who specialize in research, training, agricultural extension and rural development planning and of institutions, research and other networks and information services.

A series of CTA studies and publications and the reports of seminars and conferences it has organized or supported complete the range.

So the organization undeniably makes a proper job of being a crossroads where producers, suppliers, consumers and users of information can meet.

Free services

When the CTA receives a question, it performs four complementary but differently motivated services.

— An orientation service channels the question to the appropriate specialist or to other, more pertinent, sources of rural development information.

— A technical support service gives practical advice on implementing a development project.

— A bibliographical service which supplies references is involved in supplying primary documents (copies of articles, originals and microfiches).

— A facts and figures service provides statistics on the main agricultural products and information on scientific activity such as conferences, training programmes and research that may be of interest to the ACPs.

So what the CTA does here is provide the Group with free and reliable access to information.

Answers are usually given by letter or by telephone or, in very rare cases, by telex. The average time that elapses between receipt of the question and despatching of the answer is two weeks.

This picture of the operational nature of this service should not, however, mask the problems.

Expressing demand can sometimes be a problem. For example, a student may ask how to develop a village in Niger, but without mentioning the population (number of inhabitants, composition, literacy rate), the natural resources, the agricultural and ecological context, the infrastructure, the specific problems etc.

(2) AGRIS = the International Agricultural Science and Technology Information System (Rome, Italy).
(3) CIRAD = the International Cooperation Centre for Agricultural Research for Development (Paris, France).

(4) CILSS = ICDCS = the Interstate Permanent Committee for Drought Control in the Sahel (Ouagadougou, Burkina Faso).
(5) IRETA = Institute for Research Extension and Training in Agriculture (Apia, Western Samoa).
(6) IITA = International Institute of Tropical Agriculture (Ibadan, Nigeria).

How to get an answer from the CTA

We supply information to five main categories of people (researchers, instructors, development experts, planners and extension workers) and we are open to others too. We need the following information in order to reply:

Identity of applicant

- Name, forename
- Qualifications
- Occupation
- Working languages
- Address

Information on the project

- Title
- Aims
- Use to which the information to be put
- Stage of project to which the requested information applies (prospection, start, continuation, evaluation)
- Applicant's experience in this field
- Beneficiaries of the information requested

Constraints

- Agro-meteorological data on the region or country in question
- Type of information/documentation requested (bibliography, statistical data, addresses, articles, monographs etc.)
- Date by which information to be supplied
- Sources of information already investigated
- Period of interest of the research

A knowledge of these parameters means we can provide services that are more precise and more in line with the user's needs.

The list of details required is not limitative. It simply gives an idea of how to make an application. Use it as a reminder rather than a questionnaire. The clearer and more specific the question, the better the service provided will fulfil your particular requirements.

CTA Information Service,
Postbus 380,
6700 AJ Wageningen,
Netherlands

Tel.: 8380 20484
Telex: 30196

This shows that there is a problem in question formulation that the CTA has to solve. Note, too, that demand increased sharply with the CTA promotion campaign and that it could well overburden the services, which would have to be extended, in time.

SPORE

№ 2 May 1986.

CTA Bimonthly bulletin of the Technical Centre for Agricultural and Rural Cooperation for dissemination of scientific and technical information

Over the last two years, the amount of land used for out-of-season crops has doubled in some countries

A major operation to promote out-of-season crops was established in 1984 in Niger to help people overcome the worst of the drought. It generated considerable popular support: many government agencies and departments, NGOs (non-governmental organizations), and agricultural officials all coordinated their efforts in order that the most appropriate sites for such crops could be identified and used.

PROMOTING OUT-OF-SEASON CROPS

Foreign aid, such as that from UNICEF (1), the World Bank, the European Development Fund, the French Cooperation Ministry, and the French Caisse Centrale de Coopération Economique, helped to finance the operation, notably for the necessary inputs such as seeds and the improvement of water sources for irrigation. At the same time, other drought-stricken countries in the Sahel also launched intensive programmes to develop out-of-season crops. Such cultivation is now considered to be the best way of exploiting groundwater sources whose often hidden potential has only lately been recognized.

After operating for two years, a preliminary evaluation can now be made of this approach. When first launched in Niger, its promoters not only saw it as a means to deal with the immediate crisis but also as part of a long-term development process. But with the return of more or less « normal » rainfall patterns, have these crops been abandoned as emergency measures that are no longer necessary ? Or have they been integrated as part of the permanent farming practices in the regions concerned ?

Although this type of out-of-season cultivation is often associated by many with Niger, it is not restricted to this country. In Senegal, market gardens flourish even in the dry season. In Mali, government programmes have strived for years to diminish climatic risks by promoting out-of-season vegetable production. But in Niger the « renaissance » of this kind of cultivation was particularly innovative and well organized. At the same time, the drought over the past few years also tended to bring to the fore a form of traditional cultivation, practised mostly by women, that had never been given much importance.

Over the last two years, the amount of land used for out-of-season crops increased by between two and three fold in some of these countries. In Niger, for example, it is estimated that 62,000 ha were under out-of-season crops in 1985 as opposed to only 29,000 ha in 1983. It is still too

However, experience in development over the past decades has shown that boosting national capacity is one of the fundamentals of national development and also a *sine qua non* of the success of any regional or international cooperation scheme. So the CTA has come up with a programme to support the ACP agricultural documentation centres which, once they are properly organized and run, should in turn take over the dissemination of development experience, the results of research and the other technology their countries need, in the light of the socio-economic and ecological situation of each. This programme includes training for librarians and users, the production of bibliographies for each subject and each region and the opening of a primary document storage and distribution centre, a vital support and an efficient way of partially solving the problems outlined above.

In conclusion, let us say that there is a great challenge involved in disseminating scientific and technical information to the ACP countries in view of the diversity and nature of the information required for agricultural and rural development. By creating its question and answer service, the CTA is making for better dissemination of the information the ACPs need for their rural and agricultural development. ○

THE CONVENTION AT WORK

Also in the yellow pages

Foundation for ACP/EEC Cultural Cooperation established in Brussels

After a long period of gestation, the Foundation for ACP-EEC Cultural Cooperation was finally brought into being on 19 June. The acknowledged brainchild of the Mauritian Ambassador to the EEC, Raymond Chasle, the creation of the Foundation was marked by a prestigious Academic Session in which many of the leading lights of the ACP-EEC world — Secretary of State van Eekelen, Ambassadors Giama and Seydina Oumar Sy, Giovanni Bersani and Edgard Pisani to name but a few — took the floor.

The aims of the Foundation are closely linked to the provisions of Title VIII of the latest Lomé Convention — devoted to cultural and social cooperation — provisions which Ambassador Chasle, in his capacity as a Lomé negotiator, had vigorously supported.

Through the Foundation, Ambassador Chasle and the other founding members hope to put cultural cooperation, as enshrined in the Convention, into practice. The project is an ambitious one: it aims at promoting better understanding between the peoples of the ACP and EEC countries; at developing ACP cultural productions and preserving and enriching their cultural attainments; at backing ACP States' efforts at greater self-reliance in their development, based on their social and cultural values, and a great deal besides. In doing so, it will centre its activities around the audio-visual industry (cinema, T.V., photography, radio), the press, the publishing world and the world of science and technology. It will also support or organize exhibitions and activities connected with music, theatre or dance. In addition (and the above is by no means an exhaustive account of the Foundation's aspirations), it aims to support all actions taken with a view to improving the economic, social and civic rights of students and migrant workers in the Community.

Above, left to right: Messrs Pisani, Van Eekelen, Sy, Mosar, Bersani, Carrington and Chasle. Below, a view of the auditorium

The Courier will be returning to the subject of the new Foundation and of its work in a future issue. o

LOMÉ III PROGRAMMING

For a year now, programming for Lomé III's Sixth EDF has been in progress and, as of the date of publication, 59 countries have agreed their indicative programmes. *The Courier* has reported the details in its Nos. 93, 95, 96 and 97. The list continues herewith.

It should be remembered that the sum indicated for each country does not include additional resources which could be made available to ACP countries during the life of the Convention in the form of non-programmable aid administered by the Commission such as Stabex transfers, emergency aid, food aid, etc. On the other hand, the EIB could contribute, from the resources which it manages, to the financing of productive investment projects which meet the criteria and conform to the statutory rules of the Bank and the provisions of the Convention. If, in the case of certain countries, an indicative amount is shown as regards loans, the sum is nonetheless subject to the funding of projects already presented and accepted before becoming definitive.

Djibouti

Djibouti will be receiving ECU 8 m, of which ECU 7 m will be in the form of grants and ECU 1 m in the form of risk capital managed by the EIB.

85% of grants will be spent in the areas earmarked as priority, namely development and urban development. The assistance to the rural sector will concentrate on improving the life of pastoral and semi-pastoral population groups by developing livestock management in such a way as to ensure the necessary balance between conservation of vegetation and the fight against desertification on the one hand and the development of the livestock sector on the other.

The Community pointed out that a sum of ECU 185 m was available for regional projects in the East African region, which should prove a substantial support for the take-off of IGADD.

The indicative programme was signed on 4 March 1986 in Djibouti by M. Bahdon Farah on behalf of the Republic of Djibouti, by M. Giovanni Livi on behalf of the Commission of the European Communities and by M. Seiller for matters under the responsibility of the European Investment Bank.

Jamaica

Jamaica's overall financial package of programmable resource will be ECU 39 m, of which ECU 29 m will be in the form of grants and ECU 10 m in the form of special loans. This aid will go primarily towards rural development to underpin the Government's strategy for improving living conditions in the countryside with a view to increasing production and providing jobs.

Jamaica will also be eligible for part of the ECU 72 m available for regional cooperation in the Caribbean region.

The indicative programme was signed on 6 May in Kingston by Prime Minister Edward Seaga on behalf of Jamaica, by Michel Hauswirth on behalf of the Commission of the European Communities and by Justin Loasby in respect of matters under the responsibility of the European Investment Bank.

Bahamas

Bahamas will receive ECU 3 m as programmable resources, of which ECU 2 m will be in the form of grants and ECU 1 m in the form of special loans.

Aid will be concentrated on economic infrastructure in the Family Islands, and will include provision of electricity supplies.

Bahamas will be able to tap into the ECU 72 m earmarked for regional cooperation in the Caribbean region.

The indicative programme was signed on 8 May at Nassau by Sir Lynden Pindling, Prime Minister and Minister of Finance on behalf of the Bahamas, by M. Michel Hauswirth on behalf of the Commission of the European Communities and by Mr Justin Loasby in respect of matters under the responsibility of the European Investment Bank.

Cameroon

Cameroon will be receiving ECU 96 m as total programmable resources, of which ECU 66 m will be in the form of grants and ECU 30 m in the form of special loans.

Aid will be concentrated for the most part on two sectors: development of the rural world and support for small-and medium-sized enterprises. The aim is to provide a firm base for food self-sufficiency, modernise agriculture, stem the rural exodus and fight desertification, and to provide the country with a class of indigenous entrepreneurs.

In addition, the EIB could contribute to the financing of productive investment projects in the manufacturing industry, in the area of infrastructure or support for small- and medium-sized enterprises by the provision of technical assistance. Taking all the means of financing into account, the Bank indicated that a sum of the order of ECU 80 m could be considered.

Furthermore, Cameroon will be able to benefit from the ECU 80 m which will be made available for regional cooperation in the Central African region.

The indicative programme was signed of 10 May in Yaoundé by Sadou Hayatou, Minister of National and Regional Planning, on behalf of Cameroon, by Dieter Frisch, Director General for Development, on behalf of the Commission of the European Communities and by Jacques Sylvain in respect of matters under the responsibility of the European Investment Bank.

Suriname

Suriname will receive ECU 23 m as programmable resources under Lomé III, of which ECU 17 m will be in the form of grants and ECU 6 m in the form of special loans.

Priority will be given to improvement of the conditions of life in the rural sector, with particular emphasis on the upgrading, rationalisation and development of the rice-growing subsector.

Suriname would be eligible, in addition, to take part in regional projects and programmes for which ECU 72 m had been reserved.

The indicative programme was signed on 13 May, by Wim Udenhout, Minister-President of Suriname, by Michel Hauswirth, Deputy Director General on behalf of the Commission of the European Communities and John Ainsworth in respect of matters under the responsibility of the European Investment Bank.

Belize

Belize will be receiving a total of ECU 8 m under Lomé III, of which ECU 4 m will be in the form of grants, ECU 3 m in the form of special loans and ECU 1 m in the form of risk capital managed by the EIB.

The bulk of the Community assistance will be used for economic infrastructure (80%) and much of the remainder for community development.

The EEC stated that an amount of ECU 72 m would be available for regional development in the Caribbean region.

The indicative programme was signed on 1 May 1986 in Belmopan by Prime Minister Esquivel on behalf of Belize, by M. Hauswirth on behalf of the Commission of the European Communities and by Mr Ainsworth for matters under the responsibility of the European Investment Bank.

Côte d'Ivoire

Côte d'Ivoire will be receiving as programmable resources ECU 52 m grants and ECU 23 m special loans, a total of ECU 75 m (CFAF 25.5 bn).

Community aid will be concentrated on the rural sector, particularly in supporting the country's policy of food self-sufficiency and improving the conditions of, especially, young farmers.

In addition, the EIB can contribute, from the resources at its disposal, to the financing of productive investment projects in the industrial, agro-industrial, telecommunications, energy and productive infrastructure sectors up to a provisional amount of the order of ECU 80 m.

Côte d'Ivoire will also benefit from participation in regional projects in West Africa, for which the EEC has set aside the sum of ECU 210 m.

The indicative programme was signed at Abidjan on 20 May by Abdoulaye Koné, Minister of Economy and Finance, by Maurice Foley, Deputy Director General on behalf of the Commission and by Robert Cornez in respect of matters under the responsibility of the European Investment Bank.

Trinidad and Tobago

Trinidad and Tobago will be receiving ECU 15 m (±TT $ 52 m) in programmable aid. This comprises ECU 9 m of grants and ECU 6 m in the form of soft loans. Funds will be concentrated on agricultural development, the conservation of natural resources and tourism.

The country will also benefit from regional cooperation programmes in the Caribbean for which an overall allocation of ECU 72 m is foreseen.

The indicative programme was signed in Port of Spain on 16 May by Errol Mahibir, Trinidad and Tobago's Minister of Foreign Affairs, by Michel Hauswirth, Deputy Director-General for Development, for the Commission and by John Ainsworth for the EIB.

Guinea

Guinea will be receiving ECU 114 m as programmable resources, ECU 96.5 m of which in the form of grants, ECU 5 m as soft loans and ECU 12.5 m as risk capital. Aid will be devoted principally to rural development and in particular to stimulating cash and subsistence crop production, and to helping build up environmental protection and restoration units.

Guinea will also be entitled to participate in regional cooperation programmes, for which ECU 210 m has been set aside for the countries of West Africa.

The indicative programme was signed in Conakry by Edouard Benjamin, Guinea's Minister of Planning and International Cooperation, by Maurice Foley, Deputy Director-General for Development, for the Commission and by Robert Cormez for the EIB.

Kenya

Kenya will receive the sum of ECU 122 million (equivalent to Kshs 1.903 m) as programmable resources, composed of ECU 112 million (Kshs 1,747 million) in the form of grants ECU 10 million (Kshs 156 million) in the form of special loans.

The Community's aid would be focused on rural development centred around self-reliance in food, and an adequate rural-urban balance.

Furthermore, the European Investment Bank will contribute to the financing of projects in agro-processing, manufacturing, and in the energy and communications sectors. To this end, the Bank envisages an amount of the order of ECU 70 m from the resources under its mangement.

Kenya will also benefit under the regional programme allocation for which a sum of ECU 185 million (Kshs 2,885 million) is earmarked for operations in the sub-region.

The Indicative Programme was signed in Nairobi on 5 June 1986 by John Cithuku, Permanent Secretary at the Ministry of Planning and National Development, by Dieter Frisch, Director-General for Development, for the Commission and by Thomas Oursin for the BEI. o

EDF

Following a favourable opinion from the EDF Committee 211st-213rd meetings), the Commission has just decided to finance these projects.

Somalia

Technical assistance
Fifth EDF
Grant: ECU 1 875 000

This project has been specially designed to improve and support tax management at the Ministry of Finance, the Central Bank and the Commercial and Savings Bank, so they can administer public debt properly and introduce the relevant tax measures, in particular to boost local and foreign investments.

Burundi

Faculty of Agriculture in Bujumbura
Fifth EDF
Grant: ECU 5 000 000

The project is to put up and equip buildings (classrooms and student accomodation) on the Mutanga (Bujumbura) campus with a view to improving working conditions in the Faculty of Agriculture and expanding training possibilities to meet the demand for agricultural engineers in Burundi, an essentially agricultural country.

Malawi

The Mwansambo rural development centre
Fifth EDF
Grant: ECU 900 000

The Mwansambo rural development centre is part of Malawi's national programme of rural centres (PNCR), which is aimed at providing selected areas with an integrated series of facilities and installations to meet the fundamental needs of the population and boost agricultural production and trade in rural areas. Mwansambo, the first project after the German-financed pilot phase, will reach 25 000 people living in a 45 000 ha region.

It will provide a certain amount of infrastructure (village roads and bridges) and about 65 buildings (total covered area of 6 890 m^2) for economic, social and administrative purposes in Nwansambo and the surrounding area.

Botswana, Swaziland and Zimbabwe

Regional railway personnel training project
Fifth EDF
Grant: ECU 2 000 000

The idea here is to train Botswanan nationals in preparation for the Government's purchase of Botswana Railways from National Railways of Zimbabwe in January 1987 and to train Swazi nationals for the opening of the new northern line in 1986. It is also to cater for the change from steam to diesel. Courses are to be run in national centres in Botswana and Swaziland and high-level training will be offered in regional centres, especially in Zimbabwe. One technical assistant will be sent to Swaziland and six to Botswana.

This project follows on from the successful Lomé I scheme which paved the way with a detailed study of railway labour and the creation of local training centres in Botswana and Swaziland.

Malawi

Fish-farming in the north and south
Fifth EDF
Grant: ECU 2 927 500

This covers research and the drafting of technical and economic criteria for fish-farming in northern and central Malawi where the intake of fish is only 50% of what it is elsewhere in the country. A particular aim is to improve the diet and the income of the small fishing communities. Phase one, which lasts three years, is a pilot project involving studying, developing and demonstrating the feasibility of fish-farming in the region. Phase two, which will be run if an assessment of the first three years of applied research and development reveals it has been successful, involves providing the necessary extension services and training to encourage and boost the development of fish-farming in the region. The project is in line with the development targets of the Malawi Government and the Commission of the European Communities.

Papua-New Guinea

Project to build mini-HE stations in Tari
Fifth EDF
Grant: ECU 2 700 000

This is the first project on the diesel installation replacement programme.

The Tari sub-station, which serves more than 2000 people, will thus have a continuous and more reliable supply of electricity and the national budget will save on diesel fuel imports. A more reliable electricity supply should improve the standard of living of the rural population and could even put a brake on the rural exodus.

Mauritania

Technical assistance for maintaining hospital facilities
Fifth EDF
Grant: ECU 540 000

This project follows two years of EDF-financed technical assistance and training in the maintenance of hospital facilities. Recent results have been extremely satisfactory. This new project will be an apportunity to train new hospital technicians, provide advanced training for those already on the job and extend the hospital maintenance service to hospitals in the regions instead of keeping it concentrated in the capital, Nouakchott.

Guinea Bissau

Village water engineering
Fifth EDF
Grant: ECU 1 400 000

The idea here is to sink 85 wells in villages in north-eastern Guinea-Bissau where water supplies are a particularly critical problem.

The project is part of the rural development drive which is the Government's top priority and aims to improve supplies and thus improve health and hygiene in the villages.

Cameroon

Rural development in the Bafut area
Fifth EDF
Grant: ECU 1 500 000

This project follows on from the village structure and activity promotion schemes financed as an experimental operation (Bafut I). The idea is to improve the living conditions of the 35 000 people in the district of Bafut and boost agricultural output with the participation of the local population.

Project intervention is geared to producing and distributing plant stock, promoting draft animals, rehabilitating hydro-agricultural facilities, developing prairies for intensive herding and introducing measures to develop fish-farming and poultry, pig and goat breeding and extend the improvements to the socio-economic and rural infrastructure in the region.

The programmes will be run by the peasants themselves — who will be organized into village communities and have the support of technical assistants and standard back-up services locally.

Netherlands Antilles

Installations for veterinary service and slaughterhouse in Curaçao
Fourth EDF
Grant: ECU 2 900 000

The existing slaughterhouse in Willemstad, Curaçao, was built in 1933. It no longer satisfies the most elementary health standards.

In view of the state of decrepitude and disrepair of the buildings and plant, renovation is ruled out, and a new slaughterhouse must be built. It will be located in the same port area and will mainly comprise a slaughter hall, chill rooms, lairage, offices and various technical installations.

Senegal

Development of artisanal sea-fishing in Casamance
Fifth EDF
Special loan: ECU 1 600 000

The project is to develop sea-fishing in the Casamance (departments of Bignona and Oussouye) with a view to job creation, curbing rural depopulation and improving the supply of fresh and processed fishery products to the internal market.

The project will provide fishermen and small traders with bank credit, thereby enabling them to purchase fishing gear (pirogues, engines and nets) as well as the facilities to store and sell fresh and processed products. The project also includes a large training component, notably for the benefit of the young unemployed, and involves instruction and advice on fishing methods as well as technical extension services. The project includes the provision of technical assistance in the form of a deputy project leader, an expert on credit and an expert on training.

Benin

Abomey Hospital
Fourth EDF
Grant: ECU 1 500 000

This supplementary project should make the provincial hospital of Abomey, opened at the beginning of 1985 but with only the general medicine section working, fully operational.

In addition to the extra equipment needed for the operation of the five other specialized departments, the hospital dispensary is to be supplied with an initial stock of medicines and other expendables for medical use, and technical assistance is to be provided for the hospital administration and for the specialized medical departments.

Ghana and Côte d'Ivoire

Axim – Elubo – Aboisso Road
Fifth EDF
Grant: ECU 5 900 000
Special loan: ECU 4 500 000

To complete the Axim-Dlubo-Aboisso Road, which is the last missing link in the Trans West African Highway Lagos-Cotonou-Lomé-Accra-Abidjan, linking five ECOWAS countries, a supplementary finance of ECU 10 400 000 is requested.

The increase is needed for the construction of the Axim-Elubo section (82 km) of the Axim-Aboisso Road (153 km).

Tanzania

Co-operative and Rural Development Bank
Fifth EDF
Grant: ECU 3 150 000

The objectives of the project are firstly to strengthen the Co-operative and Rural Development Bank (CRDB) through the provision of training and equipment, and secondly to overcome some of the worst current bottlenecks in the agricultural sector by providing lorries and gunny-bags to co-operatives, through a line of credit to the CRDB.

The training for CRBD will be carried out primarily through links with similar institutions in Kenya and Zimbabwe. Together with the equipment, it will improve the ability of CRDB staff to appraise and monitor the Bank's activities. The total allocation to these elements is ECU 0.6 million.

The credit line of ECU 2.55 million will be used to meet application from co-operatives in specified regions which are appraised by the CRBD. The co-operatives are responsible for the transport of agricultural inputs (such as fertilisers, seeds and pesticides) and of export and food crops. ○

FISHERIES

New EEC-Guinea Bissau agreement

The EEC signed a new three-year fishing agreement with Guinea Bissau on May 22. The agreement, negotiated by the European Commission, will not only cover the fishing rights of French and Italian operators but also include Spanish and Portuguese boats, making this the first agreement between the Community of 12 and a developing country.

The agreement, which came into force on June 25, will give the European boats a right of access of 11 000 GRT (Gross Registered Tonne) against 7,500 GRT in the previous agreement, 45 tuna-freezing vessels, 25 cargo boats and 6 Spanish vessels specialising in sword-fish fishing are also granted access. In return, the EEC will pay Guinea-Bissau a compensation of ECU 2.5 m per year. Each EEC boat must also have a government observer on board when in Guinea Bissau's waters. ○

Nile Perch — correction

Following the publication in our March/April issue of an article on the Nile Perch ("Big fish threaten Africa's great lakes"), written by experts from the International Union for Conservation of Nature and Natural Resources (IUCN), the FAO has asked us to point out inaccuracies concerning their involvement in the Lake Victoria project.

After the Courier went to press in February, the IUCN itself published a feature on the Nile Perch, in which it was emphasized, correctly, that the FAO had had no involvement in the introduction of the Nile Perch into Lake Victoria in the 1950s, that its involvement with the Lake began in 1966/68 only, and then in the form of a project which did not concern the Nile Perch.

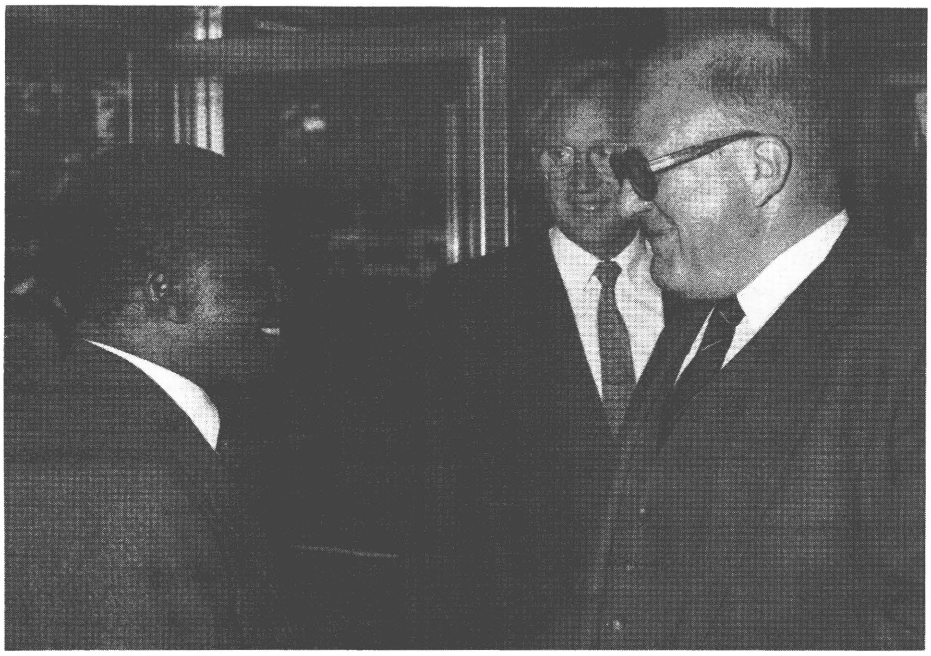
VISITS

Botswana's President Dr Quett Masire visits the Commission

Dr Quett Masire, the President of Botswana, visited the EEC Commission on 6 June. He was accompanied by his Foreign Affairs Minister, Dr Goasitwe Chiepe, and a large delegation of top officials from the government departments most concerned with cooperation with the EEC. Dr Masire held talks with vice-president Frans Andriessen, representing President Jacques Delors, on cooperation between the Community and Botswana and regional cooperation in SADCC, which Dr Masire currently chairs. The situation in southern Africa was also discussed.

The national indicative programme for Lomé III was signed in December last year. It is worth ECU 32 million, stresses rural development and the protection of natural resources and takes account of the European Parliament's concern expressed in a recent resolution on the ecological balance in Botswana. The Commission is backing the national strategy to protect natural resources which the Government of Botswana has introduced.

President Masire drew the Commission's attention to the current situation in his country, which is experiencing its fifth consecutive year of drought. Frans Andriessen confirmed that the Commission had decided to allocate an extra ECU 3 million-worth of aid to Botswana as part of the plan to rehabilitate the countries which had suffered most from the drought. He also announced that emergency food aid (4 000 t maize and 400 t milkpowder) would be going to Botswana on top of the annual food aid programme (4 000 t maize and 200 t milkpowder).



President Masire is welcomed at Commission headquaters by Vice-President Frans Andriessen (centre) and Director-General of Development Dieter Frisch

In his capacity as chairman of SADCC, Dr Masire pointed out the main aims and priorities of regional cooperation in southern Africa. The Commission then stressed the importance it attached to the EEC-SADCC regional cooperation programme (ECU 110 million) for which a memo had been signed in Harare in January 1986.

Dr Masire also mentioned the situation in South Africa and the negative repercussions it had on the neighbouring countries. He called on the Community and the Member States to provide economic and political support for the SADCC countries so they could stand up to the major crisis threatening the whole of the south of the continent.

Vice-president Andriessen went over the Community's positions as they emerged from the declaration on European political cooperation in September 1985 and the joint declaration of front line and EEC countries in Lusaka in February. o

EDF COMMITTEE

Following the enlargement of the EEC to Spain and Portugal, the Council has modified the Internal Agreement, on the financing and administration of Community aid (see Courier no 97 page V). It has also decided that within the EDF Committee, the votes of the Member States shall be weighted as follows:

Belgium	8
Denmark	5
Germany	52
Greece	4
Spain	14
France	48
Ireland	2
Italy	26
Luxembourg	1
Netherlands	12
Portugal	3
United Kingdom	34

The EDF Committee shall act by a qualified majority of 145 votes. o

EMERGENCY AID

The Commission has just decided on the following emergency aid pursuant to Article 137 of Lomé II.

Fiji: ECU 400 000

Hurricane Martin hit Vanua Levu and the other islands in the Northern Division of Fiji on the night of 12-13 April. The flooding and the landslides killed 12 people, destroyed 1200 houses and left more than 20 000 people without food or shelter.

The aid is to buy and distribute local food to the stricken populations.

Uganda: ECU 500 000

The recent events in Uganda and the stopping of medical programmes which resulted have generated outbreaks of some diseases.

The aid is intended for organizations working locally (AMREF, Médecins sans Frontières and LICROSS) to help them run health programmes and provide first aid.

Jamaica: ECU 400 000

This aid is in response to the Jamaican Government's appeal for help following the torrential rain which fell at the end of May and caused such destruction. There were 31 dead and 40 000 people are otherwise affected, 1200 houses were destroyed or damaged and roads and bridges are no longer usable.

Ethiopia: 2 740 t cereal and 170 t milkpowder

This is a contribution to the World Vision programme, which is helping people in the Wollo area.

Madagascar: 200 t cereal and 100 t milkpowder

This is for victims of the recent typhoon Honorinina and will be distributed by the NGO "Association Aide au Tiers-Monde". o

GENERAL INFORMATION

STABEX for non-Lomé LLDCs

The Commission has just approved a draft regulation from the Council on setting up a system to compensate for losses in export earnings for least advanced countries which are not Lomé signatories.

At the 1 October session last year, the Council approved the principle of machinery of this sort and an announcement along these lines was made later in the month in the half-way report of the NSAP (new substantial action programme) adopted at the Paris Conference on the under-developed countries in 1981.

The proposed system reflects the Stabex aims as laid down in Lomé III, i.e. to help stabilize the export earnings from agricultural commodities sent to the Community from the beneficiary countries by making financial transfers to make up for at least part of the losses attendant on fluctuating prices, quantities or both.

As with Stabex, the money transferred has to be used for schemes and programmes in the sectors in which the losses were incurred. In some cases, however, when it does not seem wise to go on intervening in these sectors, the transfers may be made to other areas of the economy with a view to diversification.

The products covered are those mentioned in Lomé III, plus jute. The countries covered are those on the UN least developed list which are not signatories of Lomé (Afghanistan, Bhutan, Maldives, Arab Republic of Yemen, Democratic Republic of Yemen, Bangladesh, Haiti, Laos and Nepal).

The Council declaration makes it clear that the criteria of the system do not currently apply to Afghanistan and that, for the moment, exports of the relevant products from Bhutan, Maldives and the two Yemens are still within the dependence threshold. This means that the immediate beneficiaries of the system are Bangladesh, Haiti, Laos and Nepal.

The cost to the budget of the system, as the Council approved it in principle in October last year, is estimated at ECU 50 million for the five years from the 1987 to the 1991 marketing years. o

Corrigendum

The article in no 97 (May-June 1985) entitled "Anti-apartheid Days: keeping international pressure up" mistakenly reported that Mr van den Broek, the Dutch Foreign Affairs Ministers and President-in-Office of the European Council of Ministers, was represented by Mr Rutten (Netherlands), the Chairman of the Committee of Permanent Representatives, when in fact he was represented by Mr van der Klaauw, the Netherlands, Ambassador to Belgium. We apologize for this error.

EUROPEAN COMMUNITY

The Hague summit: the EEC gives the South African gouvernment three months to change its policy

After two days of tough discussions the European Summit, meeting in The Hague on 26 and 27 June, decided against taking any immediate sanction against South Africa while at the same time unanimously condemning its apartheid regime.

The South African crisis dominated the meeting — the highest-level political meeting of the Twelve — in which for the first time in two years, no major obstacles in community policies were encountered.

The Community's reaction in the face of the developments in South Africa would appear to indicate that the Community is not yet in a position to take a firm stand, for reasons both of political realism and of economic interests.

The Community was nevertheless anxious to send South Africa a "clear signal", to make President Botha realise that the outcome of the Summit should not be interpreted as giving him a free hand to continue his policy, as the West-German Chancellor Helmut Kohl emphasized.

Britain and Germany, supported by Portugal, voiced their points of view strongly. According to them, automatic and genuinely-applied sanctions would be ineffective in bringing down apartheid and would harm both the black majority in South Africa and Europe, whose economy depends on certain strategic goods exported from South Africa.

Mr Kohl underlined his view that there had been "no example in history whereby economic sanctions had had any measure of success".

The Council's condemmed the Pretoria government strongly and warned of the danger of increased repression of the black majority leading to a bloodbath.

The Twelve adopted a 6 point resolution in which they called, within three months, for the "unconditional release" of the black leader, Nelson Mandela, and of "other political prisoners", together with an end to the ban on anti-apartheid movements. They also called for an end to the ban on the activities of the ANC in South Africa. Meanwhile, the EEC will begin discussions with other western bloc countries — the USA and Japan in particular — on the new measures which will be required to put pressure on Pretoria, notably the ban on new investment and the embargo on coal, iron, steel and Krugerrand imports from South Africa.

The Twelve decided to ask the new chairman of the Council of Foreign Ministers, Sir Geoffrey Howe, to visit

The Heads of State and Government of the 12, their Foreign Affairs Ministers and the President of the Commission

South Africa for the purpose of explaining the European Community's view and of working towards a dialogue between the black and white communites there.

The Council also decided to increase its financial and other aid to the victims of apartheid and more particularly to the 60 000 homeless inhabitants of Crossroads and to political prisoners.

The Council's decisions appear very mild compared with the expectations of some of the Member States (Denmark, Greece, Ireland, Spain and The Netherlands), who would have like to see the Community come out for tough, immediate and effective measures against Pretoria. o

MEDITERRANEAN

The Commission states its aims for financial and technical cooperation

The Commission has just approved a communication to the Council laying down the arrangements for its financial and technical cooperation policy with countries south and east of the Mediterranean (Algeria, Morocco, Tunisia, Egypt, Israel, Lebanon, Syria and Jordan).

The Council approved the main lines of this policy on 25 November last year. They were:
— to reduce food dependence;
— too see greater economic complementarity between the countries north and south of the Mediterranean;
— to support regional and multilateral cooperation.

These new priorities should be translated into the financial protocols to be concluded with these countries for the period 1 November 1986 to 31 October 1991.

Where to put priority?

The new protocols should put priority on:
— agricultural projects, especially those concerned with producing food that is in short supply and diversifying production as part of good strategies;
— projects in the industrial and service sectors which are part of industrial strategies defined by the Mediterranean countries and which contribute to strengthening the economic ties between them and the Community;
— schemes making for greater regional cooperation.

What financial techniques?

The Commission proposes to do away with the special loans which came from the Community budget. Loans, in fact, tended to increase the countries' foreign exchange commitments and so the Commission proposes they be replaced by grants.

The proposal on EIB loans is that there be a differentition according to sector (agriculture, industry and economic infrastructure) of the interest rate rebates of up to 3%.

What new project implementation techniques?

The Commission proposes that calls to tender launched for projects that are to be financed under the financial protocols should be open to developing countries with global cooperation agreements with the Community. This is what already happens with Lomé projects.

Lastly, it proposes that the accelerated procedure for calls to tender be improved and local firms be encouraged to supply. This also happens under Lomé.

The Commission has not at this stage made any proposals about the amounts to be written into the financial protocols. It will take the necessary steps to see they are adopted before the current financial protocols run out on 31 October later this year. o

European flag

Europe's new flag, with its twelve gold stars on a blue background, was solemnly flown from the EEC Commission mast on the last Thursday in May. This first showing was an opportunity for Commission President Jacques Delors, European Parliament President Pierre Pflimlin and the Dutch permanent representative for the Council of Ministers to stress that the latest flag was a symbol of peace and union and not of heightered nationalism.

RACISM

A Community declaration against racism and xenophobia was signed in the hemicycle of the European Parliament in Strasbourg on 11 June by the President-in-Office of the Council, the Netherlands' Foreign Affairs Minister Hans Van den Broek, by Pierre Pflimlin, the President of the European Parliament, and by Jacques Delors, the President of the EEC Commission.

The declaration was an initiative of the Commission which, in March 1985, had sent the Council guidelines for a Community policy on migrants in which one of the ideas was to adopt a common declaration against racism and xenophobia. This was the Commission's way of responding to the xenophobic attacks against migrant workers and their families in several countries of the Community that roused the indignation of public opinion.

Both Council and Parliament welcomed the Commission initiative and associated themselves with the work that had led to the drafting of the declaration, which is printed below:

"The European Parliament, the Council, the Representatives of the Member States, meeting within the Council, and the Commission:

— recognizing the existence and growth of xenophobic attitudes, move-

Omar Khalifa off on his symbolic Sport Aid race to draw attention to the worrying situation in Africa. President Jacques Delors and Vice-President Lorenzo Natali look on

ments and acts of violence in the Community which are often directed against immigrants;

— whereas the Community institutions attach prime importance to respect for fundamental rights, as solemnly proclaimed in the Joint Declaration of 5 April 1977, and to the principle of freedom of movement as laid down in the Treaty of Rome;

— whereas respect for human dignity and the elimination of forms of racial discrimination are part of the common cultural and legal heritage of all the Member States;

— mindful of the positive contribution which workers who have their origins in other Member States or in third countries have made, and can continue to make, to the development of the Member State in which they legally reside and of the resulting benefits for the Community as a whole,

1. vigorously condemn all forms of intolerance, hostility and use of force against persons or groups of persons on the grounds of racial, religious, cultural, social or national differences;
2. affirm their resolve to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners;
3. look upon it as indispensable that all necessary steps be taken to guarantee that this joint resolve is carried through;
4. are determined to pursue the endeavours already made to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners;
5. stress the importance of adequate and objective information and of making all citizens aware of the dangers of racism and xenophobia, and the need for constant vigilance to ensure that all acts or forms of discrimination are prevented or curbed". o

NORTH-SOUTH

Publicity campaign on North-South relations

A broad European publicity campaign on North-South interdependence and solidarity will be organized jointly by the Council of Europe (the 21) and the European Community (the 12) in 1988.

The European organizing committee that met for the first time in Strasbourg on 9 and 10 June suggests that the aim of the campaign is to make the European public aware that the future of Europe is intimately bound up with the future of the countries of the Third World.

The idea is to make the sometimes complex concepts of North-South relations more accessible to Europeans. The campaign will be run in the different countries by national organizing committees in which non-governmental organizations will probably be a driving force. These committees are to be set up in the 21 countries of the Council of Europe very shortly.

In 1987, there will be a major debate on North-South relations organized by the European Parliament and this could be the political impetus the campaign needs. The debate will probably be held in Strasbourg during the February session and will be accompanies by an exhibition and films and lectures on development. The 10 topics to be covered in the debate are:
— development and disarmament;
— the debt problem of the developing countries;
— markets and trade;
— policy coordination;
— hunger-food strategies-prospects;
— food aid reform;
— fisheries cooperation;
— desertification;
— EEC-NGO cooperation;
— Community policy for refugees from developing countries. o

OCT ASSOCIATION TO THE COMMUNITY

A new regulation on the association of the OCT, which applies until 28 February 1990, came into force on 1 July.

It is very similar to the arrangements for the ACP countries under Lomé III and is based on three decisions which the Council adopted on 30 June.

Areas of cooperation

The texts adopted are a faithful reflexion of the ideas and plan of the Convention. They start by listing and illustrating the various areas of cooperation between the EEC and the OCT. They are:
— agricultural and rural development and the protection of natural resources

(the many provisions on the serious problem of desertification in the ACP Group are not included, since the OCT are not concerned);
- fisheries development;
- industrial development;
- development of mining and energy;
- transport and communications;
- regional cooperation;
- cultural and social cooperation.

The idea in these various fields is to take account of the experience acquired in placing greater emphasis on closer cooperation, not just between the EEC and the OCT, but between the OCT themselves. So there is systematic reference in the different areas of cooperation to reciprocal exchanges of information and the mutual possibilities of training in the OCT and ACPs. The integration of these two groups of countries, territories and States in regional cooperation is also greater.

Instruments of cooperation

The instruments of cooperation with the OCT are as follows.

A system of trade, which, as before, offers more or less free access of OCT goods and is absolutely parallel to the system for products originating in the ACPs.

Rules of origin determinig which products are eligible for the trade system. These are all included in Lomé III.

There is a special system for rum and bananas. However, there is no reference to sugar this time, as all the OCT sugar producers, who used to benefit from the Protocol, have now become independent and joined Lomé III.

An export earnings stabilization system for commodities (Stabex) and a special financing facility for mining products (Sysmin) are also provided and the rules are similar to those which Lomé III lays down for the ACPs.

Financial and technical cooperation, for which the Council has earmarked ECU 120 million (ECU 20 million from the EIB and ECU 100 million from the 6th EDF). The same principles as Lomé hold good here too, although this time there is the possibility of greater integration for the OCTs and ACPs in Community-financed contracts. The idea here is to make a better response to the development needs of both OCTs and ACPs and so it is proposed that the ACPs can tender for services, works and supply contracts in projects which the EDF finances in the OCTs.

Furthermore, in accordance with the characteristics of most of the OCTs and with experience, provision has been made for the OCTs — if an *ad hoc* financial contribution is made from the resources earmarked for them — to benefit from the services of the CDI and the CTA, the joint ACP-EEC institutions that have so far only helped the ACP Group.

The Council decisions provide British, French and Dutch OCTs with ECU 100 million (6th EDF) and ECU 20 million (EIB loans from own resources). ECU 15 million of the ECU 100 million is risk capital, ECU 5 million is for Sysmin and Stabex, ECU 4 million for emergency aid and ECU 2.5 million for interest rate subsidies. The programme resources amount to ECU 73.5 million.

The amounts are broken down as follows: French OCTs ECU 26.5 million, Dutch OCTs ECU 26.5 million, British OCTs ECU 10.5 million and regional projects ECU 10.0 million.

The remainder of the sums earmarked for the OCTs from the 5th EDF Stabex funds is ECU 3 742 944 and it is being reallocated to the OCTs as programme monies, as follows: French OCTs ECU 1 100 000, Dutch OCTs ECU 1 100 000 and British OTCs ECU 1 542 944. o

NUCLEAR SAFETY

Commission outlines action plan for nuclear safety

The disaster at the Chernobyl nuclear reactor in the Soviet Union has emphasized how vital it is to take action at the international level to cope with nuclear accidents. The aftermath of the accident has also underlined the necessity for an effective Community framework of legislation in the whole field of nuclear power, building on the existing provisions of the Euratom and EEC Treaties and introducing new measures where they are needed to protect the people and the environment of Europe.

Until now, the individual Member States of the European Community — like all other countries throughout the world — have developed their nuclear industries on a mainly national basis.

In a communication to the Council of Ministers, the Commission proposes a plan of action covering five areas of policy:
- protection of health;
- safety of nuclear installations and safety in use;
- procedures to be followed in the event of crisis;
- new measures at the international level;
- research.

Protection of health

The Commission puts the highest priority on Community measures to ensure the protection of people's health and effective controls on the safety of nuclear installations. It has already begun an enquiry to see whether the *basic standards* set under the Euratom Treaty against the dangers of ionising radiation should be revised. These standards lay down limits of environmental radiation to safeguard the general public and workers in the nuclear industry and were last revised in 1984.

Specific proposals will be to put to the Council before the end of September for establishing *tolerance limits* for radioactive contamination of foodstuffs. Some short-term figures have already been agreed for caesium following Chernobyl, but these expire on 30 September. The Commission is seeking a general system for the long term.

Safety of nuclear installations

No Community rules currently exist for limiting *radioactive emissions* into air and water. The Commission is considering whether emission standards should be applied to nuclear installations in addition to basic standards, as they are already for certain types of industry and certain pollutants.

The safety criteria for nuclear plants vary between Member States, while national markets are shut off from each other. However, it should be possible to a large extent to bring together the safety criteria on a Community basis, while the increasing concentration on particular types of reactor in Europe should make it feasible to agree on common criteria for conception, construction and component design. o

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INDUSTRIAL OPPORTUNITIES

PUBLISHED EVERY TWO MONTHS

No. 50 : JULY-AUGUST 1986

ANNUAL REPORT FOR 1985

YEAR OF CHANGE AND ACHIEVEMENT FOR CDI

The year 1985 was marked by the transition from the Lomé II to the Lomé III Convention which led to a number of events of considerable significance for the future of CDI. Despite the uncertainty imposed by the transition period, CDI registered a slight increase in the number of its interventions. The Annual Report for 1985, summarised in this article, regrets that while CDI's role occupies a growing and indispensable niche in the process of ACP-EEC industrial cooperation, its financial capacity to extend the scope of this role is diminishing.

The reconstitution of CDI's Directorate for Lomé III was put into effect from May 1985. In a reversal of roles, Dr. Isaac A. Akinrele (Nigeria) took over as Director and Mr. Jens Mosgard (Denmark) became Deputy Director. Other events which followed during the transition to Lomé III are:

- The creation of a Joint Governing Board, with decision-making powers, to replace the former CDI Advisory Council;
- A new organisation chart (see illustration on page 2);
- New priorities for CDI, including the rehabilitation of ACP industries, the processing of local raw materials and the concentration of assistance on small and medium-sized industries;
- The addition to CDI's responsibilities, of assistance for the marketing of ACP manufactured products;
- A new working method with its emphasis on planning CDI's interventions rather than simply reacting to *ad hoc* requests for assistance – this planning is based on industrial potential surveys and project verification missions undertaken in every ACP country.

The Report comments on the growing indebtedness of many ACP States which continues to cripple efforts to promote new industrial investments. However, many ACP countries, have significantly enhanced their attractiveness to foreign capital by revising their investment codes. For instance, some ACP countries now make it possible for foreign investors to repatriate their profits through retaining a portion of their export earnings. The Report adds that implementation of the innovative chapter on investment in the Lomé III Convention, should give a boost to ACP-EEC industrial cooperation.

The important role the private sector can play in the industrial development of ACP States has been long recognised by the Lomé III Convention. During 1985, CDI brought into contact no less than 500 industrialists, investors, consultants and project promoters from the private sector. In the ensuing discussions, CDI played a mediative and confidence-bridging role and lent its moral authority to joint venture agreements.

PROJECTS IN PRODUCTION

In 1985, there was a substantial rise in the number of projects which entered the production stage (23 in all, compared to 16 in 1984). Although some of these projects are relatively small-scale while others cannot be accurately quantified, information at our disposal shows that they generated investments totalling Ecu 5.9 million and resulted in the creation of some 450 extra jobs.

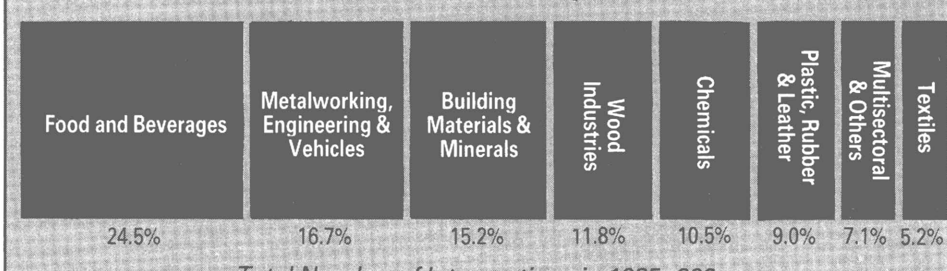
The cost of investment per job dropped from Ecu 47,000 in 1984 to Ecu 13,000 in 1985. This is indicative of a swing to projects which are more labour-intensive.

The following projects entered production in 1985:

- Coffee roasting and packaging plant (Burkina Faso)
- Biscuit factory (Burundi)
- Roofing tile plant (Burundi)
- Manufacture of pasta (Cape Verde)
- Manufacture of sweets and snacks (Fiji)
- Meat processing plant (Ghana)
- Furniture production (Guinea Conakry)
- Bicycle Manufacture (Ivory Coast)
- Soap Manufacture (Ivory Coast)
- Weaving Factory (Kenya)
- Repair and assembly of television sets (Mali)
- Manufacture of sandals (Mauritania)
- Small-scale paper-making plant (Mauritius)
- Biscuit production (Niger)
- Furniture production (Nigeria)
- Egg trays produced from waste paper (Senegal)
- Quarry expansion (Sudan)
- Bicycle manufacture (Togo)
- Sawmill and joinery (Togo)
- Tyre retreading (Vanuatu)
- Fibre-cement roofing tile plant (Vanuatu)
- Honey processing (Western Samoa)
- Boatyard (Zaïre)

Continued on page 2

Analysis of CDI's Assistance by Sector for 1985



Total Number of Interventions in 1985: 323

Continued from page 1

A further 17 projects entered the implementation stage during the year. More details on all projects may be found in the Annual Report.

REHABILITATION ASSISTANCE

The rehabilitation of existing industries occupies a high priority in many ACP States. Productive enterprises which may represent substantial past investments can decline through changes in technology or markets or, more frequently, from a lack of spare parts and inadequate maintenance, leading to breakdowns and losses of production.

In such cases CDI is able to give practical help towards the rehabilitation of a company, or its expansion and diversification into new products.

During 1985, 30 such interventions were undertaken for an estimated cost of Ecu 403,000. Twenty one of these interventions were diagnostic missions by experts to analyse the problems of particular industries; and the balance (9 interventions) represents implementations of the experts' recommendations.

TRAINING ASSISTANCE

A record number of trainees (321) benefitted from in-plant training assistance during 1985, an increase of 11% over 1984. In all, CDI was able to respond to requests from 31 companies based in 18 countries.

As in previous years, the number of requests for training was far greater than the capacity of CDI to respond.

The funds committed for training assistance in 1985 amounted to Ecu 450,000. This figure represented an increase of 29% over 1984 but was still insufficient to meet the demand for training.

The results of on-site training are often seen immediately. For example, the production of envelopes in Zimbabwe doubled as a result of work carried out by two German technicians who trained 13 people.

Where it is not practicable to train on-site, trainees are sent to training locations outside their own countries. During 1985, 24 people spent periods ranging from a few weeks to three months in a number of overseas training locations.

OTHER ASSISTANCE

- **Implementation assistance.** This involves the provision of expertise to move projects (new plants or improvements to existing ones) into the production stage. In 1985, 34 interventions were carried out under this heading.
- **Feasibility studies.** CDI contributed 50% of the foreign exchange costs for 22 feasibility studies in 1985.

- **Adapted technologies.** Under its programme for the promotion and implementation of proven technologies suited to ACP conditions, CDI handled 36 projects of which 3 went into production.
- **Information service.** The demand for technical, marketing and other information continued to grow and, wherever possible, CDI's response was tailored to enable projects to be implemented as a result of the information supplied. In all, 369 substantive enquiries from ACP States were dealt with in 1985.
- **Promotion meetings.** CDI co-organised meetings in France, and Belgium to promote investment in ACP projects. It likewise played an important role in the first Industrial Forum of Central Africa (held in Libreville, Gabon) and the ACP-EEC Conference of Chambers of Commerce and Industry (held in Thessaloniki, Greece).
- **Joint venture promotion.** In all, 70 ACP projects were promoted by CDI to find EEC joint venture partners and 17 letters of intent were signed as a result. In addition, CDI publicised 54 proposals from EEC firms for joint venture productions in ACP countries.
- **Travel assistance.** CDI contributed to the travel expenses of 54 ACP entrepeneurs and 3 prospective EEC investors, to facilitate the promotion, creation and implementation of industrial projects.

ANTENNA ORGANISATIONS

In 1985, CDI had antennae (field representatives) in 62 ACP States.

The services required from an antenna include the indentification and substantiation of new project proposals; the provision of information on projects presented to CDI for assistance; prospecting for local entrepeneurs for project proposals from EEC investors; and assisting CDI staff in organising missions to the antenna's country.

In 1985, antennae provided support for at least 60 interventions.

Within the framework of CDI's industrial promotion attaché programme, senior officers from its antenna organisations came to Brussels in 1985 to work for six weeks in CDI's office. They came from Burundi, the Economic Community of the Great Lakes, (CEPGL), Dominica, Fiji, Gambia, Lesotho, Niger, Rwanda and Zaïre. During their periods with CDI they actively promoted a total of 40 projects.

INDUSTRIAL POTENTIAL SURVEYS

In 1985, CDI undertook industrial potential surveys of Botswana, Congo, Ethiopia, Ghana, Liberia, Malawi and Sudan in continuation of a programme initiated under Lomé II. (All ACP countries will have been surveyed by July 1986).

The most important aspect of these surveys was the identification of projects for CDI's assistance.

Seventeen senior staff members undertook missions to 19 ACP countries in 1985. Most of these were aimed at verifying data concerning projects being considered for assistance. Some of these projects were already in the CDI pipeline, others were identified during the industrial potential surveys.

The full Annual Report for 1985, will be printed and available in August.

OFFERS FROM ACP SPONSORS
EEC INDUSTRIAL PARTNERS WANTED

EEC industrialists are invited to contact CDI, quoting the reference number, in response to any offer outlined in this section. However, CDI will reply to enquiries only if EEC industrialists give brief descriptions of their current operations and are prepared to provide the kinds of cooperation requested by the ACP sponsors.

Organisations reprinting these offers in their own publications, are asked ALWAYS to include the corresponding CDI reference numbers.

BRASS CASTINGS
ZAMBIA **662.ZAM.1.MET.**

A private company manufacuturing aluminium holloware and enamelware, wishes to diversify into the production of sections, rounds and pipes in copper and copper alloys, for various industrial applications. This project would use locally available supplies of copper and zinc. The capacity envisaged is 1,300 tonnes a year.

An EEC technical partner is required to provide access to world export markets, to help arrange the necessary credits for the purchase of plant and equipment in addition, preferably, to supplying equipment and training an engineer.

SACKS FROM WASTE PAPER
MADAGASCAR **662.MAD.3.CHE.**

The Malagasy development bank, the Fonds National d'Investissement (FNI), is promoting a project for the production from waste paper of:

- 9,000 tonnes a year of kraft paper and
- 16 million heavy duty paper sacks (mainly for packaging cement).

A feasibility study for this project is currently being completed.

The promoters are seeking an EEC partner who can provide second-hand equipment, assist with the elaboration of the project, take a share of the equity and help to obtain credit faciltities.

The project will be implemented in cooperation with a firm based on the French island of Reunion. This firm will contribute to the supply waste paper and will import the finished products from Madagascar.

CHARCOAL BRIQUETTES, FROM VEGETABLE WASTE
MADAGASCAR **662.MAD.4.TIM.**

The Malagasy development bank, the Fonds National d'Investissement (FNI), is promoting a project for the annual production of 6,600 tonnes a year of charcoal briquettes from vegetable waste. The output would be for household use in the capital, Antananarivo.

The local project sponsor, including FNI, will contribute 60% of the equity. An EEC technical partner is required for the elaboration and implementation of the project and to assist in completing the financial package. This project may be linked to the following one (660.MAD.5.TIM).

CHARCOAL FROM WOOD
MADAGASCAR **662.MAD.5.TIM.**

The Malagasy development bank, the Fonds National d'Investissement (FNI), is promoting a project to supply the domestic market with 20,600 tonnes a year of charcoal derived from wood. (For 1986 the charcoal needs of the capital, Antananarivo, alone amount to 97,000 tonnes.

An EEC partner is required for the elaboration and implementation of the project and to assist in obtaining the necessary export credits for plant and equipment. This project may be linked to the preceding one (660.MAD.4.TIM).

CDI ASSISTANCE TO ACP-EEC INDUSTRIAL VENTURES

CDI can help ACP and EEC partners to set up their joint industrial projects by providing the following assistance:

- financing in-depth evaluations of industrial proposals;
- co-financing feasibility studies and market studies;
- acting as an honest broker during negotiations;
- obtaining independent evaluations of the value and suitability of second-hand plant;
- locating sources of finance;
- contributing to the cost of business trips to allow prospective partners to meet;
- helping to draft legal agreements using standard models;
- providing funds for training and short-term expertise during commissioning and start-up.

INDUSTRIAL POTENTIAL SURVEYS OF ACP STATES

Under Lomé II, CDI began to undertake in-depth surveys of the industrial potential of ACP countries. This action was continued into Lomé III and by the end of July this year, all ACP countries will have been surveyed. In this issue of Industrial Opportunities we carry articles summarising the surveys of two West African countries – Ghana and Mauritania. Survey summaries for countries of the other ACP regions will be published in future editions.

The surveys are conducted as a form of assistance to ACP States and include recommendations for each country on how best to stimulate industrial development.

They examine the natural resources and available human skills of each State. They also look at the government policies which affect industrial development and investment. A useful aspect of the surveys is the descriptions they present of infrastructural facilities, existing industries, local and regional industrial markets, local financial or development organisations and foreign assistance.

Each survey proposes industrial projects, suited to the local economic situation, which may benefit from CDI's assistance. These are later examined in detail during project verification missions to each ACP country. On the basis of these surveys and missions, an initial programme for CDI assistance is being drawn up for each country for Lomé III.

Ghana: recent measures promise improved investment climate

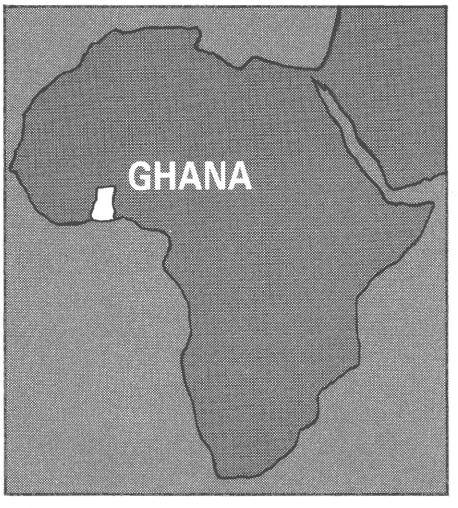
Ghana boasts a wealth of mineral and other exploitable natural resources, a well-educated and "amazingly cheap" labour force, a sizeable domestic market for industrial products and a reasonably developed infrastructural base – roads, railways and ports – according to an industrial survey of the country which has been carried out by CDI-sponsored consultants.

While acknowledging that during the past decade the economy suffered from a shortage of foreign exchange, high inflation, social unrest, underemployment of labour and industrial capacities, as well as a high degree of government regulation, the report maintains that the economic recovery programme launched in 1984 – "backed by heavy international financial assistance" – can go a long way towards eliminating these development constraints.

"The programme is linked with the introduction of an equilibrated official parity of the Cedi that should progressively ease the shortage of foreign currency* and the publication of a new investment code which will contribute to the creation of a relatively favourable investment climate for foreign capital."

FISCAL INCENTIVES

The analysis points out that the investment code "sets a clear priority for export-oriented industries and industries based on local raw materials." Moreover, Article 14 – which for the first time officially gives companies the right to dispose of their foreign exchange earnings – "has set the signal for a better investment climate and removes the strongest impediments to industrial development."



Other incentives offered by the code include import duty exemptions and corporate tax concessions for firms located outside the Accra-Tema area. It also contains a specific statement to the effect that investors shall not be expropriated. In a significant break with the past, a majority equity stake need no longer be retained by local interest in the case of most industries. The survey concludes: "As excellent business opportunities do exist in Ghana, foreign private capital will certainly be again attracted to this country."

PRIORTY AREAS

While regretting the "lack of a consistent industrial policy", the survey outlines the priority areas for industrial development contained in the 1984 recovery programme: manufacturing for export; industries that process local raw materials; industries that produce agricultural equipment, machinery, spare parts and machine tools.

Priority areas are those for which tax incentives may be granted and which will have priority in the allocation of foreign exchange.

On the basis of this and having selected the sectors in which profitable business opportunities are likely to exist, the report lists production activities "which appear particularly recommendable":

- finished or semi-finished wood products
- charcoal briquettes
- fishing, preparation and freezing or canning of tuna fish
- small-scale brick production
- gold and diamond mining

Also recommended, are manufacturing activities based on minerals and fine woods. These raw materials are not for export. The intention is that they should be processed locally.

CONDITIONS FOR VIABILITY

The survey maintains that most of these activities will be viable only if: local raw materials are used and they generate considerable value-added; they are competitive when compared to conditions elsewhere; they require little foreign currency investment and simple technologies; they are either export-oriented or help fill an obvious supply gap in the domestic market, thereby earning or saving foreign exchange.

It points out that projects in the field of fish processing, processing of agricultural products, timber and pharmaceuticals will be open to joint ventures with European partners.

** When the survey was drafted (July 1985) the US dollar was equivalent to 53 Cedis. At the time of writing, it is equivalent to 90 Cedis.*

Mauritania: the challenge of nascent industrialisation

Mauritania is facing many problems with its new phenomenon of industrial development. Not the least of its problems is the restrictive size of the local market. However, the country can count upon its enormous fishing potential and its numerous mineral resources, according to a survey of Mauritania's industrial potential carried out for CDI by Belgian consultants.

Nouakchott, the capital, is teeming with industrial projects. The National Investments Commission (Commission Nationale des Investissements) is inundated with projects for Nouakchott ranging from the establishment of a metal packaging plant to the semi-industrial production of hollow glass.

This recent dynamism is the result of the efforts of the Mauritanian business community to launch its export drive from a sound base in the local market. It is also the result of various tax and financial benefits granted in 1979. This dynamism enabled the industrial sector's share of the gross domestic product to grow in the years preceeding CDI's survey, although it is still modest (6.3% in 1982).

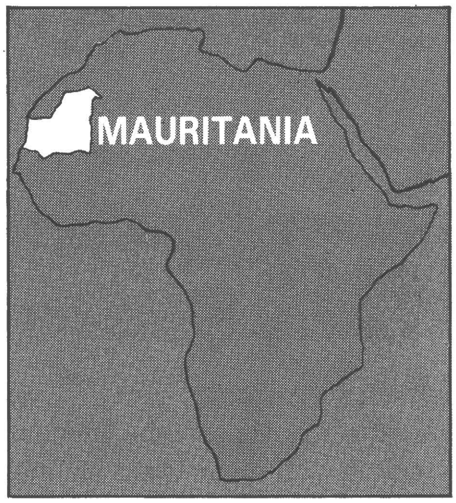
ENCOURAGEMENT FOR INVESTORS

Industrialisation is a fairly recent phenomenon in Mauritania. Indeed, the first industrial plants were set up in only 1969. At first, larger scale projects were favoured (e.g. the Nouadhibou oil refinery, a sugar refinery, a mini electrical steelworks), but these turned out – financially speaking – to be bottomless pits. Since 1981, therefore, the government has placed more emphasis on developing small and medium-sized industries (SMIs).

These now have access to credit facilities through the National Development Fund (Fonds National de Dévéloppement – FND) and the Mauritanian Bank for Credit and Development (BMDC). Both organisations, apart from financing projects, play a major role in industrial promotion and in undertaking feasibility studies. The FND, in particular, employs an extremely competent team of economists and financial advisers.

In 1984, when the CDI survey was being conducted, the government was considering the establishment of a third organisation (SEPIM) to be called the Industrial Study and Promotion Company, specifically to assist small to medium-sized industries.

The benefits granted under the 1979 Investment Code to both national and



foreign enterprises are far from negligible. For modest projects with investments above 10 million ouguiya*, it provides for exemption from customs duty on imports of up to 3 years for equipment and 7 to 12 years for raw materials and spare parts. It also allows for exemptions from export duties and from income tax (on profits) for 3 to 5 years.

The larger projects with investments above 200 million ouguiya, benefit from a fixed rate of income tax for 20 years, or a concessionary "setting-up contract".

These concessions are granted only to projects approved by the National Investments Commission. Obtaining approval is a process which takes at least 6 months (and up to 2 years in some cases).

The Investment Code singles out the following as priority areas: agro-industry, fisheries and related sectors, energy and water supply projects, production of the main consumer items, construction (low-cost housing) and tourism.

RESOURCES CERTAINLY . . .

Fishing could constitute a major plank for development, provided that a consistent policy be introduced. Mauritania possesses great fishing potential which is still largely untapped – except by foreign fishing vessels.

Its shores are capable of yielding annually about 1.3 to 1.5 million tons of fish, shellfish and molluscs; but the total catch of the small-scale local fishermen is only 35,000 tons, while that of the more industrial national fishing fleet is merely 40,000 tons (1983 figures).

Since 1980 the Mauritanian authorities have made efforts to develop the latter, as well as the national shipbuilding industry (i.e. the shipyard project at the important port of Nouadhibou). They have also been attempting to improve the inadequate fish processing infrastructure.

However, there are many obstacles to be overcome, such as the isolation of Nouadhibou port from the rest of the country (as well as from the outside world through inadequate telecommunications), the high cost of air freight, lack of technical and management know-how and a shortage of bank credit facilities.

The country's other major resource is unquestionably its **mineral deposits** – iron, copper, gypsum, limestone, sand, clay, phosphate, and perhaps oil (research is under way). The iron deposits have been mined for a long time and the new deposits at Guelbs represent 386 million tons of reserves. Copper mining at the Akjoujt mine should recommence in 1987/88. Studies are being carried out on the possibilities of exploiting the huge deposits of phosphate (100 – 120 million tons) in the Senegal river region.

From these materials, glass and fertilizers can be made. But, in order to be worthwhile, the manufacture of such products must cater for regional needs, given the restrictive size of the Mauritanian national market. For example, a glass factory needs to produce at least 3,000 tons a year to be able to cover running costs (about 4 million Ecu), yet Mauritania imported only 250 tons of glassware in 1982.

. . . BUT A LIMITED MARKET

The local market is restricted as much by the small number of consumers (out of a population of 1.7 million inhabitants, only 500,000 can afford to buy consumer goods), as by low purchasing power. These factors constitute a major stumbling block to the country's industrial growth.

Furthermore, a scattered population and poor communications mean that markets are small and isolated. The biggest market is Nouakchott with 300,000 inhabitants (compared to only 10,000 in 1962!).

Other constraints aggravate the situation: the high cost of industrial sites in Nouakchott (the creation of an industrial zone is being considered), the high cost of linking up with electricity grids and water supply systems, the slowness of administrative procedures, a shortage of qualified manpower and a weak banking sector.

The lack of savings by clients means commercial banks rarely grant loans; but here too, reforms were under con-

Continued on page 6

*73.43 ouguiya (UM) = 1 Ecu

Continued from page 5
sideration when the survey was being undertaken, in 1984.

On top of all this, the over-valuation of the ouguiya makes it difficult for Mauritanian industries to compete competitively with imported products.

However, despite this rather unfavourable economic climate, Mauritania has had some industrial successes e.g. mineral water manufacture (SOMEP), confectionary production (COGITREM), and a mechanical workshop. The quasi-monopoly granted to these new industries had a lot to do with their success. Such successes have been achieved despite the occasional attempts of importers to sabotage new industries, by hoarding up stocks with which they flood the market once local production begins.

In short, Mauritania's industrial potential depends primarily on the exploitation of its fishing and mineral resources; and industrial production must necessarily be integrated into regional marketing arrangements.

PROVISIONAL COUNTRY PROGRAMMES FOR LOME III

Here we list most of the projects in the provisional programmes already agreed for CDI's initial assistance to Ghana and Mauritania. These projects are based on the industrial potential surveys and project verification missions which have been undertaken in both countries.

GHANA

- **Bricks and tiles:** expertise for recommissioning of plant.
- **Fishing and fish processing:** search to be undertaken for joint venture and marketing partner who will also provide trawlers and management.
- **Meat products:** expert to be sent to improve quality and productivity.
- **Metal foundry:** expertise to be provided to start up a new production line.
- **Pharmaceutical production:** joint venture and marketing partner to be sought.
- **Sanitaryware and crockery:** training to be provided to two technicians.
- **Wood industries:** assistance in improving quality and production controls, to be given to four enterprises engaged in wood processing and the manufacture of toys and furniture.

Note: *Projects in the pipeline which may be earmarked later for CDI's assistance include maize milling and the production of latex mattresses, razor blades, starch and glucose.*

MAURITANIA

- **Biscuit factory:** assistance to be provided for start-up and training.
- **Blanket factory:** assistance to be provided to improve maintenance and production management.
- **Car batteries:** training of engineer and production operator.
- **Corrugated cardboard sheets and cardboard boxes:** assistance to be given to enable current implementation and training to continue.
- **Garment factory:** technical assistance to be provided for production management and design.
- **Jam, drinks and other products based on the fruit of the baobab (monkey fruit):** technical assistance for the elaboration of the project.
- **Nails and wire mesh:** diagnostic study to be provided for the rehabilitation and diversification of the plant.
- **Soft drinks and fruit juices:** assistance to be given to identify equipment suppliers and a franchising or licencing partner.
- **Soldering irons:** initial assistance will involve the identification of technology suppliers.
- **Textile printing and weaving:** EEC partner to be sought.

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INDUSTRIAL PROPOSALS FROM EEC FIRMS
ACP ENTREPENEURS, PLEASE REPLY

The proposals outlined below have been put forward by EEC firms interested in setting up production in ACP countries, under joint venture, franchising or licencing arrangements with local businessmen.

ACP entrepeneurs interested in any proposal are invited to write to CDI quoting the reference number.

CDI will not be in a position to act upon letters received unless ACP entrepeneurs provide all the information requested in the box at the bottom of the page. It would also be useful if they enclosed complementary information, including the latest balance sheet.

Please ALWAYS mention the CDI reference numbers when reproducing these proposals.

All equipment costs are quoted in Ecu (European currency unit). The value of the Ecu may be easily ascertained from its relationship to other European currencies. Thus, on 2 June 1986: 1 Ecu = £0.628338; FF 6.86743; DM 2.15682.

AIR CONDITIONING UNITS

FRENCH PROPOSAL **86/15**

A French manufacturer wishes to set up production of air conditioners of the window or split-system type, under joint venture, franchising or licencing arrangements, in ACP countries. The company is already involved in manufacturing such products in West and Central Africa.

The minimum production capacity depends on the extent of the protection allowed by fiscal and excise measures. However, it would not be less than 2,000 and should ideally be as high as 4,000 to 5,000 units a year.

The investment in equipment required for assembly operations alone, would amount to around Ecu 440,000. This figure would rise to about Ecu 800,000 if a sheet metal works were to be integrated into the plant.

MANUFACTURE OF SPRINKLING IRRIGATION EQUIPMENT

GREEK OFFER **86/16**

A leading Greek metallurgical company is interested in manufacturing sprinkling irrigation equipment under joint venture agreements with ACP partners. The product, using quick-coupling galvanised steel pipes, can be used in many types of cultivation, even by unskilled farmers.

The minimum plant capacity for the production of quick-coupling pipes (70mm in diameter) would be 1.5 million metres a year, for an investment in new equipment of about Ecu 1.12 million.

Such a plant operating one shift would require 2,450 tons of steel strips and 475 tons of zinc, per year.

The Greek company, in addition to its equity contribution, can provide plant, training and assistance with export marketing. It is experienced in the installation of turn-key plants and its products have been exported for twenty years to North African and Middle Eastern countries.

CALL TO EEC INDUSTRIALISTS

Use your production know-how to expand via an ACP country.

Let CDI promote your production proposals.

CDI encourages EEC firms to come forward with proposals for setting up production in any of 66 African, Caribbean and Pacific (ACP) countries.

CDI can promote suitable proposals from EEC countries, free of charge, through its many lines of communication to the ACP business world. This can have the following advantages for EEC companies:

- Entry to new markets, which may otherwise be closed to them.
- Access to local sources of raw materials.
- Relocation of labour-intensive operations and/or existing plant to ACP country.
- Access to additional financial plus fiscal and other incentives, through an ACP partner.

The investment required of EEC firms in such joint ventures can be low in relation to the overall financial input. An EEC firm may also include good second hand equipment as a contribution to the overall investment.

EEC companies who want CDI to promote their proposals should, ideally, be small or medium-sized.

They should be willing to take a minor share of the equity in a joint venture with an ACP partner, or to enter into franchising or licencing arrangements.

REQUEST A PRODUCTION PROPOSAL FORM FROM CDI NOW

Information required of ACP entrepeneurs when replying

- **Show why it would be worth-while to manufacture the products in question in your country, e.g. give market data, indicate that raw materials are available locally, etc.**
- **Describe your present activities plus your industrial and/or commercial experience.**
- **State how much capital you yourself could contribute.**
- **State the maximum portion of the equity your country legally allows to an EEC partner.**
- **Can you obtain finance and if so from where?**
- **If you need a foreign loan or supplier's credit, can you obtain a local guarantee?**
- **Is your project a national priority?**
- **Outline the incentives your country offers to foreign investors.**

CONSULTANTS AND THE CDI

by Jean-Marie Delchambre, Adviser in CDI's Industrial Operations Division[1]

CDI aims to further the development of viable industrial enterprises within ACP countries. In pursuit of this goal, CDI works with industrialists rather than consultants. Nevertheless, as this article will show, consultants can still forge an active and effective role for themselves in the Centre's activities.

Experience has proved that creating an enterprise requires more than just setting up or restoring a plant. Further services such as management and marketing, knowledge of raw materials, etc., are vitally required. These are services that consultants or machinery suppliers do not necessarily provide, but which a European industrialist is likely to bring automatically to an ACP project in which he invests as a joint venture partner.

For this reason, the Third Lomé Convention places particular emphasis on the encouragement of joint enterprises or "joint ventures" between ACP promoters and EEC industrialists.

The co-financing of feasibility studies is one form of assistance which CDI provides to facilitate the creation of joint ventures. For this reason many consultants register with CDI in the hope that they will be asked to undertake such studies[2].

Unfortunately, we often have to disappoint them because relatively few studies are contracted out directly to consultants; and the awarding of contracts for studies is always subject to a tendering procedure.

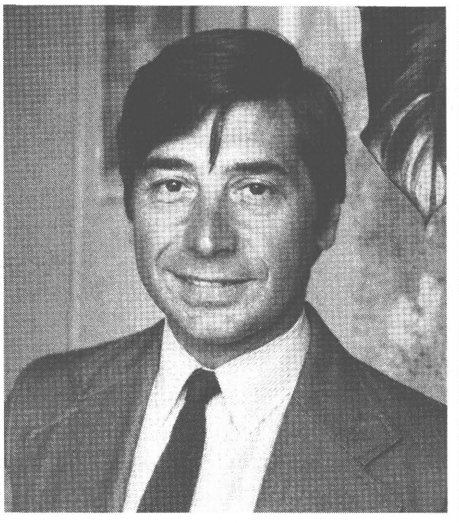
CONSULTANTS AND FEASIBILITY STUDIES

CDI very rarely awards contracts to independent engineering consultants for wide-ranging studies to examine various alternatives, prior to the establishment of sizeable industrial projects. Such studies are usually too costly, given the limitations of CDI's budget.

Generally, CDI prefers to co-finance feasibility studies undertaken by industrialists themselves. Such studies help potential European partners to take decisions regarding joint venture investments in ACP countries. They are also used to substantiate submissions to financial institutions, for project funding.

Where the industrialist undertaking a study is also a machinery supplier, CDI offers the ACP partner an evaluation by an impartial expert of the equipment proposed in the study. CDI does, of course, rely upon specialised consultants for such expertise.

EEC industrialists who approach CDI, represent for the most part small to



Jean-Marie Delchambre

medium-sized industries (SMI's); and although these industrialists may be perfectly conversant with their technologies, they are not necessarily well-equipped to compile a complete feasibility study. For this purpose, they may call upon consultants of their own choice.

However, the financial contribution granted by CDI for feasibility studies, is paid directly to the European industrialist who will pass it on, as he sees fit, to any consultant whom he employs. It is therefore apparent that CDI awards very few contracts for feasibility studies directly to consultants.

SPECIAL ASSIGNMENTS

However, it must be pointed out that CDI does call upon the services of consultants for special assignments. These include:

- identifying industrial projects and promoters in ACP countries;
- identifying potential European industrial partners for specific projects;
- providing independent assessments of second-hand equipment;
- training ACP industrial operators;
- undertaking diagnostic studies of ACP factories;
- providing short-term technical know-how to ACP industrial enterprises.

Moreover, there are other ways in which dynamic consultants can play a valuable self-generated role in CDI's operations. Let us look now at some of these.

CONSULTANTS AND THE EUROPEAN INDUSTRIALIST

In Europe, consultants may have contacts with industrialists whose technologies are perfectly suited to ACP countries. But these industrialists may not have any lines of communication to ACP promoters in search of such technologies. They may also, in some cases, require some encouragement before they will consider becoming involved in industrial cooperation with ACP countries.

Consultants may therefore play a positive role in CDI's operations by identifying European industrialists whose technologies are appropriate to ACP countries and by persuading them to participate in ACP projects. Consultants are invited to introduce such industrialists to CDI.

In such cases, CDI will respond by ciculating suitable technologies throughout the industrial and business milieux of all 66 ACP countries.

In the event of a positive response from a suitable ACP promoter, the consultant who started the process rolling will have a good chance of being retained by the European industrialist as an adviser. He could, for instance, be asked to collaborate with the industrialist in undertaking any eventual feasibility study.

CONSULTANTS AND THE ACP PROMOTER

Many consultants (both European and ACP) travel regularly to ACP countries where they meet countless promoters with whom they may elaborate good project ideas. They could offer a service to these promoters in presenting their projects to CDI.

They could simultaneously sound out potential European industrial partners to see whether they would have any interest in the projects. CDI may also undertake or share this activity.

Once again, consultants who lend impetus to such ACP projects may have a good chance of being retained in an advisory capacity by the future partners and may be asked to participate in feasibility studies.

Therfore, although CDI can offer very few contracts directly to consultants, it does nevertheless warmly welcome consultants who come to it with industrialists and promoters interested in ACP-EEC industrial cooperation.

Finally, it may be worthwhile to recall that CDI is always prepared to act as a neutral mediator at any stage of an industrial project involving ACP and EEC partners.

1 Jean-Marie Delchambre, is a Technical Adviser in CDI's Industrial Operations Division. He deals with feasibility studies, rehabilitation diagnoses and in-plant training.

2 Forms are available, upon request, to those consultants wishing to register with the CDI.

OPERATIONAL SUMMARY

No. 34 — July 1986

(position as at 30 June 1986)

EEC-financed development schemes

The following information is aimed at showing the state of progress of EEC development schemes prior to their implementation. It is set out as follows:

Geographical breakdown

The summary is divided into three groups of countries, corresponding to the main aspects of Community development policy:
— the ACP countries (Africa, the Caribbean and the Pacific), which signed the multilateral conventions of Lomé I (28 February 1975), Lomé II (31 October 1979) and Lomé III (8 December 1984), plus the OCT (overseas countries and territories) of certain member states of the EEC, which get the same type of aid as the ACP countries;
— the Mediterranean countries (Maghreb and Mashraq), which signed cooperation agreements with the EEC in 1976 and 1977;
— the non-associated developing countries of Asia and Latin America, beneficiaries since 1976 of annual aid programmes.

The information within each of these groups is given by recipient country (in alphabetical order).

Note

As the information provided is subject to modification in line with the development aims and priorities of the beneficiary country, or with the conditions laid down by the authorities empowered to take financial decisions, the EEC is in no way bound by this summary, which is for information only.

Information given

The following details will usually be given for each development scheme:
— the title of the project;
— the administrative body responsible for it;
— the estimated sum involved (prior to financing decision) or the amount actually provided (post financing decision);
— a brief description of projects envisaged (construction work, supplies of equipment, technical assistance, etc.);
— any methods of implementation (international invitations to tender, for example);
— the stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation).

Main abbreviations

Resp. Auth.: Responsible Authority
Int. tender: International invitation to tender
Acc. tender: Invitation to tender (accelerated procedure)
Restr. tender: Restricted invitation to tender
TA: Technical assistance
EDF: European Development Fund
mECU: Million European currency units

Correspondence about this operational summary can be sent directly to:

**Mr. Franco Cupini
Directorate-General for Development
Commission of the European Communities
(ARCH.25/1-2)
200, rue de la Loi
B-1049 Brussels**

Please cover only one subject at a time.

Sectoral Index

AGRICULTURE	
Irrigation and soil development, infrastructures, improvement	Burundi, Cameroun, Chad, Côte d'Ivoire, Ghana, Guinea, Equatorial Guinea, Malawi, Mauritius, Niger, Sierra Leone, Somalia, Sudan, Uganda, Zimbabwe, Egypt, Tunisia, Syria, Bangladesh, Indonesia, Nepal, India, Bhutan, Mozambique, Thailand, Pakistan, Dominican Republic, Costa Rica, Ecuador, Colombia, Peru, Bolivia, Hunduras
Coffee, tea, tobacco, cereals, coconuts, ground-nut, maize, sugar, cotton, palmnuts, rice, rubber, potatoes, citrus fruit	Equatorial Guinea, Ghana, Jamaica, Malawi, P.N.G., Rwanda, Solomon Islands, Somalia, Suriname, Zimbabwe, CILSS, Tunisia, Bangladesh, Thailand, China (People's Rep.)
Seed and crop protection, environment	Botswana, Burundi, Mali, Rwanda, Somalia, Tanzania, Niger Basin Authority, CILSS, Egypt, Tunisia, Jordan, Bangladesh, Nepal, China (People's Rep.), Yemen, Panama, Costa Rica, Honduras, El Salvador, Guatemala
Agro-industry	Liberia, Rwanda, Solomon Islands, Togo, Zambia, Thailand
Forestry	Burundi, Chad, Guinea Bissau, Nigeria, Togo, New Caledonia, Niger Basin Authority
STOCK FARMING-FISHING-PISCICULTURE	
Improvement	Antigua and Barbuda, Botswana, Burkina Faso, Central African Rep., Comoros, Côte d'Ivoire, Djibouti, Ghana, Kiribati, Jamaica, Malawi, Senegal, Sierra Leone, Trinidad and Tobago, Somalia, Zaire, Congo, Gabon, Sao Tomé & Principe, Equatorial Guinea, Angola, Indian Ocean ACP Countries
Veterinary projects	Kenya, Zambia, Suriname, African Countries, Eastern Africa, ICIPE, Malawi-Zambia-Zimbabwe, Egypt, Mozambique
Processing industry	Guinea, Tonga, Neth. Antilles, French Polynesia, Angola
RURAL HYDRAULICS	
Wells, bores, pumps, pipes, small dams	Botswana, Burkina Faso, Ethiopia, Guinea, Mali, Mauritania, Niger, Lesotho, Liberia, Senegal, Swaziland, Zimbabwe, Montserrat, Egypt, Tunisia, Syria, Bhutan, China (People's Rep.)
TOWN WATER SUPPLY AND SEWERAGE	
Water supply, pipes, drinking water	Djibouti, Tanzania, Zimbabwe
Sewerage, waste water, collectors, pumping stations, treatment	Cyprus
SOCIAL CONSTRUCTIONS	
Houses, schools, hospitals, buildings, laboratories	Belize, Benin, Burundi, Chad, Djibouti, Ethiopia, Fiji, Gambia, Guinea, Guinea Bissau, Kenya, Malawi, Mali, Mauritania, Niger, Sierra Leone, Somalia, Suriname, Swaziland, Tanzania, Falkland Islands, CEAO, Maritime Transport Conference, UDEAC, MRU, Eastern Africa, Egypt, Syria, Jordan, Colombia, Mexico, Nepal
TRANSPORTS AND COMMUNICATIONS	
Roads, bridges, airports, railways, ports	Burkina Faso, Cameroon, Chad, Dominica, Equatorial Guinea, Ghana, Grenada, Liberia, Malawi, Mozambique, P.N.G., Somalia, Suriname, Tanzania, Tonga, Uganda, Zambia, Zaire, Guyana-Suriname, Niger-Nigeria, Eastern African Countries, Pakistan, Pacific ACP Countries, Tanzania-Zambia
TELECOMMUNICATIONS	
Radio, telephone, satellites, hertzian	UAPT, Sierra Leone
ENERGY	
Power stations, dams, electrification	Equatorial Guinea, Ethiopia, Mauritania, P.N.G., Somalia, Suriname, Zaire, Zambia, O.M.V.G.
NEW AND RENEWABLE ENERGY	
Solar, wind-wills, biomass, gas, geothermics	Guinea, Senegal, Suriname, Pacific OCT
MINING	
Soil survey, research, geophysical survey,	Botswana, Nigeria
Infrastructure, production, processing plants	Ghana, Rwanda, Zaire, Zambia
MAPPING	
Soil-Air	
INDUSTRY	
Plants, productions	Guinea, Malawi
TRADE, INDUSTRY, TOURISM, INVESTMENT PROMOTION - MANAGEMENT - MARKETING - S.M.E. TRAINING	Chad, Ghana, Guinea, Guinea Bissau, Kenya, Madagascar, Malawi, Mali, Niger, Rwanda, Somalia, Sierra Leone, St. Lucia, Swaziland, Trinidad and Tobago, Tanzania, Togo, Zambia, Botswana-Swaziland, Neth. Antilles, Pacific ACP Countries, Algeria, Tunisia, Banco Centro-Americano, Andean Pact., China (People's Rep.), Thailand, Costa Rica, El Salvador

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ACP STATES

★ Denotes new projects

ANGOLA

Assistance to the fishing and fish-processing industry in the Namibe Province. Resp. Auth.: Ministerio das Pescas. EEC 4.250 MECU. Supply of equipment and T.A. Project in execution.
ALA ANG 8415 A3d

Rural Water supply. Resp. Auth.: Ministère de l'Industrie et des Ressources Naturelles. HYDROMINA. Parallel cofinancing with UNICEF. EEC contribution 2.250 mECU. Study, T.A. and supply of hand-pumps, tubes, drilling equipment, vehicles. Project in execution.
ALA ANG 8425 A2b

ANTIGUA AND BARBUDA

Livestock development — Phase I. Resp. Auth.: Ministry of Agriculture. Estimated cost 1.8 mECU. Works, supplies, T.A. T.A.: Darudec (DK). Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF AB 5003 A3a

BELIZE

Belize College of Arts, Science and Technology (BELCAST). Resp. Auth.: Ministry of Education. Estimated cost 7 mECU. Works and supplies. T.A. for tender dossier and plans: short-list already drawn up. Project on appraisal. 4th and 5th EDF.
EDF BEL 5001 A6b

BENIN

Upgrading of health service infrastructure in Porto Novo Hospital. Resp. Auth.: Ministère de la Santé Publique. Estimated cost 10 mECU : renovation and construction of the hospital building and equipment. Project on appraisal. Works : Int. tender with prequalification, launched (conditional) in August 84. 4th and 5th EDF.
EDF BEN 5010 A7a

Parakou polytechnical complex. Resp. Auth.: Ministère de l'Enseignement Moyen, Général, Technique et Professionnel. Total estimated cost 6.9 mECU. Construction of 8 000 m^2 of pedagogical and administrative buildings and hostels. Supplies and equipment. Technical and architectural study: Arch. VINOU (Local). Project on appraisal. Date foreseen for financing decision 2nd half 86. 4th EDF.
EDF BEN 4011 A6b

Support to the Abomey Hospital. Resp. Auth.: Ministère de la Santé Publique. 1.5 mECU. Supply of equipment and furniture by int. tender launched in April 86 (conditional). Date financing decision June 86. 4th EDF.
EDF BEN 4015 A7a

BOTSWANA

Village water supplies. Resp. Auth.: Ministry for Mineral Resources and Water Affairs. Planning Study: DECON-FLOTO (D). Project on appraisal. 5th EDF.
EDF BT 5017 A2b

Services to livestock owners in communal areas (SLOCA), Phase II. Resp. Auth.: Ministry of Agriculture. 4.100 mECU. Works by acc. tender, supply of vehicles and equipment by int. tender. T.A. T.A.: B.M.B. (NL). Project in execution. 5th EDF.
EDF BT 5003 A3a

Wildlife tourism environment. T.A. in the area of Tourism and Wildlife. 2.1 mECU. Short-list done for restr. tender. Project in execution. 5th EDF.
EDF BT 5019 A8f

Geophysical exploration of the Ncojane and Nosop sedimentary basins. Resp. Auth.: Ministry of Mineral Resources and Water Affaris. Estimated cost 1.6 mECU. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF BT 5020 A2b

★ **Initial measures for the conservation of the Kalahari ecosystem.** T.A. and supply of equipment. Monitoring and protection of the natural reserves. Estimated cost 2 mECU. Project on appraisal. Date foreseen for financing decision July 86. 6th EDF.
EDF BT 6001 A3a

BURKINA FASO

Drinking water supply in the Yatenga region. Phase II. Resp. Auth.: Ministère de l'Eau. 5 mECU. Boreholes and wells. Supplies. All by int. tenders. T.A.: BURGEAP (F). Project in execution. 5th EDF.
EDF BK 5016 A2b

Improvement of halieutic production in Burkina Faso. Resp. Auth.: Ministère de l'Environnement et du Tourisme. Estimated total cost 3.850 mECU. EDF 2.850 mECU, local 1 mECU. Infrastructural works, buildings, supply of equipment and vehicles, T.A. and training. Works by direct labour, supplies by int. tender, T.A.: restr. tender. Project in execution. 5th EDF.
EDF BK 5018 A3a

Ouagadougou-Kaya railways. Resp. Auth.: Ministère Promotion Economique. 5.5 mECU. Supply of rails, equipment and ballast. Project on appraisal. 5th EDF.
EDF BK 5019 A2d

BURUNDI

Institut Universitaire de Sciences de l'Education (IUSE). Resp. Auth. : Ministère de l'Education Nationale — 0.7 mECU. Construction and equipping of educational buildings (general teaching classes, laboratories, workshops). Int. tender dossier : TETRA Consultants (Lux). Project on appraisal. 4th EDF.
EDF BU 4124 A6b

Faculty of agronomy. Resp. Auth.: Ministère de l'Education Nationale. Estimated cost 5 mECU. Supervision of works. BRUSA-PASQUE (I). Works: int. tender (conditional) launched in December 85. Project in execution. 5th EDF.
EDF BU 5017 A6b

Social-economic development of the Kirundo Province. Resp. Auth.: Ministère

de l'Agriculture et de l'Elevage. 15.5 mECU. Works: springwales catchment, wells boring, buildings, feeder roads. Supply of agricultural inputs, equipments, vehicles, T.A. and training. Works by acc. tender, supplies by int. tender or direct agreement. T.A. and training by restr. tender. Short-list done. Project in execution. 5th EDF.
EDF BU 5005 A3a

★ **Support to "Département des Eaux et Forêts".** Resp. Auth.: Département des Eaux et Forêts. Estimated cost 3.350 mECU. Reafforestation works, supply of equipment, T.A. and training. Project on appraisal. Date foreseen for financing decision September 86. 5th EDF.
EDF BU 5020 A3c

CAMEROON

Yaoundé — Ayos Road — Technical study. Resp. Auth.: Ministère des Transports. Estimated cost 0.860 mECU. Technical study for the execution and preparation of the tender dossier. Restr. tender. Short-list drawn up. Project in execution. 5th EDF.
EDF CM 5019 A2d

Community rural development in the BAFUT region. Phase II. Resp. Auth.: Gouverneur de la Province du Nord-Ouest. 1.5 mECU. Rural inputs, drought farming, hydro-agricultural rehabilitation. Works by acc. tender. Supplies by direct agreement. T.A.: Short-list already drawn up. Project in execution. 5th EDF.
EDF CM 5020 A3a

CENTRAL AFRICAN REPUBLIC

★ **National Livestock Programme.** Supply of agricultural inputs, monitoring training, T.A. Feeder roads. EDF part estimated 5.543 mECU. Cofinancing with France, EIB, local, IFAD. Project on appraisal. 6th EDF.
EDF CA 6001 A3a

CHAD

Priority actions programme in the educational field. Resp. Auth.: Ministère du Plan et de la Reconstruction. Estimated cost 5.2 mECU. Works, supplies, scholarships and T.A. T.A.: short-list done for restr. tender. Project in execution. 5th EDF.
EDF CD 5003 A6a

Agricultural programme in the Sudan zone. Estimated cost 5.5 mECU. Various actions for: organizing the peasantry, stocking and marketing, utilization of improved seeds and production techniques. T.A.: Short-list done for restr. tender. Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF CD 5010 A3b

Rehabilitation of hospital and health sector. Resp. Auth.: Ministère du Travaux Publics, de la Santé et Médecins sans Frontières (MSF-B). Estimated total cost 5.590 mECU. EDF 4.560 mECU, MSF(B) 0.505 mECU, Aviation sans Frontière (F) 0.100 mECU, local 0.425 mECU. Works by direct agreement or direct labour. Supply of medical equipment, supplies, medicines by int. tender. Project in execution. 5th EDF.
EDF CD 5011 A7a

Renovation and equipment of "Lycée Technique Commercial" in Technique de Bangui. N'Djamena. Resp. Auth.: Ministère du Plan et de la Reconstruction. Works and supply of equipment by acc. tender. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF CD 5015 A6d

★ **Road maintenance brigades.** Estimated cost 20 mECU. Project stage: identification. 6th EDF.
EDF CD 6001 A2d

COMOROS

Small stock-farming promotion in Anjouan. Estimated cost 0.200 mECU. Supply of equipment. Project in execution. 5th EDF.
EDF COM 5010 A3a

COTE D'IVOIRE

Prawn farming pilot farm. Resp. Auth.: Ministère du Dév. Rural. Estimated total cost 1.875 mECU. EDF 0.850 mECU. Works, supplies, T.A. and training. T.A.: SEPIA Int. (F). Project in execution. 5th EDF.
EDF IVC 5019 A3d

Rural development of the central region. Resp. Auth.: Ministère du Dév. Rural. Development of irrigated rice-growing. Works, supplies and T.A. Project on appraisal. 5th EDF.
EDF IVC 5021 A3a

DJIBOUTI

Administrative training centre. Resp. Auth.: Ministère de la Fonction Publique. Construction of two buildings. Estimated cost 0.560 mECU. Cofinanced by EDF and France. EDF 0.270 mECU. Works and supplies. Works by int. tender. Project in execution. 5th EDF.
EDF DI 5004 A6e

Ranch construction. Resp. Auth.: Ministère de l'Agriculture. Studies and Works. Works by int. tender. 1.030 mECU. Int. tender dossier prepared by Dubois (ACP). Project in execution. 5th EDF.
EDF DI 5005 A3a

Djibouti water supply. Estimated cost 0.800 mECU. Watermain in the region of Damerjog Atar. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF DI 5001 A2b

DOMINICA

Feeder Roads Project. Estimated cost 3.8 mECU. Improvement of existing feeder roads and construction of new ones. Works by direct labour. Project on appraisal. 6th EDF.
EDF DOM 6001 A2d

EQUATORIAL GUINEA

Rural interventions. Project stage: identification. 5th EDF.
EDF EG A3a

Rural development in the Bata district. Resp. Auth.: Ministère de l'Agriculture, de l'Elevage et du Dév. Rural, Ministère de la Santé. 1.350 mECU. Study by BDPA (F). Supervision of works: short-list done. T.A.: Short-list already drawn up for restr. tender. 5th EDF. Project in execution.
EDF EG 5004 A3a

Malabo's electrification (Phase II). 2.7 mECU. Purchase of generator sets, repairing of the power-station and town mains extension. 2 int. tender launched in June 85. Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF EG 5003 A2ai

Cocoa-tree plantations rehabilitation on Bioko island. Estimated total cost 19 mECU. EDF 0.900 mECU. World Bank 11 mECU. OPEC 1.2 mECU, BADEA 3.3 mECU, local 2.6 mECU. EDF part: supply of fertilizers. Project in execution. 5th EDF.
EDF EG 5008 A3a

Assistance to the road maintenance service in Rio Muni. 2nd phase. Resp. Auth.: Ministère des Travaux Publics. 1.1 mECU. T.A., training and purchase of road equipments. Project in execution. 5th EDF.
EDF EG 5009 A2d

ETHIOPIA

Construction and equipment of one agricultural research station in Bale-Arsi. Resp. Auth.: Institute of Agricultural Research (I.A.R.). Special hunger programme. 1.5 mECU. Project in execution.
958-ET 5015 A3c

Rural Water Supply. Resp. Auth.: Ethiopian Water Works Construction Authority. 1.9 mECU. Supply of equipments. T.A.: J. Taylor and Son (UK) and GITEC (D). Project in execution. 5th EDF.
EDF ET 5016 A2b

GAMBIA

Brikama College, phase II. Resp. Auth.: Ministry of Works and Communications. 1.925 mECU. Construction and equipment of academic and residential buildings. Works by mutual agreement. Equipment for phase II: int. tender, 2nd half 1986. 4th EDF.
EDF GM 4005 A6b

GHANA

Central and Accra Regions Rural Integrated Programme (CARRIP). Resp. Auth.: Ministry of Finance and Economic Planning. Prefeasibility study for potential projects within the two regions, with the aim of improving the food situation in Accra and other coastal towns. Halcrow-U.L.G. (UK). Study: rehabilitation irrigation project: HEDESELSKABET (DK). 5th EDF.
EDF GH 5025 A3e

Aveyme livestock development. Resp. Auth.: Ministry of Agriculture. 3.2 mECU. Works, supply of vehicles and equipment, T.A.: ORYX (I) 5th EDF.
EDF GH 5015 A3a

Second Line of Credit to the National Investment Bank (NIB). Resp. Auth.: Development Service Institute of NIB. 2.9 mECU. T.A. and supply of equipment. T.A.: P.E. Int. (UK). Project in execution. 5th EDF.
EDF GH 5013 B3a

Line of Credit to the Agricultural Development Bank. Resp. Auth.: Agric. Dev. Bank (ADB) 6mECU. Purchase of marine diesel engines, spare parts, fishing nets, and T.A. Int. tender for engines launched in June 86. Project in execution. 5th EDF.
EDF GH 5009 A5a

Agricultural Rehabilitation through the Rural Banks Scheme. Phase II. Supply of equipment to small scale farmers and fishermen. T.A. 8.760 mECU. T.A.: short-list done for restr. tender. Project in execution. 5th EDF.
EDF GH 5004 A5a

Supplementary finance for Twifo Oil Palm Development. Resp. Auth.: Twifo Oil Palm Plantation Ltd. (TOPP). 5.043 mECU. Infrastructure, housing construction by direct labour. Supply of crop inputs, vehicles, tractors and T.A. Int. tender for supplies foreseen in July 86. Project in execution. 5th EDF.
EDF GH 5003 A3a

Twifo smallholder Oil Palm Project. Resp. Auth.: TOPP. 3,715 m ECU. Works, supplies and T.A. 5th EDF.
EDF GH 5021 — STA A3a

Takoradi harbour rehabilitation. Resp. Auth.: Ghana Ports Authority. Estimated total cost 16.7 mECU. EDF 9.7 mECU, World Bank 5 mECU, local 2 mECU. Works and supply of equipment. Prequalification launched in February 86. Project on appraisal. 5th EDF.
EDF GH 5028 A2d

GRENADA

★ **Eastern Main Road. Phase III.** Resp. Auth.: Ministry of Communications and Works. EDF 3.5 mECU. Strengthening the road base by coal mix surface course and improving drainage structures. Works by direct labour. Supply of equipments by int. tender. Project on appraisal. Date foreseen for financing decision July 86. 6th EDF.
EDF GRD 6001 A2d

GUINEA

Land development in Kankan and Labé regions. Phase II. Resp. Auth.: Ministère de l'Agriculture et des F.A.P.A. Valuation: MacDonald and Partners (UK). Project on appraisal. 5th EDF.
EDF GUI 5030 A3a

New energy research and test. Resp. Auth.: Ministère de l'Energie et du Konkouré. Study on hand by A.I.D.R. (B). 5th EDF.
EDF GUI 5006 A2a

Assistance to the « Ecole Nationale des Arts et Métiers-ENAM-Conakry ». 2.265 mECU. Building renovation and supply of equipment. T.A. 5th EDF.
EDF GUI 5028 A6d

Go into production for the plastic plant "SOGUIPLAST". Resp. Auth.: Guinea Government. 5.4 mECU. Prequalification launched in April 86 to set up with Guinean authorities a joint-company for plant management and for a T.A. (12 months). Supply of row materials (plastics) by int. tender foreseen in May or June 86. All int. tenders will be conditionals. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF GUI 5022 A2a

★ **Semi-industrial fishery project "SOGUIPECHE".** Resp. Auth.: Ministère du Plan et de la Coopération Internationale. Secrétariat d'Etat à la pêche. Estimated cost 8 mECU. Rehabilitation and renovation of the existant plants and buildings. Supply of specialized equipment. Project on appraisal. 5th EDF.
EDF GUI A3d

GUINEA BISSAU

Health infrastructures. Resp. Auth.: Commissariat d'Etat au Travaux Publics. Estimated cost 1.9 mECU. Construction and equipment of 2 district hospitals, 4 health centres and staff housing. Supply of equipment: int. tender launched in June 86. T.A.: Short-list done. Project in execution. 5th EDF.
EDF GUB 5006 A7a

North-East forestry development. Resp. Auth.: Commissariat général au développement rural. Study under way by Atlanta (D). 5th EDF.
EDF GUB 5004 A3c

★ **T.A. to the "Direction Général du Plan".** Resp. Auth.: Direction général du Plan. Estimated cost 0.910 mECU. To prepare and to implement the national development plan. Training. Project on appraisal. Date foreseen for financing decision September 86. 5th EDF.
EDF GUB 5010 A3a

IVORY COAST

(See Côte d'Ivoire)

JAMAICA

Citrus fruit production improvement. Resp. Auth.: Ministère de l'Agriculture. Estimated cost 3.5 mECU. Equipment, training and T.A. Credit line. T.A.: VAKAKIS (GR). Project in execution. 5th EDF.
EDF JM 5004 A3a

Coffee development. Resp. Auth.: Ministry of Agriculture. Estimated total cost 3.7 mECU. EDF 3.5 mECU. Local 0.2 mECU. Supply of equipment, T.A. and credit line. T.A.: Short-list already drawn up for restr. tender. Int. tender for supplies launched in March 86. Project in execution. 5th EDF.
EDF JM 5005 A3a

Bee-keeping Development Project. Resp. Auth.: Ministry of Agriculture. 1.270 mECU. Supply of vehicles, T.A. and line of credit. T.A.: Short-list done for restr. tender. Project in execution. 4th and 5th EDF.
EDF JM 5013 A3a

KENYA

Line of credit to the "Small Scale Enterprises Finance Company" (SEFCO). Resp. Auth.: Development Finance Company of Kenya. 0.500 mECU. Project on appraisal. 5th EDF.
EDF KE 5020 A4b

Reinforcement of the medical infrastructure in the district of Machakos. 1.100 mECU. Works and supplies. Date financing decision March 86. 5th EDF.
EDF KE 5022 A7a

KIRIBATI

Fishing-boats. 2.8 mECU. Purchase of 2 boats, 26 m. each. T.A.: Ian Macallan (ACP) Int. tender launched in June 86. Project in execution. 5th EDF.
EDF KI 5002 A3d

LESOTHO

"Highlands Water Scheme" Project. Resp. Auth.: Ministry of Water, Energy and Mining. Estimated EDF contribution 9.5 mECU. Final planning study on hydraulics and T.A. to the Lesotho Highlands Development Authority. Project on appraisal. Date foreseen for financing decision July 86. 6th EDF.
EDF LSO 6001 A2b

LIBERIA

Rural Water Supply. Resp. Auth.: Ministry of Rural Dev. Estimated cost 2.5 mECU. Project on appraisal. Date foreseen for financing decision Septembre 86.5th EDF.
EDF LBR 5018 A2b

Monrovia Port. Resp. Auth.: National Port Authority. Estimated cost 1.9 mECU. Management assistance. Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF LBR 5019 A2d

MADAGASCAR

Assistance to the Malagasy handicrafts industry. Resp. Auth.: Ministère de l'Industrie. Estimated cost 1 mECU. Supply of raw materials for handicrafts by int. tender. T.A.: APRODI (F). Project in execution. 5th EDF.
EDF MAG 5017 A4d

MALAWI

Salima Lakeshore Agricultural Development Division (SLADD) Phase IV. Resp. Auth.: Ministry of Agriculture. Estimated cost: 19.1 mECU. EDF 9.5 mECU. Local

9.6 mECU. Works, Supplies and T.A. Project in execution. T.A.: restr. tender, short-list drawn up. Int. tender for the supply of 6 steel bridges launched in June 86. 5th EDF.
EDF MAI 5001 A3a

Central and northern region fish farming development, training and research. Resp. Auth.: Ministry of Agriculture. Estimated cost: 3 mECU. Works, supplies, T.A. Project on appraisal. Date foreseen for financing decision 2nd half 86. 5th EDF.
EDF MAI 5019 A3a

Strategic fuel reserve. Resp. Auth.: Office of the President and Cabinet. Contingency Planning Unit. 4.2 mECU. Construction of tanks farm for gasoil, petrol, ethanol. Associated infrastructure and equipment. T.A. Project on appraisal. 5th EDF.
EDF MAI 5020 A2a

Small Enterprise Development Organization of Malawi (SEDOM) — Phase II. Resp. Auth.: Sedom secretariat. EDF 4.8 mECU. Works by direct labour. Supply of vehicles and equipment by int. tender in '86. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF MAI 5021 A4e

Mwansambo Rural Growth Centre. Resp. Auth.: OPC, Rural Development Division. 0.900 mECU. Works, supplies and T.A. Project in execution. 5th EDF.
EDF MAI 5028 A3a

Blantyre-Lirangwe M1 Road. Resp. Auth.: Ministry of Works. 21.5 mECU. Road construction and rehabilitation. Works by int. tender (conditional) launched in February 86. T.A.: Rhein-Rhur (D). Project on appraisal. Date foreseen for financing decision July 86. 6th EDF.
EDF MAI 6001 A2d

Mpherembe Smallholder Tobacco Project. Resp. Auth.: Ministry of Agriculture. EDF 4.680 mECU. Works and supplies. Project on appraisal. Date foreseen for financing decision July 86. 6th EDF.
EDF MAI 6002 A3a

MALI

Strengthening of sanitary infrastructure in the Nioro region. Resp. Auth.: Ministère de la Santé et des Affaires Sociales et Ministère des Transports et T.P. 2.570 mECU. Buildings, equipment, training. Architectural and technical studies: GOUSIER (F). T.A.: Short-list already drawn up. 4th EDF.
EDF MLI 4016 A7a

Rural hydraulics programme. 5.8 mECU. 300 wells and pumps. T.A.: Géohydraulique (F). 2. int. tenders launched in April 86. Project in execution. 5th EDF.
EDF MLI 5017 A2b

Support to establish undertakings and to insert young graduates. EDF 2.8 mECU. Supply of T.A. training and line of credit. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF MLI 5021 A4e

MAURITANIA

Extension of Kaëdi regional hospital. Resp. Auth.: Ministère de l'Equipement. 0.815 mECU. Construction, equipment and TA for Kaëdi hospital (100 beds). Works under way. Medical-technical equipment int. tender, foreseen in the 2nd half 86. 3rd, 4th and 5th EDF.
EDF MAU 5018 A7a

Small dams construction in the Hodhs region. Resp. Auth.: Ministère du Développement rural. Estimated cost 2 mECU. Study under way: Binnie and Partners (UK). Project on appraisal. 5th EDF.
EDF MAU 5001 A3a

Aioun El Atrouss hospital. Resp. Auth.: Ministère de l'Equipement. 1.050 mECU. Renovation and supply of equipment for 3 buildings. Works by acc. tender. Supplies by int. tender. Project on appraisal. 5th EDF.
EDF MAU 5012 A7a

"Centre de Formation Professionnelle Maritime de Nouadhibou (C.F.P.M.). Resp. Auth.: Ministère de l'Equipement. 2.5 mECU. Construction, supply of equipment and purchase of a wooden-trawler, T.A. Project in execution. 5th EDF.
EDF MAU 5014 A6d

T.A. and training for hospital equipment maintenance. Resp. Auth.: Ministère de l'Equipement. 0.540 mECU. T.A.: CHEMA (B). Project in execution. 5th EDF.
EDF MAU 5011 A7a

MAURITIUS

Development of Ile Rodrigues. Resp. Auth.: Ministry of Agriculture. 3 mECU. Development centred on agricultural production. Economical and technical study under way. T.A.: Luxconsult (Lux.). 5th EDF.
EDF MAS 5001 A3a

MOZAMBIQUE

Rural development in the Moamba District. Resp. Auth.: Ministerio da Agricultura. Estimated total cost 9.15 mECU. EEC 7.5 mECU. Supply of equipment, rural inputs and T.A. Project in execution.
ALA MOZ 8333 A3a

Fishery development and rehabilitation. Resp. Auth.: Secrétariat d'état pour la pêche. Total estimated cost 8.885 mECU. EEC 7.4 mECU. Supply of equipment and T.A. Project in execution.
ALA MOZ 8507 A3d

★ **Nacala Railway Rehabilitation.** Resp. Auth.: Government of Mozambique. EDF part 25 mECU. Cofinancing with France, Portugal, Italy, Canada and Finland. Int. tender (conditional) foreseen in July or August 86. Project on appraisal. 6th EDF.
EDF MOZ 6001 A2d

NIGER

Air Valley development. Resp. Auth.: Ministère du Dév. Rural. Estimated cost 2.052 mECU. Hydro-agricultural works. Construction and equipping of wells. Equipping and operation of nurseries. T.A. and training. Works and equipment: int. tender. T.A.: VAKAKIS (GR). Project in execution. 5th EDF.
EDF NIR 5002 A3a

Training for Cooperatives. Resp. Auth.: Ministère du Dév. Rural. Estimated cost 2.8 mECU. T.A. and supply of equipment. T.A. by restr. tender short-list done. Supplies by int. tender or direct agreement. 5th EDF.
EDF NIR 5004 A3b

Traditional wells reparing in the Ouallam Region. Resp. Auth.: Ministère de l'Hydraulique. 3.1 mECU. 100 wells. Works, supervision and training. Supervision of works: M. Botz (F) and M. Motte (B). Project in execution. 5th EDF
EDF NIR 5010 A2b

NIGERIA

Kaduna afforestation project. Resp. Auth.: Federal Department of Forestry. 9.4 mECU. Works, supplies and T.A. Project in execution. T.A.: restr. tender, short-list done. 5th EDF.
EDF UNI 5001 A3c

★ **Abakaliki Zinc Feasibility Study.** Resp. Auth.: NMC (Nigerian Mining Corporation). 1.220 mECU. T.A. by restr. tender after short-list. Supply of equipment by int. tender. Project on appraisal. Date foreseen for financing decision September 86. 5th EDF.
EDF UNI 5007 A2b

PAPUA NEW GUINEA

Magi highway. Resp. Auth.: Department of Transport. 3.5 mECU. Upgrading and sealing of a road section. Works: int. tender foreseen 2nd half '86. 5th EDF.
EDF PNG 5006 A2d

Diesel Power Replacement Programme. Resp. Auth.: Electricity Commission (ELCOM). Estimated cost 4.850 mECU. 4 small hydroelectric power plants with transmission line extensions from existing grids. 1st int. tender (conditional) launched in October 85. Project in execution. 5th EDF.
EDF PNG 5011a A2a

Kimbe-Talasea Road. Resp. Auth.: Departments of Works and Transport. Estimated total cost 9.5 mECU. EDF 7 mECU, local 2.5 mECU. Upgrading of ± 35 km of the road. Works and supervision. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF PNG 5013 A2d

RWANDA

Development of the small-scale tin industry. Resp. Auth.: Ministère de l'Industrie, des Mines et de l'Artisanat. 2.840 mECU. Sysmin. Works, supplies, training and T.A. T.A.: Short-list done. Project in execution. 5th EDF.
EDF RW 5016 A4a

Support to the: "Centrale Comptable et Organisation". Resp. Auth.: Présidence de la République. 3.1 mECU. T.A. and training. Project in execution. 5th EDF.
EDF RW 5014 A1b

T.A. to "OCIR-THE". Continuation of the T.A. 0.300 mECU. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF RW 5024 A1b

SENEGAL

New energy research and test in rural region. Resp. Auth.: Secrétariat d'Etat à la Recherche Scientifique. 1.5 mECU. Creation of pilot unit for solar energy, biomass and wind energy. Studies, T.A. and equipment. Studies: AGIP-AFOR (I). Equipment: int. tender in 86. Project on appraisal. 5th EDF.
EDF SE 5005 A2a

Consolidation of the livestock development programme. Resp. Auth.: SODESP. Estimated cost 1.6 mECU. Study under way by Bessel Ass. (UK). Project on appraisal. 5th EDF.
EDF SE A3a

Artisanal fishery development in the Casamance Region. Resp. Auth.: Secrétariat d'Etat à la Pêche Maritime. EDF 1.6 mECU. Works, supplies and training. Date financing decision June 86. 5th EDF.
EDF SE 5024 A3a

SIERRA LEONE

Kambia Fishery Development. Resp. Auth.: Ministry of Agriculture and Forestry. 0.650 mECU. Construction of 2 buildings and a boatyard, supply of boats, motors, vehicles and T.A. T.A.: MacAlister, Elliot and Partners (UK). Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF SL 5019 A3d

Rehabilitation of the Telecommunications Network. Resp. Auth.: Post and Telecommunications Dept. Estimated cost ±9.5 mECU. Study to prepare technical specifications and int. tender dossier: short-list done for restr. tender. Project on appraisal. 5th EDF.
EDF SL 5024 A2c

Port Loko rural development programme. 6 mECU. Infrastructures, T.A., training and supplies. T.A.: Short-list done restr. tender. Project in execution. 5th EDF.
EDF SL 5006 A3a

Support to the Geological Surveys Department. 1.30 mECU. T.A. and training, supply of equipment. Project in execution. 5th EDF.
EDF SL 5016 A4a

Creation of regional centres for small enterprises. Estimated cost 1.25 mECU. Project stage: identification. 5th EDF.
EDF SL 5017 A4d

Rural health development programme. Estimated cost 1.5 mECU. Buildings, equipment and training. Works by acc. tender already launched. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF SL 5025 A7a

Tourism development project. Estimated cost 0.850 mECU. T.A. for Ministry of Tourism and supply of equipment. Project stage: identification. 5th EDF.
EDF SL 5026 A5c

SOLOMON ISLANDS

Coconut industry development project. Resp. Auth.: Ministry of Land and Natural Resources. Study under way by Agrar und Hydrotechnik (D). Project stage: identification. 5th EDF.
EDF SOL 5009 A3a

SOMALIA

Bardheera Dam. Resp. Auth.: Bardheera Dam Authority (BDA). 600 mECU. (Estimated) Dam Project 500 mECU. Powerline to Mogadishu 100 mECU. Funding: EDF, Italy, Germany, France, Saudi Arabia, Abu-Dhabi, Kuwait Funds, FADES, Isl. Dev. Bank. Local. Power and river regulation for agricultural development. Construction of a concrete gravity dam with hydro-power station, associated infrastructure and electrical transmission lines. The dam will provide water, flood protection and power for up to 223 000 ha of irrigated agriculture in the Juba Valley, and energy to Mogadishu. Civil works: first int. tender launched in 1984. Transmission lines int. tender in 1986. Equipment: powerhouse main equipment and auxiliary equipment, int. tenders in 1987. Gates, valves, intake equipment, int tender in 1987. Int. tender with prequalification launched in February 86 for hydraulic tests. Project in execution. 5th EDF.
EDF SO 5003 A2a

"Aula Magna" Mogadishu National University. Resp. Auth.: Ministry of Public Works. ±2.5 mECU. Project on appraisal. 4th EDF.
EDF SO 4015 A6b

Upgrading of the road Afgoi-Shalambot-Goluen. Resp. Auth.: Ministry of Public Works. Works by int. tender in 86. Supervision of works. Studies: AIC. PROGETTI (I). Project on appraisal. 5th EDF.
EDF SO 5017 A2d

Grapefruit Development Project. Resp. Auth.: Ministry of Agriculture. 3.8 mECU. Works supply of vehicles, equipment and rural inputs. T.A.: Agriconsulting (I) and Istituto Sperimentale per l'Agricoltura (I). Int. tender for vehicles launched in March 86. Project in execution. 5th EDF.
EDF SO 5009 A3a

Food Early Warning System. Resp. Auth.: Ministry of Agriculture. Estimated total cost 4 mECU. EDF±3.1 mECU. Supply of meteorological and office equipment and T.A.: Transtec (B). Project in execution. 5th EDF.
EDF SO 5015 A8f

North-West agricultural development project. Estimated total cost 36 mECU. EDF: 7.6 mECU, World Bank 14.9 mECU, IFAD 9.9 mECU, local 3.6 mECU. Infrastructural work and supply of equipment and T.A. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF SO 5016 A3a

T.A. to the Ministry of Finance, the Central Bank and the Commercial and Savings Bank. Resp. Auth.: Ministry of Finance. 1.875 mECU. Project in execution. 5th EDF.
EDF SO 5019 A1b

SUDAN

Nuba Mountains Rural Development Project. Interim phase. Resp. Auth.: Ministry of Agriculture. 2.200 mECU. Supply of equipment and vehicles by int. tender, T.A. and training. T.A.: Halcrow-ULG (UK). Project in execution. 5th EDF.
EDF SU 5019 A3a

SURINAME

Rice project at Coronie. Resp. Auth.: Ministerie van Landbouw, Veeteelt, Visserij en Bosbouw. 7.650 mECU. Rice production developments. T.A.: EUROCONSULT (NL). Project in execution. 3rd and 5th EDF.
EDF SUR 5002 A3a

Biomass energy project at Wageningen. Resp. Auth.: Government. Installation of an energy generator on the basis of rice husks. Project stage: identification. 5th EDF.
EDF SUR 5009 A2a

Artificial Insemination Project. Resp. Auth.: Ministry of Agriculture, Fisheries. 0.72 mECU. Building of a new station and provision of equipment and material. Project in execution. 5th EDF.
EDF SUR 5010 A3a

Rehabilitation of the road Burnside-Wageningen. Resp. Auth.: Ministry of Finance and Planning. Estimated total cost 5.5 mECU. Study to be done: technical methods for the implementation of the project: Delft Universteit (NL). Project on appraisal. 4th and 5th EDF.
EDF SUR 5011 A2d

SWAZILAND

Rural hydraulics. Resp. Auth.: Rural Water Supply Board. Estimated cost 2.456 m ECU. Study construction, works supervision. 12 villages. Supply of equipment and material. Study and works supervision: Carl Bro (DK). Project in execution. 5th EDF.
EDF SW 5001 A2b

Smallholders Support Project, Credit and Marketing. Resp. Auth.: Ministry of Agriculture. 3.550 mECU. Works, line of credit, T.A. and training. T.A.: Cooper Lybrand (ACP branch). Project in execution. 5th EDF.
EDF SW 5005 A4e

Matsapha Vocational Training College. Resp. Auth.: Ministry of Education. EDF 3.9 mECU. Construction and equipping of the college. Project in execution. ber 5th EDF.
EDF SW 5006 A6a

TANZANIA

Mtwara water supply. Resp. Auth.: Ministry of Water, Energy and Minerals. 5 mECU. Works: drilling of new wells, and constructions. Supply of equipment and T.A. Drilling activities and power supply connections by direct labour. Other works: int. tender in '86. Supplies: int. tender in '86. Supervision of works: G.W.E. (D). Project in execution. 5th EDF.
EDF TA 5003 A2b

Banana improvement and pest control (Phase 1). Resp. Auth.: Ministry of Agriculture. Estimated total cost 3.740 mECU. EDF 3 mECU, local 0.740 mECU. Supply of pesticides, vehicles, equipment by int. tender. T.A. Short-list done for restr. tender. Project in execution. 5th EDF.
EDF TA 5008 A3a

Ports of Zanzibar and Pemba. Estimated cost 10.17 mECU, T.A. for management, organization, pricing and financial systems, training. Restoration of infrastructure. T.A.: NEDECO (NL). Project stage: identification. 5th EDF.
EDF TA 5024 A2d

Cooperative Rural Development Bank (CRDB) Project. 3.15 mECU. Provision of equipment, training and T.A. Date financing decision June 86. 5th EDF.
EDF TA 5026 A3a

★ **Rehabilitation of Zanzibar Hospitals. Phase II.** Resp. Auth.: Ministry of Health, Zanzibar. EDF 2.705 mECU. Cofinancing with Italy. Works, supply of equipment and training. Project on appraisal. 5th EDF.
EDF TA 5017 A7a

TOGO

Enquiry into consumer expenditures. Resp. Auth.: Ministère du Plan, de l'Industrie et de la Réforme Administrative. Estimated total cost 1.3 mECU. EDF 1 mECU, Local 0.3 mECU, T.A. to produce, collect and treat statistical data, training and supply of equipment. T.A.: short-list donc. Project in execution. 5th EDF.
EDF TO 5011 A1e

★ **Rural reafforestation.** Estimated cost ±0.575 mECU. 1.500 ha plantations and 1.500 ha land protection. Project on appraisal. 5th EDF.
EDF TO 5014 A3c

TONGA

Supply of a dredger. Resp. Auth.: Ministry of Works. Estimated cost 0.500 mECU. Technical study: EUROCONSULT (NL). Int. tender foreseen 2nd half '86. Project on appraisal. 5th EDF.
EDF TG 5002 A2d

Faua Fisheries Harbour. Resp. Auth.: Ministry of Works. Estimated cost 3.3 mECU. Construction of a new fisheries harbour, repair yards, fish market and wholesale store with ice-making equipment. Int. tender for the supply of sheet steel piles launched in November 83 (conditional). Supply of cooling and ice equipment int. tender launched in June 86. Works by direct labour. T.A.: M. Imrie (UK). Project in execution. 5th EDF.
EDF TG 5001 A3d

TRINIDAD AND TOBAGO

Training programme, health sector. Resp. Auth.: Ministry of Health and Environment. 1.2 mECU. Training awards, laboratory equipment (sound-meters, chemical chromatographs, spectrometers) by int. tender. Short-term T.A. to coordinate and establish new laboratory. Project in execution. 5th EDF.
EDF TR 5003 A8c

Goat development project. Resp. Auth.: Ministry of Agriculture. 0,750 mECU. Works and supply of equipment. Project on appraisal. Date foreseen for financing decision July 86. 5th EDF.
EDF TR 5005 A3a

UGANDA

Kampala-Masaka Road. Phase II. Resp. Auth.: Government of Uganda. Estimated cost 13 mECU. Reconstruction of 64 km of the road. Int. tender conditional launched in June 86. Project on appraisal. Date foreseen for financing decision September 86. 5th EDF.
EDF UG 5003 A2d

★ **Karamoja Development Programme. Phase II.** Resp. Auth.: Government of Uganda. EDF 6 mECU. Works and supplies. Project on appraisal. 5th EDF.
EDF UG 5001 A3a

★ **Support to emergency relief and rehabilitation programme.** Resp. Auth.: Government of Uganda. EDF 5 mECU. Project on appraisal. 5th EDF.
EDF UG 5020 B2

ZAIRE

Kalemie port rehabilitation. Resp. Auth.: Département des Transports et Communications. 6.5 mECU. 2 Int. tenders (conditional) launched in March 84.Works and supplies. Project on appraisal. Date foreseen for financing decision 2nd half 86. Regional project. 5th EDF.
EDF REG 5215 A2d

Banana deep water port. Resp. Auth.: Département des Transports et Communications. Economic and financial evaluation: SEMA (F). 5th EDF.
EDF ZR 5013 A2d

Butembo-Beni hydro-electrical development. Preliminary study done by Tractionnel (B) on local funds. Detailed economic and technical studies: WLPU (UK). Project on appraisal. 5th EDF.
EDF ZR 5006 A2a

★ **2nd intervention Sysmin. Gecamines Working.** EDF part estimated at 30 mECU. Supply of mining equipment, machine-tools, engines. Project on appraisal. 5th EDF.
EDF ZR-SYS 5001 A4a

ZAMBIA

Animal vaccine unit production. Laboratory construction. Supply of equipment and T.A. Estimated cost 3.79 mECU. EDF 3 mECU, local 0.79 mECU. T.A.: Central Diergeneeskundig (NL). 5th EDF.
EDF ZA 5018 A3a

Mkushi electrification. Estimated cost 6.07 mECU. EDF 3.07 mECU. Cofinancing needed. Study on hand: MERTZ-McLENNAN (UK). Project stage: identification. 5th EDF.
EDF ZA 5007 A2a

Animal health improvement. Special hunger programme. Project on appraisal. Date foreseen for financing decision 2nd half 86.
958-ZA 5022 A3a

Rehabilitation of the Zambian Copper & Cobalt Mining Industry. II. Resp. Auth.: Z.C.C.M. Sysmin. 28 mECU, Italy 4.5 mECU. Local 4.9 mECU. EDF part supply of equipment by int. tender. 19 int. tenders launched in the first half 86. Project in execution. 5th EDF.
EDF ZA/SYS/5024 A4a

★ **EEC vehicle repair and transport support programme.** Resp. Auth.: ZIMCO. Estimated cost 12.8 mECU. Part supply for trucks and related transport equipment, T.A. control and maintenance services. Project on appraisal. 5th EDF.
EDF ZA 5025 A2d

★ **Rehabilitation of 3 grain silos.** Resp. Auth.: Ministry of Agriculture. NAMBOARD. EDF 7 mECU, Germany F.R. 7 mECU. EDF part works, supplies and work supervision. Project on appraisal. 5th EDF.
EDF ZA 5026 A3f

ZIMBABWE

Small-holder Coffee and Fruit Development Programme. Resp. Auth.: Ministry of Lands, Resettlement and Rural Development. EDF 4.2 mECU, local 1.65 mECU. T.A.: I.R.F.A. (F). Project in execution. 5th EDF.
EDF ZIM 5006 A3a

Mashonaland East Smallholder Fruit and Vegetable Programme. Resp. Auth.: Agricultural and Rural Development Authority (ARDA). 2.9 mECU. Works, supply of equipment and materials, T.A. and credit line. T.A.: Short-list done for restr. tender. Project in execution. 5th EDF.
EDF ZIM 5012 A3a

Rural water supply in South Matabeleland. Resp. Auth.: Ministry of Energy, Water Resources and Development. Boring, wells, supply of hand pumps (MEWRD). 4.1 mECU. Project in execution. 5th EDF.
EDF ZIM 5005 A2b

Overseas Countries and Territories (OCT)

NETHERLANDS ANTILLES

Curaçao slaughterhouse. Resp. Auth.: Departement voor Ontwikkelingssamen-

werking, Willemstad, Curaçao. cost 2.90 mECU. Work plans: Bureau T. Janga (Local). Works by int. tender (conditional) launched in December 85. Date financing decision June 86. 5th EDF.
EDF NEA 5012 A3a

Line of credit to the Aruba Dev. Bank to improve agriculture, livestock and fishery. Resp. Auth.: Departement voor ontwikkelingssamenwerking. Estimated cost 0.3 mECU. Project on appraisal. 4th EDF.
EDF NEA 4003 A5a

Tourism improvement . Curaçao. Phase I. Otrobanda sewerage. Resp. Auth.: Ministry of Public Works. Estimated total cost 5 mECU. EDF 3 mECU, Netherlands 2 mECU. EDF part: sewage, road works, piping. Project on appraisal. 5th EDF.
EDF NEA 5013 A5c

FALKLAND ISLANDS

★ **Port Stanley Senior School.** Resp. Auth.: Public Works Department. 0.364 mECU. Work construction by direct labour, supply of equipment by int. tender. Project on appraisal. Date foreseen for financial decision July 86. 4th and 5th EDF.
EDF FK 4001-5001 A6d

FRENCH POLYNESIA

Tahiti territorial abattoir. Resp. Auth.: Service de l'Economie Rurale, Papeete (Tahiti). Secrétariat d'Etat des Départements et Territoires d'Outre-Mer, Délégation de la Polynésie Française, Paris. Cofinancing with France. 1.270 mECU. Project in execution. 4th EDF.
EDF POF 4003 A3a

MONTSERRAT

Water Supply Project. Resp. Auth.: Montserrat Water Authority and Ministry of Public Works. 1 mECU. Project planning: Short-list already drawn up for restr. tender. Project on appraisal. Date foreseen for financing decision 2nd half 86. 4th and 5th EDF.
EDF MON 5001 A2b

PACIFIC OCT

Regional programme rural photovoltaic electrification. Resp. Auth.: SPEC. Estimated total cost 4.365 mECU. EDF 3.184 mECU. T.A.: short-list done for restr. tender. Supplies by int. tender launched in January 85. Project in execution. 5th EDF.
EDF REG 5715 A2a

Regional Projects

MEMBER COUNTRIES OF CEAO

ESITEX Ségou (Mali). Resp. Auth.: CEAO Secretariat. Management training for textile industry. Complex construction in Ségou. Supply of equipment. Project stage: identification. 5th EDF.
EDF REG 5118 A6d

GUYANA — SURINAME

Guyana — ferry-link. Resp. Auth.: Ministry of Public Works and Ministerie van Openbare Werken. Link ferry on Corentine river. 12.1 mECU. Study under way by C.A. Liburd and Ass. + Sescon Group (ACP). Project in execution. 4th and 5th EDF.
EDF REG 5602 - 4084 A2d

MEMBER COUNTRIES OF M.R.U. (MANO RIVER UNION)

Telecommunication and Postal Training Institute (TPTI) of the MRU. Resp. Auth.: MRU Secretariat in Freetown. Extensions, supplies and training. Estimated total cost 8.5 mECU. EDF 2.5 mECU. Project on appraisal. 5th EDF.
EDF REG 5104 A6b

NIGER BASIN AUTHORITY

Protection and reafforestation in the "Haut Bassin Versant du fleuve Niger en Guinea". Works, supplies and T.A. Estimated total cost 1.5 mECU. Project stage: identification. 5th EDF.
EDF REG 5112 A8f

ZAIRE — CONGO — GABON — SAO TOME AND PRINCIPE — EQUATORIAL GUINEA — CAMEROON

Fishery development in the Gulf of Guinea. Estimated cost ±5 mECU. T.A. to prepare these projects : Short-list done. Project on appraisal. 5th EDF.
EDF REG 5206 A3d

SENEGAL — MAURITANIA

Establishment of cultivated areas in the Senegal River Valley. Special hunger programme. 2.380 mECU. Project in execution.
958-REG 5140 A3a

MEMBER COUNTRIES OF UDEAC

Sub-Regional Institute for Applied Technology and Planned Economy (ISTA). Resp. Auth.: ISTA Secretariat in Libreville-Gabon. Estimated cost ±6 mECU. Building centre construction and T.A. for 3 actions. Project on appraisal. 5th EDF.
EDF REG 5210 A6b

PACIFIC ACP COUNTRIES

Pacific Regional Tourism Programme. Resp. Auth.: Tourism Council of the South Pacific (TCSP) and SPEC. 3.2 mECU. Study to be done: data base, organization and strategy. Short-list already drawn up. for restr. tender. Project in execution. 5th EDF.
EDF REG 5714 A5c

Pacific Regional Aircommunications. Stage I. Resp. Auth.: SPEC. 4.6 mECU. Buildings, runways and supply of navigational aids. Project on appraisal. Date foreseen for financing decision July 86.5th EDF.
EDF REG 5717 A2d

MEMBER COUNTRIES OF CILSS

Provisional survey of natural renewable resources in the Sahel. Resp. Auth.: CILSS Secretariat. Estimated cost 6 mECU. EDF ±2 mECU. Setting up of an observation unit to forecast crop production. Remote sensing by satellite, air survey and ground control. Project in execution. 5th EDF.
EDF REG 5116 A8f

Millet, maize, sorghum and niébé project. Resp. Auth.: CILSS Secretariat. Estimated cost 2 mECU. To provide improved varieties for farmers. Local tests. Purchase of vehicles and equipment and to take charge for local tests control staff. Project stage: identification. 5th EDF.
EDF REG 5116 A3a

MEMBER COUNTRIES OF U.A.P.T.

Satellite telecommunications project. Resp. Auth.: U.A.P.T. Secretariat in Brazzaville. R.P.C. Parametric study under way by national organizations of I, UK, F and D. Project stage: identification. 5th EDF.
EDF REG 5307 A2c

INDIAN OCEAN ACP COUNTRIES

★ **Tuna fishing in the Indian Ocean.** EDF 7 mECU. Determination of different methods of tuna fishing. Evaluation of resources and T.A. to the countries. Madagascar, Comoros and Mauritius to select models for development. Project on appraisal. 5th EDF.
EDF REG 5504 A3d

TANZANIA — ZAMBIA

★ **Tazara Ten Year Development Plan (phase I).** Resp. Auth.: Tanzania-Zambia Railway Authority. EDF part 11.7 mECU. Programme to improve maintenance of track and rolling stock, supply of equipment and T.A. Project on appraisal. 5th EDF.
EDF REG 5026 A2d

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 2.0 mECU. Widening of the capacity. Construction of class-rooms, offices and housing. Project stage: identification. 5th EDF.
EDF REG 5311 A6b

Kabale-Gatuna Road. Resp. Auth.: Uganda Government. Estimated cost 2.5 mECU. Asphalting of the road (21 km) up to the Rwanda border. Int. tender with prequalification launched in June 86. Project on appraisal. 5th EDF.
EDF REG 5329 A2d

Kigali-Gatuna-Corridor North. Resp. Auth.: Government of Rwanda. Section road, 22 km at the border between Rwanda and Uganda. Project on appraisal. 5th EDF.
EDF REG 5332 A2d

CAMEROON — COTE D'IVOIRE — GHANA — MAURITIUS — SENEGAL — ZAIRE

Strengthening of scientific and technical capacities in the field of food and nutrition in Africa. Resp. Auth.: Association des Universités africaines. AUA. 1.5 mECU. T.A., training, supply of equipment, production and diffusion of scientific information. Project in execution. 5th EDF.
EDF REG 5054 A3a

AFRICAN COUNTRIES

Campaign against rinderpest in African. Resp. Auth.: OUA and IBAR. Estimated total cost for 2 years 50 mECU. Supply of equipment T.A. vaccines and research. Project in execution. 4th and 5th EDF.
EDF REG 5007 - 4085 A3a

S.A.D.C.C.

Maseru Container Terminal. Resp. Auth.: Lesotho GOL and SADCC. 1.350 mECU. Construction of container terminal and supply of containers, handling equipment. Study required: detailed design of works. Short-list already drawn up. Project on appraisal. 5th EDF.
EDF REG 5421 A2d

BOTSWANA — SWAZILAND — ZIMBABWE

Regional Railway Training. Phase II. Estimated cost 2 mECU. Project in execution. 5th EDF.
EDF REG 5410 A2d

MALAWI — ZAMBIA — ZIMBABWE

Regional Tsetse and Trypanosomiasis Control Programme. Resp. Auth.: Technical and financing responsibility: Zimbabwe national authorizing officer. 19.150 mECU. Works by direct labour. Vehicles, veterinary products, aerial spraying and equipments by int. tender. T.A. by direct agreement. Project in execution. 5th EDF.
EDF REG 5420 A3a

CARIBBEAN AND ACP COCOA PRODUCERS

Cocoa Research Unit (CRU), Phase II. Resp. Auth.: CRU in Trinidad. 2.624 mECU. Works, supply of equipments and agricultural inputs, T.A. and training. Project in execution. 5th EDF.
EDF REG 5043 A3a

MEDITERRANEAN COUNTRIES

EGYPT

Soil improvement programme in Kafreel-Sheikh Governorate. Resp. Auth.: Executive Authority for Land Improvement Projects (EALIP). Provisional amount 8 mECU. To reclaim an area of 65 000 acres of saline soil, located in Hamoul district of the Kafre-el-Sheikh Governorate. Short-list already drawn up. Project in execution.
MMI EGT 1001 A3e

Egyptian Renewable Energy Development Organization. EREDO. Resp. Auth.: Egyptian Government. EEC contribution 7.7 mECU. Construction and equipment for the centre. Works and supplies: int. tender with prequalification foreseen in 2nd half 86. T.A.: GET/KFA (D). Int. tender dossier: Phoebus (I).
MMI EGT 1002 A2a

★ **Training Institute for Egyptian Labour Representatives. "Workers University".** EEC contribution 1.970 mECU. T.A. and supply of kitchen, cafetaria and laundry equipment by int. tender. Project on appraisal.
MMI EGT A6d

ALGERIA

Training for heavy industry. Resp. Auth.: Ministère de l'Industrie Lourde(MILD). 3.9 mECU. T.A., training, supply of pedagogical equipment. Project in execution.
MMI aL 2003 A6d

Training for Ministry of Public Works. Resp. Auth.: Ministère des Travaux Publics. Direction de la Formation. EEC contribution 2.75 mECU. T.A., training, scholarships and supply of pedagogical equipment. Project in execution.
MMI AL 2002 A6d

Support to the «Ministère de l'Enseignement supérieur et de la recherche scientifique" (MESRS). Resp. Auth.: MESRS. 2.2 mECU. Training and supply of scientific equipment and T.A. Project on appraisal.
MMI AL 2004 A4g

TUNISIA

Date-palm plantations study project in Régime Maatoug. Resp. Auth.: Banque Nationale de Dév. Agricole (B.N.D.A.). 1.9 mECU. Feasibility study, drillings and access roads. Works by direct labour. Study: Short-list done. Project on appraisal.
MMI TUN 2001 A3a

Rural credit project to benefit small holders. Resp. Auth.: B.N.D.A. Estimated cost 17 mECU. Project on appraisal.
MMI TUN 2002 A3a

Water resources research and training study. Resp. Auth.: Ministère de l'Agriculture. 1.0 mECU. Supply of soil equipment and data system. T.A. and training. Project in execution.
MMI TUN 2004 A2b

Evaluation of soil resources and their liability to desertification in Southern Tunisia. Resp. Auth.: Ministère de l'Agriculture. Estimated cost 1.2 mECU. EEC 0.400 mECU, local 0.800 mECU. T.A. and training. Supply of specialized equipment. Date financing decision May 86.
MMI TUN 2005 A3c

Management improvement in the public irrigated areas in Tunisia. Resp. Auth.: Ministère de l'Agriculture. EEC contribution 2.5 mECU. Rehabilitation of hydro-electric equipment, training and T.A. Date financing decision May 86.
MMI TUN 2006 A3A

T.A. to the "Unités Coopératives de Production Agricole (U.C.P.A.). Resp. Auth.: B.N.D.A. 1.800 mECU. T.A., training and supply of equipment. Date financing decision May 86.
MMI TUN 2007 A3a

JORDAN

Faculty of Engineering and Technology, University of Jordan, Phase II. 2 mECU. Supply of equipment, A.T. and training. Project in execution.
MMI JO 2002 A6a

SYRIA

ISSAT. Institut Supérieur des Sciences Appliquées et de Technologie. Resp. Auth.: State Planning Commission. Estimated total cost 22.2 mECU. EEC part: supply of teaching and training equipment for the institute. Project on appraisal.
MMI SYR 2002 A6b

Euphrates drainage and irrigation. Resp. Auth.: Ministry of Irrigation. General Organization for land development (GOLD). Estimated total cost 134.9 mECU. EEC 10 mECU, EIB 20 mECU, local 104.9 mECU. Works, supplies and T.A. 2 int. tenders for supplies and works launched in March 86. Project in execution.
MMI SYR 2003 A3a

Rural Water Supply Suweida Region. Resp. Auth.: Ministry of Local Administration and Ministry of Housing and Utilities. Estimated total cost 8.1 mECU. EEC 3.2 mECU, local 4.9 mECU. Project in execution.
MMI SYR 2001 A2b

CYPRUS

Sanitation in Nicosia. Phase II. Resp. Auth.: Sewage Board of Nicosia for the south and the Department for Water, Geology and Mining for the north. EEC part 2.4 mECU. Increase of capacity of the treatment plant. For the north by local tender, for the south by int. tender. Date financing decision June 86.
MMI A2b

Non-associated developing countries

BANGLADESH

Small-scale irrigation sector project. Resp. Auth.: Bangladesh Water Develop-

ment Board (BWDB). Estimated total cost 82 mECU. EEC contribution 12 mECU. Cofinancing with ADB (Asian Dev. Bank). Works, supply of equipment and vehicles, T.A. and supervision. Works: acc. tender. Supplies: int. tender, 2nd half 86.
ALA BD 8112 A3a

Building of storage for fertilizers. Resp. Auth.: Bangladesh Agricultural Development Corporation (BADC). Cofinancing: EEC and Netherlands. Total cost 4 mECU. EEC 2 mECU Netherlands 2 mECU. EEC part: Works by int. tender. Netherlands part: buildings and T.A.
ALA BD 8201 A3f

Rangpur. Rural Development Programme. Resp. Auth.: Central Coordination Committee. (CCC). Total cost 40 mECU. EEC 25.5 mECU, NL 7 mECU, local 6 mECU. Works by acc. tender. Supplies by int. tender or direct agreement. Project in execution.
ALA BD A3e

Cotton Development. Phase II. Resp. Auth.: Central Coordination Committee (CCC) and Cotton Development Board (CDB). EEC 4.9 mECU. Supply of T.A. training and equipment. Int. tender for supplies launched in May 86. Project in execution.
ALA BD 8504 A3a

CHINA (PEOPLE'S REP.)

Fruit Cultivating and Preservation Techniques. Estimated total cost 4.350 mECU. EEC 1.600 mECU. Cofinancing with Italy. T.A. and transfer of technology. T.A.: Apples: B.D.P.A. (F). Citrus: Media Coop (I). Project in execution.
ALA CHN 8337 A3a

Flood forecasting and management of Beijiang River. Estimated total cost 5.5 mECU. EEC 1.7 mECU T.A. and transfer of technology. Project in execution. TRACTIONNEL (B).
ALA CHN 8338 A8g

Prawn farming development. Estimated cost 0.700 mECU. Supplies and T.A. T.A.: Fish Farming Int. (UK). Project in execution.
ALA CHN 8341 A3d

Hainan Cashew Development. Resp. Auth.: Prefecture of the Autonomous Department of Li and Miao National Minorities. Estimated total cost 2.350 mECU. EEC 0.800 mECU. Supply of equipment and T.A. T.A.: K.I.T. (NL). Project in execution.
ALA CHN 8340 A3a

Vegetable Seedling Production in Beijing. Estimated cost 1.2 mECU. Supplies and T.A. T.A.: Oranjewoud (NL). Int. tender for supplies launched in July 86. Project in execution.
ALA CHN 8339 A3a

Gansu Sugar Beet Development. Resp. Auth.: Gansu Province Department of Agriculture. EEC contribution 1 mECU. T.A., training and supply of equipment. Project on appraisal. Date foreseen for financing decision 1st half 86.
ALA CHN 8517 A3a

★ **Strengthening of soil and water conservation measures in Sichuan Province.** 1.5 mECU. Supply of equipment, training and T.A. Project on appraisal. Date foreseen for financing decision July 86.
ALA CHN 8526 A3a

★ **Improvement of the rubber quality.** 0.900 mECU. Supply of equipment, training and T.A. Project on appraisal. Date foreseen for financing decision July 86.
ALA CHN 8527 A3a

INDONESIA

Bali Irrigation Sector Project. Resp. Auth.: Ministry of Public Works. DG for Water Resources Development. EEC 12 mECU. ADB ±37 mECU. Local ±55 mECU. Rehabilitation and expansion of 50 village-level irrigation schemes, establishment of a water-management training centre, and establishment of climatological stations. T.A. Works: acc. tender. Project in execution.
ALA IND 8114 A3a

Provincial Irrigation Development (Western and Central Java). Resp. Auth.: D.G.W.R.D. Estimated total cost 423.6 mECU. EEC 26.3 mECU, World Bank 232.6 mECU, local 164.7 mECU. EEC part: dam construction and T.A.: study, execution project and tender dossier. Prequalification for dam construction launched in August 85. Date financing decision May 86.
ALA IND A3a

INDIA

Development of Water Control Systems for diversification of crops in Maharashtra. Resp. Auth.: Irrigation Department of the Government of Maharashtra. EEC contribution 15 mECU. Works, supplies, T.A. and training. Project in execution.
ALA IN 8418 A3a

YEMEN

Seed production centre. Estimated cost 5.8 mECU. Project in execution.
ALA YAR A3a

PAKISTAN

Karachi fishing port. Resp. Auth.: Fishery department of the Sind Province. Estimated cost 12 mECU. New facilities: quay, boat repair yard, fish-shed, dredging. Rehabilitation of existing facilities, equipments and TA. TA: Prof. Dr. Lockner & Partners (D). Works and supplies by int. tender launched in June 86. Prequalification.
ALA PAK 8101 A3d

Irrigation project in Palli and Lehri. Resp. Auth.: Department of Irrigation and Agriculture Baluchistan Provincial Government. Estimate ±10 mECU. Works and infrastructures. Studies for the execution and supervision of works. Project on appraisal. Date foreseen for financing decision 1st half 86.
ALA PAK 8422 A3a

Rural Electrification. 10 mECU. Project on appraisal. Date foreseen for financing decision July 86.
ALA PAK 8522 A2ai

Vocational training. 16 mECU. Project on appraisal. Date foreseen for financing decision July 86.
ALA PAK 8518 A6d

NEPAL

Nepal Administrative Staff College. NASC. Resp. Auth. NASC Secretariat. Estimated total cost 6.5 mECU. EEC 5 mECU, U.K. 1.5 mECU. Renovation and construction works, supply of equipment and training. Project in execution.
ALA NEP 8407 A6b

Soil and water conservation in Bagmati Watershed. Special hunger programme. 5.5 mECU. Project in execution.
958-NEP 8401 A3a

Arjun Kuhola Irrigation Projet. 1.536 mECU. Project on appraisal. Date foreseen for financing decision July 86.
ALA NEP 8521 A3e

BHUTAN

Water supply. Resp. Auth.: Inter dep. Commission on water and sanitation. Works by direct labour. 4.5 mECU. Supplies int. tender or direct agreement. T.A.: UNICEF. Project in execution.
ALA BHU A2b

T.A. programme to the Department of Agriculture. Resp. Auth.: Ministry of Agriculture and Forests. 1.1 mECU. Two experts during 3 years. 1 Rural Development Engineer and 1 agro-economist. Short-list already drawn up for restr. tender. Project in execution.
ALA BHU 8513 A3a

THAILAND

Oilseed crop development programme. Resp. Auth.: Ministry of Agriculture — Oilseed Project Steering Committee. Total estimated cost 4.2 mECU. EEC 3.3 mECU. T.A. and supply of equipment. T.A.: Crown Agents (UK).
ALA TH 8203 A3a

Mae Nam Chi River Basin. Water Management Development. Resp. Auth.: Ministry of Agriculture and Cooperatives. Royal Irrigation Department. Estimated total cost 5 mECU. EEC 4 mECU. Supply of equipment, T.A. and training. Project in execution.
ALA TH 8412 A3a

Strengthening of planning capacities for diversification and rural development. Resp. Auth.: Ministry of Agriculture and Cooperatives. 2 mECU. T.A. for coordination, management, training needs, project identification and planning. T.A. for central and peripheral computer system for rural areas. Training and supply of computerized equipment. Short-list done. Project in execution.
ALA TH 8420 A3a

Rural credit and rubber planting. Resp. Auth.: Ministry of Agriculture and Coopera-

tives. 35 mECU. Supply of lines of credit, T.A., training, rural inputs, equipments. Project in execution.
ALA TH 8509 A3a

PACTO ANDINO MEMBER COUNTRIES

Technical cooperation (industry and economic planning). Resp. Auth.: Junta del Acuerdo de Cartagena, Lima-Peru. Estimated total Cost: 1.7 mECU. EEC 1.1 mECU. To place experts, equipment and T.A. and training at Junta's disposal. Contracts, T.A. and experts by the Junta and the EEC.
ALA JUN 8107 A4a

Andean Programme for technological development (Rural PADT). Resp. Auth.: Junta del Acuerdo de Cartagena, Lima-Peru. Estimated total Cost: 7.560 mECU. EEC 3.927 mECU. Supply of equipment, training and T.A. Vehicles purchase: int. tender. T.A.: Short-lists to be drawn up by the EEC and decision by the Junta.
ALA JUN 8108 A3a

Regional programme for technical cooperation: food strategy. Resp. Auth.: JUNAC. EEC contribution 7 mECU for European T.A. and supply of data-computerized equipment by int. tender. Project in execution.
ALA JUN 8406 B1a

Regional programme for technical cooperation: industry and sub-regional exchanges. Resp. Auth.: JUNAC. EEC Contribution 7 mECU. T.A. and supply of equipment. Project in execution.
ALA JUN 8503 A4a

COSTA RICA — HONDURAS — NICARAGUA — PANAMA — DOMINICAN REPUBLIC

Latin American qualified nationals reinstatement in 5 Central American countries. Resp. Auth.: CIM (Comité Intergouvernemental pour les migrations). 1.4 mECU. Reinstatement of 75 qualified nationals via CIM. Date foreseen for financing decision 2nd half 86.
ALA CIM 8302 A8b

COLOMBIA

Reconstruction Programme. Resp. Auth.: Corporation de Reconstruction de Cauca. Total cost 5.9 mECU. EEC 3.9 mECU. EEC part: supply of materials and T.A. Project in execution.
ALA CO 8403 A8a

Microprojects programme in the pacific coastal. Line of credit, T.A. and training, EEC contribution 4 mECU and supply of equipment. Project in execution.
ALA CO 8516 A3a

DOMINICAN REPUBLIC

Integrated rural development pilot project in Western Cibao. 6 mECU. Special hunger programme. Project in execution.
958-DO 8402 A3a

COSTA RICA

Productive projects programme for refugees in Costa Rica. T.A. and line of credit. 3.6 mECU. Project in execution.
ALA CR 8501 A8b

Integrated rural development of the region of OSA/GOLFITO. Total cost 21.635 mECU. EEC 9.95 mECU. Supply of equipment, infrastructural works, maintenance, lines of credit and T.A. Project in execution.
ALA CR 8506 A3a

PANAMA — COSTA RICA — NICARAGUA — HONDURAS — EL SALVADOR — GUATEMALA

Regional programme of technical cooperation for food security. Resp. Auth.: CADESCA (Comité de accion para el desarrollo economico y social de centroamerica – Panama). Total cost 9.07 mECU. EEC 4.82 mECU, France 0.350 mECU, local 3.9 mECU. T.A. training and supply of equipment. Project in execution.
ALA REG 8505 A3a

★ **Regional programme for child survival in Central America.** EEC 16.5 mECU, Italy 16 mECU. Supply of T.A., training, equipment, medical equipment and medicines. Date financing decision May 86.
ALA REG 8520 A7a

EL SALVADOR

Rehabilitation Programme. University of El Salvador. Resp. Auth.: U.E.S. Total estimated cost 5 mECU. EEC 3.3 mECU. Italy 1.7 mECU. EEC part: supply of equipment, T.A. and training for Agronomics and partly for Electrotechnology. Italy part: supplies for Electrotechnology, Physics and Mechanics, T.A. and training. Date financing decision May 86.
ALA 8519 A6c

ECUADOR

Rural development in the region of the Chambo river. Resp. Auth.: Institut Equatorien des Ressources Hydrauliques (INERHI). EEC 9 mECU. T.A. and training, irrigation works, line of credit, supply of equipment. Project on appraisal. Date foreseen for financing decision June 86.
ALA 8508 A3a

BOLIVIA

★ **Flood protection programme. Santa Cruz.** EEC 9 mECU, NL 1 mECU. Works, supply of equipment. T.A. for NL. Date financing decision June 86.
ALA 8510 A8g

HONDURAS

★ **Rehabilitation and Maintenance of Feeder Roads in Coffee Producing Areas.** Resp. Auth.: Instituto Hondureno de Café (IHCAFE). EEC 2.750 mECU. Supply of T.A. and work construction equipments. Project on appraisal. Date foreseen for financing decision July 86.
ALA 8524 A3a

MEXICO

★ **Hospital construction.** EEC 5.2 mECU. 144 beds hospital. Works, supplies and supervision. Project on appraisal. Date foreseen for financing decision July 86.
ALA 8602 A7a

PERU

★ **Support programme to the agro-pastoral microprojects PAMPA-PUNO.** EEC 16 mECU. Supply of T.A., equipments and recurrent expenditures. Date financing decision May 86.
ALA 8601 A3a

INTERNATIONAL CALLS FOR TENDER

All international calls for tender (int. tenders) referred to in this Operational Summary are notified in due time in the Official Journal (O.J.) of the European Communities' «S» supplement.

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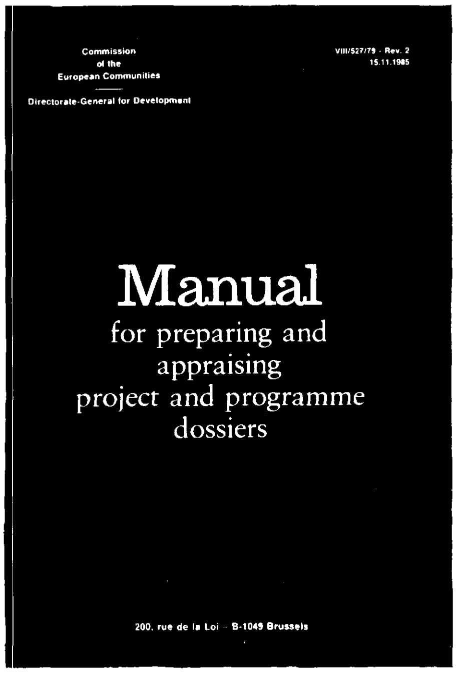

This revised edition of a document that came out for the first time in 1979 is a response to the need to translate Lomé III policy into the practical work of preparing projects and programmes by capitalizing on experience. As the introduction points out, the handbook focuses on three major ideas — a "global" vision of development as something "autonomous and self-sustaining", sectoral concentration and the opening up of new means of action. Each of these has precise repercussions on the preparation and assessment of development schemes.

The Manual attempts to set out development policies based on the provisions of Lomé III and on the experience of both the Community and other donors in this field. This is the aim of the first part of the book, which consists of a series of general notes on subjects which apply to most of the sectors of intervention. It describes such things as territorial development policies, food security policies, the anti-drought and desertification campaign, the need to take account of socio-cultural factors in projects and programmes, recurrent costs, the use of local resources and so on.

Secondly, this book follows the previous versions and sets out to provide everyone concerned with the preparation and/or assessment of development projects and programmes with a set of sectoral (rural development, energy, tourism, training, etc) plans clearly showing all the information generally thought to be necessary when a financing decision has to be taken. Lastly, the handbook mentions those sectoral schemes that are pertinent when it comes to preparing operations in new or almost-new areas of cooperation (scientific research, information and the promotion of cultural identity, for example).

The Manual, which is available in French and in English, can be obtained from the Directorate-General-for Development, 200 rue de la Loi, B 1049, Brussels, Belgium.

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Asia Review, Latin American and Caribbean Review, Middle East Review, Africa Review 1986. Published by World of Information, 21, Gold St. Saffron Walden, Essex, UK £25 (each) UK £32 (each) Middle East and Africa, £37 (each) rest of world, post included, 1985.

In our no. 96, we published a review of this publishing house's latest venture, the Europe Review. It is some time since reviews were published of the other horses in the World of Information's stable. The praise lavished on Europe Review must be repeated. And while information on Europe is not hard to come by, this is not always the case for the countries and the economies dealt with in the companion volumes. Yet, in these reviews, the information is there, several years out of date, perhaps, but never more so than the most authoritative sources for that information, the national statistical offices, the World Bank, the leading economic reviews.

Whoever leaves on a visit to these countries, businessman, diplomat, journalist, will find them invaluable, filled as they are with salient information, scrupulously researched and checked. Alongside the articles on individual countries, the Reviews provide readers with an array of key facts and figures, from current information for the business traveller to the underlying facts of the economic structure. Among many new features this year are tables of economic indicators, calendars of trade fairs, expanded directories of business addresses and new maps of each region.

Each year, the individual country outlines are prefaced by a series of in-depth articles provided by leading authorities on the region and its major preoccupations.

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In memoriam

Since May 1974 (Courier no. 25) our readers have seen the name of Colette Grelet as heading up the magazine's secreteriat. It will no longer do so, for Colette Grelet died on 4 June after a long illness. Those who had the opportunity of meeting her will remember her for her competence, her helpfulness and for her smile.

THE COURIER
AFRICA - CARIBBEAN - PACIFIC — EUROPEAN COMMUNITY

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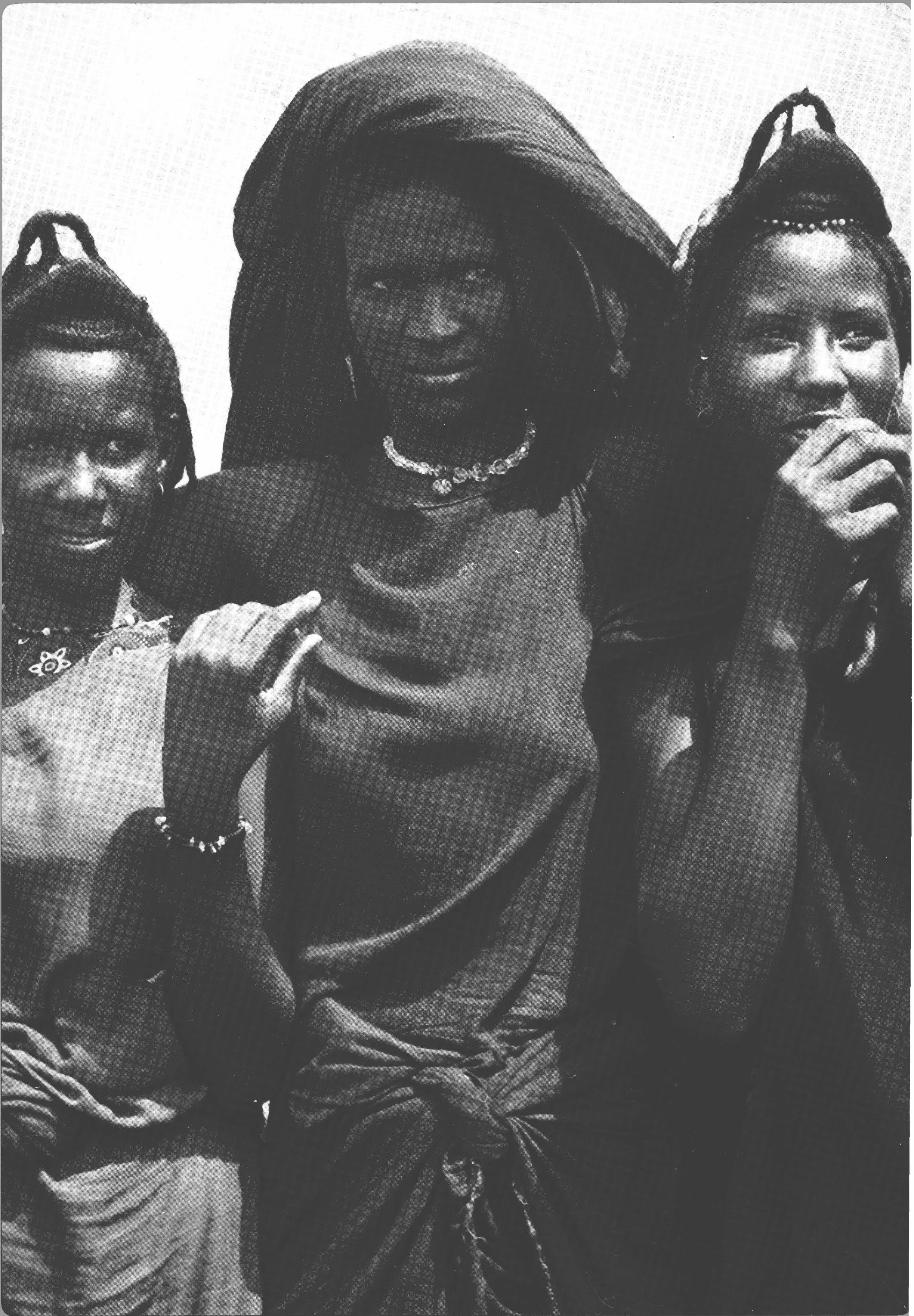
Back cover: ***Young haratin girls of the Mederdra region (photo Vivant Univers)***



Publisher Dieter Frisch-CEC 200, rue de la Loi B-1049 Brussels

Printed in Belgium