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on the context of the future ACP-EEC convention to follow
LOME II

PART II: Sub-reports by the individual rapporteurs and
opinions of the committees asked for an opinion

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Sub-report on self-reliance as
a principle of development

Rapporteur : Mrs K. FOCKE

I. Towards a definition of self-reliance

The term 'self-reliance' means a variety of things to many people. The English is translated into other languages in various ways.

In the Pisani Memorandum (COM (82) 640 final) for instance, mention is made on page II in the English text of 'policies based on self-reliance', in the French of 'politiques de développement autonome' and in the German of 'autonomen entwicklungspolitischen Massnahmen'.

Yet according to Duden, 'autonom' means 'selbständig, unabhängig', (self-supporting, independent) and 'self-reliance' is rendered in Cassell as 'Selbstvertrauen' (self-confidence). Hence 'autonome Entwicklung' is only a very imprecise rendering of what is meant, which is 'a form of development relying upon itself'. The term 'autocentrisme' or autocentris, which is often used in French or in branches of political science, poses still greater problems, because it contains an element of isolation bordering on autarchy. Self-reliance should by no means be equated with this (see also the statement by Carrington to the Irmer working party).

Nor is it simply 'helping others to help themselves'. For the nature of this self help and the qualitative relationship between self-help and aid are also involved.

What, then, is self-reliance as a development principle?

In the German research literature it is described inter alia as follows:

' Self-reliance is primarily taken to mean a renunciation of all previous development strategies. In contrast to such strategies its orientation is not economic but covers the totality of the social context of life. The constituent features of such a strategy are the achievement of autonomy of decision on the country's own development process, the participation of the people at local, regional and national level in such development decisions and the adaptation of the production structure to the needs of the people. At the same time it implies selective social, cultural and economic communication and transaction with other nations that is geared to such needs while respecting the self-reliance of other nations. Thus self-reliance does not exclude the possibility of trade with other countries. It does imply a change in the composition of the product mix of traditional trade and a geographical re-orientation of foreign trade. An essential feature of this strategy is thus the increase in trade between the peripheral countries themselves and, in consequence, a decrease in the intensity of trade with the centre'.

(Rasul Shams, 'Self-Reliance as a national and collective development strategy', ed. Khshi M. Khan, Weltforum Verlag, Munich/London 1980, p.287).

Or again, to distinguish between a self-reliant development strategy and previous development strategies:

'The current development policy debate on improving the terms of trade, stabilizing export earnings, the new world economic order and so forth, does not go to the heart of the development problem. The primary obstacle to development is not mono-cultures, high export dependence, the high proportion of raw materials in exports, or fluctuating export revenue, but the way in which such exports are produced, the way export revenue is used and the internal structures which such activities produce. From the foregoing historical analysis it may be assumed that every effort to improve the external economic position of Third World countries merely through the use of external economic mechanisms will remain fruitless if that effort is not backed up by promotion of development through a far-reaching transformation of the domestic, social and political systems of such countries'. (Dieter Senghas, Autocentric Development on the European Model, paper to the German Society for Peace and Conflict Research, No 37 p.18).

A more eloquent expression than these definitions, couched in the language of political science, may be found in descriptions of what self-reliance means in practice, contained in important documents produced by the regional conferences or organizations to which the ACP countries belong. For instance: 'Let us build on what we have and let development plans do likewise' (Prime Minister Mara of Fiji to the Pacific Islands Conference: Development the Pacific Way, Honolulu, March 1980, Conference Papers p.74).

At this conference of leading politicians, mainly from the Pacific Island States, attention focused on strategies designed, as the final communique puts it, to

- achieve self-sufficiency
- meeting basic human needs
- allow for control of our destinies
- speak with a united voice in international forums
- promote national development, and
- enhance regional cooperation,

in order to 'achieve a quality of life based on what exists in each Island society, and through the "Pacific Way".

Regional cooperation, cultural identity ('If you don't know whence you have sailed, how can you know where you are going?', Tongalese proverb.) and decentralized problem-solving as close as possible to the individual citizen have an essential role to play in this.

In the Lagos Plan of Action for the economic development of Africa 1980-2000 of the OAU (quoted here in the edition of the International Institute for Labour Studies, Geneva 1981, and referred to hereinafter as the Lagos Plan) the preamble states inter alia:

'Africa must cultivate the virtue of self-reliance. This is not to say that the country should totally cut itself off from outside contributions. However, these outside contributions should only supplement our own effort...'

And:

'As a consequence of the need for increased self-reliance Africa must mobilize her entire human and material resources for her development'.

At the same time, the importance is stressed of ensuring that

'our development policies reflect adequately our socio-cultural values in order to reinforce our cultural identity',

and repeated reference is made to such terms as

autonomous capacity,
self-sufficiency
internally located development, and
indigenous abilities.

Here again, then, emphasis is laid on mobilizing the country's own resources, both human and material, there is a desire for the country to rely to a greater extent on itself, and for the basic needs of the local population to be respected in the context of its own cultural identity - all this goes hand in hand with a substantial reappraisal of the regional approach to the ultimate objective of an African common market.

This objective has already taken contractual form for the Caribbean countries in the Treaty establishing the Caribbean Community (Caricom) of 1973. It is true that the Caribbean common market has not developed according to plan. The Council of Ministers appointed a Caribbean group of experts to analyse the situation and make recommendations, which were submitted in 1981. After a long interval the Heads of State and Government met in November 1982; they adopted part of the recommendations in their Declaration but referred others for the implementation or review to the appropriate Councils or other agencies. In their Declaration of November 1982 the Heads of State and Government confirm

'their commitment to maintaining and strengthening the Caribbean Community and to the deepening of the integration process. They reiterate their conviction that the Community is a symbol of hope and a practical mechanism for the improvement of the quality of life for all their peoples'.

This is a reference to the preamble of the Treaty:

'Determined to consolidate and strengthen the bonds which have historically existed among their peoples;

- Sharing a common determination to fulfil the hopes and aspirations of their peoples for full employment and improved standards of work and living;

- Conscious that these objectives can most rapidly be attained by the optimum utilization of available human and natural resources of the Region... and by a common front in relation to the external world;'

The experts' recommendations are founded upon the first of these recitals:

'Regional integration among a group of small developing countries such as those in the Caribbean, which provides for the pooling of resources and coordinated efforts in the use of the pooled resources can bring about results in development and enhanced external bargaining power that are greater than the sum of results if each country acted alone'.

However, they also say:

'To find a path of genuine economic growth and social advancement in the conditions of this decade will require unprecedented efforts at self-reliance on the part of all Caribbean countries and all sectors of their societies. Regional integration essentially represents a commitment on the part of Member States to practise at one and the same time self-reliance at the national and at the regional levels in order to fulfil their development objectives. The two must go together, they cannot substitute one another. In both instances self-reliance requires a determination to maximise the utilization of physical, human and financial resources; to manage these resources prudently and in conformity with development priorities; to achieve higher levels of production through hard work and sustained discipline; and to distribute the fruits of economic growth in a manner which, while preserving incentives, seeks to satisfy the basic needs of the population'.

And again:

'Merely to state these conditions is to illustrate how far there is a gap between conceptualization and reality in the Caribbean today', (p.2 Caricom experts report).

This is the functional, economic approach on which the EEC Treaty is also based, and is less consciously concerned with a different development strategy and the context of the region's own cultural identity than in the case of the Pacific Conference papers or the Lagos Plan. It is nevertheless a Treaty Agreement for a regional community with institutions and structures akin to the European Community in some cases, just as the experts' paper and the problems which it addresses remind one of the Community. This regional approach in a relatively practical form, with sectoral objectives and methods result - even without an expressly stated strategy of self-reliance - in the adoption of common positions with the African and Pacific States.

Thus Ambassador Cavalevu of Fiji, as the general rapporteur to the ACP-EEC Joint Committee, was speaking for all when he stated in Jamaica:

'The experience of the ACP States so far with the Lome arrangements reveals a certain need to enshrine more firmly and to reflect more comprehensively throughout any future Convention as its first and most basic objective the fostering of the self-reliant development of the ACP contracting parties.

This should give new weight to the economic as well as to the cultural dimension which, against a background of the self-reliance policy of the ACP at national and regional levels, promotes self-sufficiency as well as preserving cultural identities.

For whatever else they may achieve, if these Conventions were to leave the ACP States more, rather than less, dependent on the Community and on such arrangements in the future, then in a very real sense the peoples and societies of the ACP would not have achieved that most vital of goals for which they seek - their social, cultural and economic development'.
(Points 121-123 of the Statement, CA/CP 342/corr.)

N O T E:

In the absence of a suitable German word I shall use the English term self-reliance throughout - and commend this to all translation services!

Its substance is further clarified by reference to the ACP Documents.¹

Taking them as my reference point, but also referring to

the Pisani Memorandum,
the assessments of the Commission
the reports of the Court of Auditors :
and various reports and resolutions of the ACP-EEC Consultative Assembly,

I shall attempt to sketch the broad outline of initial recommendations for the new Convention in the form they should take in order to support an ACP self-reliance strategy.

¹ For instance:

The Suva Declaration, Fiji, 14 April 1977, ACP Secretariat
The Lagos Plan, op.cit.

A Programme for the Industrial Development Decade for Africa, prepared jointly by the Economic Commission for Africa, the Organization of African Unity and the United Nations Industrial Development Organization (= UNIDO), Vienna, October 1982

Caricom-Treaty

The Caribbean Community in the 1980s
Report by a Group of Caribbean Experts
Georgetown, Guyana, 1981

'What Caricom Leaders Decided'
The Daily Gleaner, 22 November 1982

The Pacific Conference, op. cit.

The Pacific Conference has not to my knowledge so far resulted in a coherent plan of action. The countries taking part included not only the island States but also neighbouring countries such as the United States, Japan, Australia, etc., although the positions and requirements of the island States occupied the centre of attention. Just how practical the action plans for individual sectors of various extant Pacific regional organizations (such as the SPC (South Pacific Commission) and SPEC (South Pacific Bureau for Economic Cooperation) actually are, would need to be examined, as would the extent to which the Pacific Conference has been followed up by practical measures. The Conference papers contain (p. 12) the following comment on a follow-up programme:

'Goals and development strategies for the Pacific Islands as a Region: The goals are reasonably clear but the strategies are not. It is in the strategies area that the Pacific Way becomes more important. The strategies adopted must take into account Pacific attitudes, styles, customs, etc. The strategies referred to relate to the whole region, i.e. the region taken as an entity. Individual national strategies might well be different.' Apart from regional cooperation, government and administrative systems, cultural development and conservation, only energy was discussed in detail. The conclusion reads:

'In general, the development goals and strategies that emerge... centre on the definition of a unique regional identity vis-a-vis the other nations of the world community and on the establishment of an appropriate degree of economic and political autonomy within which the Pacific way of life can flourish. The development of regional cooperation, securing control over marine and other resources in the area, the reduction of reliance on extra-regional goods and expertise, the strengthening of indigenous cultural values, these are seen as the means through which the ultimate goals of development of the Pacific way can be achieved'.

II. How the self-reliance strategy came about

The Lagos Plan was signed in April 1980 - it was based on the OAU Declaration of 1979 in Monrovia, which in turn had arisen from previous events. The Pacific Development Conference took place in 1980. Caricom reviewed its operation in 1980/81. As long ago as 1977 the Ministers of the ACP group which had been institutionalized and equipped with a secretariat since 1975, stated in Suva, Fiji:

'Mindful of the need to translate into practical action the principles of collective self-reliance and of self-determination by the ACP countries to reinforce their unity and capacity for joint action, hereby declares the adoption of the following programme of action'.

The world economic crisis in the second half of the 1970s, and recognition, particularly in the Third World, of its fatal impact on the development process, led to similar deliberations, initiatives and programmes at virtually the same time. This is particularly clear in paragraph 1 of the preamble to the Lagos Plan:

'The effect of unfulfilled promises of global development strategies has been more sharply felt in Africa than in the other continents of the world. Indeed, rather than result in an improvement in the economic situation of the continent, successive strategies have made it stagnate and become more susceptible than other regions to the economic and social crises suffered by the industrialized countries. Thus, Africa is unable to point to any significant growth-rate, or satisfactory index of general well-being, in the past 20 years (!). Faced with this situation and determined to undertake measures for the basic restructuring of the economic base of our continent, we resolved to adopt a far-reaching regional approach based primarily on collective self-reliance'.

In addition to the world recession and the failure of expected growth rates to materialize, hopes of results from global North-South negotiations (on which I for one had relied in my report 'From Lome I towards Lome II') were beginning to fade. The implications of the analysis were unrelenting and applied not only to the external but also the internal reasons for development failure, not only to quantitative but also more particularly to qualitative causes.

This analysis derived support from many sources, including the report of the World Bank (1981) on accelerated development for Sub-Saharan Africa, requested by the African governors of the World Bank in 1979. In addition,

it should be remembered that the Brandt report was published in 1980 (recently followed by a second report of the North-South Commission). The Commission's work began in 1977, and it is evident that there was some coordination between the Commission, the exchange of experience and the contacts it effected, and diverse initiatives. Chapter 8 of the first report, 'The task of the South' treats of nothing less than self-reliance, even if the term is not explicitly mentioned.

New qualitative concepts for the objectives and methods of development, for the general context of development measures instead of individual projects, and for the quality of development cooperation are the result of a new approach for the 1980s - though of course without neglecting the quantitative aspect. Reference need only be made to the recommendations of the Brandt report for a massive transfer of resources, the World Bank reports' call for aid for Sub-Saharan Africa to be doubled in real terms, or the doubling of Community aid advocated in the Pisani Memorandum.

Many reasons are advanced by developing countries, industrialized countries, international organizations and so forth to explain why development has been slight, non-existent or insufficient and why a catastrophe may be expected if the trend continues unchanged. Such conclusions are reached from

- the predominantly technocratic approach, dealing with efficiency and quantitative growth (the World Bank example, see footnote 1)
- scepticism as to the transferability of the western model of industrialization (e.g., the Pacific Conference, see footnote 2), and
- an approach expressly based on self-reliance (such as emerges from the ACP documents, e.g. footnote 3).

1 Sources of Lagging Growth

Africa's disappointing economic performance during the past two decades reflects, in part, internal constraints based on "structural" factors that evolved from historical circumstances or from the physical environment. These include underdeveloped human resources, the economic disruption that accompanied decolonization and postcolonial consolidation, climatic and geographic factors hostile to development, and rapidly growing population. These internal factors are discussed further in Chapter 2.

Growth was also affected by a set of external factors - notably adverse trends in the international economy, particularly since 1974. These include "stagflation" in the industrialized countries, higher energy prices, the relatively slow growth of trade in primary products, and - for copper and iron-ore exporters - adverse terms of trade. External factors are the subject of Chapter 3.

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Sources of Lagging Growth (contd.)

The internal "structural" problems and the external factors impeding African economic growth have been exacerbated by domestic policy inadequacies, of which three are critical. First, trade and exchange-rate policies have overprotected industry, held back agriculture, and absorbed much administrative capacity. Second, too little attention has been paid to administrative constraints in mobilizing and managing resources for development; given the widespread weakness of planning, decisionmaking, and management capacities, public sectors frequently become overextended. Third, there has been a consistent bias against agriculture in price, tax and exchange-rate policies.'

From : 'Accelerated Development in Sub-Saharan Africa'
World Bank 1981, p.4.

- 2 The Tongalese Prime Minister: 'There is confusion caused by the Pacific Communities being constantly confronted by an industrial model. There is heavy stress on economic development at the expense of social and appropriate cultural programmes. Colonial domination has exposed Pacific peoples to the standards derived from living in other countries. These standards are being used as a yardstick in measuring development. Since...most Western countries are industrialized, there is the risk that standards for cultural development in the Pacific may be based on these western values', Pacific Conference papers, p.39.
- 3 Industrialization programme for Africa, p.28, point 7:
'Industrial activities initiated by foreign investors...have failed to meet the basic needs of the population: they have not made for an integrated economy nor have they contributed to the modernization of African society. The legacy of Colonialism has perpetuated at best an economic structure featuring a comparatively small modern sector and a large backward agricultural sector...', and 'The capital-intensive manufacture of sophisticated products has heightened the regions' dependence on foreign manpower, capital and technology'.

An element common to most analyses is the reference to

- the neglect of rural development, of agriculture for local nutrition, and of the needs of the large majority of the population living in the countryside, and to an insufficient price stimulus for production and sales;
- industrialization without priorities or reference to local requirements and resources (human and material), not coordinated with rural development or with a network of basic industries and the necessary conditions for industrialization;
- inadequate development of local technologies, or their uncritical application and insufficient adaptation;
- training and management failures;
- the inadequate establishment of local structures, at national and regional level, in order to reduce external dependence.

Recrimination gets us nowhere. The mistakes which have been criticised have been made by all those participating in the development process and identified at a late stage. The sequence of events culminating in the self-reliance strategy was a learning process, of the kind celebrated in the old dictum that experience is the name most men give to their mistakes.

Whether one turns to the Lagos Plan, the industrialization programme, the Caricom Experts' Report or the Pacific Conference, or again to the evaluation of the Commission of the European Communities¹ and the report of the European Court of Auditors²: all point to similar shortcomings. The aim and the method of national and collective self-reliance policy is directed to eliminating them, not by making minor adjustments but by devising qualitatively different development strategies.

¹ e.g., Initial report on the results of overall evaluation of Community aid, SEC (81) 189, p.III:
'Community aid has aimed in particular to produce direct effects and has attached little importance to increasing the capacity for self-development; it has mainly inserted itself a centralizing and dirigiste approach towards development; often, for reasons of efficiency, the Community has had its operations carried out by European firms or experts instead of the national departments, even more so instead of local authorities and firms, thus limiting the possible increase in the "capability and desire to get things done" in the recipient country'.

² Court of Auditors: Annual report for the financial year 1981, OJ No C 344, The European Development Fund, p.117 et seq;
'The value of projects cannot be assessed solely on the basis of their direct financial profitability. Other factors include diversification

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contd/.

of the national economy and the "spin off" effect of the project on the rest of the economy.' (15.18). 'Projects cannot be regarded as contributing to integrated development when they neglect social aspects' (15.20). 'Projects should take account of the aspirations of the local people' (15.24). 'Development should not lead to an agravation of regional imbalances' (15.26). 'Many architectural designs are not appropriate to the climate of tropical countries' (15.42). 'Unsuitable technical choices, and failure to take into consideration later management constraints' (sub heading to 15.58). Many other practical illustrations are given.

III Constructive criticism and associated recommendations for the main aspects of a self-reliance strategy

From the foregoing remarks, and especially the passages quoted, it is clear that self-reliant development implies a network, an interwoven, interlocking system, and cannot therefore be promoted either by individual projects or by a purely sectoral approach.

Nevertheless this development strategy naturally has its various fields of planning and execution, although they are always closely interconnected. This is apparent, for instance, from the chapter headings of the Lagos Plan or the Caricom Experts' Report. Without going into excessive detail - particularly tempting in the case of the African industrialization programme - we must here consider the most important aspects of these strategy fields in order to draw conclusions for the new Convention. I shall assume that other sub-rapporteurs of the Irmer working party will follow up this aspect in coordination with me.

A. Priority in all planning and programmes must be given to rural development, nutritional self-sufficiency and the security of food supplies.

To quote the Lagos Plan:

'The shortfall in food production, coupled with high levels of post-harvest losses and periodic and severe shortages, has led to rapidly increasing dependence on food imports, resulting in a drain on foreign exchange resources and creating serious major constraints in financing the development of African economies. At the root of the food problem in Africa is the fact that Member States have not usually accorded the necessary priority to agriculture, both in the allocation of resources and in giving sufficient attention to policies for the promotion of productivity and improvement of rural life' (p.11).

This is followed by a comprehensive list of recommendations for national and regional action.

The Caricom experts' recommendations also deal mainly with agriculture, in order in particular to reduce dependence on imported foodstuffs. The crucial recommendations, Nos 3, 4 and 5, to which the Heads of State and Government also refer, read:

'3. Since during the decade the main contribution to increased food production must come from the small and medium sized farms, action should be taken to improve their productivity per acre urgently. Specifically this must be achieved by increased provision of vital services such as research and extension; credit; proper land tenure systems; access on reasonable terms to inputs such as fertilizers, insecticides and weedicides.

4. Marketing is of crucial importance and farmers must be provided with stable and remunerative prices and other production incentives so that agriculture can become more attractive financially. Farmers must not be expected to subsidize urban consumers through low food prices. In addition, an integrated effort should be made to reduce post-harvest losses from the present level of 30% to 10% by the end of the decade, through not only better marketing but also through food processing, storage facilities and adequate refrigerated shipping...

5. Increased efforts should be made to change consumption habits in the region, so that nutritional levels could be improved and dependence on imported food in appropriate areas can be reduced. Steps should also be taken to increase production of agricultural inputs (such as tools, fertilizers, chemical and animal feedstuffs) in the Region.

In the Pacific Conference papers agricultural development, as the basis for all other development, plays a consistent role. For instance, to quote the Prime Minister of Fiji,

'Development has often been equated with industrialization. This is a questionable proposition, and in the Pacific Islands, links between urban and rural population remain.' Or again: 'I believe that life in the rural communities has a quality and a value which cannot be found in the towns. Moreover I think it is a quality which identifies us in the Pacific and distinguishes us from other people elsewhere in the world. It is part of the Pacific Way....What then are the facilities which have to be provided so that people will be glad to remain in their rural environment and indeed prefer it to the towns? (p.76).

The impression derived from reading the Conference papers is that the rural tradition in the Pacific is still very much better preserved, 'food supply... from local endeavours is in a better position than in Africa or the Caribbean and the problem of rural development is hence less pronounced. Not only the Lagos Plan but also the Caricom Experts' report and the statement of Heads of State and Government refer to regional plans or institutions with which regional cooperation and activity can be associated. For Caricom these are a Regional Food Plan or the Regional Food and Nutrition Strategy (RFNS), the Caribbean Food Cooperation (CFC), the Agricultural Marketing Protocol (AMP), and the Caribbean Research and Development Institute (CARDI). For Africa there is the Regional Food Plan for Africa (AFPLAN) adopted by the Agricultural Ministers in Tanzania in 1978 and confirmed in 1979 by the Heads of State and Government of the OAU in Monrovia as a frame of reference for joint action.

Again, the Suva Declaration states:

'Regional and sub-regional plans for the production of food for home consumption should also be the subject of exchanges and collaboration between ACP countries'(p.9)

The whole chapter on agriculture in the Lagos Plan is a general coordinated nutrition strategy, intended to be developed in detail at the national and regional level according to individual circumstances, with specific targets, activities, measures and deadlines.

Here reference is made to the following criteria:

- ' a greatly increased volume of resources to agriculture
- involve youth
- arrest the rural-to-urban drift
- increase farm real incomes
- self-sufficiency in cereals, livestock and fish
- reduction in food wastage
- increased production of food, especially tropical cereal
- diversification of agricultural production'.

Special sub-headings deal with food losses, food security, food production, forest production, research, extension services, agricultural services and no less importantly the funds which they require (for 1980-1985, approximately US \$ 21,400 million, plus 500,000 for 'inputs').

There is emphatic reference to the need for Member States 'to adopt a coherent national food security policy' with 'national strategic food reserves', for everything that contributes to encouraging small funds and members of collectives to increase production, and for 'intensification of the use of improved hand tools and draught animals and promotion of mechanized farming where justified'. Elsewhere, however, it also states,

'Agricultural mechanisation has a priority role in increasing agriculture and in modernizing farms. However, this problem must be studied very carefully and should be related to industrial development so that it will not further increase the dependency of Member States on the developed world. In the process of agricultural mechanisation, special emphasis should be put on animal traction in countries that have not yet reached the appropriate level of motorisation' (point 41).

Finally, it is stated at point 49:

'In the context of the new strategy and targets in food and agriculture, it will be necessary to reappraise the on-going projects that are financed from external sources, with a view to ensuring that they, too, contribute to the realisation of these new objectives'(!).

This recommendation ought to take full effect for the first time when an agreement is drafted for a new treaty, that is to say for the new convention to follow Lome II.

B. In second place the Lagos Plan puts industry. There is also the industrialization programme for Africa, 1980-90 to which reference has already been made. Taken together they form a suitable foundation on which to build agreements in the new Convention. The Caricom Experts' Report also contains (albeit sparse) recommendations for industrial cooperation. Recommendation No 7, for instance, reads:

'Urgent action should be taken to consider and develop a framework for regional industrial programming including criteria for selecting and locating industries'.

Referring to this point, the Caribbean Heads of State and Government declared at their summit meeting of 18 November 1982:

'On the question of joint efforts in industrial development, the conference of Heads of Government reaffirmed the continued importance of, and urgency of agreeing on a coordinated programme for industrial development in the Common Market to attain the objectives set out in Article 46 of the Annex to the Treaty. In this connection note was taken of the efforts to resolve the problems identified by certain governments with respect to industrial programming'.

Article 46 of the Annex to the Treaty states:

'Member States undertake to promote a process of industrial development through industrial programming aimed at achieving the following objectives;

- (a) the greater utilization of the raw materials of the Common Market;
- (b) the creation of production linkages both within and between the national economies of the Common Market;
- (c) to minimise product differentiation and achieve economies of large scale production, consistent with the limitations of market size;
- (d) the encouragement of greater efficiency in industrial production;
- (e) the promotion of exports to markets both within and outside the Common Market;
- (f) an equitable distribution of the benefits of Industrialisation paying particular attention to the need to locate more industries in the less developed countries;'.

The work of drafting the Fuchs Report, on which a full discussion was held in Jamaica for the first time with the participation of Commissioner Pisani, will probably also lead to the establishment of a joint position by the ACP members (Suva Declaration, Chapter 3, 'The development of intra-ACP enterprises and cooperation in production'). For the moment I shall draw largely on the recommendations of the African industrialization programme

or an industrial strategy of self-reliance.

Obviously, this can only be touched upon briefly here. The important points seem to me to be:

- Reference to rural development

'The expansion and restructuring of domestic markets by integrating the rural economy with the modern sector through the construction of the necessary infrastructure, thus facilitating the processing of agricultural raw materials, the distribution of agricultural and industrial goods and services throughout the rural areas, as well as the establishment of food-processing plants based on indigenous raw materials' (point 16).

'Structural change in rural areas is a prime objective of the Industrial Development Decade for Africa' (point 19).

- Reference to the basic needs of the bulk of the population

'Most African countries consume what they do not produce and produce what they do not consume', from the introduction, p.15.

'Self-reliant industrial development presupposes indigenous industrialisation whereby industrial production is adjusted to the needs of the population' (point 18).

'Self-reliance implies the introduction of a mechanism for income equalization commensurate with the needs of both the urban and rural population. The production of basic consumer goods takes priority over the manufacture of luxury goods' (point 19).

- Accordingly, concentration on a network of basic industries, i.e. serving the 'basic needs of the mass of the population', predominantly in 'the food, building materials, clothing and energy sectors' (point 4). And again: 'Member States intend to lay the foundation for phased development of basic industries which are essential for self-reliance, since they produce inputs for other sectors' (Lagos Plan, p.22).

- The accent must be placed on integration, and on an industrial structure:

'The national objective will be to create an integrated industrial structure with strong linkages between various industrial branches and with close ties between industry and other sectors, especially the agricultural sector' (Industrialization Programme, point 25).

'Industrial activities upstream and downstream of agriculture are of crucial significance' (point 41).

- Local processing and refining of a constantly increasing share of local raw materials (point 4, p. 27)

- Fulfilment of the industrial energy requirement by the development of energy sources and types available in the Region (point 4, p.27)

- Top priority for the development of people, i.e.

'Self-reliance implies the mobilization of the people: it is through such mobilization that the latent energy of the people can be focused on overcoming objective constraints. This mobilization of the people is fundamentally an internal matter' (point 30).

- Strong emphasis on the careful selection of appropriate technology

'Self-reliance in technology means developing indigenous capacity to evaluate various industrial techniques and to select the technology most appropriate to local demands. It also covers the adaptation and improvement of imported technology and the creation of indigenous technology' (point 20).

- Consistent reference to the need for regional and sub-regional cooperation and to continuing south-south cooperation. On this point, note in particular

'Production at the subregional level must provide the goods needed in domestic markets' (point 25)

'...the establishment of complementary industrial production structures offers a large potential for growth in trade among member countries in the same economic community...' (point 26).

A comprehensive list of measures to this end is contained in point 70, recommending

- joint large scale industrial complexes and African multinationals
- Institutions for the joint storage and exploitation of natural resources
- Encouragement of existing joint institutions such as the African Regional Centre for Technology in Dakar and many others, particularly - after careful review - the development of new institutions for consultancy, management, lending and finance, for research and training and, no less important, for marketing and particularly planning.

Point 45 of the African Industrialization Programme summarizes all these industrialization factors, relating them to a new strategy and the need for support from outside:

'International organizations need to gear their technical cooperation activities towards integrated programmes of assistance (rather than simple isolated industrial projects), involving strategy, planning, project identification, scientific research, transfer of technology, training, promotion, financing, negotiation and implementation'.

This clearly delineates the starting the starting point for the new Convention.

C, D, and E

The fields of education/further education/training/management,
technology,
and energy

and their significance for the self-reliance approach have already been touched upon. There is a great deal more detail on these aspects in both the Lagos Plan and the industrialization programme. On energy, there is a special chapter in the Caricom recommendations and a concomitant paragraph in the Caricom Summit Conference Declaration, pointing the way

to a regional energy plan of action, the objective of which is
(a) 'to promote security of intraregional supplies and markets for petroleum
products (Trinidad and Tobago)
(b) to develop feasible alternative sources of energy within the REgion'.

At the Pacific Conference energy was the only subject to which special
conference papers and a separate working party were devoted.

All these recommendations are reflected in two reports of the ACP-EEC
Consultative Assembly: the Chasle report on cultural cooperation, and
the Siddig report on cooperation in the energy sector. These have done
good preliminary work from which conclusions may be drawn for the new
Convention.

F There can be absolutely no question that transport, and communication in general, have a new role to play in the national and collective concept of self-reliance, with its emphasis on developing rural areas, nutritional security, an industrial structure, the regional components of development, local and regional markets, and on more self-supply in every respect. This is particularly obvious in the case of the island regions.

There is a special chapter on sea and air transportation in the Caricom recommendations, and the summit conference dealt at length with the subject. The Lagos Plan contains a chapter on transport going back to an ECA (Economic Commission for Africa) ministerial conference in 1977 and reproduces the text of an ensuing declaration by the OAU in Monrovia. It contains a ten-year programme of separate phases, relating to roads, railways, sea transport, sea ports, air transport, inland waterways, etc., and naturally includes financial calculations and the relative contacts with donors. By and large it is rather brief and general, and still needs to be fleshed out substantially for operational purposes. Yet it seems clear to me that this must be a focal point in the new Convention for national and regional cooperation. The concept of self-reliance requires in this case that road, rail and air connections be integrated with, indeed almost subordinated to, the main objectives and fields of development:

'self-sufficiency in food, industrialization, exploitation of Africa's natural resources and of its mineral resources in particular' (point 243)

are in fact the purposes to which the improvement of the transport system must be directed.:

'To be effective, this policy must take into account the possibility that countries and regions, although separated by frontiers, may be complementary to one another. This situation obviously calls for close co-operation between producers and consumers, and for interconnected transport and communications systems, which must be established where they do not exist" (point 244).

The Community is already financing rural dirt roads, railway lines, connecting sections of long-distance highways, airports and seaports, and even shipping lines as in the case of the Caribbean WISCO. So far this has been on the basis of unconnected national planning demands and projects; funds are often spent in the name of regional policy when they are actually financing two national road building projects on either side of the frontier; dirt roads are sometimes part of an integrated rural development project; and occasionally a piece of EDF road infrastructure forms part of a factory financed by private investment. The criticism voiced by the European Court of Auditors with regard to the misguided selection of equipment and technology is surely particularly apposite here; this factor must increase the difficulty and cost of both construction

and maintenance. I can only touch upon these aspects here; the essential point is that

- transport aid, from the local and rural level to the regional level, must be a central issue in the new Convention; and
- the method of cooperation, from planning through execution, technology, equipment and finance, must change, and perhaps change substantially.

It is only at this juncture that I turn to trade. In the previous Conventions it was the main topic, indeed the success or failure of cooperation was measured in terms of the extent of the growth in trade between individual ACP countries and the Community (see also on this point the extremely detailed comments of the general rapporteur, Mr Vergeer, to the Consultative Assembly in Rome).

Now it is clear from what has already been said on the subject of rural development and nutrition security, as well as on industrialization and particularly on regional cooperation, that the one-sided orientation of the trade of the ACP States towards the European Common Market is being reduced in importance. I refer to the definition of a strategy of self-reliance quoted right at the start from Rasul Shams: 'A feature of this strategy is thus the increase in trade between the peripheral countries themselves and, in consequence, a decrease in the intensity of trade with the centre'.

The aim is not to make the access of ACP products to the European Market more difficult. On the contrary, a policy which requires and supports the increased processing of raw materials in the ACP countries themselves must also provide for the market for these products to be opened up. But a new approach to nutrition and industrialization, the stress on regional cooperation and on complementary production for domestic needs, and the development of local technologies and energy sources will mean a substantial reduction in the significance of Community trade for the ACP countries, insofar as it has been of any significance. Trade within a country, a sub-region or region, between the ACP regions and between the ACP countries and other developing countries will correspondingly gain in importance, strengthening South-South relations and reducing North-South dependence. For this reason, the chapter on trade and finance (chapter 7) of the Lagos Plan contains a good deal more about domestic trade and intra-African trade expansion than it does about international trade. The same applies to Caricom. Caricom is already a free trade area while Africa is still considering the reduction or abolition of tariff frontiers (point 250 of the Lagos Plan), of non-tariff barriers to trade (which is likely to apply to Caricom as well) and of tariff preference agreements. Both the African and the Caribbean programmes stipulate that regional trade depends upon commodity

exchange arrangements, chambers of commerce, data banks, and common standards, and more particularly on clearing and payments agreements, with the cooperation of central banks. The Lagos Plan mentions as a possible objective for the end of the decade an African Payments Union (page 88), and the Caricom recommendations actually state:

'Monetary Union, in the sense of the achievement of fixed intra-Caricom exchange rates and harmonized monetary and economic policies, should be a long-term objective - possibly for achievement in the 1990s' (point 33).

To this end, there is a need for

'...prior consultation before changes are made in exchange rates' (the main criticism, voiced particularly by Barbados, of Jamaica when it recently introduced a two-tier exchange rate!);

'a greater degree of coordination of exchange control policies and practices; and the maintenance of a common intervention currency' (see point 32).

This is in line with the approach suggested by Rasul Shams in, for instance, his article "Self-Reliance and International Exchange Rates" (op.cit. pp 287 et seq.).

"The monetary policy demands of the periphery are aimed at creating a world currency system in which SDRs will be the main reserve instrument, reserve drawings are deliberately controlled in accordance with the reserve requirement of the world economy, the link is established and exchange rates are stabilized but can where necessary be adjusted more often than in the Bretton-Woods-System. A world currency system based upon these premises would not one-sidedly favour the interests of the periphery but would also meet the requirements of a world economy, which would operate to the advantage of all nations and at the same time aim to eliminate under-development" (page 308).

However, as Shams does not count on the industrialized countries being prepared to accept this, in his view the developing countries are only left with the alternative, 'of proceeding with the construction of their own monetary policy institutions in accordance with a strategy of self-reliance'. This would also derive from the 'increasing tendency towards creating regional monetary policy cooperation at the centre, as instanced by the European Community.' To help the developing countries in this task seems to me to be more appropriate than the comment in the Pisani memorandum (Introduction, point 4.4) which evidently has encountered the scepticism of the developing countries themselves:

'The establishment of the European Monetary System and the extension of its currency unit, the ECU, could be used as a stabilizing factor for developing countries or groups of countries willing to take it as a reference'.

(obviously there is a need to make good omission of the fact that the call for raw materials agreements, the effort to combat protectionist measures and access to the developed countries' markets are also aspects of international trade - see point 251 of the Lagos Plan).

The new Convention, which will follow the principles of self-reliance, will need substantially to review its present instruments especially with regard to trade - in the spirit of Carrington's observations to the Irmer working party, by doing everything possible to strengthen self-reliance and refraining from anything that will weaken it. Stabex should be mentioned first and foremost in this regard. I shall return to this point when discussing the conclusions to be drawn for the new Convention.

IV Initial guidelines for the New Convention

1. As an answer to the ACP priority for rural development and nutritional security, a general agreement should be proposed on nutrition strategies and technical and financial aid should be provided to this end both in the bilateral and regional context.

An important preliminary step in this direction has already been completed, in the shape of the nutrition strategies agreed with some African countries by Commissioner Pisani at the insistence of Parliament and the ACP-EEC Consultative Assembly (on both occasions on the basis of Ferrero reports). These constitute the most progressive attempt so far to support our ACP partners in a self-reliance strategy.

For the new Convention the following points must be borne in mind:

- Conclusions must be drawn from the learning process of a few 'pioneering' experiments;
- the campaign must be substantially expanded, i.e. to reach agreements in principle with all ACP partners on nutrition strategies, even if these have to take very different forms in some cases;
- the Suva Declaration, the Caribbean and the African Food Plans and the numerous regional and subregional recommendations of the Lagos plan urgently propose regional nutrition strategies; here in particular, the Community region could be a helpful partner;
- strategies and programmes to be carried out at the national and regional level are therefore being agreed and financed. Projects on the old basis are running down and being integrated and adapted to the new strategies wherever possible. New projects form the nucleus of programmes.
- Food aid in non-emergency cases is to be integrated into the strategies and programmes and supplemented or replaced by financial aid in accordance with the newly created budgetary title...and the Pisani Memorandum (introduction, point 2.

¹ E.g. for the Pacific States, where the accent could be placed on fisheries, diversification and the development of new forms of synthesis between traditional building methods and products and modern, environmentally and socially compatible production techniques - see also the comments of the Prime Minister of Fiji on 'dalo' and 'drala', op. cit. page 73 et. seq).

The period leading up to entry into force of the new Convention - that is, the period of Lome II - is identical with the first strategic phase of the Lagos plan. Their timetables have been overtaken by events. It is therefore all the more important to use the two remaining years of Lome II for preliminary work and the initial phases for a general expansion of the nutrition strategies.

The work to be done has long been set before us on the basis of the ACP programmes and the Ferrero reports:

- Advisory aid in drawing up nutrition strategies;
- combatting post-harvest losses, - storage, methods of preservation, transport and market structures;
- increasing and improving the production of food crops¹;
- cooperation with agricultural advisory services, training (particularly of training staff), organization, management, establishment of structures;
- cooperation on the development of appropriate technologies or adaptation of technologies;
- cooperation on the construction, repair and distribution of simple agricultural equipment, provision of fertilizers, seeds etc.

Prices and incomes policies, agricultural reform where necessary, and the creation of an agricultural cooperative and credit system will be fields which the ACP countries will tend to regard as their own preserve. But here too, as negotiations on nutrition strategies have shown so far, technical and financial aid can be useful².

¹ Lagos Plan : 'Cereals, fruits, tubers, oil seeds, vegetables etc.' should be grown 'with a view to replacing a sizeable proportion of the presently imported products' and 'special attention should be given to the cultivation of cereals such as millet, maize and sorghum, so as to replace the increasing demand for wheat and barley'. See also point 5 of the Caricom recommendations.

² See also point 4 of the Caricom recommendations and point 33 of the Lagos Plan: 'It is strongly recommended that the Member States formulate and apply effective and coherent policies to ensure that prices of farm inputs and farm produce provide an adequate incentive for increasing food production, particularly by small farmers, while safeguarding the interests of the poorer consumers at the same time'.

2. In the new Convention, industrial cooperation will make very different demands upon the Community from those of the past. As in the case of food supplies, assistance will be required in devising strategies in order to prepare and carry out, at both the national and the regional level, the planning and programming of a basic industrial structure (of decentralized small businesses) closely interconnected and integrated with rural development, and related to the objectives of a self-reliance strategy as defined above. Building on this foundation, agreements on technical and financial aid must be incorporated in the new Convention. Cooperation between the Commission, EIB and CID must be completely rethought, expanding the role of the Commission and of the EDF substantially. The Commission will be the ACP side's main partner for the planning and establishment of structures and infrastructure, training and management, prospecting for deposits of raw materials, technological development and assessment, and with the whole field of manufacturing industry. The EIB (with a specially expanded department, or a department breaking away to become a separate development bank?) will continue to finance manufacturing industry in the strict sense, but will do so in the context of a network of structural planning by the ACP country. A substantial increase in reduced-interest resources in the EDF will also increase the Commission's involvement in decisions of this type and hence the opportunity of cutting the cost of loans from the EIB or an ACP development bank on a flexible basis, depending upon the state of development of the individual countries, and particularly for the least developed countries, landlocked and island states. Cooperation with and support for national and regional development banks will receive particular attention, as will, more particularly, decentralization and the promotion of small businesses. On the other hand, in the case of regional cooperation emphasis will have to be laid on the formation of multinational companies - where reasons of cost, capacity and, more particularly, local needs and demand so suggest; see also the many references to this in Caricom, the industrialization programme and as long ago as the Suva Declaration.

The role of the CID has always seemed to me to be confused and the confusion now seems to be total. What is clear is that it cannot continue as it stands. Whether it should be mainly concerned with technological development, assessment and production, as was recently considered (in the Fuchs report) appears dubious to me. In my view it would be rather more plausible as a peripatetic team of experts deployed to meet the ACP side's specific advisory needs. More thought needs to be given to this aspect, particularly by the sub-rapporteur on the institutions, with regard to the creation of decision-making structures for co-operation based on partnership.

3. Education, further education and training must play a significant part in the new Convention and cannot be permitted to continue to be regarded and financed as an isolated sector, largely through the building of schools and other training establishments.

Here I return to the recommendation (and criticism) voiced in my report 'From Lomé I towards Lomé II':

- '(a) at the project planning stage it is essential that the training requirements at all levels, covering also the period after commissioning, be established;
 - (b) a paragraph should be incorporated in the Financing Agreement spelling out the role of training in European Development Fund and European Investment Bank projects.'
- (page 48 of the booklet edition).

In the context of the new Convention the training requirements will be those of strategies and programmes and not merely of isolated individual projects. It will of course also be important to establish and support regional training institutions, research centres and the like, when the emphasis is on regional cooperation as part of a self-reliance strategy. Caricom, the Lagos Plan and the industrialization programme contain a number of references to this. It is a point to which I shall return.

4. Technological development, assessment, adjustment, application and production stand at the centre of a self-reliance strategy. This is clear from all the ACP documentation and it is also a point I have stressed in the context of rural development and of industrialization. Whether it be the Pacific Conference, the Chasle report, the Lagos Plan or Caricom, all emphatically draw attention to the relationship between appropriate, adapted technology and self-reliant development whilst maintaining local cultural identity. The European Court of Auditors and the assessments of the Commission underline the extent to which the success of development measures depends upon the right choice of technologies used. Moreover the excessive cost of industrialization, of the kind familiar in the approach to industrialization prevalent at present, which is founded largely on the import of capital-intensive technologies, makes any consistent orientation towards rural and urban mass demand impossible. The contribution of the ACP-EEC Conventions to increasing the self-reliance of the ACP countries, as Ambassador Cavalevu called for in his statement

to the Joint Committee in Jamaica, is impossible without the promotion of indigenous technology¹.

This therefore calls for a separate focus of attention in the new Convention, at the national and regional levels, in close association with the strategies for food security and industrialization, and training measures. The agreements on technical and financial aid must be framed in such a way as to preserve this priority in the allocation of know-how and finance. It will probably be necessary in most cases for national, or more particularly, regional, institutions to assess, adapt and develop technologies to the point where they are ready for use (their production being classified with the basic industries in the industrialization strategy). No other chapter of the Lagos Plan is anywhere near so explicit or full of recommendations as that on science and technology.

5. Energy and 6. Transport, in the sense set out above, and (particularly as regards energy) building upon ACP papers and the Siddig report to the ACP-EEC Consultative Assembly, will be vital factors in the new Convention for the support of a self-reliance strategy.

I am repeatedly using such terms as factors, aspects and fields, whilst guarding against proposing separate chapters and methods or instruments of finance for this purpose - particularly at the present time. Everything will depend on preserving the general context in the new Convention and resisting the temptation to establish isolated sectors. Many of the shortcomings of current development cooperation can be traced back to this fundamental mistake.

7. In the field of trade there will be some need to pursue current endeavours. I have already touched upon the consequences of a self-reliance strategy in terms of increased trade within a country, a sub-region, a region or a group of ACP countries and between the ACP and other developing countries (indeed, particularly those with which the Community has special cooperation agreements). One of the main tasks of the new Convention will be to develop market structures, chambers of

¹ 'The extent of external dependence in terms of equipment can be assessed by visualizing the region being cut off from its developed country suppliers of equipment of all kinds, including spare parts, simple tools and implements' point 14 of the industrialization programme.

commerce (at every level) and negotiating structures (see also on this point the recommendations of the European Parliament in 1980 in the Ferrero report).

Stabex must be subject to a very critical review. Not only has its present financial endowment proved to be inadequate in every respect; not only are there growing doubts about its contribution to diversifying food production so as to take proper account of local needs; it also is at variance with a self-reliance strategy in tending to curb and penalize the processing of raw materials in the country of origin and calculating everything in terms of exports to the Community, thus orientating trade which becomes of limited significance in a self-reliance strategy. To attempt to reform the system to ensure that such mistakes are rectified, that Stabex supports self-reliance and is adequately endowed with funds seems to me tantamount to squaring the circle. For this reason consideration should also be given to replacing the system with a different form of balance of payments support, leaving the stabilization of export earnings to the conclusion of raw materials agreements with equalizing stocks and funds, which the Community should press for at international level. Balance of payments support for imports of capital goods and equipment, which will continue to be needed (even in a different approach to industrialization and technology), agricultural inputs and spare parts for existing industries and technologies, would be no less valuable. It could be approved as a qualified form of commercial aid up to a specified ceiling, related to specific programmes and categories of goods - and could also be allocated more fairly than the Stabex funds.

8. The emphasis on enhancing regional cooperation is one of the main aspects of the self-reliance strategy. This is consistently apparent in all the papers dealing with every sector, and was accordingly a central theme in my general and particular account of those points which should form part of a convention geared to greater self-reliance. This aspect must not be covered by a short chapter in the appendix, and far too inadequate funds, as was still the case with Lomé II. It would probably be worth recommending that the programmes and strategies be devised at the national, sub-regional and regional levels, as in the Lagos Plan and the industrialization programme - the regional approach is by definition appropriate for Caricom.

However, regionalization must not become a fetish. Indeed, our cooperation with the ACP should apply the criterion which we have made the guideline for European integration, keeping as much as possible at the base of the pyramid and no more than is necessary further up. However, a determination to follow this line

is already explicitly stated in the ACP papers themselves. Problems could be caused for Sub-Saharan Africa by the division into sub-regions; have the African countries clearly defined this themselves? And when will it be better to carry out a programme in the entire African region, in sub-regions or in still smaller areas, or in cooperation between a few countries, for instance in the case of a joint industrial undertaking? Does the Sahel sub-region coincide with other sub-regional frontiers? What is the position with the economic organizations? Here flexible and undogmatic decisions must be taken with an eye to the best possible practical results, and our partners' intentions will be the decisive factor. As is clearly documented, there will be regional food strategies, regional industrialization programmes, regional energy and transport measures, and there must be organizations, institutions, institutes, and 'mechanisms' to use the general term, for education, further education, management, training and advisory services, consultancy, technological development and assessment, trade statistics, chambers of commerce, development banks, market structures, exploration for raw materials and much more besides. These institutions will need to be located at the regional and sub-regional levels, insofar as they do not already exist, and will need support for their further development.

Thus it is no accident that the form of regional cooperation which has evolved furthest, between the Community and Caricom, provides technical and financial aid for regional Caribbean institutions such as WIU (university), WISCO (shipping line) and CARDI (agricultural research institute). A veterinary institute and technological institute are examples in Africa. In the period leading up to the new Convention a joint inventory must be made and consideration given on where the centres of regional cooperation should be located in the case of all three main regions.

All things considered I am taking it for granted that the importance of regional cooperation for increasing self-reliance in the new Convention must be reflected in a significant rise in its share of funds. 50% of appropriations for national cooperation and 50% for regional cooperation seems to me to be an appropriate guideline.

Support for regional cooperation with the ACP States naturally means promoting South-South cooperation between the ACP and other developing countries as well. This is particularly appropriate for the Community, which has other regional cooperation agreements, for instance with the Maghreb and Mashreq countries, ASEAN and the Andean Pact. Paradoxically, no form of relationship or cooperation has

ever been established through the European Community between the African Mediterranean countries and the African members of the Lomé Convention. The new Convention can and must incorporate agreements in this field, promoting market and trade connections, inviting applications from other developing countries, accepting consultants from them to advise on know-how and technology transfer or adaptation, and making possible cooperation with the more developed developing countries - if the principle of South-South cooperation advanced in the Pisani Memorandum is to be taken seriously, this will have quite specific implications

9. for technical and financial cooperation.

Much has already been said on this aspect. Radical change will be essential. For instance:

- Consistent application of the principle so simply and fittingly expressed by the President of Kiribati at the Pacific Conference: 'Aid which will help to have no need for aid tomorrow' - a principle which has perhaps been most unpardonably violated in all past development measures. There is a highly instructive chapter on this subject in the World Bank report on the Sub-Saharan region, 'Donor Policies', page 124 et seq.
- This means a departure from the approach which is satisfied with isolated projects, which are only 'successful' because they are identified by donors in the scramble for projects as particularly 'worthwhile' and are then carried out with European know-how, European technology and European management, the least appropriate formula for the period following hand-over
- It will mean complying with the ACP request that 'International organizations need to gear their technical cooperation activities towards integrated Programmes of assistance (rather than simple isolated industrial projects)' - this applies to projects in general! - 'involving strategy, planning, project identification, scientific research, transfer of technology, training, promotion, financing, negotiation and implementation' (Industrialization programme, point 45)
- It means a departure from the entire present procedure of programming, project commission and implementation. The task will be more complex and must at the same time be simplified for cooperation. 'Aid that helps to have no need for aid tomorrow' calls for participation by the partners in every stage and every measure, and a substantial reduction in the bureaucracy of the Commission's procedures.
- It will mean, therefore, technical and financial aid for strategies, programmes, structures and institutions, an integrated development approach, a switch to much more regional cooperation - beginning, say, with the organization of cooperation with the Commission's delegates!

The question of finance is the subject of a special sub-report. Here I can only suggest a general approach arising out of the strategy of self-reliance.

This includes the statement that the new Convention will need substantially more funds than Lomé II, and that the whole effort of cooperation will only make sense if both sides of the coin are considered: not only the qualitatively different

strategy but also the funds to do justice to the new dimension. On this point I will quote two passages from the report of the European Court of Auditors for the financial year 1981:

'Poor matching of finance and objectives prevents both attainment of the objectives and containment of the costs.'

'Sometimes, even a slight shortfall in the financing is enough to jeopardize the effectiveness of the project to a greater or lesser degree'.

(both from point 15.54, p. 126, comments on individual projects but generally applicable to cooperation and its financing as a whole!).

The transition from present unsuccessful development strategies to a different strategy enhancing self-reliance will prove very demanding in every respect, not least in material terms. The European Community will have to take a political decision whether to match the dimension of the task, including the financial implications, so promoting development, or whether to continue to be inadequate - and then still have to pay up in the event of disaster or adverse developments in the process of interdependence itself.

The political decision will also embrace the European field of reference for the new Convention. What industrial structure, what technology do we want to have? How do we handle our own identity? How do we handle regional cooperation? Will we manage to improve our own position in order to be good partners for development cooperation?

These are at present open questions and they are likely to cause our ACP partners some concern.

The negotiations for a new Convention have come at the right time in one sense, in order to prompt new attitudes and replace bad development by new ideas, initiatives and strategies. In another sense they have come too soon since neither negotiating partner has done sufficient preliminary work. Thus it will not be easy to fulfil the task which Ambassador Cavalevu has, as general rapporteur, set before us: "In the past, negotiations have been bogged down because little or no broad political consensus, regarding the objectives, was reached before they started. If such consensus is first agreed, it should avoid some of the 'impasses' experienced in the past. Such a meeting of minds at political level is very, very vital to the success and improvement of the third ACP/EEC Convention. To rush into negotiations without taking that step is like putting the cart before the horse and simply making Lomé II into Lomé III. The Rapporteur hopes that this will be taken

into account by the Community and the ACP between this meeting and 1 September".

Let us hope that the European Parliament's own-initiative report will contribute to that end.

sub-report on the coherence of Community policies
and development policy and of bilateral policies
and Community development policy

Rapporteur : Mr G. ISRAEL

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SECTION I : Coherence of Community Policies and Development Policy

I. Introduction

Protectionism, the CAP, and Developing Countries

1. The title of this report, the coherence between the Community's development policy and other policies, reflects the belief, coupled with concern, that two of the Community's main common policies - the agricultural and commercial ones - undermine the commitments entered into with developing countries, as part of the development policy. Critics have often accused the Community of taking away with one hand what it has given with the other.

2. According to these critics, the main culprit has been the Common Agricultural Policy, with which this particular report is concerned. The two main accusations may be summarized as follows : it is protectionist, and thus hampers the agricultural development of developing countries, in particular their agricultural export potential; its price and guarantee system gives rise to a mounting structural surplus in a few key sectors, much of which is then disposed of as food aid.

3. Others, however, have eschewed such blanket condemnation and have concentrated on a more detailed analysis, which has brought into focus both how the CAP can enter into conflict with specific products, and does so within the Community as well as in developing countries' own markets, and how other small quantities of exportable LDC agricultural goods are either kept out, or are discouraged from entering the Community in spite of apparently preferential trade arrangements. One specialist was prompted to write "... A few competitive LDC commodities have found a niche in the EEC market. Such concessions tend to be for relatively small amounts, but they may be valuable for the exporting state"¹. The serious problems currently faced by the CAP, for which no solution is yet in sight, may place such concessions at risk, especially if the CAP is organised differently.

¹ Barbara Huddleston, Fiona Merry, Phil Raikes and Christopher Stevens, "The EEC and Third World Food and Agriculture", in EEC and the Third World, A Survey 2, ed. by Christopher Stevens, (joint ODI/IDS/Hodder & Stoughton), p.37 (177 pages, 1982).

4. Accusations of generalized agricultural protectionism, however, tend to be made by other developed country agricultural exporters, as the November GATT Ministerial Conference showed. They do however provide valuable ammunition for a few key developing country exporters, mostly situated in Latin America, with a few in S.E. Asia and the Far East.

5. Such charges should, however, be measured by the Commission's study of July 1982, dealing with the effects of the CAP on the LDCs, whose main findings did not substantiate the charge of generalized protectionism, even though it acknowledged, but perhaps not forcefully enough, problems concerning products.

6. However, this report is concerned with the international context of the successor agreement to Lomé II; it has to deal with countries who are food importers, and whose agricultural production will continue to fall, as well as with exporters of agricultural products.

Food Importing LDCs and the CAP

7. Thus, the terrain has shifted considerably. The main question to be addressed is the following : is the CAP incompatible with the development of agriculture in ACP countries .

8. This different approach to the problem is indicative of the evolution which development theories have undergone in the past decade, an evolution which has coalesced into one central concept: the importance of agriculture, both as an engine of economic growth and as a means of attaining self-sufficiency in food. Attempts at rapid industrialization have not only failed, they have misfired, setting some countries even further back in terms of their economic development.

False Assumptions

9. The failure to recognize the development potential of agriculture, the primary sector of the economy in many Third World countries, has not been the sole prerogative of developing countries' governments. Many false

assumptions and resultant policy prescriptions have been made by developed countries, in their guise as donors, and many such misconceptions still abound, particularly as regards modernization of the agricultural sector in developing countries.

10. The effects of premature industrialization bear, nonetheless, repeating because the resulting under-utilization of available economic resources, the high cost involved, and the burden placed on the balance of payments because essentially unnecessary imports are required, all continue to "cause the loss of the developing countries' scope for independent economic action as a result of budget and balance of payments deficits; their dependence on foreign assistance increases, as do the contrasts between rich and poor countries, with all the tragic consequences for overall international development".²

11. Such developments do indeed have tragic consequences for a country, placing it in a state of economic dependence which is profoundly at odds with the concept of equal partners on which the Lomé Convention purports to be based. This concept, however, is difficult to apply under present circumstances.

12. The challenge to be met by governments in developing countries, as much as by the governments of EEC countries as well, is how to work together to achieve these aims, through a relationship where the accent is increasingly placed on cooperation, and not just development.

II. The Common Agricultural Policy and the ACP States

Overall Trade Effects

13. The effects of the CAP on developing countries is documented in a study prepared by the Commission and released in July 1982³, undertaken in response to the European Parliament's resolution of September 1980 on Hunger in the World⁴.

²Hermann Priebe, "Agricultural Policy in Developing Countries", Intereconomics, Jan/Feb 1981, pp. 31-36.

³The Common Agricultural Policy and the EEC's Trade Relations in the Agricultural Sector (Effects on the Developing Countries), SEC(82) 1223.

⁴OJ No. C 265 of 13.10.80.

14. The first part of the study, which analyses developing countries' agricultural trade with the Community, can be said to counter allegations of general protectionism. This part of the study provides valuable statistical information on long-term trends since the establishment of the CAP in 1962, and since enlargement; moreover, they are broken down geographically and in terms of food exporting and food importing LDCs, a distinction which is all too often ignored.

15. The study's main conclusions have been widely publicized, so they shall be listed in summary form here :

- the EEC is the biggest importer of LDC agricultural exports, taking 30%;
- in comparison to other developed countries, and expressed in terms of per head of population, agricultural imports from LDCs amount to \$104 for the EEC, \$53 for the U.S.A. and \$49 for Japan;
- the CAP has had little effect on LDCs' share of EEC agricultural imports in total volume terms (the 43% figure for 1962 remained identical in 1979);
- as far as the EEC's own agricultural exports to LDCs are concerned, 90% are products covered by the CAP; the LDCs are net importers of the vast majority of these products;
- the EEC has become the world's second largest exporter of agricultural products, and the second largest supplier of such products to LDCs. It is claimed that the EEC has thus made an important contribution to enhancing world food security.

The Supply Factor

16. The study details in fairly graphic terms how certain parts of the developing world have in fact increased their exports to the EEC, while others have lost their market share, often at the expense of other, more competitive developing countries. These trends often parallel developments on the world market : "A geographical breakdown of the DCs' [developing countries] share of world agricultural exports shows that, with the exception of Africa, all the DC groups have succeeded in improving their

export performance". Thus, between 1963 and 1978 Africa's share fell from 9% to 6%, Latin America's increased from 15% to 16%, the Middle East's rose from 1% to 2%, and those of South and South East Asia remained constant.⁵

17. Such trends are due to supply factors in LDCs' own internal markets. The report again states, "Overall - and for the whole of the period 1963-78 - the "supply" aspect proves to be preponderant : in total DC exports, the share held by those regions from which the EEC imported the most has fallen. This is particularly true of Africa, whose total agricultural exports as well (our emphasis) as its exports to the EEC are slowing down. The other developing countries have divided up the share lost by Africa"⁶.

18. This, for our purposes, is one of the most interesting and indeed most valuable findings brought to light by the report, for it shows that supply factors are more important than the EEC's commercial policy; the report adds that "... the Community's policy cannot explain the fact that the DCs' performance on other developed country markets has followed a similar trend".⁷ It points to the preponderant role played by domestic policy, for it is significant that the Community trading partner which had the largest share of the EEC market has seen that share decline, in spite of enjoying the most preferential entry treatment.

19. Thus, not only has Africa been unable to maintain its market share, but the EEC has become a major exporter of agricultural products, particularly to food importing countries on that continent, as well as to growing markets in the Middle East.

20. The weak performance of a traditional trading partner who has enjoyed preferential entry treatment since the establishment of the CAP, does nonetheless also raise serious questions about the cooperation policy pursued by the Community hitherto. Such disappointing results, in spite of a much vaunted trade and aid arrangement, cannot be acceptable. Continual need for food imports, and the likely prospect of EEC surpluses in the foreseeable future also pose the problem of how to put those surpluses to proper use, especially within the context of national agricultural development plans in LDCs. The Community will doubtless be called upon to perform a delicate balancing act.

⁵ Ibid, p.5

⁶ Ibid, p.6

⁷ Ibid, p.7

Competition between the EEC and LDCs in Agricultural Trade

21. The report brings to light two important findings, namely that :
- (a) - the EEC competes with LDC net agricultural exporters in their own and EEC markets (that is LDCs having a revealed comparative advantage for that product) : this involves approximately 22% of products exported under the CAP machinery. The products mainly involved are sugar and beef;
 - an ancillary finding is that LDCs export relatively fewer CAP products to the EEC than to the world as a whole (33% as opposed to 22%);
 - (b) - developing countries can export certain products covered by the CAP, i.e. sugar, beef, veal, tobacco, and certain fruits and vegetables - thanks to special trade and/or tariff arrangements, as provided for by Lomé, the Sugar Protocol, the GSP, and other tariff reduction arrangements often combined with seasonal restrictions; clearly, these EEC imports of CAP products from LDCs are "the result of special measures adopted in favour of the DCs, rather than of the application (erga omnes) of the CAP rules"⁸;
 - the study further states, "This reflects the EEC's policy of stimulating the DCs' agricultural exports while operating on a selective basis so as not to endanger the achievements of the CAP"⁹.

This last statement is at best questionable, and at worst a complacent half truth.

22. In fact, serious problems have arisen in respect of those products where LDCs are in direct competition with CAP products. The most important and well-known example is that of sugar.

The case of sugar

23. The controversy surrounding competition between cane sugar and EEC beet sugar is a heated one, with ACP exporters in particular claiming that the EEC has deliberately undermined commitments entered into under the

⁸ Ibid, p.17

⁹ Ibid

Sugar Protocol attached to the Lomé Convention in 1975 through the CAP sugar market regime, while the Community argues that under the new sugar regulation adopted in 1981 and running through 1986, sugar producers themselves bear the full cost of surplus disposal through the 2% production levy, and the Community cannot be accused of dumping sugar on the world market through its system of export refunds. They also say this points to beet sugar's competitive edge over cane sugar, a fact which will pose very serious problems in the medium term.

24. It is certainly beyond the scope of this report to go into a detailed analysis of the forces, both political and economic, at work in the sugar sector - the Development and Cooperation Committee of the European Parliament is considering a detailed report on this matter.

25. But several points need to be made, especially as they shed light on the more general issue at stake of competition between the EEC and LDCs for some products :

- the EEC's taking over of the Commonwealth Sugar Agreement was a direct consequence of its enlargement; it constituted a major political commitment - also dictated at the time by a clear economic interest - without which ex-Commonwealth Caribbean sugar producers would not have joined the Lomé Convention;

- the new sugar beet regime adopted by Council for 1981-86 maintained production levels only slightly lower than those in force since 1975;

- there has been a subtle but important shift in the basis for calculating "surplus" production in the Community since levies are to be set at a rate that will cover the cost of all exports minus the 1.3 million tonnes of imported cane sugar, while before this figure was deducted from total EEC consumption. This has prompted some experts to write that, "There has been a subtle shift in the status of cane, to emphasize that it is a concession and not a legitimate, long-term source of supply"¹⁰.

¹⁰Huddleston et al, p. 42

26. This poses, of course, the question of the budgetary cost of disposing of the 1.3 million tonnes of domestic production displaced by canesugar imports. That issue promises to become more and not less contentious in future. In this connection, the second part of the Commission's study containing a product-by-product analysis of agricultural trade is highly revealing. It makes several disconcerting claims, but perhaps none worse than the following, "The most fundamental change in the common policy for sugar lies in the fact that surpluses will no longer be disposed of at public expense (except for the export of 1.3 million tonnes corresponding to the preferential imports of sugar from ACP countries)¹¹. [emphasis added].

27. And yet complacency is something the Community can ill afford here.

28. Sugar is important for the cane exporting countries as a major source of export revenue, and as a major employer in economies which have little scope for diversification.

29. It also has great precedent-setting potential, for if the Community fails, together with its ACP partners, to address the real problems and come up with imaginative solutions, this will deal a serious blow to the future of the relationship between the EEC and the ACPs.

The case of beef and veal

30. As noted above, there are special arrangements in the case of ACP beef, the main supplier of which is Botswana. The Community also has a deficit in this sector, and is a major importer of beef and veal; the main LDC exporting country is Argentina.

31. A country like Botswana could boost exports to the Community if a determined effort were made by the EEC to provide the financial and technical assistance necessary to eliminate common bottlenecks such as cattle disease, better and larger storage facilities, improved livestock breeding techniques, etc. Only then will the Community's avowed principle of encouraging LDC agricultural exports (quoted above) have any meaning.

¹¹ Ibid, p.52

The case of oilseeds, vegetable oil, and oilcake

32. This is another sector where the present Community is a net importer. However, as the Commission's study clearly highlights, developed country exporters, and particularly the United States, have been much more successful than developing countries at boosting exports into the Community, with the outstanding exception of soya cakes from Brazil and Thai tapioca.

33. These products were bound at nil or very low duty in the GATT in the '60s. In addition, ACP exports of oils enter the Community at zero duty under the Lomé Convention. However, these exports show a decline. While this is partly no doubt a reflection of increased local processing, nonetheless in some African countries more fundamental causes would appear to be at work; these sectors are undergoing "structural decline".

34. The two major issues to be addressed are the following :

- what is the scope for an active policy devised to help ACP countries tap another market where the EEC is a net importer, particularly in light of the proposed reform of STABEX which is to become a sector-oriented instrument instead of providing general compensatory financing;
- pressures for the imposition of a levy or tax in this sector are growing; the second enlargement will only give them further impetus. Such a tax would deal a body blow to several LDC economies. The Commission now declares to all who would listen in international fora such as the FAO, that no tax is envisaged. Of course, the Commission proposes, and the Council disposes.

Market Access and ACP Agricultural Exports

25. The general principle of maximum and secure access for ACP exports needs to be reaffirmed, and reaffirmed vigorously. More can and should be done for tropical products, which do not compete with CAP products.

26. However, having reviewed both the general situation and that obtaining for specific products, one is left with the impression that the EEC's future treatment of a few ACP exports may become an open question. There are

reasons to believe that their future is in some way bound up with the seemingly unavoidable reform of the CAP, regardless of whether this reform will address itself just to budgetary questions or will involve more profound change.

III. The EC and the Agricultural Development of the ACPs

27. As noted above, there has been a profound change in development thinking: previous concern with rapid industrialization has given way to the recognition that developing agriculture is vital for attaining food self-sufficiency, and for stimulating general economic growth. Agriculture is no longer regarded as an inherently backward sector of the economy, providing labour and raw materials to sustain economic growth. There is a proven link between growth in the agricultural sector and growth in GNP.

28. Nonetheless, import figures for LDCs show that much of their needs will continue to be met through developed countries' exports. FAO forecasts for the years 1990 and 2000 show these needs will increase for at least one generation to come. The Commission's study documents how the EEC has become a major exporter of agricultural products, particularly to Africa. It states that "the EEC has made special efforts to channel agricultural products to the DCs, particularly in the supply of food aid"¹². The key policy issue for the future thus concerns the role of food aid, and continued food imports.

The EEC's Food Aid and Food Strategies

29. The Community and the food importing ACP countries have been caught on the horns of a dilemma; on the one hand these countries are dependent on low-cost imports, and/or food aid, largely provided by the EEC, both of which can vitiate attempts to boost agricultural output through higher producer prices by undercutting local producers; on the other hand, any long-term food strategy must lead to a reduction in such imports, or at the least, their incorporation into that strategy. This may mean contraction of food aid's auxiliary role as a mechanism for surplus disposal.

¹² Ibid, p.12

30. Presumably, this dilemma will be solved thanks to the Commission's proposed far-reaching reform of food aid, and the Council's decision in favour of food strategies and their implementation in four African countries.

31. The Commission's proposal for a "development orientated" food aid¹³ programme is largely the result of a major rethink of the food aid policy undertaken during the course of 1982, to which a major study prepared by a development research institute made an important contribution.¹⁴

32. The Commission's communication is based on the assumption that many countries will continue to rely on food aid to meet their food needs. Thus, there is a complementary and beneficial relationship between Europe as a major agricultural exporter, and the requirements of food importing developing countries.

33. In fact, the Commission rightly points out that much of the criticism leveled at food aid applies no less forcefully to commercial food imports, which are normally cheaper than locally produced products.

34. It is thus proposed to turn food aid into a structural development aid by using it to support the development of both production and marketing of food products. (This, of course, does not exclude other uses for food aid, in emergencies, nutritional programmes, food for work projects.) This in turn presupposes that the recipient government has both the capacity and the determination to develop an agricultural policy into which food aid can fit.

35. The Commission proposes several major policy innovations to this end :
- the EEC and the government must enter into a contractual arrangement, laying down each party's rights and obligations and, in particular, the uses to which food aid will be put (sale for counterpart funds, direct use, etc.);
 - food aid will be made available on a multi-annual basis.

¹³ COM(83) 141 final, Brussels, 24.3.83.

¹⁴ An Evaluation of the EEC Food Aid Programme, Africa Bureau Cologne in association with the Institute for Development Studies, University of Sussex. Brussels/Brighton/Cologne. June 1982.

¹⁵ Ibid, p.9

Food strategies : A Necessary Gamble

36. The Commission's emphasis on agriculture and rural development is by no means an isolated or innovative event; multilateral institutions such as the World Bank, and in particular IDA have pursued such policies over the past decade. The fact that African countries themselves have opted for these twin objectives within the context of the Lagos Plan of Action is of major political significance, since both the EEC and its partners under Lomé apparently pursue the same aims.

37. Developments in certain key areas will influence the strategy's chances of success:

- A balance must be struck between production of cash crops and food crops destined for local consumption, since both make up the agricultural sector and cash crops provide vital foreign exchange; excessive concentration on either one at the expense of the other is detrimental to growth;
- Experience in many countries has shown that farmers are extraordinarily responsive to price stimulation; however, this productive capacity will go to waste unless there are adequate channels for purchasing and marketing output (marketing boards, etc), agricultural credit provided, a whole range of extension services, etc; this requires an institutional structure and administrative skills which are often missing, and will require a great deal of time and money to build up;
- Donors must resist the temptation to push projects for the mechanisation of agriculture; productivity can increase substantially just by using abundant human and animal resources available locally;
- A programme approach, of which food strategies are an example, requires close coordination on the part of donors; a country cannot listen to, nor be expected to implement, several sets of policy objectives; (the second part of this report deals with this issue;)

- Some would argue that no reform of food aid, no matter how profound, can mitigate its harmful effects, and that food aid should only be provided to make up that part of a country's normal commercial food imports for which it cannot pay because of a sudden surge in world prices, or any other special reason;

- Finally, whilst low cost food imports are in the interests of the food importing LDCs in the short run, in the long run they will always discourage higher cost local production; ultimately developing countries will require some form of agricultural policy devised to keep them out. This will entail a substantial financial effort.

The Role of the EDF and Research and Development

38. One area where a major effort remains to be made is in EDF project financing.

39. In spite of claims that support for agricultural production in the ACP countries is a major priority, statistics for the Fourth EDF tell a somewhat different story. Furthermore, the table below makes it very difficult to assess just how much money is going into the agricultural sector as such, for vague titles such as "rural production" will also embrace some hydro-agricultural projects and other types of economic and social infrastructure projects.

40. Not only is it difficult to ascertain how much is going to support rural production but it is equally difficult to ascertain the relative proportion going into food and cash crops.

EDF and EIB commitments to rural production (Eua mn)

	<u>Rural Production</u>		<u>Total</u>		<u>Rural Production</u>
	Current prices	Constant 1976 prices	Current prices	Constant 1976 prices	as a % of total
1976	89	89	446	446	20
1977	192	177	775	714	25
1978	106	85	673	538	16
1979	105	74	688	484	15
1980	84	53	579	366	15

Notes : Although the time period covers the duration of Lomé I, commitments are not just from EDF IV but are also from EDFs I-III.

(Table taken from "EEC and Third World Food and Agriculture, p.34)

41. The following breakdown of project components for the "rural production" sector, compiled by the ODI, does not seem to bear out the assertion that there has been a substantial increase in support for food production.

Allocation of EDF and EIB Funds within Rural Production category
1976-79 (EUA mn)

	1976	1977	1978	1979
General	0.8	19.2	9.3	9.3
Plantations	43.3	43.6	11.2	16.4
Hydro-Agricultural projects	15.4	29.0	11.0	3.4
Agriculture	21.3	54.4	24.7	11.9
Livestock Farming	3.2	11.7	15.3	5.6
Fisheries	4.8	2.2	2.0	4.0
Forestry	-	3.5	0.1	1.4
Microprojects	0.3	6.5	9.2	5.3
Integrated Projects	-	21.5	23.0	43.9
TOTAL	89.0	191.6	103.8	101.3

Source : Ibid, p. 35

42. Finally, while intensive research and development on traditional export crops such as tea, coffee, cocoa, pineapples, avocados and others, has resulted in significant improvements both in the quality of the crop as well as in yields, too little has been done for traditional staple crops such as millet, maize, sorghum, and the varieties of wheat which can be grown in these climates. This has been recognized by Commissioner PISANI, and your rapporteur would strongly argue that this is one area where the Community must do very much better than it has thus far.

IV. Conclusions : Beyond Alibis - The Common Search for Solutions

43. It is neither the purpose nor the intention of this paper to make detailed policy recommendations. Your rapporteur has sought to set the broad framework in which ACP-EEC relations will have to evolve in an area as economically important and politically vital as food and agriculture.

44. While the twin contention that the CAP is protectionist and is responsible for the problems faced by the agricultural sector in LDCs in general can be laid to rest, there can be no doubt that there are serious problems with regard to competing ACP and CAP exports.

45. These products now enter the Community thanks to special arrangements; however, the strength of forces at work within the Community has shown how even an international agreement like the Sugar Protocol can literally "wither on the vine" unless energetic measures are taken to protect legitimate ACP interests.

"Whither the CAP?"

46. The development and strengthening of the ACP and better organization of the management of surpluses could help to bring about more effective coordination of efforts in favour of the developing countries. The new sugar regulation may be regarded as an example of recent attempts to improve the management of surplus production. It illustrates the fact that thus far only budgetary problems have been addressed, while the question of the CAP's evolution has not really been tackled.

47. Leaving fundamental policy issues aside, it is nonetheless doubtful that the Commission's reliance on a system combining quotas and decreasing price guarantees for excess production will work. A quota system is difficult to manage, but its main and possibly fatal flaw is that quotas tend to be set too high, especially since importing countries see no reason not to increase production, and others have no wish to cut back their own.

48. If the Community does not resolve its CAP problems in the near future, there is a strong possibility that ACP exports of CAP products, which enter thanks to special arrangements, will be placed at risk.

49. Market access for CAP products must be reaffirmed and toughened. If a tax is imposed in the oil and oilseeds sector, especially after enlargement, ACPs must be exempt.

50. The EEC's general approach must be to continue to allow and to encourage export of agricultural products where the ACPs have a comparative advantage. If any changes are to be wrought to the CAP, these will be implemented because of unacceptable situations in the Community. Nonetheless, situations which would become ripe for conflict if left unattended, should be actively avoided.

51. Finally, as far as the Community's own agricultural exports, food aid, and the needs of food importing ACP countries are concerned, it will take a long time for food strategies to have their desired effect. It is in any case important that cash crops and their expansion should not be neglected, for they are often the only source of foreign exchange for some countries.

52. Food strategies might also turn out to be expensive, and your rapporteur wonders whether the Council will be prepared to face the financial consequences of its support for their implementation.

53. The dramatic deterioration of the food situation in many developing countries presents a challenge to both EEC and ACP countries. Your rapporteur believes that the very nature of a relationship based on cooperation dictates contributing to reversing that trend. Let it be said as a final warning that this might pose problems in a not too distant future for some EEC agricultural exports.

SECTION II: Coherence of bilateral policies and Community Development Policy

I. Introduction

1. The question of 'coherence' between members states' bilateral development and cooperation policies, and the policies pursued by the Community as such embraces two areas: policy harmonisation as well as coordination.
2. The issues are certainly not new; the Council passed a series of important resolutions concerning the Community's development policy in 1974 which grew out of the 1972 Paris Summit; that Summit served to greatly broaden the EEC's relations with developing countries and laid the foundations for a much more "global" development policy. One of the 1974 resolutions specially dealt with the harmonisation of bilateral and Community policies. ⁽¹⁾
3. The Commission has sent two "implementing" Communications to Council, first in March 1975 ⁽²⁾ and again in July 1976 ⁽³⁾; they contain general guidelines for harmonisation, set priorities, and make recommendations for "operational" coordination. These are noted because they are a matter of historical record, and because they provide an indication of how the Community has proposed to tackle this particular policy area.
4. It is not the intention, however, of this report to deal with general stocktaking. By looking at the aims, problems, and proposed as well as possible solutions afresh, it is hoped to provide pointers for the future as well.

II. The Objectives of Aid Harmonisation and Coordination

5. The two very broad aims recognised by Community institutions have been coordination within international development institutions and other international fora and "operational" coordination, which encompasses many areas.

(1) See the special issue of the EEC Bulletin, "Coopération au développement: vers une politique communautaire à l'échelle mondiale," reprinted from the July/August 1974 Bulletin, Commission of the EEC, Brussels.

(2) "L'harmonisation et la coordination des politiques de coopération au développement au sein de la Communauté", COM (75) final, Brussels, 5 March 1975.

(3) "L'harmonisation et la coordination des politiques de coopération au développement au sein de la Communauté", COM (76) 358 final, Luxembourg, 7 July 1976.

6. With regard to the first, it is generally recognised that this is one area where great strides forward have been made. Present coordination in international development bodies such as UNCTAD, the United Nations and its specialised agencies and others, bears almost no resemblance to the original exercise, where Community competence was acknowledged only for trade matters and no coordination took place for other areas of policy. The distinction formerly made between Treaty and non-Treaty jurisdiction is very much a thing of the past, and the Commission now speaks on behalf of the Ten.

7. The key aims of coordinating aid policies and mechanisms are to ensure that both donors and recipients are capable of putting available resources to the best possible use; thus one of the main concerns is to improve the effectiveness of aid. This is important from the donor's point of view not just because there is an assurance that public money is having its intended effect of helping a country's development process, but also because there is increasing concern both in parliamentary bodies and public opinion that aid is not always used as efficiently as it might.

8. In the Community's specific case, another often cited objective is to increase the overall amount of money available; the term used is "additionality" meaning that funds available from national and Community sources top each other up. This, together with more co-financing with member states and external sources of funds, makes it possible to fund major infrastructure projects as well as regional integration projects.

9. Coordination will also help to minimise duplication of effort, and help to ensure that donors are not working at cross-purposes within the same country or region.

10. Yet another development militates in favour of more and more effective aid coordination, both at EEC and international level. There is growing emphasis on the role of aid in supporting broad policy objectives. The various names this approach has been given, whether it be policy dialogue, or a programme approach, testify to growing donor and recipient awareness that the deterioration in economic conditions for many developing countries, both internationally and domestically, requires a joint effort aimed at mobilising all available economic resources. This type of coordination will tend to take place at country level.

III. Current Coordination

Requirements of Aid Coordination

11. In order for aid coordination to be effective there needs to be:
- regular exchange of information on donor project investment plans;
 - provision must be made for joint reviews of past programmes, for comparing notes and sharing experience;
 - regular joint evaluation of past and on-going aid programmes, especially valuable for laying down general criteria for project and/or sectoral project effectiveness;
 - exchange of views on general economic policy issues and objectives with a view to reaching a consensus.

Current Practice within the EEC

12. There is one-way coordination within the EDF Committee, where the Commission provides information about its project investment plans. Member states do not reciprocate, and more often than not the Commission is expected to make accommodation for their plans, where necessary.

13. The job of the Programming Committee set up under the Lomé Convention is to prepare the Planning Mission which will go to an ACP country and participate in the drawing up of the Indicative Programme. The aim is to see whether member states agree to the priorities set. Again, the flow of information tends to be one-way, as member states do not divulge details of their own aid programmes in that country.

Sectoral Level

14. Some progress has been made in the important area of evaluation, in particular in the sectors of water and sanitation. This is a vital prerequisite for assessing the effectiveness of project design and implementation, and enables donors to identify common principles to that end.

15. The EEC has just launched an ambitious experiment in sectoral level coordination by setting up food strategies in four African countries. Such

strategies must fit into a macroeconomic policy framework devised by the government, if they are to succeed. They will require close coordination with the World Bank and the IMF if that country is involved in an IMF sponsored adjustment programme. One of the original features of the food strategy approach is that it is open to non-EEC donors.

Regional Level

16. Member states and the Community do coordinate activities for the Sahel countries, especially since a special organisation, the "Club des amis du Sahel", has been set up. In this particular instance there is general donor and recipient recognition that the seriousness and the long-term nature of the problems faced by the region dictate a common approach.

17. SADCC, however, constitutes the most important case of genuine coordination. This breakthrough appears to be due to two factors:

- member states' realisation at the recent Maseru SADCC Ministerial Conference (in some ways a pledging conference) that they, together with the EEC, were running after the same projects;
- the fact that the countries who have set up SADCC have endowed it with a strong central secretariat empowered to act upon member countries' determination to strengthen certain key sectors at regional level; the fact that SADCC itself has taken the lead in setting priorities and drawing up projects has been a powerful inducement for donor participation.

Multilateral Level

18. World Bank sponsored country consortia and consultative groups: twenty such groups currently operate. They tend to be used primarily as pledging conferences, even though there is a barely perceptible trend towards using them as a vehicle for reaching a consensus on policies. The Commission is represented, but will confine itself to providing information on its indicative programme. There is no coordination with EEC member states.

19. World Bank and IDA: there is hardly any coordination here, and this area has been singled out in the Pisani Memorandum as one of top priority, especially since several EEC countries are represented on the board of Executive Directors.

Country Level

20. There is informal coordination and information sharing between the Commission desk officer and World Bank officials. The UNDP representative is meant to provide the lead for general donor coordination, and there is an agreement providing for information sharing between the Commission Delegate and the UN Representative. There is close coordination between the Commission, member states, and IDA in Mali, for example, since the World Bank is involved in the programme to restructure the country's economy.

21. However, generally speaking, there is little coordination between Delegate and member states' representatives in the field.

22. As things presently stand, the Commission does not have either the staff or the technical expertise, either in Brussels or in the field, to undertake a country level programming exercise.

IV. The Promise and Constraints of Increased Coordination

23. The Community has been much more successful in harmonising and coordinating its policy in international fora than in any other respect. It is easy to see why. The benefits of such a development are readily apparent, and it was virtually incumbent upon the Community to evolve in this direction because of its international commercial and trade obligations. Policy harmonisation also costs little in terms of time, money, and staff.

24. Coordination is not an abstract goal, desirable in and of itself. It must be achieved where it will fulfill a need.

25. As far as projects are concerned, if there were a two-way flow of information within the EEC, projects could be made to fit together, and recipient country planners could also gain a clearer understanding of funding levels available, which would help them set spending priorities. Since project aid is likely to remain the preferred form of development cooperation because it is easily accountable for, cannot be easily preempted for other uses, and often comes back to the donor through public procurement, there is great scope for improving present coordination. The tendency is for member countries to guard such information jealously, for the pervasive and persistent belief is that letting go of it

will inevitably mean losing a "good" project; poaching is still the name of the name of the game.

26. More coordination of financial instruments between member states and the Community should mean more co-financing. Your rapporteur was surprised to learn from Commission sources that co-financing between the EEC and member states alone has not occurred hitherto. It appears to be in the offing soon, particularly since some small countries as well as countries like Italy, whose development budget has grown quickly in recent years, lack the expertise and the staff to spend it effectitvely and are eager to work in harness with the Commission.

27. Considerable progress has been made as far as general policy harmonisation is concerned. Within the Community this takes place primarily in the Council's Development and Cooperation Working Party, whereas outside it is done within the OECD's Development Assistance Commitee (DAC), the forum for both retrospective assessment of policies and programmes as well as for reaching consensus on new aid mechanisms. DAC members have passed resolutions on local-cost financing, for example, and have reached a common perception of the need for non-project types of aid, such as maintenance aid and rehabilitation aid, as well as recognising aid's potentially vital role as a means of providing policy support. But little actual coordination takes place within the OECD, and your rapporteur would like to suggest that this is one area where the EEC could play a more active role, if it so wished.

28. The World Bank is often perceived as an institution under the sway of the United States. EEC countries used to hold the same view of the Asian Development Bank, but by acting together they now have a say in policymaking. The same could be true of the World Bank and IDA, where if member states acted in concert they could influence decisions in respect of country eligibility, allocation, and funding. Perhaps the real obstacle lying in the way of such coordination is that member states directly represented on the Board of Executive Directors do not wish to relinquish their freedom of action.

29. Neither the Commission nor the Community as such are represented on the Development Committee, or any other body, and the Commission relies on member state representatives or, as is more often the case, on the press for information on what transpires there. This applies, for example, to the host of meetings dealing with the thorny issue of IDA replenishments.

30. Neither is the EEC represented at the OECD based Paris Club, the international forum for negotiations on Third World debt rescheduling.

31. The EEC has great potential for country level coordination because it is strongly represented in the field, through the Delegate and attendant staff. There is no question however that a move toward this type of coordination would require upgrading and strengthening the role of the Delegate. This would mark a considerable shift away from present practice, where power is largely based at headquarters, and little real autonomy is given to the field. Reluctance to change the status quo could be one of the constraints against effective country level coordination.

32. There is one area where success will be made or broken by donor coordination, and that is food strategies. Food strategies are predicated on the thesis that low producer prices are the primary cause for the agricultural sector's decline. Hence, their main plank is higher producer prices. In order to curtail the social and political effects such a policy might have on town dwellers through higher food prices, subsidies might be needed to carry the policy over its initial stages. If the IMF and/or World Bank are simultaneously preaching budgetary austerity, the food strategy would be placed at risk. This incidentally illustrates the fact that countries cannot be given contradictory policy advice from various quarters.

33. The EEC will not be setting up food strategies indiscriminately. It does not have either the money nor the staff to do so, even if this were deemed to be a desirable goal. Food strategies are justified where the EEC together with the member states accounts for a major share of total aid, and where there is a key problem to be solved. However, the case of food strategies does highlight an important question, and that is what should the role of multilateral development institutions be within the ambit of such an exercise.

34. The constraints against more intensive coordination are to be found on the side of both donor and recipient, and some are inherent to the nature of coordination itself.

35. Turning to the latter first, operational coordination is both time consuming and administratively expensive. It is also complicated and highly labour intensive work, as opposed to policy coordination which requires limited staff to write policy discussion papers, for example. The Commission at present

does not have the staff to carry out coordination, the relevant department having a total of 6A and 6B officials.

36. There is also unwillingness on the part of member states to give up too much freedom of action, even though such abstract statements need to be tempered by their apparent willingness to dispense with these concerns in the face of a major problem. One is of course referring to Council's acceptance of, and support for, food strategies. The experience of the working groups set up in the four countries concerned, however, has already served to highlight a potential sticking point and that is the difficulty of turning a political decision made at national level into a working method in the field. Old habits die hard.

37. Recipients themselves do not always wish to see total donor coordination, because they see this as possibly tying their hands. However, governments themselves must realize the benefits of increased coordination, as opposed to dealing with donors bilaterally and possibly even playing one off against the other.

38. This brings us to another crucial aspect of better coordination and a programme approach - the recipient's own capacity to provide the administrative infrastructure as well as the political lead for coordination. Often, this will mean setting up a central aid coordination unit. Donors cannot afford to ignore such real difficulties, and must accept to provide the financial and technical assistance which will occasionally be required to help countries overcome them.

39. Thus the prospect is not for a wholesale shift to Community centralisation of aid and development policies, but for a determined and concerted effort to be made in a few key areas where the benefit will accrue to bilateral and EEC donor as well as to the recipient country alike.

Sub-report on the institutional aspects
of the future ACP-EEC Convention

Rapporteur: Mr M. PANNELLA

THE INSTITUTIONAL ASPECTS
OF THE FUTURE ACP-EEC CONVENTION

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INTRODUCTION

This sub-report deals with the institutional aspects of the new Convention between the ACP countries and the EEC.

Although there is no disputing the fact that the Lomé system, via its Convention for cooperation between so many countries at different levels of development, set up a complex, and ambitious institutional structure in which members of the national parliaments may democratically participate, it has to be said that the institutions thus established have frequently not been up to the tasks conferred on them, primarily because of their lack of specific powers to take decisions.

This sub-report will therefore list the criticisms from various quarters concerning the institutional structure of Lomé and thence to derive guidelines for the future Convention.

However, over and above comments on purely institutional matters, the whole system of Lomé is at stake. There seems to be a cloud over relations between the partners to the Convention.

H.E. Mr J.D.V. CAVALEVU, general rapporteur for the last meeting of the ACP-EEC Joint Committee, held in February 1983 in Kingston, said that, while there were clearly certain benefits from the Lomé Convention, 'there were also many shortcomings and disappointments with some of the results, with the manner of implementation of the Convention and with some of its emphases'. For his part, the ACP Secretary-General, Mr OKELO-ODONGO, said that during the two Lomé Conventions the ACP countries' terms of trade had constantly worsened . . . the STABEX system had not seemed to have achieved its objectives. Similarly, the other fields of cooperation had not satisfied the ACP group. In those circumstances it was easy to see why negotiations between the ACP countries and the EEC would be very difficult.

Criticisms from the European side have been scarcely less severe. Mr PONIATOWSKI believes that the empirical development policy pursued by Europe in the past has not produced the hoped-for results, while Mr PISANI, member of the Commission, has described the second Convention of Lomé as the end of a process which has run its course.

It is therefore obvious that ideas for changing the institutional structure cannot be seen in isolation from the context of the Convention. In this sub-report an attempt will therefore be made to draw up proposals for institutional change compatible with the various possible scenarios for cooperation between the EEC and the developing countries.

The Community, aware of the historical importance of its task, therefore needs the widest possible range of new forms of cooperation on the basis of which to embark with its ACP partners on the negotiations for a new, fair and lasting Association (1) Convention promising a better future for all those who are now suffering hunger, destitution and under-development.

(1) The term 'Association' has deliberately been taken from the old Yaoundé Conventions

CHAPTER I: THE LOMÉ SYSTEM

1. Background

The Lomé system, which came into force after the first enlargement of the Community, was marked by the first oil crisis and the consequent uncertainty of energy supplies and by a period in which the Group of 77¹ experienced an unprecedented upsurge of unity and 'class' pride, in calling for a new international economic order, which was consequently hostile to any dependence on former colonial masters.

Moreover, the same decade saw the expansion of Soviet influence in Africa and a drastic increase in deaths from starvation and malnutrition. Above all, the last years of the decade and the first years of the next showed that the ACP States could not be regarded as a unified bloc, but that the political, economic and social disparities between them were growing, leaving the least-developed in dangerously increasing isolation. The case of the mass expulsions from Nigeria is the latest striking example of this.

The philosophy underlying the two Conventions of Lomé was to introduce a series of disparate sectoral measures with a clear preference for the trade aspect and a complete avoidance of any political implications or linkage to the respect for and propagation of human rights. Apparently the ACP countries would not allow any closer links to the former colonial powers. As a result, the Convention of Lomé, and therefore Europe, has practically no impact at political level; any European political presence outflanking the influence of the two super-powers is due solely to preferential bilateral links rather than action by the Community as such.

If, in terms of the international political balance, Lomé is a non-event, its economic results have been little better. Although instruments such as STABEX have been set up under the Convention, albeit encouraging over-reliance on export monocultures, with the consequent discouragement of self-sufficiency in foodstuffs, and although it has brought together a number of such disparate countries as the ACP, the magnitude of the problem of under-development has completely eluded Lomé. One might add that the problem has been general in that the 'structuralist' approach to North-South relations has failed everywhere.

2. Achievements

One thing is perfectly obvious when the results of the two Conventions of Lomé are considered from the point of view of the ACP countries: the decline in the internal food market and the increasing need to import cereals and other foodstuffs. This is a complete anomaly and the European Parliament has, several times, spoken out in favour of a re-alignment of Community development cooperation, centring it on the problem of foodstuffs. It has adopted four resolutions in less than three years on the specific problem of hunger in the world, one of which was described as 'historic' by Mr CHEYSSON, the former member of the Commission, and welcomed by a number of political, parliamentary, religious, cultural and scientific leaders, and in doing so it has attempted to distance itself from the existing policy and invited the Commission and Council to follow the lead set in its debates. The Commission has done so in part and Mr PISANI asked whether, with the Lomé system we had not: '..... perhaps failed to look hard enough into the secrets of under-development? Haven't we failed to pay them the attention they deserve? And, particularly, haven't we failed to bring out the central, decisive role of food and agriculture in the phenomenon of under-development?'(1).

Those are the main criticisms, from various quarters, of a policy which the ACP countries also regard as unsatisfactory in all respects.

Parliament should therefore be making proposals for new ways to extricate the ACP-EEC Association from its present deadlock.

There are various possibilities, and we shall be putting forward a number of them in order to show the scope for cooperation.

3. Proposals for a new Convention

There are several possible scenarios. First of all there is the fundamental question of whether it is even logical to choose little over half of the developing countries (63 out of 120), making them into associated countries

(1)The Courier, No. 76, Nov.-Dec. 1982

(the ACP) to the exclusion of the others. There has been a great deal of debate on this issue, but it has to be raised again, for the closer links between Europe and some of these countries are no longer a valid reason for excluding some rather than others. For example, at the moment it is difficult to see why two countries so much a part of the Russian camp as Ethiopia and Angola should be treated differently, if a new Convention makes no reference to the political aspect. Looking at it from another angle, why should the Central American countries be left out of the ACP system if the logic of Lomé does not refer to respect for human rights?

Whatever the outcome of that argument, future relations between the Community and the developing countries, in this case the ACP, may be conducted along various lines:

- the establishment of a simple free trade area with various trade or other advantages; the Community and the ACP already comprise such a zone in practice, for the Community imposes no customs duty or quantitative restrictions on 99.5% of the products entering it. These arrangements have been criticized for a number of years because of the ACP countries' substantial trade deficit with the Community. This has worsened recently with the decline in oil imports from Nigeria, which also shows that this deficit is largely due to the structure and especially the limited range of ACP exports. The near free-trade zone between the two sides has therefore failed to achieve the hoped-for results and there seems to us to be no question of confining future relations between ACP and EEC to mere commercial relations, moreover at a much lower level than at present. If a decision on these lines were nevertheless taken the institutional structure would obviously be reduced to a minimum;
- renewal of the present Convention with the same developing countries; in this case we should at least have to improve the existing structures, but the lack of a decision-making capability stands in the way of any genuine development in the association which would thus remain incomplete. As Mr CAVALEVU rightly pointed out, 'Today, the reality of power is still very much in the hands of the Community where there continues to be strong resistance to change, although Conventions have come and gone. Thus in the implementation of the Convention the Community has often failed to negotiate and consult where required. And it has tended to impose its own solutions without recognizing the development aspirations of its partner';

Nevertheless we shall make suggestions for the reform of the institutions laid down by the Convention.

- a radically new Convention under which the Europe of the ten demonstrated its will to combat under-development, poverty and hunger in the world. Despite the total breakdown of global North South relations, despite the unwillingness of the United States to reactivate international development cooperation through the UN specialist agencies, despite the hostility of the Soviet bloc countries to any Third World policy which does not involve military and strategic hegemony, why cannot Europe lead the way for the wealthy countries towards a new 'international contract for cooperation, progress and peace'?

The Community would then have to define clearly the aims and objectives of its cooperation and put them to the developing countries as a whole, with the prospect of being joined by only some of them, including, we hope, all the ACP countries.

The objects of that cooperation must be:

- immediately and genuinely to raise the quality of life in the associate countries, substantially to lower the high death rates and to increase life expectancy so as to allow the inhabitants to be the agents in their own development;
- to ensure individual and collective self-sufficiency in foodstuffs among the countries and regions belonging to the Convention, by means of foodstuffs strategies to be negotiated on a country-by-country or regional basis;
- to ensure stable and secure conditions for trade, to encourage industrialization, self-sufficiency in energy and in general the economic and social development of the associated countries.

For these purposes, provision will have to be made for ad hoc agreements between the Community and one or more associated countries or the associated countries as a whole.

In other words, the future Convention would only provide a framework for bilateral or multilateral agreements. For example, the maximum encouragement would be given to the setting-up or strengthening of regional agreements.

Certain concepts of democracy, law and the respect for human rights would also be required for participation in the outline Convention.

If the EEC challenges the international Community to conclude a genuine 'social contract' it should conduct negotiations for accession on the basis of its attachment to certain standards of liberty and justice. The Joint Committee, meeting in Kingston in February 1983, adopted a resolution referring to these priorities as preconditions to any negotiation of a future Convention.

To sum up, the fundamental idea resembles the Marshall Plan for European reconstruction. There is no doubt that the process of European unification and the economic resurgence were heavily stimulated by the desire to link finance to a legal and political cooperation framework (the OEEC), an approach which soon enabled the European countries to form a series of common international or supra-national institutions and to strengthen their common attachment to democracy and legality which had been suspended in the late Thirties and first half of the Forties.

These ideas should be reflected in the preamble and objects of the association set up by the new Convention; a number of individual aspects of this matter are dealt with in paragraph 1 of the third chapter of the sub-report.

To the present institutions, whose respective role would be strengthened, an Association Council might be added comprising the Heads of State and Government of the Member States, to meet once a year to fix the guidelines for the Convention and take stock of results. Once the various institutions under the new Convention are given greater powers, disputes may arise, to settle which a genuine Court of Justice may be required, existing procedures under Lomé 2 having become inadequate. The present Convention would therefore have to be amended as per Chapter III (2) of the sub-report.

CHAPTER II: THE ACP-EEC ASSOCIATION INSTITUTIONS

1. ACP-EEC Council of Ministers (known as the Council)

The Council is the keystone of the institutional arrangements for relations between the ACP and EEC under Lomé II. It is referred to in Articles 163-169, 171, 173, 174, 176 and 177 of the second Convention of Lomé, in which its powers are set out. Its role and its operation are further defined in its Rules of Procedure.

It consists of members of the Council and Commission of the European Communities and one member of the Government of each ACP State, and normally meets once a year. The office of President is held by an ACP member from 1 April to 30 September and from 1 October to 31 March by an EEC member.

Its meetings are not public and its proceedings are covered by professional secrecy unless otherwise decided. It acts by mutual agreement between the Community on the one hand and the ACP States on the other. Each side shall, by means of an internal protocol, determine the procedure for arriving at its respective position. On the EEC side the rule is unanimity.

The work of the Council is prepared by the ACP-EEC Committee of Ambassadors, to which it may also delegate some of its powers.

The Council has a triple role; to define the broad outline of the work to be undertaken in the context of the application of Lomé II, to review the results and take such measures as may be necessary for the attainment of the objectives of the Convention, and to settle any differences which might arise between the parties. Its decisions are binding. It may also formulate resolutions, declarations, recommendations and opinions which are however not binding. The Convention also requires it to publish an annual report for the Consultative Assembly and to arrange contacts between the economic and social sectors of the Member States and of the ACP States.

Under Lomé II, by comparison with Lomé I, the Council's operation has been improved and its role diversified, in particular by the delegation of powers to the Committee of Ambassadors and the establishment of a number of committees and sub-committees. The system of A, B and C items for the voting arrangements has been introduced, similar to that applying in the Council of the European Communities. The time thus saved should be used to concentrate on the political aspects of certain topics related to the Convention, putting ACP-EEC relations in a world context.

In fact, at its 1981 meeting, the Council had little time to deal with world problems and, apart from the debate on the Generalized System of Preferences and the erosion in raw material prices, it had to concentrate on the routine problems of implementing Lomé II. Although it was on the agenda, the campaign against hunger in the world was not debated for lack of time. The Council agreed that the question would be raised at the following meeting(1). The press release issued at the end of the meeting stated badly that the Council of Ministers had noted the resolutions from the Consultative Assembly and the Joint Committee.

The Council held in Libreville in 1982 was not much less restricted, for it concentrated for the most part on a solution to the thorny problem of the shortage of resources for STABEX refunds, the breakdown of negotiations on the price of sugar and the reallocation of the sugar quotas.

In general, the conclusions reached by the Libreville Council (attended by only a dozen or so ACP Ministers) fell some way short of the hopes of those taking part that they could have made a start on preparations for the future rather than having to deal with the routine affairs of the Convention.

Mr CAVALEVU, general rapporteur for the ACP-EEC Consultative Assembly, probably shares this view. At the Joint Committee meeting held in Kingston (Jamaica) between 21 and 25 February 1983 he delivered a general statement including an assessment of the operation and activities of the Council of Ministers:

(1)It was not

'81. The Council of Ministers has degenerated to a "super Committee of Ambassadors" because a sufficient number of Ministers do not attend meetings. The ACP Ministers having travelled great distances to Europe for meetings have often encountered situations where EEC Ministers are either not available or cannot take the necessary time to properly discuss the issues. As a result, the Council has tended to become a forum for a mere hurried exchange of views. This has caused a lack of interest on the ACP side in attending.

82. Also, certain issues have remained on the agenda without progress for so long - some for almost as long as the ACP/EEC Convention has been there, for example, the question of supply of available agricultural products - that ACP Representatives have become disillusioned. As someone said, there seem to be more cases of indecision than decision. This obviously cannot go on in our model Convention.'

It has to be added that the Council, like the two other institutions under Lomé II (Committee of Ambassadors and Consultative Assembly) has no actual power. It lies elsewhere, with the organs of the Community, especially those administering financial and technical cooperation. Moreover, its decisions depend on agreement within each of the two sides, and agreement by the European side requires unanimity(1).

In fact, it is a mechanism rather than an institution, and far removed from the expansive principles proclaimed in the preamble to the Convention. The most important decisions actually lie outside the remit of the Council. For example:

- the apportionment of EDF loans among the ACP States, which is determined by the Council of the Community on a scale taking account of the GNP, the per capita GNP, demography, geographical location, etc. of the various ACP States;
- projects to be financed by the EDF are chosen by the Community authorities (Commission, EDF Committee, EEC Council of Ministers) from the applications submitted by each ACP State.

(1)Article 1 of the internal agreement on the action to be taken and procedures to be followed in the implementation of Lomé II.

2. The ACP-EEC Committee of Ambassadors (known as the Committee)

The Committee has been in existence since the first Convention of Lomé came into force and, at least in theory, its powers have not changed much under Lomé II. With a few exceptions the articles referring to the Committee in the two Conventions of Lomé are identical.

In practice however the role and powers of the Committee have considerably expanded since Lomé II came into force, and this would seem due mainly to the personal qualities of some of its chairmen and/or members.

Articles 163 and 169-174 of Lomé II refer to the Committee. Its role and operation are further defined by its Rules of Procedure and various decisions of the ACP-EEC Council of Ministers.

It is composed, on the one hand, of one representative of each Member State of the Community and one representative of the Commission and, on the other, of one representative of each ACP State. It meets at least once every six months.

The office of chairman of the Committee is held alternately, for six months at a time, by a representative of an EEC Member State and a representative of the ACP States. Its meetings are not public and its proceedings are covered by professional secrecy, except when decided otherwise. Like the ACP-EEC Council of Ministers, it acts by mutual agreement between the Community on the one hand and the ACP States on the other. The position of the Community representatives has to be decided unanimously.

The Committee derives its powers from three sources:

- the second Convention of Lomé, according to which it assists the Council of Ministers and supervises the work of all the committees and all other bodies or working groups established under Article 171(5) of the Convention; it is also the supervision authority for the committee on industrial cooperation and the agricultural development centre; together with the Article 108 committee it periodically considers differences arising in the course of financial and technical cooperation;

- its Rules of Procedure adopted by the ACP-EEC Council of Ministers, Article 15 of which appoints the various committees and sub-committees to assist the Committee of Ambassadors in its duties. The committees are as follows: the customs cooperation committee, the bananas group and the committee on industrial cooperation; there are sub-committees on trade cooperation, the stabilization of export earnings, sugar, agricultural and rural cooperation, financial and technical cooperation and the specific problems of the least developed, land-locked and island countries. It may set up others where necessary. The frequency of meetings depends on the subject matter and its urgency. Some of the committees meet very frequently.

The committees and sub-committees submit their reports to the Committee;

- decisions by the ACP-EEC Council of Ministers; four of these were taken in 1981 (on 10 April) delegating powers to the Committee of Ambassadors. In 1982 it was also authorized to appoint members of the Article 108 committee at ministerial level.

The comments on the ACP-EEC Council of Ministers also apply to the Committee as the two organs are closely linked. Moreover, instead of becoming a body in which a consensus between partners is reached, it has very often become the stumbling block for any possible agreement. The recent case of the ACP students in the EEC clearly shows how, although it was instructed by the Council to deal with the problem, it was prevented from doing so by a veto cast by certain European representatives who would not even accept the principle of discussing the matter. Perhaps it would work better if the Member States of the Community agreed to the principle of appointing a permanent ad hoc representative to the ACP-EEC Association. This would increase familiarity with the issues and speed of decision while giving the representative a greater interest in the affairs of the Association.

The general rapporteur, Mr CAVALEVU, probably shares this view in his assessment of the activities of the Committee under Lomé 2:

'101. The Committee of Ambassadors has been steadily becoming more and more confrontational, indecisive, preoccupied with formalities rather than substance and even sometimes at variance with the direction of the Council of Ministers.

'102. Many people I have spoken to dread the approach of the next negotiations if the present "hard line" attitude is allowed to continue.

'103. Looking at the record of its performance, it appears clear that there is need for greater political intervention in certain aspects of ACP/EEC relations in order to lift matters out of the present "doldrums".

3. The ACP-EEC Consultative Assembly and Joint Committee

The Consultative Assembly and Joint Committee of the Convention of Lomé are regarded as the 'parliamentary' equivalent among the ACP-EEC institutions, in a pattern similar to that of the Treaty of Rome. However, these bodies have very limited powers and their influence is modest compared with that of the Council and Committee of Ambassadors.

Their composition reflects more the diplomatic balance than a desire to unite elected Members of Parliament from Europe and the ACP countries in a forum for confrontation and debate. In fact, while the Convention of Yaoundé provided for a true parliamentary conference, in the negotiations on Lomé 1 the ACP side rejected the very principle of a parliamentary body. It took prolonged efforts of persuasion by the EEC to achieve the establishment of a Consultative Assembly which provided for the participation on the ACP side of 'Members of Parliament or representatives designated by the ACP', who are for the most part national diplomats or officials. This apparently retrograde step by comparison with the Yaoundé arrangement has not however prevented the Assembly and the Committee from establishing the bases for cooperation which over a period of years has produced generally positive results. While it is true that the most active ACP representatives within the parliamentary institutions are in fact the Ambassadors stationed in Brussels, it is undeniable that from a purely technical point of view this has enhanced the quality of debate and gives the best possible picture of the true attitudes of the various countries towards all issues arising from the Convention, which it would frequently be more difficult for a member of of a national parliament to provide. Moreover, as most ACP countries have one-party systems, there could be no real confrontation between ACP parties and the European parties. While hoping for progress, we must face the facts and concentrate on the real problem facing these institutions, which is their actual role under the Convention.

With no power to take binding decisions, the Assembly and Committee, whose respective responsibilities are well known, do in fact have a very restricted influence on matters arising under the Convention. First of all, they consider the annual report on the state of the Convention forwarded to them by the Council, which colours their activities for the whole year, as the Council's report is debated by the Joint Committee at its winter meeting and is then adopted by the Consultative Assembly at its autumn session.

In practice, these bodies have extended their activities to the drawing up of other reports on individual aspects of the Convention and, since 1980, the drafting of a report on hunger in the world as an individual topic, i.e. considered separately from the wider context of under-development. At a more specifically political level, the ACP countries have, over a number of years, obtained agreement for a document to be devoted to the problem of Southern Africa, on which a consensus in principle is now emerging between the European and ACP sides.

As we have said, these documents have little impact. Having to reconcile varying and frequently diametrically opposed demands and to search for a compromise at any price to avoid the use of the veto, which is the result of the separate voting system, has hampered the decision-making process, which means that the lowest common denominator usually prevails; this sometimes produces surprising results, as in the case of hunger in the world, on which the Assembly adopted unaggressive texts imposing no binding timetables, unlike the European Parliament.

The institutions are also paralysed by their complete financial dependence. Every meeting has to be authorized by the Bureau of the European Parliament, the European Parliament supplies the officials and technical services, and reimbursement of expenses is frequently charged to the European Parliament's budget rather than to that of the bodies provided for by the Convention of Lomé. As any national or international body requires financial independence if it is to operate properly, a system must be set up providing a minimum of administrative and financial independence.

The following specific criticisms of the present system might be made:

- the lack of homogeneity between the European and ACP elements, although it has already been said that this problem related more to the structure of the associated countries than to the nature of the ACP-EEC institutions;

- the appearance of unity but the fact of two separate elements side by side, Europe and the ACP countries, each of which elects its own representatives to the Bureau and votes separately, a situation harking back to the Estates General in pre-revolutionary France, and which sometimes has very serious results, as where a veto by 7 or 8 European members present in the Chamber is enough to block amendments voted by the ACP representatives as a whole (e.g. Luxembourg in 1980 and Rome 1982);
- the parliamentary institutions' lack of any real influence under the Convention; the practical impossibility of putting questions to the Council, although the Assembly's rules of procedure provide for it;
- the duplication of effort by the Assembly and the Joint Committee, which often debate the same document separately on consecutive days;
- the absence or, at least, inadequate development of a political role, other than in connection with Southern Africa, whereas that is the only role which could justify the existence of the Assembly and the Joint Committee;
- the complete financial dependence and consequent inability to plan a calendar of ad hoc meetings and in general to adopt the provisions required for the operation of a parliamentary body.

4. Proposed changes

On the basis of what we have said about the operation and effectiveness of the Council of Ministers and the Committee of Ambassadors, it is essential to strengthen their political, mediatory and guiding functions.

Too often in the past the Council of Ministers has been burdened with routine matters concerning only a few of the ACP countries, taking up the time in which it should have been considering large-scale joint action. It is perhaps not a question of changing its powers in the new Convention - the relevant articles in Lomé 2 seem adequate at first sight - but of exercising those powers more rationally. If necessary, Article 166(3) could be used. The adjustments will have to be made in its rules of procedure.

However, one might envisage endowing the Council with new powers in respect of joint decision making. The idea would be to give it powers in respect of guidelines and the follow-up to specific schemes; it might also be authorized to make certain amendments to the protocols in welldefined cases. Article 168(11) could be strengthened and used more fully so as to avoid making it too easy for one or the other side to block a subject. Finally, to fit it for its role in defining political guidelines, it must be enabled to set up committees or sub-committees, not simply to solve individual problems but also, and most importantly, on the basis of regional interests. These committees should not be formally listed in the new Convention; they are to be set up at the discretion of the Council.

The Committee of Ambassadors, with improvements to its procedures, should remain a permanent body in the institutional system responsible for deciding the agenda and preparing the work of the Council and for supervising the application of the general provisions and reporting on it to the Council. Finally, as required and when delegated to do so by the Council, it should be able to adopt provisions implementing the new Convention.

What we have said about the Council's rules of procedure also applies to the Committee.

If the parliamentary institutions are to be given an active role commensurate with the problems raised by the Convention and more generally by the form of cooperation between the EEC and ACP, a number of changes to the present situation need to be made. First of all the parliamentary nature of the institutions must be stressed, while allowing the ACP to designate non-elected representatives. It is important for the European side to stress its attachment to the values on which our democratic civilization have been based and which we should eventually like to see universally accepted. Perhaps one might introduce a rule that every ACP State having a parliament must be represented by a member appointed by name from that parliament. Only that member or his substitute would then be allowed to vote on behalf of those States.

Secondly, the powers of the Consultative Assembly should be extended, and in particular its resolutions given a certain binding force. For example it might be laid down that the deliberations of the Consultative Assembly be automatically included on the agenda of the Committee of Ambassadors. Perhaps the scope of Article 175(6) of Lomé 2 might be amended so that the Assembly no longer felt obliged to report fully on the Council's annual report. In the light of topical issues or major international problems it might perhaps devote its annual report to some definite aspect of cooperation. It might also perhaps be given the right to be consulted in the event of amendments to a protocol, for example.

The current arrangement for voting and the appointment of members of the bureaux should be abolished and a voting system introduced to take only partial account of members' origin. Thus, while for the purposes of the composition of the presidential bureaux and the quorum, membership of the European or the ACP side should be taken into account, all voting would take place according to strict parliamentary traditions. So no separate voting.

Of course, to avoid any excesses or votes representing only one of the two sides, texts will be adopted by a qualified majority of two thirds of the votes cast. This will ensure observance of the basic principle, for, if the Europeans as a whole cannot vote for a text supported by the ACP, or vice versa, they can always deprive it of the majority required. This system therefore has the advantage of making the Assembly and Joint Committee worthy of their status as parliamentary bodies, while preventing proposals from being accepted if they lack the support of one entire side.

On the matter of the duplication of effort by the Consultative Assembly and the Joint Committee (why not call it 'Commission paritaire' in French as it used to be under Yaoundé: English would remain 'Joint Committee'), the Assembly should meet for one major session every 12 months, lasting at least ten working days. The composition of the Assembly would remain as it is now. During its sessions all other meetings of the European Parliament would be suspended and the Assembly should be able to consider any political issue relating to the Convention or North-South problems in general.

The Joint Committee itself should meet at least twice a year and concentrate on more technical and specialist subjects. The Committee should be regarded as a kind of 'Grand Commission' on the lines of those set up by other international intergovernmental organizations. It would be undesirable to provide for regional or other representation, on the Committee, comprising representatives of all the States which freely agreed to accede, in view of the wide diversity of the interests and character of each associate State. The Joint Committee and it alone would be responsible for any text for debate and possibly for any interim powers. It may establish ad hoc committees with precise and limited terms of reference.

There must also be the possibility of forming mixed political groups. This would noticeably increase the Assembly's impact just as the same process helped the Community Assembly in the early days. Of course nobody would be forced to join a group or to propose that one be set up, but it seems important to state the principle.

The working languages for the Joint Committee, which consists of EP and ACP cooperation 'experts', could be kept down to two. Limiting translation and interpreting to English and French should reduce costs and increase efficiency.

Finally, the financial question should be settled by the establishment of a separate budget for these two institutions; it might be adopted by a procedure similar to that for the Community budget and financed by contributions from the Member States of the Convention and of the EEC, according to the scale used by international organizations.

The following chapter contains various proposals for changes to those parts of the second Convention of Lomé referring to the ACP-EEC Consultative Assembly and the ACP-EEC Joint Committee.

CHAPTER III: PROPOSED AMENDMENTS

1. Preamble, objects and members of the Association

Preamble:

Convinced that the consolidation of peace based on justice, development and international cooperation is vitally important for the preservation of human society and civilization;

Resolved to intensify their efforts to establish a model for relations between developed and developing States compatible with the aspirations of the international Community towards a more just and more balanced international economic order;

Aware that a strong and prosperous economic order is an essential factor in attaining the objects of the United Nations, safeguarding individual liberties, increasing general welfare and helping preserve world peace;

Whereas the extermination of millions of human beings each year by hunger, malnutrition, poverty and underdevelopment is an intolerable scourge and whereas all economic development must start with the elimination of hunger and malnutrition so that the peoples on the brink of extinction today may become the agents of their own development;

Conscious in this context of the special importance of agricultural and rural development in the ACP States and the need to give priority to efforts to this end.

wishing to demonstrate their common desire to maintain and develop the friendly relations existing between their countries;

Unshakeably attached to the spiritual and moral values constituting the common heritage of their peoples and determined to defend the principles of individual, political and economic freedom, the rule of law and the right to life which are at the root of all true democracies;

Having regard in particular to the existence of Covenants on civil, political, economic and cultural human rights ratified by most member states of the international community;

Convinced, that if these ideals are to be safeguarded and progressively to gain ground, and social and economic progress to be encouraged, a closer association between the countries inspired by the same feelings is necessary;

Have decided to establish the ACP-EEC Association and for that purpose have adopted this statute:

Object:

1. The object of the Association is to ensure the economic and social development of the developing countries, starting with the survival of the peoples now threatened by extermination by hunger and malnutrition, in order to bring about a closer union between all its members, based on the ideals and principles which are their common heritage.

This object is to be achieved by massive aid to the economies of the developing countries, by the adoption and implementation of strategies for self sufficiency in foodstuffs, by the rebuilding of the domestic markets in foodstuffs, by the elimination of hunger and malnutrition, by the encouragement of trade and by the security of energy supplies.

This object shall be pursued by the organs of the Association via action in the sectors laid down in the Convention, the conclusion of specific agreements, the adoption of joint measures in the economic, agri-foodstuffs, social, cultural, scientific, legal and administrative fields, and by the furtherance of human rights and the fundamental freedoms.

Members:

2. The members of the Association shall be parties to this statute.

3. Each member of the Association shall acknowledge the principle of the rule of law, and the principle under which all persons within their jurisdiction must enjoy the human rights and fundamental freedoms set out in the international covenants of 1966.

2. Organs and institutions

The Association's objects shall be carried out by:

- an Association Council
- a Council of Ministers
- a Consultative Assembly and
- a Court of Justice

Each institution shall work within the terms of reference assigned to it by this Convention.

The Council of Ministers will be assisted by a Committee of Ambassadors.

The Consultative Assembly shall be assisted by a Joint Committee.

Art. (new)

1. The Association Council shall consist of the Heads of State and Government of the members of the Association and the President of the Commission of the European Communities.
2. The proceedings of the Association Council shall be valid only if two thirds of the EEC representatives and two thirds of the ACP representatives are present.
3. The Association Council shall define the broad outlines of the Convention and consider the results and progressive achievements of the Association. The decisions of the Association Council shall be executed by the Council of Ministers after consulting the Assembly.
4. The Council shall meet once a year.

Art. (new)

The Court of Justice of the Association shall ensure that the law is observed in the interpretation and application of this Convention.

The Court shall have jurisdiction in all disputes concerning the interpretation or application of this Convention arising between one member State, several member States and between the EEC and the associated States.

Any individual who considers that a member State, several member States, the EEC or other associated parties have failed to meet an obligation under this Convention may bring an action before the Court.

The Court shall consist of 14 members, 7 from the EEC and 7 from the associated countries; the latter shall be assisted by 6 advocates-general, 3 from the EEC and 3 from the associated States.

3. Consultative Assembly and Joint Committee

Article 168(12) (new)

In its annual report the Council of Ministers shall publish a detailed draft budget showing the appropriations set aside for the two parliamentary institutions, on the basis of a preliminary draft drawn up by the Joint Committee and forwarded to the Council not later than 30 April each year; the Council's draft budget shall be placed before the Consultative Assembly not later than 30 June each year.

The Assembly may amend it without increasing the total amount of expenditure and shall then adopt the budget.

Article 175

1. The Consultative Assembly of the ACP-EEC Association shall consist of representatives appointed by the Parliaments of the ACP States from among their members, two from each State, and an equal number of representatives appointed by the European Parliament from among its Members.

(Article 1 of the Rules of Procedure of the parliamentary institutions of the Convention of Yaoundé)

In the absence of a parliamentary delegation, representatives may be appointed by the ACP governments.

2. The Consultative Assembly shall consider the broad outlines of the implementation of this Convention, ways and means of strengthening cooperation between the Community and the ACP States and any other matter it considers as relating to the problems facing the member States of the Association.
3. The Consultative Assembly shall submit to the Council of Ministers and the Committee of Ambassadors any conclusions and any resolutions it considers appropriate.

The proceedings of the Consultative Assembly shall be entered on the agenda for the first meeting of the Committee of Ambassadors following their adoption.

4. The Consultative Assembly shall adopt its Rules of Procedure and elect its Bureau; the latter shall consist of 6 European and 6 ACP members.

Each candidate must be nominated by at least 5 members.

5. The Consultative Assembly shall meet at least once every twelve months for a period of not less than ten actual sitting days.
6. The Consultative Assembly shall consider the annual report drawn up under Article 168(5)(existing text).
7. The proceedings of the Consultative Assembly shall be prepared by a single committee entitled the 'Joint Committee', a permanent organ of the Assembly responsible for the continuity of the parliamentary work of the Association. (Article 20 of the Rules of Procedure of the parliamentary institutions of the Convention of Yaoundé).

The Joint Committee shall consist of one representative from each ACP State and an equal number of Members of the European Parliament.

The Joint Committee shall elect its Bureau consisting of six European members and six ACP members.

Each candidate must be nominated by at least five members.

The committee shall meet at least twice a year.

Each meeting shall be convened for a period of not less than five actual sitting days.

The working languages of the Joint Committee shall be English and French.

8. The members of the Consultative Assembly may form themselves into groups according to their political affinities.

A minimum of members shall be required to form a group if they are exclusively European or ACP members respectively, and members if not.

9. The Consultative Assembly and the Joint Committee may deliberate, settle their agendas and approve the minutes of proceedings whatever the number of members present.

A quorum shall exist when one third of the European members and one third of the ACP members are present.

A proposal put to the vote shall be deemed adopted only if it receives two-thirds of the vote cast.

The vote shall be taken by the roll call if so requested by at least five members of a political group.

10. The Consultative Assembly shall adopt its operating budget and that of the Joint Committee on the basis of a draft budget submitted to it by the Council.

Sub-report on the financial aspects
of the successor agreement to Lomé II

Rapporteur : Mr PEARCE

FINANCIAL ASPECTS OF LOME III

Preface

1. Any discussion on the nature and value of the Community's financial assistance to developing countries must be seen in the context of different factors outlined below.

1.1 The Community is the single largest provider of development aid at the present time. 35.6% of all development aid was provided by the European Community Member States in 1981. Figures for other major donors are as follows:

USA	20%
Japan	9.3%
OPEC	19.6%
USSR	4.4%
Others	11.0%

We should take pride in this fact, particularly when we consider the paltry contributions of the Soviet Union, despite its polemic on helping developing countries.

1.2 The Community collectively also provides the largest contributions of foreign private investment in developing countries. About \$8 billion has been provided annually in the mid-1970s which is about 12% of the total annual flow of resources to the Third World.

1.3 It is sometimes felt that simply by increasing the amount of funds granted as aid, the problems of development will disappear. This facile assumption has been shown to be untrue. Small amounts of money channelled through NGOs can often be of benefit to a much larger number of people than large prestige projects that have been built with aid money in many countries. We should emphasise much more the need to make effective use of aid funds; to evaluate carefully their contribution to a community and use these evaluations for the allocation of funds in future.

1.4 It is also important that the activities carried out are in line with the circumstances extant in developing countries. Development activities should maximise local skills and resources and not in any way restrict indigenous attempts at self-reliance. Equally there is little point in setting up activities that cannot be sustained because there is an absence of the relevant skills in the indigenous population. Such allocation of resources can only be made in conjunction with local governments. It is important that there be a genuine two-way policy dialogue between the Community and the recipient government to ensure that Community funds are used to best effect.

I. Priorities

- A. As regards each beneficiary country, a profound attempt should be made by the Commission, in collaboration with the authorities of the country concerned, to determine whether the main impediment to economic growth is
1. lack of physical capital (infrastructure and industrial and agricultural equipment)
 2. lack of foreign exchange brought about by recent conditions in raw material markets, by the trend in oil prices or by excess consumption of imported goods
 3. lack of skills in the workforce, making production inefficient and wasting capital resources
 4. an excess of demand in the home market due to population growth, bad monetary management or excessive consumption by certain elements of the population.

II. Size of funds

The total of aid to be given under the new Convention is important but it must be seen that trade will ultimately benefit developing countries more than aid and that in the long run countries must develop by their own efforts. Developed countries can and should aid the process: they cannot replace it by merely handing out funds.

- A. The size of funds made available under the new Convention should be based upon
1. the "percentage of GDP" targets accepted by Member States, recognizing that progress towards these targets will be slow in the prevailing economic circumstances. Moreover, it should be properly recognized that both in terms of investment volume and in terms of money put into the economy, it is the total flow of funds that matters, not merely official development assistance; this should lead to fuller study of the flow of private funds (sometimes greater than ODA) and greater efforts to increase them.
- B. The following points should be taken into account in assessing the volume of the fund
1. the need for a complete cessation of "official development assistance" to eliminate difficulties due to double-counting, military-related aid, tied-aid and aid to pieces of Community territory and associated territories

2. the level of aid received bilaterally from Member States, as well as from donor countries and bodies outside the EEC
3. the totality of Community aid, whether budgetised or not
4. the rate of disbursement of funds under the various EDFs - the rate of paying out is more important than the rate of promising and is at present far too slow, not least because of the fall in the value of money
5. the level of EIB lending could and should be increased within existing statutes.

III. Private investment

- A. The role of private investment should be greatly enhanced by
 1. setting up and putting into force proper arrangements for protection of investments, repatriation of profits and payments of trading debts (but avoiding the Community itself becoming a guarantor)
 2. better linking into national development plans of the effects on imports and exports of investment from abroad
 3. the creation, by appropriate political and economic measures by the national governments, of a climate in which indigenous and foreign investment will take place and flourish
 4. particular assistance might be given to the better provision of risk capital by local banking systems.

IV. Effectiveness

- A. Attempts should be made to improve the effectiveness of aid by
 1. gearing it more effectively to the particular conditions and development plans of each recipient country in contrast to the present arrangements which apply one set of aid techniques across the board benefiting, almost by chance, some countries more than others
 2. avoiding particularly "prestige" projects, projects which enhance import rather than exports, projects which reduce self-sufficiency and, in general, projects based on levels of skill or technology not generally available in the country concerned
 3. re-examining afresh how to coordinate Community aid fully with other donor agencies without embarking on types of cofinancing which rob the Community of the power to pursue its own priorities and to be responsible for its actions
 4. providing some mechanism for expanding the carry-over arrangement between the new Convention now under consideration and the one that may possibly follow without entering into permanent commitments which may become irrelevant with the passage of time

5. clarifying the purpose of Stabex much better - i.e. reasserting that it is aid to producers to cope with short-term price fluctuations, and neither just general balance of payments support nor a long-term price floor for commodities, some of which are in structural decline - and insisting that these purposes are achieved; also providing a better level of guarantee to beneficiary countries as to receipts of aid if their particular circumstances lead to their meeting the conditions for benefit
6. recasting food aid so that it is clear that its purpose is relief of starvation in emergency circumstances, and not balance of payments support or reduction of EEC surpluses.
7. increasing the proportion of aid spent on education and training, especially low level technical training
8. the Commission's use of consultants should be tempered where recipient countries have a fair measure of expertise themselves.

V. Consultation

- A. Decisions about aid to be given should be taken in a more open manner and after wider consultations, notably
 1. there should be earlier and fuller consultation with the authorities of the recipient countries about the Convention as a whole and there should be direct and full consultations between the Community's decision-making body for projects, i.e. at present the EDF Council and Member State officials and representatives of each ACP country about its projects; similar arrangements should apply to all other aid disbursements
 2. the allocation of total aid available between recipient countries should be carried out earlier and much more openly than at present
 3. each beneficiary country should be less dependent than at present on circumstances outside its control or knowledge for application of the Convention; this refers particularly to the present Stabex and Sysmin and food aid operations
 4. the European Parliament, speaking for the people of Europe, should play a full part in the shaping of the Convention and should exercise normal parliamentary scrutiny over its operations and should have full information to fulfil this task; the budgetisation of the EDF is indispensable to this and should be insisted on by Parliament even to the point of rejecting the normal Community budget until the point is accepted
 5. it should be possible for the aid package to be varied during the course of the Convention, after consultation with appropriate bodies, in the light of circumstances arising.

Sub-report on education and cultural aspects

Rapporteur : Mr P. VERGES

I. THE PRESENT SITUATION AND FUTURE PROSPECTS WITH REGARD TO
EDUCATION IN THE ACP COUNTRIES-----

1. The present situation

a) Numbers enrolled in education

1. In 1978, the number of children enrolled in primary schools in all the countries of Sub-Saharan Africa was equivalent to 63% of the age group concerned¹. The figure for boys was 75% and for girls 58%.

It should be noted that in 14 countries the overall percentages for primary school enrolment were 50% less.

2. In the case of secondary school education in 1978 enrolment numbers represented 13% of the age group concerned.
3. In 1977, 1% of the population aged between 20 and 24 were enrolled in higher education.

b) Adult literacy rate

4. In 1976, only 28% of adults were literate¹. Although no precise figures are available illiteracy seems to be far more widespread among women².

c) Budget expenditure on education

5. The World Bank points out that schooling accounts on average for around 16% of all public expenditure, more than any other government function except general administration. It also points out that between 1972 and 1978 the annual rate of increase in expenditure on education was 13%, the highest rate of any budget item with the exception, once again, of general administration.³

¹World Bank, Accelerated Development in Sub-Saharan Africa, 1981, p.181 - see Annex I

²UNESCO Courrier, January 1983, Education for All, p. 11 of French Edition.

³World Bank, op. cit., p.81 and 184-185. Expenditure by the industrialized countries on education represents just under 11% of all public expenditure.

2. Developments over the last two decades and future prospects

6. This brief account of the present situation and stark set of figures should now be considered in the context of both past developments and future prospects.

a) Progress over the last two decades...

7. With regard to the last two decades, it is important to note the very low level of schooling in the countries concerned at the beginning of the 1960s and, therefore, the considerable progress which has been achieved during the last twenty years. The number of children attending the primary schools has trebled in Africa, enrolment figures for secondary education have increased by 636% and there has been an increase of over 700% in enrolment figures for higher education.⁴

8. In budgetary terms, as pointed out above, this development has meant a high rate of increase in expenditure on education.⁵

b) Population Trends

9. The future should see a continuation and even acceleration of the race between education programmes and an unequalled growth in population.⁶ According to the estimates of the World Bank, the population of Sub-Saharan Africa will increase from 353 million in 1980 to 639 million by the year 2000.

It is predicted that the annual growth in population, which averaged 2.7% between 1970 and 1979, the highest in the world, will continue to increase and reach 3% during the next two decades.

c) Limits on the development of education programmes

10. When assessing the financial and budgetary implications of these population forecasts and the direct impact they will inevitably have on education, the following three basic points must be borne in mind:

- education already claims a large share of public expenditure as was pointed out above.⁷
- according to the results of a study of primary education in 27 African countries carried out during the 1950s and 1960s, increases in enrolment figures involve a more than proportional increase in the cost of education.⁸
- a larger share of the available funds will have to be used for external purchases, in particular food products.⁹

⁴ ACP-EEC Courier, No 73, May-June 1982, p.51-52

⁵ See paragraph 1(c)

⁶ ACP-EEC Courier, No.46, November-December 1977, p.27 of French edition

⁷ See paragraph 1(c)

⁸ World Bank op.cit., p.85

⁹ Common Crisis, 2nd Report of the Brandt Commission, 1983, p.123 of French Edition

II THE DEVELOPMENT OF HUMAN RESOURCES : A DUAL PURPOSE

1. Education as a fundamental right of the individual

11. Reference should be made in this context to the Universal Declaration of Human Rights, adopted by the United Nations General Assembly on 10 December 1948, Article 26 (1) of which states:

'Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit'.

12. With regard to Africa in particular, reference should also be made to the Lagos Plan of Action adopted in April 1980 by the Heads of State and Government of the Organisation of African Unity. Paragraph 3 (iv) of the introduction to this document states:

'More particularly, we undertake individually and collectively, on behalf of our governments and our peoples :

- a) to give priority to all matters relating to the development of human resources, beginning with the elimination of illiteracy; '

2. Education as an essential means of development

13. This reference to the development of human resources by the Heads of State and Government of the OAU meeting in Lagos for the Second Extraordinary Session of the Conference of Heads of State and Government of the OAU, which was, as its title indicated, exclusively concerned with the examination of Africa's economic problems, is of particular importance and meaning. It in fact confirms the importance which the highest political authorities attach to the development of human resources as an essential requirement and appropriate method for the attainment of collective self-reliance, the ultimate objective of the Lagos Declaration.

14. The conference held in Harare in July 1982 under the auspices of UNESCO, at which the African Ministers of Education and Economic Planning met together for the first time, was a clear reaffirmation and demonstration of this link between the development of education and national economic development.

15. Increasingly, education is seen to be an essential means of development and viewed as a profitable economic and social investment. The World Bank points out that 'if one measures the output effects of more education by rate-of-return analysis, investment at all levels of education still appears to produce a relatively high yield. 10 '

The World Bank also points out that the effects of education are felt not only in the modern wage-earning sector but that 'farmers and self-employed people in the urban sector are now thought of as contributing more to the country's economy if they have a higher level of education. 10 '

16. In its World Development Report for 1982, the World Bank describes in greater detail the results obtained from a study of 800 farming families in a poor region of Nepal.

Among the beneficial effects of better education in this region it mentions in particular 'the close connection between a farmer's level of education and the efficiency of his wheat production.¹¹'

17. It should also be emphasized that 'the elements of human development - health, education, nutrition and birthrate reduction - are closely interrelated. Improvements in one area can facilitate improvements in others and reinforce all aspects of development¹² . '

Particularly important in this respect is the beneficial effect which better instruction of women could have in terms of a lower birthrate rate and better hygiene and nutrition.

This is revealed quite clearly in the report on the study carried out in Nepal, referred to above, which states that ' it appears that men and women who have at least some education , are always in advance of others in improving the efficiency of their agricultural methods, making use of information on health and nutrition and finding out about family planning. '

11 See Annex II

12 World Bank, World Development Report 1981, p.97

III. NEED FOR NEW COMMUNITY ACTION IN THE FIELD OF EDUCATION

1. The reasons for Community action

18. The description of the present situation and the outlook for the future, indicating in particular an increase of over 80% in the population, i.e. 285 million more people by the end of the next two decades, demonstrates clearly both the gravity of the present situation and, more important, the danger of a considerable deterioration in education in the coming years if no major action is taken.
19. The European Community itself takes note of the on-the-spot surveys and studies which increasingly indicate the importance of improving human resources as an essential aid to development, and emphasizes the connection between education and economic development. The Commission in fact proposes basic training as one of the areas for action under its special programme to combat hunger in the world¹³.
20. The European Community, which is neither a state nor a traditional multilateral institution, seems particularly well-qualified to make a specific and useful contribution in this area because of the possible size and scope of its action and also because of its ability to coordinate planning and development¹⁴.

2. The scope of Community action

21. If the European Community intends to participate fully and effectively in the development of the ACP countries in the years to come, it must take direct action in the specific area of education and training.

Education and training must be treated not only as a field in its own right but also as a priority sector in future ACP-EEC cooperation.

IV. THE MAIN PRIORITIES OF COMMUNITY ACTION

1. Aid in establishing national education policies

22. One of the first priorities is the creation of a coherent framework for the identification and planning of requirements, objectives and methods in the field of education.
23. An evaluation made of the results of a representative sample of Community-financed projects and programmes relating to education

¹³ Communication concerning a special programme to combat hunger in the world, COM(82) 320 final

¹⁴ Report by H.E. Mr R. Chasle on cultural cooperation between the ACP States and the EEC, 25.9.1981, Doc. ACP-EEC/27/81, p. 30.

and training in 9 ACP States and 1 overseas country¹⁵ in fact revealed first and foremost that 'present teaching systems are in many cases still poorly adapted to urgent development needs¹⁶'.

A number of ACP countries have already asked for the Commission's help with assessing the effectiveness of their education systems and with running education/training/employment studies¹⁷.

The World Bank points out that reforms cannot be developed, implemented and evaluated without strengthened institutions and analytic capacities¹⁸.

24. It is therefore both desirable and necessary that the European Community should adopt a similar approach to that already followed in the agricultural sector in a number of countries and assist with the establishment of policies for education by proposing appropriate strategies. The aim of this new type of action should be to assist the beneficiary countries to identify and define all the requirements for the establishment and maintenance of an education policy adapted to their economic, social and human goals.

2. Elimination of illiteracy

25. If the elimination of illiteracy is, according to UNESCO, the most urgent world problem in the field of education¹⁹, it is also Africa's priority.
26. This was pointed out in connection with the Lagos Declaration which undertakes to give priority to all matters relating to the development of human resources, beginning with the elimination of illiteracy.

¹⁵ Cameroon, Ivory Coast, Ethiopia, Jamaica, Mali, Niger, Rwanda, Somalia, Togo and Netherlands Antilles

¹⁶ Meeting of ACP and EEC experts, conclusions to be drawn from the evaluation of operations financed in the field of education and training, 19.3.1982

¹⁷ ACP-EEC Courier, September-October 1982, No 75, p. 84

¹⁸ World Bank, op. cit. p. 84

¹⁹ UNESCO Courier, August-September 1982, p. 13 of French edition

27. This point was also emphasized by the recent Conference of African Ministers of Education and Economic Planning²⁰ which drew attention to the increase in absolute terms in illiteracy among the population.

The numbers have increased from 139 million in 1970 to 156 million in 1980 even though the percentage rate of illiteracy has fallen.

28. In its Communication concerning a special programme to combat hunger in the world²¹, the Commission of the European Communities lays stress on the need for a literacy campaign as an essential precondition for development.

29. Such a campaign for the large-scale elimination of illiteracy, which is a means both of ensuring a minimum degree of equality among individuals and of providing the individual with the basis he needs to survive in a context of economic and social change, is particularly important given that measures already undertaken in this area in a number of ACP countries have produced, or are on the way to producing, successful results²². This has proved to be the case in Ethiopia and Tanzania in particular²³ and it has been pointed out that 'the example set in these two countries is important in that it demonstrates what can be achieved provided the political will exists, the resources are put to good use and a minimum degree of efficiency is assured'²⁴.

30. It is therefore important that the fight against the scourge of illiteracy, which is destined to reach increasingly alarming proportions because of the growth in population, should be one of the main priorities of future Community action in the field of education.

3. An education appropriate to life style and essential problems

(a) An education adapted to agriculture in rural areas

31. In order to be successful an education policy must be adapted to the area concerned. Africa, and the ACP States in general, are essentially rural. More than 3/4 of the inhabitants live in rural areas and just under 3/4 of the working population are employed in agriculture²⁵.

²⁰ See page 3, paragraph 14

²¹ See page 5, paragraph 19

²² ACP-EEC Courier No. 73, May-June 1982, p. 49

²³ With regard to Ethiopia, see Annex III

²⁴ See 22

²⁵ 79% and 71% respectively.

It is, moreover, these same rural areas which will undoubtedly be most affected by the projected growth in population.

On the other hand, the rural exodus and its corollary, the creation of extensive urban areas and, frequently, large shanty towns - already represents a major problem and must be halted.

Lastly, the alarming agricultural situation in Africa, particularly with regard to food, is a problem which need not be underlined in this report.

32. It should also be pointed out, once again, that in Africa in general 'the energies of its people, and especially its farmers, are a major resource, still imperfectly tapped'²⁶, and that if it is true, as the Commission states in its memorandum on the Community's development policy, that Africa must be convinced 'that its future depends primarily on the mobilization and nurturing of peasant labour'²⁷, then it must be accepted that this objective can only be achieved if major efforts are made in educating the rural population.
33. This was recognized by the recent Conference of African Ministers of Education and Planning which emphasized that education policies for the next two decades must give high priority to the development of education for the rural population and seek to improve agricultural training so as to accord with national development plans and ensure that education can make a larger contribution to the modernization of agriculture, the growth in productivity and the improvement of living conditions in rural areas²⁸.
34. The following conclusions may therefore be drawn:
 - education schemes must give priority to rural populations
 - education schemes must be adapted to the requirements of rural life, in particular those of agricultural production and associated artisan or agro-industrial activities
 - education schemes must aim to make the population aware of the essential problems associated with their way of life and habitat, particularly those relating to environmental protection
- (b) An education designed to improve the health of the population
35. Article 25 of the Universal Declaration of Human Rights states that 'everyone has the right to a standard of living adequate for the health and well-being of himself and of his family'.

²⁶ World Bank, op. cit., p. 16

²⁷ COM(82) 640 final, p. 28

²⁸ Agence Europe, No. 3424, 2/3.8.1982

36. This right is by no means guaranteed in Africa, where life expectancy at birth is the lowest in the world, only 47 years, and where, according to the World Bank, health care systems are very limited and material resources are few and badly distributed within the country.
37. It is not for this report to discuss current health policies, the material resources allocated or the financial restrictions to which they are subject. Mention should simply be made of a number of ways in which education can influence health, population growth and the productivity of the labour force²⁹.
38. The WHO and UNICEF³⁰ have for a number of years attached importance to the idea of primary health care, with particular emphasis on the role of individuals, families and local organizations in the areas of prevention and basic care. This policy is concerned primarily with the provision of information and education to bring about a change in individual and collective attitudes to problems of hygiene and health and to ensure a greater degree of involvement on the part of those directly concerned.
39. Instruction in simple forms of treatment can produce significant results. This has been shown in the case of oral rehydration techniques to deal with the often fatal effects of infantile diarrhoea³¹.
40. Nutrition is another area in which better education can produce important results. Although ignorance of healthy nutritional habits is not the prime cause of malnutrition, it is nonetheless a major factor. One very clear example, to which the European Parliament has already drawn attention, is the use of breastmilk substitutes³².
41. There is no doubt that better general education, principally for mothers, has a beneficial effect in terms of the nutrition of children in particular.
42. It should also be pointed out that better nutritional and health practices in turn have a direct beneficial effect
 - on the education of children, since there are fewer absences on account of illness and children are more receptive and attentive at school

²⁹ See paragraph 17, p. 4

³⁰ ACP-EEC Courier, No. 53, January-February 1979, p. 32 et seq.

³¹ World Bank, World Development Report 1980, p. 56

³² OJ No. C 287, 9.11.1981, CASTELLINA report, Doc. 1-541/81, 30.9.1981

- on the productivity and innovative capabilities of the workforce
43. As far as population growth is concerned, the World Bank points out that family planning programmes, once applied, have a significant effect³³. There were no family planning experiments in Africa before 1972 and 'at present, the region has only begun to build a body of knowledge on how best to proceed'³⁴.
 44. It is clear that there is a definite link between improved standards of general education, better health and nutritional education and a reduction in population growth³⁵. The role of women is of prime importance in this area also.
 45. The following conclusions may therefore be drawn:
 - health care is an area in which the African countries are particularly disadvantaged
 - education in matters of health care, nutrition and family planning can produce significant results
 - there is undoubtedly a connection between improved health and nutritional education, receptiveness to family planning programmes and, more generally, a reduction in the birth rate and, lastly, better productivity.

(c) An education for all

46. The aim of education schemes must be to increase the capabilities of the largest possible number so as to assure minimum equal opportunities for all.
47. With this in view, education schemes must give priority to those sectors of the population which are most disadvantaged, either from the geographical point of view - outlying rural areas - or from the social point of view - the poorest urban or rural sectors of the population and certain specific social categories such as girls and women.
48. Particular attention should be given to the situation of women in terms of education, for two essential reasons. Firstly, as has been pointed out, school enrolment figures are lower for girls than for boys and illiteracy is more widespread among women than among men. Secondly, women have an important economic and social role. In many respects women are best suited to bring about changes in attitudes and behaviour. In terms of attitudes to children's education,

³³ See Annex IV

³⁴ World Bank, op. cit. p. 114

³⁵ See paragraph 17, p. 4

health matters, nutrition and, of course, population growth and receptiveness to family planning policies, the role of women is of fundamental importance, as is pointed out in paragraph 71 of the resolution adopted by the ACP-EEC Consultative Assembly on the Sixth Annual Report of the ACP-EEC Council of Ministers³⁶.

The following quotation gives sufficient indication of the importance of women in economic terms: 'as far as agriculture is concerned, women play a vital role in food production. This important feature of Africa must not be overlooked'³⁷.

49. Education schemes should therefore take better account of the present disadvantaged situation of women, their important social and economic role and their potential influence as agents of change.

³⁶ OJ No. C 39, 10.2.1983 and VERGEER report, Doc. ACP-EEC 38/82

³⁷ Helping the Third World to feed itself, study undertaken for the Commission by P. URI, 1980, A-VII-4.

V. THE TYPE OF ACTION TO BE TAKEN

50. The type of action to be taken must be determined on the basis of the priorities outlined above, bearing in mind one major limitation : the budgetary cost of the action must be kept to a minimum.

a) Education schemes must be comprehensive and innovative

51. The term education is used here in a wide sense and covers education, training and the provision of information, for children and adults.

52. The type of action to be taken whether it be the traditional school system, a vocational training system or an information campaign, must be determined according to the sector of the population concerned and the major teaching priorities.

53. New systems and new methods should be developed where the traditional school system has not succeeded. Greater efforts should be made to adapt to local conditions through the use of appropriate teaching methods.

54. Consideration should be given in this context to the possibility of making greater use of radio as a means of imparting information and knowledge, along the lines of the efforts already made in the agricultural sector.

55. A number of successful results achieved using correspondence courses for secondary and university education also suggest that there should be a systematic study of the possibilities of this type of teaching ³⁸.

b) Budgetary costs must be kept to a minimum, in particular through greater and more systematic contributions from the population

56. There must first be a systematic programme to ensure that 'anyone with technical know-how that can be passed on to the group with which he is in contact, is trained in teaching or method even to an elementary level, so that he can get his message across better ³⁹.'

57. The idea of teaching children on a rota basis could also offer a solution to the problem of student numbers: 'if the same accommodation and the same staff were used for double the number of children by means of an alternating system of 8 or 15 days at school followed by 8 or 15 days at home, it would be possible to admit twice as many pupils. This method would also be advantageous from the social and human point of view (...) since the children would not be completely disorientated and cut off from their natural environment.' ⁴⁰

³⁸World Bank, World Development Report 1980, p.50

³⁹ACP-EEC Courier No.73, May-June 1982, p.61

⁴⁰L'Education en Afrique: Lier l'école à la vie, E. FAURE, Informations UNESCO, No. 711

58. Another possible way of minimising budgetary implications, referred to by the Commission in its document on the conclusions to be drawn from the evaluation of operations financed in the field of education and training⁴¹, is to use methods of self-financing when budgetary resources are inadequate :

- through contributions from the populations concerned, according to their resources
- through the organisation of productive activities connected with education

The World Bank points out that in some countries, for example, village inhabitants provide classrooms and accomodation for teachers.

(c) Promotion of regional cooperation

59. According to the objectives of the Lagos Plan, regional cooperation must also be extended in the field of education. This cooperation is already well underway⁴² and should be intensified particularly in the form of exchanges of information on projects and experiments in progress at university level, in specialised institutions and in the field of research.

(d) Promotion of research in the European Community to assist development

60. The European Parliament recently delivered an opinion on the Community programme of research and development in the field of science and technology for development⁴³.

61. It welcomed the Commission's intention to increase cooperation with developing countries in the area of research and development but pointed out that, in view of the short duration of the programme, a follow-up programme should be guaranteed.

(e) Promotion of training related to development projects

62. It has long been emphasised that each project must provide for appropriate vocational training for both men and women and that, in more general terms, the cost of this training must be included in the financial calculations^{44,45}.

⁴¹Op. cit., see paragraph 23, p. 5

⁴²Report by H.E. Mr CHASLE on the implementation of the resolution adopted by the ACP-EEC Consultative Assembly on cultural cooperation between the ACP states and the EEC, 14.10.1982, CA/CP/301/B/rev., p.61

⁴³OJ No.C182, 19.7.1982, report by Mrs RABBETHGE, Doc. 1-202/82, 10.5.1982

⁴⁴Paragraph 68 of the resolution of the ACP-EEC Consultative Assembly on the Sixth Annual Report of the ACP-EEC Council of Ministers, op. cit.

⁴⁵From Lome I towards Lome II, K. FOCKE, p.47

63. In its annual report concerning the financial year 1981⁴⁶, The Court of Auditors draws attention to what it calls a 'failure to take into consideration later management constraints' and points out that a large amount of equipment is 'unused, under-used or out of order for long periods' because of a lack of specialised local staff to maintain or run it.
64. The World Bank also lays stress on the need to strengthen the training components of programmes and points out that project design must not disregard local management constraints⁴⁷.
65. The ACP-EEC meeting of experts, referred to above, recommends that an 'integrated training programme' should be introduced to ensure that the operations financed by the EEC correspond more closely to the human resources available, and that training programmes should, where necessary, begin before the commencement of the project in order that the necessary work force is available at each stage.

VI. RESPECT FOR CULTURAL IDENTITIES AND THE SOCIO-CULTURAL ENVIRONMENT

66. The Court of Auditors of the European Communities has drawn attention to the failure of certain projects to take account of local human factors. It points out that the major agricultural projects often fail to achieve their purpose because they are not properly integrated into this type of rural economy and fail to take account of human reactions to the disruption of the existing way of life and productions methods⁴⁸. It also criticises the failure to adapt designs and techniques to local conditions⁴⁹.
67. The importance of respecting cultural identities and the socio-cultural environment of the ACP countries was emphasized by the ACP-EEC Consultative Assembly in its resolution on cultural cooperation between the ACP States and the EEC, adopted in September 1981 in Luxembourg, paragraph 9 of which requests that as part of the implementation of the provisions of Lomé II greater attention should be paid to the cultural aspect of development and that in particular, in carrying out financial projects under the EDF, the cultural identities and socio-cultural environment of the ACP countries should be taken into consideration⁵⁰.

⁴⁶ OJ No. C 344, 31.12.1982, p.117 et seq.

⁴⁷ World Bank, op.cit., p.131 and 132

⁴⁸ OJ No. C 344, 31.12.1981, Annual Report concerning the financial year 1980, p.149

⁴⁹ Annual report concerning the financial year 1981, op.cit., p.124

⁵⁰ OJ No. c 15, 20.1.1982 and CHASLE report, Doc. ACP/EEC/27/81, 25.9.1981

68. In the same resolution, the ACP-EEC Consultative Assembly:

- calls on the Community to respond to the needs of the ACP States in the field of education and research and thereby help them to step up their efforts to devise development models in keeping with their own genius which meet the aspirations of their peoples;
- stresses that if the ACP countries are to be helped to strike a balance between tradition and modernism, it is essential that training and information schemes be jointly undertaken with the aim of encouraging innovation and facilitating the development of native technologies, the assessment, selection and adaptation of technologies imported from the industrialised countries and their harmonious integration into the socio-economic pattern of the ACP countries;

69. Without wishing to recall in detail here Mr. Chasle's excellent treatment of this subject in his two reports on ACP-EEC cultural cooperation⁵¹, it is important to highlight three essential points :

- all educational schemes, if they are to be successful, must take into account, and therefore respect and conform to, the socio-cultural environment. In the case of agriculture, for example, the World Bank points out that there are very few women extension officers, despite the fact that women, in many cases, are heads of household and almost always provide a substantial part of the rural labour. Male extension staff, however, have limited access to women in many cultures and therefore talk to the wrong people⁵².
- all education schemes must aim to promote the cultural identity of the populations concerned
- all education schemes must seek to develop and extend indigenous technologies.

51 See above and CA/CP/301/B/rev.

52 World Bank, op.cit., p.74

70. The Third World countries' under-development and the need to catch up with the industrialized countries have led to a general aspiration towards scientific and technological skills which are held to be essential to accelerated economic development.
71. Thirty years' experience have shown that the gulf between rich and poor (countries and within individual countries) has nevertheless continued to widen and the transfer of technology that has been achieved is consequently not a 'neutral' operation with only positive consequences.
72. Technology is a product of scientific development, which in turn is linked to the level of a particular country's economic, social and cultural development; the simple transfer of a given technology into another economic, social and cultural environment is therefore bound to pose innumerable problems.
73. There is another pitfall to be avoided, in the light of the previous consideration: the imposition of cheap, second-rate technology under the guise of intermediate technology.
74. In both cases failure and cultural trauma are the inevitable consequences.
75. The UNESCO African ministers' conference on scientific and technical policy, held in Dakar, concluded in its final report:
- "The development of Africa in every field - agriculture, industry, infrastructure, health, education - demands not only the development of local technology, but also the importation of new technologies in order to ensure economic growth and social change. In this process, it is imperative that technologies should only be imported if they are suited to African needs and the prime objective should be to ensure that in time Africa will itself have the capacity to invent and apply appropriate technological solutions to its own development problems, in other words to ensure its technological independence'.
76. How can such a goal be attained when it is known that of the approximately US \$ 150,000,000 devoted to development research, 97% is spent in the industrialized countries and only 3% in the others. Of 2,300,000 scientists and engineers, 2 million (87%) work in the industrialized countries and 300,000 in the under-developed countries.
77. A certain threshold is required for effective development research.
78. It is therefore apparent that the necessary strengthening of the developing countries' scientific and technological capacities depends on the transfer of the most modern technology combined with the upgrading of traditional techniques. All of this requires close co-operation between the developing countries in order to reach the threshold necessary for the active progress of development research that is genuinely rooted in the economic, social and cultural realities of the countries concerned.

79. How can this cooperation between the developing countries be achieved in multi-field regional research centres, when the brain drain towards the industrialized countries cancels out the developing countries' efforts to promote education and research?
80. During the fifteen year period after 1960, the Third World lost about 400,000 specialists who emigrated to the USA, Canada, the United Kingdom and elsewhere. As a result there has been a reverse transfer of technology, greater than the aid received from the industrialized countries.

Education

	Number enrolled in primary school as percentage of age group						Number enrolled in secondary school as percentage of age group		Number enrolled in higher education as percentage of population aged 20-24		Adult literacy rate (percent)	
	Total		Male		Female		1960	1978*	1960	1977*	1960*	1976*
	1960	1978*	1960	1978*	1960	1978*						
Low-income countries	30 w	56 w	42 w	70 w	19 w	50 w	2 w	10 w	.. w	1 w	15 w	26 w
<i>Low-income semiarid</i>	10 w	28 w	15 w	37 w	5 w	19 w	(.) w	5 w	.. w	(.) w	3 w	20 w
1. Chad	17	35*	29	51*	4	19*	(.)	3*	..	(.)	6	15*
2. Somalia	9	44*	13	57*	5	32*	1	4*	(.)	1*	2*	60
3. Mali	10	28	14	36	6	20	1	9*	..	1	3*	10
4. Upper Volta	8	17	12	21	5	12	(.)	2	..	(.)	2*	5*
5. Gambia**	14	37	..	..	..	..	3	12	..	..	6	10
6. Niger	5	23	7	29	3	17	(.)	3*	..	(.)	1	8
7. Mauritania	8	26*	13	34*	3	17*	(.)	5*	..	(.)	5	17*
<i>Low-income other</i>	34 w	61 w	47 w	78 w	22 w	57 w	2 w	11 w	.. w	1 w	19 w	27 w
8. Ethiopia	7	38*	11	..	3	..	(.)	9*	(.)	(.)	..	15*
9. Guinea-Bissau**	25	112	..	..	..	..	3	10	..	..	5	7*
10. Burundi	18	21	27	26	9	17	1	3	(.)	(.)*	14*	25
11. Malawi	..	59*	..	73*	..	51*	1	4*	..	(.)	..	25*
12. Rwanda	49	64*	68	68*	30	59*	2	2*	..	(.)*	16*	..
13. Benin	26	60*	38	78*	15	42*	2	12*	..	1*	8*	7*
14. Mozambique	48	..	60	..	36	..	2	..	..	(.)*	11	..
15. Sierra Leone	23	37*	30	45*	15	30*	2	12*	(.)	1	7	..
16. Tanzania	25	70*	33	80*	18	61*	2	4*	..	(.)	10*	66*
17. Zaire	60	90*	88	103*	32	77*	3	19*	(.)	..	31*	15
18. Guinea	30	34*	44	46*	16	22*	2	16*	..	7 ^b	7	20*
19. Central African Republic	32	78*	53	101*	12	55*	1	9*	..	1	7*	..
20. Madagascar	52	94*	58	100*	45	87*	4	12*	(.)	2	..	50*
21. Uganda	49	50*	65	58*	32	41*	3	5*	(.)	1	35*	..
22. Lesotho	83	101*	63	82*	102	122*	3	17*	(.)	..	..	52*
23. Togo	44	102*	63	129*	24	75*	2	25*	..	1*	10	18
24. Sudan	25	50	35	58	14	42	3	16	(.)	2	13*	20*
Middle-income oil importers	51 w	85 w	66 w	84 w	35 w	75 w	4 w	19 w	0 w	1 w	20 w	34 w
25. Kenya	47	99	64	105	30	94	2	18	(.)	1*	20*	45*
26. Ghana	38	71*	52	80*	25	61*	5	32*	(.)	1*	27	..
27. Senegal	27	41*	36	50*	17	32*	3	10*	1	2	6*	10*
28. Zimbabwe	96	97*	107	105*	86	90*	6	9*	(.)	..	39*	..
29. Liberia	31	64	45	80	18	48	2	20	(.)	2*	9*	30
30. Zambia	42	98*	51	106*	34	89*	2	16*	..	2	..	39*
31. Cameroon	65	101*	87	42*	43	91*	2	16*	..	1	19*	..
32. Swaziland**	58	92	..	..	..	..	5	32	..	3	..	65
33. Botswana**	42	89	..	..	..	..	1	20	..	..	..	35
34. Mauritius**	98	104	..	..	..	..	24	51	..	2	..	80
35. Ivory Coast	46	71*	68	88*	24	69*	2*	14	(.)	2*	5*	20
Middle-income oil exporters	36 w	64 w	46 w	.. w	28 w	.. w	4 w	14 w	(.) w	1 w	14 w	.. w
36. Angola	21	..	28	..	13	..	2	..	(.)	..	5*	..
37. Congo	78	156	103	163	53	148	4	69	1	3*	16*	..
38. Nigeria	36	62*	46	..	27	..	4	13*	(.)	1	15*	..
39. Gabon**	85	202	..	..	..	..	5	34	..	3	12	12*
Sub-Saharan Africa	36 w	63 w	47 w	75 w	24 w	58 w	3 w	13 w	.. w	1 w	16 w	28 w
All low-income countries	76 w	83 w	71 w	92 w	37 w	63 w	14 w	36 w	2 w	3 w	28 w	51 w
All middle-income countries	79 w	95 w	85 w	103 w	72 w	94 w	16 w	41 w	4 w	11 w	53 w	72 w
Industrialized countries	114 w	100 w	109 w	102 w	108 w	102 w	68 w	89 w	17 w	37 w	.. w	99 w

a. Figures marked with an * are for years other than specified.

b. Percentage of population aged 19-22.

Source : Accelerated Development in Sub-Saharan Africa
An Agenda for Action
(World Bank)

Education of farmers, efficiency of farms and nutrition in Nepal

The region of Terai, situated on the plain bordering the frontier with India, shows a large number of the features of rural poverty - low agricultural productivity, low income, a low literacy rate and poor education, a high incidence of malnutrition, morbidity, a high mortality rate and a high birth rate. The World Development Report 1980 concluded that primary education was perhaps the best means of breaking the vicious circle of factors which keep families imprisoned in their poverty. It appears that men and women who have received even a limited amount of education are always in advance of others in improving the efficiency of their agricultural methods, making use of information on health and nutrition and finding out about family planning. Wishing to obtain more empirical proof of this cause and effect relationship, the World Bank gathered information from 800 farming families in the Terai to ascertain the extent to which education helps to relieve rural poverty.

Wheat, which has recently been introduced into the Terai, is a particularly profitable crop. The study revealed that there was a close connection between a farmer's level of education and the efficiency of his wheat production, even taking into account other factors such as natural ability, size of farm and family circumstances. It was shown conclusively that below a certain level (about six years schooling) the effects of education were negligible. Farmers with more than six years education obtained a yield 25% greater than that obtained by farmers with under six years schooling. Knowledge of arithmetic had a direct bearing on whether farmers were willing to change to wheat production. This effect was so significant that it is fair to assume that education can offer very high economic profitability in terms of agricultural production.

The same study also indicated that investments concentrated on any one of the major symptoms of rural poverty (illiteracy, malnutrition and low agricultural productivity) tended to have a beneficial effect in terms of all the other symptoms. It was shown that malnutrition in children considerably reduced their capacity to learn and was largely responsible for absenteeism from school; during the next generation illiteracy could be expected to restrict agricultural productivity, which would in turn mean a higher incidence of malnutrition, thereby establishing a vicious circle. The Nepalese Government's policy of vigorous expansion of primary education therefore seems an entirely appropriate means of increasing agricultural productivity and remedying a number of features of rural poverty.

Source: World Development Report 1982

(World Bank)

Ethiopia's Campaign against Illiteracy

Ethiopia's campaign to eliminate adult illiteracy has made rapid progress. In 1979, well over 90 percent of Ethiopia's population of about 30 million was illiterate. By early 1981, seven million Ethiopians—over 70 percent of them women—had benefitted from the National Literacy Campaign. The majority of these had attained basic literacy and numeracy. The campaign gained worldwide acclaim in 1980, when the International Reading Association, which is affiliated with Unesco, gave Ethiopia its annual literacy award. The Association was particularly impressed with the follow-up of the initial teaching of literacy and numeracy with courses using simply written books to teach hygiene, better farming techniques, and other skills.

The campaign has overcome formidable obstacles—notably diversity of languages and enormous financial and administrative constraints. About a quarter million instructors have been mobilized—primarily teachers, students, civil servants, and army personnel. Many of these are active in the campaign only in the summer. The instructors work out of about 35,000 literacy centers. Peasant associations across the country make the required logistic arrangements, including provision of food and lodging for the instructors. The government provides books and supplies such as chalk and blackboards for use by instructors. By September 1980, the Government had distributed some 15 million copies of literacy material in Amharic and four other languages. Total government costs under the program have been extremely low—15 million birr up to September 1980, or less than 2 percent of annual government expenditure—according to one calculation. These low costs are partly explained by the fact that many of the instructors are unpaid, while the salaries of teachers on the public payroll and military acting as instructors are not attributed to the campaign.

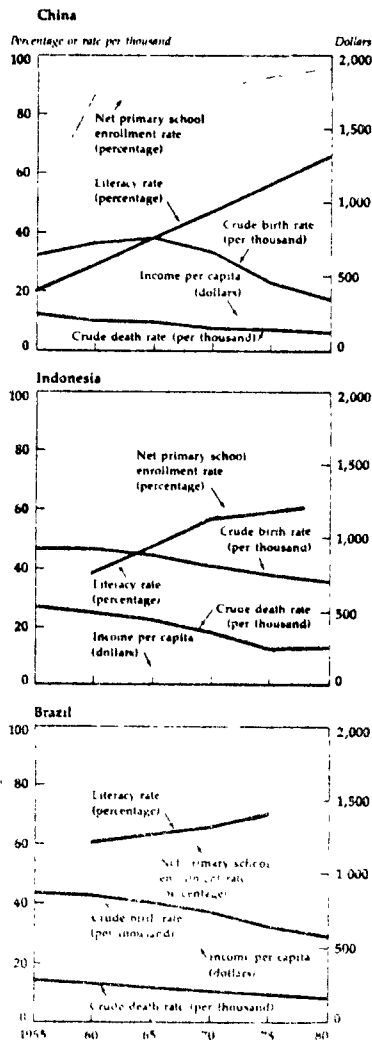
The Government plans to continue the campaign enrolling up to several million new peasants annually in five-month programs until 1986, when the entire population will have been covered.

Source : Accelerated Development in Sub-Saharan Africa
An Agenda for Action
(World Bank)

Family planning programs make a difference

Experience in three countries illustrates the way development—higher incomes, better education and literacy, life expectancy, improved nutrition—complements family planning programs (see figure).

Human development indicators: China, Indonesia, Brazil



• *China's* crude birth rate declined from 34 in 1957 to 18 in 1979, and the population growth rate was only about 1.2 percent a year in 1980. The official family planning program was started in 1963, but only acquired impetus in the early 1970s, with the introduction of free contraceptives, delayed marriages, quotas, peer pressures and economic incentives and disincentives. The result: about 70 percent of

the women who might become pregnant practice contraception, a rate comparable to that of the United States—68 percent in 1976—and significantly higher than that in other developing countries—37 percent in India, 41 percent in Sri Lanka and 46 percent in Colombia.

Until recently, 28 was the recommended marriage age for men and 25 for women in cities, 25 and 23 in the countryside. In Guangdong, Jiangsu, Hebei and Shanghai, more than three-quarters of all marriages in the 1970s were at the recommended ages.

Women receive paid vacations after undergoing sterilization and abortion. In some provinces, couples pledging to have only one child receive financial allowances and priority in education, employment and housing. Couples having more than two children are penalized. Disincentives are mostly social—the community disapproves of those who do not conform to the birth planning policies.

Other factors increased the program's effectiveness. The high life expectancy in China and the low infant-mortality rate (about 56 per thousand) reduced the need for more children. Nearly universal primary education of women changed attitudes about family size and increased contraceptive use.

• In *Indonesia*, the crude birth rate fell from 41 in 1970 to 36 in 1979. A family planning program reached the lower socioeconomic groups and women with fewer children. The Indonesian program is directed centrally, but implemented locally. Traditional community councils (*banjars*) and community pressures promote family planning. The results are impressive—in Bali, nearly 49 percent of eligible couples used contraceptives in 1979-80, compared with a national rate of 27 percent.

• By contrast, in *Brazil* official support for family planning is not strong. Despite rapid economic growth, Brazil's population growth rate remained at 2.2 percent a year in 1970-79. Brazil is substantially richer than China, but the benefits of its economic growth, including health, nutrition and education, have been spread less widely. Brazil consistently falls below the world norm relating income levels to indicators of health and education. Although fertility has recently declined it is still higher than in China, as well as in Sri Lanka, another low-income country which has encouraged family planning.

Source : World Development Report 1981
(World Bank - August 1981)

TABLEAU 1

POTENTIEL HUMAIN SCIENTIFIQUE ET TECHNIQUE DANS QUELQUES PAYS DU TIERS MONDE
« Stock » total (a) ou nombre économiquement actif (b) de personnes possédant les qualifications de scientifiques ou d'ingénieurs

	Effectifs	En % de la population (1)		Effectifs	En % de la population
<i>Afrique</i>			Cuba (1977)	60 189 (a)	0,62
Cameroun (1976)	11 785 (a)	0,15	Equateur (1974)	48 559 (a)	0,69
Egypte (1976)	492 470 (a)	1,32	<i>Asie</i>		
Kenya (1975)	5 130 (b)	0,03	Bangladesh (1973)	23 500 (b)	0,03
Soudan (1971)	9 708 (b)	0,07	Corée (Sud) (1981)	94 171 (b)	0,25
Togo (1971)	461 (b)	0,02	Inde (1977)	697 600 (a)	0,11
<i>Amérique latine</i>			Indonésie (1976)	95 339 (b)	0,07
Bolivie (1976)	58 090 (a)	1,03	Syrie (1970)	24 523 (b)	0,39
Brésil (1970)	541 328 (a)	0,58	Thaïlande (1975)	20 288 (b)	0,05

(1) Le chiffre de la population ayant servi au calcul n'est pas nécessairement celui de l'année indiquée au début de chaque ligne, mais ne s'en écarte que d'un an au plus.

NB : A titre de comparaison, les chiffres de la dernière colonne seraient, pour quelques pays industrialisés, les suivants : Etats-Unis, 1,19 ; France, 2,37 ; RDA, 2,99 ; RFA, 3,23 ; Japon, 3,70.

D'après *Annuaire de l'Unesco 1982*, tableau 5.1.

TABLEAU 2

PART DES DIPLOMÉS DE SCIENCES POSITIVES DANS LES DIPLOMÉS D'ENSEIGNEMENT SUPÉRIEUR DE QUELQUES PAYS DU TIERS MONDE

	Nombre de diplômés	Mathématiques, informatique et sciences de la nature (%)	Ingénierie (%)	Agronomie (%)	Sciences médicales (%)	Total sciences positives (%)
<i>Afrique</i>						
Cameroun (1976)	2 132	24,25	5,5	—	4,41	34,16
Côte d'Ivoire (1978)	6 016	11,25	—	—	14,56	25,81
Egypte (1979)	77 671	4,08	11,5	11,04	11,45	38,07
Ghana (1979)	2 821	15,42	3,36	8,75	3,68	31,21
Nigeria (1979)	12 078	12,25	—	4,68	9,36	26,29
<i>Amérique latine</i>						
Bolivie (1978)	1 542	21,33	6,93	2,98	32,74	63,98
Brésil (1978)	198 716	1,86	9,12	2,98	9,75	23,71
Cuba (1979)	20 615	3,71	4,02	8,05	6,46	22,24
Venezuela (1979)	15 344	4,60	15,31	6,14	14,50	40,55
<i>Asie</i>						
Bangladesh (1979)	18 737	16,62	2,84	2,08	5,40	26,94
Chine (1979)	85 085	6,68	0	12,96	15,85	60,59
Corée (Sud) (1980)	109 764	5,19	—	6,17	9,56	58,19
Inde (1976)	749 454	15,23	—	1,28	2,82	21,15
Indonésie (1976)	26 666	3,32	11,37	9,52	7,62	31,83
Syrie (1979)	10 105	17,95	17,07	15,79	12,88	63,69

NB : A titre de comparaison, les chiffres de la dernière colonne seraient, pour quelques pays industrialisés, les suivants : Tchécoslovaquie, 53,2 % ; RFA, 42,8 % ; RDA, 36,8 % ; France, 29,2 % ; Japon, 26,3 % ; Etats-Unis, 24,2 %.

D'après *Annuaire statistique de l'Unesco 1982*, tableau 3.14.

TABLEAU 3
ÉTUDIANTS EN PROVENANCE DU TIERS MONDE DANS QUELQUES PAYS INDUSTRIALISÉS EN 1979

Pays d'accueil	Total étudiants étrangers	Dont Tiers Monde (b)	AFRIQUE (c)			AMÉRIQUE LATINE ET CARAIBES	ASIE (d)			Océanie (f)
			Total	Nord du Sahara	Sud du Sahara		Total	Moyen-Orient (e)	Autres Asie	
Etats-Unis	286 340	251 266	36 350	6 528	29 822	45 539	165 330	81 022	84 308	4 074
France	112 042	87 282	59 174	34 992	24 182	6 724	21 231	15 017	6 214	153
URSS (a)	62 942	45 062	13 654	n.d.	n.d.	9 781 (g)	21 627	n.d.	n.d.	—
RFA	57 421	29 624	4 081	1 832	2 249	2 779	22 633	13 136 (h)	9 497	131
Royaume-Uni	56 774	44 738	12 168	1 591	10 577	3 074	28 545	9 317	19 228	958
Canada	32 148	17 780	2 744	484	2 260	3 340	11 426	1 428	9 998	270
RDA	6 607	3 823	1 204	n.d.	n.d.	701	1 917	n.d.	n.d.	1
Japon	5 914	5 018	74	38	36	246	4 630	78	4 552	68

(a) Chiffres de 1978.

(b) Y compris les pays industrialisés situés hors d'Europe et d'Amérique du Nord (Japon, Australie, Afrique du Sud, Israël).

(c) Y compris Afrique du Sud.

(d) Y compris Japon.

(e) Arabie Saoudite, Bahrein, Chypre, Emirats arabes unis, Irak, Iran, Israël, Jordanie, Liban, Oman, Qatar, Syrie, Turquie, Yémen (République arabe), Yémen (République démocratique).

(f) Y compris Australie.

(g) Dont 5 616 Cubains.

(h) Dont 6 030 Turcs et 4 744 Iraniens.

D'après *Annuaire statistique de l'Unesco 1982*, tableau 3.16.

Sub-report on trade and markets

Rapporteur: Mr K. WAWRZIK

I. THE ECONOMIC BACKGROUND

The oil crisis and the economic recession have brought about radical and in part fundamental changes in all markets. Hopes of a cyclical upturn in the industrial countries have so far not been realized. The economic situation of many countries is characterised by a high rate of unemployment - 32 million people are out of work - and a sharp increase in the cost-of-living. The present situation is further characterised by a lack of investments and unutilized production capacities. The result has been cut-throat competition on all world markets during the last few years.

World trade stagnated in 1980 and has fallen steadily since 1981. The volume of world trade in 1982 fell by 2% and thus returned to the 1979 level; only the volume of trade in agricultural products increased slightly by 1%. Trade in finished products fell by 1% (+ 3% 1981), trade in mineral products fell by 7% (- 9% 1981). The combination of a reduced volume of trade and an average 4% fall in prices meant that the value of world trade in 1982 was 6% down on the previous year. The number of bankruptcies worldwide reached the highest level ever in 1982. The high levels of real interest rates and the extreme fluctuations in exchange rates destabilize trade and are a considerable factor in discouraging investors.

The development of the international markets in raw materials continued to be affected by a lack of demand in 1982. Prices for raw materials as a whole fell further as the result of the worldwide recession. The export prices in dollars for raw materials (excluding oil) fell in 1982 by 9% after falling by 7% in 1981. Non-ferrous metals and foodstuffs suffered the greatest losses - the former fell by 12.5% and the latter by 11%. Export prices for oil fell by 5%. As had already occurred in 1981 prices for raw materials exported from developing countries fell further last year than prices for raw materials exported predominantly by advanced industrial countries (3.5% compared with 8%). The real prices for raw materials from developing countries have reached the lowest level for 30 years while the costs for imports of processed products from industrial countries are steadily increasing.

On international markets for agricultural raw materials demand is also closely linked to the evolution of production and incomes in western industrial countries. The cyclical downswing in these countries meant that in 1982 consumption of textile raw materials and also of rubber and timber fell noticeably. In 1981 and 1982 prices for agricultural raw materials fell by 30%. The world market prices for some major foodstuffs also fell considerably in 1982. This development reflects the trend towards further increases in stocks and is a result of the almost stagnating level of consumption in most countries which is once more exceeded by production. The ACP countries are particularly affected by the continued cyclical downswing of prices on the world sugar market in 1982; prices have fallen to the lowest level for 10 years. There has also been a steady fall in demand on the markets for luxury products and prices for coffee and cocoa in particular have fallen further since 1981.

The development of trade flows led in 1982 to an alarming deterioration of balances-of-payments and the economic situation of developing countries in particular deteriorated sharply because of their dependence on exports of raw materials. Whereas in 1978 developing countries had a balance-of-payments deficit of 23,000 million dollars this year the deficit will amount to approximately 60,000 million dollars. For this reason the debts of developing countries have increased to astronomical levels. According to Mr Clausen, the President of the World Bank, in February 1983 the medium and long-term debts of developing countries amount to approximately 530,000 million dollars; together with short-term debts for which there are no statistics the total debts of developing countries can be estimated at 700,000 million dollars. This rate of indebtedness may lead to an exceptionally critical situation unless there is a recovery of the world economy in the foreseeable future. In 1983 African countries above all face a further fall in real terms in their gross domestic product and an even greater balance-of-payments deficit and increasing debts. This is the conclusion of the annual report of the UN Economic Committee on Africa (ECA) in Addis Ababa: even if there is an upswing in economies of industrial countries the trade balance deficit in Africa will increase from 16.3 billion dollars in 1982 to 18.3 billion dollars in 1983. If the world economy continues to stagnate - and this is regarded as more likely - this deficit will increase still further and this ... necessarily lead to cuts in expenditure on development.

As Ambassador Cavalevu told the Joint Committee in Kingston many people in ACP countries can no longer even satisfy basic needs such as food, shelter and water. The situation is characterised by malnutrition, low prices on markets of raw materials, falling revenue from exports, an increasing deterioration in balances-of-payments and growing masses of debts. This is the economic environment at the outset of negotiations for a convention to succeed Lomé II.

In view of this critical starting point and the limited financial resources available it is not our task to design ambitious development models which cannot be implemented; but rather to draw up a convention which provides high-quality and useful instruments together with practical measures to improve the economic situation in ACP countries even at a time of a worldwide recession.

II. SHORTCOMINGS IN THE APPLICATION OF TRADE INSTRUMENTS

Despite favourable conditions of access for ACP products to the EEC market in the framework of previous Lomé Conventions the development of ACP trade has always been a target of criticism. This is principally because exports from ACP countries have declined in the last few years. The reports of the ACP-EEC Council of Ministers and the resolutions of the ACP-EEC Consultative Assembly in recent years refer over and over again to the insufficient development of trade. Ambassador Cavalevu thus speaks in his report of a 'slow burning fire'. It is alarming to see how the Consultative Assembly continually adopts resolutions on this important topic which then, however, are simply left to gather dust. In conclusion, the inadequacies in trade cooperation are constantly being pointed out but very little has changed in practice.

Criticism has focused in particular on the following points:

- trade structures between the partners have remained practically unchanged,
- exports consist predominantly of raw materials and the proportion of processed products remains very small,
- efforts to promote sales are inadequate,

- exports of agricultural products to the EEC which are covered by market regulations under the EEC agricultural policy are subject to restrictions or non-tariff trade barriers,
- the Common Agricultural Policy and in particular the EEC's agricultural export policy fail adequately to take into account the interests of ACP countries,
- the joint negotiations in the framework of the protocol on sugar for fixing sugar prices failed to take into account economic factors and no restrictions were imposed on sugar production in the Community,
- the exchange of information on the generalized preferences is not comprehensive enough and above all the deadlines are not always met,
- no solution has been found to the well known difficulties as regards the application of the protocol on rum and in particular the definition of rum,
- there has still been no examination of ways of making the STABEX system a significant factor in development policy and incorporating it into worldwide agreements on raw materials.

III. GUIDELINES ON TRADE FOR THE NEW ACP-EEC CONVENTION

1. It is absolutely essential that the volume of exports from ACP countries should increase - both in terms of percentage and value - if the economic situation of ACP countries is to improve. The only way this can be achieved is if ACP states receive adequate prices for their raw materials and if the percentage of finished products in the total volume of exports is substantially increased. The ACP countries must above all find world markets on which they can sell their products at reasonable prices, no matter where these markets are located.

So far interest has centred on ACP-EEC trade and for ACP countries the EEC market remains the most important market for their products owing to preferential conditions of access and demand backed by purchasing power. This point emerges clearly from the CHASLE report on cultural cooperation between the ACP and EEC and was reiterated in many discussions with representatives of ACP countries. But since ACP-EEC trade cooperation under Lomé I and II has not been as successful as it was hoped, ACP countries and the Community must consider where and in which way new outlets can be

found. This applies both to inter-ACP trade, South-South trade, i.e. trade with other developing countries, and trade with other industrial countries and countries with which the Community has concluded cooperation agreements. This is not a matter of fundamentally redirecting ACP trade but of opening additional markets. This can only be successful if the ACP countries first of all overcome existing internal difficulties, receive adequate support from the EEC and multiply their own efforts in this direction.

2. In this connection the second report of the North-South Commission on aid in the world crisis introduces hardly any really new elements and above all fails to make practical proposals for solutions. A massive increase in development aid is once more advocated as a solution for the grave problems of Third World countries. It is not clearly stated that no matter how much foreign aid is given this will be of no avail in many countries to overcome serious domestic barriers to development. Furthermore, the report overlooks the fact that there are many cases where even at present levels the aid granted has done more harm than good. All the proposals are based on a massive increase in international monetary liquidity. Financial aid from outside is seen as the key to a solution in development policy and no account is taken of the need for internal reforms in the Third World. Insufficient attention is paid to the problem of encouraging self-reliance among Third World countries. It should, however, be clear by now that previous aid has to a large extent contributed to a consolidation of the status quo and to the development of established interests. An opportunity has been lost because the report was not able to free itself of the clichés of international politics.

Developing countries must pursue more rational policies than hitherto in order to mobilize and make full use of their own resources; and the Community must step up its efforts in this connection. EEC support can only play a complementary role. The problems cannot be solved by continually repeating the mistakes of industrial countries and regularly overlooking the shortcomings of developing countries. It is important now to open the way to self-reliance of ACP countries above all in the fields of trade, industry, training, agricultural development and to help them in every manner. Economic history shows that economic progress is primarily the result of internal reforms and measures at national level which mobilize the creative energies of peoples. The ACP countries together with the other developing countries must also shape their own destiny. No economic system can act as a substitute for action and reforms at national level.

3. One of the main elements of the preferential treatment of ACP countries is the duty-free and unobstructed access to EEC markets for nearly all products. These special preferences have, however, not been very effective so far because of the uncompetitive position of ACP countries:

- ACP countries with a population of approximately 350 million people represent less than 11% of the population of developing countries;
- ACP countries account for only 9% of the gross national product of developing countries;
- ACP countries do not include any threshold countries and only a third of them have an average gross national product per inhabitant of 645 US\$.

Given this situation it is not surprising that ACP countries only play a minor role as regards imports to the EEC and in particular as regards imports of industrial products. Moreover, imports of industrial products of ACP countries as a proportion of total imports from developing countries to the EEC have fallen. This is an indication that despite preferential treatment of the ACP countries the other developing countries are more competitive on the European market. Furthermore the treatment of ACP countries as a group conceals the fact that it is often only a small number of these countries that supply industrial products in appreciable quantities. The concentration of countries delivering such products is closely connected with the extremely one-sided supply structures in individual ACP countries.

4. Since an improvement in living conditions in ACP countries is only possible if there is an increase in the productive capacities the new Convention must lay down the free access of processed ACP products including textiles to the EEC market. It is important that existing restrictions regarding origin should be substantially modified in particular for products which are of fundamental importance for the process of industrialization in ACP countries. It is therefore necessary that all instruments which play an important role in trade policy in particular regulations regarding origin, sales promotion policy, the promotion of investments, industrial cooperation, regional promotion measures and agricultural policy should be interlinked and implemented together. It is above all important that the amount of raw materials as a proportion of total exports should be reduced because the

one-sided exportation of raw materials at the same time means that incomes and employment are being exported (CAVALEVU). For this reason development aid should gradually be dismantled and replaced by a policy for promoting self-reliance which contributes to the construction of efficient centres of production and more competitive infrastructures. Only in this way is it possible in the long-term to improve incomes structures and to alleviate poverty and hunger.

5. 99.5% of ACP products are granted free access to the EEC market. This is a large percentage but at the same time insufficient because the remaining 0.5% concerns predominantly agricultural products which are covered by the Common Agricultural Policy. This is a great disadvantage for ACP States since most of them - with a few exceptions - are geared solely to the production of agricultural products and their industrial production is insignificant. The exportation of fruit and vegetables is of great economic importance for some ACP States. For this reason the Community should fully open its market for processed and unprocessed agricultural products under the new ACP-EEC Convention since many ACP countries are unable for the present to deliver other products because of their lack of industrial development.

Furthermore, the remaining administrative and non-tariff barriers which adversely affect exports of agricultural products from ACP countries must be dismantled under the new Convention. The existence of such barriers is a very serious matter because they considerably hamper not only ACP and EEC trade but even inter-ACP trade. In this field a great deal could be achieved by a few small steps: in particular, the dismantling of the most extreme bureaucratic measures. When, for example, in February 1983 a European Parliament delegation visited Guyana and Trinidad/Tobago its attention was drawn continually to the difficulties facing rum exports to the Community; for example rum exports were repeatedly refused entry at the EEC's external frontiers on the grounds that the product was not rum. This almost arbitrary treatment is due to the fact that despite the existence of a protocol on rum it has so far not been possible to find an exact definition of the product rum.

6. The consequences of the tariff preferences in the agricultural sector provided for in the Lomé agreement were not satisfactory. The reasons for this are as follows:

- products granted preferential status are totally absent or represented only in small quantities in the range of goods on offer;
- EEC trade measures have considerably limited the effect of preferences. These measures include in particular the maintenance of the reference price system for many varieties of fruit and vegetables, the extension of preferences for Mediterranean products, the general safeguard clause and the regulation on origin with regard to vegetable oils which provides a competitive advantage for the European oil mill industry since it is able to import its raw materials free of customs duties (the importance of regulations regarding origin can be illustrated by a specific example: if, for instance, ACP countries import oil seeds from non-ACP countries for the production of vegetable oils and fats or if they prepare and conserve imported unprocessed fish, these products are not deemed to originate in ACP countries);
- in some fields the limited effectiveness of Lomé tariff preferences is a result of special marketing conditions. In many cases long-term trade agreements have existed between importers and exporters which could not be terminated in order to benefit from preference advantages; or cooperation had worked well in the past and firms preferred to maintain old trade relations without preferences than to build up new relations on the basis of preferences. In this connection the need for security and trust between producers, exporters and importers plays an important role.
- banana exports from ACP countries are a perfect example of how preferences have no impact on the market because of special marketing conditions in the EEC. The banana trade is controlled by a limited number of groups with an efficient and rapid marketing system which is well organized at every level; the ACP countries have nothing comparable and are hardly able to compete in the Community market, especially since bananas from ACP countries occupy a subordinate position in consumer preferences;
- the basic conditions in the ACP countries themselves are another fundamental reason why so little advantage is taken of tariff preferences. Since an efficient market mechanism is frequently lacking preferences only have a limited effect;

- the impact of preferences is determined by the political priorities set by the political authorities in ACP countries. Tariff preferences in the agricultural sphere have a negligible effect on trade if the country to which preferences are accorded neglects agriculture and pursues a policy aimed primarily at industrialization;
- it is only possible for producers in ACP countries to take advantage of tariff preferences if their products meet Community standards in respect of quality, delivery dates and packaging. Unfortunately there are many problems as regards the marketing system in ACP countries. This applies to large sectors of the fruit and vegetables sector but also to beef and veal and other products where shortcomings in the marketing systems prevent a better exploitation of preferences.

In conclusion: tariff preferences are able to enlarge the basis for economic development only in a few cases. It is therefore important by means of other development policy measures to create basic conditions in the countries to which preferences are accorded to enable them to make better use of tariff preferences or even to use them at all. The ACP countries themselves must play a considerable role in this process. This applies in particular to the basic conditions to be established: their economic, monetary, distribution and social policies. It is particularly important that the role of agriculture in the development process should be recognized.

In order for ACP countries to make better use of tariff preferences it is necessary that:

- existing weak points in the marketing system should be eliminated; the Community must support ACP countries to a considerable extent by financial aid and technical advice;
- the Community should provide for a more flexible reference price system in the case of fruit and vegetables. Products which have not so far been favoured should also be allowed to be imported free of duty and the rules concerning origin should be amended to enable ACP countries to process and handle products, the raw materials of which come not from ACP countries but from third countries.

These improvements - some of which are feasible - do not, however, absolve the ACP countries to which preferences are accorded of their own responsibility. It is they who have to determine the right course for development. Measures such as tariff preferences in the agricultural sphere can only help in some sectors which are, however, very important for individual ACP countries.

7. The Community must finally struggle to achieve an agricultural trade policy based on principles which are not contrary to its development policy. Although the Community stands by its development policy and supports the promotion of agricultural production in the ACP countries in the framework of the Lomé agreement it is still unwilling to draw the necessary consequences from this, namely to remove all barriers to its agricultural market for agricultural products from ACP countries in competition with domestic products. In Paragraphs 45 and 46 of the FERRERO Resolution on combating hunger, Parliament has already called on the Community to open the market as a matter of priority for agricultural products and agricultural processed products from associated and non-associated countries. The time is now ripe to incorporate these proposals in the new Convention.

Subsidized agricultural exports are another controversial issue in third countries. These countries which include numerous developing countries suffer from agricultural protectionism in two ways: not only do they lose European markets for their products but European agricultural exports also bring down world market prices and thus reduce their revenues.

8. The sugar market is a perfect illustration of this point. In 1982 the cyclical downswing of prices on the world sugar market continued. This was caused by the unusually high surplus production of approximately 9 million tonnes of raw sugar in the 1981/82 financial year and the likelihood that in 1982/83 production would reach 97 million tonnes, thus clearly exceeding estimated consumption of approximately 93 million tonnes. In this way in the 1981/82 and 1982/83 financial years alone surpluses are expected to increase by 16.5 million tonnes. The EEC is responsible for not less than 25% of this leap in production although in 1982 the sugar-beet growing area was reduced by 9%. Since sugar consumption is stagnating or even slightly declining in the Community as in other western industrial countries as a result of competition from isoglucose, a sugar substitute, which has emerged in response to high domestic sugar prices and the saturation of demand in many sectors, surpluses are placed on the world market at prices lower than it would be possible to produce sugar economically in western Europe.

Events over the past two years have unfortunately shown that the Community is to a considerable extent responsible for the destabilization of the world sugar market. An increase in prices in the second half of 1983 is only possible if the EEC and possibly the USA further reduce the areas of land under cultivation. In addition, the Community should sign the International Sugar Agreement even though in the past the measures taken within the framework of the International Sugar Agreement (above all export quotas) are not capable of stabilizing world market prices at times of abundant supplies.

Since the beginning of the 1970s prices on world agricultural markets have been subject to noticeably greater fluctuations; this is particularly true of sugar. As we have already seen the EEC policy on sugar is to some extent connected with the instability of the world market. The price-adjusting import levy system in the EEC applied to sugar and the other major agricultural products makes it reasonable to suppose that internal market fluctuations are passed on to the markets of third countries and conversely the domestic market is protected against extreme fluctuations. Since EEC sugar exports have increased cyclical fluctuations on the world market the EEC should at least reduce the adverse effects of EEC foreign trade in sugar on the world market by pursuing a stabilizing stock-carrying policy.

It is worth enquiring at this point whether the Protocol on Sugar should continue as it has done over the last few years? Is it reasonable to produce such quantities of sugar although there is no market worldwide for sugar? Would it not be more reasonable from an economic point of view at last to begin diversification measures to make ACP countries less dependent in the long-term on the uncertainties of the sugar market? This question perhaps smacks of heresy but it must be asked especially in the context of a working group. (In a country like Guyana 50% of the income of the population depends on sugar production and this is an untenable situation in the long term.)

9. The ACP-EEC agreement quite rightly provides for a special section on the promotion of sales. Unfortunately so far not enough advantage has been taken of the possibilities offered here. For this reason it is absolutely essential that sales opportunities be created by appropriate promotion measures so as to improve the foreign trade results of ACP States. The following are important points:

- support for the construction or development of competitive central organizations in the sphere of trade promotion; promotion of self-reliance must be an important aspect;
- a comprehensive transfer of commercial technology. ACP countries must possess the technical know-how required to organize the marketing process;
- commercial training in ACP countries themselves aimed at small traders for example who are the entrepreneurs of tomorrow; inadequate training is in any case a barrier for the development of ACP trade;
- measures to promote trade must be carried out by qualified personnel to enable theoretical information on trade to be converted into practical measures; it is therefore important to ensure that the training personnel are themselves adequately trained;
- expert advice on questions of marketing, packaging, price estimations and quality controls;
- the supplying of precise information on the structures of the EEC market and other market associations;
- the use of special institutes, for example, the UNCTAD International Trade Centre for the Promotion of Trade in Geneva to exchange information and experience;
- joint advisory missions in developing countries both at the level of programming and of implementation;
- the use of permanent liaison personnel in the regional trade promotion centres that are to be set up;
- advisory support in the fields of the promotion of exports and the organization of marketing, the acquisition of information on markets and assistance in solving serious transport problems;
- account must be taken of the plans negotiated in the framework of UNCTAD for technical and economic cooperation of developing countries amongst themselves (South-South cooperation);

- the fixing of priorities for the work programme, taking into account international relations;
- measures at international level, for example, large-scale market surveys, comprehensive further training schemes and contacts with other market associations in close cooperation with ACP States.

10. The 'trade' sector should not be seen in isolation but in connection with the other instruments of the new Convention and the various Community policies. This applies in particular to the following fields: rural development, education and training, development and introduction of adapted technologies, transport and communications, industrial cooperation (a decisive factor, since in the final analysis production centres must be created and products produced for exportation), and the development and upgrading of regional cooperation and lastly close cooperation with other Community cooperation agreements.

11. In many ACP countries we find unfavourable conditions of production and low productivity and therefore low and variable incomes. The necessary infrastructures are often rudimentary or totally absent; the services sector - transport undertakings, for example - is only insufficiently developed. Furthermore patterns of thought and behaviour rooted in the traditional culture of each country are of particular importance as are the specific political conditions in each country. These are factors which must be taken into account when applying trade instruments, i.e. the instruments must be applied according to the particular conditions in each country, region or sub-region.

12. A great danger for the world economic order is the growing politicisation of world trade. The worldwide economic depression and rising unemployment figures mean that more and more countries are acting according to the motto 'every man for himself'. These states ignore existing international GATT regulations and seek to overcome internal difficulties by massive protectionism at the expense of their trade partners. The cases of boycotting and embargoes imposed in the past year are an alarming example of these tendencies. Since they provoke counter-measures they destroy mutual trust which has been built up over a long period of time. The EEC is therefore called on to do everything to prevent protectionism creeping into international trade because all restrictive trade practices have a devastating effect on the economies of developing countries and could bring about the collapse of the international financial system.

13. A main issue in the debate on raw materials is the stabilisation of raw material prices and export revenues. UNCTAD's integrated raw materials programme and the system of financial compensation applied in the context of Lomé are intended to achieve stabilization. These efforts are based on the idea that excessive fluctuations of prices and revenues have an adverse effect in developing countries and impede economic growth. Or as the Commission's memorandum states: 'the decline of international market prices creates an insoluble problem for the countries concerned, namely to preserve the balance of their economy and to supply the necessary investments.'

Since the UNCTAD integrated raw materials programme has still not begun to operate the introduction of the STABEX system under Lomé I and Lomé II aroused world-wide interest. Although this instrument was initially very popular, in the last few years it has lost some of its prestige because the financial resources available were no longer sufficient owing to the sharp fall in prices of basic materials. Now the comprehensive survey of the Overseas Development Institute has been issued and contains very critical observations on the functioning of STABEX. The following points are singled out for particular criticism:

- the countries with the greatest problems, foreign exchange and export earnings problems, have not made best use of this system;
- STABEX encourages single-crop farming and provides no incentives for the diversification of crop structures;
- STABEX has an adverse effect on the cultivation of foodstuffs for own consumption;
- STABEX is based one-sidedly on the EEC market;
- the further processing of agricultural raw materials is excluded.

It is therefore worth asking, whether it is sufficient merely to correct the STABEX system in order to eliminate these shortcomings. The present disadvantages were, however, already discussed when it was incorporated in the ACP-EEC Convention. But at that time people were so fascinated by and convinced of the advantages of this instrument that critical objections were over-ruled.

If STABEX is to provide a genuine means of assistance for the balance of payments and to promote development

- it should include the processing of raw materials in ACP countries in order to contribute to the growth of basic industries and to generate added value in the ACP countries;
- aspects of regional policy cooperation should be taken into consideration, i.e. calculations should be based not only on ACP-EEC export figures but also on exports between ACP States and between the ACP and other regions.

STABEX is no substitute for an agreement on raw materials and can only work if further agreements are concluded on raw materials in the framework of the integrated raw materials programme (the resolution of the ACP-EEC Consultative Assembly of 30 September 1981 also advocates this). The Community is therefore called on to take action at north-south level in favour of world-wide financial compensation for the export earnings of the developing countries so that the resolutions of UNCTAD IV in Nairobi can finally be realized. The next UNCTAD conference in Belgrade is a good opportunity for this. Long-term contracts should also be made for the purchase of raw materials that are threatened by synthetic products (rubber, wool, cotton and jute), guarantees should be given that processed products from developing countries will not be discriminated against and there should be an end to subsidies for foodstuffs industries in the industrial countries whose products are in competition with Third World products.

A critical appraisal of STABEX is also necessary. If it turns out to be insufficiently cost-effective then the financial resources allocated to STABEX should perhaps be allocated to another new instrument. 'Maintenance' might for instance be considered; this is a form of financial assistance for the conservation or acquisition of goods which are urgently necessary for the economic process in ACP countries.

14. ACP trade should not be viewed solely from the point of view of ACP-EEC relations; a multi-lateral approach should be favoured and developed and promoted on this basis. It is necessary above all:

- to promote all measures which promote trade between ACP states and between ACP regions and sub-regions.

The development of trade between African states was already a central point in the so called Lagos plan of 1980. There are however, still considerable difficulties in implementing this plan, in particular as regards agreements on foreign exchange and payments, regulations regarding origin, customs frontiers, non-tariff barriers, political will and so forth. In November 1976 the 'Economic Community of West African States (ECOWAS)' was founded; with 6 million square kilometres and 120 million people it is the largest common market in the continent of Africa. Results are scarcely available as yet. Somewhat later in December 1976 at the meeting of the Council of Ministers for African unity in Kinshasa President of State Mobutu proposed the creation of a common market for the whole of Africa on the model of the European Common Market. In the Caribbean the CARICOM, a free trade zone has been set up. Here too, there are many difficulties and the European Parliament delegation heard an extensive report on this subject in February.

In any case, these are important and correct approaches aimed at developing economic cooperation among these countries and reinforcing independence in trade questions. The EEC should use all the means at its disposal to promote these efforts:

- common production centres and marketing centres should be set up between a certain number of ACP countries with the aim of increasing trade between these countries;
- ACP structures at regional level should be based on a special legal framework. They should finally free themselves of European and other models and develop a system of trade law of their own which provides for the participation of villages and small producer communities in development, the creation of administrative centres for human resources in undertakings, the development of communication techniques and their commercial application;
- export and import firms should be set up at regional level;
- efforts should be multiplied to increase economic relations between ACP countries and the other developing countries, in particular the threshold countries (South-South cooperation, as listed in the objectives of the Pisani Memorandum - page 2).

At present South-South trade is extremely under-developed. A mere quarter of exports of all developing countries goes to other developing countries. Statistical analysis shows that there can be no question of a general intensification of relations between these countries with the exception of several threshold countries. The situation is not particularly promising since most South-South markets have little trade capacity because of the lack of demand backed by purchasing power and the lack of foreign exchange;

- Special trade relations and inter-relations should be set up between the Lomé partners and the signatories of other cooperation agreements with the EEC (in particular Magreb, Maschrek, ASEAN, the Andes Pact). The new Convention should contain express provisions on the promotion of trade relations between the signatories of this cooperation agreement and of the ACP-EEC agreement.

15. It would help many developing countries if they could rapidly increase their export earnings. For this reason the Community and other industrial countries should adopt a generous imports policy despite the present difficult conditions of the labour market. EEC trade, world trade and in particular North-South trade should therefore remain free of restrictions and such restrictions as exist should be eliminated.

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH
AND CONSUMER PROTECTION

Amendment No 1

tabled by the Committee on the Environment, Public Health and Consumer Protection

After paragraph 21 insert a new paragraph 21(a)

'21(a) Asks the Commission, within the framework of the third action programme on the environment,¹ to uphold the objectives of the world conservation strategy, namely:

- the maintenance of essential ecological processes and life-support systems,
- the preservation of genetic diversity,
- a sustainable utilization of species and ecosystems'

¹ OJ No C 46 of 17.2.1983, page 1

Amendment No 2

tabled by the Committee on the Environment, Public Health and Consumer Protection

Amend paragraph 22 as follows:

'Requests the Commission, in accordance with the above objectives, to adopt an 'environmental policy system' with the following four main features:

(a) (remainder unchanged)

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman: Mr J.-P. PRANCHERE

At its meeting of 21/22 June 1983 the Committee on Agriculture appointed Mr Pranchère draftsman.

At its meeting of 12/13 July 1983 the Committee on Agriculture considered the draft opinion. At the same meeting it unanimously adopted the conclusions thereof.

The following took part in the vote: Mr Früh, vice-chairman and acting chairman; Mr Delatte, vice-chairman; Mr Pranchère, draftsman; Mr Barbagli (deputizing for Mr Colleselli), Mrs Castle, Mr Costanzo (deputizing for Mr Ligios), Mr Dalsass, Mrs Desouches (deputizing for Mr Sutra), Mr Eyraud, Mr Jonker (deputizing for Mr Tolman), Mr Jürgens, Mr Marck, Mr Mommersteeg (deputizing for Mr Bocklet), Mrs Péry (deputizing for Mr Woltjer), Mr Provan and Mr Thareau.

I. INTRODUCTION

1. The Lomé Convention, which was first implemented in 1975, lays down the principles, objectives and institutional mechanisms of cooperation between the Community and 63 ACP countries.
2. The European Parliament has decided to make known its stance before negotiations on LOME III for the period 1985-1990 begin in autumn.
3. This opinion deals with the agricultural aspects of the Convention and tries to take account of the recommendations made by the ACP-EEC Consultative Assemblies.
4. It proposes ways of correcting the inadequacies of the LOME I and II agreements and of meeting future challenges by improving the quality of relations between the EEC and the ACP countries.

II. SUMMARY OF PROGRESS AND DIFFICULTIES

5. Under LOME I, the ACP countries and the EEC introduced an original mechanism for an overall approach to development problems, covering the establishment and promotion of cooperation links in the agricultural, industrial, trade and financial sectors.
6. Under LOME II, considerable improvements were made through the confirmation of the earlier agreements and the introduction of major innovations. STABEX was improved and extended to new products. Agricultural cooperation was increased. Fisheries problems were tackled, but with little success given the extent of the problems.
7. The food situation continues to worsen in many ACP countries. The deterioration of trade terms and drop in export earnings, particularly for agricultural products, compromise their ability to import and buy equipment. The Community is thus deprived of one of the keys to economic revival.
8. ACP-EEC trade structures have not changed and the ACP countries are still the Community's main suppliers of raw materials. As Mr Vergeer pointed out to the ACP-EEC Consultative Assembly in Rome in November 1982, the Lomé policy has still not changed the typical patterns of trade between industrialized and developing countries.
9. The benefits granted by the Community to industrialized countries such as the United States have prejudiced the attainment of ACP-EEC trade cooperation objectives.

10. STABEX has represented a considerable step forward even though it is difficult to assess its impact on the economy of the ACP countries. But the financial means available have become inadequate and it has helped to increase ACP dependence in relation to world markets by encouraging the cultivation of crops for export rather than food crops without promoting on-the-spot processing of local products.

11. Rural development activities have been increased (with a greater share of EDF appropriations) but the results are far from satisfactory. There has been considerable delay in setting up the technical centre for agricultural and rural cooperation.

12. Despite their importance to food supplies and employment, little account was taken of fisheries in the Convention and the LOME II joint declarations were applied only to a limited extent.

13. Inter-ACP regional cooperation in the fields of trade promotion and agricultural development have not been sufficiently developed.

14. On the basis of this brief outline of the progress made and difficulties encountered in implementing LOME I and II, the Committee on Agriculture has some specific proposals to make as regards future agricultural cooperation between the EEC and the ACP countries in three closely interrelated areas: short-term food supplies, food self-sufficiency and trade development.

III. CONCLUSIONS

15. The Committee on Agriculture

15.1 Hopes that a report will be drawn up on the agricultural aspects of the LOME I and II agreements in order particularly to assess their impact on the economies of the ACP countries in preparation for the new provisions of LOME III.

15.2 Notes that the future of many ACP countries depends on their agricultural raw materials and that fluctuations in their prices can lead to losses much greater than all the aid received; also believes that STABEX, which has played a role in the balance of payments equilibrium and mitigated some price fluctuations, is currently showing its limitations since the competitive position of the ACP countries in the case of most products covered by STABEX has declined steadily since 1980.

15.3 Proposes that, to remedy this, STABEX be strengthened and extended to new products with a view to guaranteeing genuine agricultural production price support in the ACP countries, encouraging on-the-spot processing of local products, promoting inter-ACP trade and preventing the cultivation of crops for export to the detriment of food crops; also hopes that a working party

will be set up under the future Convention to dismantle the mechanisms for fixing the prices of the main basic agricultural products, describe the route they follow from production to consumption and make proposals for their revalorization.

15.4 Hopes that the Community's trade policy as regards exports of agricultural products will be strengthened and brought more closely into line with the food strategies of the ACP countries and their possibilities for exporting to Community markets, which must also be further increased, particularly by limiting imports from industrialized countries which are often duty-free.

15.5 Believes in particular that if the Community is to comply with the LOME agreements it must uphold the trade advantages acquired by the ACP States and prevent them from being eroded as a result of other agreements concluded by the EEC.

15.6 Believes that the independent development of agriculture in the ACP countries and their food self-sufficiency should be given priority in LOME III.

15.7 Recognizes that if food aid remains necessary in the long term to combat malnutrition, the Community cannot use it only to get rid of agricultural surpluses that can change national food habits and prevent the development of national agricultural production; therefore calls for an increase in and diversification of aid and the provision of new products that better meet local requirements and eating habits; proposes that such food aid be better utilized, firstly in liason with rural development projects and secondly taking greater account of shortage situations and specific requirements (allocation according to sex, age, season etc.)

15.8 Proposes that special attention and increased assistance be granted to ACP countries suffering a drought and to combat deforestation and encroachment of the desert.

15.9 Requests that the Community provide the ACP countries with the agricultural products it has available on preferential terms (prices, credit) in addition to food aids; stresses the importance to the ACP countries of long-term contracts for the supply of agricultural products, particularly for the planning of their food strategies, and urges the Council to adopt the Commission's proposal speedily.

15.10 Calls for a strengthening of regional cooperation and trade between the ACP countries, particularly the least-developed, landlocked and island States, but also the French overseas departments and overseas countries and territories.

15.11 Requests that the ACP countries be properly consulted throughout the enlargement negotiations; proposes that a study be made of the implications of enlargement for ACP-EEC relations.

15.12 Regrets the delay in setting up the technical centre for agricultural and rural cooperation; requests that it be located definitely in an ACP country; hopes that it will rapidly become operational in order to develop research into food crops and contribute to the transfer of technology and production methods adapted to the requirements of ACP agriculture and the training of farmers.

15.13 Recalls that the price of ACP sugar should be the subject of genuine negotiation and should take account of all the major economic factors; therefore believes that it would be in accordance with the LOME Convention to take account of transport costs.

15.14 Stresses the importance of fisheries for the ACP countries (food, employment, industrial development) and regrets that the joint declarations included in LOME II (Annexes XVIII and XXI) have not been implemented to any great extent; calls for the inclusion of fisheries in the Convention and in particular for:

- proper promotion of non-industrial fisheries
- definition of a common strategy to assess and manage resources
- easier access to the Community market for ACP fishery products
- improved fisheries agreements (employment, marketing and on-the-spot processing, training etc.) and their extension to new ACP countries.

15.15 Calls for closer cooperation between economic and social circles in the Community and ACP countries during the Lomé negotiations; believes that the cooperative movement should play an important role in the development of the agri-foodstuffs sector.