

INFORMATION

DEVELOPMENT -- COOPERATION

EEC - LEBANON

147/77 E

The agreement signed in Brussels on 3 May 1977 indisputably marks the beginning of relationships, yet more fruitful than in the past, between the European Community and Lebanon. It results from the "global" mediterranean policy defined by the EEC Heads of State and Government at their Summit meeting in Paris in October 1972, and which they offered to implement with each and every mediterranean country which so desired.

When Lebanon signed its trade and cooperation agreement with the European Community in 1965, it was the first Arab country in this region to do so. When it initialled its "global" agreement on 16 February, it was the last country to do so, but this was the first step marking Lebanon's return onto the international scene.

Lebanon thus becomes the tenth major Arab country to undertake to cooperate with the European Community. The first nine were Algeria, Jordan, Morocco, Mauritania, the Arab Republic of Egypt, Somalia, the Sudan, Syria and Tunisia. Is this a significant occasion?

A word in this connection came from M. Claude Cheysson in the speech he made last January at the time of the signature of the agreements with the three other Mahsrek countries. These agreements, he said, could not and did not claim to deal with all the problems arising between developing countries and industrial Europe; but some of their features were, he said, "quite unique". They are international treaties which, once signed and ratified, set up obligations -- some of them of unlimited duration -- which cannot ever be revised or challenged. They were treaties marking the desire

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of the European Community to respect the independence of every other country, whatever be its choice of régime, of political system or pattern of alliances. They were treaties which embody every form of cooperation between industrial and developing countries.

"The attempt is new and the methods are new. There must needs be difficulties, sometimes clashes" said M. Cheysson. "There are some who think we are starting small, but on a Grand Design and a high ambition can be discerned", he continued. "In the service of this ambition, we shall now live together. Recognising our interdependence and the inevitable communal character of our existence, it is our decision to make this a motive force in our development, both joint and individual. Convinced of the creative force in the solidarity between neighbours, between peoples united in their geography, their history, their culture and their ambition, we are bringing together two national entities, the Arab nation and the European nations".

I - THE 1965 AGREEMENT : "A FIRST STEP".

It was on the initiative of the Republic of Lebanon that its special relationship was first set on foot with the European Economic Community. As early as 1962, Lebanon had proposed the opening of negotiations for a preferential trade agreement with the EEC. In the event, the trade and technical cooperation Agreement, signed in Brussels on 21 May 1965, was only a non-preferential agreement. In some ways it was an interim reply to the requests that the Lebanese authorities had made.

It came into force on 1st July 1968, and was initially for a period of three years. When it expired on 30 June 1971, the contracting parties decided to make use of the annual renewal clause, and since then it has been regularly renewed each year until July 1976.

Meantime, the three new members of the EEC -- the United Kingdom, Ireland and Denmark -- have become parties to the Agreement.

As a commercial and technical cooperation Agreement, it ranked as a "mixed" agreement. This means that it related to questions emerging from the Treaty setting up the European Community, and also to questions of technical cooperation which lay within the individual competence of the member countries.

Under this Agreement, neither the European Community nor Lebanon accorded the other any preferential trading advantages. The only provision under this head was that the two parties should mutually grant one another most favoured nation treatment. This treatment applied to all duties and taxes on the import or export of goods and those charged on inter-

national transfers of funds made for the purpose of settling import and export transactions.

There were, however, limits to these mutual preference arrangements, because the Agreement stipulated that the most favoured nation clause "should not apply to any advantages which had been or might hereafter be granted by the contracting parties with a view to setting up a customs union or free trade area". On this basis the most favoured nation clause could not be urged against the advantages the Community subsequently arranged to grant specific mediterranean or african countries with which it entered into preferential agreements. In the same way the Community could not claim the benefit of special advantages Lebanon might be induced to concede to other countries of the Arab League.

The 1965 Agreement also provided that the EEC countries should co-ordinate among themselves the action they proposed taking in regard to technical cooperation in response to requests put forward by Lebanon. It was understood that this technical cooperation might take a considerable variety of forms, consisting inter alios of :

- the sending of experts, specialists and teaching staff to public organisations, educational and research centres ;
- training of technical staff in Community countries in public establishments, educational institutes, industrial, agricultural and other firms ;
- the carrying out of surveys and enquiries aimed at lebanese development;
- the supply of technical equipment for educational and research centres.

A joint technical cooperation group consisting of representatives of the EEC members, the European Commission and the Lebanese Government was set up to consider such requests as Lebanon might put forward and keep in touch with any technical cooperation programmes decided upon. This 1965 Agreement was certainly an appreciable first step, but it did not altogether come up to Lebanon's expectations on the commercial side. In technical cooperation, too, it would perhaps be equally true to say it did not give all the satisfaction for which the parties had looked.

II. - A NEW STAGE -- THE PREFERENTIAL AGREEMENT OF 1972

It was not until 1972 that Lebanon received full satisfaction to the request it had put forward ten years earlier. After nearly a year of negotiation, a trade agreement -- this time a preferential one -- was signed on 18 December 1972 in Brussels. On behalf of the European Community, the signatories were Herr W. Schmelzer, President in Office of the EEC Council of Ministers and Dr. Sicco Mansholt, President of the European Commission. The Lebanese signatory was Ambassador K. Labaki.

This was to have been an agreement for five years, with provision for renegotiation to begin 18 months before it expired, with a view to a new agreement on a wider basis. The agreement, however, did not secure the necessary ratifications and therefore never came into force. On 6 November 1973, however, the EEC and Lebanon signed an additional Protocol in Brussels. The aim of this was to determine the transitional measures and the necessary adaptations to the 1972 agreement arising from the admission of three new member countries to the Community.

The 1972 Agreement had, however, provided for the elimination of many obstacles to trade between the two parties, and the mutual concessions they were to have made to one another were consistent with the progressive formation of a free trade area.

On the industrial side, more than 85% of Lebanese goods were to have had access to the EEC market duty free or at reduced rates. The EEC itself was to have introduced a 55% duty reduction, of which 45% was to operate on the entry into force of the agreement and the additional 10% as from 1st January 1974. For a number of products regarded as "sensitive" for the EEC economy (e.g. various aluminium goods and automobiles) the level of the duty reductions was to be lower, or the tariff reduction was to apply only to a quota of goods (e.g. cotton piecegoods). For another list of products (veneers and plywood, various textile products and oil refinery products) the EEC concession was not made at all.

For agricultural goods the concessions offered to Lebanon by the EEC were no less impressive. Nearly 79% of Lebanon's agricultural exports would have entered the EEC duty free or at reduced rates. The concession scheduled in the Agreement covered 40% of the agricultural produce exported to the EEC by Lebanon. Among the products affected were citrus fruit, olive oil, onions, garlic, mangoes, water melons, certain types of pimento and various fruits under the preserved or frozen headings.

The concessions for industrial exports from the EEC were so drawn up as to allow for the necessities of Lebanon's development. The EEC exports had been listed under three categories, each of which was to have its own special treatment. Concessions granted by Lebanon in the

first instance were for goods which were not at that time made there and of which imports were required. This related mainly to machinery and apparatus, electrical goods, chemicals, textile goods and various agricultural products, including meat, certain cereals and various vegetables. Lebanon had also undertaken to consolidate such measures of liberation as had already been taken or which might have accompanied the tariff concessions, and to take all necessary measures for the progressive liberation of imports still under quantitative restrictions. The agreement of course contained a "nascent industries" clause, enabling the contracting party (i.e. Lebanon) to take specific protective measures if this should be necessary under an industrialisation programme.

III. LAUNCHING OF THE "GLOBAL" MEDITERRANEAN POLICY

This preferential trade agreement had not yet got to the signature stage before the thoughts of the European Community were turning towards the idea of "globalising" the policy so far followed regarding the mediterranean countries. The imminent enlargement of the Community by four new members -- the United Kingdom, Ireland, Denmark and Norway -- had necessarily led the Community and the Mediterranean countries with which the Six had agreements to consider what legal, commercial and economic consequences would follow from these adhesions in regard to contractual relationships subsisting up to this time.

The ventilation of these problems coincided with the adoption by the European Parliament, under date of 9 February 1971, of a resolution inviting the Foreign Affairs Ministers of the EEC countries "to define a joint policy in regard to the countries in the Mediterranean Basin." In the parliamentary debate on the resolution, Herr Ralf Dahrendorf, in the name of the European Commission, had laid down three principles :

- relations with the mediterranean countries should seek a just balance between economic interdependence on the one hand and mutual respect for independence on the other ;
- in the relations between the Community and the mediterranean countries, there should be a common approach, taking into account the individual characteristics of each;
- thirdly, it was of overriding importance to go beyond the purely commercial approach and contribute to the economic development of the region.

This new concept of relations between the European Community and the mediterranean countries soon began to gain ground, and the EEC Council, as early as its meeting on 27-28 June 1972, made up its mind to consider

a "global approach" to the problems arising in a region which was not so very far away, and recognising that this approach might call for the re-negotiation of the agreements already in force, even before the time fixed for them to expire.

This idea took official form a few months later, when the Heads of State and Government held their Summit meeting at Paris on 19 October 1972. In the final declaration of this Conference, stress was laid on the essential importance attaching to EEC commitments towards the countries of the mediterranean basin, indicating that the agreements envisaged should be subject to "a global and well-balanced approach".

The official adhesion of the United Kingdom, Ireland and Denmark to the European Community followed on 1st January 1973. In the months which followed, the Community was seeking to define the content of this "global approach" on the basis of proposals put in by the European Commission and covering cooperation in economic terms in the technical and financial fields and in questions of manpower. The upshot of these discussions was the adoption by the EEC Council of directives for the negotiations. These were laid down at the Council meeting of 24-25 June 1973.

IV. SIGNATURE OF THE GLOBAL AGREEMENT

The Community elected to open these negotiations with a first group of mediterranean countries, carrying the discussions as far as the "global agreements" themselves before putting in hand negotiation with the second group of countries, among which was Lebanon.

It was in January 1975 that the European Commission sent in a communication to Council recommending the early opening of negotiations with Lebanon and also with Egypt, Syria and Jordan, for the purpose of concluding agreements in line with the global mediterranean policy. On 9 and 10 December of the same year, the Council recorded its agreement of principle regarding the directives to be given to the European Commission for the opening of negotiations with these four Machrek countries. It was in February 1976 that the negotiations began, except for those with Lebanon which was at this time in a special political position. It was not till 15 February 1977 that the Community and the lebanese representatives came to the negotiating table. The pace of the discussions was quite exceptional; and it was on the very next day, 16 February, that the agreement was initialled by Mr. Maurice Foley in the name of the Community and Ambassador Kesrouan Habaki on behalf of Lebanon.

V. COOPERATION : A PAGE OF FUTURE HISTORY

The novelty about this "global" agreement, and indeed its most important aspect, lies in the cooperation to be developed between the EEC and Lebanon.

Article 2 lays it down that the cooperation shall be aimed "to contribute to the development of Lebanon by an effort additional to those undertaken by the country itself, and to strengthen existing economic links on the broadest possible bases and for the mutual advantage of the parties".

The whole of section I of the Agreement is devoted to cooperation. It opens up the most alluring prospects for the extent of the cooperation; and this, coupled with the unlimited duration of the agreement, could lead to a deep-seated transformation in the traditional relations between Lebanon and the EEC.

This can be seen from the scope already sketched out for the Agreement. In Article 4, it is laid down that the cooperation -- in which of course full weight will be given to the aims and priorities of national development programmes and to the importance of integrated action in which different aids and interventions converge to a common end, and the desirability of promoting regional cooperation between Lebanon and other countries -- is to be aimed particularly at :

- the development of Lebanon's production and economic infrastructure with a view to diversifying its economy, to which end EEC participation should be particularly directed to industrialisation and agricultural modernisation;
- marketing and export promotion of Lebanese goods;
- industrial cooperation to be encouraged by programmes such as the organisation of contact meetings between politicians and business men, by easier access to technological knowhow, facilities for acquisition of patents and other forms of industrial property, the elimination of non-tariff obstacles to trade in industrial goods and similar approaches;
- steps to be taken for the agricultural and fisheries sectors to be mutually complementary;
- encouragement of private investment;
- joint action in the fields of science, technology and environmental protection.

The scope for cooperation thus looks wide enough and flexible enough to encourage many types of initiative. Even this, however, does not seem to have been regarded as sufficient, and the parties agreed on the

introduction of a progressivity clause. This is paragraph 2 of Art. 4 which lays it down that the parties may "determine other fields of application for their cooperation".

A first step along the path of cooperation has in fact been taken through an exchange of letters appended to the agreement. In these the parties agree that the EEC countries shall consider on a case-by-case basis the possibility of Lebanon being given access -- and if so on what terms -- to the results of joint programmes operated by the EEC countries among themselves, or between them and other third countries, in scientific matters, technology and environmental protection.

A second exchange of letters lays it down that the Community is willing to undertake preparatory work in cooperation with the Lebanese authorities with a view to cooperation in such a way that definite action can follow directly the agreement comes into force. It is, however, agreed that any project thus subjected to preliminary examination may not be finally approved until the agreement is in operation.

In this new "global" agreement, there remains, figuratively speaking, a blank page on the future relations between the EEC and Lebanon; and it is a newly instituted Council of Cooperation which is given the task of writing it. The mandate of this Council is in fact to "seek the ways and means by which cooperation can be brought into operation as defined in Art. 4".

This Council of Cooperation is to consist of representatives of the EEC, of its individual members and of Lebanon. In carrying out its task it is empowered to adopt such resolutions, recommendations and advices "as it may deem opportune for the attainment of the joint objectives or the right functioning of the agreement", and it may even take executive decisions to be carried out by the contracting parties.

The Council of Cooperation is to meet once a year, the different parties taking the chair in turn. It has a further assignment which goes beyond the cooperation itself and extends to all the aims of the agreement. If special difficulties should arise, a meeting of the Council may be called at the request of either of the contracting parties independently of the regular annual meetings.

The agreement also provides that the Council of Cooperation shall take all necessary steps to facilitate cooperation between the European Parliamentary Assembly and the Assembly of the People of Lebanon.

VI. USING TRADE TO STIMULATE INDUSTRIALISATION

On the trade side, the aim of the agreement is spelt out in Art. 8. It is intended to promote trade between the contracting parties, taking account of their respective levels of development and the need for securing a better balance in their commercial exchanges; and to speed up the growth of lebanese trade, improving the terms on which its products have access to the EEC market.

The lebanese economy is still dominated by the tertiary or service sector. Industry still contributes less than 20% to the GNP and the permanence of the trade concessions now offered to it by the Community may help to encourage further investment in the productive sectors.

The Community treatment for Lebanon's industrial exports falls in with these aims. Immediately on the entry into force of the agreement, and subject only to a few exceptions, all customs duties and taxes of equivalent effect applicable on importation into the EEC will be withdrawn altogether.

In the same way, as soon as the agreement comes into force, the EEC will waive all quantitative restrictions and measures of equivalent effect applicable to imports from third countries, and lebanese industrial goods will have the benefit of this general exemption.

On account of the exceedingly brief interval within which the Community has agreed to make access to its market duty free, and quantitatively unrestricted in regard to goods exported from Lebanon, has necessitated various temporary precautions for industrial goods regarded as specially "sensitive" in the Community.

It has thus been decided that for phosphated fertilizers (CCT heading No. 31.03) and various cotton piecegoods (CCT No. 55.09) the Community may apply ceilings of 1 500 tonnes and 200 tonnes respectively for the first year of application of the agreement. If the imports go beyond these figures the Community will have the right to reapply the normal customs duties. The ceilings are, however, to be raised by 5% each year up to 31 December 1979, after which they will be cancelled altogether.

Another temporary precaution permitted for the Community by the agreement, is to set up ceilings, if necessary, for phosphates (CCT No. 28.40 B II) travel goods (CCT No. 42.02 A and B), cotton yarns (CCT No. 55.05) and aluminium (CCT chap. 76). As in the cases mentioned above, once the imports have reached any specific ceiling, it would be open to the EEC to reintroduce the normal customs duties until the end of the year. The agreement provides, however, that when imports into the Community of any product covered by this type of ceiling reach 75% of the quantity fixed,

the Community must inform the EEC/Lebanon Council of Cooperation. In any case all these ceiling restrictions are to disappear not later than 31 December 1979.

In regard to refined petroleum products (CCT Nos. 27.10, 27.11 A and B I, 27.12, 27.13 B and 27.14) the Community has reserved the right to modify its import régime as, for example, on the setting up of a common energy policy; but it has also undertaken that in this case it will give imports of lebanese products advantages equivalent to those provided under this agreement.

Finally, the agreement specifies that for certain processed agricultural products (chocolate, malt extracts, food pastes, tapioca, biscuits, fine patisserie products, baker's yeast, lemonade, flavoured sparkling waters and certain other products) only the "fixed element" contained in the tax or levy to which the goods are subject on entry into the Community, is to be wholly eliminated on the entry into force of the agreement.

VII. IMPROVEMENT IN THE AGRICULTURAL CONCESSIONS

The agreement does not completely open the Community market to lebanese agricultural exports; but the concessions do not fall far short of this, since more than 80% of lebanese agricultural products will now have the benefit of tariff concessions. These are the products which, in the EEC itself, are covered by joint market organisations. To give a more precise estimate of the level of liberalisation which the Community has conceded, it should be added that the proportion would be over 90% if it included the products which enter duty-free.

Admittedly, the importance of agriculture in the lebanese economy is not as great as in most of the other mediterranean countries. Agriculture contributes only about 10% of the lebanon GNP, which explains the small proportion of agricultural goods in Lebanon's total exports to the Community, which accounted in 1975 for only 12.3%. Moreover, Lebanon's balance of agricultural trade shows a substantial deficit. The concession the country is to receive under the new agreement might well help to expand the country's agricultural output. At present it is working far below its natural potential, with only about 26% of the area of the country under cultivation, though 50% of the active population are in fact employed in agriculture.

The biggest crop areas are those for wheat and barley. In quantity the production of fruit, potatoes and sugar materially exceed the other crops. This is shown in the following table :

Principal products

| | Crop area (1 000 ha.) | | Production (1 000 t.) | | Yield (t. per ha.) |
|--------------|--------------------------|------|--------------------------|-------|-----------------------|
| | 1972 | 1973 | 1972 | 1973 | 1973 |
| Wheat | 50.5 | 50.1 | 63.7 | 55.1 | 1.1 |
| Barley | 7.8 | 7.3 | 7.6 | 6.5 | 0.9 |
| Sugar beet | 3.8 | 2.5 | 190.0 | 139.4 | 55.4 |
| Potatoes | 9.2 | 8.9 | 108.8 | 116.5 | 13.1 |
| Onions | 1.6 | 1.5 | 29.5 | 31.2 | 20.7 |
| Tobacco | 7.8 | 7.5 | 9.5 | 9.9 | 1.3 |
| Citrus fruit | 11.9 | 11.9 | 296.2 | 307.3 | 105.8 |
| Apples | 12.8 | 12.3 | 220.4 | 166.1 | 15.1 |
| Grapes | 17.8 | 18.2 | 109.4 | 107.4 | 6.1 |
| Olives | 28.0 | 30.2 | 39.6 | 32.2 | 1.1 |
| Tomatoes | 4.6 | 4.4 | 72.6 | 59.1 | 13.6 |

It should be added straight away that the Community appended a statement to the agreement, indicating its willingness to consider, having regard to the development of trade between the Community and the countries of the mediterranean basin, the possibility of improving the concessions given for oranges, mandarines and other citrus hybrids in and after the 1977-78 crop year. (see table page 16)

With special reference to lemons, it is agreed between the EEC and the Lebanese, that the 40% duty concession shall not apply unless the price of imported lebanese lemons is above the Community reference price by a specified margin.

In addition, the agreement lays down that the customs duties to be charged on importation from Lebanon of onions and garlic (dried dehydrated, evaporated, crushed or powdered) shall be respectively, 15% and 14%.

For the exports of virgin olive oil from Lebanon, the EEC has agreed both to a trading advantage and to an economic advantage. Provided the lebanese authorities collect an export tax on this oil, and that this tax is reflected in the import price into the Community, the latter is prepared to grant a rebate of 0.5 U.A. per 100 kg of the normal levy collected at the Community frontiers. This rebate is the trading advantage. The levy thus calculated is then to be diminished by the amount of the tax actually collected by the lebanese Treasury. This is the economic advantage. The machinery in question enables lebanese olive oil to be sold in the EEC market at a price equal to the price charged by an outside country, diminished by 0.5% of the levy; and for Lebanon itself, it creates a new source of fiscal revenue.

In an exchange of letters appended to the agreement, the two contracting parties agree to promote the smooth development of their agricultural trade and to apply their veterinary health and phyto-sanitary regulations in a non-discriminatory manner, avoiding the introduction of any new measure aimed to operate as an undue obstacle to their trade.

VIII. FOR THE EEC -- THE MOST FAVOURED NATION CLAUSE

As opposed to the provisions which had figured in the 1973 preferential agreement, the "global" agreement provides no other preferential treatment for EEC exports, apart from the operation of the most favoured nation clause. Moreover, Lebanon will be in a position to derogate from the operation of this clause, in the case of measures taken specifically for purposes of regional economic integration, or specifically for the benefit of developing countries.

There is of course agreement between the parties, that all the trade clauses may be provisionally adjusted or suspended in the event of serious difficulties or market disturbances, or the threat of difficulty and disturbance in any individual sector of national or regional economic activity. Consultative machinery is set up to determine the safeguard measures which should be taken by joint agreement in such cases.

The two contracting parties also agreed that in certain specified fields the systems applied by either of them shall not set up any discrimination between individuals or companies in the other country.

In conclusion, the agreement provides for a survey of its results to be made for the first time as from the beginning of 1979, and subsequently from the beginning of 1984. Any improvements the parties may, on these occasions, decide to introduce into the agreement will come into effect respectively, from 1st January 1980 and 1st January 1985.

IX. THE FIRST FINANCIAL SUPPORT GIVEN BY THE COMMUNITY

The other major innovation in the "global" agreement by comparison with the 1973 agreement, is that it is accompanied by a finance protocol. Under this the Community is, for the first time, to take part in "the financing of projects calculated to contribute to the economic development of Lebanon.

Thus the Community is to provide 30 million European units of account by way of financial aid, and this money is to be used before 31 October 1981. After this it is probable the contracting parties will negotiate a further finance protocol.

The financial support offered by the Community will take two forms :

- the opening for a line of credit for a total amount of 20 million U.A., with the European Investment Bank (EIB). These loans will run for 15 years, with three years franchise and carrying interest at the rate of 9.975% p.a.;
- the granting of loans on special terms (repayment in 40 years; 10 years franchise; interest at rate of 1% p.a.) for a total amount of 2 million U.A.; and
- 8 million U.A. in the form of non-repayable grants.

The Community finance aid may be given not only to the State of Lebanon, but also to public or private organisations. It will be applied to financing the preparation and execution projects for production, infrastructure creation and personnel training schemes as the two parties may jointly agree.

This aid, modest though it appears by comparison with the general objective of providing the necessary support for Lebanon's economic development, should not be regarded as negligible in the light of the multiplier effect of investments specifically undertaken for promotion of the Lebanese economy; and in addition, aid on these lines is apt to encourage external financing from other sources, especially in cases where the EEC appears as a part-participant in any project.

X. FREE ENTRY FOR LEBANESE COAL AND STEEL PRODUCTS

In parallel with the "global" agreement described above, the EEC and Lebanon made an additional one relating to products within the competence of the ECSC (European Coal & Steel Community). This agreement, too, is aimed to promote trade between the contracting parties.

It was with this in view that Art. 3 provided that customs duties and taxes of equivalent effect chargeable on the import into the Community of ECSC products from Lebanon, shall be eliminated as soon as the agreement comes into force. As for other industrial goods, the Community also undertook to eliminate, as from the same date, all remaining quantitative restrictions applicable to third countries.

The two parties agreed to set up consultative machinery if it should appear that goods are being offered by Lebanese firms on terms liable to prejudice the functioning of the Common Market and that this is due to the terms of price competition. In the absence of joint solutions, or if such solutions are adopted but not put into practice within a given time, the Community would be authorized to apply suitable safeguard measures which might include the withdrawal of the tariff concessions.

For the better operation of this agreement, a joint committee is set up. It is to consist of Community and lebanese representatives and is to meet regularly once a year, but may be called to a special meeting at the request of either party.

Naturally all the provisions of the "global" agreement about co-operation apply mutatis mutandis to the coal-steel protocol.

XI. FINANCE AID AND FOOD AID TO LEBANON

In past years Lebanon was already one of the beneficiary countries in the Community food aid policy. Over the period 1970-76 it received allocations of 7.99 m units of account in cereals, milk, powder and butter-oil.

In 1976 Lebanon received total aid from the Community to a value of about 12 m U.A. Apart from the normal food aid (which consisted of 575 t. of milk powder valued at 200 000 U.A.) the Community undertook a number of emergency measures on account of events in Lebanon. This covered the supply of wheat, rice, milk powder (partly through the Red Cross) and butter oil to a total value of about 1.04 m U.A., added to which there was an item of financial aid providing 100 000 U.A. to purchase medical supplies. It was in December 1976 that the EEC Council, on a proposal by the European Commission, adopted a programme of emergency aid providing urgent food aid valued at 10.28 m U.A., and finance aid of a further 400 000 U.A.

The action determined by the EEC Council is of two types :

- the sending of 20 050 t. of cereals for free distribution to necessitous persons. Of this, 12 500 t. were sent through the World Food Programme, and 7 550 t. through the International Committee of the Red Cross. Further supplies included 1 270 t. of powdered skim milk (470 t. through the WFP and 800 t. via the Red Cross) and 1600 t. of butter-oil through the Red Cross.

- the setting up of a reserve which the Commission may use as required by changes in the situation in Lebanon. This will include 25 000 t. of cereals (the volume entered in the projected 1977 programme) 1 240 t. of butter-oil and 2 275 t. of powdered skim milk.

The further item of 400 000 U.A. will be issued to the International Committee of the Red Cross for its assistance programme to Lebanon.

The following table is a record of the food aid given to Lebanon by the Community since 1979:

| | | Cereals | Milk | Butter-oil |
|-------|--------------|---------|-------|------------|
| 1970 | tonnes | 15 000 | - | 100 |
| | million u.a. | 1.03 | - | 0.08 |
| 1971 | tonnes | 7 500 | 197 | 40 |
| | million u.a. | 0.52 | 0.12 | 0.10 |
| 1972 | tonnes | 10 000 | 819 | 20 |
| | million u.a. | 1.54 | 0.45 | 0.05 |
| 1973 | tonnes | 5 000 | 521 | 50 |
| | million u.a. | 0.70 | 0.33 | 0.04 |
| 1974 | tonnes | 5 000 | 645 | 294 |
| | million u.a. | 0.99 | 0.52 | 0.40 |
| 1975 | tonnes | 3 589 | 250 | 200 |
| | million u.a. | 0.49 | 0.13 | 0.30 |
| 1976 | tonnes | - | 575 | - |
| | million u.a. | - | 0.20 | - |
| Total | tonnes | 46 389 | 3 023 | 704 |
| | million u.a. | 5.27 | 1.75 | 0.97 |

Emergency aid in 1976

| | | | | |
|------------------------|---|----------|---|--------------|
| Direct aid | : | Wheat | : | 2 589 tonnes |
| | | Rice | : | 690 " |
| | | Powdered | | |
| | | milk | : | 250 " |
| | | Butter- | | |
| | | oil | : | 200 " |
| Aid by the Red Cross : | | | | |
| | | Powdered | | |
| | | milk | : | 125 tonnes. |

Concessions granted by the Community in respect of Lebanon's main exports (for certain products, the period during which the concessions apply is given in brackets)

| CCT heading No | DESCRIPTION | Rate of reduction % |
|----------------|---|---------------------|
| 05.04 | - Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof | 80 |
| 07.01 | - Onions (1 February - 30 April) | 50 |
| | - Garlic (1 February - 31 May) | 50 |
| | - Sweet peppers (15 November - 30 April) | 40 |
| 07.05 | - Dried leguminous vegetables, shelled, whether or not skinned or split | 80 |
| 08.01 | - Dried dates | 80 |
| | - Mangoes, mangosteens and guavas | 40 |
| 08.02 | - Fresh oranges | 60 |
| | - Mandarines, tangerines, satsumas, clementines, wilkings and other similar citrus hybrids | 60 |
| | - Fresh lemons | 40 |
| | - Grapefruit | 80 |
| | - Limes | 80 |
| 08.04 | - Fresh table grapes (1 November - 14 July and 1 December - 30 April) | 60 |
| 08.05 | - Walnuts and pistachios | 50 |
| 08.09 | - Water melons (1 April - 15 June) | 50 |
| 08.12 | - Papaws | 50 |
| 09.09 | - Seeds of anis, badian, fennel, coriander, cumin caraway and juniper | 80 |
| 12.03 | - Seeds, fruit and spores, for sowing | 50 |
| 12.07 | - Plants : pyrethrum, liquoñices roots, tonquin beans, chamomile, mint, cinchona bark, calabar beans, quassia amara, coca leaves, cubeb powder, other wood, roots and bark, mosses, lichens and algae | 80 |
| 12.08 | - Locust beans, fresh or died | 80 |
| 20.01 | - Mango chutney | 80 |

THE EEC's TRADE WITH LEBANON IN 1975

| P R O D U C T S | C.S.T. | I M P O R T S | | E X P O R T S | |
|--|--------|---------------|------|---------------|------|
| | | ooo EUR | % | ooo EUR | % |
| TOTAL | 0 9 | 51 610 | 100 | 576 265 | 100 |
| INDEX (1970 = 100) | | 80 | | 220 | |
| Food : Live animals | 0 | 1 989 | 3,9 | 46 992 | 8,2 |
| of which : | | | | | |
| - Dairy products and eggs | 02 | | | 11 142 | 1,9 |
| - Cereal and cereal prep. | 04 | 11 | | 14 413 | 2,5 |
| - Fresh vegetables | 054 | 1 065 | 2,1 | 1 069 | 0,2 |
| - Animal feedingstuffs | 081 | 68 | 0,1 | 2 063 | 0,4 |
| Beverages and tobacco | 1 | 523 | 1,0 | 6 532 | 1,3 |
| Crude materials, inedible, except fuels | 2 | 12 826 | 24,9 | 9 436 | 1,6 |
| of which : | | | | | |
| - Hides and skins | 211 | 4 324 | 8,4 | 803 | 0,1 |
| - Textile fibres and waste | 26 | 365 | 0,7 | 3 458 | 0,6 |
| - Wool | 262 | 178 | 0,3 | 1 056 | 0,2 |
| - Crude fertilizers | 27 | 77 | 0,2 | 3 590 | 0,6 |
| - Crude animal materials | 291 | 6 000 | 11,6 | 234 | |
| Mineral fuels | 3 | 2 | | 13 371 | 2,3 |
| of which : | | | | | |
| - Crude oil | 331 | | | | |
| - Petroleum products | 332 | 2 | | 10 706 | 1,9 |
| Organic oils and fats | 4 | 724 | 1,4 | 4 987 | 0,9 |
| Chemicals | 5 | 1 814 | 3,5 | 71 539 | 12,4 |
| of which : | | | | | |
| - chem. elements and comp. | 51 | 39 | 0,1 | 7 225 | 1,3 |
| - tanning and colouring mat. | 53 | | | 6 628 | 1,2 |
| - med. and pharm. products | 541 | 257 | 0,5 | 18 112 | 3,1 |
| - Perfumery materials | 55 | 64 | 0,1 | 7 343 | 1,3 |
| - Fertilizers manufacturers | 56 | 1 365 | 2,6 | 2 226 | 0,4 |
| - Plastic mater. cellulose | 581 | 45 | 0,1 | 20 534 | 3,6 |
| Manufactured goods | 6 | 4 983 | 9,7 | 126 420 | 21,9 |
| of which : | | | | | |
| - Leather | 611 | 520 | 1,0 | 1 038 | 0,2 |
| - Text. garn. fabr. & made-up art. | 65 | 3 271 | 6,3 | 48 135 | 8,4 |
| - Non-met. min. manufacturers | 66 | 333 | 0,7 | 13 938 | 2,4 |
| - Iron and steel | 67 | 19 | | 19 759 | 3,4 |
| - Non-ferrous metals | 68 | 206 | 0,4 | 12 270 | 2,1 |
| - Manufacturers of metal | 69 | 40 | 0,1 | 19 706 | 3,4 |
| Machinery & transp. equipment | 7 | 4 141 | 8,0 | 222 833 | 38,7 |
| of which : | | | | | |
| - machin. other than elect. | 71 | 1 341 | 2,6 | 123 560 | 21,4 |
| - Boilers, motors | 711 | 865 | 1,7 | 19 617 | 3,4 |
| - Elec. mach., appar. & appl. | 72 | 1 242 | 2,4 | 36 689 | 6,7 |
| - Transport equipment | 73 | 1 558 | 3,0 | 60 584 | 10,5 |
| - Aircraft | 734 | 1 498 | 2,9 | 1 914 | 0,3 |
| Miscell. manufac. articles | 8 | 9 483 | 18,4 | 59 168 | 10,3 |
| of which : | | | | | |
| - Travel goods, handbags | 831 | 6 947 | 13,5 | 548 | 0,1 |
| - Clothing | 84 | 803 | 1,6 | 20 671 | 3,6 |
| - Sc. instr. photo & opt. goods | 86 | 222 | 0,4 | 9 295 | 1,6 |
| - Manufactured articles n.e.s. | 89 | 922 | 1,8 | 19 694 | 3,4 |
| Gold | 971 | 13 490 | 26,1 | 13 453 | 2,3 |

THE EEC'S TRADE WITH LEBANON IN 1975

(million EUR)

| | EEC | GERMANY | FRANCE | ITALY | NETHER- LANDS | BELGIUM | UNITED KINGDOM | IRELAND | DENMARK |
|---------|---------|---------|---------|---------|------------------|---------|-------------------|---------|---------|
| EXPORT | 589,6 | 122,4 | 122,3 | 138,8 | 29,2 | 37,3 | 129,9 | 1,1 | 8,6 |
| | 100 | 20,8 | 20,7 | 23,5 | 5,0 | 6,3 | 22,0 | 0,2 | 1,5 |
| IMPORT/ | 51,6 | 15,6 | 14,5 | 8,4 | 2,4 | 2,8 | 5,6 | 0,2 | 2,1 |
| | 100 | 30,2 | 28,1 | 16,3 | 4,7 | 5,4 | 10,9 | 0,4 | 4,1 |
| BALANCE | + 538,0 | + 106,8 | + 107,8 | + 130,4 | + 26,8 | + 34,5 | + 124,3 | + 0,9 | + 6,5 |