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THE EEC AND THE CARIBBEAN

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A definition.

There is some argument and uncertainty about what states and territories constitute 'the Caribbean'. The widest definition includes all those territories situated in, or bordering, the Gulf of Mexico and the Caribbean Sea. Under this definition such states as Mexico, Venezuela, and the countries of Central America, are all seen as belonging to the area. Former President Jimmy Carter even described the USA as a Caribbean nation since five of his country's states (Alabama, Florida, Louisiana, Mississippi, and Texas) do fit the wider geographic criterion.

A narrower definition includes only the island states.

This note uses 'Caribbean' to describe the island states plus Belize, Guyane, Guyana and Suriname.

Historical background.

The EEC's current relations with the Caribbean are in part the product of long historical links. Three EEC members - Britain, France, and the Netherlands - have exercised sovereignty over territory in the area for over three centuries. In the seventeenth, eighteenth and nineteenth centuries the Caribbean became for Europe an important source of raw materials, notably sugar, and served as a subsidiary battleground in war and at the diplomatic conference table for the commercial and military rivalries of these three powers. Many of the islands changed hands several times, St Lucia holding the record, having alternated between French and British control 14 times. Sometimes political change came about because of colonial interests in other parts of the world: Britain, for example, under the treaty of Breda, ceded control of what is now Surinam to the Dutch in exchange for what is now known as New York, or more precisely, Manhattan Island.

The arrival of Europeans in the area also had a most profound effect on the population profile of the Caribbean. Originally inhabited by Arawak and Carib Indians (it is from the latter that the region derives its present name) the Europeans imported huge numbers of African slaves to work their plantations. From 1690 to 1815 Jamaica alone saw the arrival of 800,000 Africans.

The abolition of the slave trade in 1815 marked the beginning of that slow and painful process - which many would argue is still by no means complete - by which Europeans were to abandon the notion that they had a right to dispose of other people's destinies as they (the Europeans) best saw fit. The EEC's present relations with the Caribbean, which are mainly but not solely governed by the terms of the second Lomé Convention can, in historical terms, best be seen as a milestone along that philosophical road. The Convention is equally the product of the Caribbean people's determination to assert their right to control their own affairs, and to deal with their interlocutors in other part of the world on a basis of mutual respect and mutual interest.

The abolition of the slave trade was followed by the abolition of slavery itself by the British in 1834 and by the French in 1848. This produced a second drastic change to the population profile.

Deprived of an adequate labour force the plantation owners on several of the islands resorted to the import of indentured labour.

Trinidad, Guyana, Guadeloupe, and Martinique turned to India, as did the Dutch in Suriname though they also brought in large numbers of Javanese. Smaller numbers of Chinese also arrived on some of the islands.

The co-existence of Indian and black communities remains a factor of importance in the political and economic life of a number of the states, notably Guyana and Trinidad and Tobago, to this day.

Following the second world war the demands of the Caribbean peoples to control their own destinies - often expressed through the labour movement - grew steadily, and by the end of the '60s most of the major (in population terms) territories had gained independence.

The years since the second world war also saw an interesting "reversal" of the cultural relationship between the Caribbean and Europe. Until this time European cultural and social influences had strongly affected the character of Caribbean societies. This came about not only because of the political relationship but through the influence of the churches, the pattern of education, the fact that comparatively large numbers of people from the Caribbean territories had served in European armed forces, and so on. The result was that Caribbean societies came to mirror those of the metropolitan powers more closely than was the case with colonies in Africa and Asia.

However in the years since the second world war large numbers of people of Caribbean origin have settled in Europe with considerable impact on the cultural and other aspects of European life.

This has been most marked in the United Kingdom where several hundred thousand people from Jamaica and the other islands of the former British West Indies have made their homes in the last thirty years. Today, were it not for the doctors and nursing staff of Caribbean origin, the United Kingdom's health services would break down. And in London both the postal and public transport services would cease to function without their staff of Caribbean origin.

Large numbers of people from the Caribbean now also live in France and 140,000 people from Surinam (about one third of the population) had gone to live in the Netherlands by 1978.

The human contacts between the peoples of Europe and the Caribbean have been further intensified in the last few years through tourism. At one time the Caribbean was a tourism destination only for very wealthy Europeans but today with the development of facilities some of the islands are becoming popular with people of much more modest means.

Though the organic links between the EEC and the Caribbean date back to the time of the Yaoundé Conventions, at that time they only involved the Dutch and French territories in the area. It was with the signature of the first Lomé Convention, following Britain's entry to the EEC, that they became really important for the whole area. For from that date they were to involve the large number of former and existing British colonies.

There are now ten states in the Caribbean signatory to the second Lomé Convention: Bahamas, Barbados, Dominica, Grenada, Guyana, Jamaica, St Lucia, St Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Nine more territories are associated with the EEC under the "Decision on the association of the overseas countries and territories". These are the OCTs, the British

and Dutch territories in the region which have not yet acceded to full independence: Anguilla, Antigua, Belize, Cayman Islands, Montserrat, Netherlands Antilles, St. Kitts and Nevis, Turks and Caicos Islands, and Virgin Islands (British).

All these states enjoy virtually the same relationship with the EEC. They receive financial and technical assistance from the European Development Fund (EDF), are eligible for loans from the European Investment Bank (EIB), can benefit from the system for the stabilization of export earnings (STABEX), and have the right to practically tariff-free access to the EEC market for most of their goods. For some of them the Sugar Protocol, is of particular importance, since it guarantees them guaranteed prices and export quotas to the Community market. Negotiation of the sugar protocol was a key part of the long negotiations of Lomé I and were wound up on the last day of the negotiations.

The Caribbean countries are an integral part of the ACP group, and often play a role out of proportion to their population and natural resources. Their diplomats have been prominent in ACP deliberations and political figures like Samy Ramphal, now Secretary-General of the Commonwealth, were among the founding fathers of Lomé. The Caribbean States, like those of the Pacific, give the Convention a global dimension outside Africa, which is part of its unique character.

Other states and territories in the Caribbean also receive assistance from the Community. Haiti and the Dominican Republic have benefited from the policy of financial and technical assistance to non-associated states which the EEC introduced in 1978. Then there is the special case of Guyane, Guadeloupe, and Martinique which are overseas departments of France. As such they are constitutionally integral parts of France, and although in the past have received development assistance from EDF, are now entitled to funds from the EEC's Regional Fund as well as emergency aid following hurricane disasters. They thus receive treatment which is analogous to that of other economically depressed areas within the Community.

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The main links, in both trade and aid are with the ACP states and the OCTs.

Some of the aid is 'non-programmable', that is to say its amount and destination cannot be foreseen or planned in advance. This includes exceptional aid for disaster victims. This category of aid is extremely important for the Caribbean because it is an area, parts of which are peculiarly prone to volcanic disturbances, hurricanes or floods. Recent examples of EEC aid in this field can be seen in the Community's actions following Hurricane Allen. This hurricane struck in the first week of 1980, only a year after the devastation caused by Hurricanes David and Frederick.

The hurricane caused over 400 deaths and widespread damage to housing, infrastructure and agriculture, running to many millions of dollars. In particular it almost totally destroyed the Windward Islands' most important export cash crop, bananas. In St. Lucia, the worst affected island 97% of the banana crop was wiped out, light manufacturing plant in the south of the island was damaged, and some of the hotels, which are essential to the tourist trade were harmed.

In total the EEC provided 11.63 m. ECU (16.35 m. USDollar), which went to St Lucia, Jamaica, Dominica, St. Vincent, Granada, Barbados, Haiti, Montserrat, Martinique and Guadeloupe. The payments were in three main forms: Emergency

aid for such things as building materials and medical supplies, emergency food aid (cereals, butter oil and milk powder), and payments under STABEX to compensate for the havoc caused to the banana crops.

The Community's swift response to Hurricane Ellen is a good illustration of the flexible and multi-faceted way in which it assists the region. It is also an excellent illustration of how it can coordinate its relations with the four different types of state in the Caribbean with which it has relations, for the list of countries assisted includes ACPs, OCTs, French Overseas Departments and a Non-associated State (Haiti).

Non-programmable aid also includes financial assistance provided to Non-Governmental Organisations. In the period 1976-79 this totalled 1.3m ECU (1.8 m. US Dollar) and included assistance to a Belgian Rotary Club building a convalescent home for children in Georgetown, Guyana, to Christian Aid (UK) for a school extension in St Andrew, Jamaica, to CEBEMO (Netherlands) for a housing project in the Dominican Republic).

The main thrust, however, of the EEC's financial and technical assistance in the Caribbean is in the form of aid programmed over a five-year period. This gives the recipient countries a sense of security and enables them to make the Community's assistance fit in with their longer term economic development plans.

During the period covered by the fourth European Development Fund (EDF)(1975-79) about 135 million ECU (US Dollar 190 m.) was programmed for projects and technical assistance benefiting the ACP countries and the OCTs. Of this 76m ECU were for the ACP, 32 m. ECU were for the OCTs and 27 m. were for regional projects. Taking account as well of non-programmable aid such as hurricane relief the total was 189 m. ECU.

In the years 1981-85 total funds allocated to the region through the fifth EDF under the second Lomé Convention, and from the European Investment Bank (EIB), together with assistance to states not signatory to the Lomé Convention, could amount to 300 m. ECU (about US Dollar 420 m.)

Before outlining the details of how EEC assistance has been, and will be, used, it is necessary to describe briefly the peculiar problems and opportunities which face the Caribbean economies.

The Economic Background.

History and geography have together conspired to present the Caribbean region with serious constraints to its future economic development. The general poverty of natural resources, problems of communication, the natural fragility of small economies, all suggest that the economic future of the area will be difficult.

However the region has one advantage over most other parts of the developing world which could prove crucial in assuring the success of current efforts to improve the standard of life of its people: it is rich in human resources partly because educational standards have been and remain, high. Official figures suggest, for example, that the adult literacy rate is higher in Barbados than in the United Kingdom.

Most of the states have not been blessed with abundant or significant natural resources. The main exceptions are Trinidad and Tobago, which is a significant oil exporter and possesses abundant reserves of natural gas, and Jamaica, Suriname and Guyana which are all major bauxite producers. Suriname and Guyana

both possess considerable potential for further bauxite and hydroelectric power development. Belize, Guyane and Suriname are all exporting timber.

The rest of the islands possess classic colonial economies which in the past relied mainly on the export of tropical cash crops such as bananas, cocoa, spices, and, most important, sugar. Such crops are not only subject to wide price fluctuations on the world market - making the prediction of export earnings receipts almost impossible - but are also sensitive to natural disasters such as hurricanes and volcanic eruptions to which the area is peculiarly prone.

In the last thirty years large scale emigration has taken place to the United States, Canada and Europe. This provided a convenient demographic safety valve, though it also deprived some of the countries of trained manpower. In the last few years the host countries in North America and Europe have brought in tighter immigration controls. This, together with the fact that unemployment among a generally highly educated workforce runs as high as 30 per cent on some of the islands, presents the governments with urgent economic and political problems.

A further complicating factor which arose in the last decade was the steep rise in oil prices. This has harmed all the states in the region except Trinidad and Tobago, though the worst hit have been the richer, more industrialised countries, notably Jamaica and Guyana, where oil consumption is higher, and a more dominant factor in the economic equation. In 1970 Guyana's oil imports cost G 23 m. or about 8.5 % of total imports. By 1980 they were costing around G 390 m. (a 17-fold rise in a decade) and represented around one third of the value of total imports.

Another difficulty the Caribbean economies face is a result of the fact that most of the states are small in geographic and population size. The most populous of the English-speaking countries, Jamaica, has under two and a half million people while Dominica, a fully independent state, has a mere 78,000 inhabitants.

All of the states in the region, apart from Guyana, Belize, and Suriname, are islands, the special difficulties of which are recognised under the terms of the Lomé Convention. These difficulties include geographic remoteness, which raises the cost of essential imports and the unavoidable costs of their exports. In addition the provision of adequate communications infrastructures in small island states are raised: in particular the building and maintenance of harbour and airport facilities represents a heavy percentage cost for these economies.

Regional co-operation.

Since the Caribbean economies are both small and fragile it has long been recognised that enhanced co-operation among them is desirable. Through co-operation costs for common services can be shared, a larger local market for locally produced goods can be provided, and a diversification of the region's economy achieved.

Attempts at regional integration date back to the colonial period and included the Anglo-American Caribbean Commission formed in 1942 and enlarged in 1946 to include the territories under Dutch and French control. But this organisation like the British West Indies Federation, formed in 1958, collapsed as a result of the centrifugal political and economic forces at work in the region.

CARICOM

Current aspirations towards regional integration find expression in the Caribbean Community or CARICOM. Unlike previous attempts at integration which were imposed from outside by the colonial powers, CARICOM has the great advantage of being "home grown".

It is with this organisation and its secretariat in Georgetown, Guyana, and the Caribbean Development Bank (CDB) with headquarters in Bridgetown, Barbados, that the EEC is working to assist regional co-operation.

Founded in 1973 by the Treaty of Chaguaramas CARICOM is a natural interlocutor for the EEC since its aims are analogous to those of the Community. It aims at the co-ordination of foreign policy among independent member states, at providing common services and functional co-operation in matters such as health, education, agriculture and communications. Its 12 members are: Anguilla, Antigua, Barbade, Belize, Dominica, Grenade, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent, and Trinidad and Tobago.

Just as the aims of the EEC and CARICOM are analogous so are some of the difficulties which the two have faced in bringing about integration. Just as political divergencies between EEC member states have at times impeded integration, so it has been with CARICOM. The Conference of Heads of Government, CARICOM's supreme body, has not met since 1976 as a result of ideological and other differences between the governments of member states.

Meetings at ministerial level have taken place regularly, however, and it is through these and through the efforts of the Secretariat that the moves towards greater integration and cooperation have continued to forge ahead.

The aspirations for integration find expression in CARICOM and in the East Caribbean Common Market (due to be incorporated into the newly formed OECS - Organisation of East Caribbean States).

These include organisations such as CARDI (the Caribbean Agricultural and Development Institute), the Caribbean Food Corporation (CFC) the University of the West Indies, Leeward Islands Air Transport (LIAT), and West Indies Shipping Corporation (WISCO).

The purpose of LIAT and WISCO is to provide respectively efficient air and sea transport facilities within the region and they are obviously key factors in achieving closer integration.

These and other regional organisations received Community assistance by means of the funds specially earmarked under the fourth EDF for regional projects.

The importance which both the EEC and the Caribbean governments attach to increased regional cooperation can be gauged from the fact that under the fourth EDF the amount allocated to them was equal to approximately 25 % of the total amount available for national programmes in the period.

Under the fifth EDF (1981-85) the amount allocated to regional projects is almost two and a half times that allocated in the previous five-year period and will be equal to about 50 % of the total amount earmarked for national programmes.

Some of the regional projects under the fifth EDF will assure the continuation of existing programmes. LIAT, WISCO, and the University of the West Indies,

seem certain to continue to be beneficiaries from Community funds.

In evolving its assistance programme in the Caribbean the Community takes account not only of the views and policies of the national governments and regional organisations with which it deals, but also of the intentions of other bilateral and multilateral donors operating in the region.

This is achieved not only through normal bilateral contacts between the Commission of the EEC and other donors but also through the Caribbean Group for Cooperation in Economic Development (CGCED). Established in 1977 under the auspices of the World Bank the group comprises 34 donor and recipient countries and over 20 international and regional organisations. The group holds an annual meeting in Washington but also a series of ad hoc working conferences in Washington, Paris and the Caribbean. It met in Kingston, Jamaica, in March 1981 to discuss that country's urgent economic problems. The group's principal aim is to coordinate external technical and financial assistance to the area and to promote increased regional cooperation.

A final dimension of regional cooperation in the Caribbean with which the European Community is particularly concerned is between the French Overseas Departments and the ACP and OCTs. A first initiative for contact emerged from a meeting (held in the context of trade promotion) involving the European and ACP governments and private sectors in Marseilles in May 1980. In February 1981, Europe-Caribbean Contacts (Pointe-à-Pitre'81) was held in the capital of Guadeloupe. The hosts were the combined chambers of Commerce of Martinique, Guadeloupe (Basse-terre and Pointe-à-Pitre) and Guyane, and the major invitees were over 400 representatives of Government and private sectors of most of the ACPs and OCTs of the Caribbean region, including the Prime Minister of Dominica, Mrs. Eugenia Charles, and Ministers from Barbados, Jamaica, Guyana, Grenada, Suriname and the Dutch Antilles. It was said to have been the first contact of its kind involving governments for 38 years, and produced recommendations in the field of trade (the need for regional consultative machinery, mixed associations and joint ventures), financial cooperation (e.g. coordinated funding of regional projects), and training. It was not felt necessary to set up a new institution to implement these recommendations.

EEC Assistance 1976 - 80

Total Community contributions to the Caribbean region amounted during this period to 209 million European Currency Units (ECU) or about USDollar 294 m.

Under the fourth EDF 135 m ECU were programmed for projects and technical assistance: 76 m. ECU (USDollar 107 m.) for the ACP states, 32 m. ECU (USDollar 44 m.) for the OCTs, and 27 m. ECU (USDollar 39 m.) for regional projects.

By the end of November 1981 commitments had been made for most of the projects planned. In several countries remaining funds were being used for the financing of preliminary studies to speed up the appraisal of projects to be presented under the fifth EDF.

The priorities of the Caribbean governments can be seen in the percentage breakdown by activity sector of the commitments which have been made:

Agricultural and rural development	44 %
Social infrastructure, health, education and training	24 %
Transport and Communications	13 %
Tourism and Trade Promotion	7 %
Industrialisation	5 %
Miscellaneous	7 %

Financial commitments under the regional programme have been made for 13 projects amounting to 21 m. ECU (USDollar 30 m.), or 80 per cent of the total available. By the end of 1980 there remained only one project for which funds still had to be committed once all the necessary information had been assembled. This is the LIAT project and when it gets under way this will mean that all the regional projects agreed in 1977 with CARICOM and the CDB will have been started.

Other schemes applying to the ACP and OCT states brought Community contributions up to 193 m.ECU (USDollar 271 m.). These consist mainly of:

1. Exceptional aid, food aid and STABEX amounting to about 34 m. ECU (USDollar 48 m.) Most of this was granted following the hurricanes which devastated the area in 1979 and 1980 which has already been described. There were other smaller payments under STABEX in earlier years to Dominica for bananas and to Belize for sawn wood.
2. Contributions from the European Investment Bank to the tune of 20 m.ECU (USDollar 28 m.), some in the form of national loans (to Barbados, Guyana, Jamaica, St. Lucia, Trinidad and Tobago) and others in the form of regional loans (to the CDB and the Caribbean Investment Corporation (CIC).)

The final element of EEC assistance was EEC's financial and technical aid to non-associated countries in the region. These comprised three projects in Haiti costing 7.4 m ECU (USDollar 10.4 m.) which were cofinanced with France and the IDB. In 1980 an amount of 4 m. ECU (USDollar 5.6 m.) was approved for an irrigation project in the Dominican Republic. In addition 4.8 m. ECU (USDollar 7.0 m.) was approved for Haiti, which as in earlier community assistance to the country, will mainly concern rural development. This brings the total community contribution to the Caribbean to 209 m. ECU (USDollar 294 m.).

The EEC's programmed assistance in the Caribbean is applied to a very wide variety of projects. Some are very large such as the Upper Demerara forestry project in Guyana. Here the total cost is put at 24.5 m. ECU (USDollar 34.4 m.). Of this the EDF is providing 5.8 ECU (USDollar 8.1 m.), the European Investment Bank is providing 3.15 m.ECU while the rest is coming from the IDB, the World Bank and the Guyanese Government.

This project is a good example not only of a very large project in which the Community is involved, but of the way the EEC is ready to cooperate in financing projects in which other donors are involved.

At the other end of the financial scale were small projects such as 15,000 ECU (USDollar 21,000) for a livestock study in St. Vincent.

Community assistance 1981-85

The second Lome Convention came into force on January 1st 1981 and runs like its predecessor for five years. By the end of 1980 programming missions from the European Development Fund and the European Investment Bank had visited all the ACP states in the region and the broad lines of projects to be carried out had emerged.

Taking account of the funds to be allocated by the EDF and the EIB, together with the other forms of assistance to the region already described, the total EEC contribution to the Caribbean in the 1981-1985 period could amount to 300 m.ECU (US \$ 420m.).

The total funds allocated to the national indicative programmes of the ACP states of the Caribbean amount to 95.7 m ECU (US \$ 134 m.).

From the programming missions carried out it has become clear that the states concerned wish to concentrate on the following sectors:

Agriculture and fisheries	36 %
Social infrastructure, Health, training and technical assistance	24 %
Energy	17 %
Tourism and trade promotion	5 %
Transport and communications	5 %
Microprojects	2 %
Reserve funds to permit future flexibility	11 %

In the 1981-85 period the Caribbean OCTs will receive at least 50m. ECU (US \$ 70m.).

It is planned to continue with annual financial and technical cooperation schemes for other states in the Region. In this context, road and rural development projects could be considered for Haiti.

In the course of missions already carried out, some ACP States indicated their interest in having certain projects financed by the European Investment Bank. About 40 m. ECU (USDollar 56.2 m.) could be envisaged for EIB assistance towards the development of these ACP states.

The sum of 55 m. ECU (USDollar 77.3 m.) has been allocated for regional projects in the ACP States of the Caribbean. In addition there will be the Caribbean's share of the 11 m.ECU (USDollar 15.5 m.) for regional projects in the OCT.

Also, regional trade promotion or tourism projects will be able to benefit from special funds set aside for that purpose - these funds are put at 40 m.ECU (USDollar 56.2 m.) for all the ACP states.

During the programming missions the Community stated its readiness to contribute towards regional projects requested by two or more neighbouring States or by regional bodies in the interests of the general economic development of the region.

Requests were made during the programming missions by the different national authorities or regional institutions visited: it is probable that a considerable share of this allocation will be used for the continuation of certain projects already started under the fourth EDF, namely sea and air transport and communications. Several other requests have been received and these concern agriculture, training and health in particular.

Furthermore, a preliminary meeting has been held between the Commission and the Caribbean Community (CARICOM) and the Caribbean Development Bank (CDB). The Caribbean institutions informed the Commission of their objectives and priorities for the future. During the CARICOM Council of Ministers meeting in January 1981, further discussions took place regarding regional projects for the Caribbean area.

Just as some of the regional funds under the fifth EDF will be used to continue and develop existing programmes so the national programmes will contain elements of continuity. In St. Lucia, for example, the fourth EDF programme contained a feeder road project and the indicative programme for the years 1981-5 contains a further project of this type.

The element of predictability and continuity of Community assistance is valued by the ACP states as it allows them to plan ahead. Thus the fourth EDF funded a study for St. Vincent for a clinic on Union Island. The fifth EDF will build it.

Cofinancing with other donors will continue as an element of Community policy. One of the largest projects which the Community was expected to be involved in in the Caribbean in the 1981-5 period is the proposed Kabalebo hydro-electric scheme in Suriname. The World Bank has been studying the project but its implementation is expected to involve bilateral assistance from the Netherlands, resources from the World Bank and the Interamerican Development Bank and from the Community by means of funds from both the EDF and EIB.

Sugar.

For five ACP Caribbean states Article 48 and protocol 7 of the second Lome Convention are of importance since these deal with the special arrangements the Community and the ACP states have made regarding sugar.

In brief the arrangements are a reciprocal commitment under which certain ACP states undertake to supply, and the Community undertakes to buy, specified quantities of cane sugar.

The agreed quantities are: (in tonnes)

Barbados	49,300
Guyana	157,700
Jamaica	118,300
Trinidad and Tobago	69,000
Suriname	4,000

The Community has also undertaken to apply identical treatment to sugar exports from the following OCTs:

Belize	39,400
St Kitts, Nevis and .	
Anguilla	14,800

Though the sugar arrangements are part of the Lome Convention they are also independent of it in the sense that the Community's commitment to buy the stated quantities is an open-ended one and is not restricted to the five-year life of the Convention.

The guaranteed price which the Community will pay is negotiated annually.

The agreement on the supply and purchase of sugar was concluded for an indefinite period and entered into force on March 1st 1975. However, after a period of seven years "the protocol may be denounced by the Community with respect to each ACP state and by each ACP State with respect to the Community, subject to two years' notice."

The Protocol further stipulates that "no changemay enter into force until a period of five years has elapsed from the sate on which the Convention enters into force. Thereafter, such changes as may be agreed upon will come into force at a time to be agreed."

The sugar arrangements date from the first Lome Convention and were a direct result of the United Kingdom joining the Community, since their aim was to protect the interests of Commonwealth sugar producers who, before Britain's entry, enjoyed preferential export arrangements on the British market.

Sugar remains a delicate issue both in the Community's internal politics and in its relations with the ACPs because of a conflict between the interests of the ACP exporters and Europe's own sugar beet farmers.

Rum.

The rum protocol (Protocol No 5) of the second Lome Convention is also important to a number of Caribbean states. The protocol guarantees customs free access to the Community for controlled amounts of rum. The Community fixes the amount each year on the basis of the largest annual quantities imported from the ACP in the last three years for which statistics are available, increased at an annual rate of 40 % on the market of the United Kingdom and 18 % on the other Community markets.

The rum protocol also contains provisions for Community-ACP consultations on problems that may arise in the application of the protocol, and for trade promotion of rum in the Community's market.

SYSMIN.

One of the innovations in the second Lome Convention is SYSMIN which envisages two types of aid in the mining field:

1. Aid to maintain capacity for the production of certain mining products, comprising technical and financial aid for projects and programmes through a "special financing facility".
2. Technical and financial assistance from the Community for the development of new mining and energy resources in the ACP states.

Since bauxite/alumina is one of the six products covered by the scheme SYSMIN could in the future be of importance to Guyana, Suriname and Jamaica. In one way SYSMIN is similar to the STABEX system which already applies to a list of tropical agricultural products.

Under SYSMIN a "special financing facility" of 280 m. ECU (USDollar 393 m.) has been set up. Any ACP State which, during the preceding four years, has, as a general rule, derived at least 15 % of its earnings from exports to the Community of one of the specified mining products and which foresees or records a fall of at least 10 % in its capacity to produce or export that product may make an application to the Commission for aid via the special financing facility.

Aid provided under the scheme would be used for programmes designed to maintain or renew production plant.

Industrial Cooperation.

The provisions on industrial cooperation in the second Lome Convention will, it is hoped, enhance activities in this field where many of the ACP States have said they feel progress so far has been inadequate.

The general objective is to promote industrial development in the ACP States but the emphasis is placed on (1) priority industrial sectors and (2) creating or consolidating the bases for industrial development in the ACP states through training and the transfer of technology (3) the financing of industrial development through private investment and the use of ACP-EEC institutions to ensure that schemes in this field are properly carried out.

In concrete terms one of the institutions relevant to this work is the Centre for Industrial Development (CID) in Brussels. This organisation tries to promote "marriages" between ACP and EEC principals, whether governmental or private.

In the Caribbean the schemes encouraged by the CID have ranged from arranging cooperation between a United Kingdom private sponsor and a Barbados private partner with a view to setting up an enterprise for the finishing and printing of garments, through an arrangement between a Belgian importer and a private local partner in St. Vincent for the export of plantain chips to the EEC.

Trade and Tourism Promotion.

The Community's contributions for trade promotion in the Caribbean area have been directed towards two main objectives: the promotion of Tourism (which for many States is an important part of GDP) and the promotion of exports.

Trade promotion has been carried out both at the national and regional levels. Under the fifth EDF these activities will be continued and enhanced.

Some examples of projects carried out under the fourth EDF show the main lines of action worked out between the Community and the interested States.

In the Bahamas assistance was provided for the establishment of a Trade and Industrial Unit. In Barbados technical assistance was provided for the Barbados Export Promotion Corporation and funds were made available for a feasibility study on tourism promotion.

In Dominica a feasibility study was carried out concerning the production of tropical oils such as Cinnamon, Bay, Patchouli, and cardomon.

In Grenada a film to encourage tourism was prepared and in Guyana a major study of tourism potential was carried out.

Jamaica was the main Caribbean recipient under trade promotion and here the project carried out whose total value was 2.8 m. ECU have included a study contracted out to Britain's Tropical Products Institute on the post harvest handling of fresh foods and horticultural products to a major trade promotion project.

At the regional level a major study on European tourism demand has been carried out. This is very relevant to the area's present tourism situation since many of the States have been finding that while tourist arrivals from the North America have been either static or declining, European arrivals have been increasing.

A case in point is Grenada. Hoteliers there report that following recent political developments on the island and unfavourable comments in the North American press the numbers of tourists from Canada and the USA have dropped off sharply. But this shortfall has been more than made up by a marked increase in arrivals from the EEC, in particular Germany.

Other Community contributions of a regional nature have included financing for Caribbean nations to take part in the annual ITB tourism exhibition in Berlin.

Under the fifth EDF contributions for trade promotion are likely to increase. Six of the ACP states have included projects under this heading in their indicative programmes while at the regional level major tourism and trade promotion projects are envisaged for Community financing by CARICOM.

As in other forms of assistance through the EDF there is a degree of continuity from the fourth to the fifth EDF. In the Dominica national programme, for example, is a project which builds directly on the feasibility study on tropical oils already carried out. A pilot farm is to be established.

ANNEX 1

January 1981

CARIBBEAN AREA

TOTAL EEC AID - LOME I PERIOD - 1976/80

	<u>ECU (000)</u>	<u>USDol.(000)</u>
<u>I. Financial and Technical cooperation Lomé I</u>		
ACP 4th EDF, Indicative Programmes	76,275	107,166
OCT 4th EDF, Indicative Programmes	31,565	44,349
Regional Programme	27,500	38,638
	<u> </u>	<u> </u>
Total 4th EDF Indicative Programmes	135,340	190,153
<u>II. Other Interventions</u>		
*Exceptional Aid	10,625	14,928
*Food Aid	14,456	20,311
STABEX	9,235	12,975
*NGOs	1,303	1,831
European Investment Bank	19,770	27,777
Special Action CCEI (Guyana)	2,167	3,045
	<u> </u>	<u> </u>
Sub-total	192,896	271,020
<u>III. Financial and Technical Cooperation</u> Haiti and Dominican Republic	<u>16,200</u>	<u>22,760</u>
<u>IV. TOTAL EEC INTERVENTION:</u>	<u>209,096</u> =====	<u>293,780</u> =====

1 ECU = 1.405 USDollar (1 Oct 1980)

* These amounts include allocations for non-associated countries (Haiti and Dominican Republic) and/or French Overseas Departments (Martinique and Guadeloupe).

ANNEX II

January 1981

EUROPEAN INVESTMENT BANK
LOME I - CARIBBEAN - 1976/80

	<u>ECU (000)</u>	<u>USDoL. (000)</u>
<u>Barbados</u> Global loan to Barbados Development Bank	2,500	3,510
<u>Guyana</u> Risk capital - forestry project	3,200	4,500
<u>Jamaica</u> Risk capital for feasibility study	70	90
<u>Trinidad and Tobago</u> Global loans to "Trinidad and Tobago Development Finance Company" signed: 1978	5,000	7,030
1980	5,000	7,030
	<u>15,770</u>	<u>22,160</u>
<u>REGIONAL</u> Global loan to the "Caribbean Development Bank" - 1978	3,000	4,220
Risk capital. Venture capital for the "Caribbean Investment Corporation" - 1979	1,000	1,410
	<u>4,000</u>	<u>5,630</u>
TOTAL:	<u>19,770</u> =====	<u>27,790</u> =====

1 ECU = 1.405 USDollar (1 Oct 1980)

OTHER PUBLICATIONS RELATED TO 'DEVELOPMENT'

Other EEC publications about the Community's relations with the Third World can be obtained from the following address:

Spokesman's Group and Directorate-General for Information
Publications distribution service, Room 2/84
Commission of the European Communities
Rue de la Loi, 200
B - 1049 Brussels (Belgium)

1. Dossiers

- The European Community and the Third World, Bruxelles, September 1977
- Europe and the Third World
A study on interdependence (by M. Noelke)
- Europe - Third World : The challenge of Interdependence (M. Nölke)
Edition 1980
- Lomé II - Special edition from the 'Courier' n° 58

2. "Information Series" and "Europe Information": (generally all Community languages)

- The European Community and the Textile-Agreements
special edition (June 1978)
- The European Community and the Arab World n° 169/79
- Europe-Tiers Monde: Rural Development
- Solar Energy: A new area of ACP-EEC Cooperation
- The EEC and the developing countries: Outside the Lome Convention and the Southern Mediterranean
- Community Wine Imports
- Lomé II - Analysis chapter by chapter of the EEC-ACP Convention
- The development of trade between the European Community and the Arab League Countries
- Implications for the Southern Mediterranean countries of the second enlargement of the European Community (R. Taylor)
- Implications of the second enlargement for the Mediterranean and "ACP" policies of the European Community (E. Guth)
- The Question of Commodities in the North-South Dialogue
- Photovoltaic Energy as a Development Aid
- Tanzania - EEC Relations
- New forms of energies - facts and fictions