

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on the operation during 1987 and 1988 of the
export earnings stabilization system set up by the
Council Decision of 30 June 1986 on the association of
overseas countries and territories

I. INTRODUCTION

1. Article 27 of the Internal Agreement on the financing and administration of Community aid states that each year the Commission is to draw up a comprehensive report for the Member States on the operation of the export earnings stabilization system.

2. As regards the OCT, the system was first revived after a long period in 1987, when two transfer requests were made for the 1986 application year.

3. As it was the first year of activity under the Decision of 30 June 1986 and as, in addition, procedural delays prevented the exercise from being concluded by 31 December, it was felt that there would be no point in submitting an intermediate report for 1987.

4. This report therefore covers the administration of the system for the OCT during the two consecutive years of 1987 and 1988.

II. ACTIVITIES OF THE INSTITUTIONS

1. Before any transfer requests were considered, solutions were found to the problems of establishing what resources were available under the system.

1.1 On 8 December 1987 the Commission decided to accept the proposal of the United Kingdom authorities that they be released from a former replenishment obligation in respect of an overseas territory which

had since become independent (Kiribati) by having the obligation charged against any transfer rights of an existing territory (Falkland Islands). The amount in question was ECU 384 789.

- 1.2 On the same day the Commission decided to render possible the application of Article 88 of the Decision of 30 June 1986, which provided only for joint Stabex and Sysmin resources totalling ECU 5 million. This sum was therefore divided, and ECU 4 million was put aside for Stabex to cover the five-year implementation period of the Decision.

III. ADMINISTRATION OF THE SYSTEM

1. 1986 application year.

- 1.1 The Commission received two transfer requests for this year, presented by two overseas territories.

- 1.2 Appraisal of these requests showed that the transfer rights were as follows:

<u>OT</u>	<u>Product</u>	<u>ECU</u>
Falkland Islands	Sheep's or lambs' wool, not carded or combed	503 034 ¹
French Polynesia	Copra oil	3 459 224
	TOTAL	<u>3 962 258</u>

- 1.3 As this overall amount of ECU 3 962 258 exceeded the resources available (ECU 1 800 000)² it was necessary to apply Article 91(2) of the Decision,

¹Taking into account the ECU 384 789 covered by the United Kingdom.

²This amount comprises the following:

Instalment not used from 1985	ECU 800 000
Instalment for 1986	ECU 800 000
25% advance drawing on 1987 (Article 91(1))	ECU 200 000

ECU 1 800 000

which meant that the financial requirements could be reduced to ECU 3 202 920.

1.4 However, this amount could still not be covered by funds available, and the Council was asked to reduce the transfer rights to the amount of available resources pursuant to Article 91(3).

1.5 On 11 April 1988 the Council established the amounts to be transferred as follows:

<u>Recipient territory</u>	<u>Product</u>	<u>Amount in ECU</u>
Falkland Islands	Sheep's or lambs' wool, not carded or combed	66 712
French Polynesia	Copra oil	1 733 288
	TOTAL	<u>1 800 000</u>

2. 1987 application year

2.1 For this year the Commission received a transfer request from French Polynesia relating to copra oil.

2.2 Appraisal of this request showed that the transfer rights amounted to ECU 1 595 721.

2.3 The resources available for this application year were only ECU 800 000,³ so that the problem could not be resolved merely by applying Article 91(2).

¹ Outstanding balance from the instalment for 1987	ECU 600 000
Advance drawing on 1988 (Article 91(1))	ECU 200 000
	<u>ECU 800 000</u>

2.4 Consequently, on 20 October 1988 the Commission asked the Council to reduce the amount of the transfer to the level of available resources.

2.5 On 15 December 1988 the Council took the following decision:

Transfer to be granted to French Polynesia for the year 1987 for copra oil: ECU 800 000.