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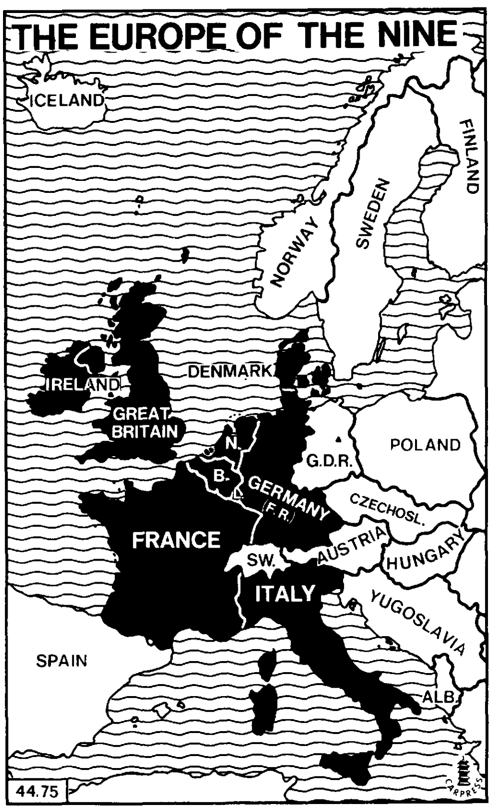
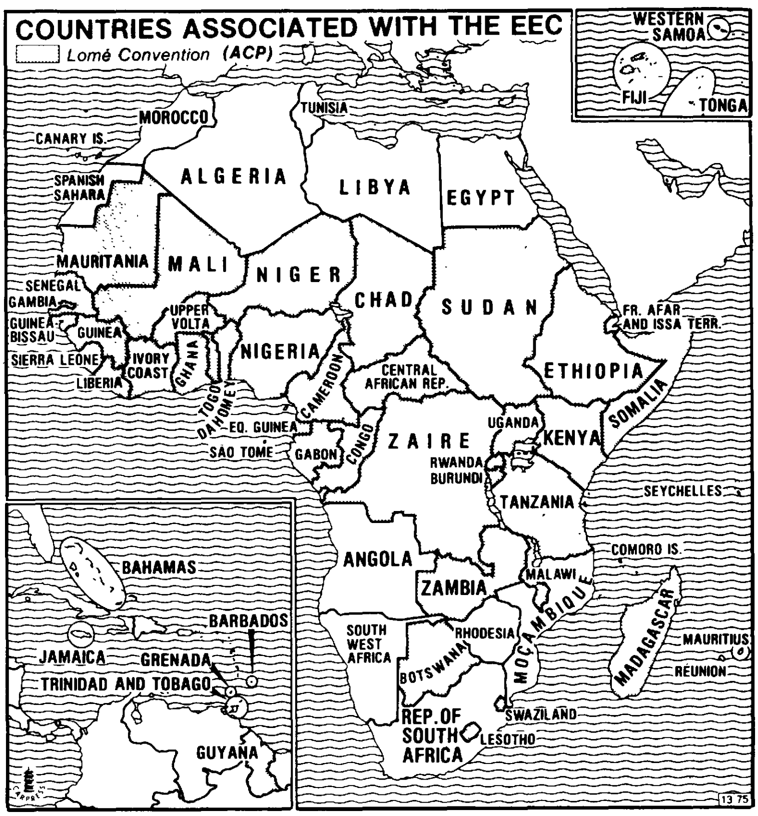




Cover : Vocational training centre, Nairobi (International Labour Organisation).

THE COURIER

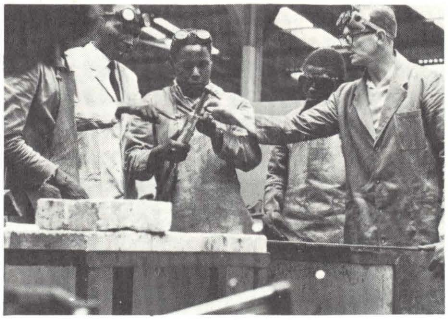
EUROPEAN COMMUNITY — AFRICA - CARIBBEAN - PACIFIC

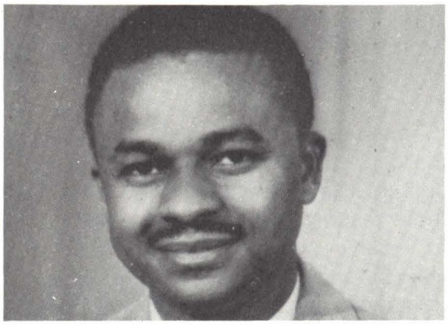
No. 33 — September-October 1975

Samir Amin — What sort of cooperation should there be between industrial countries and the Third World? Can developing countries build an industrial society incorporating their own values by using foreign means? The director of the Dakar Development and Planification Institute took part in the International Socialist Conference in Suresnes (France) on the world economic crisis. For M. Amin, the "real equality of the partners" is the first necessity in his definition of development cooperation. **Page 6**

Sierra Leone — This small English-speaking West African State is one of the world's biggest producers of diamonds. But production has been falling and forecasts say the diamonds will run out in a few years. Dr. S.M. Kanu, Sierra Leone ambassador in Bonn, sketches the economic prospects for his country and explains how the Lomé Convention can help. **Page 15**

Dossier — Industrial cooperation is emerging increasingly as a major development strategy and has been the subject of a series of international conferences. The industrial chapter of the Lomé Convention is an innovation that has drawn considerable attention. This issue's Dossier covers the general issues involved and some particular aspects, case studies and a report on the Lima industrialisation conference. **Page 20**





Louis Alexandrenne — Industrialisation looks like at least part of the answer to underdevelopment; the question is how to go about it. Senegal's Minister of Industrial Development and leader of the Senegalese delegation to the UNIDO conference at Lima, Louis Alexandrenne defines the possible basis of industrialisation in West Africa. **Page 34**

Mauritius — Thousands of miles from Europe in the Indian Ocean, Mauritius is a meeting-place of French and English and the crossroads of several civilisations. The 19th AASM State associated with the EEC under the Yaoundé Convention, Mauritius is now one of the 46 ACP and faces new perspectives. **Page 67**

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EDITORIAL

A favourable time for industrial cooperation

The world has changed more in 50 years through scientific and technological progress than in the whole of its previous history. The contrast with the slow progress of human relations is only the more evident. Maybe Sophocles said it all, though he did not live to see the abolition of slavery, that pillar of the ancient world, nor the rise of the great world religions. But human relations still take the form of confrontation far more often than of cooperation, today as much as yesterday and perhaps more than ever because of the dizzying increase in our needs and in the power of our technology. Too often we affirm and define ourselves through conflict with others.

The East-West tension of the Cold War in the '50s has been progressively followed by a North-South confrontation tending to oppose industrial and developing countries. The world economic recession, bringing inflation and unemployment, has made it worse. Difficulties become more sharply felt everywhere. Two factors currently dominate North-South world relations: firstly, since the first United Nations Conference on Trade and Development (UNCTAD) in 1964, the Third World countries have grown steadily more aware of the solidarity between them; secondly, as the Pearson report showed in 1969, the aid given by industrial to developing countries since the Second World War has proved inadequate in its form and in its means.

In such conditions, anything that can improve these ways and means and replace systematic confrontation by a spirit of cooperation and solidarity deserves encouragement. Industrial cooperation is currently an important element of this new spirit and of these new ways and means. Industrial ccoperation in the relation between developed, i.e. industrial, countries and the Third World—the idea is more widely talked about than understood.

At **international level** the industrialisation of the developing countries, and therefore the various aspects of industrial cooperation, are part of the idea of a "new international economic order" which emerged as the common denominator of the sixth special session of the United Nations General Assembly, the Charter of Economic Rights and Duties of States and the recent second general conference of the United Nations Industrial Development Organisation (UNIDO) at Lima. Industrial cooperation is certain to come up at the seventh special session of the UN General Assembly in September and at the next conference on energy and raw materials.

On the **regional and bilateral levels** industrial cooperation is a major feature of the EEC-ACP Lomé Convention. Some ACP countries consider it the most attractive aspect of the agreement. It will also feature in the coming asociation agreements between the European Community and the Maghreb countries and will be central to the future negotiations with the Machrak countries and to the Euro-Arab dialogue. Meanwhile it figures increasingly in the strictly bilateral country-to-country aid schemes.

So industrial cooperation is a topical question of recognised importance. This issue's Dossier makes no pretence at covering the whole of such a wide subject, but it does attempt to define industrial cooperation and to clarify what may be expected from it in the context of current ideas and the latest international conferences. Abd-El Rahman Khane, head of UNIDO, and several personalities well-known in French-speaking Africa such as Louis Alexandrenne, Roland Pré and Seydou Djim Sylla, have contributed to it. The main lines of the European Community's contribution, past and future, to the industrialisation of developing countries are laid out.

This seems a favourable time for industrial cooperation. But its large-scale development will depend on the political will of those responsible, on the structure set up to receive industrial firms and on the chances of the viability and security that attract them. For the first time all the factors favouring industrial cooperation between industrial and developing countries have been brought together. This cooperation can work to the benefit of both sides and could be an important challenge to the constant problems of hunger, misery, despair and chaos in the world. It needs faith. And it requires a little scepticism to be realistic; as the Chinese proverb has it, "never make prophecies, especially about the future". ■

The raw materials problem: general lines of the Community approach

The oil crisis has given the raw materials question a new dimension. Recently the European Commission put forward a paper to the Council of Ministers on the general lines of the Community approach. The Council had to determine its position mainly because of the forthcoming debate in the UN, and a summary of this paper is given below.

The raw materials problem is now one of the fundamental issues between industrial and developing countries and international economic relations have to be adjusted to the new realities. International trade is now seen increasingly to have its foundations in interdependence and developing countries which produce raw materials are no longer seen merely as suppliers, but rather as partners in world economic expansion.

The reexamination of attitudes for which this calls must therefore cover two closely connected issues. The first is the way raw materials are produced and marketed; the second is the best way of speeding up the economic growth of developing countries.

Claims of developing countries

These questions have been discussed on many occasions in various international bodies, and the developing countries have left no doubt as to what they claim. Briefly it includes:

— free access to the markets of industrial countries;
— increased opportunities for processing raw materials in the developing countries;
— full and effective sovereignty over mineral resources;
— stabilisation of receipts from exports of raw materials by developing countries;
— prices of raw materials to be proportionate to those of manufactured goods.

A general approach

With the claims set out in these terms, the Commission considers the Community attitude must be clear and constructive. It should analyse a number of elements. These include:

— different solutions can be sought for each product, depending on the special factors affecting it;
— apart from tropical agricultural produce, developing countries are not the principal source of raw materials, though the export of these materials is of key importance for most developing countries which produce them;
— the scale of price fluctuations varies substantially from product to product;
— the risk of shortage is comparatively slight, largely because of the existence of substitute products;
— the Community depends, and will continue to depend, on external sources of supplies.

The Commission lays down a number of general principles for adoption by the Community in international meetings as a general approach to the search for fair solutions. These are:

— a fair and remunerative price level should be sought, so as to provide greater stability in receipts and a long-term balance between supply and demand;
— the economic growth of developing countries should be stimulated by the diversification of their production and the encouragement of local processing of raw materials;
— special attention should be given to the case of the poorest countries;
— consideration should be given to the consumer countries' need to secure consistent and guaranteed supplies.

Action proposed

The Commission lists a number of types of action it regards as desirable, in the interests alike of the Community and the developing countries.

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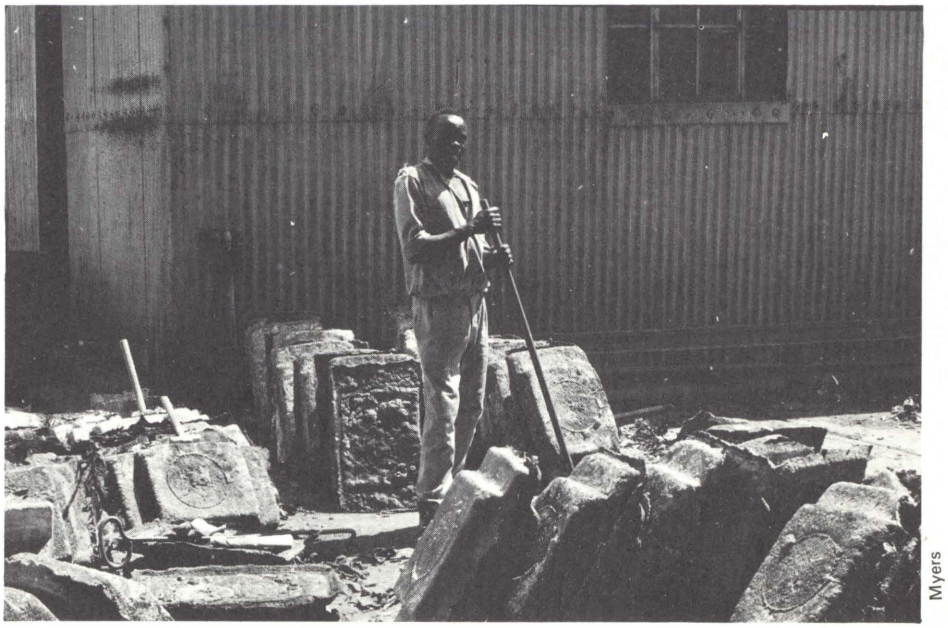
1. Trade cooperation. This cooperation should work towards the removal of tariffs and non-tariff barriers impeding access to the markets of industrial countries. Over and above the measures already taken by the Community, the pursuit of this objective should be put on an international footing in the multinational negotiations in GATT, in which tropical products are to be discussed as a matter of priority. Equitable solutions will also have to be found for the problem of controlling export restrictions.

2. Industrial cooperation (1). The target must be to promote the local processing of locally produced raw materials. This will involve setting up a system of contracts to encourage operators. Various types of measure may be of particular interest:
— promoting investment and its coordination;
— encouraging long-term contracts, specifying mutual commitments for the delivery and offtake of products;
— promotion of transfer of technology.


Myers

Cupper, one of the essential raw materials for industrialised countries, here being produced at Nilembé (Uganda).

3. Eliminating excessive price fluctuations. The problem of eliminating price fluctuations opens up the question of commodity agreements. The Commission's views on this subject are set out in a further paper (2).

It considers that the existing agreements (tin, cocoa, coffee, sugar, wheat, olive oil) have not always worked satisfactorily. This may be an result of their having been drafted too exclusively as an instrument for defending the interests of producers in periods of surplus. Wider political vision should make it possible to improve their working. To this end the Commission has tabled proposals in GATT with a view to securing agreements on temperate zone agricultural products (cereals, sugar, rice).

The Commission considers the time has come for discussion of the various cases in which it might be practicable to extend the commodity agreement system to raw materials. Such agreements would have to be so drafted as to take into account the mutual interests of producers and consumers, with all that this implies regarding participation in the management of the agreements and the cost.

At the end of its survey the Commission notes that only a few products seem to satisfy the necessary conditions. These are **copper, zinc, lead, cotton** and **wool.** The form of such agreements might be confined mainly to the two following types:
— agreements including a buffer stock to be administered jointly by exporters and consumers, with or without rigid price brackets. This would probably be the less hazardous type;
— agreements based on financial machinery. These would probably be less costly and extremely flexible, and they could be combined with the application of other types of machinery.

4. Stabilisation of export receipts. In a special communication, the Commission also gave a more detailed analysis of the stabilisation system. The Community has already made an experiment in this field by bringing it into the Lomé Convention. The system and machinery used in this instance cannot, however, be purely and simply brought into operation on a world scale.

The Commission nevertheless emphasises the importance it attaches to international action in this field, with all industrial countries (including those with centralised economies) taking part. It analyses two aspects of such a system: the field of application and the methods.

Field of application

There are rather prickly problems in determining the field of application. There are several possible solutions, one of which would be to lay down in advance the products to which the scheme should apply, so that the countries to benefit from it would automatically follow. Another approach might be to concentrate the available resources on the poorest countries.

The Commission calls attention to the particularly adverse effect of unstable export receipts upon the poorer developing countries. It suggests, as a first measure, that the system should apply to beneficiaries in this category, and to products of special interest to them.

However, there is no ready-made list of these that could be used as required for the machinery envisaged. The final choice of products can only be made after a more complete study of each individual case.

Methods and machinery

The methods and machinery might be on similar lines to those laid down in the Lomé Convention. This would involve:
— a system renewable every five years;
— transfers to be repayable free of interest;
— minimum limits to be fixed for degree of dependence and scale of fluctuation. ■

(1) See Dossier, "Industrial cooperation".

(2) Communication to the Council of Ministers on raw material problems affecting relations with developing countries exporting commodities.

Socialist conference on the world economic crisis

Suresnes meeting discusses solutions for developing countries

The French Socialist Party was sponsor of an international conference on the world economic crisis held at Suresnes (Paris) on June 5 and 6. There were contributions from 25 leading economists, politicians and trade unionists, who took advantage of these "1975 discussions" to attempt to define their response—"the socialist response"—to the crisis which is currently throwing the western world and its economic system out of gear. Among those who took part were EEC Commission Vice President Henri Simonet and Commissioner Claude Cheysson, who is responsible for development; Samir Amin, Director of the African Institute for Economic Development and Planning (Dakar); Ahmed Ghozali, Chairman and Managing Director of SONATRACH (Algeria); Jacques Attali, professor at the Paris Polytechnic, who ranks with Stephen Marglin (USA) as one of the most brilliant of the world's young economists; two Nobel prizewinners—Wassily Leontief (USA) and Jan Tinbergen (Netherlands); Sicco Mansholt, François Perroux, John Galbraith, Jacques Delors, Michel Rocard, Egon Kemenès and many others, including of course François Mitterand, leader of the French Socialist Party.

For some years past, especially since 1973, the world economy has been in a state of crisis, and the countries of the western world have been among the worst hit. Inflation can no longer be brought under control by the weapons in the Keynesian armoury, operating through levels of investment, consumption and budgets. Inflation and unemployment now run together and recession goes hand-in-hand with rising prices ("stagflation"). It is the first time this has happened in 30 years, and the question is whether the crisis is a transient phase of the trade cycle or a structural aspect of the economic system. For the economists at Suresnes, the crisis is structural in character; and for Harvard professor Stephen Marglin, it is "made in the USA". Jacques Attali, basing his argument on the fundamental variable—the profit rate which is the analytical determinant of the market economy—argued that conventional remedies do not now work *(See page 11: What crisis? by Jacques Attali)*.

The crisis hits the developing countries hardest, for these countries lack the resources for dealing with a recession which are at the disposal of industrial countries. The countries of the Third World are, and are likely to remain, the more adversely affected when their economic systems are effectively part of the international system, which is where the difficulties lie. It is the non-industrial countries which are most severely affected by the oil crisis. This specific character of the crisis in developing countries was prominent in the discussion of socialist solutions. EEC Commissioner Claude Cheysson spoke in favour of a policy of price stabilisation for raw materials at remunerative levels. This has already been given definite form in the STABEX (export receipts stabilisation) section of the Lomé Convention.

On the other hand, Herr von Dohnayi, former Minister for Scientific Research in Federal Germany, thought the up-grading of prices for raw materials might contain dangers for the producing countries of the Third World. "Half the world's raw materials are produced in the developed world", he said; "and the new prices for these supplies will also bring advantages, perhaps greater advantages, to the richer countries". According to Herr von Dohnayi, there is a danger that the rise in the prices of primary materials may block the international division of labour. "There can be no doubt", he concluded, "that rising prices for raw materials are no solution to the world's economic problem".

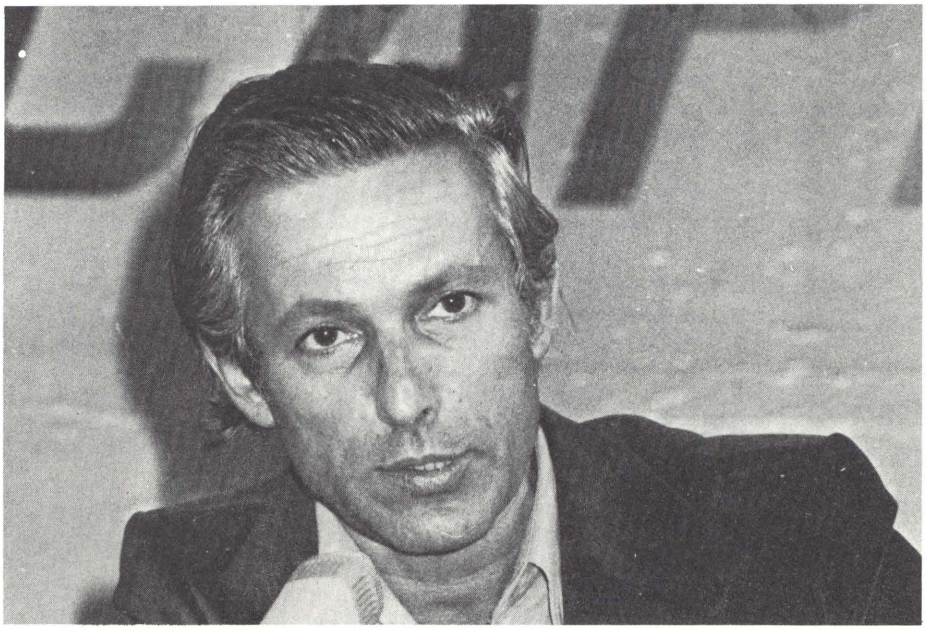
There was a definite conflict between this standpoint and the views of other at Suresnes who agreed on the need for a new world economic order—consisting of what?--and also with the representatives of the Third World, among whom Samir Amin took the view that "technological transfers are not a sufficient condition for development", arguing that only a "redistribution of wealth" could infuse significance into the new international division of labour.

In an interview (see below) Samir Amin gave further details of the ideas he put forward at Suresnes. The type of cooperation needed for François Mitterrand's new world economic order, the impact of the present recession on developing countries and the part which can be played by regional organisations, such as those of the Lomé Convention, in seeking out a new international economic system, were discussed by other speakers. These included Jan Tinbergen (Nobel Prize for economics, 1969), Jacques Delors (Professor of Economics and member of the Dakar Club), Michel Rocard (a specialist in monetary questions and a member of the National Secretariat of the Socialist Party).

"The essential condition for cooperation: real equality between partners"

Samir AMIN(*)

What sort of cooperation should there be between industrial countries and the Third World? Ought the developing countries to set up an industrialised form of economic society, based on their own values, but using instruments brought in from outside? Are they capable of doing so? And if so, what should be the basis for aid to development on these lines? Samir Amin, Director of the African Institute for Economic Development and Planning at Dakar (Senegal), described his approach and gives his views on development aid.



Samir Amin
"An autocentric development strategy".

▶ *M. Amin, you take the view that development aid today is a form of "social imperialism". How do you explain this description?*

— I think I should first say what I meant by "social imperialism". It is, as I see it, internal social democracy with external imperialism. To understand this you must get one thing clear: for nearly a century the centre of gravity of the labour force used by the capitalist system has been moving from the centre of the capitalist system into its fringes. In other words, the volume and rate of profit contributed by the labour force which capital exploits on the periphery has been becoming greater, both in absolute value and as part of the total surplus extorted by capital from labour on the world scale. Lenin was the first to give this its true name—imperialism—and it leads of course to changes in the prospect of the world's conversion to socialism and, more especially, to the continued ascendancy of capitalist ideology in important areas of working class opinion in western countries. This concept of solidarity between the interests of a nation's labour and capital at the centre of the system, and of the conflict between their collective interests and those of the Third World, is the real content of social imperialism. This is the main aspect; and it has been accompanied by the whole ideology of aid to under-developed countries, a charitable concept which might make it possible for these countries to catch up their arrears in comparison with the highly developed capitalist contries. This aid is far from neutral. It is not set in motion by social classes, or the governments of countries outside the world's capitalist system. In this sense the aid is in essence an instrument of social imperialism.

▶ *What should be the form of economic cooperation between European and other industrial countries and the Third World if it is to be non-compulsive and to avoid making the beneficiary countries into dependent nations?*

— Before you can talk about cooperation you must have the essential condition, real equality between the partners. There are two conditions for this. One is that the political powers should be genuinely independent and not mere projections of the political powers in centres of domination; and the second is that the development strategy of the countries concerned should be centered on its own requirements, a strategy which stands back from the picture and provides for progressive

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(*) Since 1962, Samir Amin was an adviser successively to the governments of Egypt and of Mali and then went to Dakar as Director of the African Institute for Economic Development and Planning. He is the author of many works on the African and international economy, the titles of which include: Unequal Development; the Senegal Business World; Growth of Capitalism in the Ivory Coast (Editions Minuit); Accumulation on the World Scale; Economic History of the Congo, 1880-1968 (Editions Anthropos).

disengagement from dependence on the world capitalist system. During the first day of the conference I made the point that the formation of a world of equal and interdependent socialist nations must necessarily pass through the phase of affirming national independence and the disengagement of countries which are at present under domination—the underdeveloped countries which are dominated and exploited by capital and need to be enfranchised from the capitalist system.

▶ *Don't you think the idea of aid with absolutely no strings attached—I am not sure if this is really what you meant—may not be much more than a theoretical concept, taking insufficient account of the realities and possibilities of the world of today?*

— We have got to get away from the "ideology of aid", by which I mean the generally received opinion that aid is neutral in relation to the social systems of the countries which give and the countries which receive, that it is the expression of an international human solidarity and thus helps to speed up the development process in underdeveloped countries. Aid has nothing to do with all this. Up to the present aid has been aimed to strengthen the political and social power—reactionary for the most part—in the peripheral countries, dominated, linked with imperialism and taking part in the capitalist exploitation of the peripheral proletariat. The aid has not been distributed equally, or on a chance basis. It has been an element in the picture; but there is another element which has operated in parallel for the past 30 years, consisting of interventions of a permanent character, whether economic or political, in the form of coups d'Etat, military intervention, other imperialistic interventions and, most of all, the dominant American imperialism against the peoples of the Third World. The last 30 years have been 30 years of war and struggle; and for us of the Third World, they have certainly not been years of peace and prosperity. They were the years of the Vietnam war, years of permanent warfare throughout Sout-East Asia; years of CIA intervention in Indonesia and the massacre of 300 000 Indonesians; intervention in Malaysia, in Burmah, in the Philippines; war in the Indo-Pakistani sub-continent and much more besides. They have been years of uninterrupted repression of African peoples and of peasant revolts. This is the reality of international life during these 30 years. They were a period characterised not by aid to underdeveloped countries, but the interventions of imperialism against them.

▶ *What do you think of the Lomé Convention?*

— I think any such event must be appraised in a much longer historical background. The present international economic order is so scandalous that there is not a government or country in the world, developed or underdeveloped, which would now venture to defend it. Yet only three years ago there were people in the West who were willing to defend it; but this does not mean that the prospect of a new international economic order is a well defined prospect with no ambiguities and that everybody agrees about its content. The truth is quite the opposite. We can see two lines of thought beginning to emerge regarding possible developments in this new order. On the one hand there is a reactionary tendency looking to another unequal international division of labour between the developed centres and the peripheral areas under their more or less direct domination; and on the other, there is a more progressive approach which would once more question the international division of labour between the centre and the periphery, either on a world basis or regionally. As I see it, we shall have to replace not only the Lomé agreements themselves, but the whole policy of rapprochement between Europe, the Arab world and Africa. We must look back on this as a reactionary policy, a European neo-imperialism which took over from the old colonialisms of the British, the French, the Belgians and others, in Africa and in the Arab world, seeking to divide the world between them, so that the United States could have exclusive domination of Latin America, Europe would have its stamping ground in Africa and the Arab world and Japan would have its expansion areas in Asia. There is, however, another anti-imperialist outlook, which not only sets European imperialism against American imperialism but seeks to give such areas as Southern Europe, the Arab world and Africa a greater freedom from the super powers and the imperialism of the Americans. On the other hand, if this is to have a progressive content, the social power north and south of the Mediterranean, north and south of the Sahara, must itself be progress-conscious.

▶ *Do you mean that one of the aims of the Lomé Convention is to attempt to isolate the signatories from American influences?*

— In my opinion, yes. Perhaps this is why, even though the convention itself is harmless enough, the strict content in the form of immediate visible and reciprocal economic advantages bestowed by Europe on the ACP countries and vice versa is on a minimal scale. The Lomé Convention in fact is not a real war horse, though the battle fought around it has been interpreted as an important one. The extreme violence of American opposition to the convention bears witness to the underlying conflicts between the imperialisms.

▶ *You say the transfer of technology is not the condition of development. It has in fact been said that the great novelties in the Lomé agreement are industrial cooperation and STABEX. What do you think about this?*

— My feeling is that the Lomé agreements are still in the conventional tradition which took it for granted that the Associated countries needed the advanced technologies of the West just as they needed stability in their export receipts. In actual fact they do not need this advanced technology. It was the origin of their underdevelopment. This technology is not a neutral factor in the development of underdevelopment and the flourishing exploitation of the peripheral period. It is the technical instrument and the vehicle of these evils. Progress must pass through the stage of developing an independent technology. It must not spring from a cultural nationalism, calling for differences for the sake of difference, but from the fact that our problems are themselves different from those of what is still the developed world. Science is universal, I agree; there is no separate African mathematics or French or Japanese; but technique is not universal. It is a concrete response to a definite situation, springing from universal scientific proofs; and our own technique is not that of the countries which are now the developed ones.

▶ *If I understand you, we should have our own techniques in each country. How is this possible without bringing in the existing pat-*

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tern from outside with all its capacity for taking hold everywhere?

— My standpoint is clear enough. We must develop a technique of our own, because our problems are our own and the techniques worked out in the developed countries do not respond to our requirements. A very clear example is solar energy. In all the developed countries, in North America, Europe, Japan, the Soviet Union, research on this problem is directed to the use of solar energy as an alternative energy source, competitive with other sources, for large-scale production, responding to the needs of modern industry in developed countries. For us the position is very different. In Africa, for example, we have energy production requirements on the village scale. For this we need technological research on solar energy production in small quantities which would be competitive with the costly alternative of setting up installations and bringing fuel over long distances. We shall need strong instruments and apparatus, adequate in themselves and capable of operation by peasants and repair, if necessary, by village school-teachers. There is nothing in all the research technologies of the West to throw any light on the problem in this form. If we do not develop our own technological research, we shall have to wait till the discoveries on solar energy have been worked out in and for the developed countries; and then they will be cobbled up for what are said to be our requirements and we shall be asked to pay in gold for dross which does not cover our needs.

▶ *Are you in favour of unlimited expansion in trade between the countries of the Third World and the developed countries; and do you think this is the aim of the stabilisation of export receipts?*

— I am against the unlimited expansion of trade relations between underdeveloped and developed countries. These trade relations have been the vehicle of a huge transfer of wealth from the underdeveloped countries to the developed ones and one of the targets of the stabilisation scheme is to encourage the expansion of trade relations of which we have been victims for the past century and a half.

▶ *Ought development aid to be organised on the pattern set down in the Lomé Convention, or do you think that it ought to be worked out on a world scale in an international organisation with this as its sole task?*

— Up to now world organisations have been dominated by the United States, for the simple reason that the period out of which the crisis is bringing us was characterised by the ascendancy of American imperialism throughout the system. In these conditions it is natural that countries looking to escape from American domination should seek independent partners in their region, in other countries or groups of countries, and should be suspicious of the world organisations.

▶ *What are your main lines of action as head of the African Institute for Economic Development and Planning at Dakar?*

— The institute is a product of the African countries themselves and it is independent both in the teaching it gives and in the research it undertakes. Its general strategy is aimed to encourage independent thinking in Africa on the problems of Africa's own development.

▶ *Has it had any results?*

— Yes, we have already had some results. Looked at in the form of statistics, each year we have 15 or so discussion meetings, seminars and training courses, attended by about 1 000 Africans, some young, some less so; students at an advanced stage in their studies; young civil servants, technicians and politicians. Through our meetings they have an opportunity of criticising development as it is progressing on our continent, and thus of working towards home-centered development alternatives. This is beginning to have an impact on African life.

▶ *A general question: when people talk about development it is always with reference to the western pattern. Don't you think we'll arrive at an identical system in the end?*

— The trend of capitalism is not towards a homogeneous system, but if you like towards the integration of all parts of the world. Yet the history of capitalism's own development has been the history of unequal development which has resulted in forming a centre and a periphery in the system. In my view, the prospect of a socialist world does not rule out the equal development of productive forces in all parts of the world, or the plurality and variety of organisational and cultural patterns with their roots in historical or other influences. It is exchange which unifies the world and creates the homogeneous. It is custom, on the other hand, which brings variety; and variety must also flow from restoring priority to custom over exchange. Unity and variety exist at the same time—unity in the development of productive forces and variety in patterns and ways of life and forms of consumption linked with the development of the productive forces.

▶ *Do you think we shall ultimately end up with a consumer society?*

— I certainly hope not. I do not think we shall, even though the privileged members of the governing classes who benefit from this way of life are lulling themselves with the illusion of a possible extension to the whole population of the so-called consumer economy. We are well aware that the price we pay for the privileges of the minority is stagnation and the pauperisation of the masses in the Third World.

▶ *You don't think you might be making some slight error of judgement regarding the future of our society?*

— Do you really think so? Our countries have been integrated into the world capitalist system for at least a century and a half. What proportion of the whole population of Africa or India is at present enjoying standards of living approaching those of the West? As much a 5%? Not even that. ■

Jacques DELORS : "STABEX - a concerted effort to control the future"

Jacques Delors, member of the French Socialist Party and the Dakar Club, was formerly adviser on Social Affairs to the Prime Minister of France. He gives his views on the Lomé Convention and considers the developing countries themselves must control their economic progress under a freely chosen model of society.

▶ *M. Delors, what is your opinion of the new Lomé Convention between Europe and the ACP, more especially of its contractual aspect, by which I mean STABEX—the stabilisation of export receipts to the ACP countries—and industrial cooperation?*

— Quite apart from the content of the convention, these aspects are in their principles a step towards a new world economic order. Whenever the economic world has succeeded in making progress it has only been able to do so by refusing to trust entirely to spontaneous market forces and attempting instead to correct the balance between the institutions surrounding and supplying the market itself. For example, for 20 years or so the international monetary system has provided the framework for smoother development; and today we are faced with the consequence of the system's collapse. The first implication of the contract, therefore, is to set up an institutional framework which can combat the blind or short-sighted market influences and also correct the self-seeking trend in national policies. There are so many national requirements determining the attitudes of each country and I think the principle is important in itself.

▶ *Does this apply to the stabilisation of export receipts?*

— This of course is in the same line of thinking. We have seen how world commodity markets cannot avoid dangerous fluctuations. In the first instance this is because, short of our eating our seed corn, there was not a single world organisation responsible for assessing future requirements and the extent of their pressure on new resources. In some sense this is the risk the club of Rome wanted to warn us about, though the report itself was open to criticism. For this reason the stabilisation of export receipts is both a measure of security for the ACP countries and a way by which they can avoid the temptation of over-exploiting the good years by planning their development for a future which never happens, with all the disasters that involves. So the STABEX plan is a very important concerted effort to control the future.

▶ *In the industrial cooperation arrangements, is there anything really new in what the convention calls transfers of technology?*

— The intentions seem to me to be generous; but here we are not as far ahead as in the stabilisation of export receipts. The discussions in the Dakar Club showed there were two difficulties—one affecting the developed countries and the other the developing ones. For the industrial countries, the difficulty stems from their feeling that now decolonisation is—happily—finished and the developing countries have pretty well got control of their revenues, the only tool left in their own locker is technology. This makes them hesitate to let everyone borrow it. The developing countries themselves have a legitimate desire for independence in getting control of their economic growth, and therefore do not want to scramble for scrumbs of technology with the constant risk that they will be a prey to decisions made by big multinational companies.


Pascal Lebrun

Jacques Delors
"Industrialisation is only one means of serving individual models of development".

I think we are only at the beginning of a discussion which is extremely difficult, because there is no question of the rich countries transferring their entire technology to the developing countries for fear that this would put them at the mercy of a Third World which had also mastered technical progress. On the other hand the developing countries quite reasonably wish to avoid receiving out of date technology while the real inventions which will open up the future are kept in the developed countries. It would be unfair at this point to underestimate what is at stake and the dif- →

ficulty of finding a solution. I should like to add that there is a risk that investment may expand in uncontrolled anarchic fashion which would be dangerous for the developed countries, where the working classes would not permit the transfer of all their job opportunities from their own countries to the underdeveloped ones. This is the more true for the fact that the prospects of economic growth and the creation of new jobs are much less rosy than they were in the '60s. The developing countries on their side are all setting out to secure this, that or the other industry, without worrying very much about its markets. In fact, whenever any large-scale industry is set up in countries such as those of Africa (some of which are very sparsely populated), its market cannot be only in a single country, but has to be in several. Imagine what might happen if a really large paper industry, for example, were to be set up in three or four central African countries. Over-production and a waste of investment would be a serious risk. Moreover, since such investments represent a very large proportion of an individual country's national income, the result would be a positive check to the development planning.

So I am raising two very different problems. To begin with, the technology exchanges should be on level terms, by which I mean from the developed countries to the underdeveloped and also vice versa. Secondly, there must be agreement among the African countries themselves, for example on sharing the major investments which are to be the characteristic of their development. They will only be one such characteristic; we must not forget it will be for the African countries to find their own development pattern. From this standpoint you will doubtless have noticed that even in the countries reputed to be most conservative, the problem of "negritude" and African culture is coming up again. This is a good thing. In many countries there has been an undue tendency to impose our methods of education and health protection and this has led to much inconvenience. It was extremely expensive and it ended to suppress the whole cultural and historic heritage of the countries concerned. They have in all this a rich contribution to make to the world and there is no reason why they should write it off or eliminate it under the pretext of industrialisation. The pattern of development for Africa belongs to the African countries and to them alone. Industrialisation is only one of the tools which it is the responsibility of each country to select and use.

▶ *People are apt to think of development in the current industrial framework. Do you think it is wise that the ACP should put the accent on industrialisation before social investments such as housing, communications, health and education?*

— All this depends on the choices that are made in each country's own development pattern.

▶ *Yes, but the development pattern depends to a great extent on the people who contribute the capital and the technology.*

— In that case there is no solution for the African countries. If industrialisation is to become an end in itself, you will be running the risk not only of saying goodbye to your historical and cultural heritage, but also of starting the growth of the same pollution and all the same negative effects which we have here today. Introducing industrial methods without precaution and the ensuing development in your countries is also bound to have traumatic effects in quite a short time. You will be creating islands of European modernism in countries which will otherwise not be changing, and you will not get the multiplier effect you hope for. I am not talking from the standpoint of your external balances but rather about your development pattern. I believe there is a danger that industrialisation is becoming an obsession among the African countries, a tendency one can observe in the discussions in the Dakar Club. If each country is to follow its own sweet way in industrialisation, each might have its own automobile assembly plant; each, seeing the natural resources in its forest land, would have its own great paper mill. The risk you are facing is what we in Europe faced in the 19th century—unbridled competition, but against a socio-economic background much more fragile than that of the Europeans a century ago.

I think we should consider something else. True enough, a child cannot become adult without going through adolescence, but I do not see why we should argue from this, that you have got to pas through the same stages of industrialisation as we did. This is not the way I see things. I have been a member of three or four development committees preparing the UNO development decade; I was horrified to see to how large an extent copying our own values led to the creation in the countries where this had been successfully done not only of more wealth, not only of a better external trade balance, at a comparatively high level, but at the same time to an island of national bourgeoisie absolutely isolated from the rest of the country. In the Dakar Club recently the case was quoted of an African country, which shall be nameless, where excellent fruit juices were produced locally but which the governing class and the bourgeois population, civil servants and teachers would not consume because they insisted on produce brought in from Europe.

The same applies to the education system. You lay out fantastic sums of money for very poor results, instead of having an education system shaped to your own needs. You should not be content with a bargain basement system, but press for a system reflecting your traditions, cultures and your social needs. ■

Jan TINBERGEN
(Netherlands)

"An inadequate policy"

Professor Jan Tinbergen, Nobel Prize for Economics (1969), explained how "a western form of socialism has been gaining ground in the developed countries" since the beginning of the 20th century by the continual increase in government intervention. This has meant, he said, that the proportion of the national income derived from capital has fallen in a century from 40% to 20% and not more than 10% is left after taxation is deducted. In the case of Sweden, no more than 2.5% remains. This trend will probably continue, Professor Tinbergen added.

Between 1900 and 1970 the ratio of the income of a university lecturer to the

Jacques ATTALI: What crisis?

Jacques Attali, Professor at the Polytechnic School, Paris, and member of the French Socialist Party:

"In a period of rapid and balanced growth such as we have had for the past 30 years, the profit rate increases faster than the inflation rate. When, for structural reasons, the real profit rate is no longer rising, the higher prices make it possible to maintain a high nominal rate by increasing profits and reducing the cost of investment. Throughout this period the accumulation of capital continues as usual, and the number of jobs created per unit of invested capital remains practically steady. After this the rise in prices does not suffice to maintain the rate of profit. At this point, if the inflation becomes politically intolerable because of the social dislocation it produces, as is in fact the case today, the government tries to combat it by keynesian methods. It reduces the internal demand, brings the volume of money under control, charges to the public account an increasing proportion of the capital outlay in order to maintain the rate of profit, and sometimes devalues even the capital itself. This is the usual content of anti-inflation programmes in capitalist countries. At this point things start to go wrong. Economic policy on these lines quickly reduces the rate of profit of individual firms, because both the production and the inflation have been reduced. The same applies to the accumulation of capital, which is halted by credit control, by preparations for a slump, all of which lead on to a big reduction in the number and quality of jobs per unit of new investment. The State then seeks to raise the profit level and to re-launch the economy by a campaign to promote private investment. Investors, however, faced with the pressures of capitalist competition, will be thinking only of restoring their rate of profit, or perhaps merely of keeping themselves in the market; and this is no way to revive the number of jobs created per unit of new capital. The central fact in the argument is that when profits are threatened by anti-inflation mesures the bosses use techniques of a more and more capitalistic character cutting back on employees or at any rate creating no new jobs. Moreover, the big investments needed by car and building firms are now longer necessary because of the smaller demand for the goods they produce. Thus economic policy, through sheer misunderstanding of the structural effects and of the setback in the efficiency of growth, which is the yardstick of prosperity, has produced mounting unemployment and a deepening slump without in the least checking inflation. This is typical of the ill effects currently emerging from keynesian policy. It explains the final ineffectiveness of techniques which are now outdated and illustrates the conflict between the requirements of financial profitability and those of genuine prosperity". ■

national average income fell from 7 to 4. By 1990 (before deduction of taxes) it will be no more than 2.5. After complete redistribution through the tax system the gap between the 20% of mean family income in the Netherlands at the top end of the scale and the 20% at the bottom end shrank from 14 to 7.

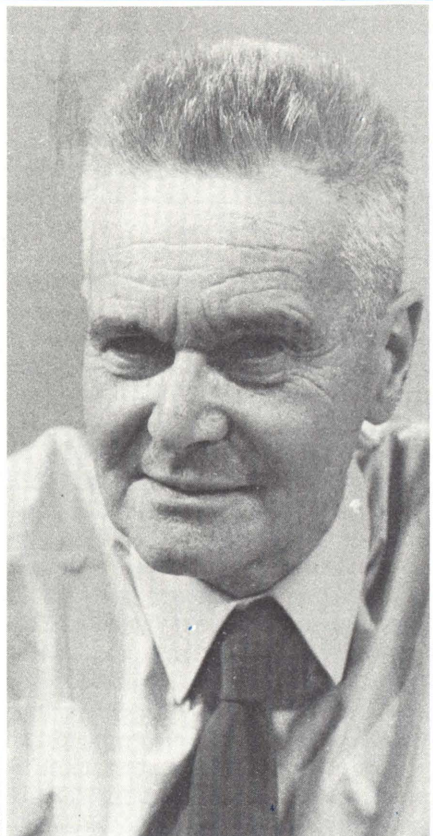
This does not mean that we have any right to be satisfied, Professor Tinbergen continued. Inflation has got to be reduced by moderating the rise in wages, accompanied by a fall in the real incomes of civil servants and the highly paid liberal professions and this must be accompanied by restrictions on property speculation.

Western society is suffering from a moral crisis which cuts much deeper than the social and economic crisis. In the longer term our habits (especially those in the upper income brackets) will have to be simplified so as to secure economies in the consumption of energy, meat and other resources.

As regards the developing countries, Tinbergen thinks the present aid policy for their economic progress is "wholly inadequate". The whole set of arrangements will have to be changed and "all the rich countries which are members of the United Nations" will have to become participants. This will have to be carried out through institutions based on equality, similar to those of the Lomé Convention. The external trade of developing countries is an extremely important factor in the process of their development, Tinbergen considers. It is thus vital to give it a predominant place in Europe's policy of development aid. External trade makes it possible to earn the money needed for buying modern equipment, especially for farming, which must be the basis for any smooth development.

On the question of financing the aid, Tinbergen takes the view that there could be a banking system on the world scale, functioning on the same lines as the American system—with regional development banks for areas covering the different groups of countries in each intervention zone (such as the ACP) and a world bank as a harmonising "umbrella" for these financings.

Professor Tinbergen agrees that improved standards of living are the best approach to lowering birth-rates; he thinks nevertheless that there should be a "persuasion" campaign in the countries of the Third World. ■


Pascal Lebrun

Michel ROCARD : Towards economic and monetary regional co-operation in developing countries

Michel Rocard holds the french grade of Inspector of Finance. He is a great specialist in monetary questions, and a member of the Socialist National Secretariat. At Suresnes he explained the repercussions in developing countries of the disarray in the international monetary system.

▶ *Michel Rocard, do you think the present international monetary system can allow a real development of the Third World without too much risk of imbalance, especially in the terms of trade?*

— That is rather a difficult question, because I am not really sure there is such a thing as an international monetary system. I would reply that in my opinion the answer is no, for the important reason that we no longer have means of payment which are universally accepted. Since the Bretton Woods agreement in 1944, the legal means of payment have been the pound, gold and the dollar. The first no longer fulfills this function. The second now scarcely enters into international transactions, except in very rare cases. The third is now a compulsory world currency of payment, but for many it is forced upon them rather than welcomed. Moreover it is a dollar which is devaluing itself considerably, because the policy of the American government includes making use of this monetary supremacy to engage in various expenses which I regard as imperialistic, both on the military and on the civil side. These include support for various individual countries, or various régimes—often dictatorships—and aid to various investments, including drilling for oil, which are directly in line with the imperialist approach.

This enormous outflow has fed world inflation and robbed the dollar of its value, which is one of the factors leading to the decay in the purchasing power of the Third World, if not in direct comparison with the United States, at least in relation to all the other developed countries against which the dollar has been falling. In addition, this system is so inexorably automatic that each country is under obligation to balance its accounts on the short-term on pain of having to borrow on political terms which are often very strict. Regional payments are no longer multi-lateralised, and the system leads to so much fluctuation that it precludes any lasting trade agreements based on long-term price stabilisation. In my view this is the worst side of it.

Against this, I think it is in the interest of all countries today, developed or underdeveloped, to minimise their reliance on international trade and on their imports, and to plan their trading activities through long-term agreements guaranteeing the quantities involved and backed by machinery for stabilising the terms of trade through the price level for comparatively long periods. However, this would call for an increase in the volume of balanced bilateral trade and in this there are technical difficulties.

▶ *Pierre Mendès France proposed making raw materials into a currency standard on the same lines as gold, the pound or the dollar. Does this seem to you technically and politically possible, and would it be to the advantage of countries exporting primary products?*

— President Mendès France is an old friend of mine and I am one of his old faithfuls. I have agreed with him about many things, and we have done a great deal of political work together, and for eight or nine years we have both been members of the same Party. The question you raise is the only point on which I disagree with him.

Without going into technical questions about the issue of money, and the metals or materials which may be its guarantee, there is the fundamental fact that the right to issue it is a source of power, and this power is political. Even if the proposal you mention is technically advisable, it would amount to each country giving up its monetary powers to an international machine which would either be automatic or under the control and supervision of a collective supranational authority under which decisions would be very difficult. I do not think it politically possible to force this on anybody. Secondly, money is itself no mere screen, because monetary phenomena have their effects on physical phenomena; but the strength of a currency nevertheless is that it is the counterpart of real production. This can be clearly seen in the case of the dollar. Its value at the frontier has been diminishing; but the fact remains that people are willing to accept it because of the great productivity of the American economy. For my part, I do not think, in the light of economic theory, that it would be reasonable to suppose that the control and value of this currency and the underlying productivity must necessarily be connected by some form of merchandise which serves as a guarantee. Theoretically this is highly disputable, but I do not think it matters much.

I believe the only way of getting out of the mess is to organise areas of economic interdependence, on the basis of bilateral and multilateral contractual agreements, collectively setting up areas of comparative economic autonomy. In this case there would be successive steps in the ladder of international payment, first on a regional basis, then at continental and at world level, where finally only the carry-over between the groups would have to be settled. So long as each of the 40 or so African countries is energetically protecting its own balance of payments, not much can be done. If, on the other hand, the individual countries are organised bunch by bunch, the position would be different. One would have to be careful to make up complementary groups, because it would be necessary to avoid having the same dependences and surpluses; but countries thus organised would be building up some form of local monetary collectivity, which would absorb perhaps a third or half the local balances. They would thus successfully minimise their dependence on the big movements of world speculation, which are really the ultimate problem. For each of the countries the settlement to be made on the world scale would be comparatively small and this would in itself promote confidence. The socialist-oriented developing countries would, I believe—and this is the real content of French socialist thinking—feel bound to increase the trade they organise under long-term contracts, including that with the Third World. This would help to iron out price fluctuations and provide a comparatively steady basis for forecasting the payment compensations and the comparatively small resultant balances.

▶ *What about Special Drawing Rights?*

— This of course is no more than a partial solution. It must be noted all the same that the SDR were created as a substitute for the dollar. For the moment the political power controlling the issue of SDRs is highly subject to American influence and I can scarcely imagine the existing relationships will make it possible to secure healthy international monetary management, including SDRs. A point to remember is the part played by the big multinational companies in some of the countries of the Third World where they have set up production. At the moment euro-dollars and petro-dollars constitute a private monetary system. I do not really think SDRs are a sufficient instrument for dealing with this problem. Nevertheless I believe there is a good deal to be said for the institution of a collective authority, for this could be complementary to the machinery I just mentioned. We shall have to push both ways and not have too many illusions on the guarantees provided by enlarging the voting rights in IMF powers of control.

▶ *Are you in favour of aid to developing countries?*

— Of course; but only on condition that it is those who receive the aid who determine the use of it. Otherwise it is neo-colonialism.

▶ *But how can the Third World be helped in its development without help in ironing out social conflict?*

— The fundamental condition is that the countries of the Third World should make up their own minds as to what they want. If the aid is given by the developed countries on the basis simply that "you have got to help us because we can't get out of our own mess" you will just be importing our industrial development patterns. For some years you need this, it is an escape from poverty. It is nevertheless a pollutant, it sends social relationships all wrong, it creates big social inequalities, it is ecologically destructive, it overthrows balances and destroys cultures. I think it is essential that the countries of the Third World should themselves define the society they want, their own path to development, the allocation between services and goods, between private and public consumption, the system they want for the dissemination of knowledge. I share the views expressed just now by Jacques Delors. On this principle you have your own criteria in applying for aid to carry out this or that operation, and for refusing aid in another sector in which it would be in conflict with local wishes. Whatever happens, you must not ask the developed countries to make your choices for you, because if you did capitalism would once more be on the doorstep.

Pascal Lebrun

Michel Rocard

"Money is itself no mere screen, because monetary phenomena have their effects on physical phenomena; but the strength of a currency nevertheless is that it is the counterpart of real production."

▶ *Does the EDF seem to you to be a good disperser of development aid?*

— I would 't want to kill off the EDF; it is after all a good beginning and it is as well that it exists. Perhaps some thousand Africans have had their lives saved or found jobs through EDF credits, facilitating irrigation projects and other development plans. As I said, this is a beginning; but the choice of the forms and terms for the financing, the nature of the projects to be accepted or refused are all matters which must come from yourselves.

▶ *The Lomé Convention is between the European Community and 46 ACP countries. What do you think of it?*

— It seems to me to be a good beginning. It is a Convention which should normally give rise to long-term agreements and so it seems to me to be a step towards some degree of programming. Its significance does not lie in transient agreements to deal with temporary conditions. It contains commitments going far beyond market effects; and for my part I should have feared it might not be in the very nature of capitalism to accept this extension of the convention. To me it is undoubtedly a beginning, opening up a number of roads, some of which may be the right ones.

▶ *In aid for the economic progress of non-industrial countries, do you favour the regional approach or the world approach?*

— A bit of both. But I think the world approach is too much in a single dose; moreover it is too vague, and it is apt to give rise to structures in which the capitalism of the multinationals has full rein or, if defences are put up against this, it produces a technocracy outside anybody's control. It is also true that bodies such as UNO, UNESCO and others have sent people on missions all over the world, paying them at rates much too high by comparison with the developing countries, and thus setting up distortions. And their criteria of judgement were not always the same as those of the developing countries. All this diminishes the power of those asking for aid to criticise the way in which that aid is provided. I am extremely favourable to some degree of regionalisation as a first stage. On the other hand, when we speak of the fair sharing of scarce resources, the problem can be seen at once to be a world one. This is true about food, about energy, and it will be true about drinking water and other products. Politically, as a means of getting results, I myself am strongly in favour of regional organisations as a first step. ■

Reporting and interviews by
LUCIEN PAGNI

ACP Council of ministers meets in Georgetown

Georgetown (Guyana) — The Council of Ministers of the African, Caribbean and Pacific States met for the first time since the Lomé Convention at Georgetown, Guyana on June 5 and 6 1975. It was the 9th time the Council had met.

The meeting was opened by Guyana Premier Farbes Burnham, who said the ACP countries, without neglecting their national interests and objectives, must maintain their unity and sacrifice individual short-term benefits for the long-term advantages of the group as a whole. Though the tactics and the programmes of the group would have to be planned in terms of the joint relationship with the European Community, the ACP would have to give absolute priority to maintaining cohesion between the members of the group and developing their relationships with one another and with developing countries in general.

At the first working meeting the group elected S.S. Ramphal, Guyana Minister for Foreign Affairs, and Head of the Caribbean delegation, to be its Chairman.

Papua-New Guinea

The Council examined a request from the government of Papua-New Guinea declaring its intention to ask to join the Lomé Convention as soon as Papua-New Guinea is independent. The Council agreed to a representative of the candidate country attending the meeting as an observer and expressed its support for the candidature.

Agreement on the formation and organisation of the ACP group

The Council gave its approval to the Georgetown Agreement, which gives official existence to the ACP group. In thus giving institutional existence to the group, the ministers emphasised that all the member countries intended to coordinate their attitudes inside the bigger international community, in regard to questions relating to the Lomé Convention and with a view to making a more effective contribution to the concerted efforts of the "77 group" to secure a new international economic order.

The Georgetown Agreement defines the objectives of the ACP group as follows:

a) to ensure achievement of the aims of the Lomé Convention;

b) to contribute to the development of more substantial and close trading relations; to the promotion of economic and cultural relations between the ACP countries and developing countries in general; and for this purpose to promote exchanges of information between the ACP countries in relation to trade, technical and industrial matters and manpower resources.

c) to contribute to the promotion of effective regional and inter-regional cooperation between the ACP countries and between developing countries in general, and to strengthen the links between the different regional organisations of which they are members;

d) to promote the establishment of a new world economic order.

The principal organs of the group are to be a Council of Ministers and a Committee of Ambassadors. They will be assisted by a Secretariat.

Bringing the Lomé Convention into operation

The Council examined a report from the Committee of Ambassadors on the interim arrangements pending the entry into force of the Lomé Convention. It expressed its serious anxiety at the absence of any adequate consultation procedure between the Community and the ACP countries for working out the arrangements, and regretted that in a number of cases the action undertaken by the Community in this field was not in conformity with the spirit of the convention.

The ministers endorsed the warning, formulated by the Prime Minister of Guyana, to the effect that "the convention must not be allowed to become a simple exercise in European public relations". They attached special importance, they stated, to the serious difficulties for some of the ACP countries resulting from the action of the Community in relation to beef and veal, and instructed the Chairman of the ACP Ministers' Committee to make direct contact with the Community on these questions.

Development of intra-ACP relations

The ACP ministers noted that the Lomé Convention itself recognises the importance of intra-regional and inter-regional cooperation as an instrument for promoting the development of the ACP countries, and that a number of its provisions are intended to ensure that this cooperation is not impeded by the relationship between the ACP countries and the EEC. They accordingly instructed the Committee of Ambassadors to consider a number of points with the assistance of a Secretariat and, if necessary, of special consultants. The purpose of these studies is to determine a basis for special programmes, aimed at securing closer cooperation between the ACP countries in trade, industry, transport, communications and the mobilisation of skilled manpower.

In this connexion and in conformity with the principle of collective autonomy, the Council of Ministers gave its express agreement to the formation of a sub-committee of the Committee of Ambassadors, which would be mandated to consider as a matter of urgency the possibilities of trade in beef and veal between the ACP countries.

Place and date of the next Council meeting

The Council of Ministers accepted the invitation of the Malawi government to hold its next session in Malawi before the end of 1975. ■

Sierra Leone : diamonds are not forever

Sierra Leone, an English-speaking corner of West Africa, is one of the biggest producers of diamonds in the world, a sort of African emirate as far as the precious stones are concerned. It provides 1.2% of all minerals exported by the developing countries to the industrial world. But if diamonds are Sierra Leone's best friend, they are not unlimited. Dr. S.M. Kanu, Sierra Leone ambassador to West Germany and the EEC, is as well aware of it as his government. He describes his country's economic perspectives and looks to the Lomé Convention to help Sierra Leone develop agricultural processing industries and diversify its economy.

Dr. S.M. Kanu

▶ *Dr. Kanu, Sierra Leone has long-standing links with Britain but is less well known in the other EEC countries and perhaps among the French-speaking ACP States. Would you give a brief description of your country?*

— Sierra Leone is a small country, but in spite of its size it has always played a very important role in the West African region and I believe it will continue to do so. It is very well known among the English-speaking countries—for instance, in East Africa we contributed very considerable personnel to the development of university education.

▶ *You have scored a number of 'firsts'...*

— Yes. Fourah Bay College, for example, is the oldest university in Africa south of the Sahara and it will be celebrating its 150th anniversary next year. We had the first railway line in Africa, the first municipality... Sometimes, of course, this has turned out to be a disadvantage: in the case of the railway it was experimental at the time, and with the development of railways in the world it became difficult to run economically because it was a special gauge which proved very expensive.

▶ *Sierra Leone is known above all for its diamonds. Unfortunately, diamonds are not for ever. One day they are going to run out. What are the prospects for the diamond industry?*

— The interesting thing about the diamond industry is that we have received several forecasts about the imminence of the end, but we are happy to say that in spite of these gloomy forecasts the diamond industry has continued to play a very important part in the development of Sierra Leone. Indeed, we earn 60% of our foreign exchange from the sale of diamonds and as far as we know at the moment the diamond industry will continue to play this vital role in our national development.

▶ *You have a number of other mineral resources—iron ore, bauxite, rutile.*

— For its size, Sierra Leone is a very big exporter of minerals. We export about 1.2% of all mineral exports from the developing countries to the industrial countries and this is a very significant contribution to world's prosperity from so small a country.

▶ *What are the current developments concerning these other minerals?*

— There have been very favourable developments lately: we have discovered very big new deposits of bauxite in the north of the country and the Bethlehem Steel Corporation of America, which is one of the biggest iron and steel companies in the world, has come in to develop not only the iron ore but the first known deposits of rutile in the country; and we hope that with their expertise and their capital we may be entering a new phase of important and rapid development in the mining sector.

▶ *If I'm right, you have very promising deposits of rutile but they are extremely difficult to work.*

— No, I think in fact this is a mistake. The problem about the rutile was that at the beginning the company which discovered the deposits did not have enough expertise, and it seems also not enough capital, to develop them. The tendency was to go to Australia, the only other major exporter of rutile, to see how they produced it there and to try to transplant the Australian methods, which did not work in Sierra Leone simply because the deposits are different. But they are not as difficult as you might think from reading this company's reports. A German company is now engaged in developing one of the big rutile deposits in Sierra Leone.

▶ *In many countries economic plans have had to be revised in view of the oil crisis. What are the main lines of the current five year plan in Sierra Leone and has it been affected by the oil crisis?*

— The plan has been severely affected by the economic crisis—I wouldn't just →

call it the oil crisis—which is facing the developing countries. In Sierra Leone two important factors are acting against the implementation of the plan. The first is the sharp drop in the price of diamonds, which are always sensitive to unstable economic conditions in the world. The second is the corresponding sharp rise in the price of all the commodities, not just oil, that we have to import from the industrial countries. These two factors mean in fact that while we earn less, we have to pay more for the items we need for the development of the country; and so to this extent the plan is threatened. But the government is determined that what they saw as the basis of the whole development, that is the agricultural sector, will be sustained in spite of these difficulties. There are plans to develop agriculture in certain areas; for example, we have a very large swamp in the north which is going to be developed in spite of these difficulties.

▶ *A considerable development programme was launched by the Sierra Leone Produce Marketing Board some ten years ago, and I think I'm right in saying it proved rather too optimistic in some areas. Has it been possible to take up these initiatives again?*

— Yes, in fact to a certain extent the Ministry of Agriculture and Natural Resources revived some of the plans of the Marketing Board. The problem was that there was not much careful thought given to some of the projects. In many cases it was a question of simply moving into an area, clearing it up and deciding to plant cashew nuts, groundnuts or citrus trees. But the ministry has now embarked upon the development of certain economic plans, such as coconuts or palm trees, and these projects are working reasonably well. We hope these plantations will make an important contribution to the economy in a few years. One of our main priorities is agricultural diversification and we are also planning to move from that to the development of the fisheries. Sierra Leonean waters are rich in fish. We hope that within the life of this development plan the first steps will be taken towards the development of an important fishing industry. I must add that there is already a pretty active fishing industry, but it is small.

"The developing countries are seeking a fairer share of world trade and fairer returns from their enormous contribution to world prosperity".

▶ *What other areas might now be opened up in Sierra Leone. Tourism, for instance?*

— Tourism is an area of great potential. We have some of the world's finest beaches—I have seen a good many and I know this is true—which even some Sierra Leoneans do not know. Our main handicap is the lack of hotel accomodation, but again the government is taking steps and building a 200-bed hotel and conference hall, and we expect that within the next twelve months there should be some announcements about the development of hotels from some of the best known hoteliers in the world.

▶ *If we could turn to the Lomé Convention: what is the importance of it to you and how do you think it will benefit Sierra Leone?*

— The Lomé Convention is extremely important to us. I dare say that we played a leading part in getting the chapter on industrial cooperation inserted and we did this because most of our exports are already covered by international agreements and therefore, to that extent, the Lomé Convention would not affect our exports in any significant way. The important thing for us is the opportunity to start processing the items we export. Essentially we hope that in the beginning these processing industries will concentrate on the agro-based commodities. We hope this will be the convention's major contribution to us. Of course, we expect that the convention will contribute to the development of the infrastructure, as the government started a big programme of road-building when they phased out the railway because of its uneconomic nature. We hope this will be accelerated under the Lomé Convention.

▶ *One of the problems for you is that the Stabex fund does not cover minerals, except for iron ore.*

— That's right, and iron ore makes a relatively small contribution to our total export earnings. Our major commodity at the moment is diamonds, which are not covered by Stabex, and we hope the EEC States which import most of them will realise that Sierra Leone has been making an important contribution to their precious and base metal industries, and give us the attention this deserves.

▶ *Until recently Sierra Leone exported nearly five times more to Britain than to the other EEC countries combined. Will your trading pattern change under the convention?*

— Yes, in fact it is already changing dramatically. Our exports are beginning to enter Holland and Germany, for instance, in increasing quantities; and of course under the convention we are required not to discriminate amongst the EEC countries, so we will have to begin to sell in the open markets, in Frankfurt, Amsterdam, Rotterdam and Antwerp. This will be an intensification of a development that has already started and we hope it will be accelerated under the convention.

▶ *The Lomé Convention has been described as a step towards a new international economic order. I don't know if you would go as far as that, but what were your reactions when you were invited to negotiate it?*

— I think there is a tendency to exaggerate the importance of Lomé in the current debate about creating a new economic →

order. The developing countries are seeking a fairer share of world trade and fairer returns from their enormous contribution to world prosperity. Certainly, the Lomé Convention is a start, but it seems to me pretty small compared with what people are talking about concerning the creation of a new world economic order. Its importance is that it has provided the mechanism for a rational debate between rich and poor countries, and so to this extent it is bound to make a significant contribution towards a peaceful evolution of a new economic order in the world.

▶ *A final question: what happened at the recent ACP ministers' meeting in Georgetown?*

— The purpose of the meeting was to examine the proposal for creating those institutions which we, in the ACP countries, consider necessary for the implementation of the Lomé Convention. But what is important about Georgetown is that we moved from this limited aim to the wider aim of examining concrete proposals for the expansion of trade amongst the ACP States. We hope to follow this up when we meet again in November in Malawi. Already we have a number of concrete proposals from the Caribbean and from the ACP Secretariat; these will be examined in detail and the necessary machinery will be created in order to ensure that trade amongst the ACP States becomes a reality.

▶ *So it is at least as important to you to develop ACP relations as to develop European-ACP relations?*

— Well, this is the way many of us argue to throughout the negotiations because at several stages in the negotiations there was always the tendency for some of our colleagues to talk about cooperation in terms of cooperation between the ACP and the EEC. It was never cooperation amongst the ACP States themselves. And we have now reached the point where everybody is aware of the importance of cooperation amongst the ACP States themselves. This, I think, is one of the most healthy developments from these negotiations. ■

Interview by
BARNEY TRENCH

Sierra Leone

Sierra Leone is half encircled by Guinea on the West African coast and covers 72 326 sq. km. of a mountainous and varied landscape rich in minerals. Like its neighbour Liberia, it owes its creation largely to the ending of the slave trade, and was characterised early by an anglicised culture.

Mineral production overtook agriculture in the economic and political transformation of the '50s which raised living standards rapidly. Diamonds accounted for more than 60% of exports in 1972, followed by iron ore (12%), coffee, cocoa, palm kernels and bauxite. Agriculture provides some 10% of exports; main crops include rice, manioc and citrus fruit. The manufacturing sector is based on certain import substitution industries including brewing, cigarettes and flour-milling. GNP in 1971 was $US 540 million.

Sierra Leone has maintained a precarious economic balance but its dependence on diamonds raises particular problems, not least among them diamond smuggling. The diamond boom of 1972-73 masked a steady decline in production and the exhaustion of this principle resource is forecast soon. Considerable investments have been made in the Pepel port facilities handling iron ore. An oil refinery came on stream in 1968 and rutile (a titanium oxide) is another promising mineral resource.

Sierra Leone has been independent since 1961 and has a population of 2 861 000. The capital, Freetown, is a major deep-water port. The currency is the Leone: Le = £0.50. ■

KENYA : first things first

Kenya has been a conspicuously successful developing country, taking up where colonial development left off and profiting from a favourable political climate to attract foreign investment. The East African Community consolidated a regional development that was already well established and the Arusha agreement made Kenya, Tanzania and Uganda the only English-speaking ACP countries with pre-Lomé experience of joint cooperation with the EEC. But following the oil crisis the Kenyan trade deficit with the Community increased from $91.2 m in the first nine months of 1973 to 149.6 m during the corresponding period in 1974. It is an indication of the new problems facing the country. The Kenyan ambassador in Bonn, Mr. J. Muliro, gave "The Courier" a general assessment of the current situation.

The economic crisis had "seriously dislocated" the Kenyan economy, Mr. Muliro said. The prices of imports rose by 70% in 1974 while the prices of exports rose by only 30%. The real threat was that the situation would become permanent. The priority now was to use foreign exchange as usefully as possible, which meant cutting back on projects such as road building which required expensive foreign equipment. A new tax had been put on foreign luxury goods.

The oil crisis itself initially hit the relatively advanced developing countries harder than the poorest ones without any real industrial base. Mr. Muliro said the European Community and other sources of special aid had helped soften the blow for Kenya, but expressed disappointment with two of the main chapter of the Lomé Convention: the Stabex fund and the provisions for industrial cooperation.

For Stabex—the stabilisation of export earnings—the Kenyan ambassador called for the limited list of products and the threshold mechanisms to be scrapped, in favour of a general support system for all products providing a significant contribution to the foreign exchange earnings of developing countries. The worsening terms of trade meant that the developing countries were less able to buy European goods, which could weaken their relations with the Community, he said, Stabex was "a very good scheme, but Kenya has held the view that the list of products should not have been limited and we feel this threshold system is really unnecessary", he said.

On industrialisation, "Kenya already has a very sound industrial base" and the convention should help its development. Mr. Muliro said. "But we should have done much more". The provisions for industrial cooperation were "just an outline" and should have been more concrete. "I don't know if it will mean very much for those countries which have not yet got the infrastructure for attracting industry", he added.

These two areas could be revised during the life of the convention, Mr. Muliro suggested.

The Lomé Convention in general was "a very significant step forward" the Kenyan ambassador said. For East Africa it was a considerable improvement on the Arusha agreement, which did not include financial and technical cooperation; and the arrangements on rules of origin, the abolition of quotas on coffee and pineapples and the general tariff-free access to the Community market were of particular value to East Africa.

The convention might serve as a model for future agreements between developed and developing countries, but it would not be transferable in its details, Mr. Muliro said. It applied to specific circumstances. It was particularly important in that it had helped promote inter-ACP cooperation and provided for regional cooperation, the ambassador added.

On the subject of regional cooperation, Mr. Muliro outlined the main advantages of the East African Community. These were primarily the economies of scale obtained from combining such services as airways, railways, harbour and lake-shipping facilities and posts and telecommunications. On the cultural side, he felt it was important that a people such as the Masai should not feel divided by the Kenya-Tanzania border and that contacts could be made between the three countries at university which served in good stead later.

Mr. Muliro emphasised the importance of economic and social integration. Kenya had put first things first, he said. "We appreciated right from the start that economic development would depend on political stability". Because of this stability Kenya had been able to attract foreign business and to channel its resources into development instead of, for instance, the armed forces.

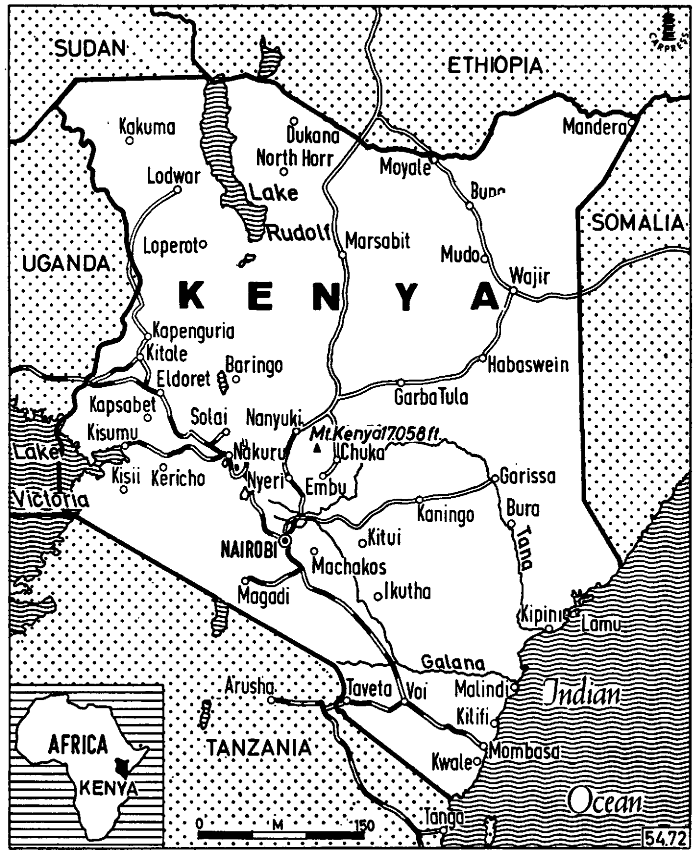
This pragmatic approach had been carried out in three phases. The first was to consolidate "some things existing before independence" and to create an atmosphere in which the whole Kenyan community felt integrated. The second involved specific projects aimed at this integration, and the piecemeal approach had evolved into the current third phase, involving the agricultural population and neglected areas under a wider policy. A special development programme had been launched, involving 14 pilot schemes covering varied conditions in order to provide overall experience.

The emphasis on integration was reflected in the creation of local development committees, Mr. Muliro said. District development committees were encouraged to come up with ideas which then went to regional and parliamentary level. Parliamentarians knew they would lose votes if they failed to implement ideas originated by the local committees.

"We feel we must do everything possible to step up our development and also not only to equip people with academic qualifications but help them to do things for themselves," the ambassador said. A major problem was job creation. More than half the population was under 15 years old and Kenya had one of the highest rates of population growth in Africa. Work was available, for instance in the coffee and tea plantations, but there was a natural drift to the towns. Rural development and economic integration was therefore a priority, Mr. Muliro said. ■

Barney TRENCH

KENYA



Kenya, situated between Somalia and Tanzania on the Indian Ocean coast and bordered by the Sudan, Ethiopia and Uganda inland, covers 582 646 sq. km. of a highly varied landscape bisected by the equator.

Independent since 1963 and a republic since 1964, Kenya has been economically one of the most successful developing countries, the economy growing by an average of 6.8% in real terms from 1964-72. Besides a wide variety of cash crops, Kenya has substantial manufacturing and service sectors. The important tourist industry has made the temperate climate and dramatic national parks of Kenya's mountain zone well known.

The main exports are coffee (Arabica), tea, pyrethrum, sisal, hides and skins. Other main crops include maize, sugar, wheat, rice, manioc and yams. The manufacturing sector, providing more than 12% of GDP, is based on food, drinks and tobacco. There is important lake and sea fishing (lakes Rudolph and Victoria). Lead and silver have recently been found.

Trade (1974): imports $US 676 m.
exports $US 338 m.
GNP (1971): $US 1 850 m.

Three-quarters of the 12 910 000 population live in the south-west in the region of the capital, Nairobi. Swahili and English are the main languages.

Kenya belongs to the East African Community (formed in 1967 with Uganda and Tanzania) and to the International Coffee Agreement. The currency is the Kenyan Shilling: KS = $0.14. ■

Industrial cooperation

International conferences between the industrial and the developing world come fast on one anothers' heels and often overlap. Public opinion seems to be wearying of them and the press often calls in question the importance of the results they achieve of the many subjects under discussion, one of the most vital, and most divisive, is the question of industrialisation, or, in the more general and more generous term used today, industrial cooperation.

Industrial production in the developing countries is already growing. Over the period 1960-74 the annual growth was above 7%, or materially more than in industrial countries. It is still on a small scale, however; agricultural production is expanding only slowly, there are not enough jobs and the unemployed of tomorrow are already growing up. It is natural enough that the growth of industry has become a target everywhere. This is especially the case in Africa where, leaving aside South Africa, industry accounts for less than 12% of the gross domestic product, provides only between 10 and 15% of the exports and does not employ more than 2% of the working population.

The countless conferences, meetings, discussions and seminars have not been altogether a waste of time and, little by little, new ideas are coming to the surface, reinforced by the experience of the last 15 years. It is now generally agreed that the industrialisation of developing countries has got to be tackled in overall terms. This is simple commonsense; but simple concepts are too often buried under export analyses and have to face general indifference, so it takes time before they secure acceptance and the means for their application are made available.

Industrialisation is only one aspect and one instrument of economic and social development and needs to be put in its right place among the others. The growth of industry is closely linked with growth in other fiels, and the effort made to secure it must not be disproportionate. It must go hand in hand with the creation of the necessary infrastructure; the development of primary production in agriculture, forestry and mining; social investment in the form of schools and health equipment; marketing activities and a number of other related fields.

In addition, international cooperation in industrialising the developing countries calls for the carefully coordinated use of a number of different instruments. These vary from case to case, including public or private financial cooperation in many forms (e.g. subsidies, loans on special terms or the subscription of capital); technological cooperation, also in one of a number of patterns: commercial cooperation (e.g. tariff policy and sales promotion) and various complementary policies and forms of adjustment.

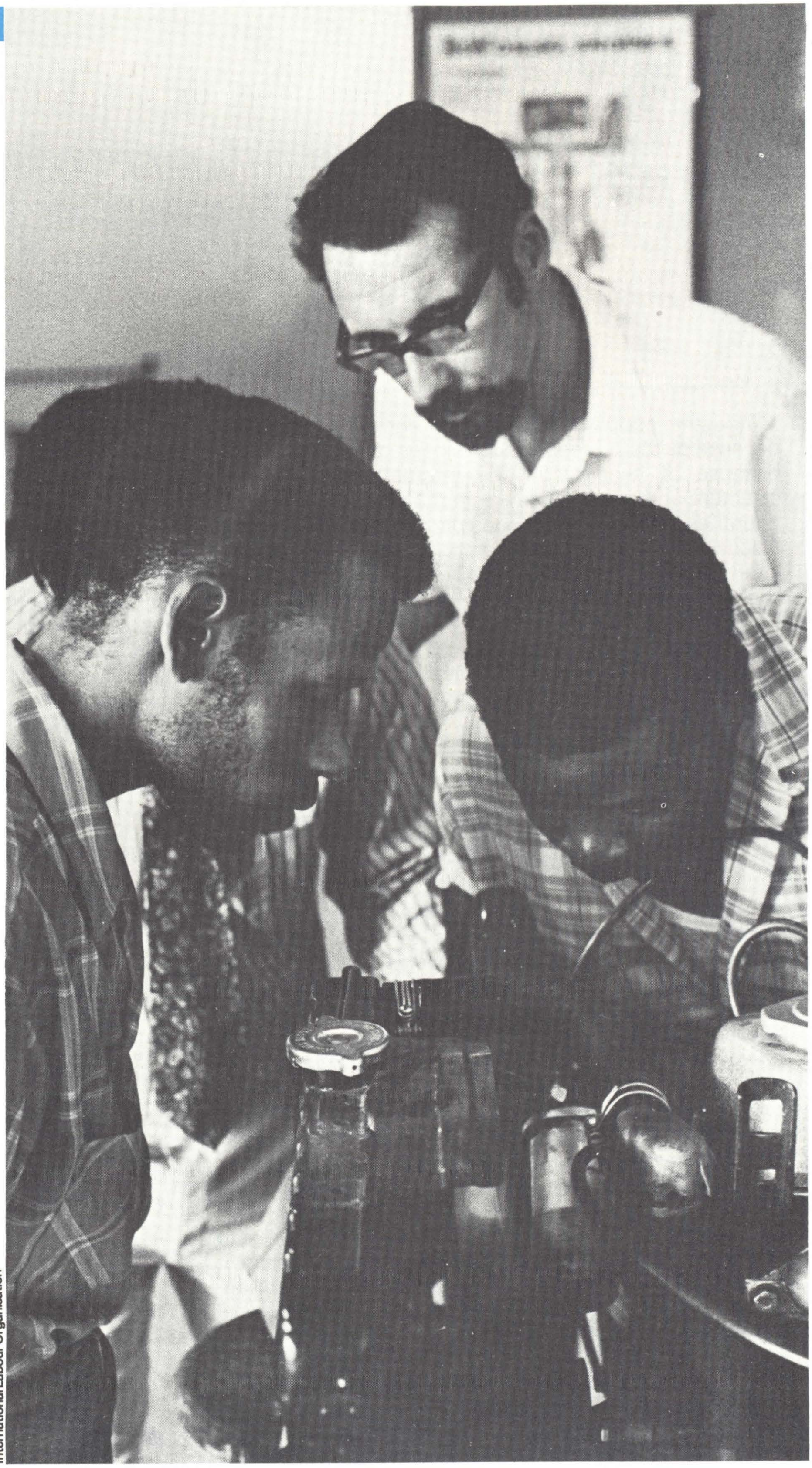
The action undertaken by the EEC as such must not be confused with the bilateral action of its member countries which, though it is being progressively harmonised, is nevertheless the sole responsibility of the national governments concerned. The Community, ever since its formation, has followed a policy of development cooperation in which industrial development cooperation plays a far from negligible part. The methods by which the Community can intervene in this field are genuine and of various kinds. The Lomé Convention, signed on February 28 this year and currently being ratified, differs from the earlier conventions by the inclusion of Title III, entirely devoted to industrial cooperation and defining the framework for future action in this field.

This interest in industrial cooperation applies to the 46 ACP countries and the nine members of the European Community. It is a special case of a general trend in modern thinking and the recent changes in relationships between developing countries and industrial countries. The attitudes of the past are now abandoned and there is a general wish for a new international economic order. The outlines of this are still rather indefinite, but it is to be fairer for everybody and therefore more stable and more effective. It is clear why the circumstances of the present time are propitious for international industrial cooperation.

Among the developing countries a number of factors are in operation. Those of them producing oil, or various other raw materials which have been adjusted upwards in value, are now enjoying an increase—in some cases a considerable one—in their financial resources. For countries so situated little or no external financial aid is now needed or requested. On the other hand, external cooperation can furnish a very valuable contribution on the industrial side. In practice this is often asked for in the form of access to technology, management capacity and marketing. It is to be noted that the developing countries are increasingly tending to assert their full sovereignty over their natural resources, and to form themselves into groups to secure better terms. It is already evident that they are calling for increasing returns for their materials, more especially on the industrial side, including such requests as local processing and cooperation agreements of various sorts. Another point to be emphasised is the general awareness in all developing countries of the lateness and slowness of their industrialisation hitherto, and the fundamental necessity for this industrialisation as a factor in their general development.

Among the industrial countries there are also a number of factors in operation, and some of them are corollaries to those affecting the developing countries. In the first instance, especially since the oil crisis, there has been an increasing feeling of vulnerability, and a recognition that the industrial countries depend for their raw material supplies on the developing countries. This is currently leading to increased contributions to industrialisation in the developing countries, in exchange for supply guarantees. The industrial countries, too, are having difficulties with their payments balances, which make them the more anxious to explore potential markets in the developing countries; and they have budget difficulties which lead them to seek forms of cooperation which will be less directly expensive than the policies hitherto pursued. Lastly, attention is beginning to be paid to the longer-term problems raised by continued industrial expansion on present lines, especially the problems of immigrant manpower and the ecological aspects.

And so a new "Dossier" has been opened. It will remain on our table for some time to come, while the Lomé Convention comes into force and further international conferences cover the major subject of industrial cooperation. ■



International Labour Organisation

Training "on-the-job" in a garage at Kingston (Jamaica).

Definition and orientations of industrial cooperation

by André HUYBRECHTS

Industrial cooperation is a major current topic, partly because of the business uncertainties of the day, partly because of changes in the international economic structure and more especially in that of the developing countries. It has been the subject of major international discussions and it plays an important part in cooperation agreements, regional or bilateral, between industrial and developing countries. It has caught the attention of those who, on the economic or social side, will have to implement it; but they will also have to accept the adjustments which may derive from it, and in some cases this has provoked protective reactions, which are particularly easy to understand in a time of economic anxieties.

Industrial cooperation, like many another current topic, is widely known but very little understood. The purpose of this article is to describe its main points of application and sketch the general factors which may condition its long-term success, in the hope of contributing to a better understanding and so to a better operation of the solutions contemplated, more especially under the Lomé Convention, and thus help towards an industrial cooperation which will be dynamic and effective.

THE OBJECTIVE

Industrial cooperation in the most general sense of the term is joint participation in an industrial operation. As understood by the developed countries in the present context, it is a succession of actions contributing to the faster industrial development of developing countries.

It covers a wide field. It is a common denominator covering the whole gamut of activities which can be used to promote industrialisation. It covers public and private action employed separately or together, and applies directly to industrial projects themselves and indirectly to their environment (infrastructure, training, marketing policy and so forth). Cooperation in various forms—financial, technical, commercial—are the **instruments** used for it.

It can thus be understood that industrial cooperation, unlike financial or technical cooperation, does not rank as an instrument of development cooperation. **It is essentially a sectoral approach** adapted to the specific purpose of industrialisation, to which end it brings into play instruments (or resources) of very different kinds.

This means that industrial cooperation must be

— **integrated into the general development programme** side-by-side with other aspects (e.g. rural and agricultural) to which it is complementary;

— **designed and operated on a general basis,** providing for the well balanced, concerted and coherent use of the various instruments mentioned above;

— **diversified,** with the variety of resources matching the differences in circumstances—condition of the host country and existing trade and cooperation relationships—excluding any idea of a single cooperation pattern.

Most of the instruments of industrial cooperation already exist and some of them are of long standing. The present problem therefore is not to create innovations but to define, extend, adapt and coordinate the means which already exist so as to shape them to a specific purpose. There will be only a **very few comparatively original instruments** which are now at the stage of preliminary consideration, or in their initial tests, and which need to be defined, assessed and brought progressively into practice.

FIELDS OF ACTION

The industrial environment

a) **in the developing countries**

In very general terms, industrialisation is only possible if the surrounding conditions are suitable. This means the **social and**

economic environment must satisfy at least a minimum of the underlying conditions (1), which are:
— economic infrastructure (energy, transport and communications) and social (training)
— "upstream" production (e.g. agriculture, mining, fisheries and forests) connected sometimes very closely with the industrial investment envisaged, on account of the need for infrastructure and the influence of inter-sector connexions in the economic system.

b) **in the developed countries**

The industrialisation of developing countries, whether for import substitution (replacing imports from industrial countries) or for export (competing with industrial countries) calls for a **policy of adjustment in these industrial countries**. The development cooperation policy (especially industrial) will have to be in line with the internal policies (agricultural, social, regional, industrial), which is not always easy. Care must be taken to ensure that it does not become a matter of structural policy to provide subsidies, aid and protection of whatever nature for the artificial maintenance of things as they were, but is directed rather to facilitate the indispensable changes.

Markets

The fact is often overlooked that goods manufactured in the developing countries for export need to have markets open to them. It is essential to the countries concerned to be sure that the markets are open and that trade cooperation thereby becomes a direct element in industrial cooperation.

In this context, it is now recognised that it is not enough to open the market by lowering or abolishing tariff barriers. The developing country must be helped first to create the industrial capacity needed, and secondly to overcome obstacles which result from its ignorance of the markets in industrial countries, or from technical obstacles contained in regulations applied in a great variety of fields by the administrations of industrial countries.

It is usual to distinguish between:

a) **trade policy**

In the strict sense this is aimed at eliminating tariff and non-tariff barriers. This means:
— customs franchise or duty reductions (e.g. the system of generalised preferences, the scope of which should be enlarged and which should be made better known and more widely used);
— elimination, or the greatest possible easing, of such quantitative restrictions as still subsist, and regulations affecting imports (e.g. rules of origin and common agriculture policy).

b) **trade promotion**

This is aimed either at securing the recognition and acceptance in our markets of products manufactured in the developing countries or at familiarising the producers with our regulations and requirements (standardisation, health rules, quality standards, security etc) and helping them to conform.

(1) Apart from conditions of a political or psychological character, over which external cooperation has no control.

Training

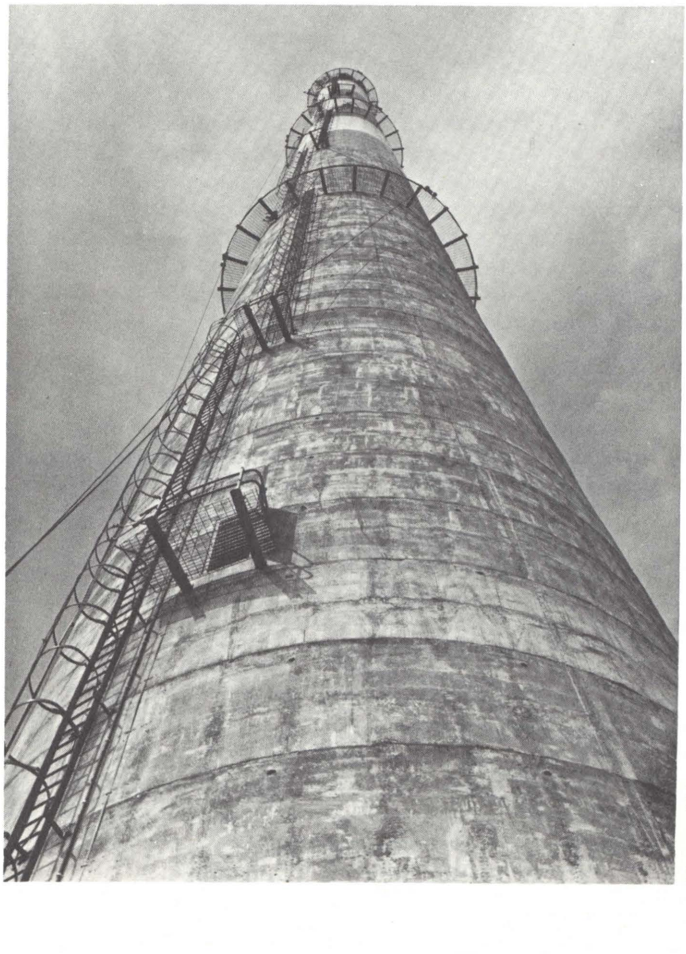
An obvious and important obstacle to industrialisation is the inadequacy of general education, especially the lack of technical and vocational training. The most serious shortages are often less of senior staff and university-trained professionals (including engineers) than of skilled workers and foremen.

Cooperation in training schemes must therefore be included under industrial cooperation, especially training schemes directly linked with industrial investment; and these can take place either in the technical or vocational training establishments in the developed or the developing countries, or inside the firm itself in the form of "on-the-job" instruction.

Technology

It is hardly necessary to emphasise the importance of technology in industrial growth. In this context there are three closely connected problems for the developing countries. These are:
— the transfer of technologies from the industrial countries—i.e. the succession of operations from exchanges of knowledge and technical information, including technical training, technological information, licensing and transfer of patents and knowhow, to the delivery of material and equipment bringing new techniques; →

Mining complex at Phikwe, Botswana (copper and nickel).



Vivante Afrique

— adaptation of technology to the specific requirements and capacities of developing countries and especially the question of "intermediate technology";
— the creation of local, national or regional capacities for training and technological adaptation.

In our period it is still true that the best vehicles of industrial technology are long-term investment, training and the flow of trade. This, however, does not satisfy the developing countries, who consider that the contacts and flow of information are inadequate, and that the transfer of knowledge takes place on terms unfavourable to themselves, at an unduly high cost and in conditions they cannot accept.

The claims of the developing countries in regard to technological transfers originated mainly from Latin-American representations and have now become one of the key factors in the "new international economic order" to which they aspire. They want:
— to have the transfer of technical knowledge recognised as an important instrument of development aid policy;
— to obtain technology from industrial countries on preferential terms;
— to secure protection against real or possible abuse in the operations connected with the transfer of techniques, especially the price and restrictive clauses.

In the World Organisation for Intellectual Property, the developing countries are doing all they can to obtain a change in the present system of patents and other industrial property rights. In UNCTAD they are seeking to secure the adoption of a code of conduct in relation to technological transfers, and to draft a future amendment of the patents system to bring it into line with their ideas.

The schemes for protecting technological transfers contained in the Lomé Convention under the heading "industrial cooperation" (title III, arts. 26 & 31) differ from these international wrangles by their closeness to the real possibilities of the market economy system which prevails in the Community. This realistic approach, in a closely defined framework and backed by considerable possibilities of financial and technical cooperation, would seem more likely to yield good results to the ACP countries as part of a general scheme for industrial cooperation, closely linked with training schemes and the execution of specific industrial projects.

Technological cooperation will, for the most part, take the following forms:
— financial and technical assistance at the successive stages of technological transfer—information, choice, adaptation, formation and functioning of local potential, recourse to technological research capacity of industrial countries;
— cooperation agreements with foreign firms; long-term management contracts; sub-contracting with technological facilities.

Encouragement

Both the developed and the developing countries will be able to take various measures to encourage businessmen to extend their activities into developing countries which will, in the same way, be encouraged to seek their cooperation.

a) **in the industrial countries**

The essential encouragement measures will be:
— fiscal measures aimed (for example) to reduce the taxable profit or income of residents proportionately to the amount of capital invested in developing countries; the alleviation of the tax burden on income produced by these investments in developing countries or the authorisation of exceptionally rapid depreciation;
— granting export credit for equipment and capital goods;
— a system of associating investments in developing countries with a guarantee against non-commercial (i.e. political) risks.

It is worth considering under this head whether the guarantee systems should not be developed further, no longer relating exclusively to investments (which are diminishing in importance by comparison with other forms of cooperation, often and increasingly without the contribution of capital) but extended to these other forms of industrial cooperation.
— The European Community should take another look at the idea of **a Community guarantee system against non-commercial risks.** This would be extremely important, because of the fact that industrial cooperation will be developing (both with the ACP countries and perhaps to an even greater extent with the countries south of the Mediterranean and the Arab countries) and of the evident desire of industrialists in Europe that a guarantee system on a European basis should be set up. The existing project would doubtless need recasting and its field of application limited to the developing countries (i.e. excluding industrial countries and the centralised economy countries) and extending the nature of the operations covered, which would no longer be confined exclusively to financial ones.
— various steps taken by governments of industrial countries to ensure that their nationals respect the interests of the developing countries. This is a new idea of Algerian origin, and takes the form of an insurance system guaranteeing developing countries against the risks run in dealing with firms in other countries—delivery delays, faulty manufacture, non-conformity of equipment sold with quantitative or qualitative specifications. The proposal in its present form could not be carried into effect but the underlying idea is not entirely lacking in pertinence and deserves to be carried further in the interest of both sides. Its origin, incidentally, lies in a perfectionist view of industrial cooperation, which seeks to ensure that the industrial contribution made by the developed countries should be guaranteed not only in terms of factories ready-for-occupation, but also of ready-for-operation firms, actually in production and with customers lined up.

b) **in the developing countries**

It is up to developing countries wanting foreign investment, or other forms of external cooperation, to create a sufficiently attractive reception for foreign industrialists and an atmosphere congenial to their cooperation.
— **Administrative and legal framework.** This includes, under the former head, the credit institutions, promotion organisations, reception and cooperation machinery; and under the second, the general legislation adapted to the needs of industrial life, investment codes and similar arrangements. The arrangements under both heads are only too often ill adapted to dynamic industrial cooperation, for the governments sometimes misunderstand the →

realities of industrial life and are unaware of the discipline essential to efficient management. The essential thing will be to provide a clear definition of the reciprocal rights and obligations of the external operator and of the host country, and to offer various advantages or encouragements.

— **The question of the background atmosphere** associated with the reception of firms from abroad their activities is a matter of primary importance. Effective industrial cooperation depends very largely on the action of businessmen. They should, therefore, be attracted, brought into association, and an atmosphere of mutual confidence created. In other words, there must be complete certainty on both sides as to what are the rules of the game and as to their observance. If businessmen do not feel sure of their ground, they simply will not come, or they will not sponsor further investments but resort to all possible forms of disinvestment—which are many and not easily controlled. It cannot be disputed that for some years this atmosphere has not been particularly good, and that rightly or wrongly the feeling has grown that in the developing countries there is a political risk (1). The developing countries must necessarily take this into account and accept the need for security and profitability as part of the condition of a firm's activity. The creation of the atmosphere required depends much less on the initial advantages and inducements than on the assured stability of working conditions and the absence of arbitrary or other measures which would impede the normal operation of the firm. In addition, the atmosphere may quite well be considerably affected by the way ordinary day-to-day business is handled by the administration in the countries concerned; and it is worth noting that the behaviour of a single developing country may well affect, rightly or wrongly, the atmosphere in regard to others. Experience has abundantly proved that the feeling of confidence among businessmen is extremely vulnerable. Governments of developing countries must bear this in mind (2).

The mutual confidence problem can of course be settled much more satisfactorily under a wide cooperation agreement between developing and developed countries, whether on bilateral or regional basis, particularly when there is a relevant clause in the agreement and when there are tribunals before which disputes can be brought and both sides agrees to accept their jurisdiction.

Industrial promotion

Industrial promotion is the sucession of measures aimed at facilitating and intensifying direct contact between persons and institutions in developing and developed countries for the purpose of stimulating effective transfers, for industrial projects, of capital, technology and marketing facilities. Here again it is obvious that the various lines of action are not equally suitable or useful in each particular case, and must therefore be adapted to the situations as they arise, which may differ materially, from time to time, from country to country and from industry to industry.

a) **industrial information**

The lack of information (often on the most elementary questions) is an important obstacle in industrial cooperation schemes, even when the intervention of the external operators is desired. This calls for:

— **information to external operators:** basic social and economic data on the host country, conditions affecting establishment and work (legal provisions and regulations, investment codes, cost of the factors of production), availability of finance, information on surveys, projects and industrial establishments.

— **information to developing countries** designed to facilitate their contacts with the world of finance and industry.

— steps to identify and prepare industrial projects (sector studies, specific pre-feasibility or feasibility studies).

b) **industrial promotion proper**

Apart from the question of information, it is necessary to find the partners with the necessary finance, technology and marketing potential, bring them together and promote agrement between them, either through organised meetings and missions in specific industrial sectors, including individual contacts or, in relation to any specific project which is to be promoted by suitable assistance.

On the general question of industrial promotion, three observations are relevant:

— information and promotion need to be taken in hand by an independent specialist organisation, which is provided with the resources needed and has the greatest possible flexibility in its working methods.

— the best conditions for industrial promotion are when it happens in the framework of more general cooperation of which it is necessarily part, and in which it will be possible to establish continued contact and consultation, thus helping to create the required atmosphere. This is the type of condition envisaged in the EEC-ACP convention.

— the future development of industrial cooperation in general, and industrial promotion in particular, offer good opportunities to engineering and survey offices in the industrial countries, provided they can adapt themselves to the new conditions and to various requirements resulting from the development of cooperation relationships.

PRINCIPLES OF ACTION

Industrial cooperation, because of its specific character, will only be fully successful in securing its objectives if certain conditions are fulfilled. These, by their very existence, indicate the attitudes which must be taken by those implementing industrial cooperation, whether at the political and administrative level or in business firms.

The concerted approach

Because of the general interdependence of industrial sectors, countries and firms, and the instruments of industrial cooperation, it is essential that the approach between the partners be concerted and arrangements made for a continuous exchange of information and permanent consultation at every level.

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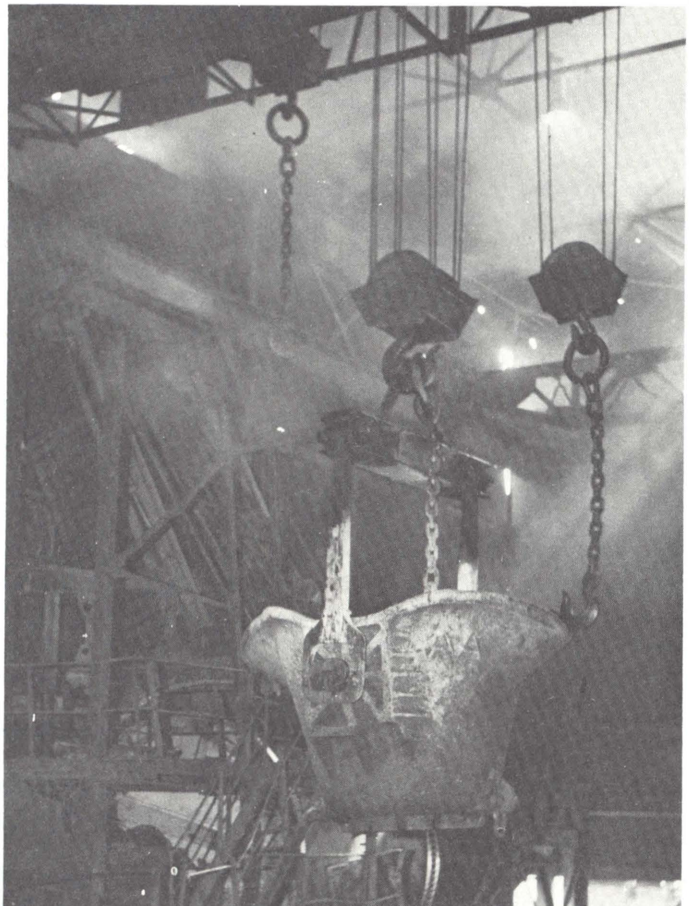
(1) This is particularly true for small or medium-sized firms in industrial countries. Some of these firms are beginning to understand the advantage—if not indeed the necessity—of transferring some of their activities into developing countries, but they are scared of the "risk" and therefore they take no action and ask their own governments to provide them with subsidies and other forms of protection to maintain activities which have become unprofitable.

(2) Conversely, the behaviour of certain businessmen seeking quick and/or unjustified profits is equally apt to cause undue prejudice against foreign firms among the developing countries.



Naud

Copper foundry in Uganda.

One reason for the importance of this close contact between partners is that the steps taken by each of them need to reflect the general lines of development policy in the host country and its industrialisation policy in particular. Industrial cooperation is not meant as a transfer pure and simple of our own industrial patterns into the developing countries, where they are often found to be unsuitable. The concerted approach will make it possible to exchange experiences, share the risks and the tasks and understand one another's problems—such as regional integration in developing countries or the structural adjustments in industrial countries. It will help get rid of operators whose approach is wrong, and perhaps it may avoid unplanned industrial initiatives and the very serious effects these might have both for industrial developing countries, such as over-investment, overcapacity, wildcat competition, price and market collapses, economic disorder and the general bitterness which may ensue.

The ideal setting for the concerted approach should be associated with the conclusion of cooperation agreements, whether bilateral or regional, between developed and developing countries; these agreements ensure the contractual continuity of relationships and set up institutions well adapted to such meetings and the flow of information.

Internationally, UNO and UNIDO in particular are able to help in this concertation, and their contribution, though of course less operational, is very useful.

The indispensable part played by businessmen

Industrial cooperation is primarily distinguished by the fact that it needs the cooperation of foreign businessmen, who must therefore be encouraged to take an interest and play a part in the devising and execution of projects and programmes.

In countries working in a market economy, the part played by businessmen (industrialists, bankers, brokers, service industry operators and others) is considerably greater than the initially indispensable part played by government authorities; for the actual commitments involved in the policy of industrial cooperation are, first and foremost, of a private character. Only the businessmen are in a position to bring these projects into execution, to choose and supply suitable equipment, to transfer and continue to provide the required technology, to provide technical and management staff, guarantee the market, find the means of transport and marketing, and subscribe part of the capital.

This means that industrial cooperation must be handled in very close cooperation with businessmen, and indeed largely by them. It is this which gives so much importance to the atmosphere and the inducements to the judicious blending of public and private measures, to information and industrial promotion and all the forms of concerted action which are immediately operational.

Industrial cooperation must innovate

Industrial cooperation has got to find new ways of intervening, a greater diversity, a greater flexibility, in all cases better suited to its own specific ends. It needs a new and original approach, integrated into the whole cooperation picture and using the instruments of this cooperation for its own purposes, adapting its approaches to the infinite variety of situations and relationships with the developing country.

This is the more necessary for the fact that the cooperation relationships have got to be made between partners very different from one another and in many ways very unequal. On the one hand, their respective development levels make the partner States far from comparable in their power of negotiation, for their technical competence, their knowledge, their political and administrative staffing are far from equivalent. Moreover, these States have very different and divergent political systems and their economic policies are very different. One may operate a centralised economy, in which the State is present everywhere and always; and another may promote private enterprise and work under a market economy. Inevitably this results in many misunderstandings and difficulties.

Certain existing forms of external cooperation already allow for this. These could be improved or extended. They include:

— direct industrial investment, the arrangements and sources of finance for which are to be further diversified (1).

— sub-contracting, which should be extended in developing countries;

(1) Direct private investment is already highly diversified, in the sense that the external investor no longer looks to be the sole, or even the majority, owner of the firm's capital. This is partly to set a limit on risks by sharing them, and partly to improve the integration of the firm into the host country, provided the requirements of industrial efficiency and the safeguarding of legitimate interests are adequately respected. There are increasing numbers of joint ventures in which external capital is associated with local interests and finance, or participation by international, regional or national public institutions.

→

— pre-financing surveys for industrial projects;
— finance for the specific training of workers and staff of any firm;

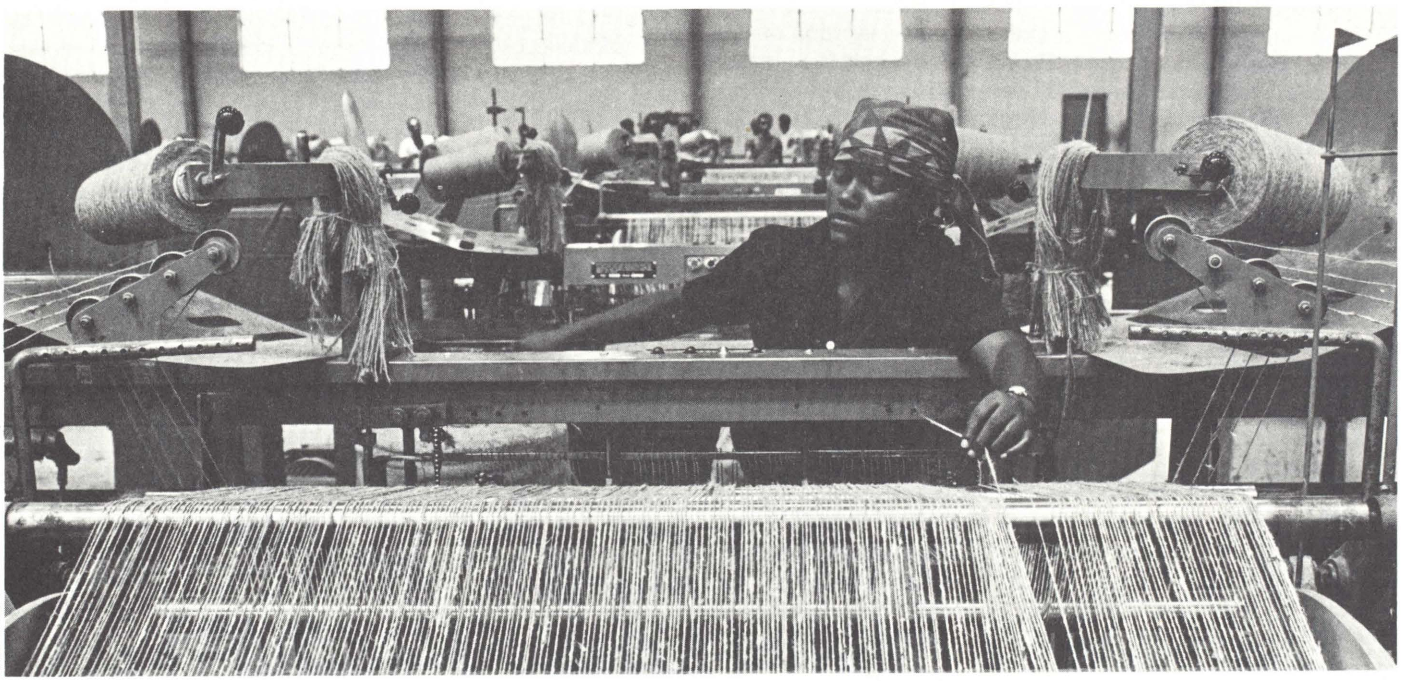
There are other and newer forms of intervention, some of them untried, which deserve to be studied and progressively brought into play. These include:
— three-party agreements, combining financial contributions from oil-producing countries which have finance surpluses; technology and business and management capacity from industrial countries; raw material and manpower from the developing country which is the host.
— various forms of industrial cooperation (technical, management, marketing and training) by industrial countries without any subscription of capital. Such arrangements would often be part of industrial cooperation contracts which include counterparts (or repayments) in the form of supplies of raw materials or the marketing of products, and amount to a reciprocal guarantee of supplies and outlets;
— finance by the leasing of plant or industrial equipment largely for small and medium firms.

Adequate resources

It would be a mistake to think industrial cooperation on a worthwhile scale can be undertaken without finance, simply by contact and coordination, a modicum of information or, in the last resort, short visits by industrial or expert missions. This will be abundantly proved by the operation of certain agreements with developing countries in which industrial cooperation is included but financial resources are not.

Industrial cooperation is a sector approach to development and uses all the instruments of cooperation, each supporting and relying on the others. It therefore depends on the financial resources available. In its broadest sense, the finance it requires is considerable; but even on a smaller footing, based on trade promotion, technology transfers and adaptations, information and industrial promotion campaigns, it needs far from negligible resources, including more especially finance. If these resources are lacking, failure is certain, and its consequences will be more damaging than if no industrial cooperation had been attempted. There is no such thing as "economic cooperation" where "economic" means tightening the purse strings. But there are new forms of industrial cooperation which, if properly chosen and adapted, could be more economical, could be more efficient at much less cost, than some forms of traditional financial cooperation. ■

A. HUYBRECHTS



United Nations

Textiles are already an important industry in many developing countries (jute bag factory in Kumasi, Ghana).

LIMA (Peru)
Towards a new international economic order

by **Dieter FRISCH** [*]

The multitude of international meetings and conferences in 1974 and 1975 will have made their mark on the future of international economic relations, especially those between industrial and developing countries. Among them was the sixth special session of the UN General Assembly, which launched the idea of a new international economic order. There was the vote on the Charter of Economic Rights and Obligations of States voted only by a majority; there was the World Food Conference, the Declaration of Dakar, the Declaration of Algiers, the Declaration of Lima. There was the half-way international strategy assessment of development in the Second Decade; and there were active preparations for the 7th Special session in September 1975.

In all this labyrinth of international discussions, one item was the second conference of the United Nations International Development Organisation (UNIDO) held at Lima, Peru, on March 12-27 1975. How did it fit in?

Initially the aim of the conference was to have been to contribute to assessing the results of the Second Development Decade. In practice, its objective was modified and considerably enlarged, so that the conference was virtually an extension of the General Assembly's 6th special session. The international community, and more especially the developing countries, expected from it a **first sector contribution to the achievement of a new international economic order**. It was manifestly in line with the general tactics persistently adopted by developing countries since the 6th special session.

More precisely, the task of the Lima Conference was to formulate an international declaration on industrial development and cooperation, and draw up a plan of action for assisting developing countries to speed up their industrialisation and secure a fair share of industrial activity. The document, comprising the declaration and the plan of action, is known as the **"Lima Declaration"**.

(*) Head of division in the EEC Directorate General for Development. Herr Frisch was head of the Commission delegation at the UNIDO Conference.

(1) Editor's sub-titles.

Cooperation relationships [1]

Industrial cooperation and the industrialisation of developing countries have rather suddently come into the forefront of international discussion. Until quite recently it was reasonably obvious this was a subject which did not greatly appeal to the industrial countries. Its emergence is largely due to the new relations between developing and industrial countries since the oil crisis, and the greater awareness in the industrial world of its inter-dependence with the Third World. Relations with developing countries had, by tradition, been thought of as aid; but it was now becoming clearer they must be thought of as relations of cooperation in the true sense of the word. Real cooperation must extend into every field. It must accept the trend towards a new division of the world's economic activities, and recognise that though this may raise problems of adjustment it is not against our long-term interests. The surprising fact is that it took the oil crisis to secure greater frankness in the acceptance of this idea.

The developing countries understand that their improved bargaining power can be traced to their resources in energy and raw materials, and the solidarity between them is greater than ever. It is no surprise that they have a tendency to "globalise" the discussions, linking together the different subjects under the cooperation heading. Oil serves them as a lever in discussing raw materials; and the latter are their lever for industrial cooperation. The tactic is a good one; but it can complicate discussion if it is pushed too far and progress can be slowed. Lima is a good example of this.

Lima — success or failure?

The Lima objectives were sectoral and the developing countries absorbed a great part of the energy of negotiation by loading the conference with matters outside its scope and with which it could not deal. They brought forward all their fundamental claims, which stretch far outside the limited field of industrial cooperation, bringing up such matters as the right to nationalise under national law; adjustment of export prices to an index of the prices of products imported from industrial countries; strengthening the unilateral action of associations of raw material producers. All these problems had already been discussed in other organisations and compromise solutions had not →

The second UNIDO general conference on industrialisation at Lima took its place among the series of recent world conferences on major development themes. Peruvian Premier Morales Bermudez reads President Velasco's speech.

resulted. It was not reasonable to expect that solutions to them could be found at the UNIDO Conference. It was general themes of this kind which prevented there being a consensus on the main text, though there was very wide agreement on the aspects which were really industrial.

Though a vote was ultimately taken on some 10 paragraphs of the Lima Declaration, it should not be forgotten that on most of the subjects reasonable compromises had been secured beforehand owing to the very flexible attitude of those taking part.

The work of the conference was marked by this attitude of conciliation which deserves special mention, even though attitudes tended to harden in the concluding stages. It must be remembered that most of the delegations, when they went to the Lima Conference, expected a quick reappearance of the confrontation atmosphere characteristic of earlier meetings. The industrial countries expected the 77 Group would be tempted to force on the meeting the Algiers text, which had been voted only by a minority. Fresh in many minds was the slogan "the tyranny of the majority" launched just at the moment of the vote on the Charter of Economic Rights and Obligations. In practice it became clear at the outset that those attending the Lima Conference had come there for the purpose of a genuine negotiation and in search of a consensus of opinion. This desire to talk things over and secure a compromise is illustrated in quantitative terms by an analysis of the impressive number of paragraphs, in the original draft by the 77, which were subsequently amended (2).

In these conditions there is no need to exaggerate the importance of the individual votes which related to 10 paragraphs and were really concerned with only five important problems. The general vote on the text reflected essentially the attitude of delegations about the 10 controversial paragraphs. It will be recalled that the voting was 83 for, one against (USA) and seven abstentions (Federal Germany, Great Britain, Italy, Belgium, Japan, Canada, Israel). We can legitimately start from the principle that the general vote on the text did not call into question the agreements made beforehand about most of the subjects under discussion.

So it would be a mistake to call the Lima Conference a failure, as many newspapers did. To us, it seems that it brought considerable progress in the definition of the new approaches to industrial cooperation. Among the industrial countries there will be a tendency to avoid the word "progress" in favour of epithets of a more neutral character. This depends of course on the general attitude adopted in the face of the changes in the international economic position, for there is no choice but to accept them. or to try to put back the clock. The developing countries will be regretting that progress was not more substantial and that some of their fundamental claims were not covered. On the other hand, there can be no denying that a certain amount of new ground was gained in the Lima discussions.

Main lines of agreement

It is not possible in this article to embark on a full analysis of the Lima Declaration. After all, it contains 76 paragraphs, and some of these are subdivided into as many as 15 sub-paragraphs. It may be worthwile, nevertheless, even if it is only by way of example, to note some of the important results or main lines of general agreement.

In the first instance no previous international text has so definitely accepted the essential necessity for developing countries to speed up their industrial development. After difficult discussions, it was possible to reach agreement on a quantified objective, which was extremely ambitious, and the acceptance of which by the industrial countries was apparently considered by the developing countries as the testing point for the success of the negotiations. At present only some 7 of the world's industrial production comes from developing countries; the resolution calls for their share by the end of the present century to be 25. Admittedly this is only a target and only an indication, but the figure is a new one and we shall very soon see its usefulness as a point of reference and as a challenge. The acceptance of this target by industrial countries must be considered a major political concession, especially since the economic foundations for this projection did not seem to rest on very sure ground.

Another point to the credit of the Lima Conference was the agreement on the principle of industrial redeployment. This is a comparatively new concept of a more dynamic character than the rather static one of "transfers of industry". Industrial redeployment is to take the form of the transfer, not of entire industries, but of the growth of each or any specific industry. It in- →

(2) The 77 Group in fact includes 95 countries.

volves the industries in industrial countries progressively going over to more "viable" lines of production, or to other sectors of the economy, thus facilitating structural adjustments in the developed countries and the expansion of the "redeployed" industries in the developing ones. Though the texts of the resolutions are not in all cases as clear as they might be, there is clearly a desire to avoid subjects as delicate as adjustment policies, which are policies deliberately taking into account the impact of an ambitious industrial cooperation programme on the internal structures of the industrial countries. Whereas the older pattern of the division of labour tended to make the Third World the exporter of raw materials in their crude forms, the new orientation is quite definitely in favour of their using their raw materials and, so far as possible, processing them locally. It is to be hoped that the industrial countries understand that their interest is no longer in seeking security of raw material supplies by the usual methods, but rather in entering into the business of local processing. Such an approach suits the interests of all concerned and may in the future prove to be the best supply guarantee, even though the supplies will be in the form of processed or semi-manufactured products.

Private industry and inter-government cooperation

There is one fundamental point on which the conclusions of the Lima Conference seem outstandingly incoherent, and it would be dangerous to conceal this. It is difficult to reconcile the industrial development and ambitions expressed in the Lima Declaration with the attitude of caution and almost systematic suspicion among the developing countries of businessmen from abroad, particularly in private undertakings. Industrial cooperation differs essentially from the traditional patterns of cooperation because it calls for the very close support of foreigners in this category. How is this dilemma to be resolved?

On a careful analysis, the Lima texts contain at least the beginning of a reply. They contain the idea, still somewhat hesitantly expressed, of cooperation between governments to channel and supervise the businessmen from the industrial countries. The developing countries have thus, for the first time, secured some response from the western governments to their request for cooperation in dealing with the potential problems arising through the attitude of foreign operators, especially the multinational companies. Some people, no doubt, will see in this a denial of the principles of free enterprise; but it must be admitted that developing countries in general are ill-prepared for the task of dealing with foreign firms, and they often find themselves exposed to virtual monopolies. It would be in conformity with the spirit of a new economic order to help the developing countries prevent the abuse of such dominant positions, as, incidentally, is done by the industrial countries themselves by their laws and regulations designed to protect free competition.

In connection it is open to question whether the controversial "new order" does not often consist simply of the application to our relations with developing countries of the same principles for which we call in our own economic system, but apply only in our own backyard. The idea of a system of supervising the businessmen is far from being a protective system solely for the developing countries. The definition of any such system presupposes that the rules of the game will be clearly laid down, and this is undoubtedly a gain for the foreign businessman. It should go some way to remove the uncertainty which too often surrounds the conditions in which he is called upon the work. This has been one of the main obstacles to more resolute investment and means appreciably more to than any amount of inducements, advantages and fiscal and other privileges at the outset.

Cooperation between governments is the best guarantee of an atmosphere of confidence, which is the pre-condition for any real industrial cooperation. The results of the Lima Conference would repay development in depth on this point particularly.

From Lomé to Lima

No account of the important consequences of the UNIDO Conference would be complete without mention of the institutional aspects. These played a large part in the Lima discussions and one of the two conference committees was devoted wholly to them. It is a cardinal point that the conference accepted the expansion of UNIDO activities, and the strengthening of its autonomy. In principle it was agreed that it be converted into a "specialised agency" and there was also agreement in principle on the formation of an Industrial Fund. UNIDO thus emerged from the Lima Conference with its hand strengthened. It will be playing a central part in implementing the Lima Declaration.

Above and beyond intensified operational activities, UNIDO is to set up a system of consultation and concertation in matters of industrial redeployment. This is another new line emerging from the Lima discussions. It will be a matter of improving the system of mutual information on the probable future course of demand and supply, on the availability of the factors of production and their cost, on investment opportunities and the terms on which they can be made. It is hoped that consultations based on information thus assembled will facilitate the process of redeployment. It goes without saying that such an attempt at concertation on world industrial trends must, from the standpoint of western industrial countries, pay due regard to the limits imposed upon them by their system of market economy.

* * *

It is possible to compare Lima with Lomé, since the EEC-ACP Convention contains such an important chapter on industrial cooperation. In fact, though the theme is the same, the nature and objectives of the two documents are quite different. The Lomé Convention is a contract, the Declaration of Lima ranks as a resolution. The Lomé objective is essentially oprational; Lima defines only principles and attitudes. It might be said that Lomé (which of course came before Lima) represents an advance version in operational terms of the many principles defined at Lima. Again, Lomé puts industrial cooperation into a regional framework; Lima formulates approaches for industrial cooperation on the world scale. In many ways, therefore, the two texts are complementary and in any case the two approaches will always be compatible and convergent. Our ACP partners will see to this.

In the preamble to the convention, the Lomé partners declare themselves "resolved to establish a new model for relations between developed and developing States, compatible with the aspirations of the international community towards a more just and more balanced economic order". Lima provided a positive contribution to the institution of this new order. ■

D. FRISCH

UNIDO and the hopes of the developing countries

by **Abd-El Rahman KHANE** (*)

In the series of world debates during the last two years dealing with some of the great problems facing humanity, the most recent took up the question of industrialisation within the developing world in relation to the inequities in distribution of wealth, resources, work and opportunities.

At Lima, where in March the second general conference of UNIDO—which should be better known as the world industrialisation conference—produced some decisions affecting the organisation's future structure and work, it was agreed that the share of the developing countries in world industrial production should rise from its present seven per cent level to 25 per cent by the end of the century.

Such a determined emphasis on industry, though not entirely unanimous, was reached at a time when industrial activity has become a subject for radical criticism, when fears are expressed about the danger of an industrial civilization which creates artificial needs, which degrades the environment and threatens the wastage of some natural resources.

Why are we making such efforts to bring industry to countries which have not yet experienced its "benefits"?

The gap continues to widen (1)

The answer lies in the inescapable fact that though most people in the poorer countries of the world, thanks to the combined efforts of the world community, now live longer and enjoy better health, grow more food, and have a greater chance to learn new skills, they are comparatively worse off than they were twenty years ago in relation to the countries which have achieved rapid industrial growth. The prices of their raw materials fluctuate continually on world markets, and the materials themselves face competition from synthetic substitutes; they cannot earn enough to pay for the soaring prices of the manufactured goods they need both to expand their economy and to satisfy their newly-developing tastes; and the education they have worked so hard to get only results in further misery, for there are not enough jobs in which their new skills can be put to work.

(*) Executive-Director of UNIDO (United Nations Industrial Development Organisation).
(1) Editors subtitles.

Already vast, the gap continues to widen. The average income in the few countries with advanced industries is now \$2 400 a year, in contrast to the remaining three quarters of the world where it is only \$180. It has been estimated that in the next ten years these average incomes will increase so that the industrialized will have \$3 400 a year, the rest \$280.

... and only industrialisation can dose it

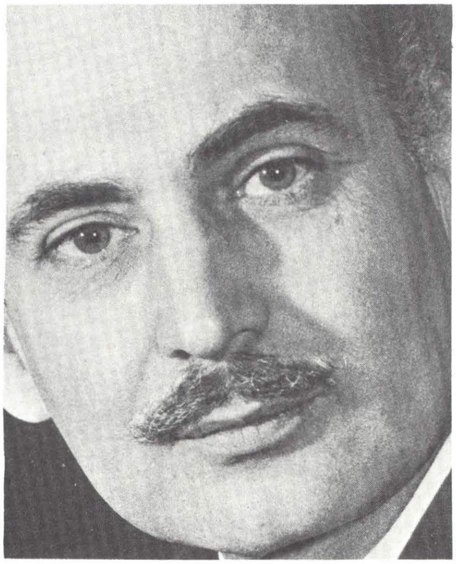
The situation is at last being recognized as a menace to peace and reproach to humanity. There is also a growing realization that it is not merely a matter of extending a helping hand, but that broader-based industrial growth will open up bigger markets and help solve some of the trade and labour problems with which the advanced countries themselves are now being faced. At the same time, it is becoming clear that though industrialization is essential if the gap between rich and poor is to be narrowed, many factors must be harmonised in order for it to succeed; education, agriculture, manpower and training are only a few of these. And action must be taken on every level: social, economic and political, within the countries themselves, as well as through joint action by the community of nations.

These were some of the reasons why in 1967 the United Nations Industrial Development Organization was set up to promote and accelerate the industrial growth of the developing countries, and to co-ordinate the efforts of all the United Nations agencies in this field.

These are also the reasons, I believe, why the nations of the world now unanimously consider industrialisation as one of the important means of promoting development, although they do not necessarily agree on the means to accomplish this aim. The same reasons created the spirit of urgency in the sixth special session of the General Assembly of the United Nations in 1974 at which the establishment of a new international economic order was demanded.

It was a natural corollary that at the Lima conference there should also have been demands that UNIDO's powers should be strengthened if it were to meet the challenge of a changed industrial system, with much more manufacturing effort being located in developing countries. Included in the Declaration and Plan of Action for industrialisation adopted by 82 votes to one →

ABD-EL RAHMAN KHANE



Abd-El Rahman Khane, the Executive-Director of the United Nations Industrial Development Organisation (UNIDO), was appointed for a term of office of four years beginning on 1 January 1975. The appointment by the United Nations Secretary-General, was confirmed on 19 December 1974 by the General Assembly.

A national of Algeria, Mr. Khane was Secretary-General of the Organisation of the Petroleum Exporting Countries (OPEC) in 1973 and 1974. At UNIDO he succeeded Ibrahim Helmi Abdel-Rahman, who held the office from 1967-1974.

Mr. Khane, who has had a varied carieer as a member of the Algerian Liberation Movement, administrator, physician and politician, was born in Collo on 6 March 1931. He obtained his medical doctorate from the University of Algiers in 1968.

Prior to Algeria's independence in 1962, he was an officer in the National Liberation Army (ALN), and from 1958 to 1960 was Secretary of State of the provisional government of the Algerian Republic (GPRA). He was General Controller of the National Liberation Front (FLN) from 1960 to 1961, and Head of the Finance Department of the provisional government from 1961 to 1962.

Following independence, he became president of the Algerian-French technical organisation for exploiting the wealth of the Sahara sub-oil (l'Organisme Saharien), a post he held until 1965. In 1964 he was also President of the Electricity and Gas Company of Algeria. In 1965-66 Mr. Khane was a member of the Board of Directors of Algeria's National Society of Research and Exploitation of Petroleum, with responsibility for the implementation of the Algeria-French agreement on hydrocarbons and the industrial development of Algeria. In this capacity he also participated in negotiations with oil companies concerning the revision of fiscal terms. From 1966 to 1970 he was Minister of Public Works, as well as President of the Algerian-French Industrial Cooperation Organisation. From 1970 until his appointment with OPEC, Mr. Khane was a physician in the Department of Cardiology at the University Hospital of Algiers.

He is married and has four children.

with seven abstentions were recommendations that the General Assembly should consider transforming UNIDO into a specialized agency; and that an Industrial Development Fund be created.

By becoming a specialized agency, UNIDO would have the right to decide for itself questions of its budget, of quotas assessed for contributions by Member States, of personnel including experts, and of its publications programme. The creation of an industrial development fund would bring responsibility for arranging the annual pledging conference at which governments announce their pledges of voluntary contributions. The fund itself would be used for financing activities such as transfer of technology, cooperation between developing countries, industrial information, research and studies and promotion programmes.

The purpose of UNIDO

The purpose of UNIDO is to promote and accelerate the industrialisation of the developing countries of the world with particular emphasis on the manufacturing sector. The General Assembly and the Industrial Development Board have outlined the tasks of UNIDO. These include:

1. Advising governments on priorities for industry within national plans;
2. Carrying out surveys of industrial development possibilities, formulation of industrial development plans and programmes, pre-investment and feasibility studies;
3. Advising at the various stages of implementation and follow-up of industrial projects;
4. Assistance in achieving the efficient utilization of new and existing industrial capacity, including the solution of technical and technological problems, and the improvement and control of quality, management and performance;
5. Assistance in the identification and development of exports or substitution of imports.
6. Assistance in the training of technical and other appropriate categories of personnel, including such forms of training as individual fellowships, technical workshops and in-plant training;
7. Assistance in the dissemination of information on technological innovations and know-how, the development of systems of patents and industrial property, and the adaptation and application of existing technology to the needs of developing countries;
8. Assistance in promoting investments through domestic and external financing for specific industrial projects;
9. Assistance in establishing or strengthening institutions to deal with various aspects of industrial development, including planning and programming, project formulation and evaluation, engineering and design, training and management, applied research, standardization and quality control, small-scale industry, including industrial extension services and industrial estates, and pilot plants;
10. Action-oriented studies, contacts and research designed to facilitate and support the activities outlined above and promote co-operation between the industries of developed and developing countries.

Finance and programmes

Programmes of technical assistance are financed from various sources within the United Nations and through voluntary government contributions.

UNIDO's share in the United Nations regular programme of technical assistance devoted to industry is approved by the Industrial Development Board one year in advance of the year of implementation, and is utilized for experts and fellowships for technical training.

Projects executed on behalf of the United Nations Develop- →

ment Programme are approved by the Governing Council of the Programme.

The Special Industrial Services programme financed originally by voluntary contributions but now mainly by UNDP, meets urgent requirements for which advance provision may not have been made.

Countries may also seek assistance for projects by depositing Funds-in-trust for projects to be implemented by UNIDO.

Supported by voluntary contributions made at annual pledging conferences, the UNIDO General Trust Fund constitutes an important complementary source of financing for UNIDO's technical co-operation activities outside of the traditional programmes.

In 1974 the value of UNIDO's technical assistance activities was $23.9 million. Through the United Nations Development Programme, UNIDO undertakes at the request of the governments of developing countries long-term pre-investment projects, research and training institutes and pilot and demonstration plants in the field of industrial development. These "institutional" projects are normally developed over a period of several years and at a cost of several million dollars. For the sake of greater flexibility in the programme, however, the concept of "mini" projects has been evolved by UNDP. These are projects of shorter terms and smaller expert teams, at a cost of less than $250 000 per project, designed to meet certain specific needs of developing countries which do not fit the traditional long-term projects.

Activities in support of operational activities include studies, research, exchanges of information and training. They embrace collection, analysis and dissemination of information on all aspects of industry. Symposia, seminars, expert group meetings and workshops number about 60 a year. Nearly 120 in-plant training programmes have helped to improve the practical skills and academic knowledge of modern techniques for more than 2000 engineers and specialists from developing countries. Help for this programme has come from 18 countries with specialised experience.

UNIDO helps developing countries to increase its supplies of national and foreign resources for industrial development. The organisation helps to establish contacts between between possible investors and representatives of developing countries able to promote projects. In carrying out this programme of identifying and presenting commercially attractive projects, UNIDO uses commercial fairs or other occasions, including special promotion meetings, to bring prospective partners together.

More recently specialised meetings have been held to concentrate interest into selected branches of industry. Examples have included discussions in Buenos Aires of development of plastic materials; a UNIDO/FAO meeting in Amsterdam on selected aspects of food processing; and technical consultations, with a seminar, in Bucharest for promotion of investments in chemical industries.

Close contact with the field is maintained through a number of channels.

The UNDP Resident Representative in each of the developing countries is the accredited official representative of the United Nations in matters of technical assistance. Attached to the office of the Resident Representative in a number of duty stations are the UNIDO Industrial Development Field Advisers. These are specialised officers placed in the field by UNIDO in order to provide on-the-spot advice to developing countries on specific matters related to their industrial development and to facilitate the formulation of their requests for technical assistance.

In addition, UNIDO organizes Promotional and Programming Missions at the request of governments to gather information and give advice. UNIDO National Committees have also been established in developing countries, composed of representatives of government departments, academic and research institutions, and public and private business organizations.

UNIDO's complete work programme is classified in 17 main groups of activities, corresponding to the areas of responsibility of the three substantive divisions. These are the Industrial Technology, the Industrial Services and Institutions and the Industrial Policies and Programming Divisions. The Technical Cooperation Division has overall responsibility for programming and implementation of field activities.

A heavier workload

In Lima stress was laid on the need for continuous consultations and negotiations to bring about cooperation between all nations. A month later the Industrial Development Board passed, without a vote, a resolution calling on all governments, all organizations of the United Nations and the Executive Director of the United Nations Industrial Development Board to take all measures to comply with the Lima decisions. The Executive Director was particularly requested to adapt the work programme of UNIDO to the priorities established and to "make appropriate internal structural changes", in addition to preparing appropriate reports for the seventh special session of the General Assembly in September 1975 through the Economic and Social Council; co-ordination with governments to obtain information on action taken; and modification of the medium-term plan and programme budget to bring them into line with priorities and special tasks.

One can see that in coming years the quantity and character of work assigned to UNIDO may change significantly to meet pressing demands, and may well lead to some reshaping of the organisation with a view to contributing towards meeting the hopes of the developing nations for a better and more balanced world. ■

ABD-EL R. KHANE

The basis of an industrialisation policy for West Africa

by Louis ALEXANDRENNE (*)

On what basis should the ACP be industrialised? In this article Mr. Louis Alexandrenne, who took part in the UNIDO Conference at Lima (see pp. 28-30) on the industrial development of developing countries, outlines the possible basis for a West African industrialisation policy.

For many reasons most of the developing countries expressed a desire for industrialisation very soon after they had become independent. The need for this industrialisation is now so engrained into their mentalities that it would be hard to revise it whatever its first results might be.

Naturally the first efforts were directed to the substitution of the products of local industry for imported manufactures. In West Africa, where the colonial heritage had left small nations and many frontiers, this policy was quite systematically applied, and a number of small industrial units sprang up which later expanded under the shelter of stiff customs protection. This process led to the growth of a number of monopolies which removed much of the economic benefit from these first steps in industrialisation. The price which had to be paid for setting up these initial industrial undertakings was a rise in costs and quality often inferior to that of the goods which had been imported. It is only fair to recognise, however, that these initial ventures had the merit of bringing a decade of considerable experience, even though the main initiative had been taken with foreign money and foreign management. In the training of manpower, in the successful tackling of a number of social problems, in the experience accumulated in so complex a field as industrial production, and in the control of its economic and social impact, the results were all to the good. For some little time past we have been at the phase of assessment, in which we have gained knowledge enough to draw the right lessons from the past and formulate projects for the future more in line with our resources and development potential, and with the political systems we have adopted.

While we were thus adjusting our initial targets to conform with the internal problems we had faced in our early industrialisation, there had been major upsets in the world at large, affecting the existing economic relations between different countries. The market economy system, which had previously governed the big movements of world trade, was alleged to act in favour of industrial countries and to the disadvantage of developing countries. When this criticism became a matter of public discussion, it led to some of the countries producing raw materials setting up a common front against the consuming countries. International opinion was faced with the risk of deteriorating relations between these two classes of country, and looked for a fair and peaceful solution to the question of the level and the stability of raw material prices.

Regional cooperation

The industrialisation policy of developing countries has now to be reexamined in the light of these changes. The experience of the past 15 years has shown the primary necessity for developing a policy of economic integration in regions such as West Africa, and this includes particularly the integration of industry. The markets are narrow and monopolies of fact are still in existence, and both factors call for the elimination of the barriers restricting trade across the frontiers in specific regions. Measures have already been taken to remedy the state of things. They are embodied in the West African Economic Community (CEAO) and in the Economic Community of West African States (CEDEAO). This move towards integration has been accompanied by steps to modernise communications and telecommunications. In the growth of trade, the part played by the infrastructure is vital, and the chief difficulties we are facing spring from the backwardness of infrastructures which would effectively free the land-locked countries from their isolation. The foundation of our industrialisation policy is the attempt to create conditions in which a real West African Common Market could flourish. This first step is analogous to that which Western Europe had to take in due time to avoid suffocation by the American giant. Europe formed the European Economic Community, a counter move which accelerated its industrial development. In Africa we are facing a similar situation and opposite us are the industrial countries. We must react in the same way, recruiting our strength at home before we try to challenge the fortresses of the industrial world.

Eurafrica — clear complementarity

With this point understood, we have learnt from recent international events that the world is divided into a number of homogeneous economic areas. It became very clear, that Western Europe and Africa were obvious economic counterparts to one another, more especially on the vital question of raw materials. Quite apart, therefore, from the historical links which bind us together, Eurafrica can be seen as a consistent and comparatively independent economic entity. Any industrialisation policy in our countries will therefore have to find its place in an economic in- →

(*) Minister for Industrial Development, Senegal.

M. Renaudeau

Metal foundry in Dakar.

tegration which goes beyond the regional context, and is in fact a world matter. This is the stage we have reached; and already we are making our way along the trail blazed by the Lomé Convention, linking us with the EEC and laying the foundations for still wider cooperation.

Parallel development

Our steps have therefore to be guided by the quest for a just balance between over-industrialised Europe and developing Africa. This balance may be found in attaching higher values to the raw materials we export to the EEC, in the development of additional industrial activities, in the production of new raw materials needed by our partners—lines of action collectively known as the new international division of labour. It is a fact that, in giving effect to this programme, we need assistance from the EEC. We need it in technical matters, in financing our infrastructure and on the trade side, where we are asking for guaranteed markets at reasonably remunerative prices which will enable us to develop our production in line with the demand. What we are hoping for is parallel development. We are fully aware that the development of Africa cannot be carried on to the detriment of Europe, for prosperity on one side is necessary to propserity on the other. Our essential desire is that the interdependence of our economic systems should be recognised for the sake of making clear this solidarity which lies at the base of all our joint efforts and will, in the long run, raise us progressively to rank as a full partner of Western Europe.

* * *

Regional cooperation and Eurafrica are the twin foundations of our industrialization policy, our windows on an external world of coherent economic zones. The development of our industries will be a matter for coordination between member countries and private initiative in the spirit of free enterprise. Before I come to the end of this brief survey, I should like to mention some of the essentials of our action, which figure through the filigree of this enormous programme. We are convinced the birth of industry we are seeking to promote depends not only on setting up a framework for development but also on outside factors little discussed as yet. I have emphasised the predominant importance of infrastructure, especially in transport and telecommunications, but I have said nothing about our considerable effort in training, education and rural development. This is simply because it has so long been part of our internal campaign to create this economic advance of which industrialisation is only one aspect. These facets of policy have been our top priority. We have seen indisputable results and we now feel it is time to enlarge our field of action to get the advantage of the progress we have made and promote our further expansion. ■

Louis ALEXANDRENNE

European industrialists, Africa and the third world

par Roland PRÉ (*)

It may be presumptive to interpret, through opinions expressed in CEDIMOM, what the big European companies think of the prospects of a new world economic order. Nevertheless the past of our association, and the confidence it enjoys in countries of the Third World (a few years ago they were unanimous in backing its candidature for the Council of UNIDO) encourage me to give a very frank account of the way we, in the industrial countries, see our future relations with the countries of the Third World.

The new world economic order and the Europe-Africa relationship

We are still a long way from a new world economic order and the crisis between developing countries and industrial countries is developing on dangerous lines.

This is partly because we are handling it badly. It is high time there was a frank statement of what is and what is not doing well between us, by asking in a constructive spirit the two questions which seem to be at the root of our obstacles:

- Can we or can we not agree on the things Africa is asking for?
- Is Africa asking for them in the right way?

What Africa asks is in general reasonable. The demands of the African countries usually fall under two headings:

Apart from the raw material industries and the labour-intensive industries which are already considerably developed, a certain type of industrialisation is increasingly desired:

The latter is what Algeria, the most advanced of the African countries, calls "industrialising industry"—i.e. a type of industry which stimulates preliminary and subsequent manufacturing processes and so has a high multiplier effect.

Such claims are accompanied with the hope that the new industries will not only be delivered in the form of ready-made factories, but also with a ready-made (initial) management and even with an initial sales contract, signed, scaled and ready for delivery.

Added to this is the wish that this nascent industrialisation shall not be shut up in a technical "ghetto" which would keep out the high technology industries.

To these requirements regarding the nature of industrial activities must be added those specifying the conduct which the African countries unanimously expect our companies to follow:

I.e. that our companies should act on the lines of the national development plan, and take on their own shoulders their due part of the local problems.

We are not likely to rise in indignation against such requirements.

If these requirements are generally acceptable, it does not follow that all projects can be approved:

- not every industry can be set up anywhere and everywhere;
- industrialisation does not solve all the problems;
- the action taken by the firm concerned must be kept within the limits set by its operating franchise.

In general, we do not hold out against the objectives the African countries want to secure. We consider them valid, but it seems obvious to us that the international methods frequently adopted to secure them are fundamentally bad. This deserves further explanation.

In our view, the Third World is at present asking a great deal of the industrial countries, but is doing so in a paradoxical way which does not make it easy to cooperate with them.

The attitude of African countries to the firms themselves is very often paradoxical.

In broad terms the firms are both suspect and desired. This is particularly true with the multinational companies, which are systematically brought under accusation in the press and at international conferences. In practice, firms feel responsible for their equipment, and in such conditions they are hesitant about redeploying their industrial facilities.

The same paradoxes are applied to our industrial countries.

The help of our countries is desired, but the countries of the Third World now tend to require them to take measures they do not feel inclined to take, especially in the form in which they are put forward. The method is not a good one.

It suffices in this connexion to recall what the Soviet delegate at the Lima Conference said to the delegates of these countries: "We would like to point out, in a perfectly friendly way, that you cannot have industrialisation without industrialists. So be realistic!"

Such appeals seem to me to have fallen on deaf ears. What is happening at this moment seems to be an attempt to instal a new system of international law, public and private, drafted in terms which are not acceptable to the industrial countries because:

— The proposed legal system is aimed at strengthening the potentialities of pressure on industrial countries by allowing them no escape from the control of raw material sources held over them by the countries of the Third World. The proposal put forward in the name of the "77" at Lima envisaged limitations on the development in the industrial countries of substitutes for natural raw materials, leaving the producers' cartels completely free to fix the prices and levels of production of the natural raw materials in question. At the same time the Third World countries were trying to block yet another door in their attitude at the Geneva Confer- →

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ence, which followed the Caracas Conference, on the law of the sea. What they wanted was to subject the ocean bed to the control of a simple majority vote in UNO, which would thus be empowered to authorise, or withold till further notice, the working of the marine mineral resources.

— Other proposals seem no less unjust for industrial countries. They would lead, for example, to technological transfers being made gratis, whereas the brain-power which gave rise to these technologies is one of the main natural resources of the industrial countries, which occupy so comparatively small a space on the world's surface.

— The least that can be said is, that the case put forward by the developing countries is clumsily presented. It asserts their right to "reparation" from the industrial countries, and makes no appeal whatever to the solidarity of the peoples of the world.

Thus, while we are in general agreement with the objectives, whether of industrial redeployment or other forms of aid, the way the subject is brought forward leaves plenty to be desired.

It is to be hoped that the recent failure of this useless provocation—Caracas, Lima, Geneva and Paris—will be a lesson for the future. In fact, the 46 ACP countries and the EEC have shown us at Lomé how to embark on the discussion in more constructive fashion.

They must therefore persevere along this road—broadening their cooperation with the EEC in all the operational aspects and committing our firms more decisively to every solution contributing to Africa's industrial development. This, incidentally, is the only road which, at present, is economically and politically possible.

There is only one alternative: self-dependence—autarchy—the worst way of all. ■

R. PRÉ

CEDIMOM

CEDIMOM is a private international non-profit association, the members of which are big European undertakings, private and public (1), taking part in the industrial development of the Third World. They are firms and undertakings in the main economic sectors—industry, banks, engineering, transport, trade and others.

CEDIMOM was formed in the days of decolonisation in 1957, with the aim of organising top level contacts between big firms and the new African political leaders who were going to take over from the colonial system (2).

It was originally Franco-Italian but soon became Europeanised, extending at the same time both the area it covered and its fields of interest.

The purpose of CEDIMOM is to be:

— a centre for contacts and information;

— a centre for pioneering ideas.

A centre for contacts and information

CEDIMOM holds many discussion meetings and workshops, and sponsors a number of study missions, enabling its member firms to keep informed on the development strategy in the countries of the Third World through direct contact with leaders. They are able to get a better picture of development problems so that the part they can play is more realistic and constructive.

CEDIMOM acted jointly with the Senegalese government in organising the international discussion conference on African Industrial Development, held at Dakar in November, 1972 (3). It was attended by about 20 ministers from French-speaking and English-speaking African countries and from the Maghreb, and more than 100 heads of European firms. In February, 1972 our association sent a mission to Algeria, and in October, 1974 a delegation from 30 CEDIMOM firms went to Morocco and spent a week in direct contact with the government for the purpose of ascertaining the country's development plans after the trebling of the price of phosphate.

CEDIMOM is also developing an important training policy, intended for students in line to become top civil servants in the Third World, and consisting of working courses in business and industrial firms, courses of study, instructional trips and discussion meetings. This year's annual High School Conference, held in February, was focussed on the theme: "New approaches to development in the light of the new international conditions". Committees were set up to consider, among other things, such subjects as: "the rich and the poor"; and "raw materials—pretexts for conflict, temptations to autarchy or keys to interdependence? "The conference was attended by more than 80 students from big schools of the Third World and of Europe, and 20 or more leading personalities, such as M. El Mandjra, Assistant Director-General of UNESCO, M. Mayer of the Quay d'Orsay and M. Carrière, Director of the European Office of the World Bank.

As a private international organisation, CEDIMOM enjoys the status of non-governmental associate member of the Council of the United Nations Industrial Development Organisation (UNIDO) and is accordingly invited to take part in its meetings. This enables it to sponsor contacts at a high level between its own firms and the delegations from member countries, and to keep the standpoints of its members in the foreground of discussions. In virtue of these arrangements a CEDIMOM delegation has just been taking part in the world industrialisation conferences organised by UNIDO in Lima from March 12-26, 1975.

A centre for pioneering ideas

In these changing times CEDIMOM plays its part in helping firms to gain a closer understanding of possible medium and long-term policies and to guide their choice in the light of the relevant facts.

To this end CEDIMOM has organised all sorts of meetings and discussions. In Brussels last October, under EEC auspices, it held a day's meeting for exchange of views with Commissioner Claude Cheysson in the chair, on the basis for Euro-Arab cooperation and the potential part which the EEC and European firms can play in it. Again, in January this year and in the OECD framework, it held a day of working discussion with a delegation of Japanese firms on the possibility of closer Euro-Japanese cooperation in African development projects.

It is not our task to argue and convince. We consider our job well done when we have helped in securing recognition of the existence and scale of the problem.

This is what we are now trying to do for the new world economic order. ■

(1) Nearly 50 firms in Six-nation Europe, Great Britain and Switzerland, and European subsidiaries of American and Japanese firms.

(2) The founders, apart from M. Pré (then Chairman of BRGM) were M. de Vitry, Chairman of Pechiney, and M. de Valletta, Chairman of FIAT.

(3) See "Courier" issue No. 21.

EEC aid for industrialisation in developing countries

The most significant part of the community action has, until now, been carried out in the framework of the association between the African States, Madagascar and Mauritius (1) and the European Community. However, some activities in the field of industrial cooperation are also envisaged outside this framework, namely with regard to countries with which the Community has concluded other types of agreements, such as agreements on commercial cooperation. Finally, due to the system of generalized tariff preferences, the Community has over the last few years given a world-wide dimension to its cooperation in the industrial development of developing countries.

This following articles review the various activities of the European Community as such in the field of cooperation in the industrialisation of developing countries from the Community's creation (1958) to 31 December 1974. It will be recalled that the convention concluded 28 February 1975 at Lomé between the European Community and 46 African, Caribbean and Pacific States, contains a particularly original facet of industrial cooperation (see p. 42 "Industrial cooperation under the Lomé Convention).

Measures under the Association with the AASM

From the first arrangements for association (1958)—by which the six founder Member States of the European Economic Community agreed to associate the overseas territories of four of their Members with the Common Market they had just created—to the Yaoundé Convention I (1963), concluded with 18 newly independent States and the Yaoundé Convention II (1969) it is noticeable that the industrialisation objective became gradually more important to the point of being one of the stated first priority aims of the Association. This was most certainly achieved through pressure from Associated States, who found that their european partners were quick to respond to their concerns which were seen to be well-founded and who agreed to implement a whole series of actions designed to promote the industrialisation of the AASM countries.

It was for this reason that the Yaoundé Convention II—which expired 31 January 1975—laid down a well equipped arsenal of instruments both financial and commercial, and of technical cooperation, which were capable of responding to many of the problems arising from industrialisation, by either improving the general conditions of this industrialisation, or by contributing to its achievement through specific investments.

Financial and technical cooperation

This is ensured simultaneously by the Commission of the European Communities through the European Development Fund (E.D.F.) and by the European Investment Bank (E.I.B.) (2)

Principles of intervention and instruments

The **spheres of intervention** of community cooperation in the industrialisation process are very wide.

At the pre-project stage, the EDF cooperates through general and/or specific preparatory activities (special and regional studies on industrialisation, technical, economic and commercial studies, research and prospecting, help in preparing dossiers on financing, general technical training programmes).

At the execution stage of the project, community cooperation contributes to the financing of directly productive investments (equipment, buildings...) and of infrastructures (energy, transport, industrial estates etc...) which provides industry with the necessary environment. The Community assists in the execution and supervision of the work and for a temporary period, in the setting up, starting and running of the undertaking (in particular by training personnel in charge of using and maintaining equipment).

At the post-project stage, experts may, at the request of associated countries, be sent for a limited period on a specified mission. Market surveys may also be undertaken.

Thus it appears that the spheres of intervention of community financial and technical aid are far reaching, covering all the stages between general measures (studies, basic technical training) and assistance in starting specific projects; they even extend beyond this field of activity in so far as the Community also involves itself in the trade promotion of existing firms.

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(1) The African and Malagasy States (AASM) associated with the European Economic Community through the Yaoundé Convention II (29.7.1969) are Burundi, Cameroon, Central African Republic, Congo, the Ivory Coast, Dahomey, Gabon, Upper Volta, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, Chad, Togo and Zaire. Mauritius joined the initial 18 associated States later on.

(2) The EIB, set up by the Treaty of Rome, is an autonomous institution belonging to the Community and operates on a non-profit-making basis. Members of the Bank are the nine Member States of the Community who have subscribed capital worth 2,025 milliard units of account (as a guide, 1 u.a. = US $1.25496 on the basis of the EIB's new definition of the unit of account and the exchange rates ruling at 30 December 1974). The EIB's main task is to contribute to the balanced development of the Community, and in the main it carries out its activities to this end. However, its statutes (art. 18) lay down that by way of derogation authorised by the Board of Governors, the EIB may grant loans for investment projects to be implemented outside the European territories of the Member States. This measure was applied at the time of the conclusion of association agreements between on one side the EEC and on the other, Greece, Turkey and the AASM countries.

Spinning mill at Koudougou, Upper Volta.

The Community also has a very large range of **financial means** at its disposal: subsidies (80% of resources), loans on special terms (long term and at a very low interest rate) from the EDF, ordinary loans from the EIB (coupled with or without interest rebates) and acquisition or other contributions to the risk capital formation of firms.

The method of financing chosen depends on the one hand on the economic and financial situation of the countries where the investment is being made, and on the other, on the financial features of the projects.

In general, aid which is not reimbursed is usually allocated to infrastructure investments or to training, technical assistance and studies which indirectly contribute, or are more or less closely linked with, industrial achievements.

The EIB, or the Commission (EDF) when it involves non-reimbursable aid, is responsible for directing industrial projects.

In the main, loans are in the first place granted for financing directly productive investments; they may also be granted through a state organisation or a financial institution (usually the Development Bank).

More precisely, **ordinary loans from the EIB's own resources**, are granted in preference to projects whose profitability is sufficient to assure the servicing of the loans. Interest rate on ordinary loans depends on the terms on which the EIB raises funds on the financial markets. Nevertheless, ordinary loans may be coupled with interest rate subsidies, granted on the EIB's resources. In general, interest rate subsidies vary between 2 and 4%. The length of ordinary loans depends on the normal length of technical depreciation of the equipment financed, taking the whole financial planning of the project into account. For industrial projects this depreciation period is more often than not between 10 to 12 years; for infrastructures it may be as long as 20 years.

Loans on special terms on the EDF's resources are granted where the capacity of the interested State running into debt and the financial profitability of the projects justify or require more favourable terms. These loans on special terms are granted by the Commission and administered by the EIB in the framework of a "special section" set up in 1963 by its Board of Governors. Their terms are very favourable: their period for depreciation can be up to 40 years with a maximum postponement period of 10 years and their interest rate is in practice between 1 and 3%.

Contributions to capital risk formation, and in particular **the acquisition of share capital** in firms, are paid out of the EDF resources in the name and at the risk of the Community and administered by the EIB. They must always remain minority holdings.

Community action has also been very dynamic in the field of **industrial research.**

The first initiative taken by the Commission in this field concerned a study on the industrialisation possibilities in the AASM countries through the substitution of imports. This study, started in 1965, explores one of the ways to industrialisation, that of regionally orientated manufacturing industries (pluri-national) aimed at substituting consumption and consumer product imports with local products. Completed in 1966 and distributed in 1967, it analyses around one hundred industrial projects spread over all the 18 Associated States (3).

These studies were widely distributed and led to many favourable reactions, in particular from the AASM countries.

A provisional review carried out at the end of 1970 showed that from 106 initial projects, 132 were already then at various stages of implementation, from the conception of the project to its final completion, this being due to the multiplicity of purely national ventures. It also appeared that a third of the projects identified by the study, had either been completed or were very soon to be, but that these were all achieved in a purely national framework, they having been carried out either on a smaller capacity than had been foreseen by the expects, or the capacity realised was never fully used. This result obviously contradicted the regional perspective initially adopted to promote cooperation between the Associated States.

After an in-depth preparatory study (4), the Commission, in 1973-74, carried out a second research programme, devoted this time to the possibilities of setting up export industries in the AASM countries. This programme therefore covers a dozen sectors or homogeneous groups of manufactured products:

- production and assembly of electrical materials
- production and assembly of electronic materials
- preserves, preparation and drying of tropical fruits

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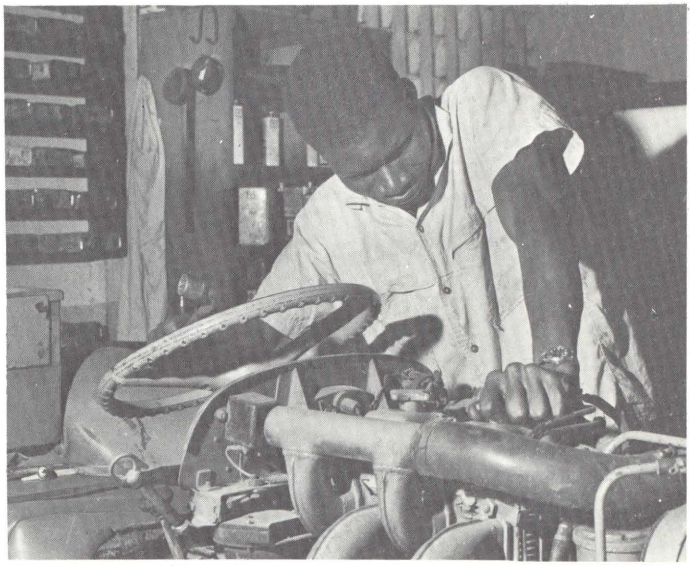
(3) "Industrialisation possibilities in the Associated African and Malagasy States" — 16 volumes+synopsis — Brussels, December 1966.

(4) "Selection of exporting industries which could be set up in AASM countries" — 1 report volume+3 annex volumes — Brussels, July 1971.

- cigars and cigarillos
- sawing, veneering, surfaced plywood panels
- construction and furnishing elements in wood
- frozen meat, meat remains and by-products, tinned meat
- tanning of leather and skins
- shoes
- leather articles (gloves, morocco, leather clothes, pieces for industry...)
- pre-reduction of iron-ore and electrometallurgy
- ferro-alloys: ferro-manganese, ferro-silicon, ferro-nickel, ferro-chrome.

These studies have also been completed and widely distributed (5). A study on the textile industrialisation process in the AASM countries (6) was also completed along with these programmes.

The field of industrial information and promotion in the AASM countries was tackled by the publication of an inventory of industrial studies concerning african countries (7), by a compendium of Investment Laws in AASM countries (8) and by a collection of 19 pamphlets on the conditions required for setting up industrial undertakings in these States (9).



Africanisation and training of skilled workers, Ivory Coast.

Review of financial cooperation 1958-1974

It is not possible to start a thorough evaluation of programmes of technical cooperation, of studies and training directly or indirectly linked to industrialisation, nor to record the indirect contributions this industrialisation has received through the financing of infrastructures and agricultural development. The table below therefore only takes into account the **direct** financing of industrial projects in the AASM countries.

Table I

Industrial financing in the AASM countries (1958-1974)

1 000 u.a.

	On the EDF's resourses			EIB's resources (ordinary loans)	Total EDF + EIB
	Subsidies	Loans on special terms	Contributions to capital risk formation		
Energy	28 801	9 000	—	7 550	45 351
Extractive industries	584	—	—	52 600	53 184
Agri-industrial complexes and food industry	32 607[a)]	28 153	541	16 420	77 721
Manufacturing industry	1 743[b)]	2 856	990	20 230	25 819
Others[c)]	3 254	—	972	—	4 226
TOTAL	66 989	40 009	2 503	96 800	206 301

a) 0,32 of which for interest rate subsidies.
b) 1,59 of which for interest rate subsidies.
c) Industry in general, metallurgical and chemical industries, infrastructures integrated with industrial projects.

With respect to the total financial resources used by the Community, industrial investments represent about 9% of the total (1% for the first period of association 1958-62, 13% for the second period 1963-68, and 11% for the third period 1969-74).

Given that the choice of method of financing in the Second Convention is in the first place dependent on the financial and sectional features of the project, financing by means of subsidies, administered by the Commission, have been limited to industrial projects carried out in countries with little chance of running into debt.

Such was the case for industrial, agri-industrial or energy projects carried out in Rwanda, Burundi, Niger, Chad, etc...

When receiving subsidies, industrial or commercial firms are obliged to make contributions for financial amortisation to a reinvestment Fund, set up and administered by the appropriate partner State.

Taking all loans and acquired holdings together, the industrial sector is clearly dominant: 63% of all operations and 74% of those loans on the EIB's own resources have contributed to the industrial development of Associated States. Within the industrial sector, the mining and extractive industry has received the largest sums; followed by the agri-industrial and food sector and finally by the textile industry, a sector which clearly reflects the diversified activities of the EIB.

Six projects in the textile industry sector have been financed nine times, seven on the EIB's own resources and two on the EDF's. These projects present very different features both from the point of view of the nature and origin of the fibres used, the →

(5) "Possibilities of creating export industries in the Associated African and Malagasy States" 14 volumes, 6 synoptic reports — Brussels 1974.

(6) "The industrialisation of textile exports in the Associated African and Malagasy States" 1st and 2nd parts, 2 volumes+synoptic report — Brussels, october 1972; 3rd part — Brussels, March 1973.

(7) "Inventory of industrial studies on the african developing countries" — 4 volumes — Brussels, December 1972.

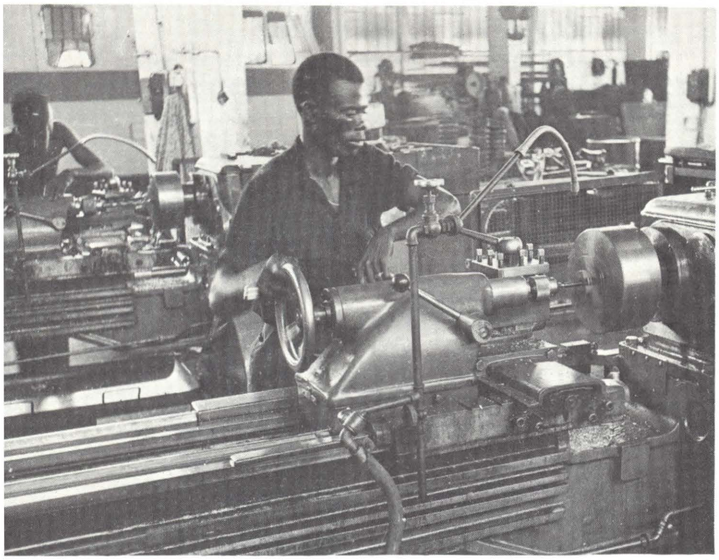
(8) "Investment laws in the Associated African and Malagasy States" — Brussels, September 1974.

(9) "The conditions of setting up industrial undertakings in the Associated African and Malagasy States" — series of 19 brochures — Brussels, July 1974.

various stages in the convertion process and the markets to which sales are directed; they concern a whole series of activities from the cotton ginning to the printing and finishing of relatively elaborate products.

Thus **in Gabon,** with no local production of cotton and with no internal market to justify the immediate setting up of a spinning-weaving factory, the aid received was limited to a printing factory which ensured the finishing of 4,2 million metres of imported cotton material to satisfy local consumption. In **Zaire,** an EIB loan was granted for a synthetic textile factory, using imported fibres so that it was possible to substitute imports through on the spot processing.

In **Cameroon,** the EIB was involved in the whole process of setting up and developing two factories, a spinning-weaving factory in the North, and one involved in bleaching, dyeing and printing in the South. These factories, which employ nearly 1 400 people, use locally grown cotton which is then used at a second stage to start exporting grey fabric for use as sheets to Europe. The initial intention was for this textile complex to be complementary to a spinning-weaving factory and to a supply centre in Chad which had to satisfy about 80% of local consumption, both factories also benefiting from aid on the EDF's resources.



Working at the lathe, Pointe Noire, Congo People's Republic.

Finally in the **Ivory Coast,** the EIB contributed to the setting up of two important textile complexes. The two factories at Dimbokro and Agboville, using locally grown cotton, one of which has received a contribution to risk capital formation out of the EDF's resources, will not only direct their sales to the Ivory Coast's internal market but also towards exporting, mainly to Europe. These two complexes will make nearly 2 300 jobs available.

Several of these projects have resulted in inter-african trade. This type of regional cooperation to a large extent takes place between countries, such as Chad and Cameroon, which have their own textile industries. In general, the intensity of this trading increases in proportion to the importance of having a large market; this is particularly the case for printed material which places a more varied range of designs and colours at the disposal of consumers.

An attempt has been made to estimate the economic benefit of industrial, energy and mining projects financed from the EIB's own resources. These projects will contribute to:

- the total investment of 970 million u.a.
- the creation of 18 500 jobs
- directly increasing the annual industrial added value to around 300 million u.a.
- annual foreign currency earnings of about 200 million u.a.
- realising an annual increase in budgetary income which could reach 160 million u.a. after the initial periods of tax exemption.

The largest number of projects receiving EIB ordinary loans are to be found in import substituting industries. However, industries making use of local resources for exports, where unit investment is generally more important, have nevertheless absorbed 74% of the **total amount** loaned. Most projects are realised by firms with joint management where the associated State's participation is often important.

Commercial cooperation

The system

The principle of the system was initially the gradual establishment of a single free-trade area covering the Community and all the associated overseas countries and territories (O.C.T.).

As at the beginning full or partial free-trading only existed between dependent territories and their respective mother countries, the association now opened up a market with completely—in customs duties and with no quantitative restrictions—free and preferential access, and a market of much greater importance for nearly all the exports of products originating from O.C.T. countries. In fact, the number of exportable products excluded from this system (for instance, certain processed agricultural products covered by the common agricultural policy) is not very great.

Very similar measures were introduced in both the Yaoundé Conventions, negotiated after the larger part of OCT countries had gained independence, the 18 original AASM members and Mauritius which acceded to the second convention. It must however be pointed out that in the framework of the Yaoundé Convention, there is no longer only one, but 19 free trade areas between each of the AASM countries and the six EEC countries. In fact, these independent countries are developing their own trading policy. In effect, being part of the Association in no way precludes developing countries from continuing or setting up customs unions, free trade areas or agreements on economic cooperation amongst themselves. To put it another way, the Convention enables, in a very subtle way, associated States to continue or to re-establish customs duties or quantitative restrictions on their trading with the Community to cater for the needs of their development, their budgets or their balance of payments. This right to protect their young industries against external competition, even when this involves european producers, is obviously indispensable to the industrialisation of associated States.

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In brief, the Association's trading arrangements have resulted in the exports of the 19 AASM countries reaching a market of 180 million people in developed countries.

This trading system of free access has resulted in a substantial margin of preference to the advantage of AASM countries. Besides historical and geographical reasons, these preferences are justified by the particularly low level of development of the countries concerned.

It must also be pointed out that the Community had the interests of other developing countries at heart. Even before the efforts made in the field of generalised preferences (see below), the EEC lowered its customs duties, and consequently the special preferences which it accords to the AASM countries, for products as important as coffee (from 16 to 7%), cocoa (9 to 4%), palm-oil (from 9 to 6%), tropical woods (from 9 to 0%). The community system of generalised preferences has also been applied semi-finished and manufactured products.

Technical assistance in the field of trade promotion and regional integration

The existence of a favourable trading system is not in itself sufficient to guarantee the expansion of exports. It is for this reason that the Yaoundé Convention laid down provisions for technical assistance in the area of trade promotion for the benefit of AASM countries. This assistance includes the setting up or reinforcement of promotion centres for trade and their branches, participation in fairs and international exhibitions and the training of specialists, as well as integrated promotional activities when launching or developing certain types of products.

Finally, besides the international market, one must not forget the possibilities of regional cooperation between developing countries which can widen the market and enable neighbouring states to specialise in their fields. The East African Community has benefited from the EEC's technical assistance in this field.

The development of trade

Exports from AASM countries to the EEC (six member states for valid statistical comparisons), calculated on the 57 principal industrial products, have risen from 621,2 million US$ in 1968 to 913,4 million US$ in 1973, an increase of 47%.

Certain areas, which were non-existant or negligible in 1968, have become important, notably in the textile sector. The biggest increases concern products from wood processing (+222% for sheets of at least 5 mm, +112% for plywood and +143% for timber), phosphate fertilizer (+135%), tinned fruit (+133%) and tinned fish (+65%), oil-cakes (+83%), concentrated manganese (+74%), copper (+62%).

A second characteristic feature of the trade pattern is a clear geographical diversification concerning both exports and imports. The former mother countries no longer have a dominant position, since the six original Member States of the EEC were put on an equal footing with regard to the trading arrangements with the AASM countries, the latter having now benefited from their free access to new markets. ■

Industrial cooperation under the Lomé Convention

The convention signed at Lomé (Togo) at the end of February 1975 defined a whole series of instruments of cooperation ranging from cooperation in trade to very diversified financial and technical cooperation, including machinery to stabilise export earnings. One of the most striking innovations is the importance attached to the idea of industrial cooperation. This is now a separate facet of cooperation policy, and is assigned a special chapter in the text of the convention between the EEC and the 46 ACP States.

The changes now in progress in international economic relations are giving developing countries an increasing part to play in industrial production and in the international trade in processed products. This is reflected in the place now occupied by industrial cooperation among the other aspects of the cooperation between the EEC and the ACP. This is a fundamental element in the "new model for relations between developed and developing States" which, as specified in the preamble to the Lomé Convention, the contracting parties are resolved to establish.

While industrialisation concerns all the ACP countries, in different ways and with varying intensity, there are some among them who have given priority to Community aid in this specific field. For the most part these are the countries which, owing to the increased value of certain commodities will now have considerable financial resources of their own, and for which the usual forms of financial cooperation will become less important.

The title "Industrial Cooperation" in the Lomé Convention is not really on a par with the others. Most of them follow an "instrumental" approach, seeking development and cooperation with the help of financial and commercial **instruments,** through →

technical assistance, training schemes and related measures. Industrial cooperation, on the other hand, is aimed at the development of a single sector of the economy. Industrial cooperation has to use a whole series of cooperation instruments, defined and provided in various parts of the convention and needing only adaptation to the particularities of the sector in question.

An instance is the title on trade cooperation, the main provision in which is unrestricted access to the Community market for products (other than those coming within the Community agriculture policy) originating from the ACP countries, with complementary measures for trade promotion. The link with industrial development is obvious; this applies even more forcibly to the title "financial and technical cooperation", which contains a whole series of measures which may benefit the industrialisation process.

The industrial chapter, in an introductory article, defines the aims of the contracting parties in their industrial cooperation and proceeds to deal with the different fields and forms of cooperation. The provisions cover all the areas which come naturally to mind, such as infrastructure development linked with industrialisation (transport, energy, research, training schemes, etc.); help with setting up manufacturing companies, especially those processing raw materials; industrial training schemes to be followed in Europe or in ACP countries; specific action regarding access to technology and its adaptation; special schemes to help small and medium-sized firms; information, research and promotion drives; and additional measures for trade promotion (Articles 26-34).

Though the convention does not provide for any specific amount of funds for industrialisation projects, the title "Financial and Technical Cooperation" specifies a number of financing techniques and arrangements which are very well tailored to the idiosyncracies of operations in this sector.

Thus the financing of investment projects in productive industry is to be provided as a matter of priority by loans from the European Investment Bank (generally with a subsidised rebate of interest) and by the subscription of risk-bearing capital and particularly the new types of quasi-capital support financed from the European Development Fund. Another example is connected with the specific measures for encouraging small and medium-sized firms. The Community will now, as a general rule, provide finance for the benefit of projects sponsored by these firms by opening lines of credit for financial bodies in the ACP countries which will act as intermediaries.

In cases in which Community finance is required to implement industrial cooperation, the applicable rules and procedures will be those laid down for financial and technical cooperation in general. The implication is that the funds provided for industrial development will essentially depend on the priority assigned to this sector by the different ACP countries themselves in drawing up their programmes for financial and technical cooperation (Art. 37).

Another noteworthy feature in the title "Industrial Cooperation" is the provision of special structures by which the process can be vitalised.

The convention itself specifies the formation of an Industrial Cooperation Committee, which is to see to the implementation of the industrial cooperation title, identify the problems arising, suggest solutions and report to the Committee of Ambassadors. The impetus of this committee may be a determinant factor.

Its task will also include guidance and superintendence for the Industrial Development Centre, a new and essentially operational body to be run jointly by the ACP countries and the Community, and to be primarily responsible for industrial information, contact-making and other industrial promotion functions. The work of the centre is regarded as a potential stimulant of interest in Community business circles and a path to their involvement in industrial cooperation with the ACP.

The convention creates a framework for industrial cooperation which points the way to interesting further developments. Much will depend on the success of the partners in attracting firms and setting them to work, for it is they, after all, who carry out the industrial projects, arrange the transfer of technical and managerial knowhow and provide for the marketing of the goods. It is this which makes it so important to create a good atmosphere for European businessmen to join in industrial development.

There is of course no question of interfering in the fundamental choices made by the ACP. The Community is fully aware that in industry, still more than in other aspects of cooperation, the need is to help the ACP to carry out their own wishes, rather than to accept the European pattern as it stands. This having been made quite clear, the Community pointed out to such ACP partners as might wish to secure support from European businessmen the importance of setting up a good background atmosphere, on the understanding that any participation will have to conform strictly to the development priorities of the host country.

The agreement of the negotiators about this took the form of an article which specifies, inter alia, that the ACP will take such steps as may be needed to promote effective cooperation with firms or individuals from EEC countries who comply with the development programmes and priorities of the host country. Granting initial advantages, however substantial, to firms or individuals is less important in securing their cooperation and support than the stability and security of their working conditions (Art. 38).

The same article also provides that the Community for its part shall endeavour to attract the participation of its firms and nationals in the industrial development of the ACP.

The approach of the Lomé Convention to industrial cooperation is complete and workable, alike in its general provisions and in the those depending on adjustment to particular circumstances. It does not attempt to lay down a single formula for industrial cooperation; but it provides a framework in which each and all of the ACP countries will be able to find the forms of aid to industrialisation best adapted to their own requirements and to the political systems they have chosen. ■

Industrial cooperation with third countries

by Leopoldo GIUNTI

Outside the member countries and its partners in the ACP, the Community has no regular framework in which it can undertake industrial cooperation. This has limited its action; though it has found opportunities under specific association agreements, the main part of its action has necessarily been confined to trade, access to markets and trade promotion. The institutional limitations have so far prevented there being any coherent plan for industrial cooperation with third countries, but a first attempt to define the main lines of such a programme was made by the Commission as part of the preparations for the UN second general conference on Industrial Development (UNIDO). On the basis of the Commission's proposal the Community was able to adopt a consistent joint attitude at the conference and lend its support to a number of claims brought forward at Lima by the developing countries. The fact remains, nevertheless, that the implementation of these measures is still a matter for the future, and will only be possible when the Council has laid down the lines of a general cooperation and development policy for the Community.

For the time being all we can do is look back and summarise what has already been done.

Up to the present, action has been under two headings. The first was bilateral in the form of association agreements, or non-preferential trade agreements with specific developing countries; and the second has consisted of multilateral connexions.

Association agreements

In some cases association agreements also enabled the Community to provide financial support. This was in fact the case under the agreements with Greece and Turkey, for both of which Community financial aid was provided in loans from the European Investment Bank. For Turkey, under the first finance Protocol, the EIB provided, between 1965 and 1969, loans on special terms amounting to UA 175 million. The second Protocol came into force on January 1, 1973, enabling the EIB to make loans in the period up to May 1976 to the extent of UA 242 million on special terms and UA 25 million at normal market rates. Over the whole period 1965-74 the EIB made 52 loans to Turkey, amounting altogether to UA 348 million, of which UA 323 million was on special terms. The Bank contributed to financing total investments of UA 2 422 million and so helped in the creation of 17 700 jobs. Of the total investment commitments, 60.5% was earmarked for infrastructure projects. The loans specifically for industrial projects amounted to UA 135 million in addition to UA 2 million provided for pre-investment surveys. Among the industrial investments there was a predominance of basic industries (pulp, paper and chemicals) and the equipment industries.

In the same way the finance Protocol attached to the agreement with Greece, which came into force in 1962, has been the basis for EIB loans to a total of $(US) 125 million. The bank has signed 15 loan contracts. Eight of these, amounting altogether to UA 53.3 million, were for infrastructure products and had the benefit of interest rate subsidies from the member countries. The remaining seven contracts, amounting to a total of UA 15.9 million, were for private industrial projects.

The other aspect of industrial cooperation was trade cooperation; and in both cases the Association agreements laid down a general rule of duty-free entry without quantitative restrictions for processed products, except for certain specific headings still subject to quota. This preferential system made it possible for Turkish and Greek exports to show a considerable increase. The EEC imports from Turkey rose from UA 37.75 million in 1961 to UA 196.95 million in 1972; and for Greek exports, over the same period, the rise was from UA 15.69 million to UA 275.05 million.

Various other Association agreements were made by the Community with other developing countries, but in these cases →

the agreements had no financial content. Industrial cooperation thus found its expression in commercial cooperation, and more especially trade liberalisation. This was certainly the case for the agreements with Malta and Cyprus, which came into operation respectively in 1971 and 1973. They provide duty-free entry into the Community for industrial goods. The same applies to the Community five-year agreements with Tunisia and Morocco made in 1969. These agreements, which are basically limited to defining the trading arrangements applicable, provided free entry into the Community market for industrial products from both countries excepting only ECSC products and cork products. The figures for the first three years covered by the agreement show a substantial increase in the exports of manufactures to the Community. Between 1970 and 1972 these exports from Morocco rose from UA 32.9 to UA 51.2 million; and for Tunisia the corresponding rise was from UA 20.3 to UA 37.1 million.

Non-preferential trade agreements

The Community has also entered into trade agreements with a number of countries in Latin America (Argentina, Brazil and Uruguay), Asia (India) and Europe (Yugoslavia). Other agreements on similar lines are under discussion with Mexico, Pakistan, Bangladesh and Sri Lanka. These are all non-preferential agreements and they all contain clauses designed to facilitate exports to the Community of specific products from the countries concerned. These include, for example, beef and various craft goods from Argentina, Uruguay and Yugoslavia, soluble coffee and cocoa-butter from Brazil. The agreements are administered by a joint committee, one of the tasks of which is to look for ways by which the signatory countries can develop their economic cooperation with the Community.

The agreement with India deserves special mention because it is the first of a new generation of Community bilateral pacts. These agreements, apart from the clauses limited to trade, also envisage setting up genuine trade cooperation between the partners. The agreement with India is specifically entitled a trade cooperation agreement and contains a number of clauses which could, through this cooperation, have a considerable impact on India's industrialisation. This cooperation is openly based on mutual advantage and specifically allows for possible changes in economic and industrial policies on either side. Moreover the India-EEC cooperation is aimed not only at expanding the trade between the parties but also at developing the trade of both of them with other countries. This provision has a special view to possible sub-contracting work and triangular trading patterns. Another original feature of the agreement is to give the joint committee a right of initiative linking it with the longterm economic aims of the parties (including, therefore, their industrialisation targets).

Contractual relationships of this type bring trade agreements a step further, and it is the Community's intention to continue with them. The agreements reached, or in detailed negotiation, with Mexico, Bangladesh, Pakistan and Sri Lanka, will be modelled on the agreement with India and contain clauses for implementing trade cooperation.

Sector agreements

There are a number of agreements relating to specific sectors (especially textiles) which are liable to have an influence on the industrial development of the countries concerned. Such agreements in regard to jute have been made with India and Bangladesh, to coir products with India and Sri Lanka, and to handloom products and handicraft products with a number of Asian countries and Uruguay. Mention should also be made of the temporary continuation of the advantages accruing through bilateral agreements within the scope of the longterm agreement on in- →

Plywood factory at Port-Gentil, Gabon.

Naud

ternational trade in cotton textiles (now expired) for countries which have concluded such agreements, and for countries which have undertaken to apply measures similar to those specified in the L.T.A.

The bilateral agreements give formal effect to the Community's desire to consider the specific problems of individual developing countries and the links with them resulting from history and tradition. Part of the Community's action, however, especially in trade cooperation, has been multilateral; in this connexion mention must be made of the generalised tariff preferences.

The system of generalised tariff preferences

This system was introduced by the Community (Germany, Belgium, France, Italy, Luxembourg and the Netherlands) with effect from July 1, 1971 (1), following resolution 21 of the second UNCTAD. It should be regarded as a positive step for development cooperation. In practice it finds its expression in measures which apply in the field of commercial policy; but it sets out to secure other objectives including the following:

— to maintain and develop the exports of manufactured industrial and agricultural products already exported by developing countries, thus helping to consolidate existing industrial structures and the maintenance or increase of foreign currency earnings derived from the export of these products;

— to promote the introduction into the developing countries of new industrial activities which could not have developed there under normal conditions, either because of the limited local market or because of the expected difficulty of exporting the products to the Community markets in the face of competition on an equal footing with other industrial countries. The system works as a driving force in diversifying the economies of the beneficiary countries and also promotes investment from abroad.

The Community system of preferences applies to all manufactured and semi-finished goods covered by Chapter 25-99 of the Common Customs Tariff, and also to certain processed agricultural products from Chapters 1-24. It is in principle scheduled to last 10 years, but the regulations by which it is applied are renewed each year. This preferential system applies to all developing countries in the "Group of 77" and to Rumania (subject to certain specific conditions).

Processed agricultural products

For processed agricultural products the system provides a reduction (usually between 20% and 40%) in the CCT duty rates. For quite a number of these import headings, the duty reduction is total.

In addition, quotas at reduced rates of duty are provided for preserved pineapple, soluble coffee, cocoa butter and certain types of raw tobacco.

The system includes a safeguard clause to avoid market disturbances for any of the products concerned, giving effect to the provisions of Article 19 of GATT.

(1) From January 1, 1974 the Community system has also been applied by Great Britain, Denmark and Ireland.

Industrial manufactures and semi-manufactures

By and large the Community's generalised tariff preference system provides duty-free entry for all other manufactured goods. The customs franchise, however, is limited to specified "ceilings" corresponding in volume to the exports to the Community by the beneficiary countries. These ceilings are calculated by reference to a "basic amount" which is the export by the beneficiary country in a reference year, subject to an "additional amount" equal to 5% of the volume of exports to the Community from non-beneficiary countries. The year of reference for the additional amount is the most recent year for which statistics are available. This amount opens up an increased expansion potential for the beneficiary countries, depending on the skill and energy other industrial suppliers put into the trade.

In order to allow the benefit of the system to be reasonably balanced between the beneficiary countries, a "cut-off" or limit has been fixed for each of them within the ceilings provided. As a general rule this cut-off is equal to 50 of the ceiling; but for certain products exported by a number of beneficiary countries, the cut-off levels are fixed at 20 or 30.

For products of a limited number of industries, to the state of which the Community is particularly sensitive, the system provides tariff quotas at nil duty. These quantitative limits for industrial products relate only to goods so long as they are eligible for the preference system. As soon as a ceiling or a cut-off has been fully reached the Community reverts to the CCT duties, and the beneficiary countries, though they can still go on exporting the goods to the Community, must now do so subject to payment of the duties. For the great majority of products the beneficiary countries can, in practice, go beyond—in some cases quite a long way beyond—the limits set by ceilings and cut-offs.

A special rule is laid down for textiles, especially cotton textiles. For cotton textiles the generalised preferences system applies only for countries which were members of the long-term agreement for cotton textiles, or for those in a position to enter independently into undertakings equivalent to those laid down for L.T.A. members. For textiles, including cotton textiles, the quotas and ceilings are, for the most part, specified by volume rather than by value.

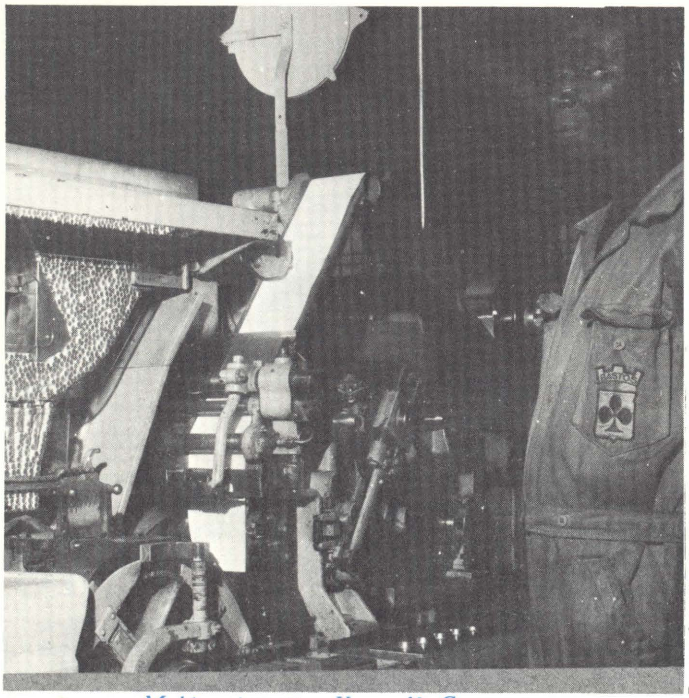
Rules of origin

The benefits arising from this system are granted subject to a specific ruling on the origin of the goods. This is for the purpose of ensuring that the benefits of the preferential system are confined to the developing countries listed as beneficiaries.

This is enforced by requiring the beneficiary countries to submit to the customs authorities of the importing country a certificate of origin conforming to the criteria laid down in the Community regulation.

Improvements in the system

In introducing the system, the Community left open the possibility of learning from experience and taking account of requests from the beneficiaries for amendments in the content or implementation of the scheme. It has in fact appreciably improved the system through the annual implementation regulations. →



Docum. française G. Fernandez.

Making cigarettes, Yaoundé, Cameroon.

The improvements relate, in particular, to:
— the inclusion of new products in the list of processed agricultural products to which the system applies;
— the increase in the preferential margin for these products;
— the reduction in the number of industrial products subject to tariff quotas;
— greater flexibility in the method of calculating the cut-offs and ceilings;
— the use of more recent statistics for calculating the basic amounts and additional amounts relating to industrial goods;
— the relaxation of rules of origin;
— definition of the offer for jute and coir products;
— the inclusion of additional countries as beneficiaries.

Summary

It is at present very difficult to arrive at a precise estimate of the effect the generalised tariff preference system has had on the exports to the Community from developing countries. The compilation would require a special administrative procedure to distinguish between imports into the Community which are and which are not covered by the preferences. The machinery needed for this is, however, in the process of being set up in the Community, and should be in a state to function in respect of the present year. A first statistical analysis of imports under the generalised preferences system was made for the Community in its original six-nation form in respect of 1972. According to this compilation the imports covered by the preference system in the year concerned were:
— UA 65 089 000 of processed agricultural products;
— UA 319 852 000 of industrial manufactures other than textiles;
— UA 64 786 000 of textiles.

This amounts to a total of UA 449 727 000 covering all products to which the preference system applies.

These figures bring out the fact that the proportion of tariff quotas and ceilings actually used was only 41% for industrial non-textile products and only 45% for textiles. It should, of course, be remembered that 1972 was the first full year of the system's application and that on December 31, 1972 only 37 of the 91 countries listed as independent beneficiaries had been able to satisfy the administrative regulations regarding the origin of goods.

An appreciation of the importance of the generalised preferences system can, however, be based on the possibilities made available by the system and their growth through the years of application up to 1975. This can be approached in several ways. Basing the assessment on the imports of 1971, the trade to which the preferential system relates (i.e. its "cover" or "coverage") has been raised for processed agricultural products from UA 45 million in 1971 to UA 600 million in 1975. For industrial manufactures and textiles, the rise in the cover between the same dates was from UA 340 million to UA 2 200 million and from 19 429 tons to 71 000 tons. In addition the number of tariff headings for agricultural products having the benefit of the system had risen in 1975 to 220 compared with only 147 in 1971.

Another factor indicating the growth and improvement of the system is the reduction in the number of manufactured industrial goods subject to quota. This was reduced from 53 in 1971 to only 13 in 1975; and for textile goods there was a parallel reduction from 35 to 30. The number of beneficiary countries conforming to the rules of origin rose between 1971 and 1975 from 26 to 36.

These figures show the extent of the improvement in the scheme; but it must nevertheless be emphasised that the developing countries which have the benefit of the scheme have not yet made full use of the advantages open to them. This is partly because a number of the countries have not yet come into line with the rules of origin and partly because the business world in the beneficiary countries is not yet fully aware of the administrative procedures. For this reason special efforts are being made to make the beneficiaries more fully alive to the advantages they can secure by using the preferential system to its limit. The Community has for this purpose organised a number of seminars for civil servants and businessmen in the countries concerned. These have been held in a very large number of developing countries in Asia and Latin America.

In addition the Community has taken part in seminars on generalised preferences held in Latin America, Africa and Asia under the UNDP/UNCTAD programme.

The way the Community system has developed brings out its two basic characteristics—its practical character and its progressiveness. By following these two fundamental concepts the system has always adapted itself to the needs of the developing countries which are its beneficiaries. In doing this it has had to hold a balance between promoting manufactured exports from developing countries and the obligations contracted to the Community's associated countries and, at the same time, it has had to provide legitimate protection for sensitive industries in the Community itself.

In February the Council, in a general discussion of the future of the Community's generalised preference system, adopted a →

resolution implying a need to continue the system after 1980 and recording a desire to improve it.

Other types of commercial and industrial cooperation

The measures taken by the Community in regard to its import trade, with a view to promoting access for developing countries to markets for industrial goods, would not by themselves have sufficed to secure the expansion in these exports. The need for additional measures and more especially for trade promotion has been keenly felt in the countries of the Third World. In recent years the Community has developed action under these heads, especially on the lines of two resolutions by the Council dated April 30 and July 16 1974. One relates to the "promotion of exports from developing countries" and the other to "regional integration between developing countries".

In the first of these the Council adopted a series of measures which can be operated by the Community to assist export promotion. These include specific additional measures of technical assistance financed from the Community budget and aimed particularly to help developing countries in their export drive. The second resolution is particularly concerned with ensuring that a favourable reply is given to requests for help from developing countries engaged in a process of regional integration.

It is now for the Community to define ways of implementing these resolutions. A number of steps have already been taken.

Since 1970, the Commission has had close working relations with the Junta of the Andean Group and is following with special interest the work this organisation is doing in the industrial sphere. In February, 1973, in the context of the metallurgical and engineering development programme of the Cartagena Agreement countries, the Commission organised a meeting in Brussels between European industrialists and a Junta delegation. This direct contact seems to have been particularly fruitful and to have had lasting results.

In addition, with a view to closer cooperation between the Community and the Association of South-East Asian Nations (ASEAN), a joint study group has been set up to consider the possibilities in this connexion. This is concerned particularly with aid towards regional integration, which might contribute to rapid industrial progress in the ASEAN countries.

In November, 1974 the Commission organised a seminar as part of the Community action programme to promote exports from developing countries. The seminar, lasting three weeks, was on techniques of marketing in various industrial sectors (especially food, chemical and pharmaceutical products, clothing and shipping equipment) and was for the benefit of management in firms from the nine Asian countries. The work of the seminar was rounded off by visits to firms, fairs and exhibitions.

For Latin America the Commission organised a joint show at the Brussels Fair in 1975. This helped to promote a better knowledge of the articles these countries can supply to the European consumer.

With further definition of the resources needed to comply with the resolutions mentioned, the Community will be continuing the action in respect of them in such a way as to deal appropriately with requests for technical assistance put forward by developing countries and angled more especially on aspects of industrial and technological developments.

* * *

The industrial cooperation of the European Community plays a far from negligible part in its development cooperation activities. Moreover, industrial cooperation is consistently becoming more important both in the systems of financial and technical cooperation and in trade policy.

The future prospects for the Community's industrial cooperation are even better. It is involved in suitable form in the current negotiations with the Maghreb countries. The generalised preferences system will go on being enlarged and improved. In future greater importance will be attached to research and development and to transfers of technology. Other trade cooperation agreements may be negotiated by the Community. All this will put industrial cooperation into the general framework of a development cooperation policy which will be geographically enlarged and will have at its disposal a greater variety of instruments better adapted to the diversity of situations in developing countries in general and the needs of industrialisation in particular.

Internally the Community, which already contributes to the industrialisation of developing countries and intends to become even more involved, is clearly aware that its development cooperation policy in general and its industrial cooperation policy in particular will have repercussions on its own industrial structure, especially because of the priority assigned to the progressive opening of the Community market to the manufactured exports of developing countries. The Community is preparing to meet the expected repercussions by ensuring consistency between its structural internal policy and its policy of cooperation. ■

L. GIUNTI

LOMÉ CONVENTION

17 ACP countries have ratified

At the beginning of August 1975 the Lomé Convention has been ratified by the following 17 States: Cameroon, Central African Republic, Congo, Fiji, The Gambia, Guinea-Bissau, Ivory Coast, Jamaica, Malawi, Mauritius, Nigeria, Senegal, Somalia, Sudan, Togo, Trinidad and Tobago, Zaire. The instruments of their ratification have been deposited with the Council of Ministers of the Nine.

Among the members of the EEC the only ratification so far has been that of Denmark.

Signature of internal agreements

At the meeting of the Committee of Permanent Representatives on July 11, 1975, government representatives from the member States signed the following internal agreements to implement the ACP-EEC Convention, signed at Lomé on February 28, 1975:

— Internal agreement on measures to be taken and procedures to be followed in implementing the convention;

— Internal agreement on the financing and management of Community aid.

The procedural agreement lays down the methods for determining the Community attitude in matters within the competence of the member States and makes various other provisions required for implementing the Lomé Convention.

The internal finance agreement lays down the methods for raising the funds required to finance Community aid to the ACP countries and the overseas countries and territories. It determines the share of the cost to be borne by each member country, without prejudice to the cases of intervention by the European Investment Bank. It also fixes the methods to be used for the management of the Community aid.

The two agreements will come into force at the same time as the Lomé Convention after the completion of ratification procedures by the member States.

July 1, 1975: interim trade arrangements come into force

By an exchange of letters on the day the Lomé Convention was signed the governments of the EEC and ACP countries undertook to adopt unilateral procedures, the effect of which would be that the trade clauses of the convention should come into practical effect as from July 1, 1975. This avoids waiting for the full completion of ratification of the convention itself, which cannot enter into force till it has been ratified by the nine EEC countries and at least two-thirds of the 46 ACP States. So far as the EEC is concerned, its Council of Ministers adopted the necessary regulations on June 24, 1975.

The effect is that as from July 1, 1975 about 99.2% of imports from the ACP have unlimited access to the market of the European Community, free of customs duties and taxes of equivalent effect and without being subject to quotas or quantitative restrictions.

— **Agricultural products.** This principle of unlimited free access could not, however, be extended to a number of products directly or indirectly concerned with the EEC agriculture policy. The products concerned represent only about 0.8% of total Community imports from the ACP; and they are nevertheless given preferential treatment compared with other countries.

This applies essentially to maize, millet, sorgho and rice, processed products of cereals and rice, fresh or processed fruit and vegetables, tobacco, certain processed agricultural products and beef and veal.

— **Arrangements for beef and veal.** Under the convention the system for beef and veal comprised exemption from customs duties but subjection to the levies effectively applied on such imports from third countries. There was, however, a joint declaration to the effect that mutual consultations should be organised if there should be a setback in exports to the Community. It was also agreed that if there should be recourse to the safeguard clause, the necessary steps would be taken "to secure the maintenance of a volume of ACP exports to the Community proportionate to the normal annual export". Despite the entry into force of the safeguard clause, therefore, the Community was under obligation to authorise a quota of 23 000 tons from the four exporting ACP countries (Botswana, Madagascar, Swaziland and Kenya) for the calendar year 1975. For a country such as Botswana beef accounts for some 80% of the national export receipts.

Up to December 31, 1975 the levy would be reduced by an amount equal to 90% of the levy which would have been effectively applicable to exporting countries introducing an export tax of equivalent amount. If present market conditions subsist, this reduction represents an additional receipt of about u.a. 18 or 20 m for the four ACP exporters.

— **Special arrangements for rum.** The rum question was one of the difficulties in negotiating the Lomé Convention. This was largely because rum exports into the British market from the Commonwealth ACP countries had always been free, while the same did not apply to other EEC markets, in which, further, the rum from ACP countries will now be in competition with rum produced in the French overseas departments. A special protocol on rum had therefore to be drafted and agreed, providing access for a duty-free quota equal to the annual quantities imported in the last three years for which the figures are known, subject to an annual increase of 40% for the British market and 13% for the markets in other member countries.

On this basis the first annual Community quota has been calculated (pure alcohol equivalent) at 168 000 hl, and the interim regulation for the July-December period 1975 specifies a quantity of 109 200 hl, or 65% of the annual amount. The provisions include quota allocations of this total quantity to the individual member countries.

— **Arrangements for overseas countries and territories (OCT)**: An interim trading system is also to be introduced for the OCT. The arrangements, mutatis mutandis, will be on lines similar to those applicable to the ACP.

EEC/ACP Consultative Assembly

A meeting between the ACP and the members of the European Parliament is to be held in Luxembourg on November 26-27, 1975 to make preparations for the first meeting of the Consultative Assembly set up by Article 80 of the Lomé Convention. The Consultative Assembly is required to meet once a year, but the first meeting cannot take place till the convention has been ratified by the nine members of the EEC and at least two-thirds of the ACP signatories.

Lomé Convention is "revolutionary" says Senegal Finance Minister

Dakar, July 18—M. Babacar Ba, Senegalese Minister of Finance and Economic Affairs, described the Lomé Convention as "revolutionary" in a public lecture at Dakar.

The Minister was the Chairman of the ACP group (Africa, Caribbean, Pacific) in the negotiations with the EEC which produced the Lomé Convention. Its "revolutionary" character, he said, lies in the fact that it results in more solidarity and less dependence; in cooperation alike in the commercial, financial, industrial and technical fields; an appreciable contribution to a new international economic order; and an instrument for the forging of African unity and regional economic integration.

The Lomé Convention, M. Babacar Ba continued, amounts to a "real recognition" of a definite form of cooperation between the rich countries and the poor, since it brings in "a voluntary imbalance between the obligations of rich countries and the underdeveloped ones" by eliminating the concept of reciprocity, setting up an export receipts stabilisation fund and introducing far-reaching changes into the aid system. ■

LECTURE

The turn of the poor

In a lecture to the Société de Géographie, Paris, at the end of June, Jacques Ferrandi, EEC Deputy Director General for Development, described the lines on which Community aid policy had been developing.

No such policy, he pointed out, had been discussed in the preliminary work on the Treaty of Rome. The Association, he said, could be taken as having been born from Europe's feeling of remorse and from Africa's catching Europe at a time of change.

"It was an accident and an adventure", he went on, "but it has become a deliberate policy, desired both by Europe and by all the African countries. Fifteen years later, I believe in all simplicity that the policy was not so bad after all, for the Association has become a target for some and an objective for others, and in my view these are the two faces of success".

Getting down to brass tacks, M. Ferrandi asked, what is the Association? "For me it is Europe's response to the anxiety and impatience of the Third World". Once we have noted that 10% of the countries of the world contain 90% of the world's wealth, we cannot help wondering how long this can last without an explosion. We might answer, in the words of Pangloss, that "all is for the best in the best of all possible worlds". This is the answer of the chauvinist, the egoist or the idiot. Nowadays there are hundreds of millions of people whose eyes are fixed upon Europe; and those who believe that Europe will be scarred and scoured by all the miseries of the world if it does not go out to meet these people half-way are the people who are right, who prove that generosity is not always an illusion, that reality is not necessarily sordid, that strength can be intelligent, even if it be not always just. A man's reach must exceed his grasp, or what's a heaven for?"

As things stand, M. Ferrandi added, "it's fashionable to say Europe is moving in bottom gear, or even in reverse. There are indeed fields in which this may be true, such as the dream of being self-supporting in fighter aircraft. But I can assure you that in the field in which I am engaged—development aid—the passing years have seen Europe hammering out a Community policy which is absolutely specific, copies none of the bilateral programmes of the nine member countries but takes a little out of each and has become what can be honestly described as a European policy. All this has happened at a specially critical moment in the life of the Community. You will recall:
autumn 1973:
The oil crisis, Europe divided and in disarray;
The currency crisis: the pound, the lira and the French franc drop out of the "snake";
The nuclear energy crisis;
The agricultural crisis itself;
Italy stops meat imports—France stops wine imports—the ultimate position of Great Britain is still doubtful;
yes, indeed, it was a time when the royal road to Europe seemed more like a track through the bush along which we had to work our way with a hatchet.

It was a time of uncertainty, a time when things were going wrong, when people had doubts about Europe and she had doubts about herself; yet it was at just this time that Europe showed her vitality and her cohision. There are still afterthoughts and misunderstandings, to be sure; but the progress Europe has secured is in a domain where nobody had expected anything, in the development of the Third World, in the quest for new relations, not founded upon force, between the rich countries and the poor or rather between those who call themselves rich and those who believe themselves poor ..."

"For some time there has been a lot of talk about oil and about raw materials, and this is still going on. My personal belief is that we are entering a revolutionary phase in our economic history. You know, of course, about Isaac Newton and the falling apple, of how people had seen apples falling for millions of years, but Newton was the first to ask why they should always fall downwards, and so arrived at the universal laws of gravitation. The world of today is just as much turned upside down, and its characteristics are indeed those of a revolution. Events such as these do not bring bloodshed, they may even pass unperceived by most of our contemporaries; but revolutions indeed they are, for the simple reason that the things we had always accepted have come intolerable, and things which seemed to us to be impossible are now not only possible, but inevitable. A challenge, unavoidable and irreversible, has gone out against the relationship of force which existed, which in some measure still exists, between the industrial world and countries which are underequipped, between the rich and the poor.

We have to face the facts and accept them. President Senghor summarised it when he said, "the future can no longer be the passive prolongation of the past".

The liberal law of supply and demand was confortable enough, because it let the countries which use the raw materials make both the supply and the demand by their unilateral price-fixing. Today this law is questioned and disputed by all the Third World.

On the other hand, does straightening out an abuse mean twisting something on the other side? Is it enough to replace the prices fixed by consumers by prices fixed by the producers? This would be a kind of practical anarchy, leading inescapably to chaos. Though two negatives make a positive, it does not follow that two equal and opposite mistakes amount between them to a truth. What must happen is that the countries producing and the countries consuming every one of the raw materials must get together and work out a system of balanced relationships which will be fair to both sides.

It is not true that it is always the best interest of industrial countries to buy such raw materials as they may need in the cheapest markets. It is not true that the best interest of employers is always to pay their workers the lowest possible wages. Yet these two propositions were the coping stones of the western world for more than a century past. A day comes, nevertheless, when the coping stone will crumble into splinters. Workers have already won to themselves a right to decent living; and today it is the turn of the poor countries. ■

E. D. F.

Following the assent given by the Committee of the European Development Fund (EDF) at tits 99th meeting, the Commission has approved four finance decisions to a total of u.a. 2.935 million (*) for non-repayable aid from the second and third funds.

These are all cases of supplementary credits necessitated by rising wages and prices of materials to enable the following projects to be completed:

Republic of Mali — *Reconstruction of two bridges over the Bagoe and the Bafing:* FM 130 m, or about u.a. 234 000 (EDF II).

This project was financed from the 3rd EDF in March 1972 (u.a. 1.008 m). It is for the building of a bridge of 171 m. over the river Bagoe and another of 72 m. over the river Bafing. Both are on the Bougouni-Sikasso road.

Democratic Republic of Somalia — *A system of telecommunication by herzien beam and equipment of two town telephone exchanges:* Sh.So. 11.624 m, or about u.a. 1.546 m (EDF III).

This project has had finance from both the 2nd and 3rd EDF to a total of u.a. 5.775 m. It includes the building and equipment of two telephone exchanges, radio links with other countries, setting up an internal telecommunications system (buildings and equipment) and a provision for training schemes. Technical adaptations found to be necessary while the project was being carried out contributed to the surplus expenditure.

Republic of Dahomey — *The Porto Novo-Yoki-Pobé road:* F-CFA 109 m or about u.a. 393 000 (3rd EDF).

This covers the improvement and surfacing of 71 km of the Porto-Yoko-Pobé road, including two sections serving the Agonvy and Pobé oil processing mills in the south-western part of the country. Finance of u.a. 4.537 m was granted in October 1972.

Netherlands Antilles – *Landing stage at St. Eustache:* Fl.Ant. 1 645 m, or about u.a. 762 000 (EDF III).

In August 1971 a project was approved for Community finance of u.a. 1 330 m. The aim was, to provide port equipment for the island of St. Eustache, consisting of a deep-water landing stage at which two vessels could moor at the same time. The project is of special economic importance for the country and this additional finance will facilitate its completion.

* * *

Following the favourable opinion delivered by the European Development Fund (EDF) Committee at its 100th meeting held on 1 July, the Commission approved five financing decisions involving a total of 477 000 u.a. from the second EDF and 4 257 000 u.a. from the third EDF. The Commission decided at the same meeting to cancel a project for 1 053 000 u.a. under the second EDF. Further, at the Commission's proposal the Council of the European Communities decided to authorize the financing of a 3 390 million u.a. project from the third EDF, in favour of the Netherlands Antilles.

The new projects concern:

Republic of Chad — *Extensions to the N'Djamena High School of Commercial Studies:* F-CFA 500 million or approximately 1 800 000 u.a.

The purpose of this project is to adapt the structure and size of the High School of Commercial Studies, which opened in 1963, to current needs by offering training better suited than in the past to the requirements of specific jobs. The extension of the buildings will enable 525 students to be accepted in future, including 280 boarders.

Republic of the Niger — *Building up of livestock population:* F-CFA 430 million or approximately 1 548 000 u.a. (third EDF), F-CFA 60 million or approximately 216 000 u.a. (second EDF).

This financing is intended to assist in building up again the livestock population of Niger following the very heavy losses sustained during the recent exceptional drought in the Sahel. It will cover the setting up of six stock-breeding centres as well as the purchase of livestock. The immediate aim is to provide the necessary livestock to allow 2 000 families affected by the drought to return to their nomadic life.

The following projects involve the covering of additional expenditure re-

(*) 1 u.a. = unit of account = $US 1.20 (new parity).

quired to permit projects to be completed.

Republic of Burundi — *Tora tea plantation and factory:* FBu 56 594 000 or approximately 594 000 u.a.

The purpose of this project, for which 4 million u.a. has already been provided since its inception, and to improve, by strengthening the structure of production, the expected operating results of this agro-industrial tea estate.

This interim phase, which is to be continued under the fourth EDF, will comprise technical assistance, additional infrastructure and a start on the replanting of tea gardens and woodlands.

Republic of Mali — *Completion of the regional health centre in Mopti:* MF 145 million or approximately 261 000 u.a. (second EDF).

This project was to subject of financing under the second and third EDF's (813 000 u.a.) and concerns the building of a regional health centre at Mopti. Technical adjustments and the increased cost of construction and materials have made this new commitment of funds necessary.

Republic of the Niger — *Improvement of a 13 km section of the Kafin Baka–Matameye track:* F-CFA 87 500 000 or approximately 315 000 u.a. (third EDF).

As part of the rural development programme in the Department of Zinder financed under the second EDF, it is planned to build tracks to facilitate the supply of the means of production and disposal of the produce. Since the amount earmarked for the completion of the final 13 km of track is insufficient, this additional financing is indispensable.

Surinam — *Construction of a boarding school for secondary pupils at Paramaribo. Cancellation of project:* Amount: 1 054 241 u.a. (second EDF).

Following the completion of the project studies, successive increases in construction costs in Surinam, prevented the carrying out of this project for a group of buildings to provide accommodation for 300 boarders. At the request of the Government, the Commission has therefore decided to cancel the project and the amount made available will be allocated subsequently to other projects.

Netherlands Antilles — *Improvements to the Benaire runway:* Ant.f. 7 320 000 or approximately 3 390 000 u.a.

At the Commission's proposal the Council of the E.C. decided on 26 June 1975 to finance this project, intended to widen and extend the runway on Bonaire to make it suitable for aircraft of the DC 8 and Boeing 707 types. This project follows the Community financing of a new air terminal which is currently being built to promote the development of tourism.

As a result of the financing decisions which have now been taken, **commitments under the third EDF total 834 637 000 u.a. in respect of 315 financing decisions** since the start of operations under the Fund (1 January 1971).

EDF Committee visits four Associate Countries

A series of visits by the EDF Committee to AASM countries was organised by the Commission in 1967. It was completed by the trips made this year to Ivory Coast and Central Africa (May 21 – June 7) and to Congo and Somalia (24 May – June 7). All the AASM countries and some of the OCT (Netherlands Antillles, Surinam and Réunion) will thus have been visited by members of the Committee before the broadening of the Association to include its new partners.

In inviting the committee to visit these countries, the aim of the Commission was:

— in the first place to enable the members of each delegation to have a valid opinion about what is being achieved by the EDF, covering not only its usefulness and maintenance, but also the cost and design;

— secondly, to bring the delegations into contact with the realities of Africa, especially through working sessions with government authorities and contacts with provincial authorities and those in charge of specific projects, so as to enable those taking part in the visit to have a better sense of what the countries concerned are doing for themselves and what are their development problems and their need for external aid.

The two trips made in 1975 confirmed the experience of the earlier ones. Both of them produced the expected results and the members of the committee brought home a considerable amount of information and observation.

Work of the EDF Committee from 1.6.64 to 30.6.75

Meetings of EDF Committee:

1964 (July 1 to Dec. 31) =	4
1965 =	9
1966 =	7
1967 =	9
1968 =	9
1969 =	9
1970 =	5
1971 =	12
1972 =	11
1973 =	12
1974 =	9
1975 (jan. 1 to June 30) =	5
	101

Projects submitted to EDF Committee	**727**	
Unanimously accepted: Including 20 projects which had been withdrawn and brought up at a subsequent meeting	665 =	91.4%
Accepted by qualified majority: Including nine projects which had been withdrawn and brought forward to a subsequent meeting.	53 =	7.3%
Not given the Committee's assent and passed to Council for decision and approved	(1) 6 =	0.8%
Not given the Committee's assent and abandoned	3 =	0.5%

(1) It should be mentioned that the projected improvement of the airport runway at Bonaire in the Netherlands Antilles was approved on June 26, 1975, raising this number to seven.

E. I. B.

Loans in the Associated Countries in 1974: annual report

In the AASM. 36 million for loans from the Bank's own resources

Seven contracts were signed in 1974 providing finance in the Associated African States, Madagascar and Mauritius (AASMM). Three relate to ordinary loans totalling 36 million units of account from the Bank's own resources, compared with 10.9 million in 1973, and four to loans on special conditions totalling 14.2 million from the European Development Fund (EDF), as against 31.9 million the preceding year.

Of the three **ordinary loans from the Bank's own resources**, one went to Zaïre and two to the Ivory Coast.

Mining equipment and industrial plant in Zaïre

In **Zaïre** a loan of 16.6 million (Z 10 million) was granted to help to finance mining and industrial plant provided for under the second Five-Year Expansion Programme drawn up by Générale des Carrières et des Mines (GECAMINES), a state-owned company, which had already received a loan of 16 million from the bank in 1971. The World Bank and Libyan Arab Foreign Bank also contributed to financing this latest phase. The project, which is of great importance for the economic development of Zaïre, will create 2 200 skilled jobs and increase the company's copper and cobalt production capacity by around 25%.

Railway and textiles in the Ivory Coast

The two loans in the **Ivory Coast** benefited railway infrastructure and the textiles industry.

One loan of 14 million (F-CFA 3 917 million) went to Régie du Chemin de Fer Abidjan-Niger (RAN) to help to finance reconstruction of a 130 km section of track between Dimbokro and Bouaké in the Ivory Coast and the acquisition of locomotives. Implementation of this project will provide RAN with 320 km of entirely renovated track from Abidjan to Bouaké, the second largest town in the Ivory Coast. RAN had already received a loan on special conditions from the EDF in 1968 for modernising a 105 km section of track between Agboville and Dimbokro and, in 1972, an ordinary loan from the Bank's own resources for replacing and enlarging its pool of rolling stock.

The other loan, for 5.4 million (F-CFA 1 506 million), went to Cotonnière Ivoirienne (COTIVO) for constructing a spinning and weaving mill at Agboville, with an initial capacity of 6 000 tonnes of cloth per annum, half of which will be blue denim for a local clothing factory. Some 70% of COTIVO's production will be exported either as unfinished cloth or as printed fabrics and garments. As well as exploiting locally-grown cotton to the full, the project will help to improve the country's trade balance, lead initially to the creation of 1 040 jobs and diversify the economy of an area which has hitherto been solely agricultural.

On proposal from the Bank, the Commission granted EDF interest subsidies on these loans of 2% for the textiles factory and 2.50% for the railway project

14.2 million for lans on special conditions from the EDF

The four **loans on special conditions granted from the EDF** and managed by the Bank under its Special Section as agent for the Community went towards financing infrastructure projects in the Congo, the Ivory Coast and Zaïre and an agricultural project in the Ivory Coast.

In the **Congo**, Agence Transcongolaise des Communications (ATC) received a loan of 1 million (F-CFA 281 million) for financing the extension of port installations at Pointe-Noire.

In the **Ivory Coast** a loan of 5 million (F-CFA 1 406 million) will supplement the loan mentioned above for assisting reconstruction of the Dimbokro-Bouaké railway line. Another loan, for 2.4 million (F-CFA 667 million), will help to establish village cocoa plantations covering about 9 600 ha in the south-west of the country.

A loan of 5.8 million (Z 3.6 million) went to the Republic of **Zaïre** to finance extension of the water distribution system in Kinshasa.

Mauritius (July 1975): loan for a power project

The European Investment Bank has granted a loan to Mauritius amounting to u.a. 1.75 m (13.6 Mauritius rupees) for stepping up the supply of electricity on the island.

This is a 15-year loan granted to the Central Electricity Board (CEB), a public board responsible for supply and distribution of electricity in Mauritius. It is to be used for extending the capacity of the biggest thermal station located at Fort Victoria.

The installed capacity at this power station will be raised in 1976 from 12 400 to 49 200 KW. The total cost of the project is estimated at about 32 m rupees.

Meeting the industrial demand

Apart from the domestic consumption of electricity in Mauritius, both industry and the hotel trade are developing at a great pace and the increased capacity will make it possible to deal with the expected growth in this part of the demand during the next few years.

The EIB loan carries the guarantee of the Mauritius government and is the first operation by the Bank for a Mauritius borrower. It is additional to long-term loans made by the UK Ministry of Oversea Development for the same project, the residual finance being provided by the CEB from its own resources. The Loan is made in virtue of the 2nd Yaoundé Convention, as one of the transitional measures pending the ratification of the Lomé Convention.

Guadeloupe (June 1975): special loan

The Commission of the European Communities and the European Investment Bank have concluded an agreement with the French Overseas Department of

Guadeloupe for the granting of a loan on special conditions equivalent to 720,000 units of account (about Ffrs 4 million) for development of the port at Pointe-à-Pitre. The EIB, entrusted with management of the loan, is acting as agent of the European Economic Community.

Through the port passes most of Guadeloupe's sea trade, including all its imports, and the loan will help to finance construction of a cargo wharf which will improve operating conditions and warehousing and raise the overall handling capacity.

The loan has been granted to the Department of Guadeloupe from the resources of the third European Development Fund for 25 years, with a grace period of five years, at an interest rate of 3%. It follows a non-repayable grant of Ffrs. 12,152,000 for the same project which was recently granted from the third European Development Fund, leaving he remainder of the finance necessary for construction of the wharf (Ffrs 9,075,000) to be met by the Department.

COMMISSION

Reorganisation of the Directorate-General for Development

The reorganisation of this Directorate-General (DG VIII) has now been completed. Its tasks are growing considerably, largely in virtue of the Lomé Convention and the negotiations currently in progress with the countries of the Maghreb and the Mediterranean area and the different measures taken in regard to non-associated countries. The new appointments and the division of work and responsibility are as follows:

Director-General	**H.-B. Krohn**
Assistant to D.G.	**E. Rhein**
Deputy Director-General (responsible for coordination of Directorates A and B and the Maghreb, Israel, Egypt, Jordan, Lebanon and Syria division; coordination with DG I on general problems connected with the Mediterranean area).	**M. Foley**
Assistant to DDG	**B. Ryelandt**
Deputy Director-General (responsible for coordination of Directorates C and D and the finance and administration unit and the Secretariat of the Finance Committee)	**J. Ferrandi**
Assistant to DDG	**J. Delorme**
Principal Counsellor	**J. Westhoff**

DIRECTORATE A

General Development Policy—International relations affected by this policy (Coordination with DG I)

Director	**J. Durieux**
1. Fundamentals; coordination of policies of member countries	**D. Frisch**

1976 generalised preferences scheme for developing countries

The Commission has put forward to the Council its proposal for the 1976 generalised preferences scheme. It plans for a modest but significant improvement in the system, which will now relate to potential imports of over u.a. 4 000 m. In conformity with the Council resolution of March 3, 1975, much of the improvement relates specifically to the less wealthy countries.

For processed agricultural products, the Commission proposes a linear cut of 10% in the duties as charged in 1975, with only a few products excepted. For the 231 products covered, the generalised preferences system will apply to imports of u.a. 850 m from beneficiary countries other than the ACP. This compares with u.a. 600 m from 220 headings covered as of January 1, 1975.

For industrial proaucts other than textiles the Commission proposes a flat-rate increase of 15% on all tariff quotas and ceilings, subject to a few exceptions. This brings the potential import to a value of u.a. 2 850 m against u.a. 2 300 m in 1975.

For textiles, pending the completion of current bilaterla negotiations under the multifibres arrangement, the Commission proposes extending the current system over the year 1976, subject to a flat-rate increase of 5% in the tariff quotas and ceilings fixed in terms of physical quantities. Guatemala, Paraguay and Haiti will be added to the list of beneficiary countries for cotton textiles, and Hong Kong for various products to which ceilings apply.

Consistently with the policy stated in a note on the future of the preferences submitted to the Council on February 3, 1975, the Commission intends to continue its additional measures, such as the organisation of seminars, the compilation of a guide to the generalised preferences system and setting up a documentation and information centre. ■

2. Assessments of modes of intervention (1)	**C. Van der Vaeren**
3. Aspects of commercial policy and basic materials policy affecting developing countries.	**M. Cellerier**
4. UNCTAD; international relations in the development policy field	... (2)
5. Relations with Community and EEC-ACP institutions and with non-government (especially public relations) agencies.	**G. Schiffler**

DIRECTORATE B

Africa, Caribbean, Pacific

Director	**R. Cohen**
1. West Africa	**D. Pirzio-Biroli**
2. East Africa	**F. Visser**
3. Caribbean, Indian Ocean and Pacific	**B. Bini-Smaghi**

Attached to DDG in charge of Directorates A and B

Maghreb, Israel, Egypt, Jordan, Lebanon, Syria; coordination with DG I on general problems regarding the Mediterranean area.	**H. Andresen**

DIRECTORATE C

Projects

Director	**E. Wirsing**
1. Agriculture	**G. Gruner**
2. Livestock, fisheries and fish-breeding (3)	**H. Overzee**
3. Roads	**A. Berrens**
4. Industry, energy, telecommunications and general infrastructure	**D. Vincent**
5. Town planning and social equipment	... (2)

DIRECTORATE D

Operations

Director	**C. Cornelli**
1. Food aid and emergency aid	... (2)
2. Industrial cooperation, trade promotion and regional cooperation	... (2)
3. Stabilisation of export receipts	**J.C. Muller**
4. Education and training	**G. Livi**

Attached to DDG in charge of Directorates C and D

Finance and administration (4)	**A. Auclert**
Financing (3)	**M. Duval**
Payment orders and accountancy (3)	**J. Heusghem**
Tenders, contracts and disputes (3)	**K. Prange**
European Association for Cooperation (5)	**E. Weimar**
Finance Committee Secretariat (3)	**P. Cristofini**

Directly attached to Director-General

Relations with Commission delegates (3)	... (2)

(1) Specialist section
(2) Appointment not yet announced
(3) Specialist section
(4) The head of this unit coordinates its work with the specialist sections "financing" "payment orders and accountancy" and "tenders, contracts and disputes" and also with the European Association for Cooperation.
(5) Autonomous Commission Agency

ENERGY AND RAW MATERIALS

Brussels, July 17—The Nine have invited France to take such steps as may be necessary for an early resumption of talks between industrial and Third World countries on energy, raw materials and development problems.

A procedural plan has been put before the Council by French Foreign Minister Jean Sauvagnargues. He suggests calling a further preparatory conference of 10, perhaps to meet in Paris during September. The "Ten" would include the EEC as a single unit and the other would be Algeria, Brazil, India, Iran, Japan, Saudi Arabia, United States, Venezuela and Zaïre. This conference would resume preparations for a big conference on energy, raw materials and development problems, taking into account the events of last April, when 27 countries took part in the conference proper.

The new factor is the formation of separate committees on energy, raw materials and developing countries, whose task will be to prepare the papers for the plenary conference.

The Nine have agreed in principle that the three subjects should be dealt with on an equal footing and that progress under the three headings should be kept approximately in line.

Should the preparatory conference produce an agreement, it will be for the mid-November European Summit meeting in Rome to work out the joint attitude of the Nine.

According to diplomatic opinion in Brussels, this implies that the Nine will have to tackle thorny subjects such as the International Energy Agency, which was formed under United States auspices, but of which France—unlike her eight partners—is not a member; and the question of a floor price for oil to protect substitute energy sources against a possible collapse, however hypothetical, in prices for imported oil.

Under the raw materials heading there is the extremely important problem of whether the Nine should opt for stabilising the prices of the 18 principal raw materials, thus setting up a new world economic order, or simply stabilising the export receipts of the least wealthy exporting countries of the Third World. The latter would be no more than a reform of the existing system (AFP). ■

THE COUNCIL

The Council of the European Communities (Foreign Ministers) met on July 22, 1975. Their agenda included the following items:

General Mediterranean approach

The Council considered the state of current negotiations with the Maghreb countries and agreed to adopt by written procedure, on a proposal to be made by the Commission, arrangements which will provide for the prolongation for a limited period beyond August 31, 1975 of current trading arrangements with Morocco and Tunisia.

Following consideration of Community relations with Malta, the Council invited the Commission to meet a Maltese delegation and report to the next meeting of the Council.

In addition, the Council instructed the Committee of Permanent Representatives to continue, in the light of its discussions, the examination of Commission proposals on the development of a global approach to Mediterranean questions, and to submit to the Commission as soon as possible draft directives relating to the various headings on which the Community intends at an early date to negotiate with the Machrak countries.

Raw materials and development cooperation

Following the European Council discussions on July 16 and 17, 1975, the Council was required to complete the definition of a joint attitude by the Community and its members relating to raw materials and development cooperation. This is required for the forthcoming international meeting on relations between industrial and developing countries.

The Council arrived at a common position on the group of problems submitted to it.

The object of this joint attitude is to enable the Community to propose actions to be negotiated and set on foot at international level, subject to the consideration that definite decisions can only be determined in discussions still to be held in various international bodies, and must bring into account proposals which may be made by other partners.

Under the procedure heading the Council agreed on the maintenance of the usual close coordination between member delegations in New York throughout the 7th special session of the UN General Assembly.

Food aid

The Council finalised decisions:
— relating to the conclusion of an agreement between the European Economic Community and the Republic of Niger for the supply of 1 500 tons of powdered skim milk;
— regarding the conclusion of an agreement between the European Economic Community and the United Nations High Commission for Refugees, relating to the supply of 300 tons of butter-oil and 3 311 tons of soft wheat flour (being the equivalent of 5 000 tons of soft wheat) by way of emergency food aid to populations affected by events in Cyprus. ■

N. G. O.

Non-governmental aid organisations to cooperate with EEC

Representatives of non-governmental aid organisations (NGO) from the nine EEC countries met the European Commission in Brussels in June for an exchange of views which could significantly improve the effectiveness of future aid projects on both sides.

The NGO's on-the-spot experience and information work could help focus EEC aid, while the Commission could provide large-scale back-up resources. The evolution of relations between the Community and the developing countries, and the Lomé Convention, have provided new scope for close EEC-NGO cooperation, and the NGO's welcomed the Commission's creation of an NGO liaison unit.

The June meeting was the result of initial contacts and should be followed up in November. Representatives of 35 NGOs were joined by observers from the UN, FAO, UNDP, the Council of Europe and other organisations, invited in a personal capacity. Development Commissioner Claude Cheysson told them: "We expect a lot from this meeting. Your experience and adaptability give you a close knowledge of on-the-spot development problems. The smaller projects are, the closer they can be to reality".

In an overall look at EEC development policy, M. Cheysson went beyond the letter of the Lomé Convention to the spirit of the "new international order", which, he said, was not only economic and political but social. Industrial countries needed to take account of fundamental changes and the NGOs had an important role to play in spreading new attitudes.

The meeting, chaired by Maurice Foley, EEC Deputy Director-General for Development, covered two main subjects:
— an examination of the state of European public opinion on development;
— development activities in developing countries.

Discussion showed that public opinion differed significantly between EEC countries, largely depending on the influence of the NGOs. In the UK and the Netherlands, existing coordination among NGOs had enabled them to influence the mass media more than in the other countries. It was felt that development should be presented to the public in a more realistic tone and as social and economic justice rather than aid; that contradictions should be ironed out between national policies; and that development should be shown as an integral, long-term part of national policies which did not neglect Europe's own poor.

On the information side, the Commission could act as a "switchboard" to put

NGOs in touch with each other's resources and to make its own information available to them. Other ideas included Community finance for NGO information schemes; coordination between Commission field officers and NGO representatives in developing countries; and cooperation on a development education and information programme adapted to different socio-professional or age groups.

Regarding NGO-EEC cooperation on practical development operations, a number of ideas were put forward by the NGO, such as:

— Using EEC funds to pay the continuing costs of successful projects started by the NGO;

— Setting up a "flying squad" to cover emergencies and avoid duplication of effort. The Sahel experience should be examined in that context;

— Using the NGO to supplement Community operations (co-financing).

Mr. Foley welcomed the ideas with two main provisos: the Community had to work on a government-to-government basis and could not support NGO operations without the agreement of the government involved; and the Community was answerable to the tax-payer for the use of its funds, which could not therefore be risked on unrealistic projects.

Conclusions indicated that the meeting had gone well beyond a simple exchange of views. Cooperation appeared particularly useful in the areas of public information and education, project liaison and co-financing in the field and emergency relief operations. The NGOs were aware that better coordination was required among themselves as well as with official international bodies. ■

TRADE UNIONS

Trade Unions meetings

Though the Lomé Convention has not yet been ratified by all the partner countries, it is already a foundation for many lines of initiative. The Friedrich-Ebert-Stiftung, considering there was a need for inter-union dialogue, organised its second

Photo Luc d'Arvill

Some of the 26 representatives from ACP-EEC Trade Unions attending the Friedrich-Ebert-Stiftung Conference.

conference for leaders of trade union organisations from the ACP and the EEC in Brussels on June 27-28, 1975, its main theme being "cooperation policy between the European Communities and the countries of the Third World after the Lomé Convention".

The meeting was attended by 26 representatives of union organisations from 20 signatory countries of the Lomé Convention.

The union leaders and guests listened to speeches dealing with the question from many angles and collectively covering it very thoroughly. Speakers included Frank Francis, Ambassador of Jamaica; Maurice Foley, EEC Deputy Director-General for Development; Horst Seefeld, Member of the European Parliament; Roger Louet, Director-General of the Economic and Social Council; Heinz Oskar Vetter, Chairman of the European Trade Union Confederation and the German Trade Union Federation; and D. Akumu, Secretary-General of the Organisation for African Trade Union Unity.

The lectures were followed by discussion and the chief conclusions emerging were that inter-union activities needed coordination and that it is important the union organisations should take part in the implementation of the Lomé Convention.

Mr. Akumu called attention to the influence and potential impact on the world of the African worker and the African farmer. He appealed to the union organisations in Europe to make an institutional matter of their participation in running the Lomé Convention and to do so jointly with the African unions. The African unions hope to see this becoming a fact in the earliest possible future "in the spirit in which the convention was signed", he said. ■

TRAINING AND EDUCATION

The final report of research carried out by F. Calogero on the position of foreign university students in Italy over the period 1962-73 has been published by the Educational Programmes Department of the RUI Foundation.

The aim of the research was to work out statistical data on the nationality of students, their university and faculty and the number of degrees conferred.

Under a definition adopted by UNESCO, "a foreign student is a person enrolled at an institute of higher education in any country in which he has no permanent residence".

The enquiry was not aimed at causes, but at a knowledge of the facts in useful and comparable form, so that they are quickly accessible under the names of Italian and foreign universities and faculties.

A few of the facts emerging from the enquiry:

a) half the foreign students are concentrated in seven universities, and constitute a majority in Bologna, Rome, Florence and Naples;

b) half the foreigners are Europeans. Greek students account for more than half the foreign students in Italy, and almost all the Europeans;

c) Greeks, Syrians, Somalis and Venezuelans taken together are more than half of the foreign students;

d) three students in every five attend one of the three most frequented faculties—medicine and surgery, engineering and architecture;

e) the increase in the proportion of foreign students attending Italian universities, now 17.2%, makes Italy the European leader in this respect. The increase since 1962 has been twice as great as in France, England or Federal Germany;

f) each year about 500 students get degrees, mostly in the medical and engineering faculties. In the decade 1962-72 the total number of degrees taken by foreigners was 5 182, most of whom were Europeans or from the Middle East;

g) the area distribution of the successful degree candidates is as follows: 1. Europe 2. USA 3. Canada 4. Middle East 5. Africa 6. Latin America;

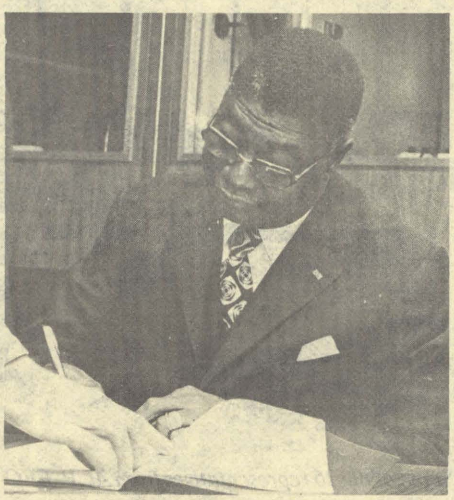
h) it is still rather difficult to assess the effectiveness of the studies pursued by foreign students. Statistically one of the most valid is the proportion of foreign degrees to the enrolments. The rate of increase in degree holders is not proportional to the number of enrolments. Over the decade degrees were secured on the average by 6.5% of the students enrolled.

Among the other possible conclusions from this enquiry is the small proportion of students from the Third World.

* * *

At present there are 270 students from the AASM following educational courses financed by the EDF in agriculture, economics and technical matters. About 1 300 students have completed their education by means of bursaries awarded for study or training courses in Italy under the training programmes financed by the EEC during the past 15 years. ■

OBITUARY



M. Alioune Sissoko

Death of the Ambassador of Mali

M. Alioune Sissoko, Mali ambassador to Belgium, accredited also to Luxembourg, the Netherlands and Great Britain and head of the Mali mission to the European Community since October 1969, was assassinated in his Office on June 18.

M. Sissoko, aged 52, was married and the father of four children. During his career he was successively territorial advisor for the French Sudan; member of the Constitutional Committee (1958), Deputy (1958-60) and Vice-President of the Mali National Assembly (1960-68). Since 1968 he was also Vice-chairman of the Mali Development Bank.

He was the senior African ambassador to the European Community and in this capacity he played an important part in the different negotiations, including those of the Yaoundé Conventions and the more recent Lomé Convention. He was also the reporting member of the Joint Committee of the Eurafrican Parliamentary Assembly, in which his personality and talents were specially appreciated.

After the ACP meeting in Georgetown he was just about to give an interview to the "Courier". He will be remembered as one of those most sincerely convinced of the dependence of Europe and Africa upon one another and it was to this cause that he dedicated his outstanding personal qualities, his great ability and his courtesy. A great Eurafrican has passed away. ■

MISCELLANEOUS

Seminar for senior ACP officials

A seminar on implementation procedures for the Lomé Convention took place in the Manhattan Center in Brussels from June 30 to July 4, 1975.

Thirty-five of the ACP countries were represented, 28 by senior national officials and 7 by members of their mission in Europe. The ACP Secretariat was also there with a delegation of 6 members; the European Investment Bank sent M. Hartwich, Director, and a delegation of five. The Council was represented by M. Lesort. The Commission, which organised the meeting, set up a secretariat on the spot, provided a number of the lectures and sent officials to help make contracts with and between the delegations. More than 130 people took part in all or part of the seminar.

Partly connected with the seminar were two technical meetings—on STABEX and training—between limited numbers of the participants and the Commission departments concerned with explaining technical points which were not suitable for the plenary meeting of the seminar.

Many of the delegates made use of the opportunity to meet Commission officials with whom they had correspondence and projects under consideration. The seminar enabled DG VIII officials to make valuable contacts with administrations in ACP countries newly associated with the Community.

The seminar was a success, both in the knowledge gained from it and in the contacts it facilitated. It was a solid foundation for the programming missions currently being studied for the ACP countries.

Participants found the seminar of considerable interest, as was clear not only in the number of countries represented and the number of people taking part, but also in the quality of the questions and discussion which followed.

It may be added that quite a number of those who took part found in the seminar a first meeting of a series to be continued by discussion meetings of a more detailed kind, dealing, for example, with a specific group of countries or some other sub-division of the main issue.

Beef from the ACP

The European Commission has made a regulation authorising the issue of import certificates for 13 634 tons of beef from ACP exporting countries. The allocation is: Botswana 6 898 tons, Kenya 111, Madagascar 4 218 and Swaziland 2 407.

Last March, when measures were being taken to ease the impact of the Community safeguard clause for meat, it was decided that about 23 000 tons of meat from the ACP might be imported into the EEC before the end of the year. The Commission authorised an initial section of the quota amounting to 9 306 tons (Botswana 7 567, Madagascar 1 576 and Swaziland 163 tons), and the second section uses practically all the rest of the authorisation for 1975.

The EEC Council has ruled that these imports shall be free of customs duty and shall have a 90% rebate of the import levy charged under the agriculture policy.

Guinea: 1st signatory to the Georgetown Agreement

Brussels — M. **Fily Cissoko**, Foreign Minister of the Republic of Guinea, has signed the setting up the group of African, Caribbean and Pacific States. "Georgetown Agreement". Present at the signature were the Chairman of the ACP Ambassadors Committee, Mr. Mohamed Giama, Ambassador of Somalia, and members of the committee. The aim of the agreement, initialled at Georgetown on June 6, 1975, is to facilitate the attainment of the objectives of the Lomé Convention; to develop trade between the ACP countries; to promote regional cooperation between the ACP and other developing countries; and to promote the establishment of a new world economic order.

The agreement will come into force two months after its signature by at least two-thirds of the ACP countries.

First meeting of CEC/ASEAN Committee

Brussels — The first meeting of the European Commission/ASEAN (Association of South-East Asian Nations) study group provided an opportunity to consider the various fields in which the two sides might cooperate. Three groups of problems and possibilities were identified:

— **industrial projects and joint ventures.** These would be concerned for the most part with fertilizers and the improvement of port installations;

— **raw materials.** Price stabilisation machinery might be considered for tin, rubber and other basic products of special interest to ASEAN countries;

— **tariff questions.** It could be of interest to ASEAN if there could be certain adjustments in the EEC customs tariffs.

The meeting decided to appoint experts to study the fields in which closer consideration is needed. These experts are to report to the study groups at its next meeting, which will be at Manilla (Philippines) during the first fortnight of January, 1976.

The ASEAN countries are: Indonesia, Malaysia, Philippines, Singapore and Thailand.

"Upper-Volta 75 Mission"

Over the past six months a Belgian group has been organising an aid expedition to the Sahel, in order to lend a hand to this region of Africa in dealing with the intractable difficulties it has still to overcome as a result of the drought.

A load of medical supplies and a ton of clothing and tools given by the SOS/PG organisation filled the six Saurer trucks and two Landrovers which left Brussels on July 15. The operation is known as "Upper-Volta Mission 75".

A month in Upper-Volta will be needed to get the medicines and clothing to all the country's dispensaries, which have been put on notice of their arrival. Surplus funds will be used to buy cattle, which the mission will carry from the market towns to the villages. The aim is to start new stockbreeding centres. At the end of the mission the trucks will be handed over to the Upper-Volta authorities, so that they may be really useful to people who have been specially affected by lack of communications.

This organisation is patronised by the Europe-Third World Association, but its humanitarian character is the real motive for a team which is not lacking in the spirit of adventure.

International Coffee Agreement

The existing International Coffee Agreement was to have expired on September 30, 1975, but it has been extended for a year. It is hoped that by September 1976 its re-negotiation will have been completed. Unfortunately the meeting of the International Coffee Council in London (June 24-July 13), which was to have prepared the forthcoming re-negotiation meetings, did not come up with very good results, especially on such essential points as quotas and the price range.

First programming missions to the ACP

The first two EEC programming missions left for Africa during the second half of July. The first went to Senegal, the Gambia and Guinea-Bissau under the leadership of M. Jacques Ferrandi, Deputy Director-General for Development. The second mission went to Kenya and Somalia, led by M. Hans Broder Krohn, Director-General of Development.

These missions, led by senior Commission officials, are aimed at providing information about the objectives and methods of the financial and technical cooperation under the Lomé Convention. They will be making contacts with governments and top officials and will discuss closely with them the way cooperation should be handled and directed.

World Bank opens its "Third counter"

The "Third counter" is now open for business, states a World Bank communiqué. It is a piece of machinery by which poor countries may be given loans on terms which are intermediate between the normal current practice of the Bank and the extremely favourable terms made available by its subsidiary, the International Development Association. Its creation was decided early in June at the last IMF meeting.

The third counter operations will be subsidised by an interest rebate fund which will supplement the interest payable to the Bank by the borrowers.

The resources of this fund will have to be provided by governments on a voluntary basis. Up to the present, the communiqué says, nine countries have announced their intention to pay into the fund contributions to a total of $117 m, though in some cases this requires parliamentary sanction. The countries are Saudi Arabia, Canada, Denmark, Kuwait, Norway, the Netherlands, Qatar, Great Britain and Venezuela. This sum will make it possible to subsidise an estimated amount of $500 m in 3rd counter loans. Additional contributions are expected during the Bank's accounting year, which runs to June 30, 1976.

Courier No. 31 editor's note

The young lady in the photo on page 20 of our No. 31 Special Issue on the Lomé Convention was Madame Bongoma, journalist, correspondent of the weekly newspaper "Zaïre" (Kinshasa) for West Africa, and on this special occasion also attached to the press department of the ACP Secretariat.

Cape Verde Islands

Rome — 7 July 7. In the name of the Community, Italy has announced that the Nine officially recognise the Republic of the Cape Verde Islands "a new result of the process of decolonisation" and wish to establish relations of cooperation. The independence of the Cape Verde Islands was proclaimed on July 5. Mr. Aristide Pereira was elected President of the Republic.

Sao-Tomé and Principe

The first government of the newly independent Democratic Republic of Sao-Tomé and Principe was constituted on July 13. It is led by Mr. Miguel Troavoada, who is also Minister of Defence and Foreign Minister.

D.A.C.

The OECD (Organisation for Economic Cooperation and Development) has published provisional figures for 1974 on the public and private aid supplied by the 17 members of the DAC (development aid committee) to some 130 developing countries.

These figures show an increase of 21% in public development aid, which rose from $9 400 m in 1973 to $11 300 m in 1974. As a percentage of the DAC countries' GNP, public development aid increased from 0.30% in 1973 to 0.33% in 1974.

Public development aid terms remained very liberal in 1974, apart from a slight tightening up of loan terms.

Total aid (public aid+other public sector aid+private sector aid) rose by 10% in absolute terms but remained at its 1973 level of 0.78% of GNP.

Apart from public development aid and grants from private charities the total aid considered includes export credits granted by the public and private sectors and direct and port folio investments. These other forms of aid were mostly supplied under market conditions. The overall provision of development resources from DAC members to developing countries and multilateral organisations rose by 10%, increasing from $24 300 m in 1973 to the unprecedented figure of $26 700 m in 1974. But it should be noted that this nominal rate of increase corresponds to a change in real terms caused by inflation.

The total figure of $26 700 m corresponded to 0.78% of the combined GNP of the DAC countries. It would have required another $5 000 m to reach the United target of 1% of GNP in overall aid resources for each donor country, but five countries did reach this target, to which the DAC subscribes, in 1974: Belgium, France, the Netherlands, Canada and Sweden (for the first time in the case of the latter two). For most of the other DAC members total aid as a percentage of GNP rose strongly compared with 1973; the main exception was Japan, where net overall aid fell from 1.44% of GNP in 1973 to 0.65% in 1974 due to a sharp reduction in other public sector loans and private portfolio investments. Japan was badly affected by the disturbed economic conditions of 1974. ■

First long term supply pact for farm produce

The Commission of the European Communities has asked EEC member countries to authorise a long term agreement to supply Egypt with European agricultural products. EEC Agriculture Commissioner Pierre Lardinois has had discussions in recent weeks with Mr. El Chazli, Egyptian Minister of Supply, on a project which might be worth about $300 m.

The idea of this sort of contract is to stabilize traditional trade patterns and to make it possible to guarantee regular markets on pre-arranged terms to EEC producers. The deal with Egypt would cover sugar, cereals, dairy products and beef.

This operation would be for one year, with deliveries carried out by private operators under EEC control and guarantees. If it comes off it will be the first EEC long term supply contract of the kind and could set an important precedent. ■

Towards a contractual policy for industrial transfers

At the second meeting of the Dakar Club (Paris), April 28-30 1975, Seydou Djim Sylla, Executive Secretary of the African Group for negotiation with the EEC, read a paper under the title "Terms of a contractual policy for industrial transfers between individual States and groups of States". This is a fundamental aspect of industrial cooperation between industrial and developing countries. The speaker discussed Title III of the Lomé Convention and ended with a reference to the problem of a guarantee for private investments. On the latter subject he put forward the idea of an international fund, jointly guaranteed by the industrial and the developing countries; but he also emphasised that it was no part of his intention, in venturing into almost unexplored territory, to go beyond the limits of an outline research which should be followed up by the Dakar Club with a view to a new international division of labour.

Though the developing countries possess an abundance of raw materials, they do not yet play more than a very modest part in industrial trade because they lack the capital and trained manpower and because of the "absence of technological research and modern methods of production and marketing".

From the outset, M. Sylla stressed that "the way these various obstacles are overcome will condition a new international division of industrial production, which is one of the paths to a new world order".

He was anxious to begin by defining the main chapter headings for an inter-State convention on "the advantages a developing country may secure through a contractual policy operated jointly with an industrial country in regard to transfers of industry." It would be a matter of:

— listing the operation as part of a programme defining requirements and determining priorities;
— transfer of technology and knowhow adapted to normal conditions;
— personnel training;
— opening markets;
— guaranteed outlets and remunerative prices.

He also recapitulated the main provisions of an inter-State contract, with special reference to the obligations to which an industrial country would be committing itself:

— to use various means for encouraging private business to carry out transfers of industry;
— to act in such a way as to secure agreement from workers and employers;
— to provide vocational training for personnel;
— to help in setting up the reception infrastructure;
— to take a share in the cost of buying or adapting the technology.

The problem of respecting commitments

The speaker went on to discuss the problem of respecting the undertakings given and, analysing the limits of bilateralism, he discussed the possible content of a contractual policy on industrial transfers between groups of countries.

Governments would be doing no good if they set up a contractual policy and one of the parties was able to walk out and ignore its commitments, or if there were to be disputes on the interpretation and execution of the policy.

There would have to be jurisdiction arranged beforehand, and agreed between the parties, to which any dispute regarding the terms of the convention could be referred. The tribunal in question could only hear disputes relating to the imperative clauses of the contract and not those raising consequential obligations.

This sanction is one of the important aspects of the inter-State contract, because it may be a decisive element in deciding private firms to carry out a transfer of industry.

It would of course be open to the partners to agree on a more flexible arbitrage procedure, but there is a danger that business firms would distrust this.

Limits of an inter-State contractual policy

At present most conventions are bilateral, but this has certain limitations and raises certain inconveniences.

There is a danger that a contractual policy for transfers of industry limited to agreement between only two parties may fall short of its objective in many ways and bypass the real problem.

When an investment is made, it is important to consider the scale of the market on which the operation is based. This conditions the success of the project. What would be the good of an investment which is clearly disproportionate to the size of the economic area concerned? Moreover, private firms are not likely to come into such schemes if they can see beforehand the problem they would have to face.

Bilateral contractual relations could also engender competition problems if neighbouring countries should decide to base their industrialisation on the same industries.

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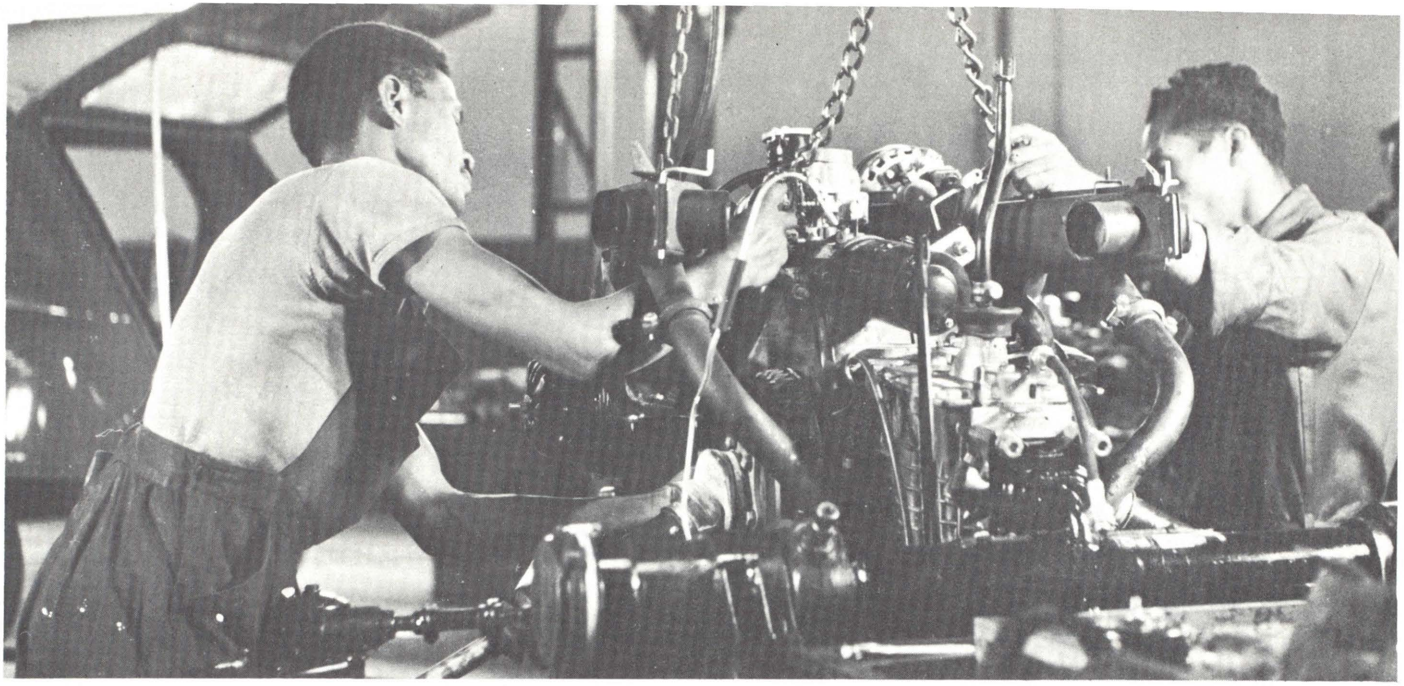


Car assembly line, Tananarive, Madagascar.

Towards a contractual policy for transfers of industry between groups of countries

The identification of some of the disadvantages to which bilateral contractual policy may lead prompts an attempt to try a bigger dimension.

There is the possibility, of course, that opinion is not yet ripe for this course. The multilateral formula is, nevertheless, the solution for the future and the different countries will ultimately have to accept it. It is part of the job of our Club to think over the workings of this new-style contractual policy.

The future has it roots in the present. The Lomé Convention is an example which can serve as a pattern for going beyond bilateralism. It is only a first attempt, but there is a risk of its leading to contractual relations of types hitherto unknown between different parts of the world.

What is the point of starting off contractual policies between groups of States?

From the standpoint of the developing countries, setting up regional economic units will facilitate the transfers of industry because investors will find the markets for which they would be catering are of adequate size. This is on the supposition that integration will generate its own dynamic, the principal effect of which will be to eliminate the disastrous consequences of inter-State competition. It is important for this purpose that the economic units should be viable in themselves and should not emphasise disparities between the individual countries. The target cannot be made a reality unless the distribution of the industrial investment is properly balanced.

Regional integration presupposes a political commitment by the countries concerned. It could happen that the ACP may make this commitment before long, for they have demonstrated the solidarity which united them in their dealings with the European Economic Community, though they have still to prove their internal cohesion. Industrialisation will give them an opportunity to do this.

For industrial countries it will open the possibility of strategy on a bigger scale, and therefore an effective one, implying the cooperation of firms from several of the countries, provided the markets they see there are large enough to justify the investment. In addition, private companies will be much less shy about transferring their technology and knowhow, and carrying out the necessary adaptations if they find there are a number of countries interested in the same operation and out to do all they can to make it a success.

Moreover, action on the multilateral, as opposed to the bilateral scale, will make it possible to find a solution to another important problem—the guarantee for private investment.

If a group of industrial countries were to adopt a single system for ensuring the security of industrial transfers, and this system was additional to the guarantees provided by the national authorities, there can be no doubt that it would speed up the achievement of the contractual policy. It would be the easier to bring it into effect if the developing countries entered into a joint undertaking to provide the same type of reception structure in each country.

There is no real reason why industrial and developing countries should not give a joint guarantee of the security of invested capital by contributing to an international guarantee fund. This would be real industrial cooperation, pushed to its logical conclusion and the benefit of which would be a permanent acquisition for the countries to which the industrial transfers are made.

In the same way, the different groups of countries could acknowledge the competence of the international tribunals before which cases of non-observance of contractual obligations would be brought. Such jurisdiction is already in existence and it would be a matter of activating it.

The passage from the bilateral the multilateral form of thought calls for changes of mentality. There is no point in not acknowledging the difficulties. Nevertheless, with the industrial cooperation the EEC and the ACP desire to pursue in the Lomé Convention framework, there is a ray of hope. It is to be hoped that this new form of cooperation will contribute to a change in the relations between countries at different stages of development. For the whole world this would help to set things in balance." ■

The problem of job creation in developing countries

by Richard JOLLY (*)

A high rate of growth in output in developing countries is often accompanied by increased inequality in earnings. The creation of jobs can help close the gap by redistributing income before any levelling through taxation and job creation has become a major specific objective of developing country government policy. Richard Jolly outlines the difficulties involved and calls for the frank recognition of the repercussions of effective employment policies on foreign interests in developing countries. (1)

Behind the consensus of concern with employment problems in the Third World exist differing definitions of the problems, different diagnoses of the causes and sharply differing remedies about what to do. The intense debates of recent years have not so much resolved these issues as shifted the focus. Attention has moved from problems of job creation in a strict sense to a more general set of problems, still visible in the numbers of angry or disillusioned school-leavers frustrated in their search for work but revealed more fundamentally in the persistence of chronic poverty co-existing with extremes of high consumption and unequal income distribution. This is the position in many developing countries to a degree well beyond the position in most developed countries.

Until a year ago, all this took place in a context of world economic growth in which many countries—though not the poorest–had for a decade been expanding production significantly faster than had seemed possible ten years earlier. But now world prospects have sharply changed–and the chances of relieving persistent poverty and providing productive employment for all are made yet slimmer by world recession.

Unless the problem of job creation in the poorer countries is unambiguously set in the context of eradicating world poverty and the structures which lead to it, the priorities will be wrong and the remedies may be counter-productive.

The need to consider employment problems in the broader context is equally indicated by the unsatisfactory experience of many programmes of job creation which, even when they have relieved unemployment, have often done little to diminish poverty. The unemployed are often not the poorest, since the very poor literally cannot afford to be without work. The poverty of the very poor often co-exists with long working hours but very low incomes. They are the working poor, working small plots or at very low wages in the rural sector and in a variety of formal and informal occupations in the urban areas or on the fringe. Others in poverty may be suffering hunger and malnutrition and be too weak to work.

In contrast, the unemployed and others seeking work often comprise a wide mixture of persons from the indigent to the affluent, from women discriminated against to college graduates with high and unrealistic expectations.

After a brief section defining the nature of the employment problem—or problems—to be tackled and outlining in the broadest of terms their causes, we shall take up two aspects of policy likely to be involved in removing or ameliorating the inequality underlying them: the central priority of domestic strategy, redistribution with growth; and the external elements of economic strategy, particularly the role of private foreign investment. In order to make the discussion specific the main points are illustrated from the three ILO (2) employment missions with which the writer has been associated, dealing with employment problems in Colombia (1970), Sri Lanka (1971) and Kenya (1972).

The nature of the employment problem

Let me begin by stating five basic propositions about the nature of unemployment problems in most Third World countries.

1. There is not one employment problem but many.
2. Among these problems, three main ones can be distinguished:

- intense frustration among job seekers (especially but not only

(*) Dr Jolly is Director of the Institute of Development Studies at Sussex University, England.

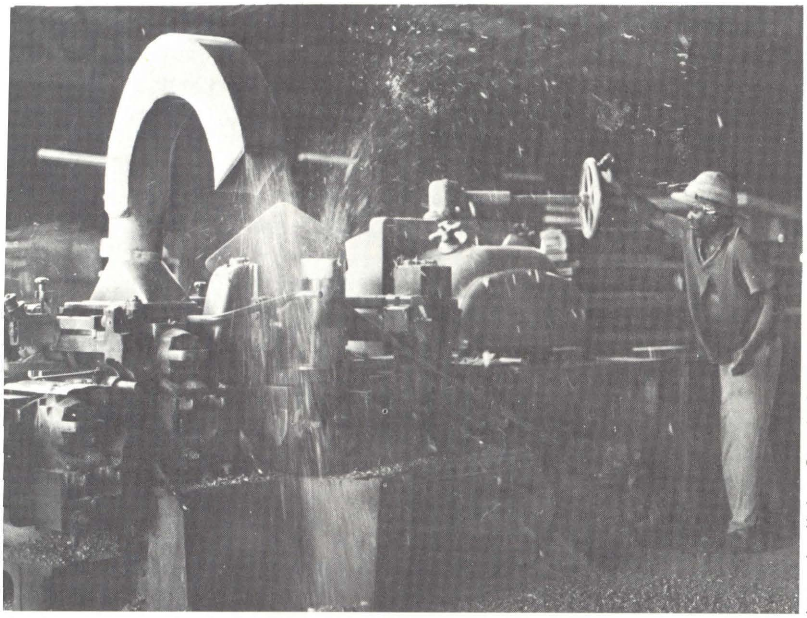
(1) This article and the study by M. J.A. Haynes (page 57) are drawn from papers presented at a joint seminar recently sponsored by the overseas Development Institute and IBM United Kingdom. The seminar examined the contribution of private foreign business to the employment objectives of developing countries.

(2) International Labour Organisation.

among the educated) unable to find work of the type and remuneration which they want and expect;

- low incomes (in money or kind) from work which are inadequate in terms of the basic needs of individuals and the other members of their households;
- underutilisation of labour resources in the sense of people involuntarily producing less than they are capable of with the resources already available.

3. For any adequate solution in most countries all three problems need to be tackled, the first two as ends in themselves, the third as a means to higher production and other goals, especially the generation of higher incomes for those in poverty.
4. For those concerned with human need, the second problem and its relationship to persistent poverty deserve highest priority in formulating effective policies.
5. In most countries of Asia and Africa, rural poverty far outweighs urban poverty in terms of the number of persons affected, and probably also in Asia in the depths of human deprivation and suffering.


International Labour Organisation

Planing wood: part of a management training scheme run by the Management Development and Productivity Institute of Accra, Ghana.

The causes of the problems

It should already be clear why we feel there is not one cause of these employment problems, but many—too many for adequate treatment in a paper of this length. The sets of causes can however be conveniently divided into two—those concerned with the **overall imbalance** between the total numbers of persons wanting work and the total number of work opportunities (measured for example, in number of man-years of labour required)—and those concerned with **structural imbalance** between the skills, education, experience and aspirations possessed by the labour force and the occupational and other characteristics needed for manning the whole economy. The two types of imbalance are not, of course, mutually exclusive.

The **overall imbalance** is often explained in terms of basic disparities in growth rates of the supply and demand for labour. According to this explanation, the supply of labour will be given by the growth of population **or** the urban labour force **or** the educated labour force, which respectively may be growing at rates of perhaps 2 to 3%, 4 to 8%, 5 to 15%. At the same time, it is argued, the demand for labour, as measured by the past growth in wage-earning employment, is increasing by the growth rate of output minus the growth in labour productivity. Judging from past trends, output growth is typically growing in many countries at perhaps 3 to 6%, labour productivity at not much less, leading to a growth of employment usually of 1 to 2%, if that. A gap between labour force supply and demand thus emerges, it is argued. The projection of a gap using some such methodology underlies many of the analyses of the growth of unemployment in the future.

There are, in my view, important elements of truth within this analysis which are essential elements in our understanding of the problem. But the framework within which they are combined in the above interpretation is much too simple, even misleading. In reality, increasing unemployment is likely to influence the growth of labour supply, of production and productivity—so the growth rates will not be independent of a widening gap. More serious, this model assumes a single and over-simple definition of employment, unrelated to the variety and subtlety of employment problems discussed earlier.

The missing element is precisely an integrated analysis of the **structural imbalances** in the labour market underlying the different types of employment problem.

Evidence from a number of countries shows that without reductions in the wide differentials between jobs, changes within the educational system, let alone in attitudes, are doomed to failure.

Both the **overall** imbalance and the **structural** imbalance are linked to the pattern of economic production, growth and income distribution. It is for this reason that the employment problem is symtomatic of basic weaknesses in the whole process of development. This point can be illustrated with reference to excessive inequality in income distribution, which all three ILO employment mission reports have directly linked to the problems of employment. There are in effect three major inter-connections:

(i) the more unequal income distribution, the greater the differentials in wages and consumption levels and thus the stronger the desire for the higher-paid, mainly urban jobs and the greater the dissatisfaction with low-paid work. In turn, this encourages migration from the rural to the urban areas, increases the pressure for general secondary and higher education to provide access to senior jobs within the civil service and large-scale manufacturing, and stimulates general claims for increases in salaries and wages. The structural imbalance becomes more acute.
(ii) the more unequal the pattern of income distribution, the higher the level of luxury consumption and, in most countries, the higher the expenditure on luxury imports, visible and invisible →

(like foreign travel). The very rich may also use foreign exchange to acquire assets abroad. This adds to the foreign exchange constraint which in at least half the developing countries is a major constraint on economic expansion.

(iii) the more unequal the level of income distribution, in many cases the lower the growth of formal sector employment. Here the evidence is less straightforward. The essential determinant is whether luxury consumption leads to a more or to a less labour-intensive pattern of production. Higher levels of luxury consumption will discourage demand for food products, which are generally labour-intensive. At the same time, the other forms of luxury consumption which they encourage may or may not be labour-intensive, depending on the type of good and context. Which of these influences dominates depends on the specific situation.

These three relationships are tendencies rather than universal laws. But with respect to policy, the crucial point is that there is no automatic measure of adjustment which operates with respect to either the overall or the structural imbalance. Thus imbalance may persist and may indeed worsen without calling into play any offsetting mechanisms. Measures towards balance must therefore be made an essential element of policy.

Central thrusts of poverty-focussed policy — redistribution with growth

Since the causes are fundamental, it follows that the remedies will also involve major changes in the whole thrust of development strategy. It is not possible briefly to do more than indicate some of the main directions involved. Nor is it possible adequately to discuss these in general terms, without reference to the specific problems and context of an individual country.

Nevertheless, one may identify three general elements for discussion, each reflected in the employment mission reports of Colombia, Sri Lanka and Kenya. These elements are the general strategy of redistribution with growth, the external elements in this strategy and the politics of implementation.

Redistribution with growth as an overall strategy was explicitly outlined in the ILO mission report on Kenya. It involved four elements:

(i) a commitment to maintain, if possible even to increase, the overall rate of economic growth.
(ii) broadly to stabilise the income levels of the highest group of income receivers.

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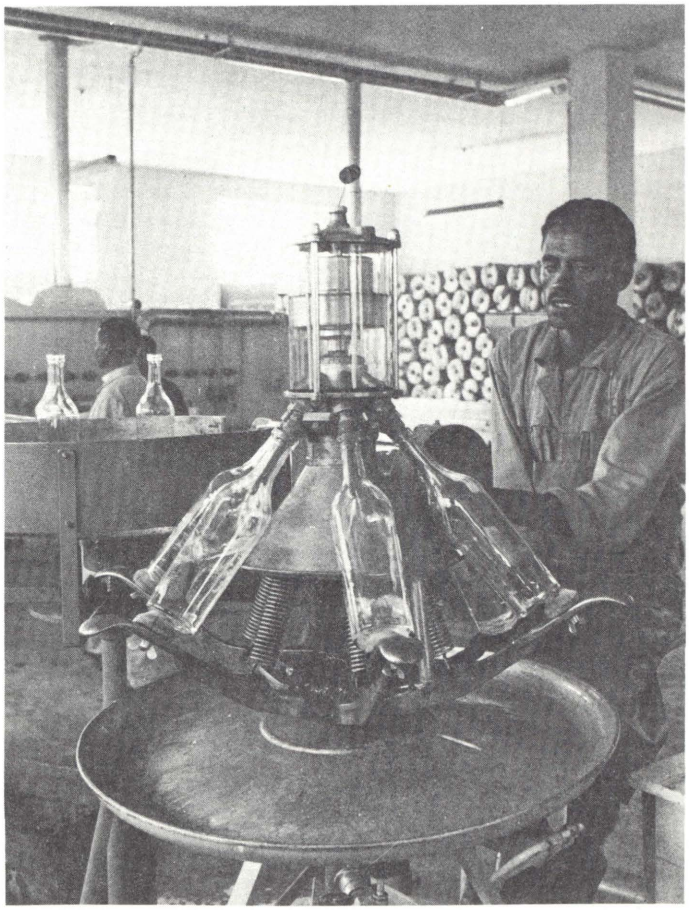
Sewing jute bags in Kumasi, Ghana. The jute is imported from Pakistan.

United Nations

(iii) to channel the resources which otherwise would accrue to this top 10% into investment.
(iv) to invest these resources as far as possible in forms which would benefit primarily the poorest section of the country.

These were the broad dimensions of a strategy designed to double the incomes of the poorest groups in the country in a decade. Naturally it needed to be translated into specific programmes of action.

The crucial step towards a comprehensive strategy is the adjustment of all sectoral programmes to ensure that they contribute positively to the improvement of living standards for the poorest. In most countries, this means major changes within the agricultural programme, with an effective programme of land reform and distribution as an inescapable component. But always there will be a need also for basic changes in the pattern of transportation, marketing, pricing, extension services and in the terms and conditions for supplying key inputs such as fertilisers and credit. Parallel changes focussed on the needs of the poorest 40% of the population are also required in industry and services, in the whole range of education and health facilities and in the system of government planning and administration which so largely determines which groups benefit and which do not.



Brewery at Addis Abeba, Ethiopia.

The external elements of policy

A crucial question which all three reports had to tackle concerned external policy and, in particular, the extent to which the adoption of a more poverty-focussed strategy to general productive employment within the country would **necessarily** involve a major reorientation towards the world economy. All three reports analysed this question and argued that major changes would be required in policies affecting three main aspects of the economy:

— the generation and use of foreign exchange
— the nature of imported technology and the terms on which it was imported
— the control of private enterprise, particularly that part currently controlled from abroad, to ensure closer harmony with domestic national interests.

The need for generating more foreign exchange and ensuring better use of reserves flowed from the need to maintain or increase the rate of economic expansion. Although in all three countries there was unexploited scope for economising in the use of foreign exchange for consumer imports, economies alone would not be sufficient to provide the additional foreign exchange needed for an expansion of productive employment. Thus a major review of the whole set of policies affecting trade, aid, capital inflows and outflows was necessary.

No less important was a fundamental review of technology policy, covering local sources of technological development and application, the terms under which technology was imported and the nature of that technology. These points have been greatly emphasised in traditional analyses of employment problems in low-income countries. The main emphasis has been put on the capital-intensive nature of technologies imported from more developed countries and thus their inadequacy in generating much local employment. In contrast, the employment mission reports directed attention to two other previously neglected dimensions of the impact of imported technology—its effects on the local structure of income distribution, demand and thus of domestic production, and its links with foreign investment and the outflows of capital, enhancing the foreign exchange constraint. The way in which inappropriate technology was linked to the failure to generate productive employment and to improve the living standards of the poorest were seen to be more pervasive and devastating through their other links with the foreign exchange shortage.

All these changes added up to a major reorientation of policy in the area of international trade, both imports and exports, aid, international relations and private foreign investment. No doubt, the implications ought also to have been pressed in other less emphasised areas, particularly that of military strategy and alliances. But the areas for reorientation which were identified were major enough.

Rather than attempt even the briefest summary of the changes required in all these areas, it will be more illuminating to identify the changes in one area alone, towards private for- →

eign investment, and to document the evidence used to argue for the change. Again, to limit the range of example considered, they are all chosen from the Kenya ILO report.

The Kenya report identified five main respects in which the operations of foreign firms might be a cause of one or other of the employment problems identified earlier. Each was an area in which evidence had to be collected, and was not a foregone conclusion. The five areas were:

1. The tendency of foreign firms to use relatively capital-intensive technologies, and thus to generate relatively little employment in relation to the capital resources they use.

2. The tendency of foreign firms to pay high salaries and even also high wages (relative to other local wage levels) and thus to encourage pressures elsewhere in the economy for raising wage levels, minimum wages and fringe benefits. While clearly beneficial to those who enjoy the increases, is often argued the initial increases in the cost of labour have subsequently unfavourable repercussions on the growth of employment.

3, The tendency of foreign firms to act as a channel for the outflow of capital in the form of profits, thus offsetting to a greater or lesser extent the favourable gains in foreign exchange of the initial investment and the import substitution or export earnings subsequently derived from it.

4. The tendency of foreign firms, which concentrate on 'modern sector' production, to generate a pattern of 'inappropriate' consumer demand.

5. The tendency of foreign firms to possess a disproportionate degree of power and influence over local policy making, with unfortunate effects upon the whole pattern of development.

The ILO Kenya mission emphasised the potential importance of all five of these effects and investigated local evidence as to their direction and relative impact. As regards the first two points, the mission somewhat surprisingly discovered from comparison of foreign and locally owned firms **within similar industrial sectors** that the foreign firms were actually about 20 to 30% **less** capital-intensive than the local firms. Equally contrary to common belief was the finding that foreign firms tended to have lower labour costs (and wages) per employee, again by comparison with local firms operating within the same sector. Both results clearly needed further testing but the explanation appeared to be that foreign enterprises found it easier to recruit more skilled supervisory staff which allowed them to use production techniques involving higher proportions of unskilled labour. This appeared to apply to grain milling, bakery products, sugar and confectionery, beer, furniture, paper and paper products and non-electrical machinery. Although these results were true within sectors, taken as a whole foreign enterprise was some 20 to 30% more capital-intensive than local enterprise in manufacturing—because it was concentrated in those sectors in which production techniques were inherently (1) more capital-intensive.

As regards the inflow and outflow of capital, the mission found it impossible to obtain adequate, let alone comprehensive, evidence. From a variety of partial sources, however, the mission formed the view that the net inflow of funds from foreign investment was probably far less than generally believed, largely because of the effects of transfer pricing, particularly the over-invoicing of intermediate imports practised in some import-substituting firms. The Kenya exchange control authorities suggested that this practice was prevalent, though they had only occasionally been able to prove it. A number of foreign companies that were making losses consistently over periods of four or five years were suspected of over-pricing intermediate goods and accumulating profits outside Kenya. The mission was told of companies which priced intermediate goods 20 to 30% above what they would fetch on open markets. The mission estimated that at a very minimum the average level of over-pricing was 5% and probably a good deal higher. Even a level of 5% would have doubled the **real** outflow of profits and dividends.

As regards the influence on consumption, the mission argued that much modern technology brought in from abroad released or encouraged pressures to generate a pattern of consumer demand to match the goods imported or produced rather than **vice versa.** Here again, no comprehensive analysis was possible, though numerous examples of inappropriate products were put forward—cars instead of buses and bicycles, Nairobi-baked bread instead of local bread, plastic sandals instead of locally made motor-tyre shoes, etc.

The definition of inappropriateness obviously raises great difficulties and the risk of being accused of paternalism and of thinking that one knows better than the consumer himself. But clearly the existing market situation was not one of complete **laissez-fare.** Modern sector products were heavily advertised, traditional products were not; modern sector products depended on this high-wage market, traditional products did not. The effects of modern sector products were not only in replacing widespread informal sector employment by a few modern sector jobs, though this was bad enough for poverty and unemployment. In some cases, of which baby food and feeding bottles is perhaps the most publicised and notirous recent example, the introduction of an inappropriate product itself has been directly responsible for a significant reduction of human welfare, in the case of feeding bottles by increasing child mortality.

In the final area—the disproportionate power and influence of foreign firms—the mission argued that this influence had been noticeably growing since independence. One major effect was that foreign firms (and the desire of government to attract them to invest in local production) influenced the hole context of legislation and government administration. The result was that the pattern of tariffs and import substitution legislation seemed to operate more to the advantage of the firms themselves than to the nation as a whole. These problems are, of course, not only ones of Kenya but of all countries, and recent work on multinationals has revealed the range and complexity of the issues involved.

(1) 'Inherently', at least in the short view. In the long view, one must question whether the range of 'inherently' feasible technologies reflects anything more than the historical pattern (and biases) of technological research and innovation.

The mission identified three main spheres of influence within the Kenyan economy since independence: the large farmers, the major manufacturing concerns, and the government elite. Before independence these three circles of influence overlapped but were basically distinct. Since independence these circles were more closely linked, often brought together in the interests of key individuals directly and personally involved in all three circles. Before independence these groups were all headed by non-Africans, mostly Europeans. Such coalitions of interest were thus more conspicuous and racially vulnerable to nationalist challenges. Kenyanisation has significantly reduced this risk since independence.

Implementation

It has been a matter of intense debate whether the challenges presented to this circle of interests are beyond the concessions they would be willing to make. Certainly the challenges are great and one cannot be sanguine about the extent to which the major changes required will be implemented, at least in the short run. But the mission report argued that the cost of inaction was also high, high to the country as a whole but high also in terms of the long-run prospects of those currently enjoying the lion's share of the benefits. The strategy of redistribution from growth indicates the extent to which rapid progress in raising the living standards of the poorest and in eliminating other employment problems was at least technically possible by steady restructuring rather than a sudden disruption of the existing economic pattern.

International Labour Organisation

Trainees examine a cross section of an engine in Nairobi, Kenya.

As regards companies, the major change required is to extend the more favourable developments of the last five or ten years and to abandon rapidly the unfavourable. It is now widely recognised that companies can often be involved in practices which are highly deleterious to broad-based national development—and the more enlightened firms speak out against them. An explicit recognition of what these practices include and cooperation with governments and international agencies in devising codes of conduct to avoid them represent a major way forward. An acceptance by the more enlightened firms of such a code of conduct and an agreement to open their operations to audit might change the whole climate of opinion—and help to shift the discussion from the ideological to the factual plane.

As regards international agencies and donor governments, the explicit recognition of the widespread extent of poverty and employment problems and of the need for 'aid' operations to give priority to their eradication would be the beginning of major change. This must include frank recognition of (and acquiescence in, if not always active support for) the international repercussions which a country may cause if seriously adopting a poverty-focussed, employment-oriented strategy. Such repercussions may include, for example, increased taxation, the extension of controls and at times nationalisation of foreign-owned assets. Almost always some overseas interests are hit by measures of this sort even if others may benefit. Such changes in policy have now occurred in many countries—and the international community and many donor agencies have increasingly adjusted their policies to take account of them. The more they can be brought into the arena of frank discussion, recognising both the rationale underlying such moves and the conflicts of interest in responding to them, the more measures can be devised to enable the international community to cope with them. ■

R. JOLLY

Case Study
The Mumias Sugar Company, Kenya

by J.A. HAYNES

A major UK-based company, Booker McConnell, helped set up a highly successful sugar factory in Kenya in close cooperation with the Kenyan government and international finance sources. Mr. Haynes, Chairman of Bookers Sugar, describes the project from the businessman's viewpoint that private enterprise exists to make a profit.

The greatest problem of job creation is no longer the problem of finding the necessary capital. There are now many sources of international finance that will back sound, well-managed projects. It would appear that the major problems are, first, how to find the projects which will create profitable jobs and, secondly, how to manage projects in such a way that capital resources are not wasted; that the project is profitable—whether for state or private investment—and that its role in the country concerned is socially and politically in tune with that country's needs.

Private enterprise's role in development

One of the scarcest factors today is skilled management. Many new agricultural projects are being managed by governments or by teams recruited by international agencies such as the World Bank, but increasingly governments and agencies are looking to the private sector to provide management resources. Often a team of managers and technical specialists that is part of a world-wide commercial organisation will operate more efficiently than would a 'scratch' team brought together for a specific project only. Men who are part of a private enterprise company will have a career structure within that company and will be highly motivated to ensure the success of any project in which they are engaged. They will be men whose abilities are well-known to the parent company which can ensure that their skills and experience are appropriate to the task they are given. Furthermore, they will have access to the back-up resources of the parent company.

Private enterprise certainly exists to make a profit on its capital employed and there can be no question of private business engaging in unprofitable 'make work' projects, and governments of developing countries cannot afford to squander scarce resources of capital and trained people on projects which are unlikely to make a significant contribution to national income within a reasonable period of time.

Private industry must be governed by the ruling market prices. Unfortunately, the market prices of resources often exceed their opportunity cost—and in many developing countries this applies particularly to labour—which can lead to projects being rejected as 'unprofitable' when they would seem to be viable on a social cost/benefit approach, or to uneconomic choices being made between capital-intensive and labour-intensive techniques. But if a project appears unattractive on the basis of market prices and yet to subsidise inputs, to provide infrastructure, or to encourage the development in other ways.

It is sometimes argued that, even if market prices reflect real resource endowments reasonably accurately, when private enterprise in the form of a multinational company undertakes a project in a developing country, the result is often of little or no benefit in creating employment because highly sophisticated capital-intensive plants are constructed which provide only a few jobs for the unskilled local labour force and which may make little contribution to the overall balance of payments of the host country. This certainly need not be the case if social policy is taken into account in the objectives of a commercial enterprise—whether privately or state operated.

This paper illustrates the benefits of such cooperation by tracing in some detail the development of a single project in Kenya—the Mumias Sugar Company. To illustrate the way in which this project solved some of the problems outlined above it has been necessary to go into considerable detail in the pages that follow, but the basic fact is that as a result of close cooperation between the Kenya government, Booker McConnell Ltd and sources of international finance, a very profitable rural industry has been created bringing direct employment to 2 500 people and giving 5 000 small farmers an opportunity to grow a cash crop.

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Mumias — the background

The Kenya sugar industry up to 1966 consisted of two factories located at Ramisi on the coast and Miwani in the Nyanza region. In 1967 and 1968 two new factories were opened in the Nyanza sugar belt bringing total productive capacity to 150 000 tons a year, compared with annual consumption of 190 000 tons growing at a rate of about 7.5% p.a. However, there were serious teething troubles at the new factories and estates and production fell short of demand (in 1972 production was down to 97 000 tons) resulting in a continuing high level of imports.

The Kenya government had set itself a target of national self-sufficiency in sugar production, and, as early as 1965, the Ministry of Agriculture had identified a possible new sugar area at Mumias to the north-east of Lake Victoria in the Western Province and had had a preliminary study carried out. The government had chosen this area because it had a high population density and was inhabited by a settled rural population dependent upon subsistence farming. As the results of the preliminary study were encouraging, Bookers Agricultural and Technical Services Ltd was asked to undertake a pilot scheme to establish the viability of a major sugar project at Mumias.

In order to reduce the overall time scale and cost of the Mumias sugar scheme and to make optimum use of the staff and equipment, the government requested that a preliminary stage of the main project should be carried out concurrently with the feasibility study. This 'Stage I commercial' was designed to enable rapid transition from the pilot scheme to the main project and could, in the event of a favourable decision at the end of the pilot stage, advance the date of the first sugar production by as much as two years.

The pilot scheme included all the normal agricultural and technical studies required for setting up a sugar project, but also included investigation of the social and economic impact on the locality. A final feasibility report produced in 1970 indicated that the project could be made both commercially viable and beneficial to Kenya from a cost/benefit viewpoint.

The Kenya government was anxious to start the pilot scheme as soon as possible and it therefore provided the initial finance—about £450 000 from its own resources. Booker McConnell provided £50 000. The Mumias Sugar Company was therefore set up in June 1971. The Kenya government holds a majority share (69%): other shareholders are the Commonwealth Development Corporation (12%), the Kenya Commercial Finance Co (9%), the East African Development Bank (5%) and Booker McConnell (5%). Bookers were appointed managing agents. Most of the shareholders also contributed loan finance. The project was also supported by UK aid and by the World Bank.

The total capital employed by the company at December 1973 was £7.3 m—the share capital represented £3.5 m of this total.

The local environment

The Western Province is one of the most densely populated rural areas in Kenya with a population density in 1970 of 222 people per square mile. The population was growing at about 4% p.a. compared with the national growth rate of 3.3%. The majority of the population is occupied in subsistence farming.

Apart from a paper project at Broderick Falls, the Mumias sugar scheme is the only sizeable industrial development in the region. Holdings are small, averaging 10 acres, but land is not fully utilised and, apart from small areas of food crops, most farms largely comprise bush and rough grass. Before the advent of the sugar scheme no satisfactory cash crop had been developed in the area.

The outgrowers' scheme

A sugar factory represents a large capital investment (the Mumias factory cost about £4.5 m). To ensure full utilisation of capacity, it makes good sense, in terms of organisational efficiency, to have all cane requirements grown on a single large estate and to put the whole scheme under one management so that field production matches factory capacity as closely as possible. Since cane has to be harvested when it is mature and cut cane cannot be stored for long periods, the management of a sugar operation is complex and both technical and commercial considerations call for the closest possible integration of all stages of production.

However, at Mumias the Kenya government had, as one of its major objectives, the provision of a cash income to small farmers in the area. It was, therefore, decided to set up a system whereby local farmers would grow cane—with the advice and assistance of the Mumias management—and sell the cane to the factory. The Ministry of Agriculture had considered setting up a cooperative, but were not convinced that that would be the best solution.

To get the project started and to ensure a certain continuity of cane supply to the factory, it was decided that a nucleus estate run by the Mumias Sugar Company was necessary. Out of a total of 28 000 acres of cane eventually required by the project, it was decided that 8 000 net acres would be provided by the nucleus estate and the remainder by the outgrowers. The land required for the nucleus estate was purchased by the government and leased to the company. In order to have the least possible unfavourable impact on the area, it was decided that the nucleus estate should be based on swampy land which could not be cultivated by local farmers because it required large-scale drainage.

The factory and nucleus estate formed the central core of the scheme and it was envisaged that cane would be grown by farmers within an eight-mile radius of the factory. Here an economic/social problem arose. Economics suggested that it would be preferable to develop outgrowers' land in one quadrant at a time to minimise transport costs and maximise utilisation of equipment. However, this was not felt to be socially acceptable, as it would favour one area rather than another, and so it was decided to develop cane farmers' units with an even spread throughout the eight-mile-radius area.

Cane had been grown in the area—but the crop was of a very low standard. The first step in setting up the cane farmers' system was to demonstrate the value of proper cultivation and

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fertilisation. Bookers surveyed the area and listed all the farms. Between 1968 and 1970 some 35 demonstration plots were set up. These were scattered throughout the area and proved so successful that there was soon a queue of farmers wanting to be included in the scheme.

One of the greatest benefits of the time taken in the initial pilot scheme was that it allowed the unhurried growth of confidence, among the local farmers, in the new crop and the methods recommended for its cultivation.

A programme of cultivation was worked out which would let the farmer carry out all the manual operations himself while the company tackled the mechanical jobs—thus helping to maximise the farmers' income. A certain degree of mechanisation was inevitable, particularly in ploughing and cane loading and transportation.

In order to use machinery efficiently, cane fields had to be of a minimum size of about 15 acres. But the average size of holdings was about 10 acres. It was though socially undesirable for a farmer to have more than half of his land under cane, as he would then become too dependent upon this crop and lose his traditional food source. It was therefore necessary in most cases to persuade three or four farmers to pool contiguous parts of their land to make up cane fields of at least 15 acres. This the farmers were quite willing to do—each farmer retained the ownership of his part of the field, was responsible for the cultivation of the cane on it and sold his own cane to the factory. Thus the farmer was left with half his land for subsistence farming and on the remaining portion (which in most cases had not been cultivated previously) he could grow cane as a cash crop.

When the plots had been delineated and the farmers had cleared their ground of bush, stumps and other obstructions, the company ploughed the land and made available fertilisers and seed cane of the right variety and quality. The farmers then planted and tended the crop—under the guidance of the company's agricultural experts.

When it came to harvesting there was another 'mechanisation versus manual labour' decision to be made. Because of the need to coordinate collection and transport, cutting was the responsibility of the company which employed a gang of cutters. Each farmer, however, had the right, if he so wished, to be employed as part of the cutting gang when it was in his area, thus giving him a chance to increase his cash income.

The cane was cut manually but loaded mechanically. Manual cane cutting is a hard job, but loading is even harder. Furthermore, as the local work force like to start work early and to finish by noon, it would have been much more difficult to achieve an economic utilisation of the road transport equipment if it could only be used during part of a day, especially in view of the large distances involved. Therefore, it was decided that the cane would be cut and stacked manually, but that the stacks would be loaded mechanically.

At the end of 1973, some 3 200 outgrowers were supplying cane to the factory and eventually 5 000 outgrowers will have 20 000 acres under cane, supplying 60% of the factory's requirements. In addition, some 30 000 people who are dependants of the farmers benefit from the scheme. It is intended to set up an outgrowers company which will be able to act for the farmers in their dealings with the sugar company and as a vehicle for channelling credit finance to the farmers.

The employees

The Mumias Sugar Company which is organised in four main departments—Agriculture, Factory, Finance and Personnel—employs about 2 500 people viz:

Unskilled	Semi-skilled	Skilled	Supervisory and Management
1 600	450	275	175

The majority of the semi-skilled and skilled employees work in the agricultural workshop and the factory complex.

The factory was supplied and built by Fletcher and Stewart of Derby—a subsidiary of Booker McConnell. It was constructed under budget and precisely to programme, and has been operating in excess of specified levels of performance since July 1973. In designing the factory, which processes 2 000 tons of cane a day and operates on a 3×8 hour-rotating-shift basis, every effort was made to avoid costly labour-saving devices but in some areas a degree of automation was desirable, both to simplify complex tasks and to overcome a critical shortage of men with previous sugar experience.

For example, one of the most skilled jobs in the factory is sugar boiling and in many areas of the world sugar boilers are still required to serve a five-year apprenticeship. At Mumias semi-automatic pan boiling controls were installed at an additional cost of £ 15 000. These, with a carefully formulated training programme and the assistance of one expatriate instructor, have enabled Kenyans with no previous experience to be trained to operate this key stage of the production process in approximately six months. If this had not been possible, eight expatriate sugar boilers might have been required for several years, at a total cost to the company of more than £25 000 per annum.

Although only certain field operations—initial inter-row cultivation and cane-loading—are mechanised, a massive training effort was required in the agricultural department to induct the large influx of new employees, many of whom had not been in paid employment before, and to provide instruction in basic job methods and skills. This is vitally important even in so-called unskilled operations, if effective manpower utilisation and relatively high productivity are to be achieved. The success of this programme, together with a complementary system of incentive payments, can be gauged by the fact that the previously accepted output of a cane-cutter in Kenya of one ton of burnt cane per day has already been increased at Mumias to an average of over three and a half tons.

Our experience thus far is that with well-devised training programmes, which are now established in each department and section of the company, Kenyans are achieving standards of performance in a wide range of jobs comparable with those in other parts of the world. The area of greatest difficulty, as might be expected, is in the engineering trades where skilled mechanics, turners and other artisans are in critically short supply. An apprentice scheme, comprising modular training both on and off the job, has been running since 1972, but it will be several years before the first batch of apprentices is capable of achieving a standard of workmanship equal to that of a skilled artisan in the UK. In selecting apprentices (on the basis of interviews, intelligence and aptitude tests) it has been noticeable that the majority of applicants lack the basic mechanical 'knowhow' that one would find in a similar group in a developed country. This is a common phenomenon in rural communities where children do not play with mechanical toys and do not have exposure even to such simple machines as bicycles. A serious attempt is therefore being made to overcome this lack of basic experience in the early stages of the apprenticeship.

When production started in mid-1973 sixty of the company's 2 500 jobs were filled by expatriates. Of this number twenty were experienced Guyanese supervisors seconded, for a period of up to two years, from Booker McConnell's sugar operations in Guyana. The Guyanese brought not only technical skills but managerial experience based on the long tradition of the Guyana sugar industry. A similar programme of secondments from Guyana had already been tried successfully in a Nigerian sugar project.

The remaining forty expatriates are employed in senior technical and managerial roles and all possess diploma, degree or professional qualifications.

The company is committed to a policy of introducing local management at a rate consistent with the maintenance of high operational standards. The terms of reference of all expatriate staff include a major responsibility to train and develop Kenyan subordinates. This responsibility does not conflict with the understandable desire of an expatriate to continue employment overseas as, in an expanding business, Bookers international staff have the incentive to work themselves out of a job at Mumias and thus become available for assignment to a new project in another part of the world, conceivably in a more senior role.

A comprehensive management development programme has been formulated and the details agreed with both the Mumias board of directors and the Kenyanisation of Personnel Bureau. Kenyan staff are encouraged to realise their potential through carefully planned career development supplemented by job rotation, on-the-job training, coaching, project work, external courses both in Kenya and overseas, and visits to other sugar-growing countries, as appropriate. Performance is appraised at regular intervals and staff are encouraged to discuss their progress with their superiors. Promotion is based strictly on merit.

It is hoped that by 1980 all but perhaps six senior management appointments, each of which requires considerable managerial experience in addition to a high level of technical expertise, will be filled by Kenyans.

Furthermore, a balance has been struck between mechanisation and manual labour which is both commercially acceptable and socially beneficial.

As far as the Kenyan economy is concerned, Mumias has been a resounding success. The present high prices of sugar on the world market mean that the project will have repaid its foreign exchange requirements before the end of 1974 and that the internal rate of return from a cost/benefit viewpoint will greatly exceed the forecast 13%.

The project is directly employing over 2 000 Kenyans, providing a cash income for 5 000 farmers and indirect benefits to at least 30 000 people in the area. In addition, the Mumias area is now receiving considerable 'spin-off' benefits in the form of better communications and increased commercial opportunities for small traders and craftsmen. An area that was previously very poor is now a centre of local trade—with shops and small businesses flourishing where none existed before.

Thus, a project that was conceived by the Kenya government as a means of bringing employment to a depressed rural area has—with the support of UK aid, the World Bank, the East African Development Bank, the Kenya Commercial Bank and private enterprise—achieved all its social, economic and commercial objectives.

Conclusion

Booker McConnell believes that the experience of the Mumias sugar project illustrates a number of points that are of general relevance and which make the difference between a good development project and a bad one:

1. it was filling a major political, social and economic need in its area of Kenya
2. it was taken, by steady scientifically controlled methods, through every test of agricultural viability from the initial experimental plantings to the brink of the full-scale development
3. the local farmers, who were to be the main source of the project's raw material, participated from the start in the experimental growing of cane
4. at this point the feasibility study indicating the technical, financial and economic viability of the scheme was subjected to critical analysis by the government departments, by institutions such as CDC, by international aid agencies and by commercial investors—the criterion for proceeding was whether the project would make an acceptable commercial return (certain infrastructure costs, of general benefit to the area, were justified by the cost/benefit analysis)
5. only then was the hardware ordered for the factory and field equipment—and on terms which had been negotiated and subjected to independent scrutiny by the World Bank
6. training programmes from artisan to senior managerial level were worked out for each phase of the project and there is an agreed time-table for Kenyanisation
7. the government was closely involved in policy and in execution at all stages
8. there was no inhibition of the highest possible managerial and technical standards by way of limiting economic rewards below market levels whether to farmers, field or factory workers or to management
9. the management was not just a team of experts—it was a team of experienced managers with the central cohesion of unified responsibility to ourselves as managing agents on behalf of the government. ■

J.A. HAYNES

Lomé Convention
The amount and the terms of aid

The total amount of aid scheduled in the Lomé Convention is 3 550 million units of account. This, as state in earlier numbers of the "Courier", covers the aid to the ACP countries and to the dependent overseas countries and territories (OCT). This article describes the general terms and conditions of this aid, showing how it is to be divided between the ACP and the OCT, what proportion is and what is not repayable and how the amount is divided between the different countries.

Total amount of aid

The total aid is divided into two main sections:

1) the European Development Fund, which is to distribute u.a. 3 150 m (against u.a. 905 m under the 2nd Yaoundé Convention, including the aid for Mauritius) so that the funds it is handling are three and a half times as much as before;

2) loans from the funds of the European Investment Bank, amounting to u.a. 400 m. This compares with u.a. 100 m, so that the effect has been to multiply it by four.

The total aid is thus u.a. 3 550 m, or 3.5 times as much as was provided under the 2nd Yaoundé Convention.

The amount of aid includes the control expenses (about u.a. 100 m). A request from the ACP that these expenses should be borne by the Commission budget was not accepted in the negotiation and the item remains as a charge on the EDF.

In the final stages of the negotiation, the ACP obtained an important concession regarding the duration of this aid. By Article 91 of the Lomé Convention, the convention will expire "after a period of **five years from the date of its signature,** namely March 1, 1980". Allowing for the usual delays in ratification, which may be expected to take about a year, the result is that the total aid will have to be committed within about **four years from the date the convention comes into force.**

A similar provision was contained in the Yaoundé II Convention, which expired on January 31, 1975. It came into force at the beginning of 1971 so the commitments of the 3rd EDF were incurred in a period of four years and a month.

This reduction of the effective commitment period does not alter the fact, any more than it did for Yaoundé II, that during the ratification period the ACP will not be obtaining any further EDF commitments. In fact, therefore, the aid is really spread over five years; but if the duration of the convention had been linked with its entry into force and not with its signature, the Community aid would have been spread over at least six years.

The increase in the amount of aid is materially greater for the ACP countries than for the OCT.

For the OCT, there is also a sub-allocation by groups, depending on the metropolitan country (France, the Netherlands or Great Britain) with which they have special relations. At the time of going to press no decision has been made on this, but the Commission proposal is at least relevant. The figures (bottom page 61) are again in million units of account:

	Yaoundé II	Lomé	Multiplier
ACP countries			
— EDF (grants + special loans + risk (capital)	833	3 000	3.6
— Normal loans from EIB	90	390	4.3
	923	3 390	3.7
OCT			
— EDF (grants + special loans + risk capital)	72	150	2.08
— Normal loans by EIB	10	10	1
	82	160	1.95

Allocation of the aid between the ACP and the OCT

The above-mentioned table (figures in million units of account) shows the allocation of the aid under the Lomé Convention compared with the allocation under Yaoundé II.

Member countries' aid contributions

The table (top page 62) shows the percentage contributions to the 4th EDF compared with those to the earlier ones.

	OCT (France)	OCT (Netherlands)	OCT (U.K.)	Total
Grants	25	25	25	75
Special loans	15	15	15	45
	40	40	40	120
Risk capital	no specific allocation			5
Stabex				25
Normal loans from EIB				10
				160

The comparisons are affected by the fact that the 4th Fund is constituted by nine countries, whereas the other three were constituted by only six.

Insofar as a six-nation distribution can

	EDF 1	EDF 2	EDF 3	EDF 4
Belgium	12.04	9.45	8.89	6.25
Germany	34.41	33.77	33.16	25.95
France	34.41	33.77	33.16	25.95
Italy	6.88	13.70	15.62	12.00
Luxembourg	0.22	0.27	0.26	0.20
Netherlands	12.04	9.04	8.89	7.95
United Kingdom	—	—	—	18.70
Denmark	—	—	—	2.40
Ireland	—	—	—	0.60
	100,—	100,—	100,—	100,—

be compared with one covering nine nations, the figures show:

— a continued contribution from Germany, France and Italy and a larger proportion from the Netherlands;

— maintenance of the Belgian contribution which had been falling behind the Dutch;

— an advantageous assessment for Great Britain compared with the other big countries.

The contribution key for the 4th EDF, in units of account and in the national currencies, is as follows:

	Percentage	Amount (u.a.m.)	Conversion rate (1)	Amount in national currency (million national units)
Belgium	6.25	196.875	45.8564	9 028
Germany	25.95	817.425	3.08222	2 519
France	25.95	817.425	5.81762	4 755
Italy	12.00	378.000	781.262	295 317
Luxembourg	0.20	6.300	45.8564	289
Netherlands	7.95	250.425	3.19864	801
United Kingdom	18.70	589.050	0.505066	298
Denmark	2.40	75.600	7.2381	547
Ireland	0.60	18.900	0.505066	9.5
	100,—	3 150	—	—

(1) SDR value on June 28, 1974 (see paragraph below on unit of account).

The 4th EDF will thus be financed by contributions from member States out of their own budgets instead of being contributed from the budget of the Community as the Commission had proposed. There are two explanations for this:

1) The unit of account used in the budget is based on fixed and unrevised currency parities, and the consequence would have been to lower the amount of the EDF considerably below the figure of u.a. 3 000 m which was the smallest figure admissible. One member in fact had proposed a Deutschmark ceiling (DM 2 500 m) which, if it had been brought into the budget at DM 3.66 per unit of account (the budget conversion rate) would have produced a figure 15% lower than what is derived from the DM equivalent of Special Drawing Rights (DM 3.08 per u.a./DTS). It is thus simple arithmetic that, with the same percentage distribution, which calls for 25.95% from Germany, the total EDF would not have been much more than 2 600 m u.a.

2) Meeting the EDF requirement from the Community budget would have automatically resulted in its sub-division among the member countries proportionately to their individual shares in the budget itself. This would have been to the advantage of France (21.9%) but for political reasons she did not wish to pay a smaller proportion than Germany. Moreover, Italy could not have supported a burden of 15.3% instead of the 12% actually decided.

It should, however, be mentioned that the member countries made an internal declaration to the effect that they intend the EDF to be financed from the Community budget in the future, together with all other development aid contributed by the Community. In all probability this will apply to the 5th EDF.

Division between repayable and non-repayable aid

In an appendix below an attempt has been made to show in simple tabular form, both for the ACP and for the OCT:

— the breakdown of the total aid (1) between the STABEX system, special loans, risk capital and grants (including interest rate subsidies) and normal loans from the EIB;

— relevant indications on a number of special "piggy banks" contained in the aid, such as regional cooperation, emergency aid and micro-projects.

The aid conditions are still, on the whole, extremely favourable. The table calls for various observations:

1) In the u.a. 3 000 m of EDF resources available for the ACP, the proportion of grants (80% of the total) compared to the special loans and risk-capital (20%) is still very high, though it in fact takes into account the borrowing capacities of some ACP countries and is therefore smaller than under the Yaoundé II Convention. On the other hand, the terms for the OCT are more severe, with the percentage of grants reduced to 60%.

2) The terms for special loans are now standardised at the most favourable rates used (40-year loans with a 10-year grace period and interest rates of 1). This is appreciably more advantageous than hitherto, for the standardised concessions were the most allowable under Yaoundé II, and the concessions actually made were often far less generous.

3) With only a few exceptions, the EIB loans will be accompanied by a rebate of interest lowering the effective rate paid to 3% below the market.

Million u.a.

ACP

3 000 EDF (inc. emergency aid up to 150)	20%	– 375	Stabex
		– 430	Special loans
		– 95	Risk capital
(inc. for 2 years, 20 for micro-projects)	80%	–2 100	Grants (inc. 97.5 for interest rebates)
390 EIB			
3 390 Total (inc. regional cooperation up to 339)			

(1) For the OCT the breakdown is only an indication as the relative decisions have not been made. The figures shown are those resulting from the Commission proposal.

Training schemes

by Giovanni LIVI (*)

It is now recognised that a country cannot go ahead economically without the training of personnel for the tasks development demands.

Development is no mere matter of material growth, investment and the national product. Economic and social development is strongly conditioned by the availability at every level of people who are educated and trained, working in their own country and familiar with its social-economic background.

International bodies are keenly alive to this, and so are both the governments of developing countries and the cooperation departments in industrial countries. They recognise the necessity for various types of training schemes which will prepare, complete or extend the effects of specific investments. This applies alike in agriculture, industry, infrastructure work, health and education schemes.

Training, especially for technical staff jobs, was one of the priority targets in the euro-african cooperation under the Yaoundé I and II Conventions. More than 6% of the resources of the 3rd European Development Fund was allocated to staff training schemes.

Opportunities, procedures and prospects under the Lomé Convention

Finance for training schemes, at every level regarded as an aspect of financial and technical cooperation, comes in for attentive consideration under the Lomé Convention (1), as it did under Yaoundé II.

In comparison with the Yaoundé Convention, the innovations are in the clauses which deal with training schemes connected with industrial cooperation and regional cooperation; and also, as in all the technical cooperation provisions, the bigger and more effective part to be played by the ACP countries themselves in running the programmes. It is to be part of the sovereign task of the ACP countries to fix their own "objectives and priorities" in accordance with their own development plans and programmes. The projects and programmes will be aimed to contribute to the economic and social development of the countries concerned (Convention, Art. 40); and it is to be expected that applications for finance will be made to the EDF to cover a number of training schemes, either specifically connected with individual investments or as independent elements of general technical cooperation (Protocol No. 2 Art. 6).

Financing training schemes

The procedure by which the Community will finance training schemes proposed by the ACP countries will be on the following lines:

Initial training as part of an investment project. The local availability of trained personnel is an important element in determining the economic viability of an investment. It is only by the existence of qualified personnel to operate and maintain an investment (more especially an investment financed by the Community) that it can be made really profitable. There is likely to be a growing tendency to consider **"integrated projects"** covering both the investment operations and the training schemes. An example might be the construction of a slaughter-house and training "on the job" for the administrative, technical and management personnel; or building a road and the training or further training of the road maintenance personnel.

Subsequent independent training projects, directly or indirectly linked with a specific investment or at least with one of the priority projects in the development plan of an ACP country.

Examples might include agronomic training for the development of a specific rural area; training technicians for the operation of a dyke; setting up a mobile hospital maintenance service based in different parts of the country (including the supply of material); or training, retraining and further training schemes for rural supervisory staff.

Thirdly, a general contribution to staff training by a programme of bursaries for study and training courses linked with the economic and social targets in education and training in the technical, agricultural, commercial and industrial fields.

Example: **a programme of student bursaries and training courses** was arranged by the Commission's services for the 1972-75 period in conformity with guidelines and requirements put forward by the Associated countries. The programme covered three academic years and one of its features was to finance each student for the full period of training. These bursaries were granted only for courses or training programmes in the following fields:

— **economic and social**: economic and technical sciences, finance, statistics of development and planning;

— **technical**: engineering, physics, mathematics, medicine etc;

— **agriculture**: science and technique in agriculture, stock-raising, woods and forests, fisheries, veterinary medicine;

— **jobs for women**: medical and social services.

About 33% of the bursaries were awarded in the technical sectors, some 30% for agriculture, 22% for economics and the remainder under the miscellaneous headings. In the past the emphasis on academic study was considerably stronger. Now 63% of the bursaries go to advanced level studies, 33% to ordinary level and the remainder to professional level.

The bursary programme currently in →

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(1) Commercial promotion (Article 13); industrial cooperation (Articles 26, 32, 36); finance for technical cooperation schemes (Art. 46); eligibility for financial and technical cooperation, bursary holders and trainees (Art. 49). Also in protocol No. 2; technical cooperation (Art. 6); regional and inter-regional cooperation (Art. 8); and personnel training schemes in the less developed ACP countries (Art. 11).

operation has resources of about UA 30 m. It is noteworthy that the Commission made a special effort to channel more of the training into Africa. In 1974-75 more than two-thirds of the 3 200 bursary holders followed courses or studies in Africa. This is double the proportion prevailling two years earlier.

This programme began in 1960-61 with only a few dozen bursary holders. Three years later the number had risen 10-fold; and by 1974-75, as indicated above, the number had risen to 3 200. In the first stages the programme was wholly financed by the Commission; but from 1964 onwards the financing was ence shall be given to training schemes carried out in the ACP countries or, if this is not possible, in Europe. This applies to bursaries for study and training courses, correspondence courses for vocational training and refresher courses for the nationals of ACP countries.

The new system of laying down training programmes over more than one year and specifying in advance the allocation for each ACP country, gives the national governments a clear idea of how much EDF money they will have available and so allows them to draw up their programmes in advance.

The resources available, having now

This list does not cover all the potential fields of intervention. A full list would have to cover the requirements connected with the preparation and execution of various types of agricultural project, regional modernisation, road maintenance, socially-oriented buildings and their equipment, the tourist trade and staff appointments in the administration.

These problems. incidentally, may be considered in consultations ad hoc, if this is recognised as desirable by the Council of Ministers. By Article 74, para 9, the Council has power to set up ad hoc committees or working parties to carry out such work as it may deem necessary.

Number of bursaries for study and training courses

Place of study and subject	Bursary holders in								New awards for 1974-75	
	1970/71 (1)		1971/72 (1)		1972/73 (2)		1973/74 (2)			
TOTAL	2 282		2 322		2 466		2 828		947	
Europe	1 153	% 50.5	1 075	% 46.3	1 023	% 41.5	1 071	% 37.9	291	% 30.7
Africa	1 129	49.5	1 247	53.7	1 443	58.5	1 757	62.1	656	69.3
Economics	532	23.3	652	28.1	620	25.1	642	22.7	203	21.4
Technical	893	39.1	745	32.1	854	34.6	953	33.7	360	38.0
Agriculture	648	28.4	692	29.8	749	30.4	865	30.6	213	22.5
Health	—		206	8.9	226	9.2	319	11.3	117	12.4
Miscellaneous	209	9.2	27	1.1	17	0.7	49	1.7	54	5.7

(1) Annual programmes up to 1972.
(2) 1972/75 — pluriannual programme covering commitments for whole training period.

taken over partly from the Commission budget and the remainder from the EDF. In 1969 it was decided that the whole of the finance would in future be provided from the EDF.

Since 1972 the practice of making an annual programme to cover all the countries concerned was discontinued in favour of pluriannual programmes for each Associated country. This removed a number of inconveniences which had arisen through the fact that training schemes often had to cover several years and could not therefore be dealt with in an annual budget.

It is laid down in the Lomé Convention (Protocol 2, Art. 6, section 3) that prefer-

been ventilated the next stage is to analyse the fields of study sanctioned by the Lomé Convention. The financial and technical cooperation provisions provide a wide range of finance possibilities for training projects and programmes inside and outside the school system for purposes of industrial or regional cooperation, trade promotion, the development and organisation of small and medium firms, refresher courses and general vocational preparation for technical assistance (see note 2).

(2) The following facts should be noted regarding the field of application defined by the Lomé Convention:

- The provisions regarding financial and technical cooperation provide (Art. 46) for the **financing of projects and programmes** relating (inter alia) to technical cooperation schemes, including training and adaptation to technological innovation.
- Article 49 results recalls that **bursary holders and those engaged in courses** may be included as well as the ACP States and the regional and joint bodies.
- It may also be recalled that certain regional organisations are entitled to apply in respect of training schemes involving up to 10% of the total amount provided for financial and technical cooperation in Article 47, in respect of independent training schemes, or bursary and training scheme programmes providing specific training of interest to specific ACP States.
- By Protocol No. 2, Art. 8, the field of application of regional and inter-regional cooperation includes education and training, including the establishment of joint institutions of advanced technology in the context of training programmes to enable nationals to participate fully in economic development.
- Chapter 2 of title I of the Convention deals (Art. 12) with **trade promotion schemes** which include "basic training or

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Arrangements for applying financial and technical cooperation

Regarding the **application of financial and technical cooperation,** Article 6 of Protocol No. 2 lists various types of training schemes on the same lines as was done in the Yaoundé Convention, Protocol No. 6 Articles 2 and 3. Under the heading **technical cooperation linked with investments,** point (e) includes "temporary aid for the establishment, launching and operation of a specific investment, or of installations, including where necessary, the **training of personnel** for the operation and maintenance of the investment or installations."

The need for quite a large-scale use of cooperation in this form, requires special emphasis because, as has already been noted, the lack of trained staff, technicians and adequately qualified manpower—especially maintenance teams—in developing countries, has very often been a stumbling block in the use and operation of individual investments.

The shortage of maintenance teams—which is often associated with budget difficulties in the government departments concerned—has led to rapid deterioration of buildings and equipment.

In October 1972, the Council of Association under the Yaoundé Convention, laid special stress on the training and maintenance problems. The World Bank, too, recently reviewed the entire strategy of its investment programme, laying down, as a matter of increasingly regular practice, that part of the financial resources it provides shall be spent on training schemes. Over the period 1974-78 the World Bank expects to apply $1 075 m to finance some 80 educational and training projects under the technical and agricultural headings.

Under the heading **general technical cooperation,** point 3 of Protocol No. 2 Art. 6, attention needs to be given to the following points:

"The grant of bursaries for studies, training courses and postal tuition, preferably in the ACP countries, for the vocational training and further training of the nationals thereof".

The carrying out of a bursary and training course programme is an important instrument for any external aid aimed at the training of staff and qualified manpower. It was not mentioned in the application convention of the Rome Treaty, and it was initially taken in hand by the Commission. Since the first Yaoundé Convention, the financing of such programmes by Community aid has been embodied in the texts of the successive conventions, and it is included also in the Lomé Convention. The programme is an instrument of the training programmes and projects of the country concerned, and should thus be suitable for incorporation in these programmes, or as an instrument of completion for a specific EDF investment.

As indicated above, the pluriannual character of the bursary and training course programmes for 1972-75, has been appreciated by the AASM, because of the facility for entering into commitments covering the whole duration of a beneficiary's training programme without having to submit justifications each year. The individual countries are thus better able to plan training schemes for their nationals in advance, conforming to their requirements and development prospects.

The bursaries awarded by the Commission and the EDF are concerned with economics, technical studies, agriculture, health and a miscellaneous set of other subjects. The **correspondence courses**—one method of training at a distance—had to be primarily of a technical content, forming an integral part of a specific project, or aimed at the vocational training of a specific type of personnel (i.e. civil servants, instructors, managers etc.). Care had to be taken, too, to avoid an unduly wide dispersion of individual types of study course; and, when the teaching was of a scholastic type, to avoid courses which do not lead to a State-recognised examination. This was only fair to the trainees concerned, because of potential disappointments arising from the possession of a diploma of no real value. It is indispensable that use should be primarily of training institutes actually located in the ACP countries.

Since December 1974 the Commission is progressively transferring the execution of the pluriannual programme to training carried out on the spot by the AASM government departments. In the past the european organisations had played their part in the programme; and the transfer which was made total as from June 30 1975 puts a higher degree of responsibility on the government departments concerned which is specifically in line with the intentions of the Lomé Convention.

The systematic review of progress recorded by bursary holders should be a useful tool in the hands of each government in preparing the intake of its nationals into its country's vocational life, matching up the candidate against the requirements of the administration and those arising from its development projects and the EDF investments. It is with this in view, incidentally, that the Commission expects to organise training seminars, or discussion meetings for ACP nationals in Europe.

The object of such discussion meetings in Europe is three-fold:

1. to provide general information on existing relationships between the European Community and the ACP, with special reference to the prospects arising through the Lomé Convention;

2. to enable those responsible for the training programme to survey the training received by the bursary holders and its value for eur-african relations;

3. to make the peoples of Europe increasingly aware of the problems of cooperation and development.

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advanced vocational training of staff engaged in trade promotion" (Art. 13, para b).

- Industrial cooperation is dealt with in title III. It emphasises that one of its objectives (Art. 26, section D) is to "facilitate the transfer of technology to the ACP States and to promote the adaptation of such technology to their specific conditions and needs, for example, by expanding the capacity of the ACP States for research or adaptation of technology and for training in industrial skills at all levels". It is in this field that integrated programmes can most often be carried out, covering industrial investment and the training of workers, technicians and the management and administrative staff.
- Article 32 of the Convention deals especially with small and medium-sized firms. It mentions that the Community must cooperate in setting up and developing such firms, including vocational and advanced training.
- One of the main tasks of the Centre for Industrial Development (Art. 36) will be to help in the identification, on the basis of requirements indicated by ACP States, of opportunities for industrial training and applied research in the Community and in the ACP countries, and to provide relevant information and recommendations.

In the past these events have been organised in cooperation with various organisations, whose duties included the management of bursary studies and training students engaged in courses, or in other cultural activities, set up for the benefit of African or Caribbean nationals training in Europe.

Special attention is given to the appraisal of the training the EEC bursary holders get in the various training centres or institutes. A special day is allotted to these problems during the conference and Commission officials are given the opportunity for assessing the scholastic, economic and human problems the bursary holders have to face in the countries to which they are assigned.

It is intended that special attention shall also be given to study meetings in the ACP countries, for these meetings are an opportunity for making public opinion in Africa better aware of the prospects arising through EEC-ACP cooperation.

"The organisation of specific training programmes in the ACP countries, in particular for the staff of public services and institutions of the ACP States, or of undertakings therein".

These specific training programmes may provide a diversity of types of training at staff level and at worker level to cover different vocational requirements. The instrument is a flexible one, and can cope with such needs as are likely to arise in any particular field—such as the management of small and medium undertakings, the maintenance of hospitals and roads, training and activation in rural areas, stock management, agricultural machinery maintenance or tele-communications (3).

"At the request of the ACP States, the provision of experts, advisers, technicians and instructors of the member countries, or the ACP countries for specific missions and for limited periods".

In general, the instructors, experts, advisers and other categories have been sent only for very precise tasks and for definite periods which are kept as short as possible.

The need for making changes in the methods of technical assistance has been raised on several occasions and in various quarters. Increasingly the local nationals must be given direct responsibilities and not left subordinate to the expert. The master and pupil relationships between the expatriate and the ACP national must not be prolonged, for they have often created problems. The tendency must be rather, towards relationships between a responsible local man and a visiting adviser, as part of a cooperation which, so far as possible, makes the local man directly responsible.

Schemes for industrial and commercial development, or for training "on-the-job", will probably make it necessary to send out a number of experts and technicians. The objective of technical assistance must be to transmit knowledge, provide the training and then withdraw.

"The supply of instructional, experimental and demonstration equipment".

Equipment in this class may be necessary to the execution of an independent training project, or a training scheme associated with an investment project.

"The organisation of short training courses for nationals of the ACP countries and further training courses for civil servants in those countries."

These training courses may be devoted to the functioning and procedures of the EDF, the consideration of a specific project, or any other theme which may interest the civil servants in the ACP countries, and help them in carrying out development programmes.

The training sessions organised in the past in the offices of the Commission brought 210 students to follow courses in Brussels. More of such courses are to be expected in the future, each with specific objectives and programmes and aimed at familiarising at staff level in the ACP countries with the work and methods of the Commission and general facts about the Community.

In many developing countries reforms are in progress in the education system. This is partly a matter of finding original systems of instruction suitable for the state of society in the country; and partly to make the expenditure on education (which has become prohibitive in many countries) yield better social and economic results.

In the school and non-school programmes and in the literacy campaigns for adults, increased attention is being paid to the training of technicians, to rural education and to education at a distance (by radio, T.V., multi-media operations and perhaps by satellite).

Many of the ACP countries have set up targets of their own for their education and training systems. They look to the training of teachers, to new programmes which will make for coherence and consistency, to a better use being made of training schemes in relation to job possibilities; they try to organise education with a "real life" background, and a system not limited to the transmission of knowledge (often in forms of no great use for the needs of the country or in its social context) but extending to systems which bring out the personalities of the young, providing them with intellectual and technical resources which will bring them into the country's economic life and, in parallel with this, the development of local cultural forms.

Despite the arsenal of training methods developed in Europe over the centuries there is no ready-made solution that can be used immediately. The responsible local authorities, with the cooperation of the industrial countries of the Community must show imagination and originality in traiding schemes, for all development is aimed at people and must come from people.

The Lomé Convention provides a wide range of training methods which the ACP States can use, according to their needs, to train people to make sure of their economic and social growth. ■

G. LIVI

(3) In the 3rd EDF some 30 projects have been or being carried out, e.g.:
— training "on-the-job" of administrative, technical and management personnel for the slaughterhouse at Ouagadougou and the future slaughterhouse at Bangui;
— training staff for the rural community organisations in Madagascar;
— training staff for the Rwanda agricultural cooperatives;
— training heads of small businesses in Zaïre;
— training staff in Mauritania in management and accountancy techniques;
— training medium-grade public works staff in Central African Republic;
— various projects for hospital maintenance (Mauritania, Chad, Somalia);
— training and advanced training of public works personnel as part of the San Pedro-Issia road project in Ivory Coast.

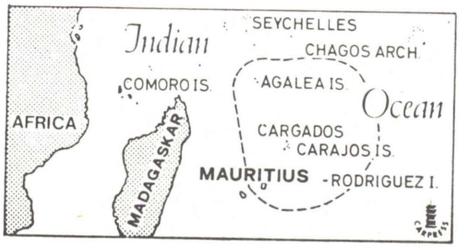
Mauritius : From Yaoundé II to Lomé

by Benoit AROUFF (*)

After 18 months of long and difficult negotiations, Mauritius joined forces with the other 45 ACP countries in adding its signature to the historic Lomé Convention. It brought to an end its period as an Associate of the EEC, which Mauritius had shared with the 18 other countries in the Yaoundé II Convention; and instead, the island became a full and equal partner with 54 countries—almost half the membership of UNO, covering a population of 510 million and comprising almost the whole of Africa south of the Sahara and Western Europe, part of the Caribbean archipelago and three groups of Pacific Islands.

Economic conditions in Mauritius

In view of the necessity for the island's economic development, the Lomé Convention brings it new advantages of capital importance. It lies in the midst of the Indian Ocean and has a population of about 870 000 in a area of only 1 850 sq. km. It depends virtually on a single crop—sugar cane. This crop accounts for about 90% of the total export receipts and Mauritius has to import the essential of its foodstuffs, raw materials and manufactured goods. The development of agriculture has almost reached its limit, and the population growth necessitates major diversification in every sector. Efforts in this direction have for some years been exemplified by tea-growing in the upland plateau, deep-sea fishing, tourist development, manufacturing industry and a rather special formula for developing free industrial ports. The successful continuation of this campaign calls for suitable technical and financial resources which can only be provided by higher prices for sugar, which is the island's principal basic raw material; and we have obtained these higher prices under the Lomé Convention.



The statue of Mahé de la Bourdonnais, Governor of "the Isles of France and Bourbon" from 1734-1748, at Port Louis, Mauritius.

Sugar

We have now secured guaranteed access to the Community market for a considerable part of our sugar for an unlimited period. This amounts to half a million gross tons, or 120 000 tons more than under the Commonwealth Sugar Agreement. The price for our exports to the Community is to be at least equal to that guaranteed to European producers, which we consider to be both fair and remunerative. This solution is both new and excellent. For practical pruposes it links our prices with an index because, for the first time, there is a direct link between the prices paid to far distant farmers in the tropics and those paid in industrial (Community) countries to their own farmers. In the same negotiations we also secured from Great Britain a guaranteed price for our sugar during the year 1975 at practically double what we were getting under the Commonwealth Sugar Agreement.

Industrial cooperation

This marks the end of a long period of uncertainty and sets up a new position which should enable Mauritius to feel optimistic as work starts upon the second five-year development plant, which schedules the creation of 80 000 jobs by 1980, of which more than 50 000 are to be in industry. Receipts from sugar should enable us to finance part of the big expenditure needed for an advance of this kind, covering both infrastructure works and the import of capital goods. Nevertheless, the target is an ambitious one, and Mauritius is counting still more upon the second major innovation in the Lomé Convention. This is industrial cooperation, a highly individual aspect of the convention, and the foundation of the "new model for relations between developed and developing countries". During two years as a member of the Yaoundé II Convention, Mauritius has been systematically running in a form of industrialisation based on the export trade, and the provisions for industrial cooperation come at the right time. We have already set up close links with various Community countries and quite a number of European industrialists are operating in our free zones. Among the specified objectives of industrial cooperation are the development of new industrial relationships between the EEC and the ACP; measures aimed at transfers of technology to the ACP; intensified industrial training schemes at all levels; and marketing promotion of ACP industrial goods in external markets. In view of all this, we think the Lomé Convention will be a va- →

(*) Permanent Secretary, Ministry of Trade and Industry, Mauritius.

luable aid towards our country's industrial and economic prosperity. We welcome the setting up of the structures aimed at activating industrial cooperation, more especially the industrial cooperation committee and the industrial development centre. The economic condition of our country and the working experience we have accumulated encourage us to play an active part in these organisations and to share in implementing programmes, projects and measures which will work towards the objectives I have mentioned for the greater prosperity of our island.

Financial and technical cooperation

The arrangements for financial and technical cooperation provide for financing industrial projects and the technical resources needed for carrying them out. Under these plans our productive investment schemes will be eligible for loans from the European Investment Bank, usually enjoying a 3% rebate in the interest rates. Mauritius may also have the benefit of other types of support, such as the subscription of risk capital through the European Development Fund. The fund is also empowered to support projects of general economic and social development interest by providing "special loans" for periods of 40 years at only 1 interest and subject to a 10-year grace period. Such investments can include rural development, small and medium-sized firms, energy, the tourist trade, agricultural production and the economic and social infrastructure. Another important fact is that under the new convention Mauritius will be able to determine its own priorities, and its signature to the convention puts it on a footing of equality with the other ACP countries in the allocation of the financial aid. The latter, covering all 46 ACP countries, is to amount to 3 390 m units of account, which compares with u.a. 5 m allocated to Mauritius under Yaoundé II. Of this total aid, u.a. 3 000 m is to come through the European Development Fund and u.a. 390 m in the form of loans by the European Investment Bank. Another novelty is that we shall be able to play our part not only in deciding how we want to develop, but also in the administration and the management of the aid provided for us. A final advantage is, that in the event of a cyclone or other disaster, emergency aid will be available for us.In addition, the potential measures for technical cooperation cover a very wide range, especially when it comes to industrial promotion, training schemes and technological adaptation and innovation.

Trade cooperation

All this aid to improved production will of course hardly make sense for Mauritius if it is not accompanied by schemes for marketing, external trade promotion and, most important of all, access to the market of the European Community. This is well understood in the very important section on trade cooperation, which provides duty-free access to the European markets for the goods we export, without any counterpart or reciprocity. This is specially important for Mauritius, which has a new industrial production policy angled almost entirely on the export trade. Here again, the Lomé Convention differs from Yaoundé, as the principle of non-reciprocity is now recognised. In other words Mauritius will be allowed to export its products into the Community free of any import duty or taxes of equivalent effect; but it will not be required to give similar total franchise to Community products, though it will of course be required to grant them most-favoured-nation treatment. In practice, this means that Mauritius can in future treat goods from the EEC on the same preferential basis as those from other Commonwealth countries.

The new convention gives goods which originate from the country access to the enlarged Community market of 260 million consumers in the nine countries. Her farmers and market gardeners will be able to sell fruit, vegetables, flowers and, if necessary, tea. Our receipts from the increasing foreign sales of tea might, in certain circumstances, enjoy the benefit of the stabilisation plan contained in the convention. We shall also be able to export our fisheries products to the Community without incurring duty, for the Community accepted in the negotiation that 50% (instead of 75%) of ACP nationals in the crew of the fishing boat is sufficient to satisfy the rules of origin. Unfortunately the Community was not able to agree to the ACP request to ease the rules of origin for manufactured goods. It was willing, however, to prolong until the end of 1975 the existing derogation for some of our textiles. It foreshadowed the possibility of further derogations to help the development of existing industries or the beginnings of new ones. The Community also made a major concession to the ACP by accepting the concept of "cumulative origin". This will enable a product from Mauritius to satisfy the EEC origin criteria if it contains material imported from other ACP countries, or has been processed there. This provision will help to secure regional integration for industrial production in the ACP countries.

Mauritius faces the future

The view is taken in Mauritius that Europe, in view of the economic difficulties through which she was passing during the negotiations, was acting on new and bold lines in making the offer which led to the convention. The Lomé agreement is, before all else, a victory of mutual confidence. It does not give everybody everything they wanted; but nevertheless, it has the merit of opening an exciting chapter in the history of international economic relations, especially between industrial and developing countries. It gives our country resources with which it can continue the economic struggle in a spirit of optimism. On the other hand, we must not imagine that we shall secure automatically and without effort the advantages which spring from industrial, financial and technical cooperation. To get the full benefit, we must persevere, we must be dynamic, at times aggressive. Only thus can Mauritius rise to her new destiny as a member of this great family of 55 nations. ■

B. AROUFF

Commodity marketing

A study by the World Confederation of Labour

The 1973 oil crisis was a sharp reminder of a new state of things. Raw materials are no longer secondary products by comparison with industrial goods. A recent study by the World Confederation of Labour (W.C.L.) brings out the importance of these products, the "command" of which by the producing countries is "one of the essential conditions of economic and therefore of political independence." Extracts from this document are given below.

Fall in the terms of trade

Case study: bananas. Since 1945 producing countries have been suffering from a loss of value in real terms. Between 1954 and the last quarter of 1973, the terms of trade between bananas and manufactured goods moved against the banana-producing countries by about 61%, despite an improvement in their productivity. A similar position exists for many primary products. A large-scale transfer of real resources is being made at the expense of underdeveloped and in favour of developed countries. It is the developed ones which have had the benefit; between 1950 and 1972, retail prices in their real value fell by 50% in Belgium, 40% in the United States, over 30% in France, 60% in Germany and in other industrial countries the movement was similar.

Price structure: estimates of cost price formation in 1971

a) Share of the producing country		11.5%
including export tax	0.8%	
b) Share of multinational firms		88.5%
import duties into developed countries	6.9%	
including freight, insurance	11.5%	
ripener's margin	19 %	
retailer's margin	31.9%	
etc.		
		100%

(*) The World Confederation of Labour Secretary General's Office: 50, rue Joseph II, 1040 Brussels, Belgium.

Concentration: the truth about multinationals

Competition in the world banana market is in the hands of an oligopoly of three big companies which control 70% of the turnover, including transport companies, shippers, insurers, ripeners, wholesalers and retailers. The three companies are United Brands, the banana branch of which is United Fruit (35% of world exports); Standard Fruit (25%) and Del Monte (10%).

	United Brands	Standard	Del Monte	Others
Switzerland	81	6	2	11
Canada	65	30	5	—
Belgium	47	25	6	22
Netherlands	41	21	10	28
Italy	45	31	2	22
France	16	—	—	84
West Germany	42	18	10	30
East Germany	—	—	—	100
United States	36	42	12	10
Poland	70	—	—	30

Concentration of growing

Estimated area of banana plantations of multinational firms 1972-73.

— United Brands (Costa Rica, Panama, Honduras) 66 000 acres
— Standard Fruit (Costa Rica, Honduras, Ecuador) 32 811 acres
— Del Monte (Guatemala, Costa Rica and Philippines) 15 910 acres

The Ivory Coast has 40% of the banana plantation area in East Africa and 14% of the total exports. The European operating companies cover 30% of the plantation area, but account for 70% of exports.

Concentration of sales

The three big companies are all parties to marketing agreements with the leading importing groups for the sake of avoiding competition which would prejudice their main interests.

Estimated share of chain stores in banana sales (1974)

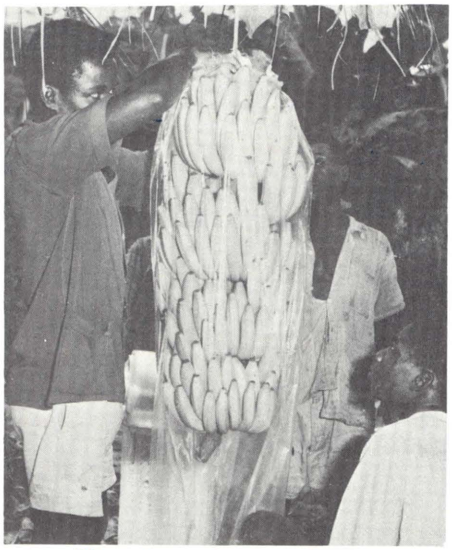
COUNTRY	Ripening / selling companies and multinational suppliers	Share of chain stores
United States		99.8%
Switzerland	Migros, Coop (United Fruit)	95.6%
Germany	Atlanta (United Fruit)	86.3%
Japan	Kyokutu (United Fruit)	29.6%
United Kingdom	Fyffes Group Ltd. (associated with United Brands)	42.3%
Netherlands		51.8%
France		46.7%

Sources : UNCTAD documents.

Some examples of developing countries' dependance on single commodities (proportion of total exports)

Coffee: Burundi 86%, Uganda 66%; Rwanda 61%; Ethiopia 38%.
Cotton: Chad 69%; Sudan 56%; Mali 39%.
Cocoa: Ghana 64%; Samoa 28%; Togo 26%; Cameroon and Central African Republic 23%.
Bananas: Somalia 26%.
Groundnuts and derived products: Gambia 94%; Niger 24%; Senegal 35%.
Copra: Tonga 50%; Somalia 45%.
Timber: Congo 42%; Gabon 32%.
Iron ore: Mauritania 73%; Liberia 71%.

From EEC documents (Lomé Convention).



Wrapping up bananas for export.

— The terms of trade are defined as the ratio between the index of export prices and the index of import prices. In order to minimise the effect of temporary factors, the analysis is based on three-year averages—1954/56 and 1968/70.

— In the period considered, one sixth of the 1969 population enjoyed a material improvement in the terms of trade (excluding the big oil-exporting countries). In 48 countries out of 77 (more than three-quarters of the population) the deterioration was substantial.

— The export price index showed little change over a 16-year period, but import prices rose 13%. The increase in purchasing power is due to the growth in the volume of exports. In this connexion we should note the short-term fluctuations. Over the period between 1954/56 and 1968/70 the increase in exports almost exactly offset the deterioration in prices.

— Since the end of 1972 the devaluation of the dollar has been reflected in an equivalent increase in the unit cost of imports from developing countries, the currencies of which were revalued upwards against the dollar.

— The principal oil exporters are: Algeria, Nigeria, Iran, Iraq, Kuwait, Libya, the Dutch Antilles, Saudi Arabia, Trinidad and Venezuela.

Long-term trend

These movements should be read in the context of the long-term prospect, particularly since the first years of the new series (1954 and 1955) were quite good years in the markets for primary products.

At the beginning of the '50s, the prices of products exported by raw material producing countries were between 2.5 at the end of the '30s; but they were only 15% above those of the 1924/28 period on the eve of the world economic crisis. They reached record levels just after the Korean war, and fell back during the ensuing 10 years following the rapid recovery in production and trade due to the reversion to normal conditions in many countries which had been affected by the war and a material increase in agricultural productivity, especially in North America.

In 1954, however, bad harvests led to very considerable rises in the prices of coffee and cocoa, while those for non-ferrous metals also moved higher under the leadership of copper, the strong industrial demand for which was running ahead of supply.

The average prices of tea, jute and aluminium showed practically no change in 1973, and a slight rise in 1974.

Organisation of markets and producers

Bananas: Since September 1974, formation of union of banana exporting countries: Costa Rica, Honduras, Panama, Guatemala, Colombia, Nicaragua. These six countries, with Ecuador, represent 70% of world production.

Subsequently the three multinationals controlling 70% of the market (United Fruit 35%, Standard Fruit 25%, Del Monte 10%) are seeking to split this union and secure measures of retailliation.

Wheat: Since 1971, international wheat agreement. It contains no provision on prices or obligations, but provides only for consultation. Since 1972 wheat prices have consistently risen, reaching →

Terms of trade 1954-1975

Changes in terms of trade — Averages 1954-56 and 1968-70

	All under dev. countries	Africa	Asia	Latin-America	Oil export. countries	Least dev. countries	All dev. countries	USA	Germany
Terms of trade	−12	− 11	− 6	−19	− 6	−17	+ 9	+15	+19
Exports									
Price index	0	− 1	+ 3	− 5	+ 7	− 6	+13	+24	+15
Quantities (index)	+86	+105	+ 81	+81	+131	+95			
Purchasing value of export	+65	+ 82	+ 70	+48	+116	+62			
Imports									
Price index	+13	+ 12	+ 9	+17	+ 14	+14	+ 4	+ 8	− 3
Quantity index	+81	+ 65	+112	+85	+ 84				

External trade of underdeveloped countries 1970-1973 and estimates for 1975

(presuming volume of trade unchanged at 1973 level)

	Oil exporting countries	Other under-developed countries	Bangladesh, India Pakistan	Countries with GNP below $250 per head
Annual change 1970/73 in purchasing value of exports	+ 18.2%	+ 7.0%	− 2.6%	1.8%
Annual change in terms of trade 1970/73	+ 10.4%	+ 1.7%	− 2.8%	0.8%
Annual change in terms of trade 1973/74	+100.6%	− 2.1%	−17.9%	0.1%
Trade balance 1970 (th. m. dollars)	8.7	− 8.9	− 0.5	−2.2
Trade balance 1974 (th. m. dollars)	107	−20	− 1.7	−4

583 cents per bushel in 1974, but falling back to 450 cents at the end of the same year. This emphasises that wheat, like most cereals, comes mainly from industrial countries.

Timber: There is no agreement. In February, 1974, however, there was a conference of nine producing countries: Cameroon, Ivory Coast, Equatorial Guinea, Ghana, Gabon, Madagascar, Nigeria, Tanzania and Zaïre. Major price rise in 1974, followed by serious deterioration.

Bauxite: No market organisation for this product, which is strongly dominated by multinational companies. A meeting in March, 1974 of seven countries (Australia, Ghana, Guinea, Jamaica, Sierra Leone, Surinam and Yugoslavia) covering two-thirds of world production decided to set up an association of bauxite producing countries. Guinea increased the price of aluminium by 54% and Jamaica introduced a rebate for exports.

Cocoa: After prolonged discussion an agreement was reached in 1972 under auspices of UNCTAD entering into force on June 30, 1973.

The agreement provides for export quotas, minimum prices and a buffer stock. Price fluctuations, however, have raised difficulties in applying the agreement.

Coffee: Agreement in 1962 (58 countries) fixing quotas, organisation of stock and export encouragement. Difficulties arose, however, between producing countries. Agreement was renewed in 1973 but no longer contains economic clause. The four leading producers (Brazil, Colombia, Angola and Ivory Coast) have set up an international marketing company, are seeking to create an international company for the producing States of Central America, with finance from Venezuelan surplus oil revenues. Attempts to negotiate a new international agreement for prices and quotas.

Vegetable oils

Only one international agreement—olive oil.

Groundnut oil: No agreement. Multinationals are very important in this sector, especially Unilever, and production is expanding in industrial countries (colza and sunflower). For soya the producers (USA) dominate the market and make the prices. It should be noted that the EEC has attempted to secure an international agreement in this sector.

Rubber: No international agreement, but attempt under the auspices of UNIDO to secure agreement to limit competition between natural and synthetic rubber. Continual fall in price.

Cotton: Attempt to promote an organisation, but no success yet. Price fluctuations very considerable.

Copper: International organisation of market by multinational companies. Formation in 1969 of International Council of Copper Exporting Countries (Chile, Zambia, Zaïre and Peru) and recent decision to reduce sales by 10%, so as to check the price fall.

Tin: Agreement exists and works well. Since July, 1966 producing countries participating have been Australia, Bolivia, Ghana, Indonesia, Malaysia, Nigeria and Thailand.

Contents of the agreement: Fixed floor and ceiling prices and formation of a buffer stock. Organised control and clause on equitable working conditions.

Iron: No organisation of market, which is dominated by industrial and consuming countries. One-third of production is supplied from developing countries which produce only 4% of the steel. Trend towards nationalisation (e.g. in Mauritania and Venezuela) which could result in producers setting up a common front.

Mercury: No market organisation, but an attempt since 1974 to set up an organisation of producing countries (Spain, Italy, Mexico, Canada, Yugoslavia, Algeria, Turkey).

Nickel: No market organisation. For many years two multinational companies have been making the prices; but the circle of producers has been growing bigger and the stranglehold by the two multinationals seems to be diminishing. Producing countries are Cuba, Zambia, Rhodesia, Canada, Finland, New Caledonia, Madagascar, USSR, China and Australia.

Phosphates: No organisation, but regular inter-State contacts (Senegal, Togo, Algeria, Morocco, Tunisia). UNCTAD has pressed for an agreement in this sector.

Oil: The market entirely dominated for half a century by multinational companies (the "oil majors"). Formation of OPEC in 1961) (Saudi Arabia, Abou Dhabi, Algeria, Iran, Iraq, Kuwait, Lebanon, Quatar, Nigeria, Indonesia and Venezuela). Mexico, under pressure from USA, was not able to join this organisation.

Sugar: Many agreements in the past. A new one concluded in 1973 but tension subsists between producing and consuming countries. No information on quotas and prices.

Tea: Analysis called for by UNCTAD (1974) on fall in consumption and minimum prices.

Tungsten: Investigations for a price agreement.

Indexation: one way to avoid deterioration in terms of trade

An effective method for protecting developing countries from the deterioration in their terms of trade, caused by inflation in the developed countries and over which they have no control, might be to establish some form of link between the export prices of primary products and the movements in prices for the industrial goods which developing countries import. The link might consist of the harmonisation of export and import price indices. ■

The Ivory Coast board of shipping

The Ivory Coast was the first country in Africa to set up a Board of Shipping, in June, 1969. Its function is to take all suitable steps to secure a reduction in freight rates for ocean transport. Its Secretary-General, Félix Abouanou, gave the "Courier" an account of its work.

▶ *M. Abouanou, how did the Ivory Coast Board of Shipping come about and what does it do?*

— The formation of associations of shippers, with all the importers and exporters among their members, is quite a recent event in developing countries.

The Ivory Coast was the first country on the African continent to set up such a board. It is a State organisation aimed at checking the inordinate powers of the shipowners in their conference groups, and thus at securing stable rates of freight. The aim of the board is to negotiate with the maritime conferences and persuade them to consider the legitimate interests of the Ivory Coast and its shipping community.

The annual Ivory Coast expenditure on import and export freights is very substantial. In 1973 it was around F-CFA 61 000 million and in 1974, with the coming of the oil crisis, the figure would have been 82 000 million and would in fact have reached 90 000 million if it had not been for the intervention of the board.

Félix Abouanou

This is an indication of the importance of having such an organisation, not only for the sake of importers and exporters, but also for the country itself.

The mandate of the Ivory Coast board is essentially to secure better terms for ocean transport for products leaving or entering the Ivory Coast. It represents both the State and the shippers (exporters and importers). Its task is to defend their respective interests against the maritime conferences and non-conference fleets serving Ivory Coast ports.

▶ *Are there contacts between the Ivory Coast Board of Shipping and similar organisations in Africa and Europe?*

— Contacts with other consultative machinery in the same region or elsewhere are conditions for the effective functioning of any board of shipping.

This is a principle the Ivory Coast board has fully appreciated and it has, since its formation, established contacts with all the similar boards in Europe. This has led to continuous and very fruitful relations with them, especially in France, the Netherlands and Great Britain.

The Ivory Coast board has been attending joint meetings of European boards and ship-owners as an observer.

In Africa, as I have said, the board was the first to be formed; and with the maritime conference as powerful as they are, this isolation has been and remains an obstacle to its success.

Nevertheless its efforts at mitigating its isolation have produced satisfactory results and corresponding boards have been set up in Gabon (1) Togo, Cameroon and Senegal, all of which began by sending information missions to the Ivory Coast board. Regular contacts have been set up with the Gabon board, which has now been functioning for over two years.

▶ *A code of conduct for maritime conferences was adopted in April, 1974. It lays down what is called the 40-40-20 principle. What does this mean, and is it a good thing for the African countries?*

(1) See interview with M. N'Toutoume, Secretary-General of the Gabon Board of Shipping in issue No. 30 of the "Courier".

— The 40-40-20 principle was undoubtedly one of the essential factors in the code of conduct adopted in April, 1974. It is a rule which divides the entitlement to traffic between two countries at either end of a liner route. The fleet owners in each of these countries, considered as a group, are recognised as having the right to carry under their own flag 40 % of the total conference traffic on the line. The remaining 20 % is available to other flags and other owners. This sharing of the traffic on a 40 % basis contains obvious advantages for the African countries. One is that it provides a guaranteed basis for setting up or expanding national shipping fleets.

In addition, these countries can centralise the freight in their national shipping companies and thus influence the impact of ocean transport on their payments balances. For these reasons it is important that the developing countries concerned should make the necessary arrangements in their own countries to get the code quickly into force.

▶ *One of the major problems in African ports is to secure a quicker turn-round of ships. The Ivory Coast has set up a committee, known as FAL, to secure quicker customs formalities. Is it giving satisfaction?*

— If the Ivory Coast Board of Shipping is to work it has got to act on all the constituents of freight. From this standpoint the formation of FAL is a fundamental argument in favour of tariff reductions.

As soon as it began operations it set about considering the adoption in the Ivory Coast ports of documents FAL 1-6 as recommended by the OMCI (Convention of London 1965). These are:

— the ship's manifest
— bill of lading
— declaration of crew's merchandise and effects
— declaration of bunkers and stores
— crew list
— passenger list.

The working parties set up for this purpose have done a very interesting job. The results will be submitted for decision to the minister responsible. The documents are to be retained for the present, but may be made public in the next few months.

▶ *Would you remind us of what is being done to improve the ports of Abidjan and San Pedro?*

— The work carried out in the port of Abidjan to secure a normal flow of traffic is on an immense scale.

The investment in the port since 1970 has been F-CFA 6 000 m. There has been no similar case on the west coast of Africa (2). On the average, the port has since its creation opened one quay every year. The cost of a quay is about F-CFA 500 m.. Some of these are for special purposes—bananas, round timber, oil and fisheries; but apart from these the port now has 16 quay-side berths. Five new ones were scheduled for 1973-74—Nos. 18, 19, 21, 22, 23—of which, Nos. 18 and 19 are now finished and ready. Six storage tanks, costing F-CFA 70 m each, are under construction.

Because the traffic is so intense, the Ivory Coast authorities propose continuing the present investment programme. To this must be added the investments made at San Pedro, where there are now two quay-side berths and anchorage for six. For 1980, 11 berths are scheduled, including those for the trade in iron ore and cement. ■

Interview by
Alain LACROIX

(2) The EEC took part in financing improvements in the access to the port of Abidjan with a loan from the EIB of F-CFA 1 300 m, in connexion with which the EDF provided a grant of F-CFA 310 m for rebate of interest.

The General Secretariat of the Ivory Coast Board of Shipping

The Ivory Coast, in order to deal with the country's economic needs, set up the Board of Shipping by a law dated June 9, 1969.

The task of the board is to represent shipping interests (exporters and importers) in relations with the sea transport industry.

It seeks to set up consultation machinery and so to facilitate consultations and negotiations with the maritime conferences.

For the operation of the consultation machinery, the board has a permanent general secretariat which has a very important job.

Apart from the General Assembly and the Executive Office, consisting of 10 members, the Secretariat General has set up internally its own departments and working committees. The departments include:

— **Studies and surveys:** preparing the technical documentation needed for negotiations and the functioning of working committees.

— **Port operations:** gathering information to keep the Secretary-General informed of activities in Ivory Coast ports. It can cooperate with various other authorities concerned and issue warnings of possible congestion.

— **The FAL Committee:** this is a new department with the job of securing greater flexibility in customs formalities. In this connexion it tries to reduce, so far as possible, the documents called for by public authorities, making use of international norms insofar as there is no prejudice to Ivory Coast interests.

— **Documentation, library and public relations:** this provides information and documents on shipping matters.

There are at present three working committees:

• Freight rates, studying all problems connected with freights.

• Port operations, studying all questions connected with ocean transport conditions on the basis of reports from port operations services.

• Products committee, for case-by-case study of export and reception conditions affecting products of interest to the national economy. ■

The train versus the centipede

by Hubert DEJENEFFE (*)

Development is so often defined in statistical terms that it is easy to lose sight of the human ingenuity behind it. This anecdote concerns an incident long since forgotten, but it might be a reminder of the imaginative spirit still essential for the solution of the more inexpected problems.

I have had to lecture on some aspect of transport to all sorts of audiences. Learned as I tried to appear, I would serve up my discourse stuffed with irritating statistics, because this is the best way of talking when nobody knows anything about it. A time usually came, however, when I would take pity on my audience, and feel a need for waking up those who had already fallen asleep. At such moments I would say loud and clear: "And now, ladies and gentlemen, I would have you share an adventure with me. You must hear how the centipedes stopped the trains".

This incident occurred in the Uélé country (Congo) in the month of May, sometime around 1935-36. When the sun sank towards the horizon the centipedes would come out of the undergrowth like a flood. They had a marked preference for sitting on the railway line itself, shaped though it was in cross-section as a mushroom and thus calling for acrobatics which would not have disgraced an olympiad. They were, it seems, looking for dry warmth, which it was not their luck to find in the depths of the dead leaves. They would advance upon the rail, three or four in line, and thousands and thousands of their fellows would park contentedly on the ballast or the iron sleepers.

Well, here comes a train.The unfortunate centipedes were crushed, but they had their revenge. The centipede secretes in his body quantities of fatty matter he has imbided, and as the wheels ran over him this formed an oil of magnificant lubrifying quality. Nature secreted the oil generously and, as thousand upon thousand of the centipedes were crushed, the rotation of the wheels carried the oil to every cogwheel till finally lubrication was perfect and the train could run no further.

It proved impossible to get across the centipede barrage by force or by putting on speed. I was the unhappy traffic officer; and I had to put out an order that as soon as the centipedes appeared on the track, the engine furnaces should be raked out. When this was done the train crew would wait until sunrise, the worst enemy of the centipedes, chased them back into the forest. At dawn the furnaces could be lit again and the engines could get up steam to resume a journey already far behind its timetable.

My colleagues in other departments were chuckling to themselves at the powerlessness of a service which had had to stop because of centipedes. A spirit of rivalry was born; every do-it-yourself man, from the office scribe to the head of the workshop and the engineer, was coming up with suggestions. The first invention was a kind of double mini-ploughshare fixed in front of the leading wheels of the locomotive. In principle it was supposed to sweep the centipedes, right and left, off and away from the railway line. This worked very well; but it only worked for about 500 yards. As you can imagine the centipedes came in contact with the ploughshare, sprayed their conquerors with their viscous matter and my problem began again.

The second invention was a system of rotating mini-brooms, adjusted with costly ingenuity to do the work at which the ploughshares had failed. With remorseless logic, the inventor argued that the faster the centipedes were cast from the track, the better the trains would be able to pass. How right he was! The locomotive managed to go a whole kilometer further than it had with the first invention. But the rotating brooms absorbed the centipede oil on contact with the metal. Once more the order went out to rake out the fires.

A new idea came up. Since the trouble came from the contact between the centipedes and the steel, this contact had to be eliminated. The way to this was to blow sand in front of the wheels of the locomotive as soon as the centipedes began to show even one leg. This worked perfectly. But the price was high. The train could carry no cargo except sand. All the apparatus, laboriously thought out and installed, no longer enabled us to carry anything except wagons loaded with the remedy. This stroke of genius had to be abandoned in its turn.

The failure of sand, however, was due to its being such a heavy cargo, and this produced the fourth invention. One of us brightly suggested that steam would do much better. A trial locomotive was duly fitted out with an instrument which might have made you think you were on a moon rocket, except that it was longer. A powerful jet of steam went in front of the wheels of the locomotive, scouring the rail like the windscreens of passenger coaches polished by a Swiss railwayman. This was magnificent. The centipedes fled. The train proudly progressed another 4 km. If we had wanted to go ahead, we should have had to couple up more and more tenders filled with extra water, or stop and find new water-points all along the line, and water points have a way of not being there when you want them. The logical sequel was that we would be able to carry nothing but water.

Were we going to give up? Never say die! Our problem was becoming international. Research workers in the National Institute for Agronomic Research, which had its headquarters quite close to Vicicongo, imported from Canada 50 couple of birds which had the great commendation of an insatiable appetite for centipedes. Alas, the birds could not get used to the country, and they all died. And during this time the centipedes were still keeping the railway at a standstill.

But do not forget the railway is a generator of industry and population movements, and in this part of Africa it did not fail to produce forestry companies. In the end it was to make way for these heartless profit-seekers that the centipedes were at last to go. As I said, the sun is the mortal enemy of the centipede; forestry companies were astutely granted concessions stretching 400 meters on either side of the railway. In less than 10 years they had accomplished their task, carrying back the forest to the other side of their fences. The centipedes went back to their own haunts, and victoriously the train now passes between great fields, depending on the time of year, of cotton, groundnuts or maize. ■

H. DEJENEFFE

(*) UN transport expert, has spent 45 years in Africa.

DAHOMEY A multi-purpose project: The Ouando horticulture and nutrition centre

by Ernest OROUNLA (*)

It is difficult to express in a few lines all the living reality of an undertaking thousands of miles away from the people who are reading about it. All of them, nevertheless—in Europe, Africa, the Caribbean or the Pacific—have interests with a single point of convergence, which is the process of economic development, even though they do not all approach it in the same way.

The undertaking in question is in Dahomey, and as a project, it was sponsored by the EDF. It is in many ways an original effort, and it is known for short as C.F.H.N., the initials of its full title in French. The English version is "the horticulture and nutrition centre".

The originality lies partly in the purpose of the undertaking. Its name means what it says, for it covers a hundred-and-one factors and activities, all centered on the problem of improving the diet of the population through the improved quantity and quality of garden produce and better eating habits.

The Ouando project ranked from the first as an outstanding example of specific training facilities. It was described in an article on training problems in "Association News" No. 25 (May-June 1974).

(*) Director of the Centre.

The objectives

The aim and object of the centre is to help in rationalising the process of Dahomey's development. Economic growth and general development are not necessarily the same thing. The primary purpose is to improve the quality of life, to bring the potentialities of the people into flower, and to do so by improving their diet. The path to this is the improvement of garden production and the rational consumption of the fruit, vegetables and other products available locally in a region in which the customary diet is seriously short in both proteins and vitamins and where meat, milk, eggs and fish are available in insufficient quantities.

The problem was to use a combination of means to remove ignorance quickly and get people to grow more vegetables which they could eat at home or take to market. This meant that gardeners had to be helped and suitably supervised. The problem called for bigger and better production, nutritional popularisation, education in diet and hygiene. It must all be directed to secure the consumption of the food produced and so improve the health of the people, which is factor number one in any development campaign.

The objectives were embodied in the plan for food improvement and horticultural development, sponsored by the Dahomey government.

The priority requirement to train those who would teach and supervise, men and women, young people and adults, market gardeners and house-wives. They had to be trained to start off step by step on this self-development programme, initially in the Province of Ouémé in south-eastern Dahomey and later on the full national scale. This explains the importance assigned to the training aspects of the Ouando Centre; and it also shows how the original features of the plan came to be incorporated, and accounts for the name given to the centre. Since the beginning of 1972, the plan has had financial and technical help from the EEC through the European Development Fund, while an increasing share of the finance has come from the resources of the Dahomey Republic itself.

The Ouando Centre had its beginnings in 1974, with support from the Food and Agriculture Organisation and the Dutch foundation, NEDERF. It began in a form totally different from its present structure. What was needed in those days was a list of garden plants available locally and tests of the various techniques of food production and improvement.

It has been mainly since 1972 that the firm determination of the Dahomey government to give priority to improving the living standards of the mass of the population has broken through the earlier formula, secured the very welcome aid of the EDF and greatly extended the centre and its work.

The programme put in hand since the EEC financial intervention is aimed to rationalise the work, both in quantity and quality. It covers:

— training and re-training contact officers—local organisers, supervisors and other rural development officers and voluntary workers willing to take part;
— making gardens more popular by:
1) laying out family gardens, including backyard farm animals;
2) professional market gardening (laying out big market garden areas for the trade);
— sound diet information by women organisers in the villages (hygiene, health, domestic economy, education of mothers of families;
— small-scale practical experiments at Ouando in matters of gardens, trees, shrubs and animals and on the nutrition side, so as to provide tangible support for the training and the different aspects of popularisation;
— organisation under a rational system, involving:
1) a supply depot for providing gardeners with the essentials for their productive work (seed, small tools, fertilizers, pesticides, fodder and other requirements);
2) marketing of garden and market-garden produce and fruit for supplying the urban centres.

Teamwork is required to carry out a programme of this kind. It calls for the pooling of capabilities and requires resources, infrastructure and a well-ordered organisation.

Domestic science class at the Ouando Centre : mothers learn the value of a balanced diet.

Internal organisation

The organisation is angled on the target. The headquarters at Ouando is only 2 km from the town of Porto-Novo; and here the centre has an estate of 32 hectares (80 acres) which contains the main part of its infrastructure and equipment—its offices, housing, storage depot, sheds, buildings for training programmes (school for rural organisers; re-training centres; school for mothers; dispensary; installation for breeding backyard livestock and a great number of other facilities, such as the experiment terrace layout, vegetable production, seed reproduction, the fruit-tree nursery and the pilot vegetable gardens.)

A team of experts from the Amsterdam Institute for the Tropical Regions are acting as technical advisors to local personnel, and a national team is supported in its work by personnel from the agricultural services, nurses, rural supervisors and information organisers.

The concerted campaign is considered as one of the most vital for the well-being of the population, and at least three technical ministers are directly concerned in developing the activities of the Ouando Centre. These are, the Minister of Rural Development and Cooperation, who carries the main responsibility, the Minister of Public Health and Social Affairs and the Minister of Education.

The work is organised in sections and each of them is sub-divided into working units. The planning, coordination and supervision of all the activities of the centre are matters for the central administration. The separate sections are:

— **Horticulture.** This section handles the horticultural training and operates a programme of popularisation, based on the results of technical experiments in the central garden. It supplies information on small livestock grazing, advises users on fruit-growing, promotes the laying out of family gardens (the domestic consumption stage) and helps professional market gardeners in the enormous productive area (marketing stage).

— **The marketing section** handles a training programme and also manages the supply depot for small tools and various other horticultural requirements. It looks after the sale of vegetable seed, fruit plants, animals and animal products and distributes the technical notes compiled by the centre. It is at work on the organisation of a system for marketing vegetables in the urban centres.

— The **nutrition section,** besides dietary training, tries out and develops cooking recipes, the essential of which is that they secure a balance by using local products. It also handles the nutrition popularisation programme and the campaign for stimulating the interest of the female population in rural areas, including diet demonstrations. It manages the school for mothers, which provides dietary and child-care education for young mothers. The school includes a rural dispensary handled by trained nurses, clinic facilities for ill-fed children and a course for mothers of families.

The **domestic economy section** is the school for **rural organisers** and is concerned with the training and re-training of these officers on a national basis, as required by the various Dahomey organisations. The training is facilitated by the infrastructure and logistic support from the other sections. The organisers recruited in the different provinces work for a year in the theoretical and practical courses and then go back to their own part of the country where they become part of the provincial reception service.

As usually happens, the next stage was to set up sub-sections of the first three. This has been done for each district in Ouémé province, which is the area of direct action. This requires cooperation between the administrative authorities and the local technical services in agriculture, health and education, besides conscious participation by the population concerned.

Ernest Orounla in a pineapple patch.

Results and social and economic impact

The results are already fully proportionate to the resources used and the enthusiastic work of the staff.

On the training side, apart from the continuous specialisation courses for local personnel, who have been handling the direct management of the operation since the beginning of 1974:

— 150 rural supervisors and technical agricultural staff have been retrained and given a course at Ouando in horticulture, lasting between one and three months during the 3-year period ending December 1974.

They have been placed in jobs in the rural development campaign. Besides their ordinary activities, they have laid out family gardens and are providing supervision for commercial market gardeners-

— during the same period 1 550 volunteers for organisational jobs (from the Health, Social Affairs and Education ministries) have taken courses in nutrition. The duration of the courses also varied from case to case.

— about 1 500 mothers of families (housewives, pregnant women and mothers of ill-fed children) were during the same 3-year period given instruction in nutritional education. This is reflected in a very noteworthy improvement in the nourishment of the population concerned in the operation.

— in the same period (1972-74) nine month training courses were given to 58 newly recruited organisers in two separate groups. They were then given jobs in the various operations in Dahomey and 37 earlier appointees were given a 3-month re-training course.

The popularisation and production section has:

— laid out 1 600 new family gardens in the villages under the supervision of project staff.

— formed about 100 womens' clubs with a total of 1 700 members. They are being looked after by the rural organisers, who have given about 7 000 food demonstrations in the villages concerned.

— provided supervision in big market garden areas for about 1 200 commercial undertakings, cultivating a total of 200 hectares and producing some 6 000 tons of fresh vegetables per annum.

— At the same time, the supply depot run by the centre is handling a growing business and its sales of high-quality vegetable seed now cover the entire national territory. The turnover rose from F-CFA 3 million in 1972 to 12 million in 1974.

— The organised sale of high-quality vegetables to schools, hospitals and other institutions is now established and the small livestock unit is having a growing success with the public; it supplies eggs, chickens and rabbits and this justifies the additional investment.

The combined effect of the training, stimulation, supervision and production activities have not only had a good effect in the area directly concerned with the project, but their social and economic impact has been felt throughout the country and nowadays there is nobody who does not know about the Ouando Centre. This is regarded as a good justification for the special interest the government has attached to it.

When the present programme has run its course, it is expected the next stage will be a closer coordination of these activities with other development programmes, the effect of which will be to integrate some of the work of the centre into a wider plan for social and economic development.

* * *

If we keep in mind that the motive of all economic development is to secure the well-being of humanity, it soon becomes obvious that the degree of development cannot be measured solely in terms of the gross internal product, the national income or other statistical abstractions. These have a way of glossing over inconsistancies and incoherencies. Other criteria have to be brought into account, indicating the extent of the real development of the country itself by its own people and for its own people. Like this it is natural to think in terms of the general satisfaction of minimum requirements, especially in food, and of the collective effort towards advancing production and, most of all, of raising the quality of life.

If we take this view of general internal development, the centre at Ouando, with the cooperation of the EEC Commission, is making a very big contribution to giving progressive reality to the legitimate aspirations of the country's workers, especially those in the province of Ouémé. ■

E. OROUNLA

Completed health projects

Nurses' School at Cotonou

The school has now become the National Medico-Social Institute. The project was to set up a school for nurses (male and female) at Cotonou and this gave rise to the first EDF financing for Dahomey, under a convention dating from February 10, 1960. At that time there was no specialised establishment for this purpose. The training of local nurses was incomplete and inadequate, largely because of the lack of premises and boarding facilities.

The school consists of a two-storey building with about 1 730 sq. m. of useful floor surface. The work began in April 1961 and took a year, at a cost of F-CFA 38.23 million.

The facilities are now being extended, using resources from the 3rd EDF, amounting to F-CFA 97 million. This will add a further 1 600 sq. m. of useful space, enabling the school to take in a further 90 boarding pupils, especially male student nurses, for whom accommodation would not otherwise have been available. Apart from the general need for housing for boarders, the extension was made necessary by the extension of the course from 2 years to 3 and the addition of training for midwives.

Hospital group at Savalou

The project in this case was to extend the existing health facilities, which consisted of a medico-surgical dispensary and a maternity unit, by adding an up-to-date maternity hospital of 30 beds and a mother-and-child protection centre.

The work was carried out between February 1961 and February 1962 at a cost of F-CFA 20.9 m. The complex covers 670 sq. m.

Hospital group at Lakossa

This project consisted of replacing an all-purpose dispensary at Lokossa, the chief town of the Mono district, by a 36-bed maternity hospital.

The work was carried out in the second half of 1961 at a cost of F-CFA 9.8 m.

Secondary hospital at Parakou

The aim in this case was to convert the dressing station at Parakou into a secondary hospital, which could serve the 520 000 inhabitants of North-Dahomey without having to send serious cases to Cotonou. It was therefore given a complete surgical unit and its hospitalisation capacity increased.

The project consisted of:

— construction of:
- a technical block, including consulting rooms for the different specialists;
- operating theatres and reanimation ward;
- hospitalisation unit for surgical cases;
- complete maternity unit with full service and equipment to replace the former unit, now to be used for expectant mothers;
- housing for a surgeon;
- housing for eight male nurses;

— improvement and conversion of:
- entrance buildings;
- existing hospitalisation unit;
- improvement and extension of kitchen and wash-house building;
- supply of technical hospital equipment and office furniture for the buildings to be constructed.

The hospital is of the "cottage hospital" type, divided up by specialties, with the common services centralised. The built-up areas are as follows:

— theatre block:	1 391 sq. m.
— hospitalisation:	870 sq. m.
— maternity wards:	586 sq. m.
— housing for surgeon:	147 sq. m.
— housing for 8 male nurses:	512 sq. m.
— kitchen:	100 sq. m.

The work was done and the equipment provided between August 1961 and February 1963 at a cost of F-CFA 128 million.

Equipment of public health buildings

A sum of F-CFA 19.409 million was provided for equipment and medical supplies at Savalou, Lokossa and Parakou. The deliveries were completed in 1973. ■

NIGER

Health and medical equipment projects

The work of the EDF in the Republic of Niger has been specially linked with the government's ten-year development plan (1965-75). The investments financed therefore reflect the priorities laid down by the Nigerian government in the following order:

— Roads
— Rural development
— Education
— Public Health.

The EDF finance, under the public health heading, related to:

— Emergency action against epidemic occurrences of cerebral spinal meningitis in 1970 and cholera in 1971.
— Extension of the school for male nurses at Niamey (National Public Health School).
— Extension and equipment of 10 hospital centres and construction of 16 bush dispensaries (see map p. 78).

1. Emergency aid

The meningitis epidemic

Meningitis is apt to take hold during the dry season when the cold harmattan wind from the Sahara carries the virus in the dust. The incidence is normally about 3 000 cases a year, with a mortality of about 6%.

At the beginning of 1970 it assumed dangerous proportions, especially in the Niamey and Dosso areas, and most of the cases were young children.

The EDF financed the purchase of medicines and the cost of sending them from Europe to Niger by air, the total in- →

tervention being F-CFA 18 m. The help came very quickly. The finance convention was signed in May, 1970 and all the deliveries were completed by August.

The cholera epidemic

The cholera epidemic began in West Africa, the first cases being in the coastal area of the Gulf of Guinea in 1970. By the end of that year it had found a new channel of infection—the river Niger.

The first centre of infection in Niger was found in the valley of the river in January, 1971. It then began to appear in departments such as Maradi, Zinder and Tahoua in the interior, probably having entered from Nigeria. A third centre of infection was found in the eastern part of the country (Lake Chad area) in June-July, 1971.

The health service recorded 9 377 cholera cases and 2 415 deaths — i.e. a mortality of about 26%. The high proportion of fatal cases must be blamed on the delays in reporting cases and the difficulty of providing help in isolated regions.

Steps were taken to make the people better aware of health problems, and mass vaccinations were provided. As a result the cholera epidemic was successfully stamped out by about the end of 1971.

The EDF and other organisations in donor countries provided Niger with emergency aid of F-CFA 100 m. This made it possible to buy supplies of solution and 200 000 doses of vaccine in Europe to build a solution mixing unit with a cold chamber and to buy seven all-purpose motor vehicles and run them for six months.

This was the first time cholera had come to Black Africa and made its first appearance in West Africa. It is to be feared it is not wholly eliminated, and that centres of infection may reappear as a result of trade and other contacts.

Extension of the national public health school

A school for training nurses of both sexes has been operating in Niamey since 1965. It is the only establishment in Niger for para-medical training, and it produces about 50 nurses each year from a two-year course. It is kept in operation by the joint efforts of the government of Niger, the World Health Organisation, UNICEF and AFAC.

The EDF is now spending F-CFA 176 m on new buildings adjoining the former school. There is provision for a lecture room for 120 people, three class-rooms, four laboratory tables, a library and five offices, with the necessary environmental buildings.

The work was scheduled for completion in June, 1975.

With the new buildings it will be possible for the nursing course to be extended to three years instead of two, and to increase the number of graduates. It will also make it possible to re-train nurses periodically, and working conditions for pupils, supervisors and teachers will be better.

Vaccination against cholera.

Medical centre (maternity) at Niamey.

Health equipment

Until 1965 the organisation of health administration was still in the same stage it was immediately after independence, far short of the real national requirements. Now that the health services have been reorganised the minister can count on hospital centres in each administrative department and two of these (Niamey and Zinder) rank as national hospitals. In each administrative district there is a medical service and at Niamey, Tahoua and Zinder there is an anti-tubercular centre.

Attached to each of the departmental hospitals is a mobile medicine and hygiene unit, which provides health supervision in the rural area and also preventive medicine, health care, health education and hygiene.

The country's equipment, however, was insufficient. In 1970 there was one hospital bed for about every 2 000 peo- →

ple, which compares with 1 300 in Mali, 1 200 in Upper Volta and 600 in the Ivory Coast. The number of doctors was about 50, most of them foreigners, equivalent to one doctor for every 60 000 people. Hospital and other health buildings were insufficient in number and often in very bad condition.

The EDF provided credit of F-CFA 1 310 m. All the departmental centres were extended and some of the hospital buildings were improved.

At Niamey new hospital buildings were put up for child-care, surgery and a further maternity hospital, increasing capacity by about 220 beds. Some of the buildings were repaired or renewed, including the kitchen, washhouse and radiology department.

At Zinder capacity was raised by 110 beds. The hospital was given a new surgical block, a pharmacy, a psychiatric department and a mobile health and medicine unit.

All the other departmental centres were given, inter alia, a maternity unit of 22 beds and a mobile health and medicine unit.

The hospital dispensaries at Birni N'Konni, Tessaoua and Tillabery were renewed and brought up-to-date.

With credit of F-CFA 156 million from the EDF, the administrative districts were equipped with 16 extra rural dispensaries spread over the whole territory of Niger.

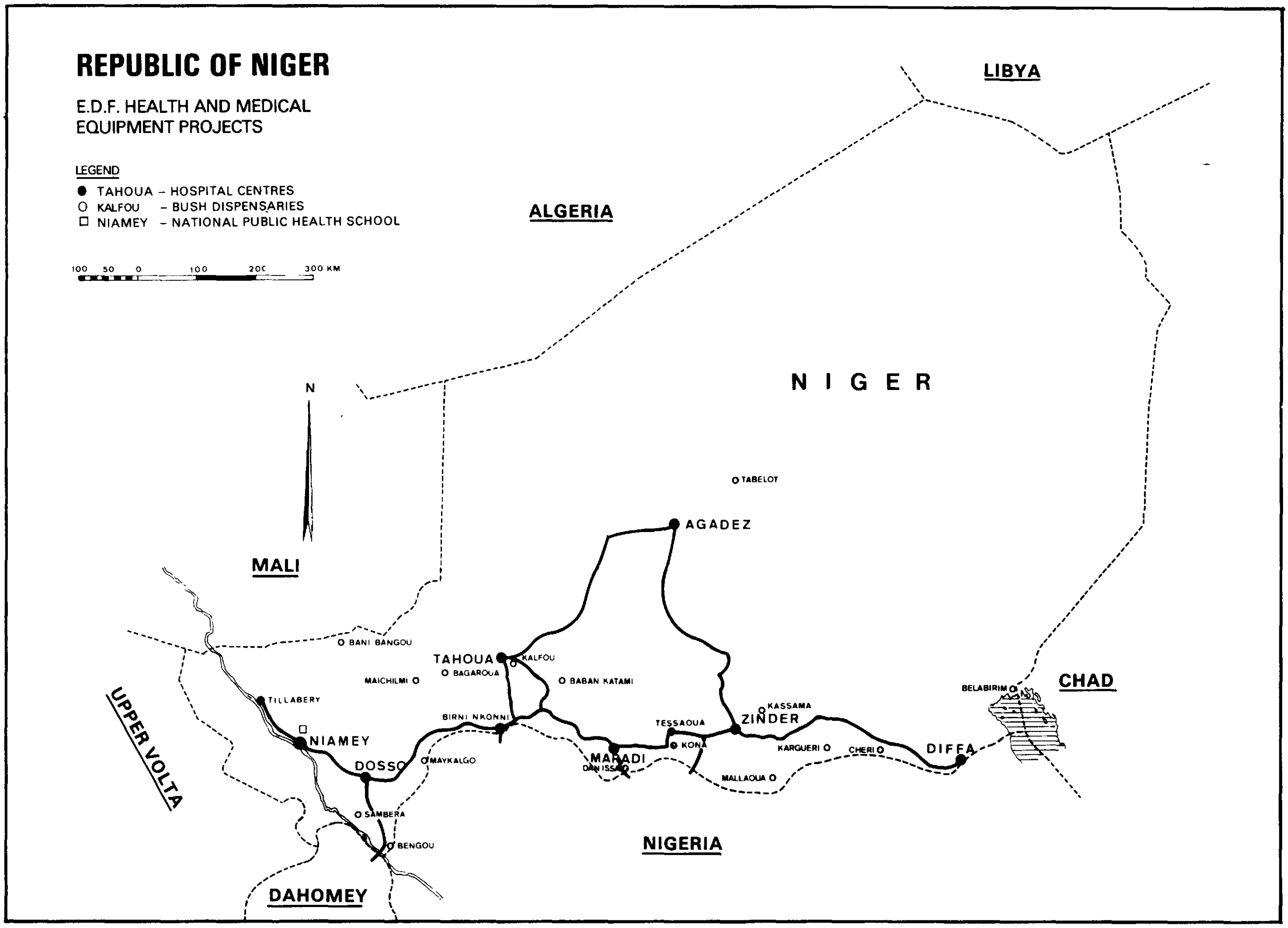
For these buildings the metal frames and roofs were prefabricated in Europe on a standardised pattern; but the architect's design made it possible to introduce variations to satisfy the needs of the different services. The construction took place in 1971-73 and the equipment supplies were completed in 1974.

It must be admitted that the general design of the buildings with big glass windows and insufficient thermal insulation is not ideal for the Sahel climate, where the extremes of temperature range from 6° to 46° and there are sand storms in the cold season.

The maintenance of the buildings and their continued equipment raise problems which have not yet been satisfactorily dealt with.

The chief cause of this arises from organisational difficulties and insufficient budget resources. During the past few years the anti-epidemic campaign and the state of weakness in the population, as a result of the drought, have been heavy charges on the Health Ministry budget. ■

E. RAUSCH



Alfred SAUVY. — **La fin des riches** (The end of the rich). — Editions Calmann-Lévy, 1975 — 295 pp., FF. 32.

The western world is in the throes of a serious economic crisis; and it is sticking its head in the sand. Its slogan is that it must foresee without seeing. "Futurology" is all the go, but the economists are throwing aside a morbid reality to embrace the charms of abstraction. In "La fin des Riches" Alfred Sauvy revives the themes nearest his heart, trouncing the hypocricy of many of our leaders, especially their tricks to live with inflation, accepting the inequalities it increases, the malthusian approach of some employers and some of the trade unions—the automobile-god, the phrases concealing conformism, the wastefulness of food habits in which the rich peoples use seven vegetable calories to produce a single animal calory. All this and more ...

This is no longer dreamland. Millions of people are now wide awake. These are the people of what we used to call the Third World, a world with so many differences within it that the name is obsolete. Developing countries are now questioning the balance held by the wealth, and it is on this that Alfred Sauvy founds his strictures. The wealthy countries can no longer ignore the changes so glaringly emerging in the oil crisis, and which may well recur in other raw materials.

Moreover, the population explosion is still in its early stages; and the poorer peoples are plunging into the anguish of the rich countries, where monopoly is tottering and where there is little inclination to abandon privilege for the sake of bringing an aid which will be the more effective for being larger, more technical and increasingly multilateral. For the rich peoples, wealth and old age go together. Their birth-rates are falling, their expectations of life are increasing, the important thing, it seems, is to diminish the burden upon the active population and encourage the old to go on working so long as they can, and help families to have a third child.

More and more, however, the relations between the capitalist world and the less developed world will be in terms of old people and young people, and not in terms of rich people and poor people. "It is sheer simple-mindedness to talk of a battle between rich and poor. What is happening is that the young peoples are making their assault on the old". Will the countries of the West emerge from their lethargy? Alfred Sauvy has written a cry of alarm.

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Jean-Claude RUWET. — **Zoologie et assistance technique** (Zoology and Technical Aid). — University of Liège. — Publication Fulreac, 1974, BF. 600.

The development of the Third World and the changing landscape which ensues have been the source of much anxiety to the scientist and the naturalist who fear so very rich an animal world may very quickly disappear. Since 1925 national parks and nature reserves have been set up; but the action was that of the former colonial powers as a method for rescuing little islands of wild life, and today these very sanctuaries are under the threat of increasing human population and conventional programmes of industrial and farm development. It is clear the parks and reserves can now scarcely be justified by the fact that they are so interesting to the scientist. They must be brought back into the economic circuit, into the world of tourists and the culture of young nations. The new tactic for preserving the national parks, therefore, can be summed up in the words "research, management and profit".

Taking part in this development, based on the laws of ecology and conforming to the requirements of conservation, the University of Liège has set up two new institutions. These are:

— The study centre for developing countries, which organises special courses and arranges inter-univeristy cooperation with the younger countries;

— The University of Liège Foundation for Scientific Research in Central Africa, which organises field research parties.

This two-fold policy has led to the training of applied ecology experts, who have played their part in national and international programmes of development aid. They held a meeting in Liège in May 1973, which was the occasion for an exchange of ideas and experiences. This symposium, published by Fulreac, is a record of their proceedings.

It is of particular interest to biologists and zoologists engaged in field research or observation, and in more general terms, to all naturalists interested in the growth of the conservation concept. It must also be of interest to all those concerned in development cooperation, who take part in development and technical assistance programmes, whatever be their own special line.

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Setting up industrial concerns in the A.A.S.M. — European Economic Community, Directorate-General for Development Cooperation — 2nd edition, Brussels 1975.

This booklet was first published in 1972 in close collaboration with the governments of the associated States. Because of its excellent reception, it has been decided to make these booklets a permanent working instrument for industrial information.

They are intended for anyone interested in any way in the industrialisation of the former "associated" States, particularly for businessmen thinking of setting up a firm in these countries or of trading with them. They have been widely distributed to public, private and international bodies and administrations both in the AASM and in the industrial countries.

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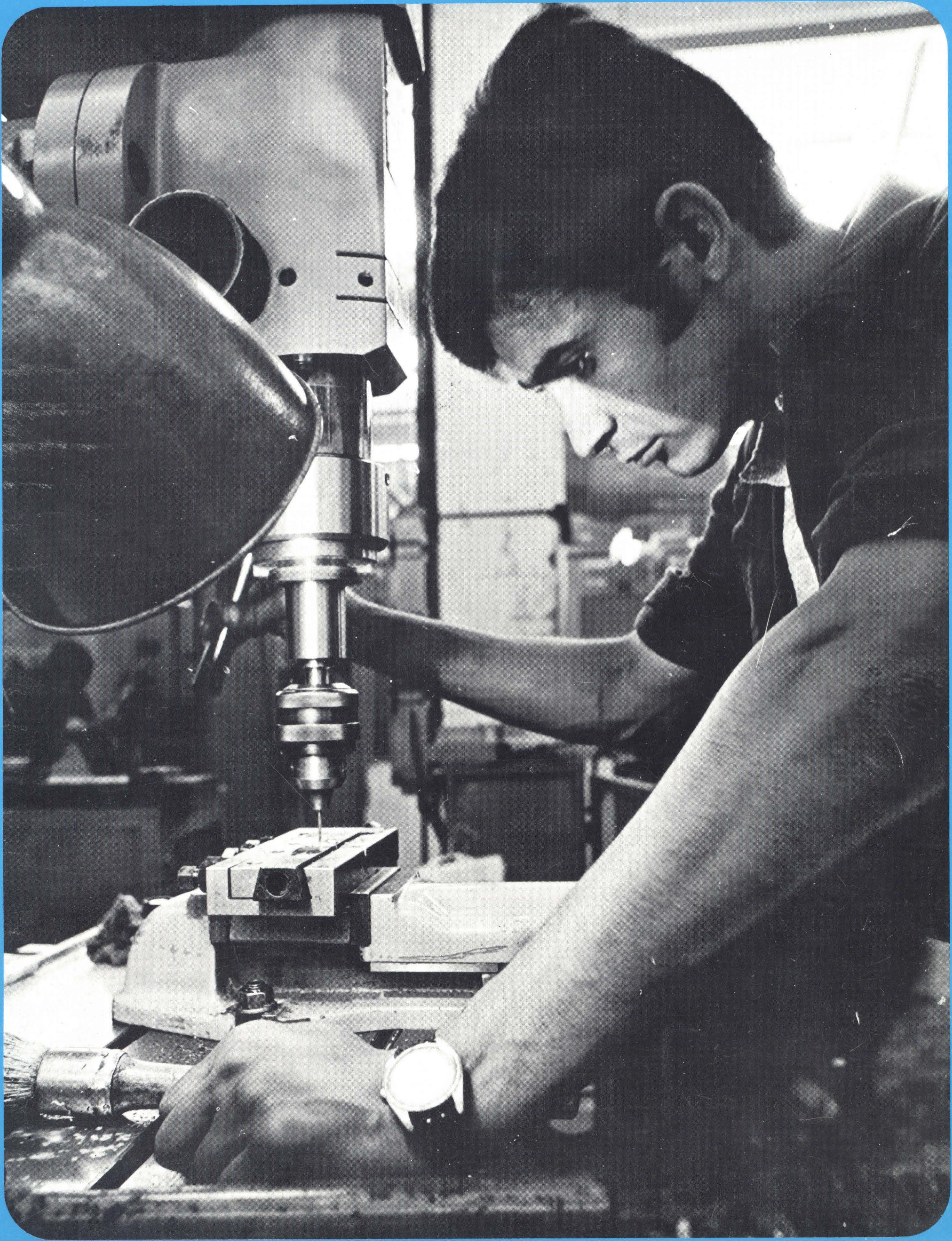

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