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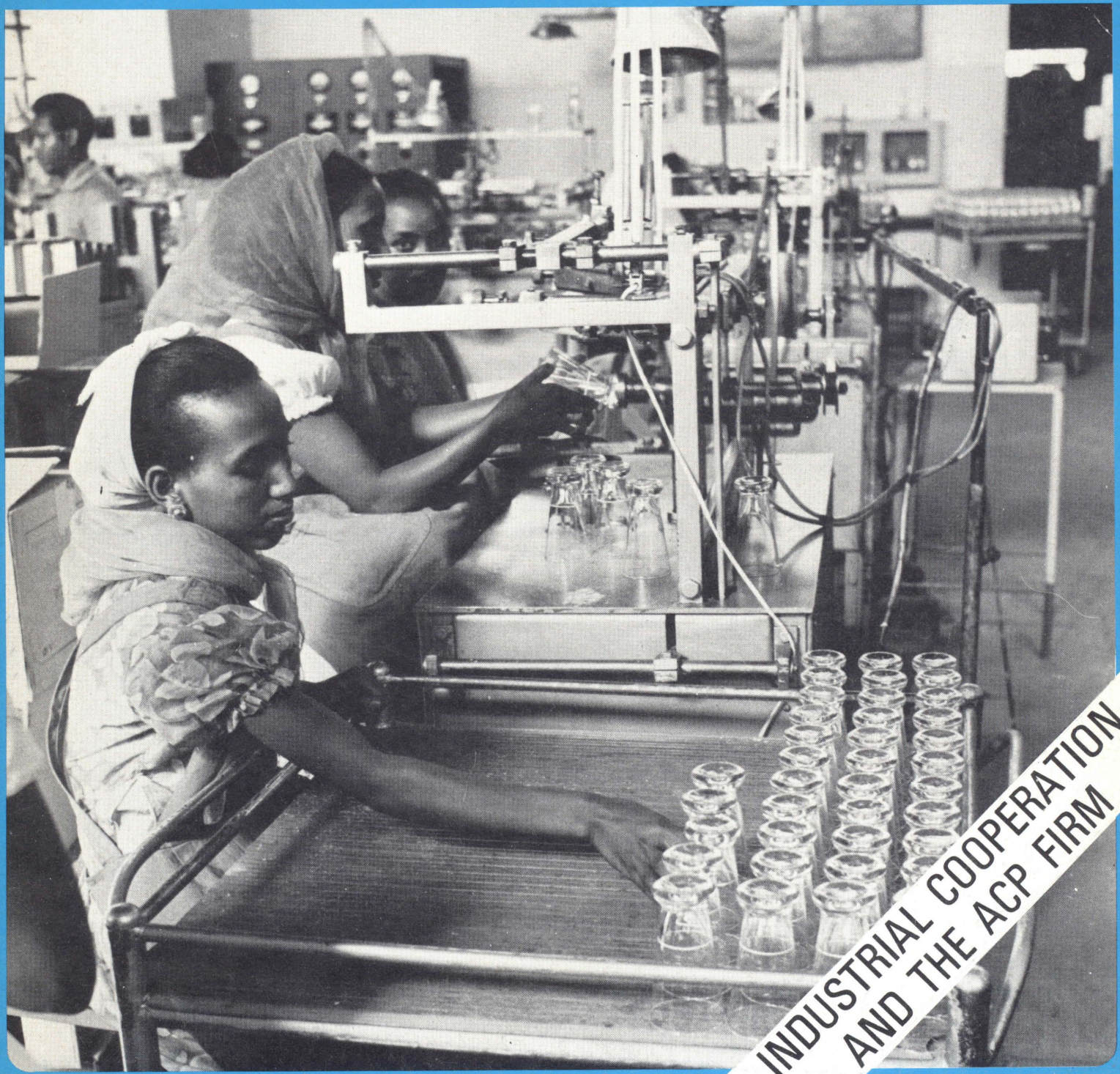


# the courier

EUROPEAN COMMUNITY — AFRICA-CARIBBEAN-PACIFIC

Published every two months

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**INDUSTRIAL COOPERATION  
AND THE ACP FIRM**

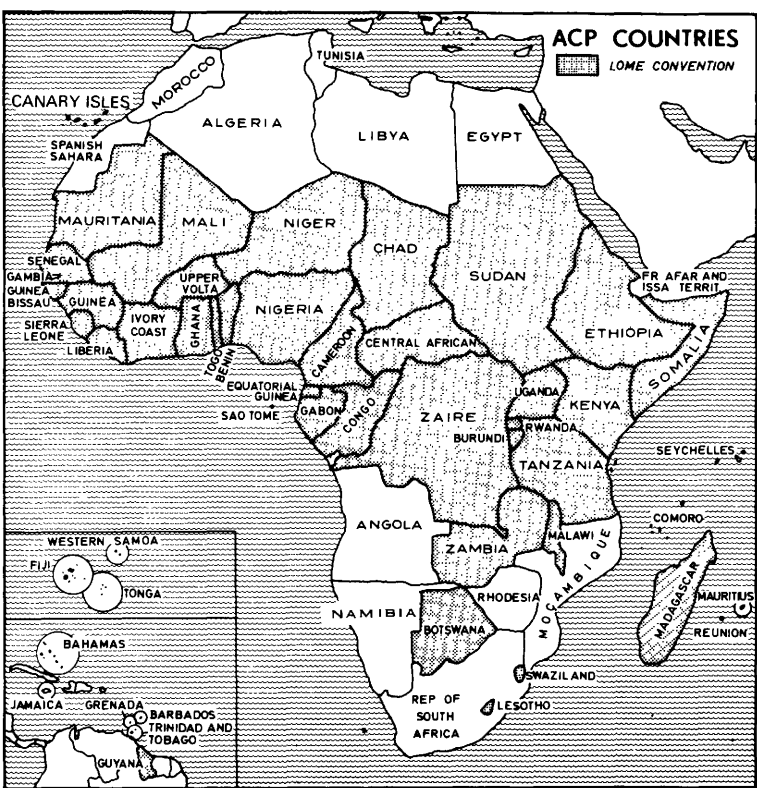
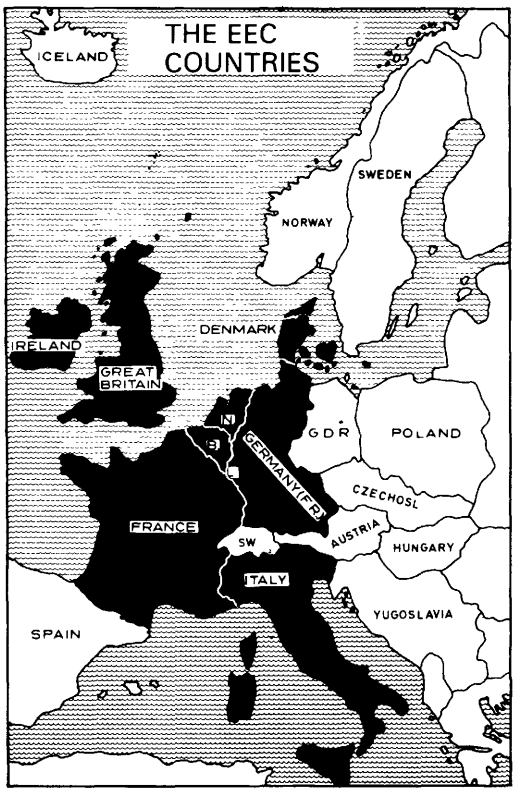


## THE EUROPEAN COMMUNITY

BELGIUM  
DENMARK  
FRANCE  
GERMANY  
(Federal. Rep.)  
IRELAND  
ITALY  
LUXEMBOURG  
NETHERLANDS  
UNITED KINGDOM

## THE ACP STATES

BAHAMAS	GRENADA	RWANDA
BARBADOS	GUINEA	SENEGAL
BENIN	GUINEA-BISSAU	SIERRA LEONE
BOTSWANA	GUYANA	SOMALIA
BURUNDI	IVORY COAST	SUDAN
CAMEROON	JAMAICA	SURINAM
CENTRAL AFRICAN REP.	KENYA	SWAZILAND
CHAD	LESOTHO	TANZANIA
CONGO	LIBERIA	TOGO
EQUATORIAL GUINEA	MADAGASCAR	TONGA
ETHIOPIA	MALAWI	TRINIDAD and TOBAGO
FIJI	MALI	UGANDA
GABON	MAURITANIA	UPPER VOLTA
GAMBIA	MAURITIUS	WESTERN SAMOA
GHANA	NIGER	ZAIRE
	NIGERIA	ZAMBIA





**ACP-EEC** — The first ACP/EEC Council of Ministers since the Lomé Convention was signed was held in Brussels on July 14-15. Ministers dealt with the main issues that have arisen since the Convention came into effect on 1 April, paying particular attention to the question of the consultation procedures between the ACP States and the Community. George A. King, outgoing chairman of the ACP Council of Ministers, outlines the ACP's attitude at the meeting. **Page 4**



# THE COURIER

EUROPEAN COMMUNITY —  
AFRICA - CARIBBEAN - PACIFIC

No. 39 — September-October 1976

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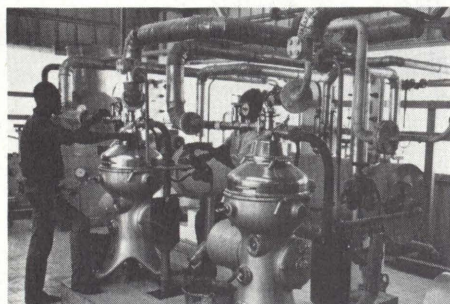


**Gabon** — Gabon's considerable resources could be enough for general economic development to lead to full employment and to the essential needs of the small population being met. The demands of the expanding Gabonese economy have pushed up the foreign population, giving rise to a certain number of social and economic problems. Albert-Bernard Bongo, President of the Republic, describes Gabon's new economic policy. **Page 8**

**Botswana - Lesotho - Swaziland** — Three ACP States of southern Africa whose geographical position means that relatively little is known about them in the rest of Africa and elsewhere. Botswana borders on, and Lesotho and Swaziland are landlocked within, South Africa. The "Courier" asked representatives of these three countries about their situation and their relations with the European Community. (Photo: Botswana's Mrs Mathe). **Page 19**



**Dossier** — The African firm, its environment and its role in society were recently discussed by international industrialists in Abidjan. Starting from these important discussions on industrialization in the ACP countries—one of the foremost concerns of the Lomé Convention—the "Courier" presents some of the main aspects of the question: the transfer of technology, the opinions of various people from industry in Europe on the development of the ACP States and the role of the Centre for Industrial Development. **Page 31**



**EDF Projects** — Many EDF projects in the ACP countries are concerned with agriculture. Development of the Kara region of Togo was slow until the EDF stepped in, and the results of the Kara operation have so far been positive enough for the 'Kara model' to be talked about in the rest of the country. **Page 67**





## The main institutions of the Lomé Convention start work

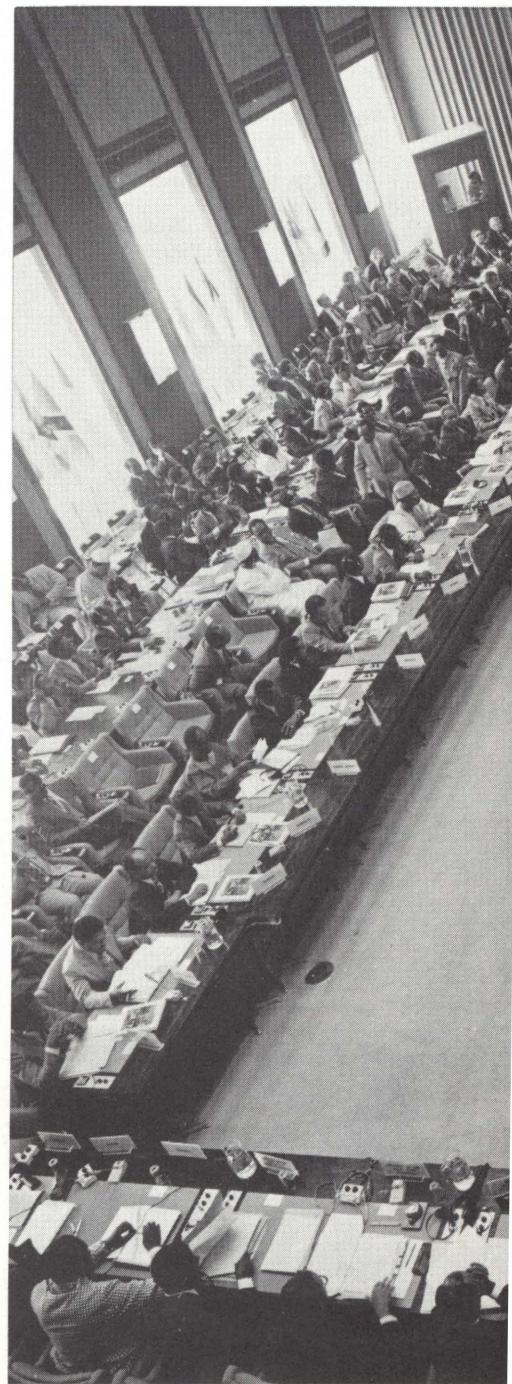
The Lomé Convention came into force on schedule on April 1, duly ratified by the 55 signatory countries, and now its principal institutions are taking over from the interim committee that has worked so ably to get the Convention going since it was signed at Lomé on February 28, 1975. These bodies are the ACP-EEC Council of Ministers, which held its first meeting in Brussels on July 14-15, and the Consultative Assembly, which held its inaugural session in Luxembourg at the beginning of June.

The meeting of the Council was particularly significant. At a time when political currents and events are tending to alter the balance of power in the world and the difficulties of laying down new rules of the international game are becoming increasingly clear, two large groups of industrial and developing countries are coming to-

gether under the terms of a wide-ranging mutual agreement and really getting down to the problems, looking for solutions in the new ideas now emerging and in a spirit of dialogue.

On the ACP side, the whole of independent Africa south of the Sahara now has the right to join the Lomé Convention if it so desires, and practically all the countries of this part of the world were present at Luxembourg and Brussels; the Caribbean brought its particular style and negotiating strength; and the distant Pacific members of the ACP were also present to meet the European Community.

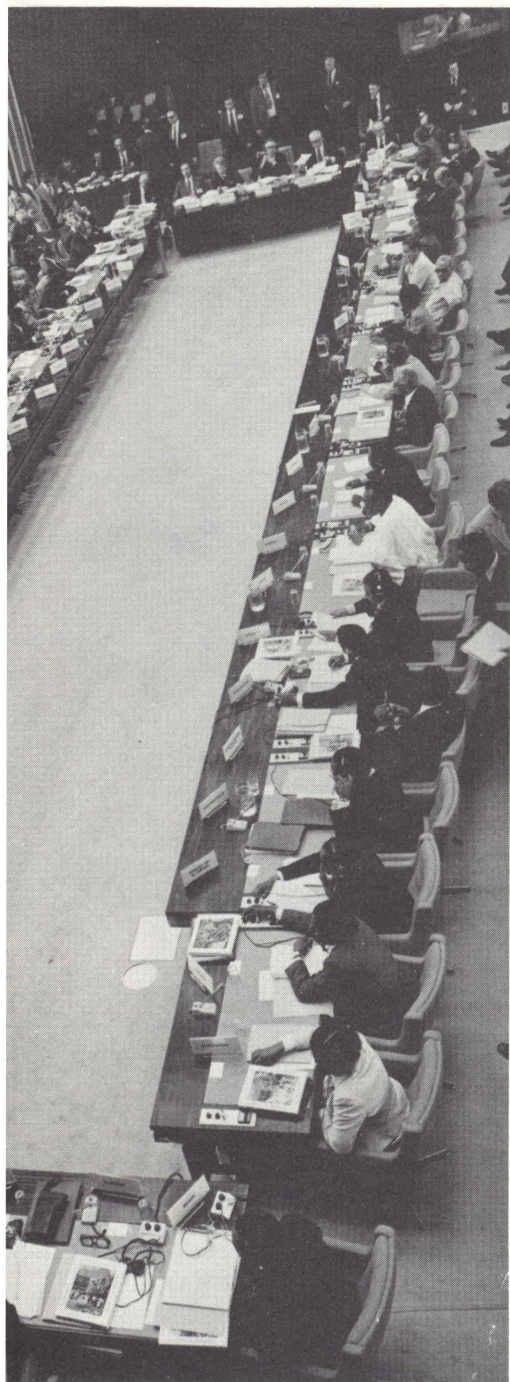
The ACP-EEC Council of Ministers is the top decision-making body set up under the Lomé Convention. Its job is to settle problems raised by the application of the Convention and to make policy decisions. Its first meeting was naturally devoted to the more novel,



*The first meeting of the ACP-EEC Council*

and more difficult, ground covered by the Convention; in the more familiar sectors such as financial and technical cooperation, the Council noted





J.L. Debatze CEC

of Ministers, in Brussels on July 14-15, 1976

what progress had been made and gave new impetus where necessary. On this point, it may be noted that during the Council meeting the EEC Com-

mission was just winding up the aid programming missions it sent out to the ACP countries.

The boldest innovations of Lomé, which called for the toughest negotiations, were in the fields of trade relations, where the system of export earnings stabilisation is an outstanding measure, and industrial cooperation. These areas are at the centre of the relations between rich and poor countries and it is here that the application of the Lomé Convention has given rise to the greatest number of problems and discussions. Much of the Council meeting was taken up with these and some differences of interpretation, which are natural enough, were tackled directly by the two groups.

The reality of the new directions taken under Lomé and the test of the possibilities of real cooperation between Europe and the Third World found their expression in the Council's down-to-earth discussions on such questions as the annual negotiation of a guaranteed price for ACP sugar exports to the EEC (of considerable importance this year in view of the fall of the world market price) and the problem of beef from Botswana and other ACP countries, and difficulties with rum, bananas and other agricultural products. These questions were discussed in the Lomé spirit, i.e. with the frankness characteristic of two large independent groups and in an atmosphere of close cooperation within the different consulting bodies. George King of Guyana, the ACP chairman, stressed

how important his group considered these consultations. They were carried out most efficiently in a number of cases, for instance before the Community improved its offers to benefit all Third World countries under the Generalised System of Preferences; but there is still room for improvement in keeping up this consultative mechanism.

A number of important measures were agreed by the EEC and ACP ministers. They gave the go-ahead for six newly-independent countries to join the Lomé Convention, bringing the number of ACP States up to 52: the Comoros, the Seychelles, Surinam, Cape Verde, Sao Tomé-Príncipe and Papua-New Guinea. They set up the Industrial Cooperation Committee and the Centre for Industrial Development, giving reality to a complex and original approach to the problem of industrialisation. And they speeded up financial and technical cooperation on regional projects, involving groups of several ACP or ACP and non-ACP countries, which could make an important contribution to the economic integration necessary in the Third World.

In all, the first ACP-EEC Council meeting gave evidence of the boldness of the Lomé Convention, of the vitality of the institutions it provides and of the possibilities of cooperation in sensitive areas which closely affect the employment and incomes of the different population groups in the countries concerned.

Jean Durieux  
Publisher of  
"The Courier"



## First meeting of the ACP-EEC Council of Ministers

The joint ACP-EEC Council of Ministers set up under the Lomé Convention met for the first time in Brussels on July 14-15, chaired by George A. King (Guyana), as chairman of the ACP Council of Ministers, and Max Van Der Stoel (Netherlands), as chairman of the EEC Council of Ministers.

This first meeting gave the EEC and ACP ministers the chance to consider various questions concerning the operation and the enlargement of the Convention.

Rules were drawn up on the procedures for the Council of Ministers and the Committee of Ambassadors, and another important step was taken in defining the make-up of the committee on industrial cooperation and the working rules and regulations of the Centre for Industrial Development (see page 62).

A report on progress on trade measures and the application of the Stabex system (stabilisation of ACP export earnings) was examined, as were the possibilities of extending the Stabex system to other commodities and operating it under new criteria and methods of calculation.

The European and ACP ministers considered requests to join the Lomé Convention from six newly-independent countries: Sao Tomé-Príncipe, Cape Verde, Papua-New Guinea, the Comoros, Surinam and the Seychelles. They attended the meeting as observers. These countries appear to satisfy the conditions for joining the Convention and there are no objections on the ACP side.



**The ACP-EEC Council of Ministers**

*Left to right: Simon Nko'o Etoungou (Cameroon), chairman of the ACP ambassadors, George A. King (Guyana), chairman of the ACP-EEC Council of Ministers, Dodoo Nii, acting ACP secretary-general and Mourtada Gueye, an expert with the ACP secretariat*

### Overall optimism despite some disagreements

Although the joint ACP-EEC ministers meeting was held in a relaxed atmosphere, the ACP were quick to express their "deep disappointment" over the working of some points in the Convention. The main grievance was that the Community had "felt unable to accept" the ACP invitation to hold the first ACP-EEC council in Fiji, as initially scheduled since the signature at Lomé in February 1975. Mr King said the disappointment was the greater for the fact that the invitation had been "left unanswered for so long" by the Community. The Community's eventual refusal of Fiji was "se-

rious and regrettable", the chairman of the ACP ministers said.

There were further differences of opinion on the consultation procedures laid down by the Convention. The ACP considered that the Community had been remiss in taking some "important" decisions without previously consulting them. Mr King spoke for the ACP in saying that "the spirit of the Convention was not respected in these cases".

At a press conference after the meeting, the chairman of the ACP Council of Ministers said: "the Lomé Convention should be the basis of a progressist strategy for new relations between developing and developed countries". He added: "the wealth of the rich is the reward of hard work, but it is also the re-



sult of the exploitation of the raw materials of the 46 ACP countries, which, when they were colonies, were part of today's industrial countries."

The Lomé Convention should be an instrument for correcting this unjust situation, Mr King said. "How can equality be created between two unequal parties except by redressing this imbalance?" he asked. That could be done under Lomé, especially as European aid found its counterpart in the immense market offered by the ACP for the Community's trade and technology, Mr King said.

July was the last month of Mr King's chairmanship of the ACP Council of Ministers. He left on a note of general optimism about the future of the Lomé Convention and of ACP-EEC relations by saying that the ACP's "doubts" about the Convention were being "dissipated" (see interview with Mr King below).

LUCIEN PAGNI



J.L. Debarze - EEC

George King with Netherlands foreign minister Max Van der Stoep, chairman of the EEC Council of Ministers

*"We had a frank exchange of views"*

## George A. King:

### New confidence in the Lomé Convention

George A. King, Guyanese Minister of Trade, chairman of the Guyana State Corporations (Guystac) and outgoing chairman of the ACP Council of Ministers, left the first ACP-EEC Council of Ministers meeting in Brussels in July with "new hopes" for the Lomé Convention. He said the meeting had cleared up several doubts the ACP felt about the Convention.

► *Minister, you said you had doubts about the Lomé Convention but that after the inter-ministerial meeting in July, they were "dissipated". What were these doubts and how were they dissipated?*

— Perhaps the word "dissipated" is somewhat too distinct. My intention really was, and is still, to say that those doubts are rapidly disappearing. When we negotiated Lomé, which took a very long time, the Europeans showed great reluctance to reach agreement on a number of points and there was virtually a constant struggle between the ACP and the EEC. Since Lomé was signed we have had grave problems on the question of proper consultation. The Community made certain unilateral deci-

sions—for example, while we were discussing rum our quota was altered and while we were discussing sugar a regulation was published with regard to the storage levy—and we began to feel in the early months of Lomé that the Europeans still felt our partnership was not entirely on a basis of equality.

This has been our first joint meeting of the Council of Ministers since Lomé was signed, and there was frankness on both sides. We expressed our views on areas in which we were very unhappy,



particularly in trade and commodities. Beef and veal from Botswana have been subjected to licences for six month periods and in my tenure of office I have had to make constant representation for them. We have had problems with bananas and groundnut cake, and we have expressed our views very frankly in those areas. The Europeans recognised our dissatisfaction with regard to consultation, and it is my view that the way in which they have responded and the way in which the dialogue has gone in this first joint meeting of ministers now gives much greater hope for a closer working relationship. I think this meeting has created new hopes and new aspirations for Lomé.

▶ *Will the nomination of a secretary-general for the ACP improve consultation procedures?*

— I would like to say categorically yes. When I took over as president in Malawi, we lost the very valuable services of Mr Sylla, and the deputy secretary-general was also recalled by his government. So early in January it was necessary for me to make ad hoc, very temporary arrangements for the conduct of the secretariat. Let me say that Mr Doodoo has done a tremendous job under great difficulties and short of staff. Now that we have been able to appoint the candidate from Mali as secretary-general, and the candidate from the Caribbean as deputy secretary-general, I expect this in itself will give greater strength to the ACP relations with the EEC. We will have our case much better prepared and I think the new president should be in a very good position to carry on the work of the ACP Council of Ministers.

▶ *In the field of trade, and of sugar and rum in particular, do you feel the spirit of the Lomé Convention is being preserved?*

— Sugar is one area in which we have had disappointments—not so much at the price, but more at the way in which the European negotiation team for sugar sought to interpret the protocol. When we negotiated—and sugar at that stage was an important issue—there was no doubt in the minds of either side about what we sought under that protocol. In the second negotiation there was, and there continues to be, a new interpreta-



George King with EEC development commissioner Claude Cheysson  
*"New hopes for the Lomé Convention"*

tion by the Commission. I am not prepared to say at this stage whether they are right or wrong; all I am prepared to say is that they have used a formula and imposed conditions which are different to those used in the first negotiation. To me and to my colleagues, the question of a storage levy is a burning one. We in the ACP countries are required to store our sugar and we ship the sugar under schedules arranged by the refineries, in other words the shipment is pre-arranged and we can only ship on the date specified by the refineries, and therefore when our crop is in full force we have to store our sugar in our individual countries. This involves tying up finance and storage. To our minds, it is unfair to ask us to pay another storage levy in Europe. We cannot be asked to bear the cost of storage twice. Nevertheless, the Council has looked sympathetically at the case and the two presidents will meet in the autumn and have this matter resolved.

It is a similar case for rum. I don't think rum causes any major problems.

We are really only talking about an amount of roughly 5 900 hectolitres—that is the extent to which the quota has been reduced—and I think that is a simple problem which will be solved even before the presidents' meeting. But as I say, I believe we understand each other, and I am looking forward with great confidence to the matter being resolved by the two presidents, perhaps by the end of September.

▶ *What are the development priorities of your own country, the Cooperative Republic of Guyana?*

— Geographically we are in South America, but we are part of the Caribbean community—partly because in the past Guyana, being the only British possession in South America, was linked with the Caribbean for administrative purposes. We are seeking to develop the productive sectors of our economy; we are concentrating very heavily, for example, on our agricultural resources. At the moment we are the rice bowl, so to

J.L. Debatze - EEC



speak, of the Caribbean; we ship most of our rice to the Caribbean. We are now expanding our corn and soya bean projects. We are of course large sugar cane producers. And in addition we are developing our timber industry; we now provide a substantial part of world supplies of hardwood. We are expanding our bauxite industry. We are putting in the first phase of our hydro-electricity which should lead on to smelting operations.

As far as development projects with the EEC are concerned, we have about five: a fish-processing plant, a farm-to-market road and a forestry industry project; the other two relate to training; we are putting up a textile mill and a glass factory and there are scholarships to train Guyanese as part of these schemes. We are very concerned that these projects have not yet started. But there are technicians from the EEC in Guyana now making further studies of these projects, and I am very optimistic that we will get at least two or three of them started this year.

► *How has the Lomé Convention helped to bring the countries of Africa and the Caribbean closer together?*

— If anything, Lomé has perhaps accelerated the process of bringing our African and Caribbean brothers together. We in Guyana have always recognised our affiliation and our brotherhood. My own prime minister, who has made several visits to Africa, stands out as one of the champions for the liberation movement and is not only dedicated to it in terms of talk and representation in the international forum, but in fact we have been contributing substantial financial sums to the cause of liberation in Africa. And we believe that we have to continue associating our efforts with what we believe to be a just cause. We will not be happy until all of Africa is free to control its own self-determination and until the African countries are completely in control of their economies, because in so far as we are concerned, no part of the world can be free so long as our brothers are encountering difficulties. So I think Lomé has brought us together. It is one link which has been forged. Since becoming involved in Lomé, I myself now have a better understanding of the problems in Africa; I



J.L. Debatze - EEC

**George King with Hans-Broder Krohn, EEC director-general de development**  
*"A better understanding"*

have visited Malawi, I have been to Lusaka and Nairobi and I am looking forward to my visit to Uganda at the next ACP meeting. We are in the forefront, in so far as Guyana is concerned and the

rest of the Caribbean; we feel we are with you very solidly in our support of your just cause. ■

Interview by  
L.P.

### **Tiéouté KONATÉ** **New-Secretary-General** **of the ACP-Group**

M. Tiéoulé Konaté of Mali was elected Secretary-General of the ACP group on July 13 by the ACP Council of Ministers, who met in Brussels on the eve of the first joint EEC-ACP Council on July 14-15.

M. Konaté, 43, has held a number of posts in Mali and in African and international organisations since 1962. He has been successively director-gen-

eral of economic affairs at the Ministry of Trade and Industry, assistant director-general of the Bank of Mali, deputy governor of the African Development Bank, International Monetary Fund auditor, head of the Mali delegation to UNCTAD in Santiago (Chile) and Minister of Finance.

He was at school in France and studied economics in Paris before specialising in applied economics at the French Ministry of Finance and the Economy, and studying economics and planning at the United Nations in New York.

The new ACP Secretary-General has a thorough knowledge of the problems of international cooperation and is well suited to the difficult tasks of negotiation and coordination falling to the ACP Secretariat. He speaks French and English and is married with three children.



# GABON 1976

Gabon has a small population and one of the highest *per capita* incomes in Africa. It has considerable resources, including oil, manganese, iron, uranium and tropical woods. Many of its assets are already being exploited and the economy has made great strides over the last decade.

However, Gabon is faced with a certain number of problems arising from its development and the country's leaders are very much concerned with education and vocational training and the development of agriculture. The economy requires qualified cadres and this has led to a large number of management staff coming in from abroad, while the development of the country's resources has attracted many foreign firms.

All this has given rise to a number of new economic and social problems, which in turn have led to a new philosophy of development, based on social progress, democracy and concerted action.

These factors have attracted the attention of everyone interested in problems of development and cooperation. During his recent trip to Libreville, the editor of the "Courier" asked the President of the Gabonese Republic about this country's progress over the last decade and what its new development policy promises for the future.

## Interview with Albert-Bernard Bongo, President of the Gabonese Republic

### Oil prospects

► *The most spectacular event of the decade was that Gabon became an oil-producing country — 1.2 m tonnes in 1965 and 12 m tonnes forecast for 1975. In 1972, oil accounted for 42% of total exports. This product has therefore provided tax earnings and a considerable amount of foreign exchange, enabling development schemes to be speeded up. What are the prospects for the oil industry now?*

— Gabon's aim is to acquire a modern economy based on resources which are either currently available or which will become available later on, and oil is one of our prime means of achieving this aim.

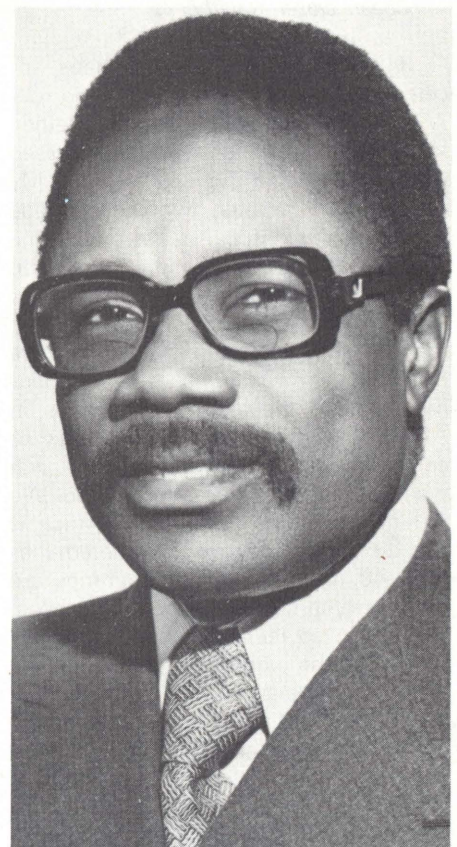
As you say, the oil industry has enabled us to accelerate development because of the increase in production, which rose from 6 m tonnes in 1972 to 12 m tonnes in 1975. The advantages of oil over the coming years are directly linked to production prospects, which, to answer your question, are very good.

The exploitation of oil deposits depends on several things: first, on the deposits already discovered, second, on

prospects as regards further discoveries and, third, on the exploitation policy.

The State is extremely active in developing this industry. In the past, enormous efforts were made to discover oil. Prospecting was made possible by a flexible tax system that provided the right sort of incentive, enabling reserves of 500 m tonnes (of which only 14% have so far been tapped) to be found. Technological developments and improved management techniques will mean that we should be able to step up considerably the amount of oil we are able to extract.

What is discovered in the future will, of course, depend on how much effort is devoted to prospecting. The State's oil policy has always been properly adapted to the situation in Gabon and we are now actively encouraging oil companies in their search for further deposits. Every year, thousands of millions of francs are invested in oil prospecting and, in 1975 alone, investments topped CFAF 15 000 m and should reach 23 000 m in 1976. Deposits already tapped reveal that prospecting costs are an average CFAF 1000 per tonne. Although we are well aware that oil prospecting is a ha-

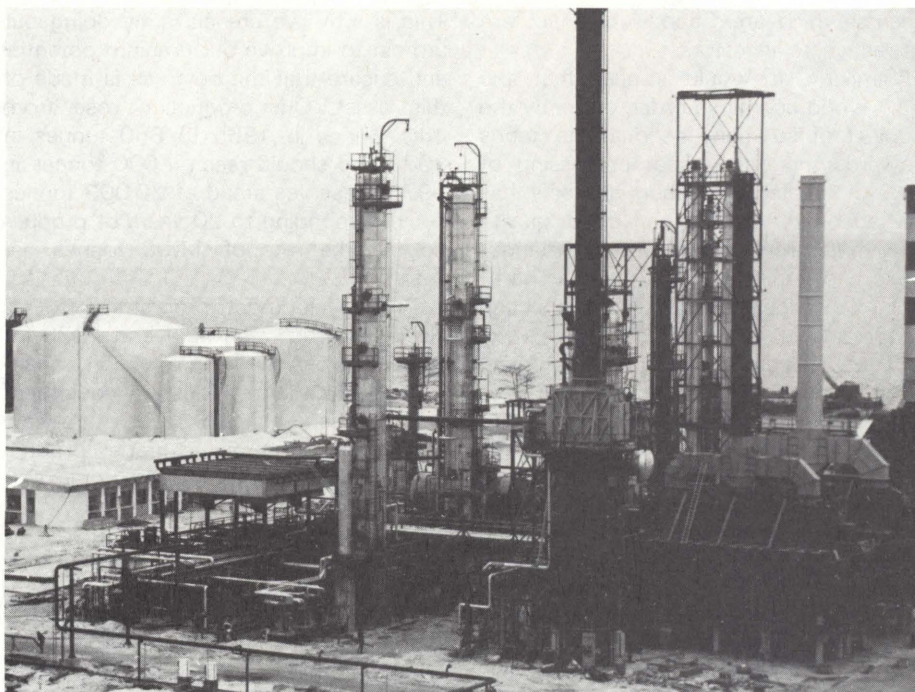




zardous business, we feel that the enormous investments being poured into it are reason enough to be optimistic about the discovery of further deposits. We can, therefore, say that the prospects of further discovery are reasonable.

Finally, it is worth emphasizing that the exploitation policy adopted affects the total quantity of oil that can be obtained from any one deposit. The rate at which it can be tapped depends on methods and speed of extraction and we are fully aware of this. The State, therefore, intends boosting production by improving the methods of exploitation.

In conclusion, and in the light of what I have just said about past and future discoveries and our exploitation policy, I should like to say that Gabon's prospects are extremely promising and that a policy involving the better management of our national assets would enable us to realize these prospects in what I hope will be the very near future.



*Oil refinery at Port Gentil (Gabon)*

AAA Photo

## Setting up an iron and steel complex

▶ *Gabon is the world's largest exporter of manganese. Production in the Moanda area totalled 2 m tonnes in 1974, this being more or less the maximum that can be carried by the present route via overhead lines to the Congo-Océan railway and Pointe Noire. In view of the existence of manganese, the hydroelectric resources of the region, the Bélinga iron deposits and the Trans-Gabonese railway — which we shall return to later on — might it not be possible to set up an iron and steel complex in Moanda?*

— First I should like to make this comment: the fact that manganese production stands at 2 200 000 tonnes is not just due to the transport situation. The figure is also dependent on market conditions, that is to say on the present economic situation. If demand rose, then, over the next four years, we could well adapt our transport system, and the Trans-Gabonese railway in particular, to satisfy it.

As to the question itself—you made it quite clear that Gabon has enormous assets waiting to be used. We are in the fortunate position of being able to envisage processing our own raw materials

on the spot, both because of the major hydroelectric resources you mentioned and because the Trans-Gabonese railway will soon be finished and will constitute a solid core around which our country's economic and industrial development can be built.

There are many good reasons for setting up an iron and steel complex, ranging from the quantity and quality of Gabonese ore to our marketing infrastructure.

Gabon has rich iron deposits in various parts of the country. In the north-east, in the Makojou-Mékambo area, there are more than 1 000 m tonnes of ore (with a 62 % iron content) in deposits at Bélinga, Boka-Boka and Batoula. In the south-west, there are more than 120 m tonnes (44 %) in the Tchibanga area.

These already substantial reserves will doubtless be increased once current research has investigated other serious possibilities, particularly of deposits of low-grade iron ore.

The quality of our iron ore is, generally speaking, very good. It is excellent, in fact, as far as the iron content of more than 50 % of our reserves is concerned. The Bélinga deposit contains 550 m tonnes of ore at 64 %, which means that quality, for the purposes of exploitation, is high. Ore from the Bélinga

mines is known to be high-grade raw material for blast furnaces and it is ideal for caking and pelletization, yielding good quality products for marketing. Ore from Tchibanga, although it has a lower iron content, is known to be suitable for pelletization.

Finally, as far as marketing is concerned, Gabon has made an enormous effort to build structures that meet the demands of providing a competitive product for the world market. The Trans-Gabonese railway will mean that the Bélinga mine can be opened more quickly and will provide a direct link between it and the port of export. This link will be shorter than the mine-sea link in competitive industries in other places such as India, South Africa and the Amazon Basin. The ore port at Santa Clara, not far north of Libreville, is due to take the biggest ore ships and will mean that the costs of sea transport per tonne-mile can be greatly reduced.

So quantity, quality and infrastructure should help boost the development of the Gabonese iron industry and various aspects of the world economic situation are also in our favour. For some years now, the iron and steel industry has wanted to spread its activities over a greater area of the globe and the political stability and respect for commit-



ments which are Gabon's hallmark are attractive to investors.

Similarly, it would appear that the new world economic order, currently the subject of so many negotiations, tends towards the on-the-spot processing of raw materials and Gabon not only has an adequate quantity of good quality raw materials such as wood, oil, manganese and iron, but energy as well, particularly hydroelectricity, which is cheap to produce.

These exceptional advantages mean that Gabon is one of the optimum sites for the geopolitical redistribution of development. It is highly likely that in the particular case in question, iron, these natural advantages will result in one or more iron and steel complexes, each producing several hundred tonnes, being set up.

## Uranium prospects

► *In the same region, 30 kms from Moanda, lies one of the purest deposits of uranium ore (with 4 to 5 kgs of metal per tonne of ore) in the world. If Europe's production of nuclear energy increases, do you think that your prospects will be favourable?*

— Prospects seem extremely favourable for Gabonese uranium from the various points of view of market trends, research and development.

As far as the market is concerned, various factors combine to create good conditions for selling what we produce. The uranium market has developed rapidly since 1973 and the OECD forecasts that demand will have increased nine-fold between 1973 and 1985 due to the enormous nuclear development programmes being launched in the West.

Specialists in the field suggest that the level of discovery required to satisfy demand would involve extremely costly research which it would be difficult to carry out at the present time.

With the law of supply and demand, the price of uranium—which was adjusted in 1974 and 1975—will probably, if not certainly, continue to rise for some time. It is also worth mentioning that the consumer countries' desire to ensure reliable sources of supply will, in some cases, result in the purchase price being higher than the market price.

We therefore have every right to be confident in the future of our uranium.

This is why we are currently doing our utmost to improve our uranium potential and ensure that the best use is made of this asset. Our production rose from 440 tonnes in 1965 to 850 tonnes in 1975 and should reach 1 000 tonnes in 1978. Reserves stand at 20 000 tonnes — corresponding to 20 years of production at the rate of 1 000 tonnes per year.

The development programme to be carried out between now and 1978 involves increasing the production capacity and attendant processing equipment and improving concentration with a view to obtaining a higher-grade product which it is easier to market. For example:

— the current extraction capacity, something like 170 000 tonnes of ore, will be brought up to 240 000 tonnes in 1980 to provide 1 000 tonnes of metal per year;

— new equipment will be installed to bring the concentration of the production up from the present 45/50% of uranium to 70% and to obtain yellow cake.

Long-term research would be carried out alongside these investments in development and processing.

Total investments to be made by 1980 amount to more than CFAF 10 000 m, of which almost 30% would be for research.

In conclusion, I should like to answer by saying that Gabonese uranium is not a newcomer to the world market, that it came to the fore in that unique phen-

omenon, the Oklo nuclear reactor, and that prospects for the next 20 years are good.

The Franceville deposit has yet to be fully exploited and the Nyanga estuary and valley look extremely promising sources of uranium ore.

## The Trans-Gabonese railway

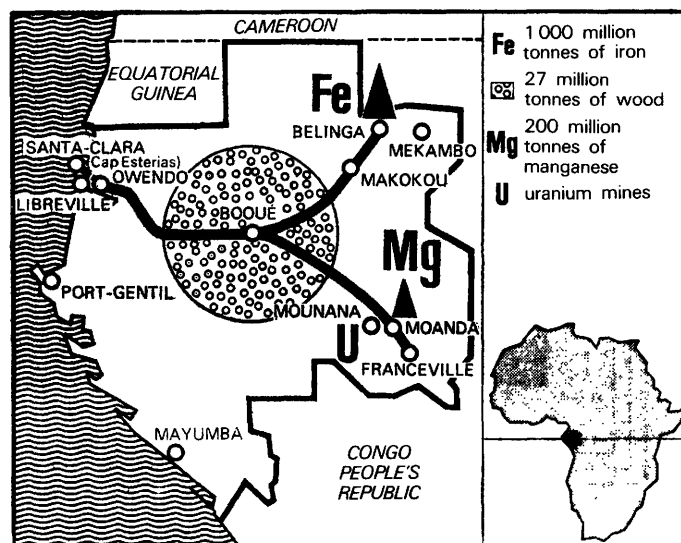
*There is a major project in the mining sector and that is the exploitation of one of the biggest iron deposits in the world, in the Bélinga-Mékambo area in the north-east of the country. Reserves are estimated at something like 1 000 m tonnes of ore, with an iron content of 62%. Exploitation of this deposit is linked to the construction of the Trans-Gabonese railway, of which the first two sections have already been completed. Can you tell us how this railway—to which you have devoted so much energy—stands?*

— The railway is a major strategic asset as far as the exploitation and the enhancement of our natural resources is concerned. We are putting all our efforts into it, since we are aware that our mines and our forests cannot be properly exploited until it is complete.

The railway and attendant facilities such as ore and timber ports, roads, tributaries and so on will mean that:

— the Bélinga iron deposits can be exploited and production brought out under excellent conditions so that the demands of the world market are met;

— manganese ore production can be



*The Trans-Gabonese route*



# GABON

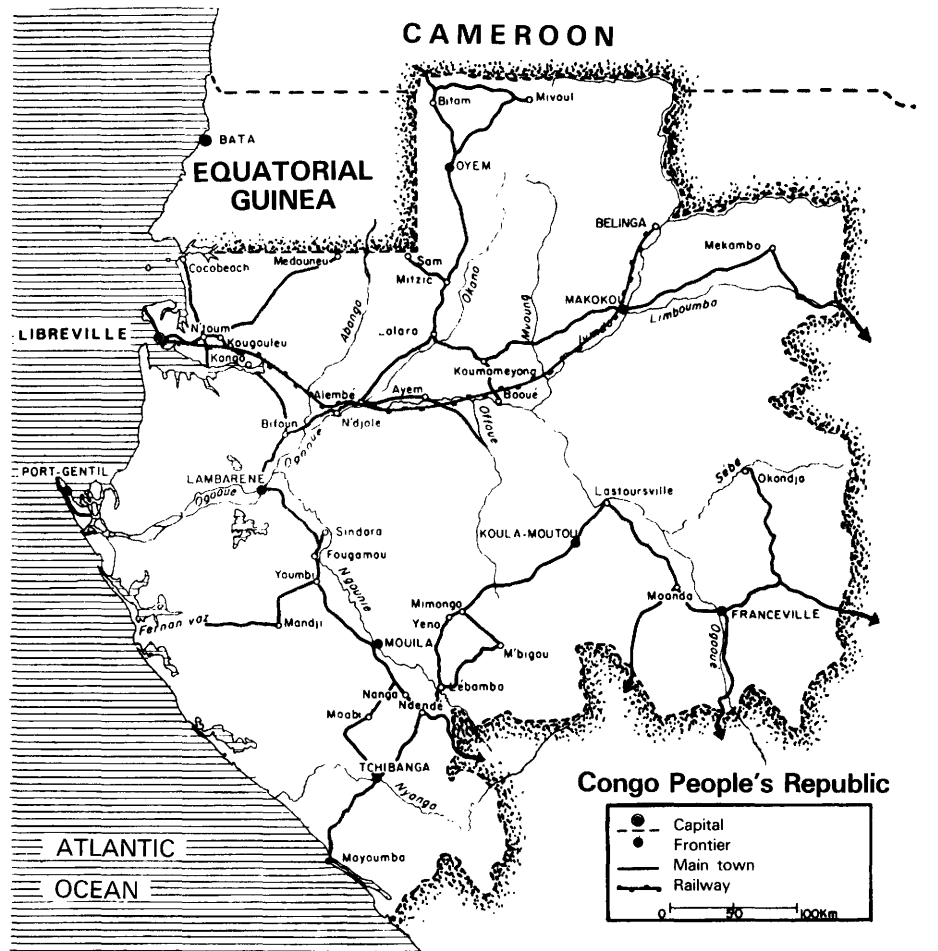
Gabon covers an area of 267 662 km<sup>2</sup>. It is bounded to the north by Equatorial Guinea and Cameroon, to the east and south by the Congo and to the west by the Atlantic Ocean.

It can be divided into three vertical bands: plateaux (700-1000 m) in the east, mountains (the Cristal mountains and the Chaillu massif) in the centre and the coastal plain, an 800 km strip along the Atlantic seaboard. The plain is cut by two rivers, the Ogooué and the Gabon, and there is marshland in the south. Three ports have grown up on the estuaries—Libreville, the capital, Owendo and Port Gentil.

The climate is of the equatorial type, most (85%) of the country is forest and tropical woods—gaboon in particular—are, therefore, some of its most important assets. In addition to this, Gabon has considerable mineral resources—manganese, uranium, oil and vast iron deposits at Bélinga in the north-east which can be exploited as soon as the Trans-Gabonese railway is finished.

The population was estimated by the World Bank and other international bodies at 520 000 in mid-1973, although Gabon itself contests this figure and puts it over the million mark.

The country's economy has two particular features—it is concentrated and export-oriented. It depends crucially on outside factors and is concentrated in the hands of one or two firms exploiting natural resources—oil at Port Gentil (48% of exports in 1973), manganese (world's big-



gest exporter) and uranium (one of the purest ore deposits so far discovered) at Franceville and wood in the central region.

Only 20% of the forest areas are currently being exploited. Gabon has a monopoly on gaboon, which represents 80% of its total wood production, but the whole sector has been badly affected by the drop in demand in the second half of 1974.

Although something like three-quarters of the population live in rural areas and work in agricul-

ture, food crops are inadequate and cocoa and coffee are the only export crops.

In 1973, oil products accounted for 48% of exports, forestry products for 32% and mineral products 17%, the remaining 3% being various other products. Finished consumer goods were the major (46.6%) import item.

The country's main trade partners are the EEC and the USA. It is a member of UDEAC, is in the franc zone and also belongs to BEAC, an issuing bank.

considerably stepped up towards 1981/1982 to meet increasing demands, which could not be fully satisfied using the present system of transport via the Congo-Océan route;

— Gabon's forests can be systematically and regularly exploited—the railway will

enable log transport, due to start in 1979, to reach full capacity by 1983/1984.

From the economic and social point of view, the railway will constitute a solid core round which the country's economic development can be harmoniously

built. It will be a powerful economic catalyst with the creation of secondary activities around the stations along the line to attract and concentrate the scattered population and enable a proper administrative infrastructure—schools, clinics and so on—to be set up and will consti-



tute a real chain integrating and unifying links between the various parts of the country that are currently cut off during the rainy season.

## Energy

► *The mines, the development of the oil industry, the new international ports and airports, the construction of factories to process raw materials and the growth of urban centres have all produced a considerable demand for energy and we must look to the Kinguélé dam, the Poubara hydroelectric plant and the projected construction of dams on the N'Gounié and the Ogooué to satisfy it. How is work progressing on these various hydroelectric projects?*

— The increase in demand for energy in Gabon is, in fact, considerable. Statistics show that electricity production reached 253 m Kwh in 1975, having increased at the rate of

+16.8% between 1969 and 1970;  
+13.8% between 1970 and 1971;  
+17.2% between 1971 and 1972;  
+23.3% between 1972 and 1973;  
+17.0% between 1973 and 1974 and  
+31.2% between 1974 and 1975.

Such rapid increase has obviously meant that our production plants have had to develop fast.

The Kinguélé plant, which was opened in June 1973 to replace the power station then serving Libreville, was originally equipped with two 9.6 MW units. The second stage went into operation in November 1975 with a third unit of 19.2 MW. The third stage of work at Kinguélé is already under way so that the needs of the whole of the Libreville area can be met. It involves:

— installing a 4th unit of 19.2 MW;  
— building a regulating dam upriver at Tchimbélé on the M'Bei to ensure adequate supplies during the period of low-est water;  
— building a second energy transport line (225 000 watts) between Libreville and Kinguélé.

The first stage of the hydroelectric station at Poubara—two power units of 4.4 MW each—has been supplying Franceville, Moanda and the Comilog mines, including the overhead transport system to Mbinda and Mounana and the Comuf mining installations.

The second stage of work, the installation of two more 4.4 MW units, was be-

gun even before stage one was ready to operate. Completion was scheduled for July 1976 and the demands of the Haut-Ogooué area should be met.

Other projects are being studied, particularly those involving tapping the resources of the Empress Falls at Fougamou on the N'Gounié and Grand Poubara on the Ogooué, upstream from the present Poubara plant.

Research into the hydroelectric power that can be obtained from the Empress Falls is being carried out in the field. They will lead to a preliminary study of the hydroelectric potential of the N'Gounié (Fougamou-Sindara section) and a feasibility study for a definitive preliminary project to build the first hydroelectric plant near the Empress Falls. The dossiers should be complete by the end of 1976.

Studies of the Grand Poubara hydroelectric plant are also being carried out by a consultancy firm and a visit to the site was made in 1975. The dossier on the definitive preliminary project will also be available at the end of 1976.

The justification for setting up such

large plants, with an estimated output of between 150 and 200 MW each, is that there will be a thriving industry to absorb the energy produced.

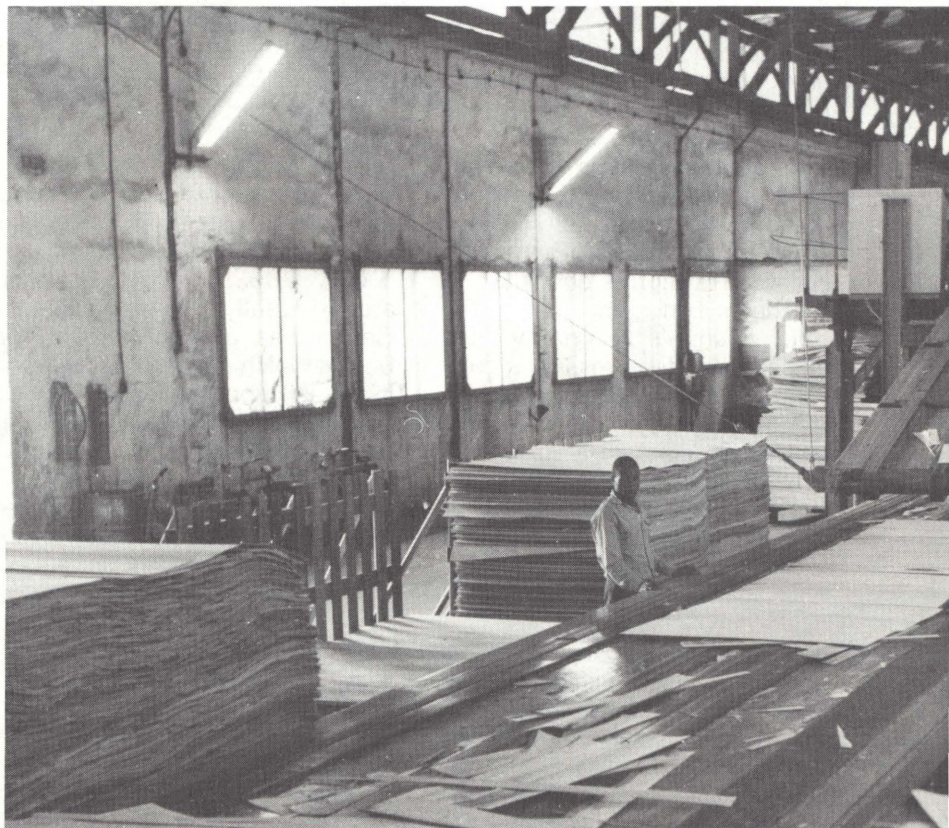
Negotiations are under way with an iron-alloy industrial firm which is interested in the energy produced by Grand Poubara and there are other industries which could use the energy from the Empress Falls.

These undertakings will obviously require considerable financial investments and our country will do its utmost to see that they are made in good time and according to the aims that we have fixed for our development.

## Education

► *It is clear that your efforts at making the best of your various resources mean that you must have adequate technical management staff. The second five-year plan (1971-1975), of course, stressed the need to push up the low level of technical ability of the working population as a whole. The problem, then, would seem to be one of training and the policy adopted at the level of*

*Saw mill and plywood factory in Port Gentil*



Afrique Photo



*technical education. It is also a question of adapting education to the African situation and to the anticipated demands of the labour market. The job is a long-term one and closely linked to the vital Gabonization of all areas of economic activity to which you are so very much attached. Could you explain what is being done here?*

— For some time, technical education and vocational training were looked upon as secondary branches of the education system; I would go so far as to say that they were just alternative branches for the least talented to fall back on. Just after Independence, technical education led to a vocational proficiency certificate in industrial or commercial subjects and was only being dispensed to a handful of pupils (379 in the academic year 1962-1963).

Just before the Second Plan came into effect (1970-1971), there were still only 800 pupils in this branch, but the Second Plan fulfilled its promises and numbers went up to 1578 (in 1974-1975), of whom 221 were girls. Over the next five-year period, an estimated

7000 pupils will follow 3 or 4-year courses in technical colleges and colleges of general and technical education.

As well as these short courses, long courses are provided in two technical high schools in Libreville and Moanda and in the National School of Commerce at Port Gentil. These long courses lead to diplomas in industrial or commercial education and to baccalaureates in various technical and economic subjects. Here too, there has been considerable progress and numbers have risen from 823 in 1970-1971 to 1361 in 1974-1975. During the period covered by the Third Plan, numbers should rise faster still. An estimated 9500 students will follow the courses and 550 will get the baccalaureate (140 in technical subjects proper and 410 in economics).

Structural encouragement has been provided for vocational training, furnishing concrete proof of the government's interest in this type of education. A Ministry for Vocational Training has been opened, alongside a National Agency for Vocational Training. Twenty schools across the country are training the staff required for the expansion of the economy (in such sectors as the postal services, banking, health, the land registry, engineering and manufacturing, information science, waterways and forestry, management and so on). There are also a number of advanced schools, such as the National School of Magistrates and the National School of Administration and there is a National University which includes a number of specialized institutes and schools. Between 1976 and 1980, nearly 4400 students will complete their courses, at various levels and in various branches of study at these different establishments.

### Adapting education

As to the second part of your question, I should like to point out that the word "adapt" should be seen from two different angles. It can first of all mean that structures, means and techniques can be brought into play to provide young people with better preparation for a job at prices which public finances can afford to pay. And again, it can mean that the way in which pupils are guided into one or another branch can be arranged so as to meet the needs of the country's economy.

My government has been dealing with both aspects simultaneously and the results are twofold. First, in the broader meaning of the term, an appeal has been made to the United Nations for help with a comprehensive reform of the education system. UNESCO experts and Gabonese collaborators are working in a team under the direction of the Minister of Education and Work, initially in the field of primary education, which led to the distribution, in March 1975, of a number of working documents describing and costing the reform of our objectives, syllabuses, methods and so on and—most important—making the various official and private bodies concerned aware of the problems described and of the priority that needed to be given them. A decree of 6 February 1976 set up the National Committee for the Reform and Modernization of Education in Gabon, and this is responsible for analyzing educational problems and submitting to me any solutions likely to solve them and for supervising the implementation of any decisions taken. The Committee, which is chaired by the Minister of Education, began work in May 1976. It is fully representative of all public and private bodies concerned.

A study of the adaptation of education to the needs of the economy was carried out last year by the Ministry of Planning, as part of the groundwork for the Third Plan.

This study dealt with the current organization of the education system and forecasts based on available data and outlined four main targets:

1. The definition of what the system will be providing in 1980 for the labour market at the various levels and in the different branches.
2. Determining what staff would be needed at the various levels and in the different branches in both public and private sectors in the light of economic development as forecast and described in the plan.
3. Attempting to tie up supply and demand, globally, by sector, by level and so on.
4. Identifying any discrepancies and suggesting policies to remedy them, within the framework of the system, as quickly as possible.

A summary of this study and the conclusions it draws will be set out in the Third Plan.





## Rural development

► *Under the last two development plans, only a very small percentage of investments was devoted to the development of agriculture, although almost 70% of the population get their livelihood from it. Don't you think that agriculture should be better integrated into the country's trade networks?*

— It is quite true that the last two plans failed to put the accent on the development of agriculture—although I would point out that the 70% you mentioned is no longer the true figure. The population has grown and there has been a move towards the town in recent years—largely because of the increase in paid employment in industry—and so now, in fact, only about half the population works in agriculture.

However, we are well aware that our rural development schemes in the past have been inadequate and this is why the next economic and social develop-

ment plan, scheduled for 1976-1980, will concentrate on agriculture and the development of rural areas. The sector is a priority one and a considerable proportion of our investments will be channelled into it. We intend increasing the annual volume of investments in agricultural development by 500%. This is a considerable amount and proves how anxious we are to make up for lost time. Furthermore, the progress we have made with our communications, which will be continued under the Third Plan, will mean that agriculture can play a more important part in the economy by making it easier to transport produce to the urban centres and abroad. Consequently, the energy devoted to improving communications and the present and future boost being given to the development of rural areas will enable agriculture to be better integrated into the national trade network and mean that rural populations too can benefit from expansion.

### *Forestry in Gabon*

## Aid from the EDF

► *Transport and communications received 84.2% of total Community aid from the first three funds and 65% of this amount went to two projects—the port at Owendo and the Owendo-Boué railway.*

*Wasn't the concentration of aid to this sector somewhat excessive?*

— I should first of all like to thank you for the aid the EDF has provided my country and to ask you to convey once again my deepest gratitude to the various Community authorities.

Transport and communications are of vital importance to Gabon, since trade between the interior, the capital and the outside world depend on them, and they were thus given priority under the last plan which is now nearing completion.

One of the major drawbacks of our communications network was the outmoded and completely inadequate nature of the port facilities at Libreville and, what was worse, the fact that there were no other facilities elsewhere, not even at Port Gentil which, as you know, is probably the key area as far as the country's expansion is concerned.

All Libreville had was a pier where lighterage was always necessary since shipping was unable to come alongside. What is more, the pier had reached saturation point and it was not possible to extend it. Traffic was always on the increase and the capital city absolutely had to have an adequate deep-water port as soon as it possibly could.

Unfortunately, the new port, the one at Owendo, is already too small because of the rate at which our economy has expanded. However, there are plans to extend it. Financing for the port at Port Gentil is being subscribed, since the study period has already been completed.

I have already mentioned that the Owendo-Boué-Franceville railway was vital if the mines were to be properly developed and our forests rationally exploited, these two resources being, after oil, our most important assets. It is also a fact that our manganese exports depend on the Congo-Océan railway and quantities are restricted to what can be carried out along that route, which has virtually reached saturation point.

The transport system is thus acting as

AAA Photo





a bottleneck for the development of manganese production and we must have a national railway at all costs.

In much the same way, we can only exploit forests that are served by road or by the River Ogooué. Logs must be floated down the river and this limits production to the types of wood that can stand up to that sort of treatment and to one or two quality woods for which high transport costs are not out of the question. All this results in the forests being exploited over a wide area and too selectively, with the result that a great deal of the potential is wasted. Costs of transport by rail are low and forest areas hitherto inaccessible can be intensively, hence more rationally, exploited.

Finally, in the longer term, the Mékambo iron deposits can only be properly exploited if there is a railway to bring out the ore and the Owendo-Boué section will simply have to be extended to Mékambo.

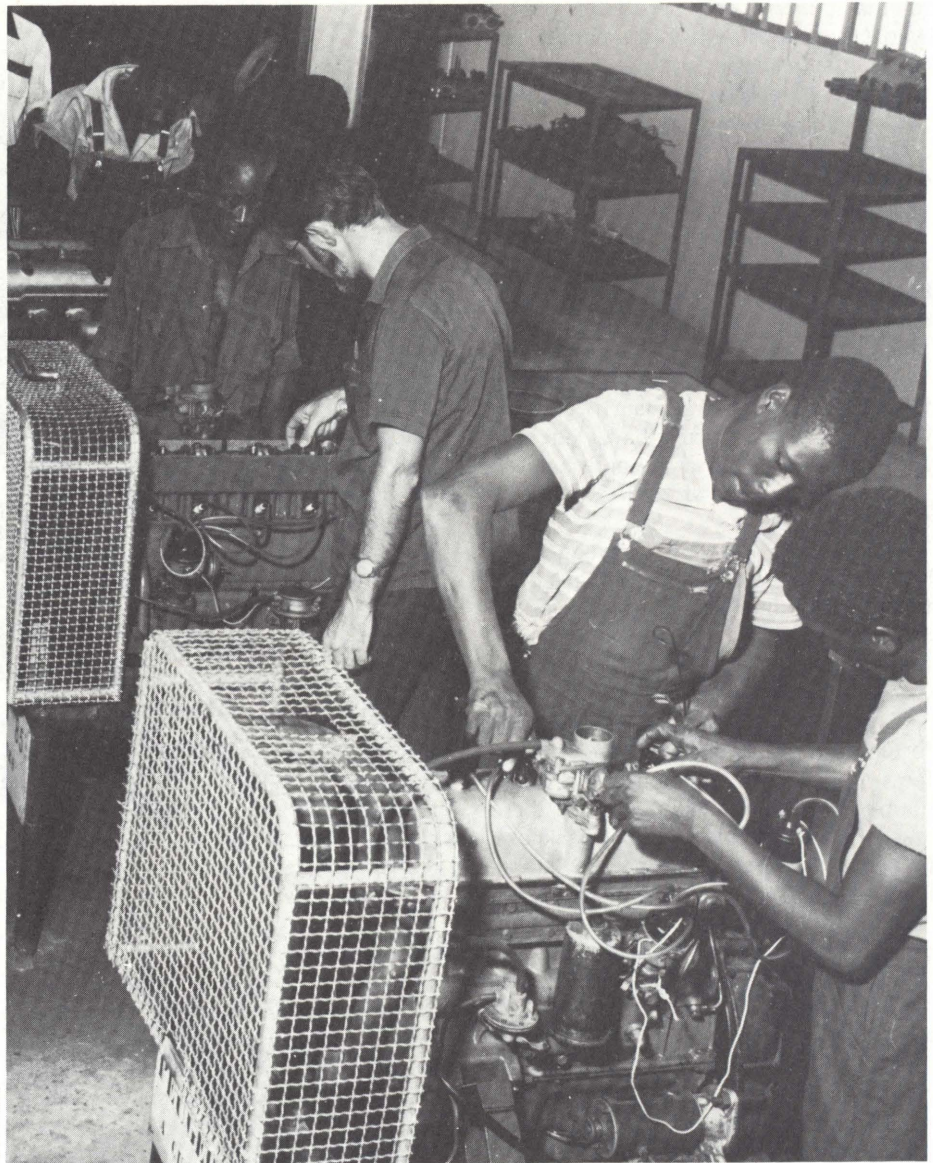
So, it is clear that both the projects in question are vital for the economic development of our country—they will enable the brakes on both our development and the rational exploitation of our resources to be released. It is wrong, therefore, to speak of excessive concentration of financial aid in the transport and communications sector.

## Democratic and concerted progressivism

*From your own explanations and the projects being carried out in your country, we can conclude that Gabon is one of the countries of Africa with a most promising economic future.*

*However, on 11 March, in your famous speech on your plans for the country, you publicly denounced liberalism and opted for a new development policy—a philosophy of social progress, democracy and concerted action. Is this change of direction, economic system and political philosophy not somewhat paradoxical?*

— It may appear so. However, we should not really be speaking of a change of direction. It is really a deepening of our thinking on economic development and an updating of it, in as lucid a way as possible, in the conditions that are those of Gabon today and in the light of a world economic situation



AAA Photo

## The Libreville technical school *Training is vital*

which is unlikely to change radically for the next few years. Since the reform in 1968, our economy has been developing not, as people have mistakenly thought, along simple liberal lines, but within the framework of a planned and directed liberal policy. We have, of course, always felt that development was only possible if economic operators were properly motivated and we have always felt that a certain amount of private enterprise — even where the State was a majority holder — would stimulate development and act as a spur to expansion.

This is why we have never made any difference, let alone discriminated, between nationals and non-nationals, whom we now affectionately refer to as out adoptive Gabonese, in the exhilarating adventure of the battle for the development of a young State.

Of course, generally speaking, it would be false modesty not to be satisfied with the ground we have already covered and with the undeniable successes we have already scored. But we feel that economic progress and development should not only be measured in percentages and quantities. The quality of life, linked



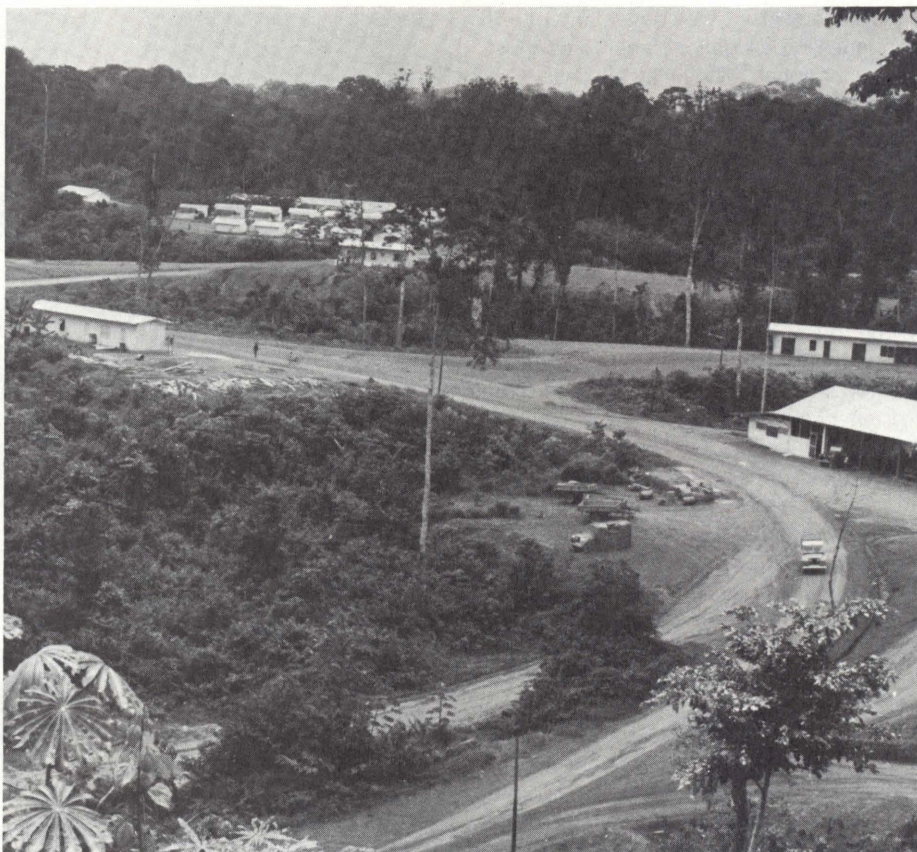
to the outlook of the country as a whole, the way in which the national income is spread over the population and the general feeling of well-being must be our first consideration.

However, certain private interests at one stage were behaving as if they had been given *carte blanche* to ignore the two basic tenets of our liberalism, direction and planning, and were confusing liberalism and licence, to the detriment of the general good. They were sometimes in collusion with people in authority and, although the economy was in fact expanding overall, such conduct would, in the long run, have led to a certain amount of anarchy and involved a dangerous lack of order in State finances.

There were continual, exaggerated rises in the price of goods, particularly in the building trade where there was an increasing tendency to introduce unfounded price rises. The small consumer was contemplating fighting the situation—almost everything he bought had, unfortunately, to be imported and the effects of external inflation were often doubled. In the administration too there was increasing evidence of slackness, irresponsibility and indifference at all levels.

Although there were a large number of positive achievements over these seven years, all this abuse had to be stopped. Government is not just a matter of totting up the successes and making a wise job of managing the assets. It also involves looking to the future, perhaps expecting the worse, and altering the present course to meet medium and longterm targets.

This is what must be understood by democratic concerted progressivism. This is the new path that Gabon has chosen for its development. The economic progress of the country must be of benefit to all its people, and it must be achieved by ever-present concerted action at all levels, within the Gabonese Democratic Party with its motto of Dialogue, Tolerance and Peace and within firms where standing committees on economic and social progress have been set up. The economic progress we are talking about is not just measured in quantitative terms like percentages and growth rates or GNP and volume of exports. Our economic progress is measured in terms of social order.



The EDF provided CFAF 116 million to set up this new plantation of okoumé (gaboon) trees

Any firm can operate freely, provided it conforms to current regulations and provided its activities are in line with our Plan, which is, in point of fact, a flexible one, although it does contain a certain number of directives and specific objectives.

We do not, therefore, expect foreign firms to look upon Gabon as a money machine or some sort of tropical Eldorado where they can get rich quick and leave in a hurry before some undefinable cataclysm occurs.

We ask them to consider what they are doing not as a straight conquest but, rather, as an act of cooperation or association. This, of course, does not mean that they cannot make legitimate profits from their investments and their labours, nor does it mean that nationalization will rob them of what they have honestly acquired—this has never struck us as an effective course in countries which do not have adequate numbers of trained technical staff.

However, the State's share in the capital of the various firms will gradually be

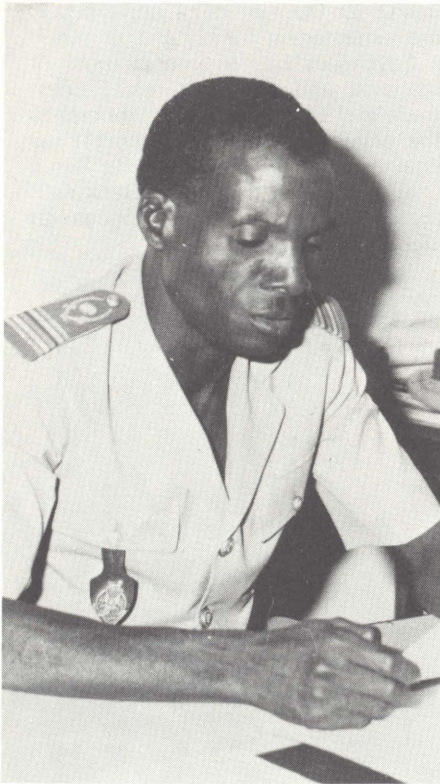
stepped up and they will be asked to introduce worker participation by setting up and running standing committees for economic and social concertation and by sharing their problems with the workers by explaining what their targets are, asking their opinion and so on.

This, then, is the broad outline of Gabon's new development philosophy, one of social progress, democracy and concerted action. It aims at making the individual the yardstick, the means and the principal factor of the development and expansion of Gabon and, at the same time, the *raison d'être* of this development and this expansion.

We feel we have left the beaten track. We are forging a new path, neither left nor right—such labels have no historical foundation in our country—but ever onwards, in harmony with all the Gabonese people, with all our inhabitants and with the help of all the countries friendly to our cause and all the bodies that have always lent us aid. ■

ALAIN LACROIX





Lt. Col. Kountché

Brussels. Lieutenant-Colonel Seyni Kountché was the official guest of the Commission of the European Communities recently. He is the second Head of State of a country party to the Lomé Convention—the first was Julius Nyerere—to visit the EEC.

The President of the Republic of Niger, accompanied by several members of his government, had talks with EEC development commissioner Claude Cheysson, and signed two financing agreements with the Commission for aid which the EDF recently decided to grant Niger. The two projects in question, the Niamey-Zinder highway and the relaunching of the groundnut growing industry, involve a total CFAF 9 360 m.

## **NIGER**

### **President Kountché**

official guest of the  
Commission of the  
European  
Communities

Niger will also shortly be benefitting from aid of CFAF 1 560 m to compensate losses in groundnut export earnings, plus CFAF 156 m for hides and skins. This is the first time the Stabex—the most original feature of the Lomé Convention—has been applied.

At a press conference, the President of Niger emphasized this aspect of the Lomé Convention. He explained that the first job of the new military government of his country had been to cope with the effects of the drought, and this had led them to want to implement a new development policy.

He stressed that Niger wanted to free its economy from the hazards of natural phenomena by giving priority to the development of agriculture.

The President said he thought agricultural training was preferable to schooling (in Niger 12% of children of school age actually attend school), since the latter produced "intellectuals" who would be unable to find jobs.

On the subject of Niger's uranium deposits, the President recognized that the Lomé Convention meant that his country had to treat all the EEC countries on an equal footing. However, he stressed that they could not simply come and buy what his country produced, but that Niger's resources were reserved for those countries which agreed to cooperate in discovering them.

Lieutenant-Colonel Kountché pointed out that Niger would earn CFAF 7 000–8 000 m from uranium this year (as against only 1 000 m before the *coup d'état*). This was mainly because the price of uranium had risen in the wake of the rise in the price of oil. He also indicated that, with Texaco's help, oil had been found near Lake Chad and that a feasibility study was being carried out on the deposit. ■

*Groundnut field in Niger*







## Three southern African countries

### Botswana - Lesotho - Swaziland

Botswana, Lesotho and Swaziland, three small English speaking countries in southern Africa, are often lumped together as the "BLS" group. In fact their similarities are superficial. The main situation they share is being overshadowed on the map by South Africa, which employs a considerable proportion of these countries' work forces.

This autumn Botswana and Lesotho celebrate ten years of independence; the Kingdom of Swaziland has only been independent since September 1968, but can take pride in the fact that King Sobhuza II is the world's longest-reigning monarch.

To get to know these countries and see where they are going from here, the "Courier" interviewed Mrs E. Mathe, Ambassador of Botswana, Mr D. Mokhesi, acting chargé d'affaires of Lesotho and Mr T.M.J. Zwane, Ambassador of Swaziland, in Brussels.

Mrs E. Mathe



## Botswana

### "Let it rain"

Botswana, independent since 1966, lies at an average altitude of about 1000m at the centre of the great South African Plateau. A landlocked State, Botswana is bordered by Namibia and its Caprivi strip to the west and north, by Zimbabwe (Rhodesia) to the north east, and by South Africa to the south and south east. It has only a few metres of common frontier with Zambia at Kazangula on the Zambezi.

The Kalahari Desert is the main geographical feature, and Botswana's national motto—and its new currency—is "Pula", meaning "let it rain".

Mrs Emeldah Mathe, Ambassador designate, describes how the country started from zero at independence.

▶ *Botswana celebrates the 10th anniversary of its independence this September. What are its main achievements so far?*

— When we attained independence, we had no economy to speak of. We were a rural population living from subsistence agriculture. But in the 10 years since independence a great deal of progress has been made. We have built a new capital practically from scratch and completely new mining towns. At independence we had no roads to talk of: now we have 400 km of surfaced roads, although they are scattered around the country and the system is incomplete. We had practically no airport: now we have two. In education we only had 2 high schools 10 years ago: now we have 5 secondary schools and there is an accelerated programme to expand them so that each population centre has at least one school. In addition to the regular secondary schools we have introduced "brigade" systems which give workshop education to youngsters who cannot find secondary places. This new idea has now been incorporated in the secondary system so that, besides the academic training, we have a stream for young craftsmen which is geared to making self-sufficient individuals out of the trainees.

▶ *Livestock provides a living for about 80% of your population. Marketing livestock products is the main problem. What is the present situation here and what hopes or prospects does this sector offer for the Botswana economy?*

— Most of our beef went to the United Kingdom, but when the United Kingdom joined the EEC, this changed. Then under Lomé, the ACP have allowed a quota of beef imports to the Community, but since the Convention was signed the EEC has blocked beef imports because of its own problems. For Botswana this beef ban would have meant a complete collapse of the economy, so the EEC allowed us to continue to export but imposed initially a 100% beef levy. This levy almost made a laughing stock of the idea of continuing to export to the Community, because nothing got back to the producer. We were using our re-





*Rural homestead at Kumakwane (Botswana)*

serves to keep up a fair price. So we went to the Europeans and said, "Gentlemen, we have a difficulty in this situation". Well, the levy was reduced by 90%, this abatement being valid for only 6 months at a time. Since June 1975, we have been caught up in a cycle where the world beef market is deteriorating and we have no alternative but to sell, no matter what the price is, because this is the only cash source for the rural population. It is a serious problem and we want a more practical solution, because it is very difficult to plan ahead. It puts our whole foreign reserves in question and creates a lot of social problems.

► *Mining, although it is still rather a recent activity, is of basic importance to your economy. It mainly concerns diamonds and copper nickel. There are enormous low quality coal seams and salt and soda-ash deposits which might also be worked. How do you evaluate this sector and how do you see it developing?*

— It is new, and in the initial stages we have had to ask foreign companies in, so mining has not yet paid us the dividends we hope it will do. The infrastructure has cost a lot because we wanted these companies to feel they had a reasonable environment in which to operate. We have had some difficulties, but whether or not a mine makes money, mining is highly mechanised and does not provide the employment opportunities we would like. Several other mining projects may be planned but this sector does not greatly help in providing jobs so we are trying to diversify in other sectors. We have a young population and we don't want a society living on social security.

► *Is it realistic to talk of returning to self sufficiency in food?*

— We are trying to encourage people to grow enough food, because any country that means to survive must grow the bulk of its own food. It is realistic to talk of this in a limited way. At

the moment we are importing a great deal of our food and this requires foreign currency. As we are now introducing our new currency, you can see the implications. Prices of imports may become exorbitant. The alternative is to produce at least 3/4 of our food requirements.

► *What is the Accelerated Rural Development Programme?*

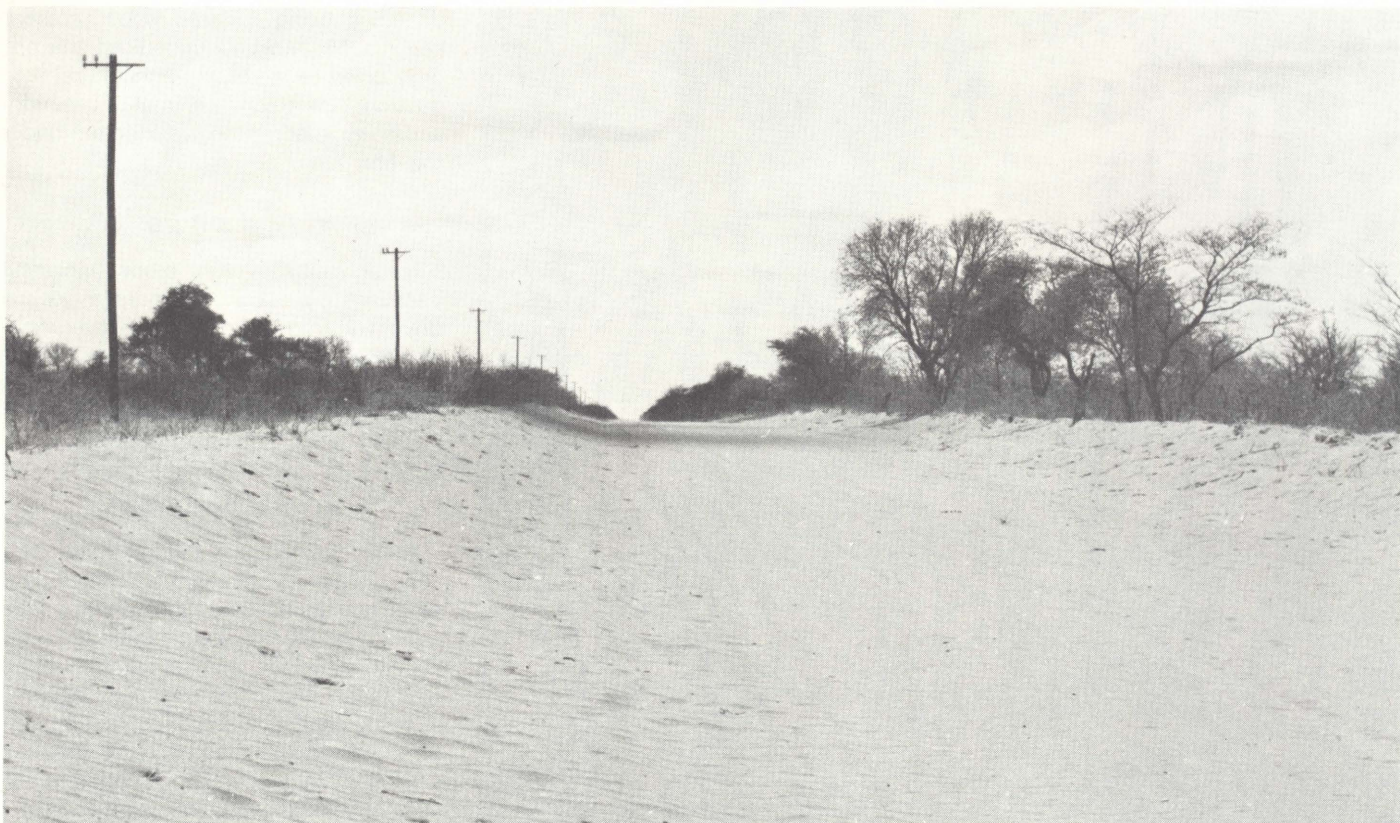
— This was begun in 1974. Although we have a 5 Year Plan, some of its facilities could not be provided fast enough where they were needed most. So the government decided to get something done to show that social justice and development for the whole country were not just fine-sounding phrases. This included building clinics in all the remote villages of at least 500 inhabitants, piping water to the bigger villages. This programme helped stop the villagers' dependence on the towns, for doctors, for instance. The programme was for 12 months but it has not ended and is still part and parcel of our development effort. In fact, I think it will become a permanent feature.

► *Water is scarce in Botswana: the rainfall is unreliable and only one river flows all the year round, the Okavango; in fact your national motto is "Pula", "Let it rain". What are the main government activities to supply water?*

— There is a very big programme to develop our water resources to supply drinking water wherever it is available, to provide for the ranches and to build reservoirs. A lot of surveys are being done—e.g. the UNDP is helping to see how to use the Okavango. The Water Utilities Corporation, set up in 1971, has been expanded together with the Department of Water Affairs and the rural water authorities to coordinate water supplies throughout the country. Our livestock naturally depends on water and we have a ranch management programme which depends for its success on water supplies.

► *Communications pose problems in Botswana due to some serious natural barriers. Could we look at two major developments in this sector: the Botswana-Zambia road presently under construction and the take-*





*The road through one of Botswana's emptier regions*

*over of your section of the Cape Town—Bulawayo railway which is presently under Rhodesian control. What is the importance of these?*

— We are a landlocked country and our neighbours have different problems which make it very difficult for us to rely entirely on their communications to get our products to the coast. The whole issue of diversifying our communications network throughout the African continent is very important. We have got an American company together with IDA interested in building the Botswana road, which connects us with Zambia and should be finished by December. Through Zambia we hope to have one reliable link, because events at the moment in southern Africa are very unstable. But we still need funds to surface this road.

On the question of the Rhodesian railway, this carries the bulk of our imports and exports and in 1974 we planned to take it over. But events in Rhodesia have made this more urgent and more difficult. We have banned the transport of explosives on this line and it is harassed

in Rhodesia so to them it is not of strategic importance. They have another line into South Africa. Now we are studying with Canadian help how to provide a minimal management of the railway in the event of its being closed by Rhodesia. But this will cost at least 50 million rand. Botswana is in many ways too vulnerable to outside events that we cannot control. That is why we are trying to increase our economic independence by training our own manpower, by diversifying trade and communications and by introducing our own currency.

▶ *Is the new currency, the pula, on a par with the rand?*

— We introduced the new currency on August 23. We are becoming an internationally-oriented country and through the use of the rand it has not been possible to formulate our own fiscal and monetary policies, and the main reason for the new currency is to have broader control over our development schemes and a wider economic interaction with

our family of friends. For practical reasons the rand can be converted into pula on a 1 to 1 parity for 100 days, till November 30. The new parity will then be fixed but the rand will no longer be legal tender.

▶ *Botswana has been successful in diversifying its foreign relations, both with her African neighbours and with other countries, and also in diversifying its foreign aid sources. What is this due to?*

— The basic reasons that lead to the extension of our many friends is the stability of our government and the sincerity and willingness that the Botswana people have shown in their efforts for development. We have shown the countries participating in our development that the money we were asking for has been used for the purposes it was asked for. So we have kept our word, one might say. We have therefore impressed those who have found our environment the most suitable for their investment and this counts for both foreign governments as for certain reputable companies.





EEC Photo

Botswana is a major meat-exporter

*Picture shows Mrs Mathe at a meat wholesaler's*

► *Is Botswana interested in regional cooperation?*

— We are very much interested in this. We have a regional University and we are in the process of studying various other sections where regional development is possible. We are a small country and in some respects regional cooperation is the best way of making sure of the level of aid we require.

► *In the light of the Lomé Convention, how do you see further developments in relations between Botswana and the European Community?*

— Lomé is a new concept and is undergoing a lot of tests. I think it is a good start. We can demonstrate to the world that there are areas in which we can make progress. But only time will tell if Lomé was indeed what it should have been. ■

Interview by ROGER DE BACKER

## Lesotho

### Looking for links

Lesotho is a sunny, cold and mountainous country, completely surrounded by South Africa, exporting mainly animal products and its own labour.

Only a quarter of Lesotho is arable land and its mountainous landscape—it is one of the few black African countries where it snows—means the population is densely concentrated in the western lowlands, where there is a soil erosion problem. Food aid and the remittances of emigrant workers are important to the Lesotho economy, but this depen-

dence is being reduced under present policies. Mr Mokhesi underlined the priority given to increasing agricultural production, improving animal husbandry and consolidating the work begun under the first national plan.

### Agriculture

In agriculture, cash crops, including vegetables, are coming under a general drive for improvement and diversification. Pilot projects, e.g. to grow asparagus and introduce rape as animal fodder, have proved successful, and higher-yielding crops are being brought in.

### Animal husbandry

Animal husbandry products (live animals, hides and skins and especially wool and mohair) provide Lesotho with about 2/3 of its export earnings. In recent years this sector has suffered some stagnation due, according to Mr Mokhesi, to the lack of a proper marketing system. This was resolved by establishing a Livestock Marketing Corporation, presently the only organisation in power to export Lesotho's livestock. Since the establishment four years ago of this corporation, this sector has grown four times faster than the other economic sectors. The construction of an abattoir at Maseru, with the help of Danida, and a wool processing factory are planned to complement the extensive existing livestock infrastructure.

### Diamonds

Another main sector of Lesotho's economy is diamonds, which provide an average of some 10% of total exports, but the performances are rather variable from one year to another. A recent UNDP-backed mineral survey has shown new potential here: an international consortium is investing 20 million dollars in the north of the country, and smaller private diggers are still in business elsewhere despite what Mr Mokhesi described as their sometimes "crude methods".

The first national development plan ended this year. Its main objectives were: to undertake studies which could provide basic data for further plans; to increase agricultural production; to increase employment opportunities within





Country life in Lesotho  
*Raising sheep*

the country; to restructure the public service so as to make it development oriented and to increase its administrative capacity; to improve the budgetary situation so that all government recurrent expenditures would be financed through domestic revenues. The overall objective was thus to lay the foundations for economic development and economic independence. The projects launched under this plan included a mineral survey, a tourism study, several agricultural projects and restructuring of public services with the help of new international staff.

The Lesotho National Development Bank was set up to increase employment opportunities while the National Development Corporation extended its activities considerably. As from 1973, better financial control enabled the government to finance the recurrent budget and set aside capital for development. The Second Plan is now continuing on the same lines but in greater detail.

### **Bringing the menfolk home: nearly half the Lesotho workforce is employed in South Africa**

The objective of creating employment has particular implications for Lesotho where nearly half the workforce is employed in South Africa. One of the country's main exports is therefore labour and the remittances from these 200 000 workers are an important source of national income. It is a vulnerable source since Lesotho has no control over their employment and the absence of so many men has social as well as economic repercussions. Mr Mokhesi emphasised the importance of agricultural development and industrialisation to bring the workers home. New industrial areas are being set up with EDF help and a 5-year tax exemption scheme has been launched to encourage foreign investors. Wherever possible, labour-intensive methods are preferred.

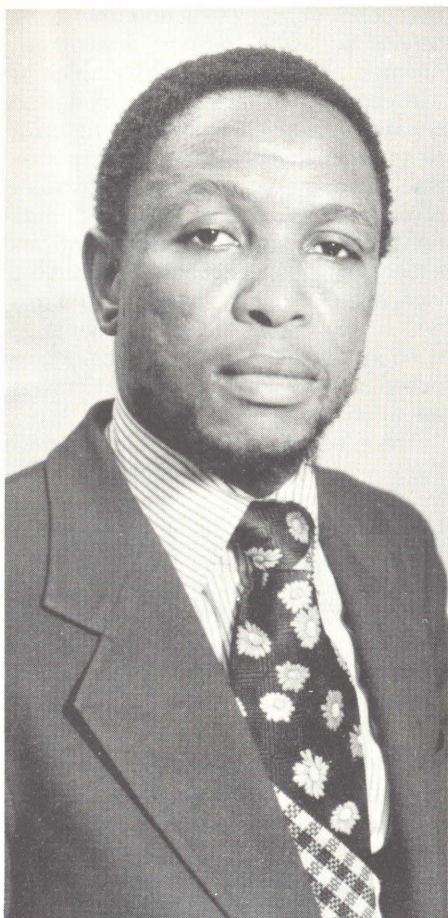
Greater responsibility falls on the women with so many men being absent and their position in the social structure reflects this.

### **Regional cooperation**

Despite its geographical isolation from other ACP countries, Lesotho sees pos-

EEC Photo

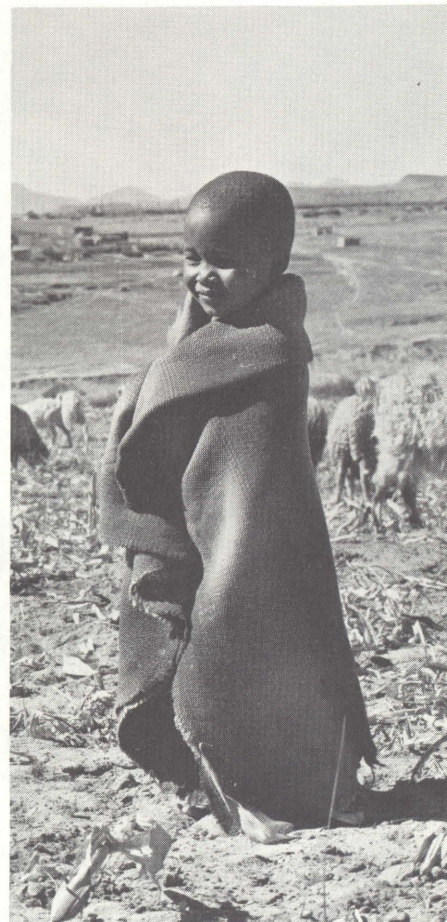




D. Mokhesi  
Lesotho's chargé d'affaires in Brussels



Herdsman on horseback in the Lesotho mountains



A responsible job for a young Lesotho shepherd

EEC Photo

sibilities of regional cooperation in air transport and telecommunications, and perhaps more important, in cooperation on migrant labour policy. However there are wider issues at stake: Lesotho is sharply aware of its position as an "island" in South African territory and "surrounded by a situation that can explode anytime", to quote Mr Mokhesi.

### Looking for links: Lomé can help

Links with other countries are seen as important and the Lomé Convention can help provide these, particularly with other ACP countries. Lesotho's foreign policy aims at diversifying its political and economic partners and sources of development aid and the Convention clearly "ties in with this policy", Mr Mokhesi said.

R.D.B. and B.T.

## Swaziland

### High hopes for development

► *Swaziland is a very cohesive political unit on the African scene, and one of the smallest. Is this only due to its size?*

— A country's size does not necessarily determine its political cohesiveness or otherwise. It is nevertheless true that Swaziland's size has some advantages which, combined with the fact that there is one homogeneous ethnic group and one language, makes for a very politically cohesive nation. But there are other factors which have contributed to this. One of these is the leadership of His Majesty King Sobhuza II; the government has twice been returned to power

by popular vote and this has contributed to stability; and looked at in a socio-historical perspective, one could also say that the communal traditional way of life has provided a firm foundation for our cohesiveness as a people. Swazis historically have always believed in working together, collectively, and this presupposes peaceful relationships in the community.

► *The Swazi economy is marked by its duality: traditional subsistence agriculture and an already well-developed modern sector based on agricultural estates, forestry and mining. What is your government's attitude towards this duality?*

— Our balance of trade and payments is strong and our GDP has been growing lately at an average of about 7 percent per annum. In the 50's and 60's the growth rate was as high as approximately 12 percent per annum. This per-



formance is largely attributable to the rapid expansion of the modern sector.

It has become increasingly clear that this dualism has serious effects on our development and it is, therefore, my government's policy, to use the wording of our second national development plan, "to preserve the conditions for sustained growth of the private sector, while achieving a greater degree of Swazi involvement". A number of policies are designed to counteract the adverse effects of the dualism in our economy. In the agricultural sector, the problem is being tackled through the development of the what we call "Rural Development Areas" (RDAs). Our fiscal policy and the expansion of the training and educational sector are geared in that direction. And there are vast purchases of foreign-owned land every year, which is redistributed to Swazi farmers who are then assisted by the government in modern farming.

► *By what means or institutions do you intend to change the situation concerning land-tenure by foreigners and Swazi participation in economic growth?*

— When Swaziland regained her independence in 1968 not more than 55% of our land actually belonged to the Swazi people. Land alienation is an important issue in the country, although various attempts to overcome the problem have been carried out and still continue.

First, we have taken advantage of a post-independence British government grant which was made specifically for a programme of land purchase, and whereby we acquired for the Swazi nation under-utilised or unused freehold land on a "willing buyer-willing seller" basis.

Also by means of fiscal methods we are further trying to encourage owners of unused land to either sell it or put it into productive use.

By these methods a great deal of our alienated land has been reclaimed and the position of being minority owners of the land has now been completely reversed. This has been achieved without causing any unnecessary upheavals in our fledgling economy, which is very largely land-use oriented.

► *What exactly is your Rural Development Area programme?*



J.L. Debaize - EEC

*T.M.J. Zwane, Ambassador of Swaziland, with F.-X. Ortoli, President of the EEC Commission and (right) M. Foley deputy director-general of development*

— Rural Development Areas are based on the concept of giving rural areas of high agricultural development potential an intensive, integrated and closely supervised agricultural programme, designed to bring about or effect the transition of Swazi farmers from subsistence farming to a semi-commercial and commercial type of farming.

The programme of development includes physical reorganisation of land-use patterns and the provision of improved infrastructure. The land development itself comprises, among other things, the demarcation and enclosure of grazing areas, removal of homesteads from arable land, securing natural waterways and terracing of all arable land and dam construction.

In order to ensure rational resource utilization and management the infrastructural developments are followed up by intensified extension efforts, the introduction of new and improved crop inputs, the provision of credit and appropriate marketing facilities.

► *Is it right to say that sugar should play both a role in replacing the receipts from iron ore, which is nearing exhaustion, and as the major possibility for increased Swazi participation in the modern sector?*

— In 20 years the sugar industry has become the country's principal earner of foreign exchange, the largest contributor to government revenue and the largest employer in the private sector. Sugar has a vital role to play not only in replacing receipts from iron ore but in developing the national economy on a firmer basis.

It must, however, be emphasised that the sugar industry is dependant on export markets for more than 90% of its production. With the advent of a third mill, this proportion will increase. It is most important for any sugar industry to have a market for a substantial proportion of its production at a pre-determined and reasonable price over a period of years. Swaziland's local market is too small for this (currently about





*A village in a valley in Swaziland*

20 000 tonnes of sugar per annum and with a relatively high per caput consumption) and the industry relies on its quota under the sugar protocol to the Lomé Convention to provide this economic base. Without the Convention, it is doubtful if our sugar industry could survive.

► *Swaziland has a peculiar position, "isolated" as it is between the conflicting regimes of Mozambique and South Africa, and being economically dependent on both of them. How do you see your present role in that part of Africa?*

— Our position in southern Africa is an accident of geography and history and consequently our political and economic options until last year, when our Mozambican brothers obtained their freedom and independence, were very limited indeed. Our role in this part of the world is dictated by considerations of our existence and survival as a sovereign people. That role should be seen mainly in the context of the following objectives:

Firstly, our desire to develop and maintain good and friendly relations with

our neighbours on the basis of non-interference and non-intervention in each other's internal affairs.

Secondly, the fostering of pragmatic policies based not necessarily upon ideological considerations or forms of government and in full recognition of the right of every sovereign State to choose its political, economic, social and cultural system.

Thirdly, our desire to promote and foster a viable economic relationship in our region through the creation, expansion and strengthening of trade links with neighbouring black States.

Our relations with Mozambique are very cordial indeed and we have no reason to look at our dependence on the port of Maputo and the rail link thereto as in any way a disadvantage. On the contrary, we see it as a very important development that Mozambique is free, as this removes one of the long-standing political barriers that has made full cooperation with the rest of Africa difficult. In fact, our "isolated" position has been fundamentally changed. Now we can say we are truly part of free Africa.

With respect to the other neighbour you mentioned, I have already said that

considerations of our survival and the safeguarding of our national sovereignty have imposed upon us certain necessities with which we have had to live in spite of those feelings and concerns which we share with the rest of the African continent.

► *You have created your own national currency, the emalangeni, which is in circulation side by side with the South African rand. Is this merely an economic measure?*

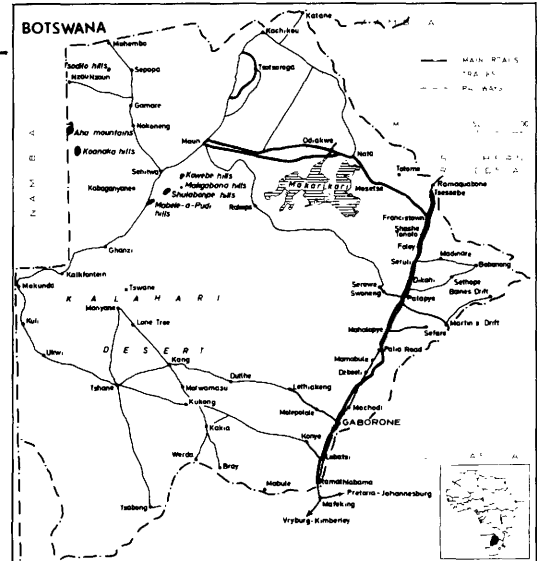
— Not entirely so, the measure is both economic and political. As you probably know the lilangeni is tied completely to the rand at the moment. The amount of circulating emalangeni is fully backed by rand deposits in the South African Reserve Bank. The measure is economic to the extent that we get interest from these deposits. This interest is for us quite substantial. Beyond this the measure could be said to be political in the short term. In the long run, however, this being a financial institution, it is economic considerations that are paramount.

► *What is your opinion on regional cooperation?*



## Republic of Botswana

- Area: 600 372 sq. kms
- Population: 641 000 (mid-1973), including some 45 000 migrant workers in South Africa; growth rate 1.9 %
- Capital: Gaborone (38 000 inhabitants)
- Main products: meat and meat products, diamonds
- Principal exports: meat and meat products averaged 51.4 % of exports between 1971/1973, diamonds 35.8 % (1973)
- Currency : the Pula, issued August 23 1976 to replace the South African Rand.



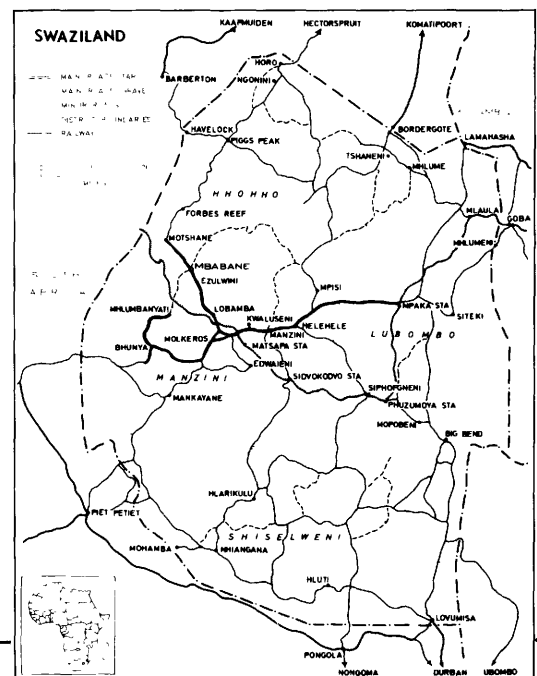
## Kingdom of Lesotho

- Area: 30 344 sq. kms
- Population : 1.165 million (mid-1973), including some 200 000 migrant workers in South Africa; growth rate 2.2 %
- Capital: Maseru (20 000 inhabitants)
- Main products: maize, sorghum, animal husbandry
- Principal exports: (averages 1970/1972) wool and mohair (45.4 %), live animals (18.2 %), diamonds (9.1 %)
- Currency: the South African Rand (1 Rand = about 1 European unit of account).



## Kingdom of Swaziland

- Area: 17 364 sq. kms
- Population: 495 000 (mid-1973) including some 30 000 migrant workers in South Africa; growth rate 3 %
- Capital: Mbabane (20 000 inhabitants)
- Main products: sugar, mineral products (iron ore, asbestos, coal)
- Principal exports: (1973) sugar (26 %), sawn timber (5 %) and unbleached wood pulp (21 %), iron ore (11 %) and asbestos (9 %), fruit (9 %)
- Currency : the Emalangeni (1 E = about 1 EUA) in circulation with the South African Rand and at parity with it.







Man ...



The forest ...



and industrialisation in Swaziland

EEC Photo

— Regional cooperation has always played an important role among Botswana, Lesotho and Swaziland (the BLS States). We have to a great extent been facing the same problems, not only politically but also economically and geographically. Recently the cooperation on our major regional educational project, the University of Botswana, Lesotho and Swaziland, lost one of the partner states. However two of the three original states, Botswana and Swaziland, are carrying on together and we have hopes that the university will benefit from the EDF's special fund for regional projects. We would like very much to cooperate on a regional basis in southern Africa but there are, unfortunately, rather complex geographical constraints. The liberation of Mozambique, our nearest black sister State, presents new prospects for regional cooperation.

► *The indicative EEC aid programme shows that project cooperation will be mainly concentrated on agricultural, agro-industrial and rural development projects, followed by education and social services. What will these projects mean to Swaziland?*

— It is our policy to overcome the dualism of our economy through the development of the agricultural sector and by expanding the technical and vocational aspects of training. It was, therefore, logical to ask the EDF especially to assist us in these vital fields.

We will receive from EDF and EIB a total of about E20 million in grants and loans over a period of four years. This may not be sufficient to meet our immediate aid needs, but it is a substantial contribution to our efforts in the areas covered by the fund. It certainly will mean that a rural development area will come





Soil erosion

Thousands of Swazis in the rural areas raise cattle and when in need of cash, for instance to pay their children's school fees and for their clothes, they sell two or three head of cattle to raise it. This being the only source of their income you can appreciate the importance of this industry to the country and its political implications. The Lomé Convention provides us with a long-term guaranteed market for these commodities and this is important to us as it ensures long-term stability to our economy. Furthermore, the Lomé Convention is important to us because it offers us some viable alternative to the geographically dictated trade patterns of the past. It is our hope, for this reason among others, that the Lomé Convention will prove to be as beneficial as we expect it to be when it is fully in force.

► *It is said that Swaziland's potential for development is out of proportion to its size. Would you comment on this?*

— There is some truth in the statement, considering that the country is very small both in terms of physical area and in population, just over 17 000 sq. km and just under 500 000 people respectively. Compared to other African States of comparable size and even larger, the economy of Swaziland is highly diversified. Look at the exports: sugar, wood pulp, citrus, beef, cotton, iron ore, asbestos, coal. Unexploited resources include tin, kaolin, barytes and now the prospects of diamonds being discovered look very promising. Projects now in the course of preparation include a large thermal power station (200 Mw), approximate cost US \$200 m; a sugar project (US \$135 m); and a coal mine (over US \$80 m). Per capita this investment is far out of proportion to the country's size, and the range of resources found within an area the size of what could be a small district in larger countries is to me quite amazing. Also our pine forests are the largest man-made forests in Africa and among the largest in the world. We are also the fifth largest asbestos producers in the world. For agriculture, our climate is good, soils are fertile and water is relatively abundant. Whatever the continent can grow, Swaziland probably can grow it too. ■

Interview by R.D.B.

## The commercial impact of trade fairs

As one of the visitors to the African displays at the Brussels fair so neatly put it—Africa stands are walking museums. True or false? It has a certain ring of truth about it. Anyone who has seen the African stands at the big trade events of the last few years will inevitably agree that the displays do not really live up to the prescribed aims—which are the large-scale sale and promotion of African or ACP products in general.

None of the products, presentation or packing varies from one year to the next and the, albeit excellent, mangoes from Mali, Upper Volta or Senegal really are not an irresistible or crucial attraction for potential importers. Agricultural products from Africa are new and unfamiliar in Europe and consumers still tend to lump them with the other so-called exotic foods which are not yet an accepted part of European eating habits. Housewives today don't buy mangoes and pawpaws in the same way as they do bananas, apples and oranges. The same goes for artefacts from Benin, Togo, the Central African Republic, Burundi and so on. Thus, the small, roughly-hewn pieces of furniture from Benin cannot really compete with leather upholstered furniture from Brazil or with the Scandinavian manilla or bamboo style furniture that is becoming increasingly popular on the European market. Objects such as masks, native jewellery and enormous combs from Burundi—attractive but unsuitable in Europe—musical instruments and cloth-

into being, and a new institution of training will be built to educate more Swazi nationals. It will also give a considerable boost to our third sugar mill project, which is now at an advanced stage of preparation. This project will, apart from earning substantial foreign exchange for Swaziland, provide vast employment opportunities which, in terms of family support in our extended family system, could positively affect the standards of living of well over 10 000 persons.

► *Apart from project cooperation, what are your main interests in the Lomé Convention?*

— No doubt the sugar agreement which the ACP countries obtained with the EEC. Sugar is by far our most important export commodity and owing to a levy which is imposed on the sugar export, the biggest single source of income for the government. Swaziland is, therefore, very dependent on sugar prices and it was a serious blow to us that the Community was not able to offer us a higher price than 26.7 EUA per 100 kg raw sugar this year. There are also our beef and citrus exports to the Community. These are important commodities, especially beef.



ing, often of asymmetrical cut—a detail of great importance—are not suitable products for a trade fair like the one held in Brussels, in spite of the differences between this and fairs run in Berlin or Milan.

The effect of fairs on ACP trade—particularly in those African countries that have been putting on regular displays since the signing of Yaoundé I and II—has been studied by the trade promotion departments of the Commission of the European Communities. The document they produced suggests that most of the Associated States benefitting from Community aid are beginning to have better-organized distribution networks and this means that they can plan regular dispatches of their principal export products to Europe.

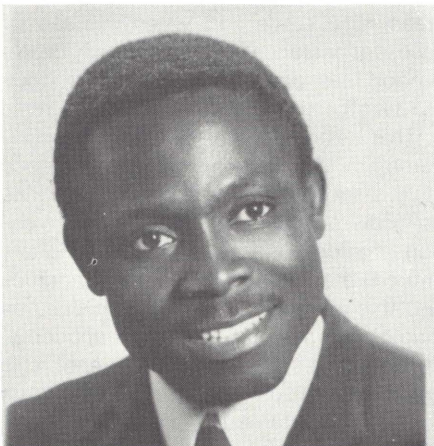
This is true—and countries like Mauritania (carpets), Somalia (preserved meats) and Senegal (tomatoes, melons etc) can reap considerable benefits and boost their exports if they put on displays at trade fairs.

However, a detailed analysis of some 14 trade fairs in which ACP States took part in 1974/75 reveals that actual business done (firm sales), by product or by group of products, is little more than 40 000 EUA. (around \$45 000) except for hides and skins, where sales of 668 181 EUA. were notched up in 1974 and 724 363 EUA. in 1975. Sales of leather, in fact, amounted to nothing at all. The document from the promotion departments does not set out the participants' income/expenditure ratio.

But the Commission is aware of the figures in question. Last January, it published details of conditions that might be placed on ACP participation in trade events during 1977 and subsequent years, including figures for the Community's financial and technical cooperation. The idea was, in essence, to bring ACP participation down to two of the major international general trade fairs a year and to step up participation in the more specialized exhibitions.

### **The basic problem — development of resources, production and information**

Results so far would suggest that current ACP participation at European trade



by LUCIEN PAGNI

fairs is likely to have only limited effects on trade with the EEC countries. It is, of course, the case that ACP exports enjoy franchise privileges and have free access to the European market. However, the advantages granted under the generalized system of preferences are tending to reduce the impact of preferential tariffs covering ACP products on the Community market. A large number of products from third countries are appearing on the Community market with the sort of prices, packaging and regular deliveries that make them extremely competitive. Finally, for some products that are similar to and in competition with European products, a certain amount of protection still exists. And it is worth noting that the breakthrough of ACP products may also be being held back by their failing to rationalise production and organize their trade networks, or by inadequate information as to European consumer habits in general and the different preferences of the various EEC countries.

It would therefore appear that, if fairs are to have greater effect on ACP/EEC trade, the accent should be put on:

- i. developing ACP products and improving the conditions of industrial production;
- ii. informing both consumers and importers in Europe of ACP products and producers and exporters in ACP countries of the opportunities offered by EEC markets.

### **Developing the products and improving the conditions of industrial production**

Food stores in Europe, both large and small, are ready outlets for finished tropical products and it is easy to find tins of fruit juice or sliced mangoes, pawpaws, guava, pineapple and so on from Brazil, Colombia, Venezuela and China in shops in Brussels, Paris, Amsterdam, Bonn and, above all, London. There are animal products and wooden articles as well. These so-called third countries are already in a very strong position on Community markets and they could well be stiffer competition for the ACP States than the Member States themselves. The best example of the dynamic Latin-American approach to trade succeeding at the expense of ACP products is in the banana trade, where methods of production, packing, transport, ripening and distribution are fully industrial. Europeans eat more bananas from South America than from the ACP—even though ACP bananas taste better.

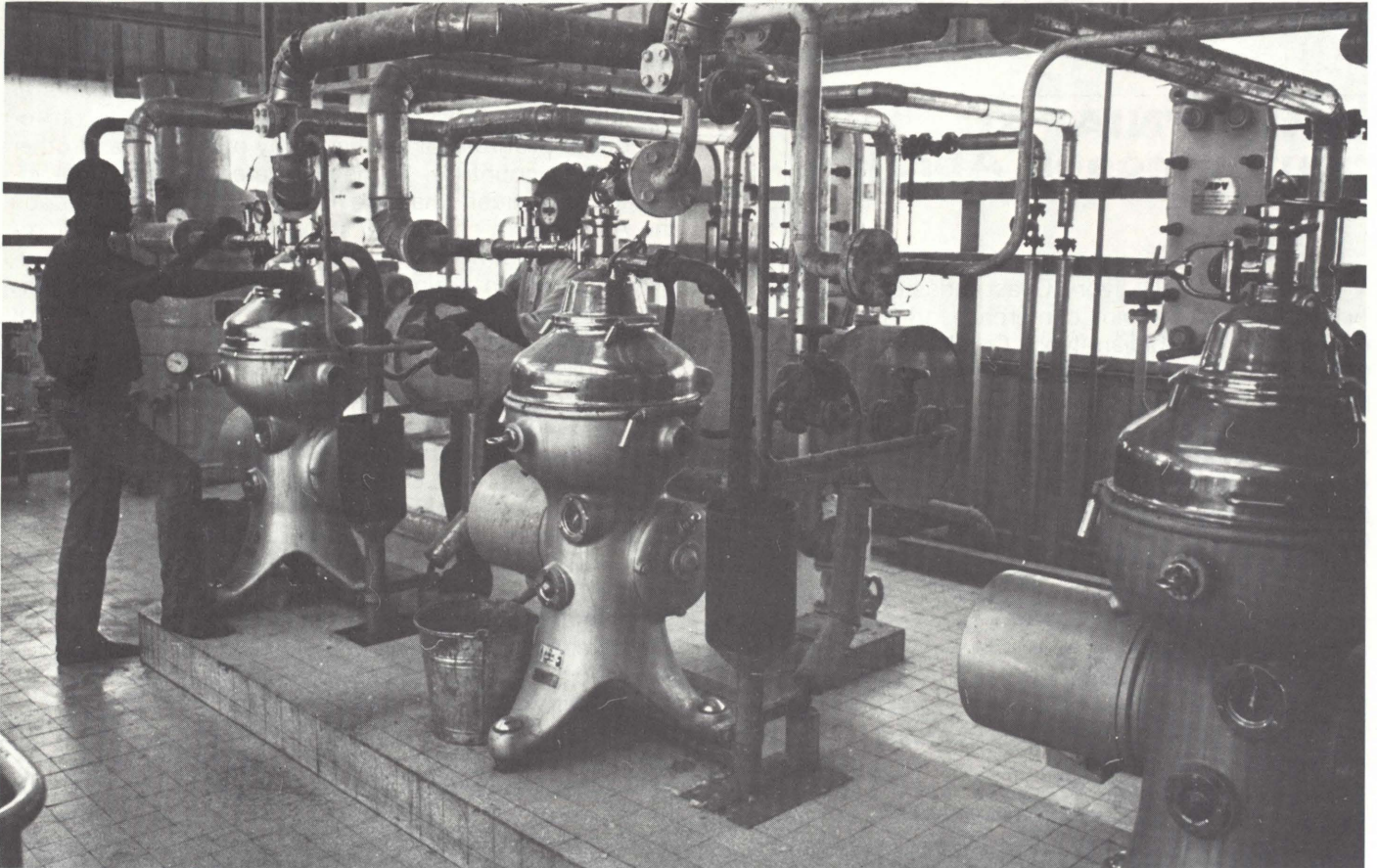
### **Information**

This is a major handicap as far as the ACP countries are concerned and one thing should be made clear—*a priori*, attitudes towards African products in Europe are not always favourable. And this is where the ACP and the trade promotion services of the Commission should run a large-scale publicity campaign directed at the European consumer. Detailed, high-quality market surveys could provide the basis for such a campaign, which would take the form of a balanced, audio-visual presentation both before and after trade fairs in which ACP countries take part.

ACP trade centres in Brussels, Amsterdam and Hamburg, for example, would also provide an excellent means of helping ACP products penetrate the markets of the Community. However, if these trade promotion schemes are to have positive and long-lasting results, they must be based on a policy of industrialization, itself founded on a major programme of agricultural development and diversification, adopted, as a matter of priority, by the ACP States. ■

L.P.





*Oil mill in Maroua (Cameroon)*

## Industrial cooperation and the ACP firm

Industrial progress raises a number of economic and social problems in the industrial as well as in the developing countries. In the final count, social justice has not always kept up with the huge economic and technological strides of the United States and Europe.

The distortion apparent in the industrial countries is now beginning to appear in the developing countries.

The African firm, its environment and its role in

society were recently discussed at Abidjan by the international industrialists of UNIAPAC. The industrialisation of the ACP countries is one of the Lomé Convention's main objectives, and this Dossier picks up the Abidjan debates to enlarge on some of the basic aspects of the subject, including the transfer of technology, the role of the Centre for industrial development and the European industrialist's view of the development of the ACP countries.



# The African firm and its environment

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## at the UNIAPAC conference in Abidjan

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UNIAPAC (International Christian Union of Company Managers) and AIDI (Ivory Coast Industrial Development Association) ran a joint conference on the firm and its environment in Abidjan (Ivory Coast) last January. Delegates from eight French-speaking African countries took part.

The participants were attempting to define the African firm, its role in the economy and, most important, its environment, that is to say the social and political background against which it works and the role of the foreign firm in Africa.

The participants — ministers and heads of firms — went over the historical and economic situation of African firms and discussed the major problems with which they were faced. African firms suffer either from being concentrated along the coast, which puts the interior at a disadvantage, or from being cut off in a landlocked country. One other problem discussed was social isolation. Most African firms are still emergent small or medium-sized ones which do not really fit into the traditional economic and social life of the country because they have been designed to the economic, commercial and industrial specifications of the western world. However, industrial values can have a favourable effect on the development of the modern African firm and help it grow into a "human undertaking". This, as one of the Ivory Coast delegates pointed out, quoting Jean-Jaques Servan-Schreiber, is because the strong points of the capitalist firm (on which the African firm is based) are efficiency and growth, and its weak points are freedom and social justice. Africans can, therefore, bring their socio-cultural values and their type of economy into play to "humanize" the modern African firm by combining efficiency, growth, freedom and social justice.

Much of the discussion revolved around the place of foreign firms in the African economy.

### A catalyst for the ACP countries

A good deal was said about the place and role of foreign investments in the ACP countries in general and Africa in particular. In the view of the participants at the Abidjan conference, foreign firms can help boost the development of African affairs by bringing in technical and industrial know-how. Foreign firms can be a real catalyst for the ACP economies. As Alexander Hamilton said in 1791, instead of foreign capital being looked upon as a rival, it should be seen as a valuable complement, par-

ticularly as it alone can enable a greater volume of productive effort and useful initiatives to be brought into play. This remark—which Europe took to heart when it came to the official funds, private capital and technology from America that enabled it to emerge from its post-war economic decline, after it had helped with America's development—shows how important the participants at the Abidjan congress felt foreign investments to be for the future progress of the economy of African and other developing countries. Some delegates felt that the unequal competition that the foreign firm imposed upon the African firm could well stimulate small and medium-sized African firms to join together. This is true. However, it is worth noting that, although such a trend has a favourable effect on profitability and on conditions for obtaining credit, it may lead to concentration of a monopolistic nature of which the results can be the death of competition and the complete control of markets by a single group of firms. One might also point out that the size of the firm is not the deciding factor—losses can well correspond to the amount of capital invested and, in Europe and the US, many medium-sized firms have prospered and continue to prosper through specialization and first-class management techniques.

The real problem is, ultimately, the vital need to define the criteria and methods which the firms setting up in the ACP countries will use to help the host country to make headway in its search for better ways of transferring technology. The threshold at which the most modern products must be manufactured in the ACP countries must be determined, since this is one of the keys to the future.

The importance of foreign firms in the economies of the ACP States is considerable. They can transfer technological know-how more quickly. They are a good source of tax revenue for the host countries in those cases where profit is taxed where it is actually made. It emerges that the role of the foreign firm, as the delegates at Abidjan emphasized, is crucial as far as the African economy—which is not autarchic—is concerned.

Two representatives of the Commission of the European Communities were at Abidjan—Corrado Cornelli, director of operations and Giovanni Livi, head of the training division, who organized an EDF day. The conference had the merit of raising the problem of the African firm in its context now and in the future. The questions raised were not always comprehensively discussed, but the important thing is that they were brought up. A charter for African firms was adopted, the main point being that the firm should serve society. The EEC representatives underlined the importance of industrialization and training—i.e. the firm and the individual—in the Lomé Convention, which aims to make a considerable effort in both these sectors of the economic life of the ACP countries.

This emphasis on the African, or ACP, firm and on industrialization is clearly a new way of working towards the application of modern techniques to ACP development. ■ L.P.



## Senegal: the opening and management of firms by Africans

Louis Alexandrenne, Senegal's Industrial Development and Environment Minister, looks at the current industrial investment situation in Senegal and explains what role he thinks Africans should play in opening and managing firms in Africa <sup>(1)</sup>.

Approaches vary widely according to the sector of activity in question and the aims of the various projects.

The role played by the State and the scope of its involvement range from total control to no control at all. Thus, there is one main area where the State has full control, i.e. public services—such as water and electricity supplies and public transport. It also controls agriculture, which is organized around a system of cooperatives. Private enterprise here is virtually excluded.

Alongside this is another sector which, in view of its importance as far as the national economy—and, more particularly, the trade balance and the balance of payments—is concerned, is considered to have priority. It includes mining, the groundnut industry, banking and insurance. The interesting feature here is that both private and State capital are combined in individual firms, which results in joint management. This means that efficient private management can be combined with planned development in line with major government options.

The private company is thus usually a minority shareholder responsible for management and training within a firm which may well be involved in the transfer of technology.

Alongside this priority sector is a whole series of small and medium-sized firms, the domain of national businessmen and contractors. Private enterprise is preponderant here, but capital and management staff from abroad play only a very small part, due to the small size of the units and the nature of the techniques used. However, in one or two special cases, a transfer of technology is called for and this necessarily involves a foreign partner with a minority holding.

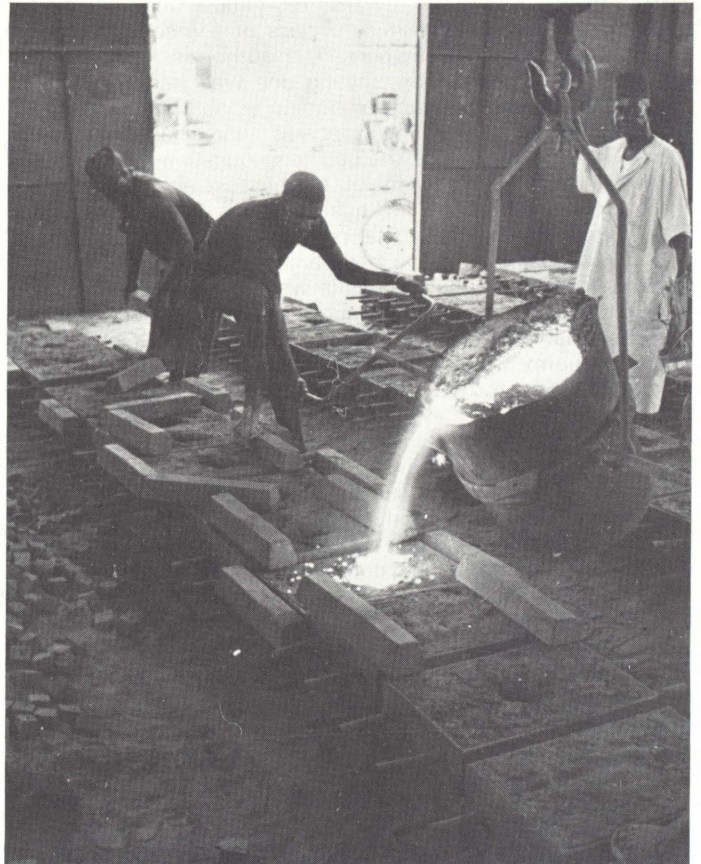
Finally, there are two sectors which are much more open: one is covered by the investment code and the other consists of the Dakar free industrial zone.

The first of these is geared to the local and the export markets. The conditions for approval are well-defined and liberal. However, the foreign promoter is sometimes asked to call on private national capital. Or, if no private investors are forth-

coming, the State can step in to provide the national involvement that the foreign investor often wants. Such participation is all the easier if the project in question is of particular interest to the State and, as such, is included in its economic and social development plan.

The system I have described reveals Senegal's firm desire to consider the interests of all the parties concerned and to arrive at a satisfactory, realistic compromise. The efficiency of the individual firm should not be adversely affected by any political choices the country may make. This is why we want, in every case, to keep management in private hands, even where the State has a majority interest. We do not hesitate to call on minority shareholders from abroad and on their management staff in cases where our own staff are not yet ready to take over the job.

Finally, our attitude is outward-looking—it is the expression of our desire to speed up our country's development by using our own assets. Our development must be the fruit of our own labours, bearing the stamp of our own national character, rather than a carbon copy of a foreign original. ■



Afrique Photo

*A small foundry in Dakar*

(1) Extract from an interview in "Remarques Africaines", Brussels.



## Zaire: Enterprise and a "liberal economy"

Kinshasa: Alain Lacroix asked M. Munga, accredited administrator of the ANEZA(1), about the new moves affecting the economy and especially the smaller firms in Zaire.

► *There has been a good deal of talk abroad about the Zairization measures and the radical measures that followed. Then, at the end of last year, there was the so-called 40% issue. Can you tell us how these two matters stand at the moment?*

— That is a very interesting question. On 30 November 1973, Zaire took the first steps towards reorganization. Our country has never had a national middle class of the sort that exists in your country and elsewhere. The authorities thought that the most obvious area for creating one was trade and small-scale agriculture and, in fact, all trading establishments and agricultural and stock-farming concerns were handed over to Zairis. Of course, some of the people in question had not been trained to cope with farms or businesses, although it gave them the opportunity to learn about such activities and this was a good thing. The radical policies followed upon Zairization. The State has always been anxious to hold the reins of the country's economy and this is why all key production and distribution industries were brought under State control. The State first had to take stock of the situation, see which sectors of the economy were outside its control, then take them over.

The mining sector was left alone. The State felt that it might not be advisable to hand over one or two of the more specialized fields to the Zairis immediately, in view of the advanced technology involved.

The State then thought it useful to partially relax its decision and bring in some purely private firms—since, in a country like ours, the State cannot hope to have the means of developing all the vast potential. The collaboration of foreign investors was vital and this was why the decisions of 30 December 1975 handed back 40% to the ex-owners.

► *This 40%, then, represented 40% of the firm's capital and was restored to the former owners of nationalised firms at the end of December 1975. This means that there is some sort of cooperation between private and State capital.*

— We handed back 40% of the capital and the State kept 60%—a majority. The State did this because it was anxious to keep control of the key sectors of the economy—although it realized that it needed the help of more experienced people. This was why the minority party was asked to propose the names of managers to the Stabilization Committee. These managers will, of course, work under administrative boards and, once they are accepted by the Stabilization Committee, they will be officially appointed by the new board which is part State and part private.

### Business and the investment code in Zaire

► *Like many developing countries, Zaire has an investment code. Yours appears to be a particularly liberal one. Can you outline the conditions for private capital wishing to invest in your country?*

— Zaire's investment code is indeed very liberal. It was amended in June 1969, in 1970-71 and again in 1974. However, the State must still own a certain percentage of shares in any new firm setting up in our country. This, of course, is not new—during the colonial period, Zaire was one of the few countries of the Third World where the State was a large shareholder. Even at that stage, the State wanted to own a certain number of shares, to have a stake in every firm. There are three systems—a general one, a special one, based on mutual agreement, and a third, involving partial exoneration.

Under the general system, of course, firms must meet certain requirements in order to qualify for the benefits the system offers. For example, the firms must be able to contribute to the economic and social development of our country and they must also bring new jobs. Zaire, clearly, has a fairly big unemployment problem and the State wanted to welcome new investments which would create more jobs, for obvious social reasons. To be eligible, the investments must meet certain financial conditions—they must involve a minimum of Z 50 000 and at least 80% of the total investment must be financed by funds from abroad. That is what investments are all about. They must bring in new capital. Loans may not represent more than 70% of the total amount of the investment and not more than 30% of the total amount may be in the form of loans repayable over five years or less. Any profits made by new, accredited companies are exempt from professional tax to reduce costs.

The special system provides, in exceptional cases, for the possibility of special arrangements which can, where appropriate, be negotiated with the executive council.

The third type of system is that involving partial exoneration. For example, the professional tax on profits put aside for reinvestment can be reduced to 50%.

► *In the general system you mentioned, are there, over and above the tax benefits offered to private investors, liberal conditions for the repatriation of capital?*

(1) Association Nationale des Entreprises Zairoises — National Association of Zairian Firms.



— Repatriation of profit is provided for, although I am aware that it is not always possible at the moment. This does not mean that the investment code is not being respected. The restrictions are due to the short-term difficulties Zaire is experiencing as regards availability of foreign exchange.

► *Are there any particular sectors of the economy towards which the Zaire government would like to see private investments channelled?*

— The investment possibilities in our country are enormous since the potential is so vast. There used to be only one copper mining concern—the Gécamines—but we now have the Sodimiza (a Japanese company), which is already producing ore, and a third company with American, English and French capital. The Zaire government has a stake in both new companies. There are other mineral deposits yet to be exploited and foreign capital could well participate in the development of existing firms.

► *I gather that you are not ruling out agriculture either, as a field where private capital can be invested?*

— Private capital may be invested in both agricultural and forestry concerns, but only in those of a certain size, or in agro-industrial concerns. In the latter case, such firms must be interested in processing and adding value to an agricultural product and not purely in exporting it as a raw material. The oil palm is a good example—its cultivation can be developed and, at the same time, a factory built to manufacture the oil. Or take the case of tea: cultivation and building a factory to process the tea can go hand-in-hand. These two examples spring to mind since I know that the EDF helped in both these fields—in the Kivu region with tea and in the north west with the oil palm project.

Zaire's oil palms, for example, are fairly old. Our production has dropped by nearly 12% and, with domestic demand increasing by 8%, we must make up the deficit if we do not want to have to import palm oil in the future. It would obviously be an advantage to have more factories to manufacture margarine, soap and other products from the oil. And the same goes for copper which we are currently exporting unprocessed. There are plans for a copper refinery but it would obviously be better to have industries that transformed the copper into finished or semi-finished products. As our President has said, we are faced with this crisis because our exports are almost exclusively made up of copper.

## Copper: Zaire's strength and weakness

► *I believe copper accounts for something like 2/3 of the value of Zaire's exports. This puts a lot of eggs in one basket.*

— Our economy is indeed rather fragile—it only needs the price of copper to drop, as it has been doing since 1974... whereas if we could not only diversify our exports but also export some copper-based manufactures and semi-manufactures as well, we would not have been so vulnerable to the world economic crisis.

► *So we can say that Zaire's policy towards investors is open and varied, and that there are openings in the agro-industrial, manufacturing and processing sectors, while the authorities are encouraging the diversification of the economy—without neglecting important factors like copper production—so as to obtain an economy which is better balanced and less dependent on one or two key products.*

— Yes, that is true. You had the honour of being received by the President, who doubtless confirmed that our country is open to private capital provided it does not clash with Zaire's political, economic and social policies. What every investor needs to realize is that the national sovereignty of the country must be respected and that the old Zaire, where everyone did what he liked, has gone for ever.

► *Investors, therefore, have to fit in with the general trends of the economy in such a way as to help the development of the country. This is a natural and moderate condition which most countries impose and it is unlikely to discourage private investors. Am I right in saying that ANEZA includes publicly- and privately-owned firms as well as foreign-owned ones?*

— We include all firms in Zaire, whether they be 100% State-owned, 100% private or a mixture of both. Any firm that is in business to make a profit can join ANEZA—large, medium-sized or small. The Association is the place for any firm that is helping to build the country. Furthermore, nearly all the economic and trade missions visiting Zaire come to ANEZA for information. That is what we are there for.

► *Do you have any regular contact with organizations like ANEZA in other countries of Africa or Europe?*

— Yes, we have contacts with nearly all the chambers of commerce in the world—although less in Africa. Some of the old colonial structures still remain and African countries are often geared to the ex-colonial power rather than to their neighbours. We are trying to combat this, however, and in May we had an International Chamber of Commerce seminar to which we invited all the chambers of commerce from French-speaking Africa.

► *Don't you think that the Lomé Convention will help step up these contacts? As you know, the Convention provides an Industrial Development Centre and a Committee on Industrial Cooperation where people from industry can meet. It seems quite likely that such contacts will increase and benefit all the ACP countries.*

— We are optimistic about this, because Zaire is in an unusual situation in this respect. Since the Treaty of Berlin, our country has been lucky enough to be open to all the other countries of the world and we have not suffered from protectionism. This is one of Zaire's advantages and we are making the most of it—for example, at the last international fair in Kinshasa, there was a colloquium with the EEC whose aim was precisely to encourage the African nations to step up their trade with each other. We could easily find a market for our products in neighbouring countries but are often prevented from doing so by customs barriers. ■

Interview by A.L.



## Manufacturing industry in Upper Volta

by B.INNOCENT BAKYONO (\*)

Immediately before Independence, it looked as though Upper Volta would have problems with its industrial development. It had few easily exploitable raw materials, energy was expensive, markets were limited, water was rare and the whole situation was exacerbated by the country being landlocked.

However, 15 years later, some 30 major industrial firms, employing a total of 6 000 national management and other staff, are already operating successfully and another 10 firms are due to start up over the next two years.

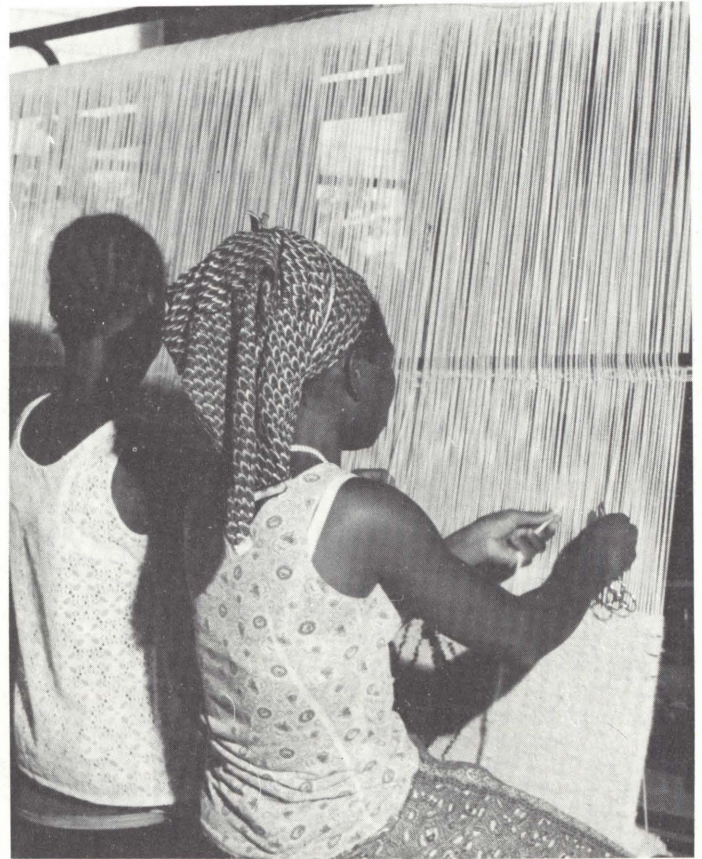
This was made possible solely by the human factor—always the trump card as far as development is concerned and one which the government, by its tenacity, has played to advantage.

The first stage of industrialization was marked by a number of projects involving import substitution—one of the simplest means of development—which depended essentially on the taxpayer and on consumer budgets for their success. The activities in question were mostly final stage processing and the assembly of imported semi-manufactures.

The limits of this type of industrialization were quickly reached since, in view of the fact that agriculture, the country's main source of income, was more or less stagnant, there was little increase in buying power.

However, this period should not be considered a failure, as the establishment of these few firms stimulated the already active entrepreneurial spirit of many of the people. At the same time, the plentiful labour-force—known as hard workers throughout West Africa—learned the special skills of industrial workers and obtained increasingly better technical qualifications in these firms.

Meanwhile, the government sought to develop the country's natural resources. It granted tax concessions which enabled



*Training centre for women in Ouagadougou (Upper Volta)*

existing firms (cotton-ginning and oil plants) to expand and modernize and new firms to be opened in different areas (agro-industrial sugar complex and a spinning/weaving mill for cotton). Thanks to the stability of the government and the scope of the projects it presented the country was able to obtain large international grants to finance infrastructure, and private national capital began to look beyond the trade sector—which had had a privileged position up until then—and associate, in the industrial sector, although timidly at first, with private capital from abroad.

These new, large firms, demanding sizeable infrastructure, only saw the light of day after years of effort, which is why industrial production stood still between 1966 and 1969.

From 1969 onwards, industrial production rose at something like 12% p.a. This was due to the gradual opening of new firms and one or two import substitution industries deal-

(\*) Director of industrial development.



ing with imported raw materials, either exclusively (in the case of shoes, plastics and printing fabrics), or in combination with local materials (flour milling and brewing).

In recent years, 1974 and 1975 principally, a large number of firms have begun trading. Many of these were of the import substitution type, concentrating on the complex processing of local materials.

The most important of these is the SOSUHV (Société Sucrière de Haute Volta—the Upper Volta Sugar Company) which includes both the sugar-cane plantation (irrigation by sprinkling) and a refinery, etc. SOSUHV production will be 18 000 t of sugar by the end of the second year of operation (1975/76) and capacity will be 20 000 t p.a. The expansion programme is already under way and should bring capacity up to 35 000 t p.a. by 1977/78.

The second achievement is the new CITEC oil plant, with a trituration capacity of 40 000 t of oilseeds annually—mainly groundnuts, cotton seed and shea nuts. This firm is due to start modernizing and will expand its soap works in the very near future to meet increasing demand.

We should also mention the VOLTEX factory that has recently opened a haberdashery (knitted cotton) unit alongside existing lines.

The following are some of the large-scale import substitution type industries which now go in for complex processing of raw materials:—the SAP (Société Africaine des Pneumatiques—the African Tyre Company), which produces tyres and inner tubes for bicycles and which exports a considerable percentage of its production to the neighbouring countries, and the SAFI (Société Africaine des Fabrications Industrielles—the African Industrial Manufacturing Company), which has a highly diversified metalwork construction programme—mainly trailers but railway trucks (for ore) as well.

Another dozen or so medium-sized firms—a pasta factory, a meat-preserving plant, a new brewery, etc.—have already received government approval and should start trading in the coming months.

A small canning plant has been built on to the storage sheds at the Union des Coopératives Agricoles et Maraîchères (union of agricultural and market gardening cooperatives), with a view to treating any fresh vegetables which are not able to be exported due to accidental transport hold-ups.

But the most important project in the near future will unquestionably be an integrated leather tanning/dressing and footwear factory, which will use the local leather exported up to now in the form of natural or partly tanned leather. This is an important enterprise, in size, amount of investments (CFAF 2 000 million) and effect on the economy. Most of its production will be for export—a new direction as far as Upper Volta's industry is concerned, since, for the first time, production is not aimed at the domestic market.

## Developing processing industries

The government is preparing for the less immediate future by concentrating on the development of industries that process local products, those that serve agriculture and stock

farming (fertilizers, cattle feed, etc). The import substitution industries should carry on expanding of their own accord to meet the demands of the home market. The important thing is to push up consumer buying power rather than to increase the number of industrial firms.

The Tambao Project Office was set up in 1974 to help with the exploitation of manganese deposits, carry out a study of a cement works (which would use local limestone) and supervise the extension of the Abidjan-Niger railway down to Tambao. The government is also encouraging the opening of a new oil plant and a factory to produce tomato concentrate and fruit juice. It is also planning to exploit the large tricalcic phosphate deposits in the east. The Poura gold mining company should begin working again in the very near future.

This range of possibilities shows that Upper Volta's industrial production will increase rapidly in the coming years.

Alongside this development of large and medium-sized industries, the spirit of initiative so common in Upper Volta has meant that the number of small industrial firms has increased constantly.

Despite the fact that they are working under incredibly difficult material and financial conditions, a number of Upper Volta's manufacturers have gone or are ready to go from small businesses to larger-scale industry. The government has set up the OPEV (Office de Promotion de l'Entreprise Voltaïque—Office for the promotion of Upper Volta firms). This body provides a variety of help for small firms. It organizes courses and in-service training in management for small firms, helps businessmen apply for bank loans, carries out feasibility studies, provides technical advice (only to small businesses in the construction sector for the moment). There is still room for it to expand (e.g. a central office for the purchase of raw materials or sales display facilities), but it is currently concentrating on two major issues—helping with bank loans by standing as guarantor and, most important, setting up an industrial zone for small firms.

This zone is about to be set up with the financial help of the major regional and international development banks and technical assistance from UNIDO. Under suitable conditions, it will provide small and medium-sized firms with modern infrastructure (buildings and equipment), plus management, sales, maintenance and repair services.

As far as institutions are concerned, the government is drawing up a very liberal investment code, called the **Petit Code**, especially for small industrial firms.

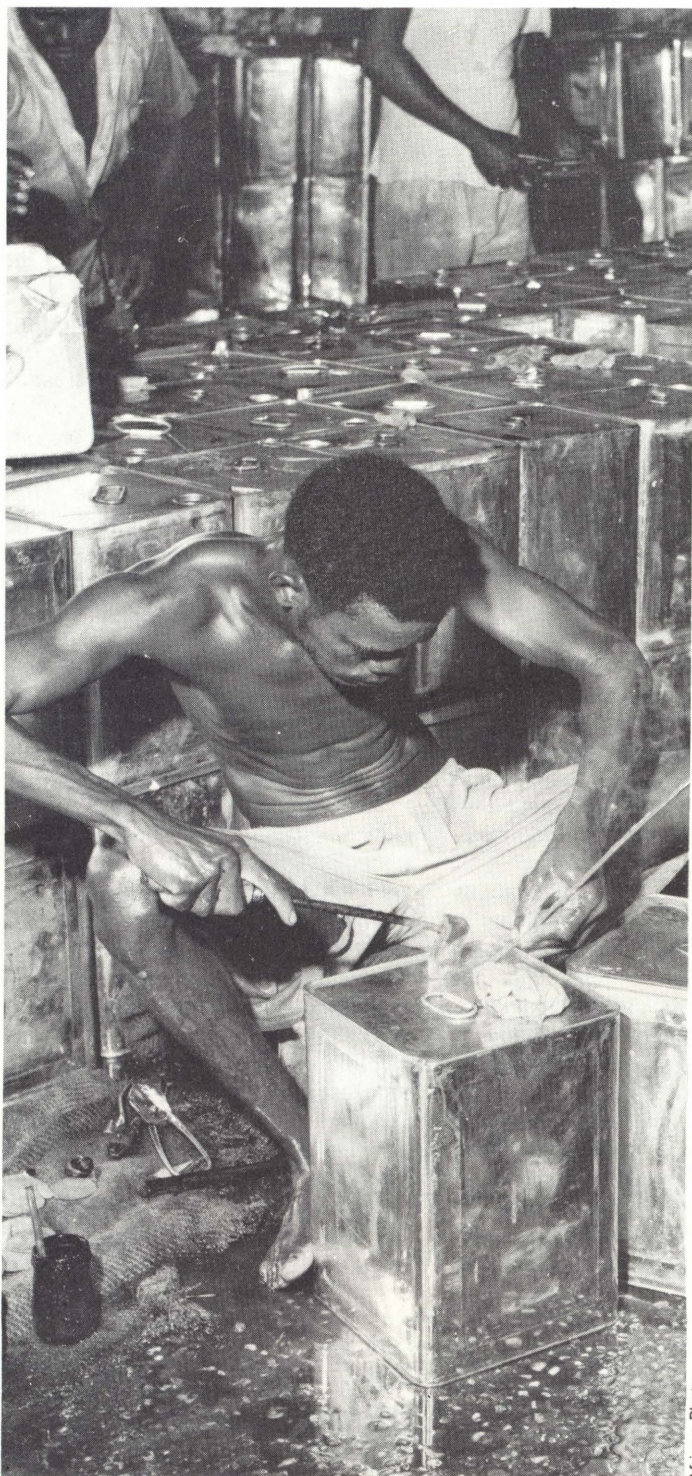
The government is thus hoping to give small industrial firms the incentive to develop along the lines of medium-sized and large firms. In this way, a trade relations network will grow up between both groups, which is a sign that a country's industry is developing properly.

This can only be achieved if the country is open to the outside world. Upper Volta needs foreign capital to finance industrial development and economic infrastructure. It must have know-how and it must have outlets for its finished products.

This is why Upper Volta will be happy to consider any proposals to associate firms in developed countries with its own firms. ■

B.I.B.





*Making cottonseed oil cans by hand in the Sudan*

## The transfer of technology from industrialized to developing countries

by Jean-Louis SCHMIDT (\*)

The problem of transferring technology, and its key position as far as the development of some of the countries of the Third World is concerned, is a vast and complex subject.

For some time it was thought to involve no more than the automatic adaptation of techniques used in rich countries to the countries in the process of becoming industrialized; but after 10 years of this development, the anticipated results have not materialized, for the simple reason that technological know-how in general is being negotiated on an imperfect market where all the advantages are on the seller's side.

We shall first look at the difficulties inherent in the very concept of the transfer of technology and in the various means of operating this transfer, and then at the various choices offered.

### An ambiguous and controversial definition

If we agree that the transfer of technological know-how is the application of technology outside the sphere for which it was specifically developed and in which it was initially applied (1), certain authors (2) will, quite justifiably, object to the terms used, preferring:

- (i) choice, adaptation or elaboration instead of transfer;
- (ii) technique instead of technology.

As UNIDO (3) in fact points out, techniques are not just transferred like some sort of material object or like a liquid being poured from one container to another. And technology is not a neutral thing. When it is used outside the original sector, all sorts of problems arise, since recipient and donor have different industrial traditions. However, world industry cannot be

(\*) Lecturer at the Faculty of Law and Economics, University of Nancy.

(1) Robert U. AYRES: «Prévision technologique et planification à long terme» — Editions Hommes et Techniques, Paris 1972, p. 8.

(2) Daniel CARRIERE: «Une erreur à dénoncer: le transfert pour l'acquisition des techniques» — Options Méditerranéennes no. 27, p. 29.

(3) UNIDO meeting on the transfer of technological know-how to developing countries via sub-contracts and licencing agreements. Basic document, Paris, 27 November - 1 December 1972.



redeployed unless technological know-how is transferred from industrialized to developing countries and this transfer has to be brought about in various ways, which we shall analyze below.

## Various means of transfer

For the transfer of technology to be possible, a number of channels of distribution are needed. These seem to be the most important:

- Direct investments and the importation of capital goods with inbuilt technology.
- Experts and technical cooperation officers.
- The sale of patents and licences.

### A. The transfer of technology by direct investments and the importation of capital goods

This type of transfer, mainly used by multinationals, finds host countries anxious to attract foreign capital in exchange for certain advantages in respect of raw materials, cheap labour and tax concessions, together with the existence of a potential market.

However, this method is not without its difficulties—most of which stem from the very nature of multinational firms, which are:

- private and have to make a profit;
- large, oligopolistic and have enormous bargaining power;
- foreign, and transfer products, know-how and management techniques adapted to their countries of origin (4).

However, transfers made in this way are not all problematical, since many multinationals have a policy of adapting their own technology to the needs of the Third World, particularly processes that require a greater number of workers (and thus contribute to solving unemployment problems) or involve cheaper and less sophisticated equipment.

### B. The transfer of technology by individuals

This method, which uses experts and technical cooperation officers and involves an exchange of ideas, documents and staff, is becoming increasingly important now that various governments are introducing direct measures to promote it. One of the means used is to introduce agreements on industrial, scientific and technical cooperation between developed and developing countries similar to those already signed by the more advanced countries among themselves. If agreements like these are to be beneficial, then the experts must have the right human qualities to understand the socio-cultural background of the countries to which they are posted and they must also have a minimum of teaching ability and know-how to adapt their knowledge to local conditions (5).

(4) Paul STREETEN: «Costs and Benefits of Multinational Enterprises in Less Developed Countries», in John H. Dunning Ed. *The Multinational Enterprise*, Londres, George Allen and Unwin, 1971, p. 251.

(5) Philippe LAURENT: «Le transfert de technologies — Un nouveau terme de l'échange» — *Revue Projet* no. 93, 1975, Paris, p. 290.

(6) ONUDI. *Op. Cit.* p. 11.

### C. The transfer of technology via patents, licences and engineering companies

According to UNIDO (6), patents and licence agreements are an elaborate form of industrial relations involving production just as much as distribution. They are a sign that the licence holder recognizes the ability of his partner, the licensee, to operate, produce and distribute.

Although buyers consider that the prices they have to pay for patents and licence agreements are exorbitant, and although the advantages of such transfers are reduced by restrictive clauses, the contracts are still beneficial in that they open the door to selective technical information and give a reasonably wide choice. The engineering companies are suspected of being the subsidiaries of multinationals, but they do play a key role in transferring knowledge and know-how by ensuring that the product is made into a marketable package (7), that international technological processes are pre-eminent and that the distribution networks are expanded and coordinated.

## Desirable policy

Developing countries cannot yet do without the technology of the industrialized world but they must, from now on, be more selective in their choice of technology so as to make sure that they retain a certain amount of independence.

This means that they must:

- implement a policy of technological competition by maximum diversification of suppliers—as the People's Republic of China and Algeria are doing at the moment;
- like the countries of Latin America, lay down basic principles for the fixing of standards and conditions for contracts involving the transfer of technology, so as to make a selection of the technologies to be imported by deleting any clauses that restrict transfers (8);
- also attempt to promote their own technology by developing their own research centres and by implementing a policy of technical cooperation between the various countries of the Third World.

## Conclusion

UNCTAD IV is aware of these problems and has invited a special commission to look into the transfer of technology. Concrete solutions may well emerge from Nairobi and an answer thus be found to the hopes of the poorest countries, by making the transfer of technology one of the new terms of trade which will strengthen the cooperation between those who have the raw materials and those who have the know-how. ■

J.L.S.

(7) Martin BROWN et Mikoto USUI: *Choix et adaptation de la technologie dans les pays en voie de développement* — OCDE — Paris 1974, p. 103.

(8) Brazil—Ministry for Industry and Trade—Secretariat for industrial technology, Act No. 015, 15 September 1975.



# UNCTAD IV resolutions on the transfer of technology

The countries at UNCTAD IV in Nairobi adopted three resolutions on the transfer of technology, a subject of particular interest to the developing countries and one which was mentioned in the Manila declaration. The resolutions covered:

## 1. An international code of conduct for the transfer of technology

The conference recommended that:

- i. work on the draft code be speeded up so that it can be completed by mid-1977 at the latest;
- ii. the aim be to draft the code;
- iii. at its 31st session, the UN assembly convene an UNCTAD conference before the end of 1977 to negotiate and take any decisions in respect of the adoption of the final instrument on the code of conduct, including a decision on the legal aspects.

It decided to set up a group of intergovernmental experts within UNCTAD, open to all member countries, to draft the code. The group would meet once in 1976 and as often as necessary in 1977. It would put forward suggestions on both compulsory and optional provisions.

## 2. Industrial property

The conference listed a whole series of texts adopted in this sector, emphasizing that any new policy should take account of the demands of economic and social development by ensuring a proper balance between these needs and the rights conferred by industrial property. It reaffirmed a set of principles which should be the basis for a revision of the Paris Convention on the protection of industrial property, suggesting, in particular, that technology should be better adapted to the developing countries by improving training techniques and providing more comprehensive information. The effective transfer of technology to these countries should be done under reasonable conditions, the importation of a product under patent should not be a substitute for exploiting the patent in the developing country which issued it, there should be adequate measures to avoid the abuse of rights attached to patents and inventions other than classic patents should also be protected. The developing countries should receive technical assistance in this respect to help them with the transfer itself and with the adaptation and creation of suitable technology. Provisions on trade marks should be discussed and further studies are needed on the possibility of granting preferential treatment to all developing countries. The ultimate aim of the

revision should be to bring about reasonable conditions of accession to the Paris Convention. The conference also recommended that, as far as revision of the convention went, the States should bear in mind the conclusions drawn by experts from the developing countries in this respect and that UNCTAD should have a key role to play in any recasting of the international system of industrial property. It decided that the Secretary-General of UNCTAD should contribute to the studies on the economic, commercial and developmental aspects and that increasing technical assistance was a matter of urgency and should be supplied by UNCTAD, UNIDO and WIPO (World Intellectual Property Organization) via budgetary and other resources so that the national potential and the industrial property infrastructure of these countries could be developed.

## 3. Strengthening the technological capacity of the developing countries

Referring, among other things, to the aims of the UN's international development strategy over the second 10-year period, to the declaration of Manila and to the steps taken by ministers from the non-aligned countries (Lima, August 1975) in respect of setting up an international centre for the development and transfer of technology in the developing countries, the conference recognized the importance of a series of related measures to enable policies to be formulated and institutional structures to be set up in the developing countries. It recommended that steps be taken to reduce the technological dependence of the developing countries:

### (a) Improving the institutional infrastructure and the capacity of the developing countries as regards the development and the transfer of technology

The conference recommended that:

1. Each developing country should draw up its own plan of technology as an integral part of its national development plans. It should coordinate policies in certain correlated fields (issue of licences, development and adaptation of technology, foreign investments, etc), set up the appropriate institutional structures (e.g. a national centre for the development and transfer of technology) and ensure that proper links were established with other national institutions and bodies. It should also ensure that optimum use is made of available qualified labour.

2. The developing countries should ensure cooperation at sub-regional, regional and international level so the preferential agreements on the development and transfer of technology can be drawn up, sub-regional and regional centres for the exchange of information on the choice of technologies can be opened, effective aid and technical assistance can be provided for national authorities and centres, and coordination with the relevant international bodies can be assured. These measures should provide for the setting-up of sub-regional, regional or international centres in key sectors such as agriculture, mining and quarrying, fisheries, public health and housing.



## EDF

**More than 241 m EUA  
(around US \$ 265 m)  
committed for the ACP countries  
in the three months  
since the Lomé Convention  
came into force**

Commission decisions on 19 and 28 July 1976 have granted 36 151 m EUA for seven new projects in the ACP. This brings total commitments since 1 April 1976, when the Convention came into force, up to 163 876 EUA (1).

Over and above this, there are commitments made from the 4th EDF—71 831 m EUA, covered by a Commission decision of 8 July 1976, for the Stabex and 5 428 m EUA, granted by the EIB board on 27 July 1976, for risk capital.

### 17 more financing decisions

The Commission has authorized financing for 17 projects agreed to by the EDF Committee at its 107th and 108th meetings.

The projects are as follows:

**1. Republic of Burundi — Final phase of the Tora project:** 3 813 000 EUA (fourth EDF).

The project constitutes the second and final phase of a plan to reorganize the Tora agro-industrial complex. The estate (580 ha of tea plantations and a tea factory) has already received Community financing to the tune of 4 600 000 EUA. With the present financing, the total Community contribution will be over 8 400 000 EUA.

The grant of 3 813 000 EUA from the fourth EDF will be used in particular to replant and extend plantations, to provide further technical and social infrastructure, and to extend and improve the existing industrial installations (power supply and heating).

(1) 1 EUA (European unit of account) = US \$1.09853 at end of June 1976.



Picking tea

There are also plans to launch a peatery, since peat (turf) constitutes cheap fuel to provide the factory with an economic form of power.

The project as a whole will considerably improve the incomes of the growers in the Tora region and will have a beneficial effect on Burundi's public finances and on the country's trade balance and balance of payments.

**2. Republic of Burundi — Final phase of the Imbo project:** 4 273 000 EUA (fourth EDF).

This project constitutes the final stage of the Community contribution to the "Development of the Imbo" project. The aim is to consolidate the results achieved since the launching of the scheme in 1967 and to bring about financial equilibrium in the short term by ensuring that the best use is made of the improvements.

It involves further capital investment: the completion of a coffee plantation,

the construction of a pulping centre, the settlement of additional growers and the provision of various forms of technical and social infrastructure.

When fully operational, the Imbo area should be able to produce 8 000 t of paddy rice, 3 700 t of maize, 500 t of beans and 470 t of coffee.

With this project, Community aid will have contributed a total of 8 900 000 EUA to this important scheme.

**3. Islamic Republic of Mauritania — Creation of a pilot area in the Gorgol (second phase):** 5 770 000 EUA (fourth EDF).

This financing will enable the development of a 700-ha pilot area to be completed. The area is situated where the rivers Gorgol and Senegal meet and development was begun in 1974 under the third EDF. The aim is to obtain two crops per year, mainly of rice, through the use of intensive cultivation techniques. It is also to determine the culti-



vation methods and forms of management at crop production and marketing level which could be applied to future developments on a larger scale.

**4. Republic of Senegal — Development of the cotton area:** 6 538 000 EUA (fourth EDF).

This project forms part of the effort undertaken with Community aid to diversify the Senegalese economy by the introduction and subsequent extension of cotton growing.

It is proposed to plant a further 16 000 ha of land under cotton in the regions of Senegal Oriental, Haute Casamance and Siné Saloum, with the widespread use of improved cultivation techniques, which will also benefit the crops rotated with cotton. It is expected that there will be an additional output of 24 000 t of cotton seed for export, 40 000 t of cereals for local consumption and 4 500 t of groundnuts.

After being started by the FAC, the cotton programme in Senegal was developed thanks to Community aid (more

than 16 500 000 EUA since 1965, including this project) and a great effort at national level.

The whole operation involves 5 000 farming families, whose incomes will rise considerably, and the scheme will go a long way towards diversifying the Senegalese economy, which is still too narrowly oriented towards the production of groundnuts for the manufacture of oil. The project will also have a beneficial effect on Senegal's public finances, trade balance and balance of payments.

**5. Republic of the Niger — Stock-fattening by peasant farmers in Niger:** 1 610 000 EUA (fourth EDF).

The aim of the project is to improve, extend and intensify stock-fattening as carried out by small family concerns in the Niamey and Zinder departments; it also includes a demonstration scheme to be carried out in irrigated agricultural areas in the Tahoua department. The proposed three-year programme will eventually involve 8 250 farmers from 500 villages; they will receive 20 500 head of cattle.

This scheme, of particular interest for the development of the association of stock-farming with arable farming, will give an overall annual increase in value added of over 738 000 EUA, a large part of this benefiting the producers. It will help to mitigate the effects of the recent years of drought in this Sahelian land.

**6. Republic of the Upper Volta — Lom-bila transit grazing area and fattening centre:** 380 000 EUA (second and third EDF).

This project is concerned with the development, 20 km outside Ouagadougou, of a transit grazing area of 3 820 hectares and a fattening centre of 320 hectares for animals to be sold for export or for slaughter.

The aim of the operation is:

(a) to stop the livestock wandering in the cultivated fields during the rainy season and to facilitate transit measures, health inspection and improve the conditions under which the animals have to wait whilst in transit by creating, near Ouagadougou, a transit grazing area with watering facilities for the livestock; (b) to provide a number of animals with supplementary fodder in a fattening centre.

This Community aid will be used in particular for agro-pastoral improvement and water-engineering work, for erecting various buildings and supply equipment.

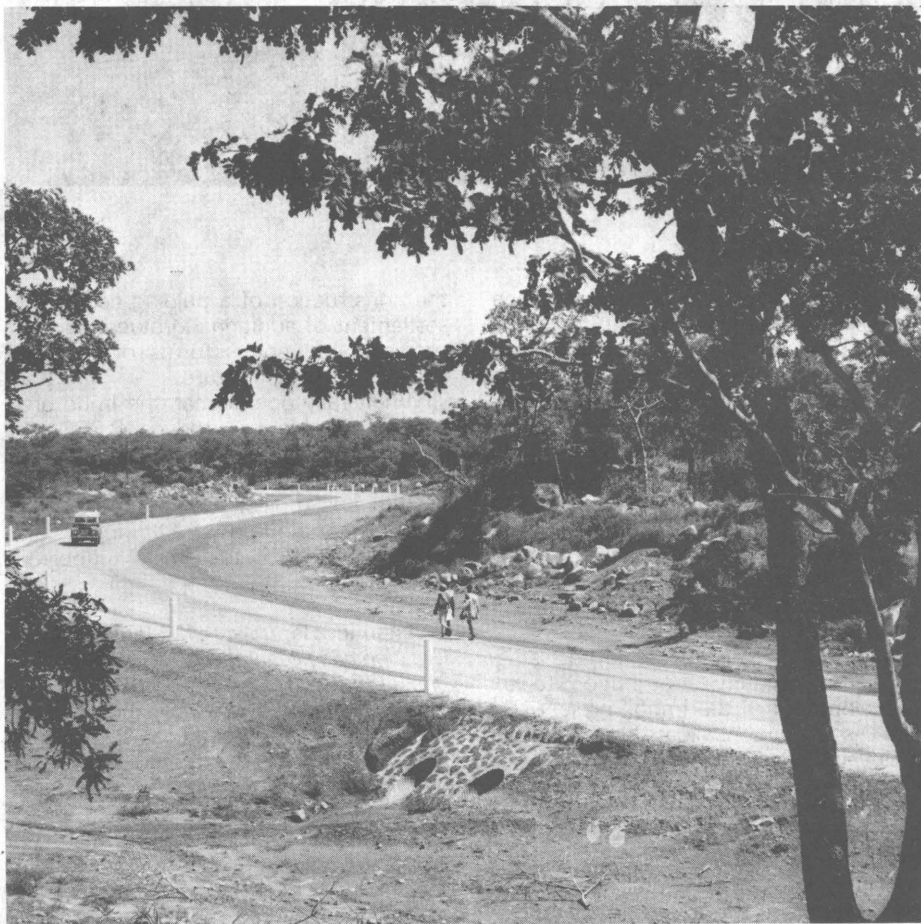
**7. Republic of the Upper Volta — Improvement and asphaltting of the Ouagadougou-Koudougou road:** 12 791 000 EUA (fourth EDF).

This project involves improving and asphaltting a 97 km stretch of the Ouagadougou-Koudougou road, which links the capital with the third most important urban, commercial and industrial centre of the country. This work has been made necessary by the population and economic growth of the Koudougou area, where major agricultural and industrial projects have been carried out in the past and others are planned in the future.

This improvement to the road will entail a considerable reduction in transport costs for the users, whose number is constantly increasing, and a reduction in maintenance costs for the public authorities.

**8. All ACP States — Overall commitment for the financing of scholarships and training grants for nationals of the ACP countries in the 1976/77 academic year:** 8 000 000 EUA (fourth EDF).

*Road in Upper Volta*



FEI



Until the multiannual scholarship programme and the training programme for each State have been established, this amount will enable the most urgent requests for scholarships and training grants submitted for Community aid to be met.

**9. Commitment of 540 000 EUA (fourth EDF) for the review "The Courier" for the period from 1 July 1976 to 31 December 1977.**

This amount will finance the publication of the review in French and English for the period stated above. "The Courier" appears every two months and its circulation is at present 35 000 copies. It is distributed in all the French-speaking and English-speaking ACP countries.

"The Courier" constitutes a link between the Community and the ACP, and between the ACP themselves, which is becoming increasingly useful and interesting.

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The Commission decisions taken on July 19 and 28, 1976, refer to the following projects:

**10. Republic of Mali — Construction of the Sélingué dam (fourth EDF).**

Community aid in the form of a grant of 19 157 000 EUA will contribute to the construction of the Sélingué Dam, the most ambitious project presented by the Republic of Mali.

The project involves:

- (1) The construction of a dam which will retain up to 2 256 million m<sup>3</sup> of water covering an area of 430 km<sup>2</sup>;
- (2) the construction of a hydroelectric power station linked with Bamako by a power line approximately 130 km in length;
- (3) the construction of a roadway at the top of the dam making it possible to cross the Sankarani river in all seasons;
- (4) the establishment of an agricultural development centre.

The implementation of this project will make it possible to cover the electricity needs of Mali until about 1990 and progressively develop the cultivation of crops under gravity or pumped irrigation, thereby reducing the country's dependence on imported cereals. Moreover, the construction of the dam will improve the navigability of the river Niger and will increase fish production by some 1 900 tons per annum.

Because of the high total cost of the project (127 million EUA), the Malian authorities have been obliged to seek the

help of various providers of funds. The ADB, ADF, ABEDIA, the Kuwaiti Fund, the Saudi Fund and the Abu Dhabi and Qatar Funds, Community aid and Saudi, French, German, Italian and Canadian bilateral aid will contribute to the financing of this project.

**11. Republic of Niger — Eradication of cattle peripneumonia: 1.42 million EUA (fourth EDF).**

This project is intended to supply Niger with the means to continue for three years the veterinary campaign that has already begun against cattle peripneumonia.

The Commission has already contributed to this kind of operation in Niger under a special aid grant of about 400 000 EUA in April 1971. The disease was stamped out in the interior but the campaign should be continued to avoid the risk of continuing infection from neighbouring countries. Veterinary measures have always been of great importance in Niger, where cattle raising is the main activity of 20% of the population and takes second place in the national economy.

**12. Republic of Chad — Interim project as part of an integrated programme for the de-**

**velopment of the cotton producing area (1977-1978 agricultural year) (fourth EDF).**

This aid to Chad—in the form of a grant of 3 269 000 EUA—is intended to finance the interim project under the integrated programme for the development of the cotton-producing area (comprising the Koros and Mayo-Kebbi regions and the whole of the Logone-Chari alluvial plain) and will thus avoid any possibly harmful gap between the projects carried out under the five-year plan for the development of the cotton-producing area of southern Chad (which, for the agricultural years 1972/73 to 1976/77, has received considerable aid—nearly 14 million EUA—under the third EDF) and the new schemes envisaged in the indicative Community aid programme for Chad.

**13. Republic of Burundi — Extension of the Teza tea factory (fourth EDF).**

Supplementary financing in the form of a grant of 197 000 EUA—on top of the 1 150 000 EUA granted in 1973—will enable the project for the extension of the Teza tea factory to be completed.

**14. Togolese Republic — Improvement and asphaltting of the Kante-Mango road. (86 km) (fourth EDF).**

**Loading cotton (Chad)**





A Community grant of 10 412 000 EUA will finance the improvement and asphaltting of the 86 km Kante-Mango section of national highway No 1, which links the capital Lomé with the Upper Volta frontier.

The general objective is:

- to continue the improvement of national highway No 1, which is the backbone of the country's road transport system and whose main role is to provide access to cut-off populations, and to link up the areas of the north of the country with the port of Lomé; and
- to add a link to the international route leading to Upper Volta and Niger in order to provide those countries with an additional means of cooperation agreements recently concluded between the countries involved.

After completion of the present project, the only section of the Ouagadougou-Lomé road still to be improved will be the 212 km section between Mango and the Upper Volta frontier.

The Community had provided 27 968 000 EUA for this work in Togo and 16 186 million EUA for the work in Upper Volta.

#### **15. Democratic Republic of Madagascar — Improvement of the Vohemar-Sambava Road (second instalment) (third EDF).**

A grant of 970 770 EUA is to supplement the 9 146 000 EUA granted in 1972 for the construction of this road; this is to cover the excess expenditure resulting from the increase in costs.

#### **16. Democratic Republic of Madagascar — Repair of damage caused by cyclones (third and fourth EDF).**

With exceptional aid in the form of a grant of 2 million EUA (300 000 EUA under the third EDF and 1.7 million EUA under the fourth EDF), the Community has decided to help the Malagasy government to cope with the catastrophic damage in the whole of the northern part of the country caused by the passage of three extremely violent cyclones in the space of six weeks, the last occurring in January this year.

The area which suffered most from the recent cyclones was the north-west, where the EDF has already carried out many projects. The Community aid will therefore ensure that certain constructions necessary for the proper functioning of EDF projects for nut growing at Sambava and rice growing in the Andapa basin are repaired. Community aid will also be used to repair the Vohemar-

Sambava road, where some stretches hundreds of metres in length were washed away, and the reconstruction of access roads to certain major bridges. Finally, this financing will also make it possible to satisfy the wishes of the Malagasy government which attaches particular importance to rebuilding medical posts and school buildings and to restoring the Antalaha harbour installations to working order.

#### **17. All ACP States — Initial budget of the centre for industrial development (fourth EDF).**

This grant of 145 000 EUA is to cover the starting-up costs of the Centre for Industrial Development during the last four months of this year.

This Centre, was provided for in the Lomé Convention and will be strictly operational in nature. Its functions are listed in Article 36 of the Convention and mainly comprise industrial information work, the promotion of contacts and industrial projects and also specific technical cooperation projects in the industrial field.

\* \* \*

**These financing decisions bring the total commitments under the third EDF (as from 1 January 1971) up to 870 100 000 EUA (334 decisions), and the total under the fourth EDF (as from 1 April 1976) up to 241 135 000 EUA (for 51 decisions, including 25 financial transfers). ■**

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## **STABEX**

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**17 ACP countries to get nearly 72 million EUA (about \$78 m) under the first year of Stabex (stabilisation of export earnings)**

On 8 July 1976, barely three months after the Lomé Convention came into effect, the European Commission and 17 ACP States signed 25 transfer

agreements aimed at compensating for a loss in export earnings in respect of one or more basic products in 1975.

The Convention's trade provisions were first applied in July 1975, the programming missions in all the ACP States are over, the first financing agreements under the 4th EDF have been signed and we are now entering the operational phase of that considerable innovation, Stabex. These first results show how important it is for countries dependent on commodities for their export earnings to have a guarantee that covers not only drops in production due to natural conditions or climate but also reduced sales due to the economic situation.

### **Brief guide to Stabex**

**Funds** — 375 m EUA for the period covered by the Convention, divided into 5 annual instalments of 75 m EUA each, any remainder being automatically carried over to the following year. The amount authorized for each year may, in some cases, be stepped up.

**Products covered** — 12 commodities: groundnuts, cocoa, coffee, cotton, coir, palm products, hides and skins, wood, bananas, sisal, tea, iron ore and certain by-products.

**Dependence threshold** — products are covered if export earnings the previous year (all destinations) represented at least 7.5 % of total export earnings. The figure is 5 % for sisal and 2.5 % in the case of the last developed, landlocked and island ACP States.

**Activating threshold** — actual receipts from exports to the Community of a given product must be lower than the average corresponding receipts over the previous four years by at least 7.5 % in normal cases and at least 2.5 % for the least developed, land-locked and island countries.

**Transfers** — usually interest-free loans which are only reimbursed once certain conditions relating to increased export earnings have been fulfilled. In the case of the 24 poorest countries, however, transfers are in the form of grants.

### **Assessment of applications**

The system is a new and technically highly complex one, but the conditions for implementation were quickly and satisfactorily brought about. This is particularly true as far as the introduction and the running of statistical cooperation between the ACP States and the Community were concerned. The applications







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## EEC-NGOs

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### Off to a good start

The Commission's decision to cofinance a number of development aid schemes with various European non-governmental organizations (NGOs) is already proving fruitful and profitable to the least favoured developing countries.

The possibility of cofinancing with the NGOs is written into the Community budget and 2 500 000 EUA, to cover 1976, has been included for the first time. This cofinancing is intended for microprojects in developing countries, whether or not they are associated. The Community can provide up to 50% of the amount involved to a ceiling of 100 000 u.a., the other half being provided by the NGO concerned. The NGOs will decide on the projects to be financed, since they will be the ones applying for approval in the recipient countries.

When the NGO-Commission talks were held on January 7-9 this year, the NGOs elected an ad hoc liaison committee to make for easier contacts with the Commission. The committee has since met twice in Brussels and the Commission has drawn up the general conditions for cofinancing with the close collaboration of NGO representatives and the relevant authorities in the individual Member States.

By 1 August 1976, some 60 NGO projects had been submitted, and 50 of them involving almost 1 800 000 EUA (two-thirds of the credits earmarked for 1976), accepted for assessment. Of these, 15 NGO projects, for a total 206 947 EUA, have already been approved and the rest are still being assessed. The first payments have just been made.

The projects themselves reflect the diversity of local needs and show that the non-governmental organizations themselves are extremely varied.

The financial support requested is anything from 780 to 100 000 EUA and covers schemes ranging from the purchase of hand tools to agricultural development schemes, calling for the setting-up of agricultural cooperatives, production, training and social help.

The geographical range of recipient countries has not yet become clear, al-

though a very wide range of potential beneficiaries is evident from the applications received so far, suggesting that this type of aid will increase in the future.

### Assessment of initial experience

Although the first NGOs were quick to take up this initiative, the projects submitted are, for the most part, small ones and the financial aid required generally less than 30 000 EUA. The projects are extremely useful, but the fact remains that their effect is limited. There are two basic reasons for this—a certain number of NGOs had already drawn up their financial programme for 1976 when the possibility of cofinancing with the Community became a real one and, since the Community contribution is restricted to 50% of total costs, the NGO's contribution therefore has to be relatively high. At national level, however, most governments in the Member States concerned—like governments in the other industrialized countries—have agreed to cover up to 75% of the cost of projects.

Once the initial period is over, then, the Community will have to see whether it can push its own contribution up to 75% in some cases; unless it does, a number of extremely worthwhile NGOs will be unable to submit their better projects for Community cofinancing.

The Community first of all discounted the possibility of cofinancing programmes due to last several years, but if such projects could be covered, the returns on Community outlay would be considerably better. This could be possible in 1977 if Community budget regulations are adopted as planned and any budgetary commitment could then be spread over two or three years.

The complementary nature of the NGO schemes for which the Community is providing aid suggest that these organizations might join in other Community schemes. The Commission should, therefore, keep a look out for any opportunities that arise in the future, particularly as regards food aid—where additional financing might be provided for distribution and use—and other schemes to cope with specific problems in developing countries as they arise.

The Commission has proposed that a sum of 5 000 000 EUA, be written into the preliminary draft budget for 1977 for cofinancing with NGOs and that appropriations for commitments be separate from those for payment. In respect of the latter, a sum of 3 500 000 EUA has been mentioned by the Council. ■

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## EUROPEAN PARLIAMENT

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### Financial aid from other countries for the 17 least favoured non-associated countries

On 19 June 1975, the European Parliament invited the Commission to carry out a survey to show how far the 17 least favoured non-associated countries were aided by other industrial countries or organizations.

The survey revealed that these countries, with something like 51% of the total population of the Third World, only received about 36% of the concessional aid granted by countries belonging to DAC (the OECD's Development Assistance Committee) and various international financial bodies between 1969 and 1973. Of this aid, 22% was bilateral aid from the Member States of the European Communities, 67% came from other countries in the DAC and 11% almost all of which was in the form of food aid—from multilateral bodies, including 1% from the EEC as such.

The first available figures for 1974 provide rough confirmation of this breakdown, although they do reveal a slight increase in concessional aid to these countries, particularly on the part of multilateral bodies, including the EEC itself. ■

### Correction

Mr Doudou Njie of Gambia was wrongly described as Banjul Minister for Information and Tourism in the article "Promoting the tourist trade" in the English issue of "The Courier" no 38. Mr Doudou Njie is a tourism inspector and we apologise for any inconvenience caused by this mistake, which was due to a translating error.



# FOOD AID

## Emergency aid and programme aid

The Council has adopted regulations and decisions on emergency aid for:

### 1. Zambia:

- 1 500 tonnes of cereals (reserve 1975/76);
- 450 tonnes of skimmed milk powder (reserve 1976);
- 300 tonnes of butteroil (including 279 tonnes from the reserve for 1975 and 21 tonnes from 1976);

### ii. Mozambique:

- 5 000 tonnes of cereals (reserve 1975/76);
- 200 tonnes of butteroil (reserve 1975);
- 300 tonnes of skimmed milk powder (reserve 1976);

### iii. The needy populations of Chile, via the Catholic Relief Service:

- 1 000 tonnes of cereals (1975/76 reserve);
- 400 tonnes of butteroil (reserve 1975);
- 500 tonnes of skimmed milk powder (reserve 1976).

The Community will also cover the costs of transporting the aid voted by the Council on 6 April 1976, which consists of the supply, via the UNHCR, of 10 000 tonnes of cereals and 650 tonnes of butteroil to afflicted populations in Cyprus.

As part of the 1976 aid programme (milk products), the Council has approved the second batch of supplies of skimmed milk powder for the following countries and international organizations:

Recipient countries and organizations	Distribution of the 150 000 t	Distribution of first 55 000 t instalment already voted	Breakdown of the second instalment 95 000 t
<b>I. COUNTRIES</b>			
<b>Europe</b>			
Malta	750	100	650
<b>Western and Central Africa</b>			
Upper Volta	2 300	700	1 600
Mali	2 900	800	2 100
Mauritania *	1 200	500	700
Niger *	2 450	350	2 100
Senegal	3 400	350	3 050
Guinea Bissau *	500	500	—
Cape Verde *	450	450	—
Sao Tomé & Principe *	150	100	50
Rwanda	1 000	200	800
Zaire	3 000	—	3 000
<b>East Africa</b>			
Ethiopia *	500	500	p.m.
Mauritius	1 000	200	800
Comoro Islands	500	—	500
Kenya	300	200	100
Somalia *	3 000	850	2 150
Tanzania	1 350	350	1 000
Sudan	170	170	—
Mozambique *	750	—	750
<b>Middle East</b>			
Egypt	6 000	800	5 200
Jordan *	1 100	600	500
North Yemen	1 500	200	1 300
South Yemen	p.m.	—	p.m.
<b>Far East</b>			
Afghanistan	300	200	100
Bangladesh	18 000	4 000	14 000
India	7 500	5 000	2 500
Indonesia	500	—	500
Pakistan	3 500	2 500	1 000
Philippines	3 500	500	3 000
Sri Lanka	1 300	850	450
<b>America</b>			
Haiti *	1 000	1 000	p.m.
Honduras *	1 000	800	200
Peru	4 500	600	3 900
Uruguay	500	200	300
Grenade *	400	100	300
El Salvador	700	—	700
<b>II. INSTITUTIONS</b>			
International Committee of the Red Cross	3 500	2 000	1 500
League of Red Cross Societies	2 000	1 000	1 000
UNICEF	15 000	4 000	11 000
WFP	30 000	20 000	10 000
UNRWA	700	700	—
NGO Reserve	10 000	—	10 000
<b>III. RESERVE</b>			
	11 830	3 630	8 200
<b>TOTAL</b>	<b>150 000</b>	<b>55 000</b>	<b>95 000</b>

(\*) Emergency aid.



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## EUROPEAN COMMUNITY DEVELOPING WORLD

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### Principles of EEC development policy

Summary of a speech by EEC development commissioner Claude Cheysson, at the 61st meeting of the UN Economic and Social Committee, in Abidjan on 1 July 1976.

"The European Community was born of a desire to do away with war and hatred. It is an expression of the needs and wishes of the nine Member States, the most important of which is to cooperate with the Third World, true to the traditions that have been Europe's inspiration for centuries.

The Community, along with other industrialized countries, has a heavy burden of responsibility in the world today and it will shoulder this responsibility both within the UN and the continuing North-South dialogue in Paris. What the UK representative said in the name of the Community as a whole was a clear indication of our principles and our willingness to act.

The Community as such is helping and will continue to help the 77 via its food aid programme—\$350 m, rising to \$500 m—and the generalized system of preferences, which the Six started in 1971 on UNCTAD's recommendation and which now provides preferential access to the markets of the Nine for an annual \$4,500 m of manufactures and agricultural products, a figure which could well rise to \$8 000 m in 1977.

We should, of course, realize that food aid does nothing to solve the problem of inadequate food production and that it is the most efficient trading countries which reap the greatest benefit from generalized preferences—10 of the developing countries account for 3/4 of the generalized preferences. But what of the weak countries?

We must look at development itself. It is aimed at the man in the street, in the field and in the factory, as President Houphouet Boigny says. Development is also about man and his traditions, about human dignity and culture.

So there are four basic principles we must adopt:

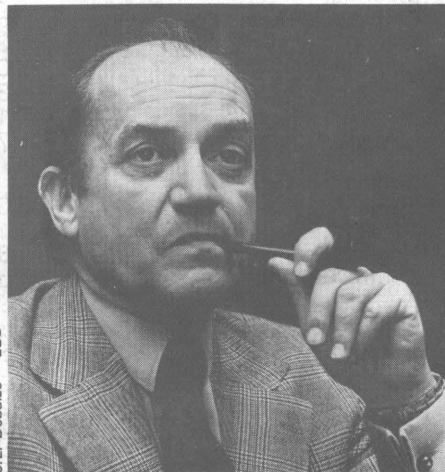
- We have no ideological models to propose—development must be born in the mind and built with the hands.

- We only have a set of tools to build it with—financial cooperation, access to markets, trade promotion, technical assistance, industrial cooperation, the set must be complete.

- Developing countries must be assured that the means provided them are permanent and that there is no question of bargaining.

- Cooperation is independent of any political considerations and alignments.

These are the principles of Lomé. With this Convention with 46 ACP States, and agreements with the Maghreb today and all the countries of the eastern Mediterranean tomorrow, whatever their politics, Europe has combined all its means in a single treaty. Once ratified it can never be revoked. Countries from opposing camps and all parts of the political spectrum are partners together. We are wagering on peace, détente and cooperation among neighbours.



Claude Cheysson

It is not, therefore, surprising that this sort of approach enables real and rapid progress to be made in fields that are the subject of general discussion elsewhere.

- Our partners choose their own priorities—agricultural development, with 40%, is the main target for aid.

- The poorest countries receive the major part of their financial aid on generous terms.

- Some means are specifically reserved for regional cooperation.

- The guaranteed price for sugar is adjusted according to costs.

- Stabex provides compensation for countries that are not in a position to produce or whose production is affected by blight.

- We organize our life together at parliamentary and union level and we take action whenever one or other of our partners is faced with a problem—as in the case of the financial support recently provided for the countries of southern Africa.

This is "one of the finest adventures of the end of this century" and "a blueprint for cooperation", as President Houphouet Boigny and Mr King, ACP Council President, have said respectively. For us in Europe it is a challenge—since this life we are sharing with our partners will affect the way our own economic structures develop. Not all the problems are being dealt with, but we Europeans are showing how determined we are to fight alongside our partners in the struggle for a new world economic order, under the banner of the United Nations and with ECOSOC's leadership." ■

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## GABON

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When French President Valéry Giscard d'Estaing visited Gabon, he outlined France's idea of cooperation and explained the rôle he thought Africa should play in the world today.

### Cooperation is liberation

The President of France deplored "the disastrous fluctuation in the price of commodities on the world market". Cooperation, as he had so often said, was "an act of liberation" which helped the countries of Africa to decide on original solutions to their problems and enabled them to affirm their national identity. However, the complexity of development problems was such that no one country could solve them alone and this was why France was anxious to stress that development had to be part of the search for a new, fairer and more rational world economic order. This was why it had taken the initiative in setting up a dialogue between industrialized and developing countries on problems of cooperation, energy, oil and finance. Discussions were under way, although they were not easy, since the problems were concrete ones and vital to the life of whole nations. But, whereas only a week ago pessimism seemed to be growing,



specific proposals were now being drawn up and further progress could be made.

"Gabon and France have the same hopes for the future of our international community. They are based on independence for all States and liberty for all men, on solidarity between all States and brotherhood between all men. This is true of Africa, which will become master of its own destiny with the introduction of majority rule in Rhodesia, of such crucial importance, with the independence of Namibia, as scheduled by the UN, the accession to independence, in dignity and unity, of the French Territory of the Affars and the Issas in 1977 and the condemnation of apartheid as a policy that affronts the dignity of both the black and the white man. The whole continent of Africa will be able to devote itself to the enormous task of assuring its own development in its own way."

## A peaceful continent

"If Africa is to be at peace, it must be left to the Africans. This peaceful continent must keep apart from world struggles for supremacy. It must not be torn by ideological quarrels originating in the industrialized countries and in no way relevant to its own realities. Africa must be left to the Africans—with the sole exception of the help it needs for its development," the French President said. ■

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## Libreville Festival

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The second Festival of Youth—"Superfrancofête 2"—will be held in Libreville from 30 July to 10 August 1977, a week before the annual meeting of the OAU.

As in Montreal in 1974, this festival is being run by the Agency for Cultural and Technical Cooperation and will bring together many people from a variety of cultural backgrounds and representing a large number of subjects and specialties.

The theme for Libreville will be "Youth and the rural world". The festival will be a large one and participants from 25 fully or partly French-speaking countries will get to know each other and the people of Gabon.

The National Festival Committee, under the chairmanship of Mihindou Minzamba, Minister for Vocational Training and Crafts, will be responsible for the actual organization of the event. ■

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## LAW OF THE SEA

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### The last chance

The 5th session of the 3rd UN Conference on the Law of the Sea that opened at UN headquarters in New York on 2 August is generally considered to be the last chance to reach agreement.

If these negotiations go as slowly as at previous sessions, the chances of a treaty-covering cooperation over 70% of the earth's surface—seeing the light of day in the near future will be seriously compromised.

The 158 countries taking part in the conference are to look at a new text drafted at the 4th session last April, which is, in fact, a recast of a document containing more than 400 articles, the so-called Geneva draft.

It is under four main headings but is a unified whole. The new Law of the Sea, as UN headquarters are careful to point out, can only come into being if it is to the advantage of all countries concerned.

Chapters I and II deal with the priority problems facing the conference. The first of these covers the structure of the international sea bed authority, the principle of which has already been agreed on. But the composition and the financing of the authority—which will in all likelihood be responsible for exploiting part of the resources of the sea bed—have not yet been fixed. Nor has the distribution of the voting powers among the members. Its contribution to the exploitation of the considerable mineral resources on the ocean floor is still to be defined and the impatience of those American companies already interested in the problem will doubtless make for lively discussion.

The second vital question is the actual definition of the 200-mile economic zone, which has also been agreed to in principle. Will the zone be an exclusive one, the simple extension of territorial waters desired by the various coastal countries which have already made unilateral claims to fishing rights?

How can countries that are landlocked or at a geographical disadvantage—a

very active 52-country block—see that their interests are taken into account? What rights will obtain within the 200-mile zone and what will happen to the rights of shipping on the high seas and through straights that are laid down in current treaties?

A third committee will deal with pollution and scientific research. The first problem has been virtually solved, but the second has hardly been touched on and it seems unlikely that any real progress will be made this time.

Finally, the legal side of implementation of the treaty must be gone into. This is extremely important and will be the subject of further discussions at this session, which is due to go on until 17 September.

Only if real progress is made do observers suggest that it will be worth having a further session next spring to finalize a text for initialling at Caracas. There is still a long way to go. ■

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## MAGHREB

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### 1 July 1976: Maghreb interim agreements come into effect

The EEC's interim agreements with Algeria, Morocco and Tunisia came into effect on 1 July 1976. They mean that the trade provisions in the cooperation agreements with these countries, signed in the various capitals at the end of April, can come into early effect, although the agreements themselves are still to be ratified within the Community. The trade provisions in question mainly involve lifting customs duties and quantitative restrictions on all industrial products from the Maghreb and granting tariff concessions for most of their agricultural exports. This is a considerable improvement on the system laid down by the association agreements concluded in 1969. The interim agreement is particularly important for Algeria, since it is the first time that its relations with the Community have been established on a pact basis.

These interim agreements are an important step forward along the path to an overall Mediterranean policy and a starting point for more comprehensive cooperation. It has been agreed that, as these agreements come into effect, the



Community and the Maghreb countries should start preparatory work on the implementation of economic, financial and technical cooperation. This should be done in such a way that concrete measures can be taken as soon as ratification is complete and the cooperation agreements proper enter into effect. ■

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## GSP 1977

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### The EEC's generalized system of preferences for 1977

The Commission has agreed on a statement to the Council, setting out its proposals for the generalized system of preferences for 1977. GSP 1977 will, if the Council agrees, be a considerable improvement on 1976, since the potential volume of preferential imports will go up from 4 600 to 6 500 m EUA, an increase in value of 42%. The increase will be 51% for industrial products, 24% for agricultural products and 4% for textiles. ■

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## TRINIDAD AND TOBAGO

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### A new republic

Trinidad and Tobago became a republic on 1 August 1976.

Sir Ellis Clarke, the former Governor-General, has been sworn in as provisional President and elections for the new President of the Republic are scheduled for October.

Trinidad and Tobago is an ex-British colony and became independent in 1962. ■

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## SURINAM

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### Surinam joins the Lomé Convention

In accordance with Article 89 of the Lomé Convention between the ACP States and the European Economic Community, the Republic of Surinam has deposited its instrument of acces-

sion and joined the Convention on 16 July 1976.

Consequently, references to the ACP States in any acts and institutions of the Community now also include the Republic of Surinam.

There will be further news of this in the next issue of the "Courier". ■

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## ACP COUNCIL

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Ratu Sir Kamisese Mara, Prime Minister of Fiji, is the new chairman of the ACP Council of Ministers. He takes over from Mr George King of Guyana.

The Pacific ACP countries accepted the invitation to provide a chairman at the meeting of the South Pacific Forum on July 26.

Ratu Sir Kamisese became the first Prime Minister of Fiji on the country's independence on October 10, 1970. He was a founder of the Alliance Party of which he is now president.

He was a medical student in New Zealand before going to England, where he studied at Oxford and the London School of Economics. After joining the Colonial Service in London in 1950 he returned to Fiji as an administrative officer, and was appointed Chief Minister when the ministerial system of government was established in 1967.

Ratu Sir Kamisese's accomplishments include a number of sporting distinctions. His imposing figure was familiar on cricket and rugby grounds in New Zealand and he got an athletics blue at Oxford.

He is married and has eight children. ■

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## ACP EMBASSIES

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● Mr E. Frank Francis, Ambassador of Jamaica, left Brussels at the end of July after five years as head of the Jamaican mission to the EEC.

Mr Francis played a leading part in the Lomé Convention negotiations and his professional and personal qualities made him a great number of friends, both on the ACP and on the European sides, during his time in Brussels.

The Jamaican ambassador was on excellent terms with the press, and "The Courier" was privileged to publish his closely-read articles and interviews during some of the trickier stages of the negotiations.

"The Courier" wishes him every success in his new duties as Secretary-General of the Ministry of Foreign Affairs in Kingston.

● The Chairman of the Council and the President of the Commission of the European Communities received His Excellency Robert Adolf Ferrier who presented his credentials as Head of the Surinam mission to the European Communities. ■

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## FAIRS AND EXHIBITIONS

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The EEC participated for the first time in the Zambian International Trade Fair, held from July 1-6 in Lusaka, and won a prize for its stand giving information about the Community and relations with the ACP.

Four ACP countries—Botswana, Kenya, Malawi and Tanzania—had stands at the Zambian fair, alongside Czechoslovakia, Iraq, Italy, West Germany, Rumania, Sweden and the USSR.

There was considerable public interest in the Community and a particular success was scored by a push-button question and answer quiz, which gave the public a novel way of learning about the EEC.

Dr Roy Pryce, director of the Commission's information directorate, gave more answers in a lecture on "The European Community, Africa and the Lomé Convention" at the fair. He said the EEC would help Zambia to increase agricultural production and become more self-reliant in producing and processing foodstuffs such as wheat, soya beans, oil seeds and tea, in accordance with national development policy priorities.

"The Zambian programme also responds to pressing national priorities in education and training, notably in management, rural development, teacher training, staff development at university, technical skills and in the professions." Training could be carried out in Zambia or in other ACP countries, or in Europe, Dr Pryce said.

EEC aid would also support the social services, particularly in the rural areas, through health clinics, water supplies and housing development, Dr Pryce said.

In September the Community is due to participate in the Botswana trade fair. ■



The conference was in favour of what ECOSOC (UN Economic and Social Committee) was doing for Asia and Africa, i.e. setting up a regional centre for the transfer of technology. It also commended the OAU's opening of an African centre and said it hoped that the OAU would hold a meeting in 1977 in conjunction with UNCTAD, UNIDO, UNESCO and WIPO to this effect—and with the countries and groups of Latin America and the Caribbean—for setting up banks for information and technological data that could gradually be transformed into centres for the development and transfer of technology.

3. Developed countries should cooperate and implement the resolutions passed at the 6th and 7th special sessions of UNCTAD, encourage the abolition and effective supervision of restrictive trade practices affecting the transfer of technology to the developing countries and encourage firms to create technology suitable for the developing countries. They should also encourage universities and training centres to produce special programmes of study for the developing countries, contribute to training programmes in these countries and support any schemes—the setting-up of centres, programmes or development research networks, etc—likely to promote these transfers of technology.

4. All countries should cooperate—more and better technological information is urgently needed so that the developing countries can choose techniques to suit their own needs. They should support UN action in this respect, promote and intensify cooperation and international R and D on technological subjects and step up the resources of existing institutions to help the developing countries in these fields.

#### (b) Technical and operational assistance

The conference agreed that the right institutional structures should be created for UNCTAD to be able to carry out its tasks in this sector. It therefore decided to set up an advisory service, as part of UNCTAD, to provide any financial assistance requested by the developing countries from the ordinary UNCTAD budget. It invited all international organizations to give top priority to aid in this field and asked all countries to make voluntary contributions to help finance the advisory service's programmes and projects. It recommended that particular attention should be paid to the least developed, land-locked and island developing countries.

#### (c) Inverse transfer of technology (brain drain)

The conference recommended that all countries, particularly those currently benefitting from the brain drain, investigate the causes and effects and suggest what might be done to cope with the problems involved.

#### (d) Transfer and development of technology in relation to the environment

The conference realized that the two are linked and expressed satisfaction with present cooperation between UNCTAD and the UN environmental programme in this field.

#### (e) UN Conference on Science and Technology

The conference recorded the proposal from the Secretary General of UNCTAD on participating in this conference. It recommended that the appropriate steps be taken to ensure that it took an effective part in the preparatory work of the conference itself. The conference also recommended that all countries investigate the possibilities of convening experts to discuss experience and information in relation to the transfer, development and adaptation of technology and the coordination of bilateral and multilateral technical cooperation, with a view to the Conference on Science and Technology. ■

### The transferers of technology

Every period of economic upheaval has its pioneers, worthy successors to their distant American cousins who sought for gold. Those who today find profit in "black gold" are attracted to the charms of the Islam they once disdained and drawn by the new industrial paradises of South America.

Technology, the weapon of the rich, will be the weapon of the **nouveaux riches**. The poor—and I mean the poor countries—will not get any. They are poor—let them stay that way!

If the Gods were kind they would send them oil and things would be very different. Instead, we are witnessing an avalanche of studies, discussions, congresses, seminars and exhibitions on the well-to-do countries of yesterday... and those of today.

#### A new market: the transfer of technology

The poor are laughing themselves sick. The people who have spent years struggling bravely, valiantly and often in vain to beat the misery of economic under-development are most amused by the birth of this new breed of supermen—the transferers of technology, who are flooding the world with know-how and processes, latter-day conquistadors in long-distance aeroplanes, inundating the new rich with packages, soft-ware, hard-ware and educational inventions. How extremely knowledgeable the world is getting!

But tomorrow we must assess what they have done, analyze the results and investigate the behaviour of a whole new generation of men—the "transferers of technology" ■

*Paul Di ROSA — "Actuel Développement"*



# Industrial cooperation, the European Community and its Member States

by Dieter FRISCH (\*)

## A new move—industrial cooperation seriously envisaged by industrialized countries, including the Community and its Member States

In theory, there has never been any doubt that a better division of labour between industrialized and developing countries, involving accelerated industrial development in the latter, would be in the interests of all parties in the medium and long term.

However, in practice, this has not always been encouraged. Repercussions on certain sectors of industry have been far too directly felt and this has masked the general economic benefits which could have removed opposition to, and even encouraged, the ideal.

Preference was, therefore, given to more traditional forms of cooperation—the building of a road or a school in a distant country has no noticeable repercussions on international economic relations.

This reticence as far as industrial cooperation is concerned has altered recently, largely because of the new balance of power which has determined relations between developed and developing countries since the oil crisis. It is also due to industrialized countries realizing the extent to which they and the developing countries depend on each other. However, the energy crisis did not make us act against our own best interests, but tended more to make us look further than our immediate and short-term requirements.

In addition, the developing countries that produce oil are no longer especially interested in financial cooperation and look to international cooperation to bring them help—technological aid, management services and outlets—with their industry.

## Both public and private sectors should be involved in industrial cooperation.

Since the need for industrial cooperation is recognized, we should, before dealing with the role of the Community, discuss

the more general issue of the part the public authorities in the industrialized countries should play. From our point of view, would it not be better if industrial cooperation were simply left to the private sector?

The economic operator, whether public or private, has a key role to play in industrial cooperation, but the State is almost as important, although, of course, it will not do the work of the businessman or the banker for him. But it is becoming increasingly obvious that cooperation between the various public authorities concerned is vital both to prepare the ground for industrialization and to encourage, guide and supply management staff for firms and provide guarantees for operators from industrialized countries wishing to invest in developing ones. This is one of the main things to emerge from the UNIDO meeting in Lima.

Some people will see the idea of laying down an operating framework as an attack on the principle of free enterprise and an unwarranted public intrusion. As we see it, it has two aims. The first is to “protect” the developing countries. But it also involves drawing up rules of the game, which is a very positive thing as far as the foreign operator is concerned, since uncertainty about working conditions in a given developing country is often the main obstacle.

We consider that the State—the Community in this case—has a decisive role to play in industrial cooperation.

## Industrialized countries have available or can acquire a wide variety of instruments of industrial cooperation.

Only the main instruments are described here:

- i. trade policy, i.e. opening our markets to processed products, and trade promotion;
- ii. financial assistance, i.e. creating the necessary infrastructure for industrialization and cofinancing industrial projects proper;
- iii. technical assistance, i.e. studies, information campaigns, promotion and industrial cooperation schemes, the provision of experts to prepare or implement industrial investments, training schemes and aid with transferring technological know-how;
- iv. tax incentives to encourage private investments;
- v. guarantee systems to protect investments against risks of a non-commercial nature;
- vi. export credit and guarantees to facilitate the supply of capital equipment.

## The Community as such has limited instruments of industrial cooperation—but it holds trump cards.

The Community's first advantage as far as industrial cooperation is concerned is its market of 250 million people.

The most widely available instrument at Community level,

(\*) Head of division in the Directorate-General for Development at the EEC Commission.



and the only one which the Community applies to all developing countries, is its trade policy. This is laid down in the Treaty of Rome, not as an instrument of development cooperation, but simply as one of the common policies, and it has been (perhaps only partly, since there are no other instruments) transformed by the Community into an instrument of cooperation in general and industrial cooperation in particular.

The clearest example of this policy is the generalized system of preferences. By gradually opening its market to manufactures and semi-manufactures from the developing countries, the Community has provided them with real help with their industrialization. It is true that the system still contains considerable restrictions, particularly as regards the protection of certain "sensitive" products which are, unfortunately, often those in respect of which the developing countries have the most obvious comparative advantages—and these imperfections must gradually be removed by the appropriate internal policies. It must be clear that preferential schemes will be maintained for a long period if it is hoped to attract investments in the developing countries benefiting from these preferences. The Community's intention, expressed in 1975, of maintaining generalized preferences until 1980 is, therefore, important.

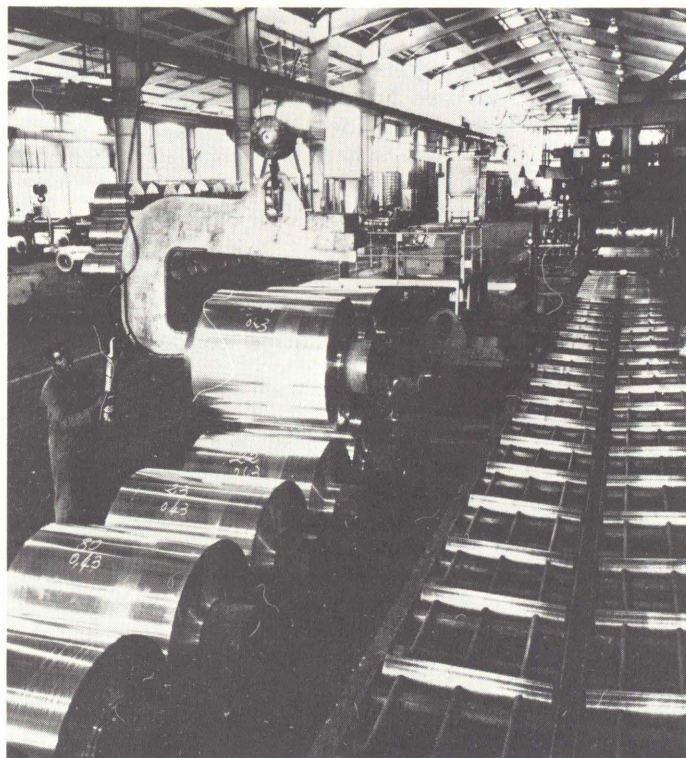
The tariff concessions granted in certain preferential agreements concluded with the Community and a number of developing countries (Yaoundé, Lomé and the Maghreb agreements) go beyond generalized preferences and provide additional incentives for industrialization.

As a recent addition to this tariff instrument, the Community has certain financial means at its disposal. Although these are still modest, they enable trade promotion schemes to be run—market studies, participation in trade fairs and exhibitions, specific promotion schemes, training, travel for businessmen, etc. This type of help is extremely important. When an outlet has to be found for an industrial product, it is usually outside the traditional sectors of the market and a simple tariff preference is not adequate to ensure sales. Energetic marketing measures are also needed, and this means that a real trading mentality must be developed. Assistance with training can be particularly useful here.

The Community's means are not restricted to those developing countries which have signed special agreements, although they could be used particularly effectively in conjunction with agreements of the trade cooperation type. Although the Community is just starting its schemes with Asia and Latin America, it has the considerable experience of the Yaoundé Convention to draw on. Provided somewhat better financial means are available, a wide variety of schemes can be introduced which, if applied to industrial production, can boost industrialization in the developing countries.

However, it is mainly within the framework of contractual agreements and conventions with the developing countries that industrial cooperation in the fullest sense of the term can be brought about. Actual possibilities of action will vary according to the nature of the agreement.

On the one hand there is the Lomé Convention, which offers a complete series of instruments and specific structures for a comprehensive industrial cooperation campaign. We shall return to this later. Similar possibilities also exist for certain Mediterranean countries with which negotiations are already under way (Maghreb) or planned (Mashrak).



*Rolling mill in Edéa (Cameroon)*

At the other end of the scale there are the trade cooperation agreements—a new type of contractual relations introduced with the EEC/India agreement and used again with countries such as Sri Lanka and Mexico. Both the scope and the limitations of these agreements must be properly assessed. The joint committees which are involved mean that there is a structured framework in which dialogue can take place, information can be exchanged, problems discussed and obstacles to cooperation examined. Over and above the purely commercial aspects, therefore, the possibilities of industrial cooperation can be defined and contacts between the various economic operators can be facilitated. But it should be made clear that, without even modest financial means (the idea here is more along the lines of incentive schemes and technical assistance, for example, rather than actually financing the investments themselves), the operational limits of these agreements will be reached fairly quickly. We feel that, rather than allotting a certain amount of money to each agreement, the Community should have available a global fund to be used in conjunction with all the agreements.

Finally, although this is outside the contractual framework, mention should be made of less specific departures such as the Euro-Arab dialogue, which can be deciding factors in the case of economic and industrial cooperation in a part of the world where increasing accent has to be put on internal complementarities.

The idea of industrial cooperation at international level is likely to worry the supporters of the liberal economic doctrine. But they have no cause for concern. Even the Permanent Conference of Chambers of Commerce and Industry of the EEC—never suspected of dirigisme—has recently announced



that, in view of the risks of uncontrolled industrialization in the Mediterranean area of Europe, plans had to be made to coordinate cooperation strategies. At least the means of exchanging information should be available so that any trends likely to lead to impasse could be spotted in good time.

The Community's partners have an increasing tendency to accept the Community as an economic unit and it must, therefore, participate as such in this form of cooperation.

## **Lomé — a new and promising approach to industrial cooperation and a challenge to be taken up.**

Title III of the Lomé Convention is certainly the fullest and most original framework for industrial cooperation that the Community has set up with a group of developing countries, and it warrants our particular attention.

The importance of industrial, as opposed to other forms of cooperation in the Lomé Convention, is a sign, at EEC/ACP level, that economic relations today are changing and developing countries tending to concentrate more on industrial production and on trade in processed products. The fact that the Community's ACP partners include a certain number of countries that expect EEC help with their industry as a matter of priority has, of course, been a deciding factor.

Title III of Lomé deals with industrial cooperation, bringing together the instruments—financial, technical and commercial—of cooperation which can be brought into play and which are defined elsewhere in the Convention. It also defines certain new instruments and types of action which are specifically adapted to industrial cooperation. Finally, it sets up special structures which should provide guidance and incentives.

An introductory article sets out the aims of industrial cooperation as far as the various parties are concerned and the rest of Title III deals with the various fields and forms of cooperation in this sector. The provisions in fact cover all the ways and means of development cooperation that can be applied in the industrial sector, including information campaigns, studies and industrial promotion, the creation and extension of industrial firms and the introduction of training schemes, technological cooperation, trade promotion for industrial products and so on.

The creators of the Lomé Convention were aware that the framework for industrial cooperation would have to have some sort of inbuilt motive force if it was to be both vital and worthwhile and this is why special guidance and counselling structures have been set up.

The Convention anticipated the possibility (provided by the Council of Ministers) of setting up committees and working parties to discuss specific subjects when it created the Committee for Industrial Cooperation, whose job will be to implement Title III, identify any problems that arise, propose solutions and report to the Committee of Ambassadors. The committee will be a vital nerve centre, a place for meeting and reflection, a source of ideas and information and somewhere for problems of orientation and policy to be examined.

It will also provide guidance and supervision for the Centre for Industrial Development, an original and strictly operational body to be run jointly by the ACP States and the Community,

whose main task will be to provide industrial information, set up contacts and carry out other activities in the area of industrial promotion. It is particularly through the activities of the centre that it is intended to interest Community businessmen in industrial cooperation with the ACP countries and to encourage them to participate actively. In short, the centre embodies all the really new aspects of industrial cooperation. It will be a unique experiment.

The Lomé Convention has, therefore, gone some way towards making the authorities shoulder the responsibility for something which, even recently, was looked upon as the domain of private enterprise, although this should by no means lead us to overlook the vital role the individual operator has to play. His participation is essential.

All the operators must, therefore, be closely involved in the various industrial cooperation structures and they must join in the activities of the centre and be encouraged to cooperate in a concrete way in the industrialization of the ACP countries.

It is a pity that a more satisfactory and more explicit answer was not found to the welcome extended to foreign businessmen—other than the statement that the ACP countries would take the necessary steps to promote effective cooperation with any economic operators who respected development plans and priorities. Perhaps this was not the moment for this delicate question to be dealt with calmly. However, the Convention does provide a general framework for cooperation and offers permanent opportunities for dialogue. It gives guarantees of a different nature, which are perhaps of greater importance than mere legal and formal guarantees. But will the challenge—a call for cooperation between public and private sectors—be accepted? On this the success of industrial cooperation under the Lomé Convention depends.

## **Industrial cooperation in the Community and the Member States—rivalry or cooperation?**

After this brief survey of what the Community can and does do in the field of industrial cooperation, it is worth mentioning that the Member States themselves still have considerable means of bilateral cooperation. Since this form of cooperation is extremely important, particularly in the case of those developing countries which are vital to the industrialized countries, in view of the raw materials they supply, the Member States are unwilling to give up their own means of action.

However, with the exception of the tax and guarantee systems which the Member States are alone in running at the present time, their means are no different from the Community's means—apart from one or two special cases like the Lomé Convention. As far as we know, none of the Member States has adopted such a comprehensive and integrated approach to the problem of industrializing the developing countries.

Furthermore, there is one important instrument—the trade policy—which the Member States clearly do not have, since it is a Community matter. This is an obviously important aspect which does not come within the scope of the national industrial cooperation policy.

Since certain instruments of industrial cooperation exist at





*Lesotho women go to work; one day a machine will break the new ground*

both national and Community levels, there must be some close coordination of national policies within the Community. This is vital. In the longer run, the instruments of cooperation must be transferred to the Community. This is in line with the European policy of integration and the hopes of the ACP countries, which increasingly tend to view the Community as a single unit.

This type of cooperation is very much "closer" than mere commercial cooperation. When commercial cooperation is developed beyond the traditional areas, the question very soon becomes one of promoting economic relations and the idea of industrial cooperation is almost automatically broadened.

To conclude, then, as the Community cooperation policy develops further, industrial cooperation will be of much greater importance than it is today. Instruments which the Community does not have at present will gradually be introduced—and one the most important of these will be the Community investment guarantee system and other forms of aid for indus-

trialization to help Community operators. It would be better if the whole problem of guarantees and the climate surrounding industrial cooperation were dealt with by the Community itself rather than in a maze of bilateral relations.

It is more difficult to succeed with industrial cooperation that with other sectors of international cooperation. However, it is performance in the industrial sector that developing countries will see as the test of the new approach to cooperation. The Community, for its part, should take up the challenge, initially in those areas where it is already equipped to do so, and it should do its utmost to ensure that its cooperation schemes are extremely broadly based and dynamic in content so that the developing countries' hopes are really catered for. If this can be done, then the long-term mutual interests of both developing and developed countries will surely be served. ■

D.F.



## EDF encouragement for local firms

In its various works and supply contracts, the European Development Fund has created a number of instruments to boost the activity of national firms in the countries it aids.

Generally speaking, EDF intervention is aimed at helping local firms to play a suitable part in any projects it finances and it is Community policy to involve local people in the implementation of schemes rather than simply to hand over completed projects. These measures can be looked at from two different angles, according to whether they benefit the firms directly or indirectly.

Indirect benefits can accrue in two ways:

— Calls for tender can be split up into a number of small contracts so that national firms are able to compete. This clearly encourages local activity and is a formula that the EDF often uses for schools, water engineering and, above all, for supplies of furniture for community facilities.

— However, it is much less suitable for large-scale schemes where properly coordinated services are called for, although local firms must not be excluded here. Various systems have, therefore, been tested; for example, firms have been encouraged to cooperate according to their individual potential. This can be done basically in two ways:

— by the classic method of subcontracting. The Commission does not act directly in this field, but it looks favourably on contracts between foreign and local firms and even goes so far as to encourage them, for instance, by arranging visits to the big building areas with the help of the national authorities. This greatly helps business contacts of this kind.

— by the more original method of bringing together firms in multinational groups. With an initial short-listing of suitable firms, this method has given some useful results. Increasingly it has been possible to set up stable groups involving a local firm, a foreign firm new to the market and a subsidiary of a European firm. The local firm learns something about technology and organisation and the newcomer gets some idea of local conditions.

This encouragement to cooperation between firms is not limited to industry. In its protocol and financial and technical cooperation, the Lomé Convention also covers cooperation between EEC and ACP consultancies and looks to the inclusion of local experts in the European teams of consulting engineers.

Measures aimed directly at helping local firms to carry out EDF-backed projects come in at various stages of the procedures involved in the contracts.

Under Yaoundé II and Lomé, calls for tender are by accelerated procedure, whereby tenders have to be submitted rela-

tively quickly. This procedure is currently used for works contracts involving less than 2 m EUA. The aim is not to exclude foreign firms, but, since experience has shown that international interest in contracts of this size is small, firms from the recipient ACP State or from neighbouring States are at an advantage in that they are better placed to comply with the prescribed time limits.

Under the Lomé Convention, there are two things working in favour of the local firm when contracts are awarded. Generally speaking, when two tenders are judged equal from the economic, financial and technical points of view, preference is given to the firm which is likely to use the physical and human resources of the ACP States to the maximum. The aim here is to boost national employment and production in the recipient countries.

A special system of price preference has also been introduced to benefit local firms. In the case of supply contracts, a preference of 15 % is automatically applied in respect of any offers from industrial firms or cottage industries in the ACP States that can provide an adequate margin of added value.

In the case of works contracts, preference is introduced to help local firms when a choice has to be made between tenders that are equally good.

However, the desire to maintain a balance between promoting national firms and ensuring economic effectiveness has led to preferences of this type being restricted in the Lomé Convention to contracts worth less than 2 m EUA. Furthermore, such preferences are only made in respect of firms in the ACP States with genuine national links, as defined in the laws of the State in question. The official texts include two sets of stringent conditions to avoid the possibility of firms establishing fictitious links. These require that:

- i. the firms in question have their residence for tax purposes and do most of their business in one of the ACP States;
- ii. a significant share of the capital and management staff be supplied by one or a number of ACP States.

There are no provisions to give direct encouragement for local firms where execution of the projects is concerned, although the public authorities in the ACP States are given preferential treatment and the facilities the Lomé Convention provides for public works departments are further illustration of the desire for the greater involvement of national resources in medium-sized projects. This method is used when a recipient ACP State has a reasonable supply of suitable equipment or qualified staff of its own and when no more than 2 m EUA are involved.

This outline of EDF encouragement of local firms shows that this kind of action, which was only sporadic a few years ago, is now part of a real policy based on the new thinking in development cooperation. This policy complements more specific approaches such as encouraging microprojects, training and marketing, and shows that the market for works and supply contracts is another area in which an original contribution can be made to making better use of the human resources of the ACP countries. ■



## The EIB and industrial cooperation

The European Investment Bank (EIB) was set up by the Treaty of Rome, which established the European Economic Community and came into force on 1 January 1958. It is an autonomous, non-profit making body within the Community and its capital (some 3 500 m u.a.)<sup>(1)</sup> was provided jointly by the nine Member States. The Bank borrows nearly all the resources it needs from the capital markets.

Its main aim is to provide loans for firms, public authorities and financial institutions within the Community for the financing of investments to boost the less developed regions, and those in transition, and for any projects of interest to the Community as a whole.

The Bank's activities were originally confined to the territory of the nine Member States and between 1958 and 1974 it made 432 loans—amounting to 4 000 m u.a.—for projects sited within or of direct interest to the Community.

However, its scope has gradually been extended and diversified as part of the association agreements with Greece and Turkey and within the framework of Yaoundé I and II with the States of Africa and Madagascar (AASM). The Bank has not confined itself to providing loans from its own resources. The Member States, and the Community itself, have also invited it to grant financing and provide management for special schemes from the resources of the Member States (as in the case of Turkey) and from the European Development Fund (EDF).

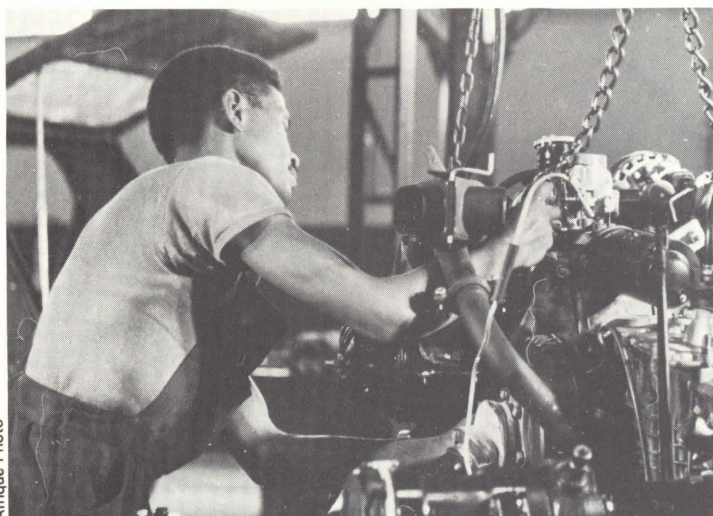
The Bank began operations outside the Community in 1963. These totalled 652.6 m u.a. at end 1974.

The Lomé Convention, signed on 28 February 1975 by 46 African, Caribbean and Pacific States (the ACP) and the EEC, considerably extended the Bank's field of activity outside the Community.

Total Community aid to the EEC's 46 partners is 3 390 m u.a., of which 390 m are loans from the EIB's own resources.

### Risk capital from the resources of the EDF <sup>(2)</sup>

As part of industrial cooperation between the EEC and the ACP and with a view to stepping up the effectiveness of the Bank's activities in industry, mining and tourism, the Lomé Convention instructed the EDF to provide—from the Community's resources and at the Community's risk—a new type of aid, called risk capital, which is particularly well-suited to the financing of projects in these sectors.



Afrique Photo

*Car assembly line in Tananarive (Madagascar)*

The aim here is to provide either direct support for the individual firm's own funds or quasi-capital aid with the financing of its investments.

When the Bank contributes to the capital of one of the firms in the sectors in question, with a view to stepping up the firm's funds and making for a better-balanced financing plan for the project:

- i. the Bank, on the Community's behalf, will be able to acquire a minority holding in the firm—this operation will usually be accompanied by a loan from the Bank. When the time is ripe, the holding will be given up, preferably in favour of nationals or institutions of the ACP States in question;
- ii. "quasi-capital" aid can be granted to the ACP State or to one of its development financing bodies to enable them to buy capital in a firm in one of the relevant sectors, provided this is to help finance new, productive investments and that further financial aid is being provided by the EEC under the Lomé Convention.

As well as providing for capital holdings in firms, risk capital can also be granted as quasi-capital aid to finance investments in the following ways.

1. Subordinated loans—which are only reimbursed once other, priority, loans have been settled.
2. Conditional loans—only paid off if certain conditions are met, i.e. if the project has overcome certain risks inherent in the initial period or if returns have reached a given level.

Quasi-capital aid can also be granted for the financing of specific studies to lay the ground for projects or to help the firm in question in the early stages. If aid is given to a consultancy for the study and the project is subsequently carried out, the amount is usually included in any capital or quasi-capital aid which the promoters then receive from other sources. ■

(1) This unit of account is identical in value to the one defined in respect of the Lomé Convention and its equivalent in the various currencies is calculated every day. It was worth some US \$1.28 on 1 July 1975.

(2) Unlike the procedure followed under Yaoundé I and II, the special loans from EDF resources provided by the Lomé Convention will be discussed and decided by the Commission and the Bank's job will be to ensure that the Community loans are reimbursed.



## Industrial cooperation under the Lomé Convention

The Centre for Industrial Development provided in the Lomé Convention is due to be set up shortly. At the end of June, the EEC/ACP sub-committee responsible for industrial cooperation agreed on the general principles of the statutes of the Centre which were adopted by the EEC/ACP Council of Ministers in July (see André Huybrecht's article, page 62).

The Centre's main job will be to facilitate private and other investments in ACP countries by providing people in industry with information, technical and technological studies and practical advice on working in Africa, the Caribbean and the Pacific. It will be headed by a director and a deputy director and will include a committee to advise on industrial affairs. Most, if not all, members of the Centre will come from industry and business.

The opinion of the economic operators will, therefore, clearly be of great importance for the future activities of the Centre. With this in mind, the "Courier" carried out four surveys of heads of firms in Paris, London, Cologne and Rotterdam to find out about the attitudes and opinions adopted towards the Centre by people in industry who are familiar with the ACP countries and to discover what they think its role should be and how important it is as far as industrial cooperation is concerned.

Lucien Pagni talked to Bernard Moureau, head of the Compagnie Financière et Marchande Intercontinentale, Michael Caine, deputy director of Bookers Ltd, Jakob Esser, head of external services at the German Federation of Industry and K. Fibbe, chairman of the OGEM board and chairman of the committee for industrial cooperation within the Dutch Federation of Industry.

We shall be publishing the opinions of other businessmen from Belgium, Italy, Denmark, Luxembourg and Ireland in a later issue and the survey will be continued so that we can keep in touch with the views of industrialists interested in industrial cooperation under the Lomé Convention.

Three things emerge from the interviews:

1. Interviewees feel that industrialization is necessary but should by no means be looked upon as a panacea for economic under-development. It is a *sine qua non* of development, but its success will depend on the success of agricultural development in the ACP countries.
2. The main obstacles facing private investors from Europe are uncertainty, inadequate information on the framework for the investment, risks of a non-commercial nature, poor infrastructures and reception structures, limited markets and, above all, a lack of qualified management staff. However, those interviewed felt that it was reasonable that they should provide management training and that the ACP States were right to demand it.
3. The Centre for Industrial Development should provide advice and supply all the technical and practical details needed to help with setting up firms in the ACP countries. It is hoped that the Centre will avoid becoming too administrative and bureaucratic an instrument linking European businessmen with the ACP States.

Bernard MOUREAU, head of CMFI, Paris:

### "Industrialisation should serve agriculture first"

The Paris-based Compagnie Marchande et Financière Intercontinentale exports industrial machinery and package deals to developing countries, mostly African, in association with French industrial groups, mainly in the farming, food and transport industries and in property, including housing, hotels and offices.

M. Moureau, a graduate of the Ecole Nationale d'Administration, was formerly a senior civil servant in the

French finance and foreign ministries. He knows Africa and its economic problems well. He feels that European industrialists, in search of reasonably profitable investments, should take into account the host countries' concern to balance their development by diversifying the sectors in which investments are made. M. Moureau considers that the main handicap to the economic progress of the ACP is their lack of qualified managers and that foreign investors should help to train these.



► *M. Moureau, the Third World and the ACP countries in particular are faced with serious economic problems and industrialization is generally held to be a major means of overcoming economic underdevelopment. Do you think it is?*

— The ACP include countries at very different stages of development—which means that my answers will not be exhaustive and this will need to be borne in mind at each stage. However, there are lessons to be learned from the past and it is possible to lay down the main guidelines for action, particularly as far as implementing the Lomé Convention is concerned. Of special interest are the innovations it brings to the objective of defining more closely and developing relations between the Common Market and the ACP countries. Is industrialization a major means of overcoming underdevelopment for those Third World countries who have signed the Lomé Convention? The truth of the matter is that the people responsible for the Convention think that industrialization is the quickest and most efficient means of stepping up their rate of development. Far be it from me to disagree with such eminent experts, but I do think it is worth noting that agriculture—the development of agriculture that is—is a major concern of these countries, which are, after all, primarily rural countries, as many heads of State realize. And I would add that, if industrialization is to be carried out systematically, then its first aim must be to serve agriculture before it serves itself, if I may put it that way. Experience of industrial development schemes in Africa nevertheless suggests that industrial development in the associated States based on agriculture alone would be unbalanced—and industrialization both creates employment and pushes up secondary and direct revenue from each new job in industry or in services attached to industry.

► *In which sectors are Europeans most willing to invest in Africa?*

— As far as European investment is concerned, and I suppose you mean private investors, you must realize that all private investors so far have been capitalists, or have behaved like capitalists, even if they are industrial organizations in socialist countries. That is to say that they expect anything they organize in developing countries to be reasonably profitable and maximally productive. European investments in Africa have been, sector by sector, influenced to a certain extent by history—they first concentrated on the essential consumer products which enabled them to build up a large clientele and to reach the level of production where units were not too small and where there was adequate profitability.

### Channelling investments

► *Do you think that when Europeans invest in the ACP countries they should concentrate on those sectors of industry likely to give them best returns in the shortest time? Or should the authorities in the host country channel foreign investments into one of the sectors where need is greatest and where they tie in with the guidelines of the development plans?*



Bernard Moureau

*“Investors are faced first of all with the problems of infrastructure”*

— It is true that investors are out to make a profit and tend to select that sector of industry most likely to provide the best return in the shortest time. However, the associated countries should develop harmoniously and it is a perfectly normal thing for the people in charge of planning and development to seek to channel investments into the least developed sectors. France’s system for the rapid development of underprivileged or backward areas is a useful example here. In cases like this, the authorities offer potential investors ways of supplementing profitability, all kinds of advantages to enable the investor to opt for a region that he would not have chosen without these incentives. The ACP countries could, therefore, introduce tax concessions and economic, infrastructure or political measures to attract private investors to sectors which would not otherwise be attractive.

► *European industrialists point to a whole series of problems facing people wanting to invest in the ACP countries. What are the main obstacles?*

— You might say that the developing countries usually need everything and have nothing. I don’t want you to think I’m saying that the associated countries are completely underde-



veloped. What I mean is that the desire of both their leaders and their people for development is boundless. But their means—men, infrastructure, finance, research, both material and intellectual means—are limited.

Investors are faced first of all with the problems of infrastructure, since the ACP are mostly vast countries where transport is vital. I'm thinking particularly of the land-locked countries here. And there is another handicap—the human factor. Manpower is usually inadequate in number and density, for these countries are sparsely populated. Then there is the problem of inadequate training—most of the countries are given over to agriculture and there are no facilities for the training or education that would make the worker immediately useful to the investor. And finally, there are the problems we have the world over today—energy and long-term financing at low rates of interest.

### **So far guarantees have not covered the political factor**

► *If an investor is thinking of putting money into a particular country, he usually wants two things—profitability and security. Do national investment codes in most ACP countries meet these demands and do they provide sufficient incentive?*

— You mention profitability and you are right to do so. We've just had a quick look at the special difficulties involved in ensuring a good rate of return on investments in the ACP countries, but it is also perfectly true that security is the main worry of the private investor from Europe. He is usually less afraid of losing out because of poor returns or lack of outlets than he is of being the victim of some sort of official government measure, like switching from a liberal to an authoritarian system or going over to a socialist regime which, even though individual in conception, will always be for State ownership of the means of production.

In many cases nationalization means a takeover, without compensation—even reasonable or long-term—being really seriously envisaged by the governments concerned. National codes of investment exist in most ACP States that feel they need them, but they are probably not adequate. A great step forward was achieved by most of the ACP States introducing considerable incentives and a certain guarantee for investments made in their countries. Nevertheless, the guarantees do not take the political factor into account.

► *One of the private investor's main concerns in this case is to get a guarantee against non-commercial risks—that is to say the political risks you have just mentioned. But such a guarantee can only be provided by the country in which the capital originates. Some EEC countries give a guarantee of this sort. Do you think it is adequate?*

— The idea of a guarantee outside the State in which the investment is being made can appeal to the private investor, since, in case of nationalization, he would be sure of recovering his initial investment. Some Member States—and France

in particular, since the days of Pompidou—set up a guarantee system for investments in the associated States during the periods covered by Yaoundé I and II. But since the system has only rarely had to be put into operation, it is obvious that we aren't really in a position to judge how effective it is. The Common Market itself at one stage entertained the idea of using part of the funds intended for ACP development to set up a Community guarantee fund. The idea did not, however, materialize under the Lomé Convention, although it is clearly something that should be followed up, since it would mean that the ACP States would attract more private investors, who hesitate to invest in these countries at present in case they are throwing their money away.

► *So you would like to see the Commission set up some sort of Community guarantee system?*

— Yes, because a guarantee fund would be like an insurance based on actuarial calculations. It would involve minimal outlay as far as the Community cooperation budget is concerned, but it would provide a systematic guarantee for private investors and should enable them to increase their investments faster than at present.

### **The current problem in the ACP: training managers**

► *Industrial cooperation doesn't just mean capital investments. It also, and above all, means adapting technology to social, economic and cultural conditions in the developing countries. Do people investing in the ACP countries seem to be at all concerned with promoting research of this kind and adapting the technology of the industrialized countries to the developing countries?*

— It is true that industrial cooperation isn't just capital investments, and, paradoxically enough, it isn't capital that poses the main problem for the average investor. The current problems, as far as Africa and all the ACP States are concerned, are training, the transfer of technology and, as you say, adapting technology to African civilization. It involves going further and finding the means of giving an African character to both theoretical and practical research so that the ACP States feel that this industrial progress is theirs, the fruit of their labour and not just something they get handed to them on a plate. There is also something of a "brain drain" away from the ACP. The Centre for Industrial Development mentioned in the Lomé Convention is no doubt a step in this direction.

► *Investors do not seem to have paid enough attention to training management staff, although the developing countries in general would like this to be linked to industrial investments. How do you think this might be organized?*

— Obviously governments looking for private investors are no longer content with a factory that they have to run. Today they want a complete industrial commercial package where the investor will more or less both provide a product and market it,



so that production and investments of the resulting income are regular. So today the investor has to provide training for all the people concerned in the investment. Within three years at the most, he has to cater for all the workers, foremen, white-collar workers and administrative staff being Africans. It would clearly be out of the question to ask investors to channel part of their effort and means into training outside the area of their investment. But it seems perfectly reasonable to expect investors to provide training in their own sectors and it is something which, today, they all do.

### The importance of the Centre for Industrial Development

► *Industrialization is one of the main aims of the Lomé Convention and this is why the Centre for Industrial Development will be opening in Brussels soon to promote and develop investments in the ACP countries. Bearing in mind organizations of this type that already exist in industrialized countries and from your own experience as a businessman well-versed in the economic problems of Africa, what part do you think the centre should play in attracting and boosting European investment in ACP countries?*

— The centre's role is clearly defined in Article 36 of the Lomé Convention. It has to provide information, carry out studies and work on public relations. And finally, it has to provide industrial counselling and training. If this is followed to the letter, it means that the centre will have a key role in this new cooperation agreement between the Community and the ACP countries. Let us look at the text—the centre has to provide information and this is always vital because the ACP States don't have the same means as the Member States of diverting public funds for information campaigns, and they don't have the mass media and other modern systems that we have in the Community. The centre's second job is to carry out studies on ACP industrial development policy—bearing in mind, of course, the need to adapt technology to their own special needs. It's no mean task, but it should mean that the centre can considerably boost the economies of the ACP States. Most studies today are carried out by international bodies or national ones such as the **Bureau de recherche géologique et minière** in France, there being no African agency of this type. Without wishing to be nationalistic, an African agency would probably mean that Africans would feel more motivated, more responsible and more effective and efficient in running their own development. And there is one thing in Article 36 that is worth mentioning—it says that the centre will carry out studies and see that they are properly followed up. I don't know if this was made clear in the preliminary discussions, but it does mean that the centre will have to supervise, on behalf of all the States, any project for which it did the study. It also means that the States will benefit from the best projects carried out under the best possible conditions. This is a key task. The results should be outstanding.

Finally, the centre has to ensure public relations and run discussions with everyone concerned in each project, including

the minister for planning or development and the funding organization, international body, private bank or whatever. This can only make for smoother execution of projects and it will certainly enable the governments to choose their own legal and financial arrangements for any project they wish to carry out. Industrial counselling goes more or less hand in hand with this. It is included in the previous two ideas.

The last point is also an important one—training. We have seen that the training of workers in Africa, the Caribbean and the Pacific is perhaps the most important thing of all. After all, you can always find money, you can always get energy if you can pay for it, but manpower is the key to development and it is to be hoped that the centre will provide the ACP countries with concrete help towards the systematic, I'd go so far as to say frantic, increase in training facilities for their citizens, with a view to agriculture and all the other sectors they are hoping to develop. ■

L.P.



*The development of agriculture comes first (Lesotho)*



Michael CAINE,  
Deputy Managing Director  
of Bookers, Ltd:

**"The businessman wants to know the parameters in which he will have to operate"**

Dennis Barnard



Michael Caine

London — Michael Caine is the deputy managing director of Booker McConnell, a London-based agro-industrial company operating in a number of ACP countries (including Nigeria, Zambia, Kenya, Jamaica and Trinidad and Tobago). The company employs some 15 000 people and had a turnover of £ 375 million in 1975.

Mr Caine feels industrialisation should not be taken as a panacea for the economic underdevelopment of the ACP—it can be a very effective means of progress, but only if agricultural development comes first.

In this interview he emphasises that European investors want the "uncertainty" of economic policies in many ACP countries to be cleared up; if they are to cooperate with the ACP governments on industrialisation, private investors want to know where they stand and in what "parameters" they are going to have to operate.

▶ *The Third World and the ACP countries in particular are facing serious economic problems. Industrialisation is often considered one of the most promising approaches to overcoming economic underdevelopment. Do you think it's really a solution?*

— I have always felt that industrialisation is not the solution for overcoming economic underdevelopment in many of the ACP countries. I think a far more important and a prior task is to improve the level of agricultural production.

▶ *What are the usual sectors for European, and more particularly for British, investments in the Caribbean and in Africa?*

— I suppose, in recent years, in Africa most British investment in the sense of investment building and industry from scratch has gone into mining, as a whole. Certainly some has gone into secondary industry and there has been some movement of finance in the extension of the distributive sectors—wholesale and retail business—but partly because of the complexity and the involvement of agriculture in the life of many of these countries, there has not been much direct investment in agriculture. This is for two reasons: one, that many countries wish to own their own natural resources and therefore agriculture has not been an area attractive for equity investment; secondly, that because agriculture is involved with food, and therefore with the cost of living, it is rare that countries have been able to allow agriculture to reach its own price level, and price controls have I think inhibited external investment in agriculture. The hope for external investment comes from international institutions such as the development banks and the World Bank.

▶ *Do you think European firms should invest in the ACP in the industrial sectors that offer the fastest and the highest profits, or do you consider it normal that the authorities in the countries concerned should channel foreign investments into the sectors most likely to satisfy the requirements of the population and the main lines of the development plans?*

— This is the problem of two differing interests. Certainly the governments of the countries concerned will try to channel in-



vestment into the main lines of their development plans. It may be that a large part of that investment is infrastructure investment, in education, roads, harbours, communications, which may not give an adequate return to the private investors or the company investor. I think that inevitably business concerns will look for those areas of industry or agriculture or distribution which give high returns, but maybe, with sensible policies by the government, they can be attracted into investments which do not give high initial returns but do have long term growth. But these are two differing objectives and in any country most investment in infrastructure is not suitable for private sector investment. It requires government money or other forms of finance.

### Too often the main obstacle is uncertainty

► *European industrialists find there are a lot of difficulties in the way of investing in the ACP. What are the main obstacles?*

— The obstacles in all the countries vary and I think it would be wrong to generalize. There are some common obstacles. In some cases it is the uncertainty or the upheavals that may happen in the government; in other countries it is the general inadequacy of infrastructure; in others it may be the general poverty of the country which is an obstacle, such as the infertility of the soil. But perhaps here you are attempting to identify what are the human obstacles, and I think one of the main problems is that it is very difficult for the businessman to be certain of the policies over the next five years. I think too often the main obstacle is uncertainty. I do not think the absolute level of taxes or the absolute level of customs, or the absolute level of protection or the absolute levels of any constraints, even on a remittance of profits, or the necessity for training or for some sort of “—isation” or another, are the fundamental concerns. I think what the businessman wants is to know what are the parameters in which he is going to have to operate.

► *You know the Caribbean and Africa well. Are the obstacles of a different character in Africa than in the Caribbean?*

— I do not think they are. Again perhaps I prefer to look at it on the more positive side. I think the obstacle the Caribbean has, or at least the Commonwealth Caribbean, as distinct from Africa, is that few of the countries have many unused potential natural resources. There isn't much scope for further agricultural or industrial development. Whereas in Africa, there are many countries with vast areas which are undeveloped in the physical sense. I think inevitably a lot of the African countries present bigger obstacles than the Caribbean because of the lack of education, or the lack of infrastructure in a number of them. The Caribbean as a whole is a surprisingly developed and educated area.

► *A potential investor generally has to be confident of two things before deciding on one or another country: a minimum of viability and security. Do the national codes of investment in the ACP countries in general offer enough encouragement?*

— To my knowledge, there are no codes of investment in the Caribbean. I think that they are probably going to be forced to do more in this direction if they are to secure private investment. They have now had a spell of 10 or 15 years in which there has been a sequence of government take-overs or government nationalisations of external interests; I think that if they are to see further private investment, perhaps they have got to redefine their policy—perhaps before adopting a more open-door attitude to investment they felt they had to secure for themselves the old industries which had been built up there by external investors, some of which were confused with the history of the 19th century and of slavery and everything else.

► *Many ACP countries feel that private investors put their own interests before the interests of these countries...*

— I think that a number of the Caribbean countries have not really got through yet to the point at which they are genuinely making strenuous efforts to welcome external investments.

► *A major concern of private investors is to get a guarantee against non-commercial risks, i.e. political risks such as nationalisation. You made an allusion to this. In this case the guarantee can only be given by the country from which the capital comes. Such guarantees exist in some EEC countries, and I think in Britain, but how adequate are they?*

— Well, I think the problem of guarantees is enormous. The United Kingdom certainly has an insurance scheme which guarantees new investment from non-commercial risks. But the United Kingdom, because it is an old imperial and an old investing country, cannot enter into insurance against investments which were made 50 or 100 years ago. I think that the present insurance that is available is one way of guaranteeing new investment, but I do not favour it as the answer because I believe we should still work to a situation in which the security is given by the country itself, by the statement of its policies, and in which harmony and constructiveness can be worked out between the country and the investor. I think that if you add on guarantees and insurances, in the last analysis you are adding to the cost of the whole operation.

► *What do you think of the idea of the EEC guaranteeing private investments in the ACP against this kind of risk?*

— I think that on a selective basis, where the EEC is well informed and perhaps concentrating on long-term agricultural, industrial or mining investments, there might be something to be said for its playing a part in this, particularly on the agricultural side. What I would be very doubtful about would be the wisdom of the EEC guaranteeing private investment on a blanket basis, to enhance or facilitate investment in a hotel or a casino somewhere.

► *Industrial cooperation is not only a matter of capital investment. It is above all a question of adapting the technology to the social, cultural and economic conditions of the developing countries, and that means applied industrial research. Do you feel that firms that invest in the ACP are concerned with this research and want to adapt the industrial countries' technology to the developing countries?*



— Yes, I think without any doubt that the large United Kingdom businesses investing in ACP countries—one thinks of Unilever or ICI or American Tobacco—certainly have made very substantial efforts to adapt their organisation and technology to the needs of the particular country, and in this, I think, often the private sector fulfils a very essential role. I would like to add how important it is that the transnational business has a body of management who will have experience of working in a number of developing countries; and I think that sometimes ACP or other developing countries undervalue the role of transnational management, who may in fact bring to bear in a particular country experience which they have learned not at the home base but in the adaptation of sophisticated technology in some other developing area.

### A two-way process

► *Do you think the investors would do this willingly or would the country concerned include training in the conditions put to the investors?*

— I think there is often a good case for the government of a country, where for its part it is asked to give certain guarantees on remittance of profits or funds, to require certain transfers of technology and training at the same time. If private sector investment is to be encouraged it must be a two-way process; the host country must make it acceptable to the guest and the guest must deserve it and contribute also.

► *Industrialisation is one of the main objectives of the Lomé Convention and for this reason a Centre for Industrial Development will shortly be set up in Brussels to promote and develop investment in the ACP. From what you have seen of similar bodies in the industrial countries, and from your own experience as a businessman familiar with the economic problems of the Caribbean and Africa, what role should this centre play?*

— I would like to see such a centre play the role of an advisor, a source of information, almost a sort of employment agency, so that developing countries could perhaps get an audit or another eye on somebody's recommendations on their own plans for setting up a particular factory. I would like to see it as a body to which developing countries could go for advice or for a second opinion, on either some plan they had before them or a plan they had organised themselves.

► *Has your company ever asked for the services of such a centre?*

— No, we haven't, but a colleague of mine has been in Brussels talking about industrial cooperation between the Community and the ACP, and we have been making some suggestions on this. We have said that such a centre should concern itself with problems of management rather than problems of



*Using fertilisers : agriculture before industry?*

ownership and that it is for others to deal with political or conceptual issues; and that we would imagine such a centre concentrating on cooperation on the practical problems of the identification and evaluation of viable projects and of the maximising of the efficiency of the local industries, rather than entering into some too sophisticated discussion on ownership.

► *To end with a very general question: do you feel industrialisation owes anything to the cultural traditions of the West, and might it represent another case of importing a foreign culture into developing countries which simply does not easily fit in with their different ways of life?*

— Again, this is a question for each country to decide. Fortunately the ACP countries now have the independence and the power to make up their own minds. I think it would certainly be an error if the EEC offered industrialisation as the panacea for all their ills; I think it would be a great mistake if the importance which I attach to agricultural development and to the improvement of efficiency, both in the production and the storage of crops, did not have a prior claim in almost all these countries' budgets. But the question of whether one wants to stay an isolated country or not is up to the government. Probably a lot of us wish we didn't have to be taken into the hurly-burly of the modern world, and few of us ever have the other alternative. I doubt that these countries have it. However, fitting this in is not easy; as you say, industrialisation was a creation of the West. But it is something that the expectations demand, to create the economic wealth necessary if those expectations are to be fulfilled. ■

L.P.



## Jakob ESSER of the Federal Association of German Industry:

### What the German industrialist wants

Cologne — Jakob Esser, an economist, runs the overseas development service of the Federal Association of German Industry (Bundesverband der Deutsche Industrie). He describes the main conditions necessary for real industrial and economic cooperation between German investors and the ACP countries and gives his idea of the role of the Centre for Industrial Development due to be set up under the Lomé Convention.

► *Mr Esser, industrialization is considered to be the best way of solving the serious economic problems facing the Third World and in particular the ACP States. What is your opinion on this?*

— Industrialization is certainly an important factor in the economic development of the countries of the Third World, particularly the ACP States, but it is by no means the only solution, and one should consider very carefully whether agricultural development combined with industrialization does not represent a better policy for certain developing countries. I think that in the past too great store was set by industrialization, particularly in the developing countries, and too little attention paid to the use of domestic resources to develop the economy. Also, the governments of the developing countries have not always paid sufficient attention to job creation, which can be achieved not only by establishing labour-intensive industries but also by extending existing farming activities.

### Why does West Germany invest in Latin America rather than in Africa?

► *Until now German industry has shown no marked interest in investing in the African or ACP countries, especially compared with its considerable investment in Latin America. Over the last few years it has even written off investment in Africa as a loss. How would you explain this attitude, and what should be the future role of German private industry in the context of cooperation with the ACP States?*



Jakob Esser

— It is true that in its foreign investment programmes German industry has so far concentrated more on developing regions in other parts of the world than on Africa. This is partly due to non-economic factors. German industry has always had closer business relations with Latin America than with Africa. There are numerous reasons why German industry has in the past invested more heavily in the Latin American countries or certain Asian countries than in Africa. Many African markets are very small; there is a lack of demand backed by purchasing power and insufficient opportunities for exporting to neighbouring countries. These are criteria which must be fulfilled, especially for German investors, as they have invested chiefly in manufacturing industry. Moreover, there is an interesting difference here between German industry and the industry of other countries, which has invested in raw materials, for example, on a far greater scale than its German counterpart. It would be completely wrong if the impression had arisen that German investors regarded their investments in Africa as "non-returnable". The German investor is aware of the risks of foreign investment, having lost his foreign capital twice in the last 60 years. If he decides to invest abroad today, he has already made a thorough examination of the investment climate in the country concerned, and is bent on maintaining and in-



creasing that investment. In the long term it should also bring him profit. On no account would he wish to lose it.

► *What are the other major obstacles to investment in the ACP States?*

— If by that you mean all ACP States, I am not aware of any obstacles of a general nature. However, in various African countries there is an ever-increasing number of cases where the business activity of foreign private firms is restricted in a variety of ways or where attempts are made to nationalize foreign capital. Developments such as these are not likely to increase the flow of investment from abroad.

We quite understand that some countries do not consider themselves to be in need of private capital from abroad for their economic development. However, these countries should make this quite clear, to enable the potential foreign investor to act accordingly.

### **We want the ACP to make their legislation and their priorities clear**

► *Do you think that European investors should concentrate chiefly on those sectors of industry which are likely to generate the highest profits in the shortest time, or do you consider it normal that the beneficiary countries' authorities should channel foreign investment into those sectors which correspond more closely to the requirements of the population and which are given priority in the development plans?*

— I should like to begin by answering the second part of your question. German investors always conduct their investment activities abroad in accordance with the laws of the host country and here there is no distinction to be made between investment in the developing countries and in the industrialized countries. The investor abides by these laws, gearing his activities to the scale of requirements drawn up by the government. This presupposes of course that the legislation is clear, with the priorities defined exactly. This gives the investor the security he needs to be able to conduct and sustain his activities in the developing country.

Turning to the first part of your question, the businessman is concerned with making a profit abroad, at least in the longer term. This can even be said to be his duty if he is investing the capital of the shareholders of a joint stock company, for they expect a fair return on their money. Of course, in manufacturing industry the running-in period—when heavy losses are often incurred instead of profits—is particularly long. In this respect the profit motive is not of prime importance in foreign investment. More important factors to be considered by the German investor are, for example, the preservation or development of a promising market. Other motives such as the utilization of cost advantages or the safeguarding of raw material supplies have always been exceptions. The advantage of low wages, frequently stressed by the developing countries themselves, is in practice often cancelled out by low productivity of labour, a high level of wastage and a lack of industrial infrastructure.

### **Investments need to be insured**

► *When investing in developing countries, industry normally makes two demands: firstly, a minimum degree of profitability and, secondly, security for the capital invested. Is the investment code existing in most of the ACP States not sufficiently comprehensive, and does it not act as a big enough incentive, particularly in com-*

*parison with South America or even with some countries in the Middle East?*

— As regards the first part of your question, I need only refer you to my previous answer. In reply to the second part, I would say that the existing laws governing investment in the developing countries afford a certain degree of protection. However, one must realize that German investors—and here they are no different from those of other countries—would like to see their investments protected by international law. The Federal Government has concluded a number of bilateral investment protection agreements with developing countries, and they have international law status. An investor prefers to go to a country where his property is protected not only by national law but also by an international treaty. Here I must point out that a large number of African countries have concluded investment promotion treaties with the Federal Government, which constitutes a good basis for investment in African countries.

► *The private investor is always particularly concerned about the coverage of political risks such as nationalization. Guarantees against these risks can be given only by the investing countries. Do you feel that the risk-covering facilities currently available in the Federal Republic are adequate?*

— In Germany we have a risk-covering system for foreign investment which is thoroughly competitive compared with the systems of other industrialized countries. However, there is still room for improvement in the German system. Above all, it should be adapted to the new and changing forms of investment and opportunities for cooperation.

But risk protection must not necessarily be given only by the investing country. It would be quite conceivable for guarantee systems to be offered by supranational organizations. Plans for such systems have existed for a long time, such as the project to set up an insurance institute at the World Bank. An international guarantee system of this kind would be very welcome.

► *What do you feel about a Community guarantee for private investment in the ACP States?*

— A Community guarantee for investment in the ACP would be a step in the right direction. But here it would also be necessary to see whether the ACP States themselves were prepared to take part in a guarantee scheme of this nature. The fact has to be acknowledged that, in the course of economic development, countries which are still importing capital today will in the near future become capital-exporting countries; the best example of this is the oil-exporting countries.

► *Industrial cooperation consists not only in capital investment but also and above all in the adaptation of technology to the social, cultural and economic conditions in the developing countries and this raises the problem of applied industrial research. Do you feel that investors in the ACP States are taking pains to promote this research and adapt technology to local requirements?*

— It is not in the interests of industry to deliver products and plant which do not correspond to the needs of a country. This holds good for capital investment too. The capital-raising countries must of course specify the conditions under which they desire private investors to operate. If these conditions exist, the investor can use them as a guideline for planning production and deciding on the technical processes to be used.



► *The developing countries and the ACP in particular generally want to see industrial investment combined with management training. What do you think of this idea and how, in your opinion, can it be put into practice?*

— Training is very important not only where capital investment is concerned but also in the case of projects involving the delivery of industrial plant. German industry is already doing a great deal in this connection.

In some cases the demands made by the consumers of the products or by the capital-raising countries are already so great that they can no longer be met, especially by small firms. If this situation occurs, one must ask oneself whether private efforts cannot be combined with State development aid in order to improve the potential and quality of the training.

### The dual role of the Centre for Industrial Development

► *Industrialization is one of the major aims of the Lomé Convention, and a Centre for Industrial Development will shortly be set up in Brussels with the aim of promoting and developing investment in the ACP States. Considering the organizations of this type that already exist in the industrialized countries, and with your knowledge of the economic problems in Africa, what role should this centre play in order to stimulate and increase European investment in the ACP States?*

— The first condition regarding the work of the centre is that it should be geared to the practical realities of industry. I believe this to be a major shortcoming of existing organizations for the promotion of industrialization. Apart from that, I think the centre should have two functions. Firstly, it should be able to point out to foreign investors the opportunities that exist in individual ACP States, the tax and other concessions that are offered and all aspects of the investment climate of the country. The centre could conceivably also arrange individual projects.

The centre's second function, which I consider to be no less important, consists in its operation in the ACP States themselves.

We feel that many governments are not fully aware of the conditions that need to be fulfilled for a private firm to invest capital in a country. The centre should give the governments of the ACP States practical and realistic advice on this.

► *Mr Esser, the German press takes a very positive view of the EEC-ACP Convention. How would you sum up the German businessman's attitude to industrial cooperation between Europe and the ACP States?*

— I and my colleagues in the Federal Association of German Industry took a great interest in the Lomé Convention. We are pleased that this new convention includes a chapter on industrial cooperation. We regard this as an indication of the importance which the ACP countries attach to cooperation with private enterprise. We hope that the new convention will result in even closer relations with European industry. The fact that we shall thus be able to sell our products in these countries is not our only concern; German industry is also aware that the African countries will increasingly have to sell their products on the European markets. ■

L.P.

## K. FIBBE, chairman of OGEM, Rotterdam:

### The need to insure existing investments

Rotterdam — Mr Fibbe, chairman of the committee for cooperation with the Third World in the Netherlands federation of management organisations, is well placed to give the Dutch businessman's point of view on the industrialisation of the ACP countries.

He considers EEC-ACP cooperation as a necessity for both sides if conflict is to be avoided. The Centre for Industrial Development could play an important role in promoting the industrialisation of the ACP, he feels, by creating "a favourable investment climate".

Mr Fibbe is chairman of OGEM Holding, a Dutch company with big interests in industry, commerce and property and with branches throughout Europe and in a number of ACP countries (Burundi, Ethiopia, Ghana, Liberia, Nigeria, Rwanda, Tanzania, Curaçao and the Netherlands Antilles.) OGEM had a turnover of some Fl. 17 000 m (approx. US\$6 000 m) in 1975.

► *Mr Fibbe, compared with other sectors such as agriculture, what role do you think industrialization should play in the economic development of the ACP States?*

— I work in industry and I face this problem daily. In the Netherlands we are convinced that the problem of underdevelopment cannot be solved without a reasonable measure of industrialization. That does not mean that every country should carry out large-scale industrialization in the same way, but should tailor it to the requirements and possibilities offered by the particular country concerned. Ultimately the problem cannot be solved without industrialization.

► *In the Netherlands Federation of Industry you chair a committee responsible for relations with the developing countries. What areas have you invested in and what is the scale of your investment in those countries, particularly in the ACP States?*





K. Fibbe

*"The main obstacle to investment is uncertainty as to its value"*

— This is not an easy question to give a quick reply to. Let me first mention that the Commissie Ontwikkelingslanden van de Nederlandse Werkgeversverbonden (Developing Countries Committee of the Netherlands Employers' Associations) is a mixed committee within which all employers' associations work together in order to improve relations with the developing countries and provide the information required to enable people to talk sensibly about the problems of these countries. This is very much in the public eye in the Netherlands for more than one reason: firstly, because people have woken up to the fact that these are problems which require an urgent solution and to which we can no longer turn a blind eye, even if it were only because of the moral aspects involved; we simply consider it no longer acceptable that such problems continue to exist in this world of ours, where technically virtually anything is possible. The second reason stems from our country's economic position: together with Belgium we have the highest percentage of exports in the world. The Dutch economy is interwoven with the economies of other countries. A large share of our exports go to the developing countries and a large proportion of our imports come from them. The two factors together play a greater role than in the average Western country. We do not see any great difference between exporting to a developing country, having a branch established in a developing country and investing in a developing country. It is the

same chain of economic cooperation, which must be based on a rational division of labour. This is the background against which the Netherlands' interest in this complex of problems must be seen. At least five very large transnational companies are established in the Netherlands, and a few hundred firms which are active on a genuinely international scale and a lot more other firms which are at least some way involved in the Third World are also established in our country. When you ask what we are doing in the ACP countries I cannot give you a short and simple answer. Our investments and activities are very considerable and we are aware of the great scope for helping one another to work out sound economic plans.

► *What are the main difficulties inhibiting investment in the ACP countries?*

— My answer will be subjective, based on my own experience and that of many colleagues: we consider that the biggest obstacle to investment is the uncertainty which has arisen regarding the value of such investment. We are convinced that investment is an essential part of a proper national plan, but opinion on this subject is by no means unanimous in our country. We consider it vital for the value of economic cooperation to be reassessed and investment to be reconsidered by the government and other circles. The second problem causing us a great deal of trouble is the lack of security. If there is one thing which is absolutely essential, it is that investments be protected, that agreements which have been entered into be respected: once these conditions are lacking there is no longer any basis for investment. When the basis is inadequate then there is negative selection, by which I mean that you get the kind of investment which you might just as well do without or projects with such a short pay-out time that one wonders whether this is the most profitable way of investing. Long-term investment is vitally necessary, but without security there will be no investment.

### **The host country is alone responsible for its development policy**

► *Do you think that European investors must, in the ACP States, concentrate solely upon the industrial sectors which are capable of producing maximum profits over a short period of time; or do you regard it as normal that foreign investment should be channelled by the authorities of the host country towards sectors which are more in line with the needs of the people and the wider solutions opted for in the development plans?*

— I should like to answer the second part of the question first. I do not believe that there can be anyone in Dutch industry who will not agree that it is the responsibility of the host country's government to draw up its development plan and lay down priorities. Nor can anyone fail to agree that it is the right and duty of the government to determine the framework and lay down regulations with which investments and investors must comply. The fact that when one invests on this basis in a country a reasonable return on the invested capital must be obtained is a second factor, which in my experience is taken for granted in any country in the world. Profit is seen then as a function, as the production of a surplus in order to make the whole economic process meaningful. That too is clear. However, the profit level and the payment of taxes on the profit made should again be a matter which must be made clear to the investor by the government concerned. The question of whether he finds the legal and social context



sound enough to proceed with his investment must be a field for discussion and a solution must be found.

► *One of the major concerns of private investors is to obtain a guarantee against the non-commercial risks such as nationalization. In such a case a guarantee can be granted only by the country in which the capital originated. This kind of guarantee exists in certain Member States and perhaps also in the Netherlands. Do you regard it as adequate?*

— In my answer to your previous question, I made it clear that protection against political risks is an absolute necessity in order to obtain investment on a large scale. This is a matter which firms themselves have no control over and which must be attended to by governments. And we would very much prefer that this kind of thing be achieved through concerted action by governments. On this subject proposals have been made by Mr Kissinger and others too are active in this field. We regard it as a matter of great importance for the developing countries that rules be laid down soon on these matters. We also hope that the code of conduct which has now been agreed on by the OECD could perhaps form the basis of such arrangements, for every good code, and this one is no exception, should enable the rights and duties of all the parties concerned, including governments, to be laid down. The more solid and sounder this basis of protection, the more successful the second UN development plan will be. In the Netherlands it is possible to insure investments in developing countries but we regard the possibilities available as far too limited.

And we also find that the insurance is more expensive than that in other countries. We find it particularly restricted in that we can never insure what has been invested in the past, and in the case of the Netherlands this means many thousands of millions of florins. We can apply for insurance only for new investments, even if they are the result of existing investments, and this severely restricts our scope for action.

### The concept of "transfer of technology"

► *Industrial cooperation does not consist solely of capital investment. It also and above all includes the adaptation of technology to the social, cultural and economic conditions of the developing countries, which raises the problem of applied industrial research. Do you think that the investors in the ACP States wish to promote such research and adapt the industrialized countries' technology to the requirements of the developing countries?*

— Again this question touches upon a whole host of problems. In the first place, the experience of industry shows that the transfer of technology and investment go hand in hand. In the second place I should point out that the concept of "transfer of technology" cannot be interpreted widely enough: it does not mean solely technical knowledge in the narrow sense of the word, nor is it exactly the same as "know-how" but rather the sum total of knowledge and experience which is necessary to make a success of investment. I have said on at least one occasion that the best method of transfer is a kind of "self-propagation", whereby firms would establish themselves in the country through investment and—by making the undertakings they set up in the country concerned independent—as it were, reproduce themselves and thereby transfer the full range of knowledge and experience in an organization to the local staff. In the third place you are perfectly right in suggesting that technology must be adapted to what is pos-



*Cutting cane by hand (Nigeria)*

sible and what is desirable in the country in question. This means in many cases that production must be on a small scale, with not such a high degree of automation or mechanization as we are used to in this part of the world. But, on the other hand, there are also projects which specifically need the most modern techniques and arrangements otherwise the gap would never become smaller, only greater. On a case-by-case basis we must decide in talks between the firms and the government what the best and most tenable approach is. For the past few decades Dutch firms have been concerned with this problem in practice. The training of people, the provision of courses and instruction, sometimes on a worldwide scale, forms an important part of the work of every industrial complex in the Netherlands engaged in activities in the Third World. We have a number of well-known examples, for instance, the Philips Centre in Utrecht where all kinds of valuable techniques are developed; but in every large Dutch firm particular attention is paid to training, the "nurturing" of our colleagues from the Third World, not only from the point of view of technical knowledge but above all from that of the attitude required to make a success of an undertaking.

► *The developing countries, particularly the ACP States, in general want the training of skilled personnel to be linked with industrial investment. What is your position on this matter and do you think that Dutch industrialists are willing to accept this request from the ACP States?*

— I think Dutch firms welcome this request from the ACP States wholeheartedly. It is in line with the policy which has been followed now for quite some time and which is today being followed more closely than ever before. As for my own firm, I can say that we in the Netherlands have concluded an agreement with developing countries and that in the preamble to this agreement we have undertaken on our side to ensure that within five years, all jobs, right up to general manager, will be filled from the local staff. The aim is to integrate the firm in the country concerned.

► *Industrialization is one of the major objectives of the Lomé Convention and, for this reason, a Centre for Industrial Development will*



soon be set up in Brussels to promote and develop investment in the ACP States. In the light of examples of such bodies existing in the industrialized countries and the basis of your experience as a businessman familiar with the economic problems of Africa, what role do you think this centre should play in promoting European investment in the ACP States?

### **“We expect a lot of the Centre for Industrial Development”**

— I must say that you are coming up with one interesting question after another in this interview. Again I could go on indefinitely answering the last question. Let me first of all give a positive reaction: we are glad that the centre is being set up and expect a lot of it. We have talked about the centre in our own circles and also within UNICE (1). And may I answer your question by setting out the most important points of our talks. Within UNICE we stated that industrial cooperation remains first and foremost the responsibility of the firms themselves and that here the centre can help considerably but cannot take over the role of industry. Secondly, we warned that the centre must avoid duplication of work, which means that it is important to draw up soon a list of similar institutions in ACP countries and in the EEC and that the work must be organized in consultation with them and in so far as possible be coordinated. In addition we consider that one of the most important tasks of the centre ought to be to promote a favourable investment climate aimed at attracting the necessary capital flows and producing the conditions which will sustain them. We further believe that your centre will be able to play an important part in starting up training programmes, in organizing sectoral information seminars with industry concerning practical possibilities for projects. And then we have pressed for the active participation of industry in the bodies of the centre in order to involve firms right from the start in the decision-making process and the selection of projects, in order to give access in this way to the firms' experience and above all to organize close cooperation with industry, without which you will find yourself in something of a quandary. What we recommended was a committee for industrial cooperation. This is a clear reference to Article 35 of the Lomé Convention. However, we should like to qualify this by saying that we consider that industry itself—as in Holland—is co-responsible and should have a say.

► *How do you see the future of economic cooperation between the Community and the ACP States?*

— I think economic cooperation between the EEC and the ACP is a matter of the highest priority and that anyone who is concerned with world problems must see that this cooperation is absolutely necessary. For many reasons: moral, political, economic, financial, to name but a few. In the second place I think that quite apart from this, economic cooperation between countries and between firms in these countries has a great future. This is clear because there are so many markets which have not been exploited, so many opportunities which can and must be used, that it must be possible to bring to-

gether under a common denominator the interests of countries and firms—which perhaps are normally conflicting with one another—so that the development of economic relations can here go hand in hand with the work towards a better future for the ACP States. ■

Interviews by  
LUCIEN PAGNI



*The Taïba phosphate mines (Senegal)*

(1) Union de l'industrie de la Communauté européenne—union of EEC industry.



# Your next factory in the third world?

In this article, taken from the French economics review "l'Expansion" (May 1976 issue), Marc Clairvois outlines the advantages for foreign firms investing in developing countries.

Take just one example—the French textile industry in French-speaking Africa. Dolfus-Mieg, via DMC-Textunion, has majority holdings in eight textile firms in black Africa—in Senegal, Upper Volta, Ivory Coast, Chad, Cameroon and Gabon—and Agache-Willot is established in Mauritania, Niger, Dahomey and the Central African Republic. Six French companies, including DMC and Rhône-Poulenc, have set up a holding company, the COBAM, and this has invested in Senegal, Cameroon, Ivory Coast and Madagascar. The French are currently responsible for management but are gradually stepping up the percentage of African personnel.

Over the past five years, textiles from developing countries have gone up from one third to one half of Community imports. Hong Kong (one sixth the size of the average French department) is now the EEC's biggest supplier of textiles and man-made fibres.

The exodus of German, American and Japanese electronics industries to Singapore and south east Asia is well-known. In Switzerland—the home of quality footwear—only one pair of feet out of five today wears Swiss shoes. They sell Brazilian shoes on New York's Fifth Avenue, but factories in Fougères and Romans are laying workers off.

The list could be extended indefinitely. These are no longer exceptional cases. They represent an important economic trend, the most recent phase of the liberalization of trade. More and more of the developed countries' industries, mainly those dealing in consumer goods, are setting up factories in developing countries in Asia and in Latin America, the Middle East and the so-called poor countries of Europe (Ireland, Turkey).

This massive switch can be seen from two points of view—that of the investors and that of the national economies concerned. The question is to see whether these two points of view are in conflict or whether the interests of the developed economies are not, for the time being at least, identical with those of the migrant industries.

The first of these points of view, that of the investor, has been the subject of a systematic study (to the best of our knowledge the most complete of its kind) by a firm of Geneva consultants (the Société d'Etudes et de Développement Industriel). It has listed 150 industrial activities according to their "emigration potential" and 27 countries according to their ability to act as host to such industries. The analysis takes account of three factors (which are weighted according to their importance as far as management is concerned):

- Labour (cost, quality, productivity, trends in wages, attitudes of unions, etc).
- Political (customs agreements with the EEC, tax advantages, central and local government attitudes, political stability, exchange laws etc).
- Transport (cost of air and sea freight to Europe, staff travel, telephones and telex etc).

The most important findings from the point of view of the industries are chiefly of interest because they introduce some sort of rational basis for decisions that are usually taken piecemeal and without the possibility of comparison. The authors of the study suggest that European firms in the above sectors have every interest in considering moving abroad—immediately in the case of those doing least well and at a later date in other cases, according to situation. Most surprisingly, the first reaction in developed countries to simple calculations like this is a protectionist one. Unions and employees in textiles, footwear and so on want protection from their new competitors and demand that the authorities protect their domestic markets and introduce import quotas. Some day the same voices will be raised in protest against competitive production capacities being set up in the Third World. And similarly, the underdeveloped countries are wary of a new type of colonialism.

This sort of attitude, however, would both lead to a political impasse and be an economic mistake. The redeployment of industry is the inevitable consequence of a double choice, that of world-wide development via free trade. This is not just France's choice—it is the choice of the whole of the European Economic Community. One of the EEC's rare outstanding successes, and one which does not receive the publicity it deserves, is surely the economic association policy with the Third World started in 1962 and confirmed in February 1975 with the Lomé Convention. The text of this agreement (which links the EEC to 46 countries of Africa, the Caribbean and the Pacific) shows that both parties benefit from the fact that each complements the other. The ACP market is open to the EEC for the advanced technological products they will still need to import for some time to come. And, on the other hand, those industries requiring relatively little capital and know-how should, by setting up in the developing countries, give them the wherewithal to trade.

## International division of labour

Unemployment is, of course, something about which we are very much aware. But, paradoxically enough, a large percent-



age of industrial wage-earners in the most-threatened industries are immigrants—who, in many cases, come from the very countries that are trying to attract these same industries.

This is the classic French town and country planning dilemma on a world-wide scale—is it better to move men or industries?

As far as the new international division of labour is concerned, France has a number of trump cards: the intelligent European policy she has always followed, plus the communication facilities that a shared language has created and the good relations France has kept up with most of the ex-colonies, particularly those whose economies have taken off.

The very structures of French industry should, in the long run, make cooperation easier. And the medium-sized industries, which are human in scale, are better than the giant mul-

tinational. Similarly, it is not necessary, quite the opposite in fact, to have mastered the most sophisticated techniques, which are in any case unsuitable for workers in the Third World.

The transfer of simple or "soft" technology, together with the provision of technical and material assistance for developing countries, are activities which will become increasingly less marginal for all our industries. The wave of transfers anticipated for the coming years means that all the possibilities in these fields will at least have to be studied. In conclusion, industrialists should bear in mind the fact that, of the 27 countries that the Geneva agency looked at, those offering the best conditions for investors are those of black Africa, with Senegal and the Ivory Coast in the lead. The least inviting are Venezuela, Colombia, Mexico, Guatemala and Turkey. ■

## The Centre for Industrial Development

by André HUYBRECHTS

**The ACP/EEC Council of Ministers approved the Centre's statutes at its Brussels meeting on 14 and 15 July 1976.**

Article 36 of the Lomé Convention sets up a Centre for Industrial Development. With the Stabex scheme, the provisions on industrial cooperation are among the main innovations of the Convention. Most of the provisions of Title III—Industrial Cooperation—deal with traditional features like financial and technical cooperation, trade promotion and training in the industrial sector. What is new in this case is the stress that is put on the aim to industrialize. The two really new features are the Committee on Industrial Cooperation and the Centre for Industrial Development.

Thorough groundwork by experts from both the Member States of the Community and the ACP States, and discussions between the two parties to the Convention, resulted in full agreement as to operation of the Committee and the statutes of the Centre. This meant that the ACP/EEC Council of Ministers meeting on July 14-15 was able to look at the decisions provided by the Convention so that the Committee could start meetings and the Centre begin its activities.

It has been agreed that the Committee on Industrial Cooperation will be an intergovernmental body made up of representatives of the nine Member States, the Commission and the European Investment Bank on the one hand, and representatives of 15 ACP States on the other. Those

ACP States not represented on the Committee, plus certain regional economic groups from among these States, can attend as observers. The Committee comes under the authority of the Committee of Ambassadors. Its duties are listed in Article 35 of the Convention and involve, briefly, laying down a policy for industrial cooperation and supervising the Centre. The Committee is, therefore, both a forum for the exchange of information, for taking stock and discussion of problems of industrial cooperation facing both ACP and EEC, and a place where the main policy guidelines can be laid down. It is also a body where the EEC and the ACP can jointly manage the Centre for Industrial Development.

The principal decision, however, concerns the Centre, which is a small, technical and strictly operational body rather than an instrument of the Convention. The fact that it is small and autonomous should make for efficient operation.

The Centre's duties, as set out in its statute, are, of course, those listed in Article 36 of the Lomé Convention. They can be summed up under three main headings—mutual information on industrial matters, the promotion of projects and contracts and technical cooperation schemes in industry.

The statute mentions that the Committee is the ultimate authority which guides, supervises and controls the Centre's activities and appoints its director and deputy director.

It sets up an advisory committee—comprising people from Europe and the ACP who have experience of finance and industry—whose job is to advise the director. Members of this committee are appointed by the Committee on Industrial Cooperation for a two-year period which is renewable.

The statutes then describe the activities of the Centre, to be organized by the director, and set out the appropriate budgetary and financial procedures, in the light of the fact that almost all its resources will be provided by the European Development Fund. ■

A.H.



# Mining in the Congo

by S. PETRINSKI (\*)

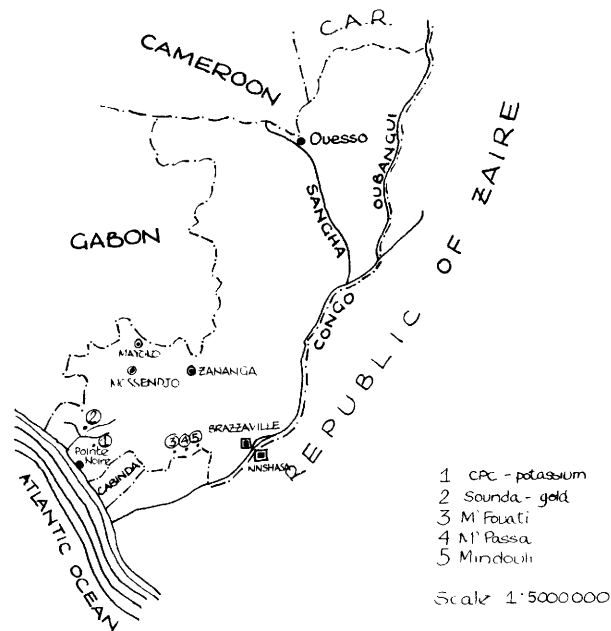
Like all the countries of Africa, the People's Republic of the Congo lacks the infrastructure needed to enable the various regions to develop harmoniously. Existing firms are usually on the coast or near stations on the Brazzaville-Pointe Noire railway. The government is trying to boost the development of the south despite the enormous demographic and geographical problems.

Internal transport and communications are usually by waterway or by air. The roads are poor and some regions have no roads or bridges, which means that trucks and cars cannot circulate normally. Only 120 km of the 574 km-long N1 highway from Brazzaville to Pointe Noire, and the first 200 km of the 887 km-long N2 highway from Brazzaville to Ouesso, are asphalted.

The country's mineral resources have not, therefore, been adequately prospected and exploited. There are off-shore deposits—prospected and worked by AGIP and ELF-Congo—which produced 2 400 000 metric tons of crude oil in 1974. The Congolese Labour Party's three-year programme plans for production to go up from 2 400 000 t in 1975 to 4 500 000 t in 1976 and over 7 million t in 1977. However, crude oil production dropped to 1 800 000 t in 1975 and the government has now decided to call upon other companies and review agreements with AGIP and ELF-Congo so that the aims of the three-year programme can be met.

The largest deposit demanding the attention of investors is the iron ore in Zananga. This, with the exception of the oil fields, is one of the country's greatest potential strengths. A UNDP geological mission carried out a comprehensive study in 1972 and assessed the reserves in this deposit.

Depth	Ore 10 <sup>6</sup> t.	Grade %	Concentrate at 65% 10 <sup>6</sup> t.
0-10 m	7.0	60	
0-10 m	117.0	55.55	91.0
10-20 m	74.0	48.35	52.0
20-25 m	86.0	39.34	42.0
Total	284.0		184.0



The iron deposit is some 40 km long from north to south and 2 km wide. Once the trees have been cleared, open-cast mining will be possible, since the richest seams are on the surface. Exploitation is currently being held back by the deposit being a long way from any of the existing access roads. In 1972, the UNDP specialists estimated the construction costs—including a railway link—at US\$ 170 000 000. The mine can produce an annual 2 000 000 t of concentrate. Production costs, inclusive of carriage to a European port, were US\$ 18.20 per ton in 1972. The selling price in Europe for concentrate of the same quality was US\$ 15. Now the price for 42% concentrate is \$18. Zananga concentrate, containing 65% iron, would sell for \$28. Construction and machinery costs have also risen, but raw materials have gone up faster, which means that Zananga could after all be a paying proposition. What is more, it is highly likely—in the light of the UNDP mission survey—that reserves will amount to at least 1000 million t.

All the surveys went down to a depth of between 25 and 70 metres, but they did not cover the whole area. The additional reserves will contain 40% iron, but modern methods can profitably use grades as low as 30%.

There are also non-ferrous ore deposits, the most important being at M'Passa, Djenguilé and Yanga Koubenza (lead, zinc and copper) and Sounda-Kakamoéka (gold). The M'Passa mine was sunk and is being run by a private company with State participation. Production is in the region of an annual 15 000 t of concentrate. The Sounda-Kakamoéka mine was opened in February 1976. It was set up with technical and financial assistance from the Soviet Union and will provide more than 600 kg of gold (ingots) per year.

Mining at Djenguilé is open-cast and annual

production is in the region of 65 000 t. The ore is processed at the M'Fouati factory, with a final production of 30 000 t of concentrate annually.

The Yanga Koubenza deposit will be worked once the reserves at Djenguilé used to supply the factory have run out. Technical/economic studies are being carried out on the deposit.

The two deposits were discovered and studied by a geological mission from the USSR, which is continuing its search for mineral deposits in the Niari area.

Other socialist countries are helping the Congolese government with geological research. A Rumanian mission has completed prospecting for iron in the Mayoko area. A Bulgarian mission is still prospecting for a number of metals in the Mindouli area and its positive results could well prolong the life of the M'Passa mine.

The CPC (Congolese Potassium Co.) occupies an important place among mineral firms. The Holle seam, which it is working, is made up of layers of sediment 340 m deep which come to the surface at Mayombe and go down towards the ocean. Sylvinite reserves for potassium production are limited. Alongside this, scientific research is going on into the technical and economic possibilities of exploiting carnallite, a much more common mineral. If a marketable product can be produced from carnallite ore, then the Holle mine will be able to stay open for several years to come.

The Congo is rich in raw materials, but has not yet been methodically prospected. This is particularly true of the north. The mining industry has a good future and it seems clear that the work of mining specialists and geological researchers should prove very much worthwhile. ■

S.P.

(\*) Councillor at the Ministry of Mines and Energy.



# The development of indigenous entrepreneurs in Swaziland

by T.M.J. ZWANE (\*)

Soon after independence in 1968 the Government of Swaziland set as one of its development policy objectives the acceleration of the pace towards full economic independence. The background to this policy was that the modern economic sector was virtually dominated entirely by outside or foreign interests while the Swazis remained trapped in the traditional subsistence sector. It became obvious to the government that for the economic development process to be meaningful, it had, of necessity, to fully integrate the indigenous people at all levels of economic activity.

The Second National Development Plan, 1973-1977, states that "... deliberate policies must be pursued to encourage the growth of indigenous enterprise and to increase national participation in the management and financing of new industries".

To achieve these policy objectives the government has established a Small Enterprises Promotion Office (SEPO) and a Small Enterprises Development Company (SEDCO) which falls directly under the former. The latter's programme of activities includes the provision of factory shells and workshops to indigenous entrepreneurs in industrial estates, seven of them at present, located throughout the country. Assistance in the form of equipment and materials; marketing assistance; finance drawn from the local banks; training programmes.

By the end of 1975, the programmes for the development of small scale enterprises in Swaziland have been well laid out. These programmes assumed definite dimensions by the beginning of the Second National Development Plan. Pursuant to the mandates of Sepo/Sedco, the following contributions to the economic development of Swaziland are noticeable:

With a definite degree of success, Sepo/Sedco has lessened the dependency of Swaziland upon supply of imported consumer goods. The estimated total value of orders produced by the entrepreneurs under the umbrella of Sepo/Sedco from 1972 to 1975 shows a continuous growth:

Value of Orders Received (in Emalangenil) (1)			
1972	1973	1974	1975
E260 000	E359 841	E480 131	E797 615

These orders are for products locally manufactured in the various estates of Sedco ranging from garments, light metal engineering products such as agricultural implements, steel beds, motor vehicle parts, and wood products such as home furniture, school desks, office furniture, cabinets, etc. Aside from import substitution, a number of Sedco entrepreneurs are exporting their products mainly to the Republic of South Africa while two producers export to the United States and Western Europe.

In terms of employment generation the contribution of the small enterprise sector is commendable. From the standpoint of Sedco's contribution the 65 small independent business enterprises employed an estimated total of 363 full time employees in 1975 and 32 part time employees. This employment supports at least 1 975 people (assuming an average of 5 persons per family).

Another noticeable contribution of the small enterprises sector is the conversion of secondary materials into saleable finished products. The Sedco estate in Piggs Peak is a good example in this respect. In this estate the manufacture of wooden furniture uses only locally produced lumber. A survey on the performance of these entrepreneurs shows that 25 use locally produced raw materials and 23 import their raw material requirements. It is a modest beginning, but a good start nevertheless.

Another important Sepo/Sedco scheme that contributes to the economic development of the country is the introduction of small scale entrepreneurial activities in the rural areas of Swaziland to increase the number of wage earning opportunities and check the migratory drift of the rural population to the urban centres. In this respect the Sedco estates in Vuvulane, Nhlanguano, Hlatikulu and Piggs Peak have modestly contributed in this effort. In this connection these estates have also provided the needed services required by the population in the regions. In Vuvulane for example, the Sedco estate established recently is providing services to the people who are mostly farmers. Before Sedco stepped into the picture, these farmers had to go to Manzini, Mbabane or even to the Republic of South Africa for goods and services they badly needed. Now these services are located in the middle of their community. It is for this reason among many others that Sepo/Sedco is expanding the existing estates and planning to build new ones in other regions of the country.

(\*) Swaziland Ambassador in Brussels and Permanent Secretary for Mines, Industry and Tourism.

(1) Fourth study of the achievements of firms aided by Sedco — August 1974 - July 1975.



*The timber industry in Swaziland*

The expansion of Sepo/Sedco's physical plants continued as resources became available. Prominent among these are:

- The establishment of the first foundry in Swaziland at the Sedco estate in Manzini. Since a foundry is a basic industry for the further development of other industries, this foundry is planned to specialize in good quality castings according to the required standards. Besides the local industries, the potential markets for the foundry are the households and light farming equipment manufacture.
- Construction of a new estate in Vuvulane—this estate was created to cater to the local residents' need for goods and services.
- Repairs, extension and expansion of existing estates in Manzini, Piggs Peak and Mbabane to provide additional workshops for new entrepreneurs.

A very meaningful contribution of Sedco in the development of small enterprises in Swaziland is in the field of financing. Sedco has helped considerably

in the liberalization of capital formation for small scale enterprises. Access to Sedco's credit facilities has in many instances helped struggling entrepreneurs. From 1973 to 1975 Sedco has farmed out a total of E217 000.00 to finance small enterprises.

Another important Sepo/Sedco scheme for small enterprises formation is its efforts to get bilateral assistance from the more economically advanced countries. A good example in this field is the Swedish International Development Authority (SIDA) Through this organisation Sedco received E46 000 for the foundry mentioned earlier. Another project which is now in the pilot plant stage is the manufacture of wooden rulers at a cost of about E17 000. Other projects in the pipeline which have been studied and are classified as most likely to be established soon are:

1. A glasswork factory
2. Vehicle exhaust systems
3. Disposable protective clothing
4. Wire products
5. Chain-link fencing

This means that approximately E243 000 of the SIDA contribution to the project is expected to be utilised during 1975-1977.

Other manufacturing ventures are presently under study for future consideration to expand Sedco's industrialization efforts. Prominent among these are: processing of cotton seed oil, paraffin wax candles, whisk brooms, umbrellas, concrete pipes, bent wood from wattle, tie and dye printing of fabrics.

In terms of services provided by Sepo/Sedco to the small enterprises sector, the following are very prominent:

1. Management training—all entrepreneurs under the umbrella of Sedco have undergone training to upgrade their managerial skills. Corollary to this service, on the spot follow-up and consultancy service is provided to assist the entrepreneur in solving some of his day to day problems. Aside from the Sedco assisted entrepreneurs, other small businessmen outside of the Sepo/Sedco arrangements have availed of these services.

2. Technical assistance—this service provided the entrepreneurs with information on the right type of machines and equipment to purchase, training, and advises on operational problems.

3. Marketing is another field where Sedco extends assistance. Looking for suitable markets, helping in the sales effort, promotional activities etc. are extended to the small enterprise sector. This includes looking for export markets.

4. Quality control and productivity—part of the extension services provided to the small enterprises sector is quality control and improvement of productivity. Technical extension officers together with UN experts are imparting training and consultancy service to enhance quality and develop higher technological skills to increase productivity.

5. Industrial design and prototype development—this is another area where Sedco/Sepo offers assistance. Continuing product design is necessary to keep the existing enterprises competitive. This function is currently being done by Sepo/Sedco since at this stage the individual entrepreneurs do not have this capability. ■

T.M.J.Z.



# The International African Institute

The International African Institute completes half a century of high-level research into African languages and culture this year.

Based in London (at 210, High Holborn), and with members in 99 countries, the institute has sponsored a considerable and learned body of work on Africa since its creation in 1926, producing more than 300 volumes on African topics.

The appointment of Dr David Dalby as director of the IAI in 1974 marked a revitalisation and a change of direction for the institute, although its basic aim remains "to make the experience and knowledge of the most distinguished workers in African subjects in different parts of Africa, Europe and America available in increasing measure for all workers in this field".

The IAI is now turning its tradition of research to more practical use. If the reason for its foundation was to some extent to understand Africa better in order to administer it better, the conviction now is that the African context must be better and more widely understood if development assistance is to be effective.

This means understanding the cultural confrontation involved in international cooperation. Development is generally conceived in economic terms; there are grounds for arguing that this is not simply because it generally aims at economic results, but because there is no readily available yardstick for measuring development apart from the economic scale. A body such as the IAI can provide the cultural and sociological background that tends to be missing from development

planning initiated outside Africa, and Dr Dalby is convinced that without a thorough knowledge of this background, Western development workers are inevitably open to misconceptions: "there is a danger that much of the wisdom collected by African peoples, faced with their environment for a very long time, will be overlooked or even lost".

The academic rigour that characterises the IAI provided Africanists in 1927 with the institute's International African Alphabet, which has been adopted for 60 languages. The IAI now aims not only to promote such scholarship but to apply it, by collating research, identifying in what areas it is needed and acting as a catalyst to put that research into action. Evidence of this is the creation of the institute's new Language and Education Unit, to study the use of African languages in education, and its Environmental Review Unit, which has already produced a number of well-received studies on current development problems.

The IAI has recently helped run a number of seminars on cultural and educational cooperation. Language remains the principal expression of culture and Dr Dalby, a linguist, feels that "the role of European languages in Africa needs to be reassessed. Obviously European languages, particularly English and French, will always have a vital role to play in the affairs of all African States. But there is an increasing demand for a re-evaluation of the role of African languages alongside European languages".

He explains: "it is only through language that one can have a full understanding of cultures and cultural values... African societies are realising increasingly that European languages are very useful for international contact, for Western concepts and for Western education, but are by no means ideal or suitable when it comes to discussing African values and cultures, and an African appreciation of an African environment".

This emphasis on the African contribution to scholarship is reflected in the organisation of the International African Institute, which Dr Dalby describes as "a loose international body". The executive council has 15 African members and another 17 from a variety of countries, while the chairman is Dr Jacob Ajayi,

vice-chancellor of the University of Lagos (Nigeria), and the vice-chairman is Monseigneur Tshibangu Tshishiku, Rector of the National University of Zaire. Although there are only a dozen or so permanent staff at the institute's headquarters, the aim is to have 25 fellows, mostly African academics on sabbatical leave, working there together, and this has already been partly achieved.

The IAI is financed by modest contributions from foundations and a number of countries, several of them African, and it is naturally hoping to step up its budget on the strength of the work it has done so far on its limited means. After making a reputation in the social anthropology field in the '30s, the institute seemed to be drifting into the academic backwaters until recently. Now it is taking a new lead in mobilising scholarship in the service of development, with a firm emphasis on the African contribution.

## Coming down from the ivory tower

To quote Dr Dalby: "anthropology has to some extent retreated into an ivory tower, just as linguistics has. This is part of the crisis of these developing disciplines, faced with a changing situation where increasingly the more important scholarship in the future is going to be done by people who came from the communities under study, and who view them from within. This is not to say that the non-African scholar doesn't also have a role to play. If he is of the best calibre, he should have an objectivity and a comparative view to apply which should be of value, if it is done in conjunction with people who are themselves speakers of the languages and members of the communities involved".

With its interdisciplinary and international approach to the study of Africa, the IAI is well placed to expand its work on the cultural aspects of development and it has given a convincing new drive to its long tradition of African scholarship. With more support it could be well on the way to recapturing its early lead in a field which is increasingly recognised to be an essential aspect of development. ■ B.T.

# TOGO

## The EDF in the Kara region

Agricultural development in this area was always slow and unsteady, but over the last few years the economy has expanded very rapidly.

In 1973, an agricultural project, financed by the European Development Fund, got off the ground and the first results were so conclusive that people now talk about the "Kara model". What is in fact happening in this area?

First of all, let us look at Togo as a whole. It is divided into five economic regions which are, from south to north:

- the maritime region;
- the plateaux;
- the centre;
- the Kara region;
- the savannah.

A Sorad (Société Régionale d'Aménagement et de Développement — Regional improvement and development company), along the lines of the Regional Development Organizations in Upper Volta, has been set up in each of these regions.

Kara is in the north of the country between the savannah and the centre. It gets its name from the river Kara which crosses it from east to west, covers upwards of 4 200 km<sup>2</sup> and is the smallest of the five regions. The climate is semi-humid tropical with a rainy season lasting five months and a dry one lasting seven. Productive land is not well distributed—only about 50% is suitable for agriculture—and the area is dominated by mountains. This makes worse the difficulties facing the population in its daily search for survival.

Nature has not been kind to the region and the soil is poor, although the popu-



*Growing maize in Kara (Togo)*

lation is large, with more than 300 000 inhabitants and in some cases, a density of 100 people per km<sup>2</sup>. For years now there has been a move away from Kara to the south, especially towards Ghana. This migration is seasonal and involves 16%-17% of the male population every year.

Added to all this, agricultural production, mainly of cereals, never provides enough food. Traditional methods of agriculture are totally unable to cope with what, in spite of the massive number of migrants, is an ever-increasing population.

With this in mind, and with the clear intention of helping the Togolese gov-

ernment find solutions for Kara's problems, the European Development Fund agreed to finance an agricultural development project.

The project was to improve the Kara valley. It was scheduled to last three years and got under way in February 1974 with the arrival of the technical assistant from the Autoprogress consultancy in Bonn in Germany. The main aims of the project are to:

- i. relieve the pressure in the overpopulated Kabyès mountains by settling 200 families down in the practically deserted Kara Valley;
- ii. step up agricultural production in the area;

The material used under this heading is taken principally from the reports of Commission delegates in the ACP.



iii. provide a testing ground for implementation of the decree on the reform of rural areas issued on 22 February 1974.

Practically speaking, the following should be completed within the three-year period:

(a) the clearing and working of a 600 ha area at the rate of 3 ha per family;

(b) the building of shelters for the 200 families;

(c) the sinking of 20 wells—one for each group of 10 families;

In addition to what has been bought in this way, the Sorad helps out with its own equipment:

- 1 D4 bulldozer;
- 2 tractors with trailers;
- 3 water tanks on wheels.

The project may also have the temporary use of two more tractors with ploughs to help with the early stages of tilling and of the Sorad truck for transport purposes.

The technical assistant also has a Peugeot 404 van.

### PLAN OF WORK

Type of work	Year I	Year II	Year III	Total
I. Number of peasant farmers to be settled	30	70	100	200
II. Area to be cleared and worked (in hectares)	90	210	300	600
III. Wells	3	7	10	20
IV. Shelters	60	140	200	400
V. Storages sheds	2	3	5	10
VI. Tracks & bridges etc, to be determined as needs arise				

(d) the building of roads (including bridges etc) with a view to opening up the area in question;

(e) as far as crops are concerned, the boosting of food crops such as millet, sorghum and rice. Industrial crops for export, such as cotton and groundnuts, will be introduced at a later stage once the peasant farmers are properly settled.

### The project is, in fact, a small one and involves the following means

#### Equipment

The project owns the following equipment:

- 1 Caterpillar D6 bulldozer with a GS bull and a 3-tooth ripper;
- 1 Rome plow;
- 1 Peugeot 404 pick-up.

A 5 t Ford truck has just been bought from project funds.

#### Financial means

Total cost of the scheme has been fixed at CFAF 127 500 000.

### Achievements and results

#### Year I — 1974

1. When operations began, 30 families from the mountains (the Bohou, Yadé and Pya cantons) were brought in and each provided with 2.5 ha of land which had been cleared, tilled and harrowed.

Agricultural production was good: sorghum: 800 kg per ha (as against a regional average of 400 kg per ha); rice: 1 300 kg per ha (as against a regional average of 800 kg per ha).

The migrants also introduced crops of their own—manioc, yams, groundnuts, beans and other vegetables.

2. Five wells were sunk to provide this new population with water, and the access road was realigned and improved.



*Spreading the technique*

#### Year II — 1975

1. The 30 families who arrived during the first year were permanently settled and housing (at a cost of CFAF 180 000 per unit) and a school for more than 80 pupils, the children of migrants and local inhabitants, were built.

The following infrastructure work was carried out:

- i. a 10 km track from Kadjalla to Agbassa was completely relaid;
- ii. a storage shed was put up at Agbassa;
- iii. 4 wells, including one more than 30 m deep, were sunk;





of ploughing at Kara

Task	Complete		In progress
	12 . II . 74 to 31 . III . 75	1 . IV . 75 to 31 . III . 76	
			1976
— provisional installation of families	30 (-2)	53 (+2)	118
— permanent installation of families	—	28	55
— construction of housing in solid materials	—	15	68
— construction of storage sheds	—	4 (including a school)	5 (including a school)
— sinking of wells	5 (without surrounds)	8	8
— improving access roads	—	10 km	20 km
— bridges etc on these roads	—	2	4
— new service roads	—	10 km	20 km
— land clearance and initial tilling	60 ha	322 ha (200 ha not tilled)	350 ha
— yield kg per ha			
— farmers year I sorghum	800	700 (350)	
paddy rice	1 300	—	
— farmers year II sorghum	—	850 kg/ha	
paddy rice	—	1 900 kg/ha	

### Year III — 1976

The situation is as follows:

- i. more than 300 ha have been cleared and tilled;
- ii. 2 storage sheds have been built and 2 more are going up;
- iii. 2 wells have been sunk.

The project has 500 kg of sorghum seed in hand (of which 219 km come from the IRAT, 9 tonnes of C 74 paddy rice seed and 6 tonnes of Ainantchen (a Chinese variety) rice seed.

More than 120 families have been installed without any problems. They include 13 Lamba families, the traditional inhabitants of the area, who will now be able to adapt the new techniques.

**This, then, is the outline of the project, a model in the history of agricultural development of the Kara region.**

The results are positive and the increase in the yields obtained by the peasant farmers between year I and year II are spectacular. Moreover, the average monetary income of these migrant farmers in year II was as much as CFAF 100 000, reaching CFAF 230 000 in the most successful cases.

The enormous enthusiasm generated by the scheme can be measured by the huge influx of peasant farmers who have come down from the mountains over the last year.

The Kabyes peasant farmers are being properly settled in their homeland, they are being provided with land and helped to produce the food they need and the exodus from the region is being slowed down. All this is being done by the Togolese government, with the help and financial backing of the EDF, and the battle for the development of the Kara is being won. ■

iv. the plan for a dispensary was submitted to the authorities.

The first 30 families were given more practical information on agricultural matters, there being one instructor for each group of 15 farmers. This led to the following quantities being produced:

sorghum : 850 kg per ha;  
rice : 1 900 kg per ha.

2. A further 55 families were settled in the Agbassa and Alloum areas. They will be unable to match the production figures of the first batch until next year.

As far as infrastructure was concerned, 20 km of new tracks were laid and 2 wells sunk at Alloum.



## The World of Islam Festival

A remarkable exhibition now closing in London has helped to bridge the gap between the world's two biggest religions, Christianity and Islam. The "World of Islam" exhibition was the most comprehensive of its kind ever undertaken and it is unlikely that such a display of Islamic culture could ever be assembled in the West again.

The display was more of a festival than an exhibition, with a dozen museums and galleries showing collections of Islamic artefacts while television programmes, lectures, recitals, school and university courses and special publications provided a background commentary. Exhibits were brought together from 30 countries and the preparations took seven years. The £2 m budget for the show was provided by the Moslem countries themselves. The exhibition was opened by Queen Elizabeth on April 2.

There are 25 million Moslems in Europe, and yet the popular Western idea of the world of Islam is vague at best. Carpets and camels, turquoise and arabesque, oil sheiks and the Middle East conflict are the images of a civilisation that stretches from the Atlantic to the South China Sea and from Mongolia to Senegal. French families eat their croissants unaware that they are symbolically continuing the crusades, and tourists in Arabia giggle at the headless figures on pedestrian crossing lights unaware of their religious significance. The contact between Christianity and Islam is so an-



cient, the historic conflict between them has been so bitter, the contributions of Islam to the West are so various and the scholarship of European Arabists, especially in Britain, has been so eminent that this ignorance of Islam, especially in its essential form as a religion, seems unpardonable.

A century after Mohammed's death, Islam had reached France and China. The first translation of the Koran into a European language (Latin) was made by an Englishman in Spain in the 12th century and Islamic studies were well established in Europe by the Renaissance; but when the tide of history swung the other way and the Cross finally overwhelmed the Crescent in the vanguard of the industrial revolution, Islam turned in on itself and seems to have suffered what one British Moslem describes as a "moral collapse" and a "monumental inferiority complex". Its political demise was as sudden as its rise: the Ottoman empire was dismantled within living

memory. The ancient faith and arts remain and the modern politics of Islam are in the making.

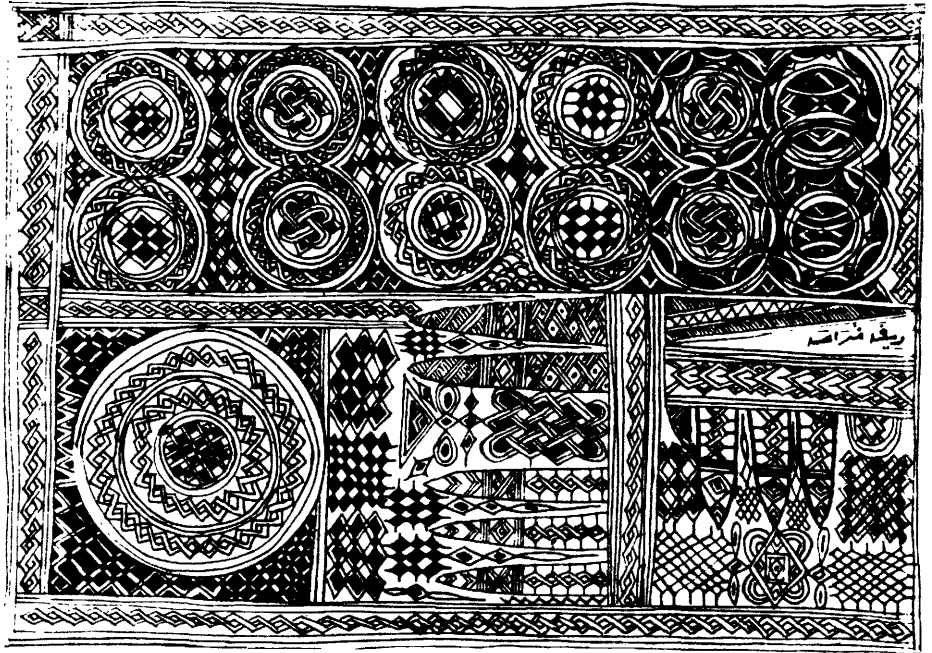
The "World of Islam" exhibition contained little material later than the 16th century, although a few collections went up to the 18th century. The organisers were reluctant to include modern manifestations of Islam in a cultural festival because of their political aspects, and all that was modern was the craftsmanship of desert peoples working according to tradition. Nonetheless, modern Islam made itself felt if only by its absence, and it is instructive to find under construction in Regent's Park in London a magnificent new mosque, which will be the headquarters of the faith for European Moslems—a faith which is expanding rapidly, despite some disaffection among the young, and which is the rallying point for much of the solidarity among developing countries.

The focal point of the exhibition was the "Arts of Islam" collection in the

Hayward Gallery, where more than 600 exhibits illustrated the theme of the unity of life and religion as expressed in Islamic art. This basic simplicity underlies the sumptuous decoration of the carpets, metalwork, pottery, woodwork, masonry and jewelry, and also the architecture, represented there by a breathtaking slide show. Visitors were brought back to first principles: that calligraphy ("in the beginning was the Word") and architecture are the highest forms of Islamic art, and that realism must not be expected in the figural work because the artist may not usurp the role of the Creator. The different forms of decoration—calligraphic, geometric, arabesque and figural—were distinguished, and the sense of serenity was always felt, whether in the intricate harmony of the endless decorative progressions or in the recurrent motif of the garden of paradise with its spiritually cleansing water.

Much of the craftsmanship was made possible by Islam's commanding lead in the sciences. The "Science and Technology" exhibition in the Science Museum gave a glimpse of the fascinating achievements of Islamic scholars in a variety of scientific disciplines, and illustrated how far the political unity of Islam—a unity cemented by the pilgrimage to Mecca—made it the melting pot of the discoveries of other civilisations, notably the Greek, Indian, Persian and Chinese. Translation into Arabic of Greek science formed the basis of much of Islamic technology and the adoption from India of 'Arabic' numerals made mathematics a master-key to Creation, not only for Islam but also for a Europe which was discovering Aristotle for the first time in Arabic translation. Islam laid the foundations of algebra (one of so many Arabic words imported by Europe), trigonometry and optics, developed cartography, irrigation, medicine and astronomy and made astrology and alchemy part of everyday life; but its greatest scientific contribution was probably in chemistry, based on the achievements of its doctors, metallurgists and perfumers.

The other exhibitions in London included 164 treasured copies of the Koran, still held to be the model for written Arabic, at the British Museum; a mock-up of an Arab street and a nomad



*A Haussa embroidery : the style is African but Islam has banned its figurative elements (1)*

tent in the "Nomad and City" display at the Museum of Mankind, which emphasised how much Islam is characterised by its establishment on the edge of desert lands; and exhibitions of musical instruments, Indian paintings, Persian metalwork and carpets and traditional craftsmanship.

These exhibits took four years to bring together. The last major exhibition of Islamic art was held in Munich in 1910 and was largely made up from private collections in Germany and Russia. The "World of Islam" festival was the largest multiple exhibition ever mounted in Britain, with over 2000 exhibits from more than 250 collections and libraries, and apart from its aim of presenting Islamic culture in its entirety, it represented a rare exercise in diplomacy and cooperation. Time and money were not unlimited, however, and Africa south of the Sahara, south-east Asia and Indonesia could not be represented as fully as was hoped. Turkish art was also absent, Turkey having recently banned all loans abroad. Although the festival was planned well before the oil crisis, it is striking that the political climate of the time seems only to have confirmed the generous cooperation of the Moslem countries and increased the exchanges between European and Arab scholars.

Modern European art must seem a

spiritual waste land beside the religious integrity of the arts of Islam, an integrity reflected in a unity of style which sometimes makes it hard to place objects from as far apart as Cordoba and Baghdad. But the festival was devoted to the classical and the traditional. Today's Arab street scene has little of the serenity of the "rose red city, half as old as time" that stood in the wake of the extraordinary rise of Islam. New mosques are going up around the world, from Penang to London, as evidence of Islam's spreading influence as a religion. In politics, from Colonel Gadhafi's Libya to the Black Moslems of America, Islam is a focus of unity. But how deeply has Islamic culture been fragmented by secular nationalism and contact with the West?

The culture that gave the world Arab science, Persian art and Turkish administration, besides its oldest university (Cairo), cannot have foundered for long in the gaudy opulence of petrodollars and the raucous banality of popular radio stations. The "World of Islam" festival, beyond bridging a gap, is evidence of the pride the Moslem countries take in their own classical world picture and of their determination to reassert their identity in other fields than the politics that have brought them to the headlines in the last few years. ■ B.T.

(1) Illustrations from "Jeune Afrique", July 30, 1976.



## MONTREAL 1976

# The devaluation of the Olympic Games

So the 1976 Olympic Games opened in Montreal in July without Africa, except for the Ivory Coast and Senegal, and without such other countries as Guyana which withdrew in solidarity with the African countries.

### The basic rules

To understand the Africans' attitude calls for a look at the basic rules of international sport and of the Olympic Games.

The United Nations charter, and better still that of the International Olympic Committee (IOC), actively condemn all forms of racial segregation in sport. The members of the United Nations Organisation, except for South Africa and Rhodesia, and those of the IOC are committed to observing the basic rules of sport and of the Olympics to which they have subscribed.

### Africa can stand no more

South Africa and Rhodesia do not respect these rules. In these two countries racism, built into a political system called apartheid, is naturally applied to sport as to the rest of their economic, political and social life. Although they have been excluded from the IOC, South Africa and Rhodesia have never been prepared to consider sport without racial segregation. And to maintain this terrifying policy on the international scene, these two countries have unceasingly cultivated bilateral sporting relations with certain other countries, in violation of the Olympic and UN charters. Some chairmen of the IOC, such as Mr Avery Brundage, wanted to admit Rhodesia to the Munich Olympics. From now on, what will



*Julius Sang of Kenya, 4x400 m gold medalist in Munich, lost his chance of defending his title in Montreal*

be the position of the new chairman, Lord Killanin?

Racism is a running sore in the hearts of Africans and black people everywhere, and its development not only elsewhere but on the soil of Africa cannot be tolerated any longer by people whose whole history throughout the world has been one suffering and indignity. Africa can stand no more. Neither in Munich in 1972 nor in Montreal this year did Africa wish to participate in the Games, and so give free reign to those who play a double game: condemning racism in theory, while increasing their relations and sporting contacts with these segregationist countries in complacent indifference.

### Sport is inseparable from politics

New Zealand has sent a rugby team to South Africa, disregarding all the morality of sport and shortly after the Soweto incident at that. Instead of attacking this, the commentators have

preferred to express their indignation at the firmness of Africa's attitude. But there can be no compromise on this question. Africa's boycott of the Olympic Games is seen as mixing sport with politics. That is an utterly mistaken idea. Even if we have tried to keep sport and politics apart in the so-called modern age of the Games, which is certainly in everyone's interests, it is no less true that sport has always been an eminently political activity. And the whole history of the Olympics over 25 centuries proves it. Some examples:

Contrary to the usual belief, even in antiquity hostilities were not suspended during the Olympic Games. In 480 B.C., Leonidas and his 300 Spartans were being killed while their compatriots were breaking records at Olympia. Alexander the Great let the Macedonians and athletes from conquered oriental countries take part in the Olympic Games, but excluded slaves. In Hitler's Germany in 1936, *der Sieger* (the victor) could only be a "superior" man in the *Führer's* eyes, i.e. an Aryan (the "pure race"). Just as in Pretoria. The Jews wanted to boycott the 1936 Games in Berlin because they were organised by a regime of which they were the principal victims; Avery Brundage said of them, "it is time some Jews understood that they cannot use these Games as a weapon to boycott the Nazis". In 1972, "East Germany maintained with all the ease in the world that the triumph of its sportsmen in Munich proved the superiority of its political system".

Pierre de Coubertin himself did not revive the Olympic tradition solely in the ideals of sport. The baron was a fervent nationalist and, according to writer Erich Segal, "Pierre de Coubertin was deeply struck by the French soldiers' lack of preparation for the 1870 war; he thought athletics at school would prepare the French youth to beat the Prussians". So, according to Pierre de Coubertin, sport should develop the qualities necessary for war. In 1896 the French gymnasts declared that "in the name of their patriotism, they would not go to the Olympic Games in Athens if the Germans were there".

And in 1976, it was not purely because of the Olympic ideal that Formosa withdrew from the Olympic Games after being refused permission to take part under the name of the "Republic of China", and that the United States

This article by Lucien Pagni, who is Cameroonian, gives a clear explanation of the African position — Ed.



threatened to boycott the Games unless the Canadian government gave Formosa satisfaction.

So it was very logical of Cameroon's President Ahmadou Ahidjo to say "sport cannot be separated from politics". How can it be otherwise, when nations and not individual athletes are represented at the Games and when such enormous financial, material, psychological and in particular medical means are employed in their organisation and in preparing for them? The huge scale of the Olympic Games is in itself political, in that it segregates off the "small" nations who cannot afford to hold them on their territory and so show the world's sportsmen what the real fraternity of athletics is. This is the sad truth of the present state of the greatest sporting occasion in the world, when one would have thought civilised men were better able than the peoples of antiquity to solve the terrible problem of racism, which is nothing but barbarism.

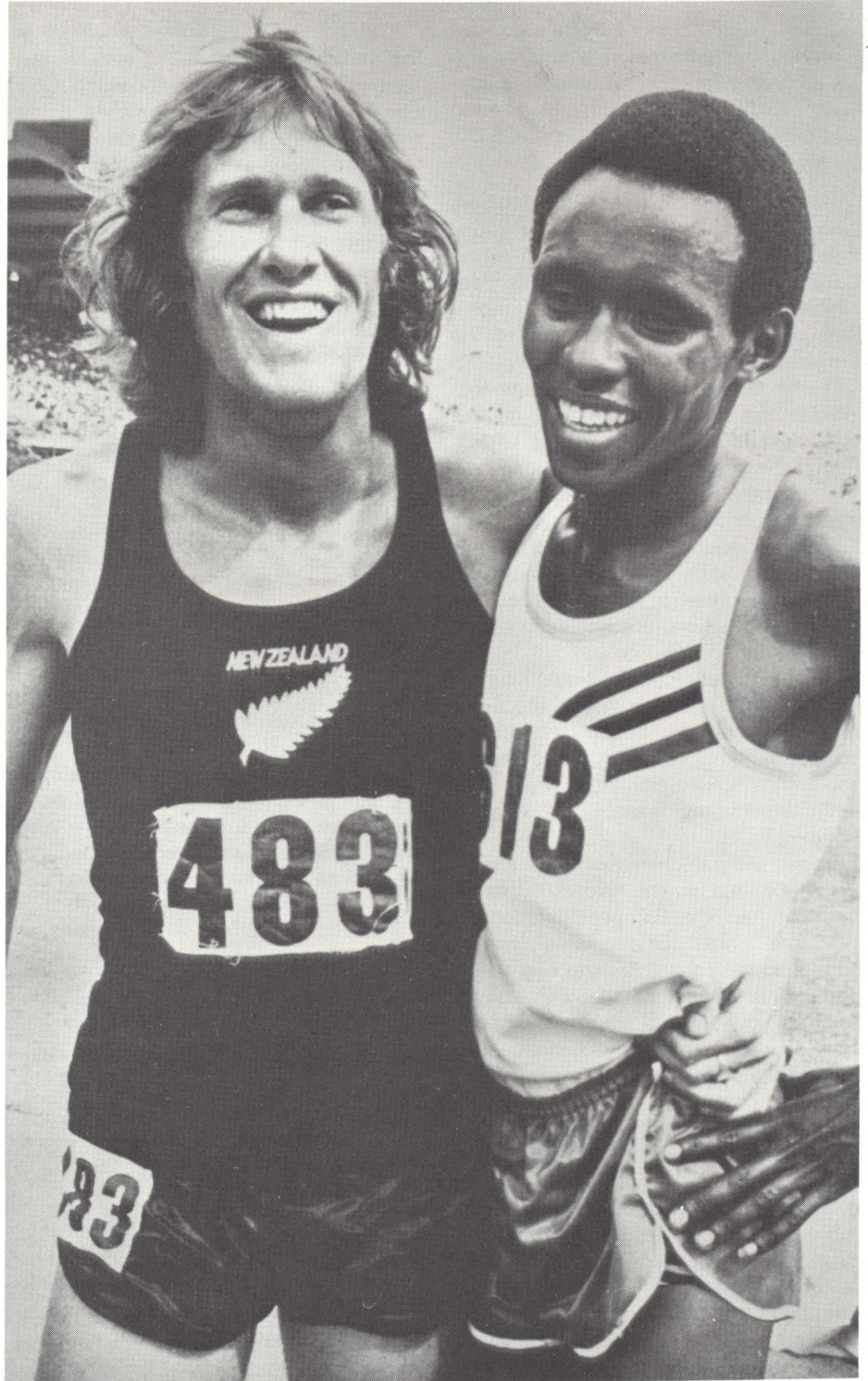
### To overcome racism

Racism will never be defeated, even in sport, unless those who are directly concerned and are its victims fight it resolutely and everywhere, as others did in other times. The attitude in Montreal of the African countries and of those who showed solidarity with them, either actively or morally, should be the beginning of an invariable position as regards South Africa, Rhodesia and any country maintaining sporting relations with the countries of apartheid. For, as a Brussels newspaper commented, "the boycott by the African countries could appear to be an empty threat because in general they are not adopting a firm attitude". So it is necessary to know one's own mind and to apply decisions such as those put forward by Prime Minister Michael Manley of Jamaica, calling for "the systematic penalisation of any organisation, team or individual maintaining sporting links with South Africa".

So as not to frustrate the athletes from the countries which could not take part in the Olympic Games for these reasons, the African Games, with the participation of all the countries that have agreed to fight racism in sport, should be given new impetus, with all necessary means to raise the sporting quality, level and spirit of the participants.

Only a truly sporting spirit and the refusal of any compromise on racial segregation will allow Africa to beat apartheid and help save sport and international peace. ■

L.P.



Filibert Bayi and John Walker

*At Christchurch, New Zealand, in 1974. If the New Zealander and the Tanzanian 1500 m world record holder were in South Africa, they would never have met on the running track*



# BOOKS

K.J. TWITCHETT. — **Europe and the world: the external relations of the Common Market.** — Europa Publications Ltd, 18 Bedford Square, London WC1B 3JN, 1976 — 210 pp. £ 5.00.

In his foreward, Georges Thomson, who is both a Commissioner of the European Community and chairman of the David Davies Memorial Institute, for which this book was published, underlines once more the importance of the British referendum held last year. "In fact the British are basically outward-looking" he says, and in relation to this confirmed membership it seems to him that in the field of external relations "the case for being part of an effective EC is stronger rather than weaker".

Recent developments in international economic relations and the already well established presence of the EC on the international scene, are analysed by six contributors to this book.

In the first contribution Kenneth Twitchett states that although the Community as a whole already has well developed external relations, it has not yet achieved a real foreign policy on a level with its economic impact on the world scale.

Roger Morgan then examines one of the major areas in the field of EC external relations: the European relationship with the United States. This chapter, combined with the following one where John Pinder examines the EC attitude towards centrally planned economies, makes it clear that the achievement of European union is not only desirable but fully necessary.

Avi Shlaim, analysing "the Community's own backyard, the Mediterranean basin", found it as yet impossible to evaluate the influence of the new Maghreb agreements. Still he claims that former activities of the Community might be considered as a European attempt "to build up the Mediterranean as an exclusive Community sphere of influence".

The fact that these Maghreb agreements and the expected Mashrak agreements are part of the same policy as the Lomé Convention, as Claude Cheysson made clear, might be reasons for reconsidering this approach.

The Lomé Convention, considered as the starting point of that policy, is studied by Carol Cosgrove-Twitchett in chapter 5. The different forms of agreements before the convention and the main provisions of the Lomé Convention itself are analysed, and the importance of the Stabex scheme is emphasised. In chapter 6 the same contributor examines the possibility of a real Community development policy on the world scale, and what has been done so far in this field.

Finally, what EC membership means to the making and implementation of British foreign policy is covered by F.S. Northedge. The constructive international role Britain could and should play here, in alliance with its EC partners, is underlined, with the proviso that "the effectiveness of British foreign policy would be increased if that policy were framed in a Community content".

Reading this interesting book, not only for its detailed description of present Community external relations but also for the valuable criticism of the lack of political will to go further, underlines once more the importance of developing a real foreign policy. Such a policy would match the expectation of most non-EC States, who generally see the Community as already more unified than it is.

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Giuseppe VEDOVATO. — **Studies of development problems—in the series Rivista di studi politici internazionale.**—Florence, 1974, 229 pages.

In the first chapter, Professor Vedovato, head of the Consultative Assembly of the Council of Europe, sets out the political consequences of decolonization. He then goes on to outline the history of

democracy in the new states of Africa and to look in more detail at the links between Africa and the EEC. The recommendations in the Pearson (World Bank) and the Jackson (UN) reports are analyzed by the author as an introduction to his own report on cooperation and development which was submitted to the Assembly over which he himself presides.

The author provides a concise summary of aid to Africa. He wishes to arrive at a concrete, coherent and realistic strategy and summarizes a number of proposals from the above reports.

Relations between Europe and the Third World are based on a global policy for financial cooperation and trade and the author stresses the importance of this for the whole development strategy and for the training of technical/economic management staff in the developing countries.

Professor Vedovato suggests that agriculture is the foundation on which the poorer countries must build their economic development.

A glimpse of national systems of and international plans for guaranteeing private investments in the developing countries and a rundown on Italian technical cooperation complete this series of studies—which provide proposals and suggestions giving concrete proof of the author's humanitarian approach.

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**Quaderni d'informazione series** — Istituto Italo-Africano — Via Ulisse Aldrovandi, 16 - 00197, Rome.

This series opens with a collection of monographs on African countries—Togo and Nigeria in 1974 and Cameroon, Gabon and Somalia in 1975. Its aim is to provide the interested reader with up-to-date information on the countries of Africa. They have been produced by the documentation centre at the Italo-African Institute and they contain facts and basic data on institutional and economic life in the countries covered. The authors

look upon the works as a basis for the writing of other reports of whatever type—professional, academic and so on.

The monographs contain maps, tables and up-to-date statistics and contribute very usefully to our knowledge of Africa.

The institute has just brought out another publication, **Africa d'Oggi** (Africa Today, 2nd revised edition), in which the authors, Giuliano Cominardi and Paolo Ducci, describe regional and continental organizations and the dependent territories of Africa.

The ever-increasing number of supra-national institutions means that we tend to talk in sets of initials, while forgetting what they actually stand for. The meaning of these sets of initials of African organizations is clearly set out in this practical handbook. A description of member countries, structures, principles and recent development of these various bodies, all illustrated with maps, provides basic information that is too often lacking.

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**The Battle of Destiny: Speeches and interviews by Colonel Moammar Gadhafi.** — Kalahari Publications, 607 A Grand Buildings, Trafalgar Square, London WC2 — £ 3.

To Colonel Gadhafi and his fellow-soldiers, the overthrow of the Idris monarchy in 1969 was the beginning of a revolution which was rapidly and radically to transform the life of every Libyans, or mean nothing at all.

In this collection of his speeches and interviews over the past four years or so, Colonel Gadhafi talks about religion, politics and Arab unity, arguing that nationalism and religion are mankind's principal motivating factors.

Gadhafi comes through as a dedicated man of disarming simplicity who is well aware of the problems he faces; he repeatedly resigned from the Revolutionary Command Council, and in this book he explains why. A hero to many of the rising generation, not only in Arab countries, this collection gives a clearer understanding of a leader often described as "unpredictable".

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G.M. CARSTAIRS AND R.L. KAPUR. — **The Great Universe of Kota.** — The Hogarth Press, 40, William IV Street, London WC2N 4DF — 174 pp. 1976 £ 5.50.

Development brings change and change brings stress. This study of stress, change and mental disorder in an Indian village points to one of the great shortcomings of development policies measured in economic terms and makes a brave attempt to provide a different kind of measurement—a psychiatric scale.

The authors basically ask, does development drive people mad? Their highly professional study of the effects of change on one community is firstly an exercise in assessing normal and abnormal behaviour across cultures where norms are very different, and secondly an indictment of health planning that takes no account of psychiatric treatment: "ideally, any system which offers basic health care at the grass-roots level should include the recognition of common forms of mental ill-health".

The working methods of the study

will be of particular interest to psychiatrists and sociologists, but "Kota" is written for the general public in a common sense manner. It dismisses the Romantic idea that there can be little mental illness in rural communities close to nature—no, development does not drive people mad, but it can help—and calls for the recognition by health planners of the prevalence of mental disturbance.

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Siradiou DIALLO. — **Le Zaire d'aujourd'hui (Zaire Today).** — Editions Jeune Afrique, Paris, 1975, one volume 13.5x28 cm, 263 pages (110 in colour).

It is not easy to capture and put across the "image" of a country as large as Zaire, with so much rich and varied human, natural and socio-economic resources. But the author has painted us a fine panorama in three parts—towns, natural sites and a journey across Zaire.

The magnificent photographs—mostly by Attar M. Abbas—have greatly contributed to illustrating the wealth of culture, fauna and flora and the countryside in general.

For readers from more temperate climates, this richness of colour is enormously impressive. The choice of illustrations, the 16 beautifully clear planned routes plus the lucid, well-presented text make this an instructive and practical book. We look forward the next in the series, on the Ivory Coast.

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