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SUMMARY

Africa faces severe economic and social problems. The results of two Development Decades have been disappointing. Its considerable natural resources are ill-exploited or unexploited, barely known.

African countries have been hard hit by the international recession and the 1980-82 slump in commodity prices. Their food situation is increasingly precarious, made worse by drought, which has afflicted Southern Africa and the Sahel in particular. Their deteriorating trade position is coupled with a deepening insolvency, many of them are now finding it impossible to pay for imports vital to the very functioning of their economy.

These short-term survival problems are accompanied by disturbing long-term trends, the consequence of soaring population growth, rapid urbanization, and environmental deterioration.

Africa has reached a critical stage in its affairs, and events have brought home to its leaders that if the tide is to be turned, the priorities and approaches adopted at the time of independence must be reconsidered.

New development priorities for Africa were accordingly spelled out in the 1980 Lagos plan of action: greater self-reliance; self-sufficiency in food; less reliance on imported energy; an industrialization process geared to domestic markets; and more regional cooperation.

The need now is to translate these principles into sectoral strategies and policies which will gradually relax the stranglehold of present constraints.

The countries of Africa are well aware that they have to rely primarily on their own efforts, but the necessary policy changes

and socio-economic reforms will only succeed if they are backed up by more, and more suitable, outside aid.

Europe's position, history, economic and strategic interests and formal ties give it special responsibilities towards Africa of which it cannot divest itself unilaterally.

The difficulties and challenges facing Africa make it incumbent on Europe to take that relationship further, consolidating the Lomé Convention and refashioning the Mediterranean policy. Europe's contribution to the development of Africa must rest on two foundations - aid and, if it is to be effective and durable, mutual interest.

Not only does Africa need a larger volume of aid, that aid must be made more relevant and more effective. At the moment, Europe provides assistance in two main forms: one is food aid and emergency relief, and the other is support for development policies. A new priority must now be added, in the shape of help from the Community and its Member States in halting desertification and preserving Africa's natural environment. Otherwise there is a danger of the whole exercise being jeopardized.

But European support for Africa's development must go beyond the provision of aid, to become manifest in the field of economic relations as well. The Community must offer more stable and predictable arrangements for trade with African countries. There is a need to develop more ambitious policies and action in all the areas where complementary resources and interest permit, in mining, energy, fisheries and industry. European investors must step up considerably their involvement in the development of Africa's productive resources. For this, however, the conditions first need to be right.

The present paper contains a review of the situation, an analysis, and some suggestions. If the Council were to express its agreement with these guidelines, the Commission could make some more specific proposals later in the context of the different cooperation agreements which link the Community with the African countries and also regarding the application of the other instruments which it administers.

INTRODUCTION

There are many Africas. Mediterranean Africa has characteristics not found in countries south of the Sahara, where political, economic and cultural patterns likewise differ widely. Nigeria alone has a population of over 80 million; there are twenty-five countries, on the other hand, with a population of under 5 million. Some countries are oil- or mineral-rich, others lack such resources. There are coastal states, and also a large number of landlocked countries. There are countries on the way to industrialization and others - the majority - still wholly agricultural.

This enormous diversity must be taken into account in analysing Africa's situation and devising a response.

Yet underlying all the diversity is a physical and geographical unity, and the historical legacy; the recent decolonization, the structural similarities of the highly extraverted economies, agriculture-based, heavily dependent on exports of a few commodities, and the high population growth rates. These factors pose similar development problems everywhere.

However, Africa's underlying unity is not simply a fact of life, but an economic and political necessity in this age of division into geopolitical blocs. A divided Africa would be without influence on world affairs and would be dangerously exposed in turn to influence from abroad. A balkanized Africa could never progress in economic and social development, for it faces problems that no country can hope to solve alone. Even in such troubled and difficult times as these, African unity is regarded as a top priority by all African leaders.

The European Community, by reason of its own nature and its ties with so many of the African countries under the Lomé Convention and the Mediterranean agreements, cannot turn a blind eye to that movement towards political and economic unity of which the Organization of African Unity is an outward expression.

Hence this Communication.

Africa faces severe economic and social problems. The results of two Development Decades have been disappointing. African countries have been hard hit by the international recession and the 1980-82 slump in commodity prices. Their food situation is increasingly precarious and has recently been exacerbated by drought.

These short-term survival problems are accompanied by disturbing long-term trends, the consequence of soaring population growth, rapid urbanization, and environmental deterioration.

Africa has reached a critical stage in its affairs, and events have brought home to its leaders that if the tide is to be turned, the priorities and approaches adopted at the time of independence must be reconsidered.

But the new development policies in Africa cannot succeed unless they are backed up by more, and more suitable, outside aid. Europe has special responsibilities in this connection. Aid, however, is not enough; European investors must also step up their involvement in Africa.

The difficulties and challenges facing Africa make it incumbent on the European Community to refashion its Mediterranean policy* and extend the scope of the Lomé Convention. Such is the purpose of the Commission's proposals on the implementation of a Mediterranean policy for the enlarged Community, and such is the aim of the current negotiations for a new ACP-EEC convention.

Africa's problems are a major area of concern for the Community. However, it must be quite clear that this concern must not be at the expense of the Caribbean and Pacific countries, also parties to the Lomé Convention, whose problems are in many respects similar to those of African countries.

*See COM(84)107 final.

In this communication* we look first at Africa's present economic and social situation (Part I), go on in Part II to outline the new development priorities set out in the Lagos Plan by the African leaders themselves and incorporated in turn in the Community's own development cooperation policy, and finally, in Part III, suggest the part Europe can play today in furthering the development of Africa.

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*The Commission will shortly be presenting a similar communication to the Council on the Caribbean and Pacific countries.

I. ANALYSIS OF THE SITUATION

1. The disappointing results of two decades of development

1.1 Between 1950 and 1980, that is in the space of a generation, most African countries achieved independence and had to set up new institutions and administrative structures. They had to cope with unprecedented demographic growth and radical economic and social changes. In spite of all sorts of difficulties, considerable progress was made in 30 years.

1.2 At the end of the 1970s, however, the general development picture on this continent is a very gloomy one, although there are some patches of light. Be that as it may, Africa is a long way from achieving its enormous economic potential, which is still largely unexploited. Today Africa is the continent of underdevelopment.

Of the 38 countries classified by the World Bank as low-income countries, 22 of them are in Africa.

During the 1970s, the average annual per capita GNP growth rate in Africa was only 0.8%, whereas for all developing countries it was 2.7%. The group of low-income countries in sub-Saharan Africa even had a negative rate.

Per capita food production decreased by 1% per annum during the same decade.

The human situation of these countries remains precarious. Life expectancy at birth is 11 years shorter than the developing country average. In 1979 the infant mortality rate was two and a half times higher in sub-Saharan Africa than in the developing countries as a whole.

Consequently, despite the considerable progress achieved since these countries became independent, particularly as regards education, health or infrastructure, and in the building up of the States, enormous efforts still have to be made if the situation in Africa is to be on a par with that in other developing countries.

1.3 Although the results themselves cannot be denied, the reasons advanced for them are various.*

They can in part be attributed to natural handicaps (most of the soil in Africa is fragile, with little organic matter, and is usually only moderately fertile), weather problems (the poor agricultural performances of the 1970s were mainly due to drought), or geographical factors (14 of the 20 land-locked developing countries in the world are African).

The structural causes should not be overlooked: the political fragility of young states worried in the early stages about their own existence, economic systems inherited from the colonial period, very dependent on external factors, internally weak and regionally ill-coordinated.

Nor must it be forgotten that in the 70s the international economic context was not very favourable to Africa, which suffered a considerable deterioration in its terms of trade over this period. Weaker than the other continents, it felt the effects of the recession more severely.

However, there is no denying that the way the situation has developed is also partly attributable to mistakes made by African authorities in their choice of priorities (with agriculture generally being sacrificed) or the implementation of policies on the morrow of independence. Many countries set up planning bodies to establish overall development strategies, but generally speaking these strategies did not correspond exactly to the needs or capacities of the countries concerned. In the 1960s, for instance, no African country gave priority to investment in agriculture

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*In this connection see the Lagos Plan of Action for the Economic Development of Africa, 1980-2000 - OAU, 1981. Accelerated development in sub-Saharan Africa (Berg Report), World Bank, 1981.

Sub-Saharan Africa: Progress Report on Development Prospects and Programs, World Bank, 1983.

The ECA and the development of Africa, 1983-2008 - United Nations, 1983.

and, except in four countries (Egypt, Morocco, Sudan and Tunisia), agricultural investment accounted for only a small fraction of total investment. But even when programmes were adopted, they were very seldom followed through owing to a lack of the necessary discipline and determination, but also for lack of personnel and resources.

2. A sudden deterioration in the situation

Africa is very vulnerable to outside influences. External trade accounts for a quarter of its GNP on average. As a result it was hit very hard by the worsening international crisis and the sudden drop in the price levels of raw materials (about 25% in real terms) in 1980-82. As noted in the 1983 World Bank Report on world development "the low-income countries in Africa, being more dependent on primary commodity exports, have suffered badly from the world recession. Their per capita income has continued to fall, and there is now a real possibility that it will be lower by the end of the 1980s than it was in 1960."

In addition, Africa has again been hit by drought. The Sahel was very seriously affected in 1983, as were the sudanese areas of the coastal countries, and also Morocco in North Africa. In southern Africa, two consecutive droughts in 1982 and 1983 have had catastrophic results, particularly in Zimbabwe, Botswana and Mozambique. There is a threat of another drought in 1984.

The result is a considerable shortfall in food production in these regions, with the likelihood of famine. Livestock will be decimated because of lack of feed. Export crops such as coffee and cocoa in West Africa have also been severely hit by drought and bush fires, and this will further exacerbate balance of payments problems.

The deterioration in the trade position of African countries has been accompanied by growing insolvency. Their indebtedness has increased ninefold since 1970, which means that certain countries have a debt servicing/export earnings ratio of 20% or more. Between 1979 and 1983, 34 of 56 multilateral debt rescheduling operations for 25 developing countries concerned African states. On average, their currency reserves do not cover more than two months' imports against four months' imports for the developing countries as a whole. Moreover, many countries are no longer able in 1984 to import essential goods (oil, agricultural inputs and spare parts) which are necessary for putting to use their production capacity, which is partially idle as a result.

3. Poor economic prospects

Africa's difficulties are not merely due to circumstances and something more than a straightforward improvement in the international economic situation would be needed to remedy them.

Africa's share in world exports fell from 3.9% in 1970 to 3.4% in 1980. But the most serious problem is the fact that sub-Saharan Africa is virtually excluded from the world economy: its share in international trade has fallen from 3.1% in 1960 to about 1% today. This decline on the world market, which has been to the advantage of other developing countries, even affects those sectors which were Africa's strongest assets: minerals, cocoa, groundnuts, vegetable oil and cotton. Generally speaking, prospects for the coming years in these sectors look unfavourable. Technical progress reduces demand for a certain number of industrial raw materials, while for coffee, cocoa and groundnuts, which are Africa's three main agricultural exports, the medium-term trend is towards a surplus in supply which threatens to affect price level until the end of the decade.

Recent estimates running up to 1995 drawn up by the World Bank show that if present trends continue the prospects for the African continent are alarming. In its most optimistic scenario, based on a set of very favourable hypotheses, the World Bank envisages *per capita* growth in Africa of 0.1% *per annum*. According to the unfavourable scenario there will be an average fall in *per capita* GNP of 1% *per annum*. Similarly, the longer-term forecasts of the UN Economic Commission for Africa show that if the *status quo* is maintained without any notable changes in development policies or international relations the African region will be ousted from the world economy by the year 2008.

4. Alarming long-term trends

In addition to the problems of immediate survival, Africa has to face long-term trends which are the result of very rapid population growth and accelerated urbanization as well as the deterioration of its ecosystem.

4.1 Population

There were 440 million people in Africa in 1980. There will be over 1 100 million in the year 2010. It has the highest population growth rate in the world (an annual rate of 2.8% in the 1970s) and it is estimated that this will increase further in the present decade (up to a rate of 3.1%) as a result of improvements in hygiene and nutrition.

Modernization is generally accompanied by a falling-off of population growth, known as the demographic transition. According to the estimates of demographic experts, the population of African countries will not "level off" until between the year 2080 (in the case of North Africa) and the year 2135 (sub-Saharan Africa). The slowing-down of the birth rate could be stepped up by a deliberate policy of birth control. Any measure which would help to control population growth is bound to further the development of Africa. Such measures will come up against cultural patterns and will have to be worked out by the countries concerned.

However, given the inertia of social and demographic phenomena, this image of Africa in the year 2010 has practically become a reality already. The population growth, which will be unprecedented over the next twenty years, will bring about radical changes in the way space is occupied and organized in Africa.

Urban pressures in the 1980s will be intensified in the world's least urbanized continent. Already in the course of the last decade the population of African towns increased at an annual rate of 6% because of the attraction of towns and the fact that the incomes offered by traditional agriculture were decreasing. In many towns or cities the population will continue to double every ten years. In 1980 there were twelve cities of more than 1 million inhabitants in sub-Saharan Africa (compared with only one in 1970). Three cities (Kinshasa, Lagos and Abidjan) will have more than 10 million inhabitants in the year 2010 and there will be 70 cities with more than 1 million inhabitants.* In the countries bordering the Mediterranean, Cairo will by then be approaching 15 million inhabitants, while Casablanca and Alexandria will have nearly 6 million.

In spite of this rapid urbanization, the rural population will continue to increase, but at very different rates according to the area.

As in the past, the population increase should continue to cause a significant amount of internal and external migration. In sub-Saharan Africa the greatest emigration flows will be notably from Rwanda, Upper Volta and Kenya. On the other hand, about 15 countries should have a positive migratory balance, in particular Zaire, Ivory Coast, Cameroon and South Africa.

These demographic developments will lead to radical population shifts in Africa. A significant amount of urban and rural infrastructure will have to be set up.

It will be necessary to monitor this urbanization in order to prevent the imbalance from getting out of hand and leaving Africa an "empty shell" - deserted in the interior and overcrowded along rivers, on the coast and in the upland areas.

In Africa, as in many countries of the Third World, the trend is towards the growth of a relatively small number of very large towns or cities. It is therefore important to develop the whole urban fabric. And to counter the trend it is necessary to encourage the development of secondary towns and to check the rural exodus by attacking its causes.

No doubt the urban phenomenon can have a positive effect on the transformation of attitudes, but it may also jeopardize the political stability of countries and distort their development policies, since the towns already carry considerable weight in the allocation of countries' resources. African towns are often a burden on the rest of the economy. Owing to a lack of industrialization most town dwellers work in administrative jobs, the private services sector of the "informal" sector (small business, personal services),

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*Study of the long-term prospects for Africa south of the Sahara. Study by the SCET International carried out for the Commission in 1983.

that is to say in activities financed at the expense of the primary, agricultural or mining sectors.

At any rate there will be a significant change in the ratio between the agricultural and non-agricultural population. It will be necessary to develop non-agricultural employment and there will have to be a considerable increase in agricultural production and productivity. Africa, which is not even self-sufficient in food at the moment, will have to feed twice its present population in 20 years' time. In 1950 the non-agricultural population - fed by means of the surplus produced by farmers over and above their own consumption - was outnumbered by the farming population in the ratio of 1:0.18. This latter figure had become 0.45 in 1980 and is likely to reach 1.21 in 2010. The quantity of food products to be marketed by each farmer will have to have been multiplied sevenfold, which calls for a radical change in production and marketing systems.

4.2 Environment

The balance of nature is under threat in Africa. Soil erosion and the destruction of forests are the most obvious signs. The root causes are demographic pressure and the techniques being used. In this context, drought has consequences which are increasingly serious, and its effects are becoming impossible to reverse.

The density of the population in Africa varies enormously, from one inhabitant per km^2 to 150 inhabitants per km^2. But the average figures are not of any great significance. High density does not necessarily imply strong pressure on resources, while on the other hand a low level of density can lead to overexploitation.

There is a considerable amount of soil erosion in Africa, reaching catastrophic levels in the Sahel,where the desert is advancing at a rate of 2 million hectares per year.

The destruction of forests, and therefore of the humus accumulated over centuries, is also a very important development.

The pressure of population and of accompanying domestic livestock leads to a clearing of the forest for growing crops, overexploitation of forestry plantations to provide firewood, and overgrazing of the mixed shrubland and herbland which is characteristic of very many grazing grounds.

The lack of firewood is already so great in certain parts of the Sahel that a member of each family is occupied full-time looking, sometimes very far away, for the wood needed for cooking the family's meals. In numerous communities up to one third of a household's financial resources goes towards purchasing wood or charcoal. It is estimated that at the present rate wood will have practically disappeared from the Sahel countries in 20 years' time.

The stripping of the tropical forest for exporting logs or creating large plantations is just as alarming. This deforestation is likely to cause significant changes in the climate, the extent and consequences of which are still not known.

Thus, 1 300 000 hectares of closed forest and 2 300 000 hectares of woodland disappear every year in Africa. Only 93 000 hectares of all types of forest are being planted every year, which is 29 times less less than what is being destroyed.

An overall, wide-ranging and long-term strategy is necessary in Africa to combat this deterioration in the soil and vegetation before it is too late.

II. NEW DEVELOPMENT PRIORITIES IN AFRICA

Africa has reached a crossroads. The pressing problems assailing it, the challenges it has to meet, are enormous. Most African leaders are learning from the lesson of the past twenty or thirty years that, to reverse the present trend, the priorities they adopted after independence must be revised, that they need to change direction. This new direction has already been mapped. It was plotted by the OAU Heads of State and of Government, at the summit meeting in Lagos in 1980, when they set themselves the dual objective of individual and collective self-reliance and self-sustained development. The new path is to lead them towards a more self-reliant type of development and broadly coincides with the objectives that the Community has set for its own development cooperation policy.*

*Memorandum on the Community's development policy, 1982.

Now the time has come to translate the aims into actions, to work out a strategy and sectoral policies in line with the new priorities so that one by one the existing constraints can be eliminated.

Africa has no choice if it wishes to avoid disaster. It will have to count on its own efforts: this is what self-reliance means. Looking at the present difficulties squarely should not become a source of pessimism, still less of fatalism. Over the past thirty years the continent has shown that it has great capacity for adapting itself. It has mining, energy, agricultural and other natural resources which are major assets for the future. But the centre of the stage will be occupied by its people: men and women who are better educated and properly trained, with leaders who are more attentive to the problems of economic and social development.

It is none the less obvious that it will not be possible for Africa to apply its own efforts and see them bear fruit unless it receives help from outside on a larger scale and of a more appropriate kind than hitherto.

The Lagos Plan set out the new development priorities for Africa: food self-sufficiency, reduction of energy dependence, industrialization geared towards its own markets and the development of regional cooperation. These are the very priorities that the Community's aid policy intends to support. But full implementation of these priorities will depend on the achievement of certain internal conditions: political stability, and a redefinition of the place and the role of the state.

1. Food self-sufficiency

In most African countries today food is the key problem to be solved in order to break the vicious circle of mounting external dependency. At the colloquium which the OAU held in Monrovia in 1979 on Africa in the year 2000, it was correctly suggested that the degree to which a country depended on imports for its food should be considered one of the main indicators of its level of development.

The situation is very worrying both north and south of the Sahara, and it may become catastrophic in the future. It is estimated that at the present rate, Africa will be dependent on imports for 30% of its food by the end of the century (instead of 1980's figure of 14%).

Africa has now supplanted Asia as the chief beneficiary of food aid. For sub-Saharan Africa, the level in 1981 was approximately 2.2 million tonnes, accounting for more than 25% of world food aid.

There are three factors at the root of this food problem: population trends, changes in consumer tastes and the unsuitability of agricultural policies.

Per capita food production remained more or less constant during the sixties, and dropped by some 15% during the seventies.

Not only has production failed to keep pace with the population's growth rate, but there has been the phenomenon of local agricultural production systems being unable to respond to the new pattern of urban consumption. Town dwellers have acquired new tastes, which have to be met by more and more imports. In Dakar, for example, the dried cereals produced locally (millet, maize and sorghum) represent less than 10% of the daily cereal intake. It is also through the towns that imports and food aid arrive and it is there that they are first of all distributed, often with the effect of eroding the prices of local produce and hence discouraging production.

The major cause of the growing food deficit in Africa, however, is the inappropriate nature of the agricultural policies that have been adopted. Notable among their effects have been underpayment for agricultural labour and more basically, the down-grading of the peasant's social status. The result has been a very marked rural exodus.

Agricultural workers' pay can often be as low as one sixth of that of workers in other sectors. People in the country find it difficult or impossible to have access to social and administrative services. Farmers' purchasing power has not improved as it should, because of the tendency of the price of inputs to rise far more rapidly than agricultural prices in general and those of food products in particular. Rural populations come up against a host of problems: irregular supply of inputs, unsuitable financing systems, and inadequate transport, packaging and storage facilities.

There is an urgent need for recovery efforts to be mounted. It will not be easy to ensure, in the short term, food security and, in the longer term, food self-sufficiency.

Increasing food production and productivity is both a prerequisite and a central pillar of development - a prerequisite if Africa is to be able to feed its population not only today but also tomorrow, when it will be twice the size. It is also fundamental to any type of development or industrialization.

Agriculture, in other words, is at the very heart of the African economy. It provides a livelihood for the greater part of the African people and represents approximately 70% of the region's GNP. Only by developing agricultural production and satisfying the basic needs of urban and rural populations can the solvency of traders and farmers be guaranteed and the economy in general take off.

The link between agriculture and industry is a two-way one. The industrialization process depends on the presence of an agricultural surplus, for if the goods it produces are aimed at the domestic market, purchasing power must exist in the countryside to absorb them. In the other direction, agricultural development is dependent on the gradual installation of an upstream (agricultural equipment, fertilizers) and a downstream (processing and distribution) agro-industrial complex adapted to local constraints.

Agricultural and rural development in Africa means that rural populations must be given a minimum of security. Price policy must be such that producers are given an incentive to go beyond the stage of mere local self-sufficiency. And it can hardly be confined any longer to the national level, for large commercial flows of food products are constantly crossing frontiers. Price policy must therefore relate to real trade networks and follow geographical patterns endorsing the de facto regional integration of traditional food economies. At the same time, consumer prices must move towards a more realistic level. This will also mean reducing and finally removing subsidies for imported cereals. Switching to a more balanced pricing policy will not be easy for it requires the priority so far accorded to the needs of the urban consumers to be reversed. It will be a delicate operation that will have to be introduced gradually if it is not to provoke some social upsets.

Stimulating production by price mechanisms will be meaningless unless the peasant farmer can market his products satisfactorily, so gradually, a system of agricultural credit and the means of storing, transporting and processing the produce will have to be introduced. Local products must be processed so that they acquire the qualities and ease of use that consumers in the towns have come to expect. This effort will call for political underpinning of the type used by Senegal, where the government has made it compulsory for bread to contain 15% of millet to be raised to 20% eventually.

The long-term effort required on the part of African countries in order to regain their independence of foreign food supplies needs to be organized in the form of a food strategy, and the Community is now helping to work out and apply this approach in four countries - Kenya, Mali, Rwanda and Zambia.

The experiment provides a framework in which to link up the various elements - price policy, reform of the system of rural extension services, storage, transport, etc. - on which success will depend.

The various forms of aid given in support of these countries' efforts, for example aid for capital projects or maintenance, aid to boost production (inputs), organization and operation of the domestic market, food aid and the use of counterpart funds, should also be included and coordinated in the same framework.

It should be stressed that the priority objective of improving food crops for local consumption is in no way incompatible with the development of export crops. These account for some 10% of all cultivated land and are a valuable source of foreign earnings. Experience has shown that in some cases (cotton and maize crops in Mali, for example) the technical improvements and the development of the economic structures set up to aid export crops can directly or indirectly benefit food production for the domestic market. But there will only be any real interaction between the two types of agriculture when there is a real determination to develop food crops (as regards output and also marketing, transport, processing, etc.) on the same footing as export crops.

Agricultural and rural development in Africa must be part of a broader policy of land-use planning, which should help to halt the rural exodus by improving the conditions of life in the countryside and the means of communication between the areas where food is produced and where it is used, between the marketplace and storage facilities. It is necessary to favour the development of small or medium-sized towns, a process that is less costly than the unchecked expansion of the large towns. All around the latter, the conditions (land-owning structures, agricultural equipment, training, etc.) should be created - where they are lacking - for an appropriate form of agriculture based on market gardening.

2. Reducing energy dependence

With the exception of a few oil-exporting countries, energy dependence is, after food dependence, the greatest external constraint on the African countries' possibilities for growth. These countries spend more than a quarter of their export earnings on their energy bill. Together with this external constraint, there is the problem of the supply of traditional forms of fuel, particularly fuelwood, on which people depend for their survival and the demand for which is helping to destroy the environment in many regions.

Africa, however, where per capita energy consumption is lower than anywhere else in the world, has a rich variety of energy sources to hand (coal, oil, natural gas, hydroelectric power, solar energy). But these are very unevenly distributed and experience has shown that their exploitation, other than for export purposes, is hampered by the amount of fixed investment required and the low domestic demand, which in any case is scattered. For this reason any exploitation must be adjusted to local constraints and conditions. Too often in the past, energy cooperation has been channelled into ambitious electrification projects, which do little to reduce dependence on oil and absorb large sums of money at the expense of other projects which now have a higher priority. It is by making the best use of the available resources that energy strategies for individual countries must be worked out with the aim of coördinating internal policy measures, investors' decisions and consumers' needs.

In many countries it would seem essential to set up structures rapidly to improve knowledge of resources and needs (energy statistics, inventories, forecasts) and to pinpoint those measures that will encourage more efficient use of energy in the transport and certain production sectors.

Efficient use of energy can be encouraged by suitable taxation and price policies and should lead to higher energy yields and the use of forms other than oil (fossil fuels and renewable energy sources). In Africa, as in the developing countries in general, it has been estimated that considerable energy savings - 15% of consumption on average - could be made.

It must be stressed, however, that an energy strategy tailored to an individual country's needs is no less difficult to operate than a food strategy.

3. Industrialization geared to the domestic market

The industrial sector has developed to some extent in Africa over the past 20 years but it represents barely 10% of the continent's GNP and can only really be considered of any significance in a few countries - in North Africa, Egypt, Ivory Coast, Nigeria, Zaire and Zimbabwe. Africa's share of world trade in manufactures is still marginal indeed (0.6%).

In the Lagos Plan, Africans set themselves the target of thorough-going industrialization of the continent, which, based on individual countries' resources, would be geared to the domestic market, i.e., towards the needs of agriculture and the majority of the population. This was a fundamental objective, which showed the will to cast off the old outward-oriented model of development hitherto espoused - a model that had been geared to the needs of a minority, providing little in the way of employment and generating a whole network of foreign dependency (for financing, marketing, technology, etc.).

The new kind of industrialization does not rule out large, export-oriented industrial firms, especially those involving the processing of local raw materials (copper, energy, bauxite, wood, agricultural and fishery products, etc.). As a source of foreign exchange, such firms should create new jobs and lead to improvements in training and the level of technology. If such firms are supported by an extended network of small businesses a ripple effect can be induced throughout the economy.

To start with, industrialization should be an integral part of rural development policy. In this connection, it is useful to establish agro-industrial complexes which, upstream, provide agriculture with its inputs (fertilizers, tools and equipment, products for plant health) and, downstream, treat its products (processing, storage, preservation). Such agro-industry must be adapted to local conditions, which means that enterprises should be on a smaller scale than most set up so far, and they should be located near raw material supplies to reduce transport costs and help to keep the workforce in the countryside. Special attention should be paid to technologies designed to cut post-harvest losses and to preserve food produce properly. Priority must be given to processes for converting local raw materials into inputs such as fertilizers and cattle feed from agricultural waste or by-products.

The purpose of industrialization must be to satisfy essential individual and collective needs. It will therefore include the wood industry (building, furniture), urban and rural infrastructure (housing and public works), inland transport (river and road), everyday consumer goods (electrical and mechanical). In other words, industrialization geared to one's own market covers a large number of manufacturing activities and should not be confined to elementary rural industrialization or to the agro-industries alone.

Moreover, as a second stage, industrial development implies that the various economies extend their activities to the basic industries. This is difficult in Africa within the narrow confines of existing national boundaries, since most current technology is designed for large-scale production methods and economies of scale. Cooperation on a regional level is therefore called for. This aspect is fundamental, and indeed, is one of the main planks of the Lagos Plan of Action.

Industrial development in Africa is being held back by a number of other factors: the shortage of qualified labour, the virtual absence of an entrepreneurial class, inadequate attention to maintenance, weak infrastructures, and so on. All these, no doubt, are real impediments, but they are not, at the end of the day, insurmountable.

In this connection, the role of the SME in a development strategy must be emphasized because they gradually build up the industrial fabric. Small businesses help to develop an industrial mentality, to encourage the emergence of entrepreneurs, to forge a concept of management adapted to African socio-cultural circumstances. One of the major concerns in African development policies should be to devise appropriate technologies. These may in certain cases require a substantial outlay in terms of research, and they should be accessible to small-scale industry. The role of the SME in this has not yet been fully recognized; they too often find themselves up against a discriminatory attitude on the part of the authorities, for example, when they try to import materials or borrow money.

In many countries, industrial equipment is often underutilized and the technologies that have been imported are ill-suited to local conditions, in addition to which there are growing problems of energy supply, raw materials and spare parts, engendered by the shortage of foreign exchange. Thus, the number one priority today is to rehabilitate and repair existing installations. What is in place already must be the starting point, and the best advantage must be taken of it at the least possible cost.

4. The development of regional cooperation

Regional cooperation is still a fundamental requirement for most African countries, even though many attempts at it have been disappointing or have yielded limited results. It is true that there are major obstacles: economies which are not complementary, transport and communications difficulties, non-convertible currencies, the reluctance of governments to relinquish any portion of their national sovereignty. This state of affairs is well-illustrated by the low level of inter-African trade, even if the official figures, which put it at 4-5% of the African countries' total foreign trade, are a serious under-estimate because part of the trans-frontier trade slips through the statistical and monitoring net.

These difficulties must be overcome. Regional integration is clearly one of the conditions for economic and social development in Africa. Progress in this direction, however, will only be achieved by treading a pragmatic path and slowly developing links of solidarity between states and between their economies.

Given the small scale of the markets and the completely or partially landlocked situation of many countries, there is much scope for developing regional cooperation in areas such as: strengthening transport and communication networks, combating desertification and endemic diseases, making better use of the mineral, energy and fisheries resources shared by several countries, joint industrial, training and research projects. It is also in a regional context that the problem of the countries' food security must be raised.

Regional integration is a dynamic process which must be undertaken step by step and can take a variety of forms. But it will not be achieved without institutionalized collaboration between the countries involved and a readiness to transfer a measure of their sovereignty to a regional entity with means at its disposal and its own resources. In the 80s regional integration should be promoted by reinforcing the existing regional communities (ECOWAS, CEAO, SADCC, UDEAC, etc.) and by establishing new groupings in other regions of Africa.

In this approach, very special importance must be attached to developing intra-regional trade and dismantling the customs, and more especially, the currency barriers that may be hindering it. At the outset, systems of counter trade or of limited convertibility might take care of the problem of the non-convertibility of the various currencies. Such measures would also constitute a step towards a fuller regional monetary system in the long run.

5. Internal conditions for development

5.1 Political stability

In order to develop, Africa needs to have political stability of a sort that it lacks. The continent is beset by unrest, both in the form of civil wars and conflicts between neighbours, some of which have dragged on for almost twenty years. By 1983, one African state in three had suffered internal troubles to say the least, jeopardizing any sustained development efforts, in an international economic climate that was, in itself, unfavourable.

The African continent has not been immune to the effects of the East-West confrontation, so often played out in the Third World where local conflicts often provide the chance to flex muscles. But it would be an exaggeration to see this as the source of all of Africa's problems (although it is the continent with the worst refugee problem, accounting for five million out of the world's recorded ten million displaced persons). Many of its problems stem essentially from local antagonisms.

Africans themselves, especially through the OAU, must strive to resolve these conflicts, in order to be better placed to take up collectively the economic and social challenges which confront the continent.

5.2 Redefinition of the role of the state

Following independence, the construction of the state was quite naturally the absolute priority in countries which needed to affirm their existence and their own identity. The state thus assumed a somewhat exclusive position, being seen too often in practice as the sole or privileged agent of development.

African countries are today faced with the need to redefine the role and the place of the state in development policy, without in any way challenging it, weakening it, or reducing it, for it is essential to the nation.

Development can only stem from an actively engaged population. It calls for decentralized initiatives and requires that suitable structures exist or be created so that these may flourish.

Most African countries suffer notably from the lack of a structured organization of the local communities in their territory. The establishment of small units at the grassroots level and the development of responsibilities at local authority level would provide very valuable instruments for promoting local operations throughout the country. Africa can draw on the village heritage proper to it to bring this about. Such local structures have a specially important role to play in the rural development process and in land-use planning. This is the level at which certain important decisions can be taken on the distribution of water, agricultural credit, the supply of seed, storage and crop marketing.

Experience indicates that a good size for such local structures is between 5 000 and 10 000 inhabitants*, each community being a federation of ten or so villages, close to each other geographically and ethnically. Experiments along these lines are being tried out in Senegal and Madagascar, for example.

Again we would emphasize the important role of small businesses, whose proliferation must be encouraged alongside that of the larger, often public, enterprises. In this way, the industrial fabric of the country will gradually be built up.

III. THE ROLE OF THE EUROPEAN COMMUNITY

Europe cannot turn its back on Africa, whose destiny is to some extent bound up with its own.

Relations with the Third World are of crucial importance to the European Community. For reasons historical, geographical, economic and also strategic, Africa is a subject of major concern for Europe.

There is no need to dwell on the importance of economic ties with Africa for a Community dependent on imports for most of its energy, products and agricultural and mineral commodities and looking to the Third World for 40% of its export markets, Africa alone accounting for a third. The recession, which has hit African countries hard, has led to no growth or even a decline in our exports in many sectors.

Strategically an Africa prey to growing instability would be a danger to Europe's security.

Realizing the interdependence of the two continents, the Community has established a network of special contractual relationships with African countries via the successive Lomé Conventions and the Mediterranean agreements,

*Report by R. Lenoir to the Club of Rome: "Le Tiers Monde peut se nourrir. Les Communautés de base, acteurs du développement" September 1983.

which link it - or will after the forthcoming accession of Angola and Mozambique - with practically all the developing countries of Africa.*

The problems and challenges facing Africa today mean that Europe must take the relationship further, extending and going beyond the Lomé Convention and refashioning the Mediterranean policy. The Community has an essential contribution to make to the development of Africa, both via the different forms of aid and on the basis of mutual interest in all those areas in which the two sides' complementary resources and mutual interests so permit.

1. Aid

Aid for the development of Africa must be stepped up. Not only does more money need to be made available, but the aid must be provided in more appropriate ways, taking greater account of local circumstances and the requirements of development.

1.1 More money for Africa

Africa is heavily dependent on inflows of capital on easy terms, since its capacity for indebtedness is slight. Official development assistance (ODA) is accordingly the African countries' main source of external finance and determines - in most of them - the size of their external deficit.

Per capita ODA is fairly high in Africa compared to other developing regions, at around $22 against an average of $8 for the developing countries as a whole.

*A recent public opinion survey undertaken simultaneously in the ten countries of the European Community shows that the European public is clearly aware of this interdependence. According to the survey findings, Europeans regard Africa "as a part of the world with which we have historical and cultural ties, whose raw materials are vital to us, and which should be helped." (Summary of the survey carried out in October 1983 at the request of the European Consortium for Agricultural Development and cofinanced by the Commission).

The Community and its Member States together account for a sizeable 53% of that aid (45.5% from the Member States and 7.5% from the Community). Community aid stricto sensu alone is more or large equal to - or even slightly in excess of - the IDA's contribution. The IDA's average annual commitment in Africa over the period 1978-82 ran at about $800 million, while EDF aid plus food aid was worth $810 million a year over the same period.

But Africa is still not receiving the amounts of ODA it needs. The Berg Report concluded that to get development off the ground in the 1980s, ODA to Africa should be doubled in real terms. But the figure for 1981-82 remained static, representing a decline in real terms. The outlook for the coming years is grim, because of cutbacks by some bilateral donors and the financial crisis at the IDA, about 32% of whose operations are in Africa south of the Sahara.

But African countries will never push through the necessary policy changes or socio-economic reforms without an increase in aid from both bilateral and multilateral donors.

Consequently the European Community's aid to Africa through the EDF and EIB should be reinforced. Community aid, it must be stressed, is particularly appropriate for African countries in that it is highly concessionary (for the EDF as a whole, the grant element is put at 94%), whereas most other multilateral aid agencies only provide loans.

1.2 Appropriate aid

Africa needs more aid, and that aid needs to be made more appropriate and more effective. The European Community provides two main forms of assistance: food aid plus emergency aid and support for development policies. And a new priority is now making itself felt, namely the need for the Community and its Member States to help halt desertification and the degradation of the environment in Africa.

1.2.1 Food aid and emergency aid

If the food strategies succeed they should eliminate the need for food aid. In the meantime, food aid will remain necessary, particularly in the light of Africa's precarious food situation.

The downturn in Africa's food situation in 1983 called forth an increased commitment by the Community and the Member States which will have to continue, and indeed increase still further, in coming years in order to provide for immediate assistance to the countries in the most critical situation.

The worst difficulties are in two regions: southern Africa and the Sahel.

In 1983, southern Africa experienced its worst drought this century. In southern Mozambique in particular it is no exaggeration to speak of famine, and former net food exporters such as Zimbabwe are themselves now having to import large quantities of cereals. Nor does the forthcoming harvest look as if it will be much better than last year's, so things are hardly likely to improve.

In the Sahel, harvests in the first couple of years of the decade were not too bad, but last year the situation once again started to deteriorate and the region had to increase its food imports quite sharply. Some of the West African coastal countries will also have to import more this year to cope with the effects of last year's drought in West Africa as a whole.

There is also continuing cause for concern in East Africa, where imports have been increasing steadily for a number of years.

The FAO has identified 24 African countries with particularly severe food problems. Community food aid to these 24 countries under the 1983 budget totalled 375 000 tonnes, over 50% up on the previous year's performance.

Community food aid in 1984 is to be increased still further for countries such as those in the Sahel and southern Africa facing severe problems. Better mobilization procedures will also enable the aid that has been voted to arrive in time.

The Community and the Member States also need to improve the coordination of their aid programming (to the extent that the existing monitoring systems give early warning of shortages) and the transport of aid to and within the recipient country.

Food aid has a useful role to play in enabling countries to cope with a sudden fall in production caused by climatic vagaries. Nevertheless, it should be stressed that short-term measures, however necessary, must not be allowed to undermine - notably by an unfavourable impact on the prices of local food crop products - longer-term efforts by the recipient countries to increase their own agricultural output. In this context, efforts to integrate food aid more closely into development policy must be intensified and speeded up, whether to coordinate it with the food strategies or to tie it to the implementation of cereal policies or specific food-production projects or programmes.

That is the thrust of recent decisions by the Community's development ministers laying down a number of guidelines which should enable food aid to make a better contribution to development, in particular by the use of multiannual programming, more frequent recourse to triangular operations (surplus food is bought in one developing country to be transferred as aid to a neighbouring country with a deficit, thus promoting regional food security), and the extension of food aid substitute operations (money for agricultural or food production projects instead of food aid as such).*

*Resolution on food aid for development. November 1983.

1.2.2 Support for development policies

So far, aid has not proved very effective in promoting the development of African countries. It is now absolutely essential that the impact of cooperation activities be improved, and this means that Community operations must be more closely geared to the economic and social facts of life in Africa.

Cooperation activities have tended in the past to concentrate too much on the financing of capital projects or, to be specific, civil engineering projects. The current trend away from this format needs to be accelerated, in the interests of encouraging self-reliant development. That is what the current EEC-ACP negotiations are really about.

We need to concentrate above all on providing support for the aid "customers" own efforts and making sure that external contributions are more closely geared to domestic policies.

The Community's cooperation with African countries should increasingly take the form of programmes to back up sectoral (food, energy, industrial) policies. Such programmes will cover not only capital projects, but a variety of other forms of support such as maintenance aid, technical assistance, training and - where necessary - food aid.

With this in mind, consideration should be given, as a means of coping with the worst effects of the ACP countries' current financial crisis, to having wider recourse to the practice under which at the request of the countries concerned, a certain proportion of programmed but as yet unused fifth EDF money would be set aside (certain projects, or parts of projects, being postponed if necessary to the sixth EDF) in order to finance, via a rapid disbursement procedure those imports which the ACP themselves can no longer afford but which are needed in order to maintain or restore their productive capacity. Experience under previous Funds indicates that aid "packages" for such a purpose are quite feasible. Examples are the counterpart funds set up to finance local costs of agricultural development in Zaire, or in Sudan, in order to offset the foreign currency supplied by the EDF for the purchase of fertilizer; again, money was made available for the purchase of spares and equipment needed to get Tanzania's truck fleet on the road again.

One objective of Community development policy which should be given greater priority in future is support for regional cooperation, important not only for Africa but for the Caribbean and Pacific countries as well.

There would need to be thorough discussion between the Community and the recipient countries on the ways in which EEC-ACP cooperation must be implemented - the dialogue on sectoral policies. The aim of the dialogue would not be to call in question those countries' choice of society, development model, general policy stance or sectoral priorities, but to enable the Community to get a better understanding of them in order to organize joint operations more efficiently. In sectors for which Community support is requested, dialogue will provide a means of working out jointly how best to pursue the objectives set by the government of the recipient country.

Programmes worked out in that framework to support sectoral policies defined by the Community will determine the measures to be undertaken by each side, with the partners offering undertakings with respect to decisions for which they have responsibility: the ACP State concerned for policy decisions and measures within its jurisdiction, and the European Community for the resources it will deploy. This is how the food strategies work.

Support for sectoral policies can be effective only if enough money is made available to ensure that all essential operations will be financed. Community aid can reach this "critical mass" in a limited number of countries or sectors. In most cases, however, a further contribution, normally from the Member States, will prove necessary.

As with the food strategies, the Community will have to get together with Member States to coordinate ideas and aid operations, in order to ensure the necessary consistency.

It would be desirable to involve other sources of funds as well, but the main thing is to work towards the creation of a "Community cooperation strategy".

1.2.3 Halting environmental deterioration in Africa: a new priority

The major ecological balances in Africa are deteriorating ever more rapidly. The next twenty years will be crucial. Damage which can still be repaired now will in many cases be irreversible by the year 2000, except perhaps at astronomical cost. Africa is threatened with the destruction of its natural assets: its arable land is being lost and its water becoming scarcer.

People are now beginning to realize the seriousness of the situation and the need to do something about it. But Africa itself is facing too many other short-term difficulties to cope alone. So far, the international aid forthcoming to deal with environmental problems has been pathetically inadequate.

The halting of drought and desertification must become one of the priorities of aid to Africa. That, however, will mean a coming to terms with the regional or continental scale and long time horizon of the necessary operations.

The Community itself has identified three priority targets for the "thematic" campaigns to be undertaken in future:
control of desertification through the promotion of re-afforestation and the efficient use of fuelwood; protection and economic management of livestock and game resources; and efficient water resource management. All these measures are directed towards a single end: repair of the damage caused by drought and the advance of the desert, prevention by attacking the root causes of these problems.

We cannot tackle desertification wherever it occurs, and efforts will need to be concentrated in certain regions, priority going to those where the threat is most severe: the Sahel countries and those bordering the Sahara, the Horn of Africa, and the southern African SADCC member countries.

More specifically, we should concentrate on three types of location: areas currently accounting for the bulk of agricultural production in the country concerned (e.g. Senegal's groundnut-growing area, and the sorghum- and cotton-growing area in Mali); river and lake basins, where proper water management will allow the intensification of agriculture (e.g. the Lake Chad and Senegal or Zambezi river basins); and the areas around major cities, where soil and plant destruction is severe and pressure on resources considerable (e.g. around Kano, Kinshasa, etc.).

Operations of this nature call for a whole new approach. They will generally need to be undertaken on a regional scale, for ecological zones do not coincide with administrative or national frontiers.

It will also be essential to have the active support of the local population, who are both the main agents of environmental damage and the only people who can really see to it that the process is reversed.

Finally, the necessary measures can only be effective in the longer time-scale. They will therefore call for long-term programmes to be undertaken jointly by the Community, its Member States, and other sources of funds (the Arab funds should be able to make a significant contribution) and financed in multiannual instalments.

It is important at Community level that provision be made for an appropriate mode of financing these thematic campaigns when cooperation agreements are negotiated.

In 1983 12 million ECU were set aside under Article 958 of the Community budget (hunger in the world) to launch operations of this type, and 10 million ECU has been entered in the 1984 budget.

It is important to get these operations off to a rapid start, firstly to demonstrate before it is too late that in most cases environmental damage is not irreversible, secondly to show that given the will, the imagination and the resources the cost of effective action need not be prohibitive, and thirdly to set an example which the leaders of African countries, industrialized countries and international organizations may feel encouraged to emulate. Because of its links with Africa, the European Community must take the initiative here.

2. Mutual interest

The backing which Europe must give to the development of Africa must extend beyond the confines of aid and also be reflected in the sphere of economic relations, for they are the expression of a global mutual interest.

Africa supplies Europe above all with the raw materials - agricultural, mining and energy products - and with only marginal amounts of manufactures. But it is not in Europe's interest to have Africa permanently cast in the role of raw materials supplier. It is clearly in Europe's interest to have as preferential partners African economies which are strong, balanced and diversified. That is why the Community is backing the idea of self-reliant development for Africa.

It is important for the Community to offer African countries more stable and predictable trade prospects, hence the preferential arrangements and the creation of a special instrument - Stabex - designed to alleviate the damage caused by fluctuating commodity prices.

On these bases it is necessary furthermore to develop, in a spirit of cooperation, more ambitious policies and courses of action in all spheres where the complementary nature of resources and mutual interests permit, in the mining, energy and fisheries sectors, and also in industry. It is important to involve

European investors, far more than hitherto in developing Africa's productive resources.

2.1 Trade

2.1.1 Trade arrangements

The Lomé Convention and the Mediterranean agreements offer African Countries the widest trade preferences accorded by the Community.

Having said that, it must be admitted that the liberal Lomé Convention arrangements have not produced any significant increase or structural change in the sub-Saharan African countries' exports to the EEC. They still consist for the most part of energy products and agricultural or mineral commodities, and only a handful of countries are to any extent exporters of products which actually benefit from the preferential arrangements.

Preferential import arrangements are merely a facility, and cannot in themselves strengthen African countries' international competitiveness, or promote structural change or industrialization.

As regards trade with the industrially more developed Mediterranean countries, the Community has had to restrict imports of sensitive products and this has reduced the real value of the concessions originally accorded. We will eventually have to get back to the provisions of the agreements in these sectors. The circumstances are not easy, but an effort has to be made to develop trade cooperation based on the joint identification of areas of complementarity and the use of suitable measures to cope with threats of disruption in such a way that crises can be forestalled.[1]

Basically what it comes down to is that Europe must face up to an international division of labour in which there is a gradual shift of the balance in favour of industry in the developing countries, and Africa in particular.

In particular the necessary structural adjustments must be made without yielding to the temptation to resort to protectionist measures, which experience has shown rarely achieve the objective of preserving business and employment in the "threatened" industry they are aimed at. In the adjustment exercise, the emphasis must be laid less on protection of employment in the declining industries and more on the encouragement of manpower mobility and promotion of industries which prove competitive at international level.

In that context, these countries need to see free access to the Community market secured over the long term if they are to be guaranteed the modicum of security needed to justify capital investment required for their industrial development (which of course would be primarily geared to the domestic market).

2.1.2 Commodities

African countries have been extremely hard hit by the fall in commodity prices, from which a very large proportion of their export earnings is derived. This worldwide problem has been exacerbated by one specific to Africa: the relative decline of its agricultural productivity and the collapse of mining investment, which has led to a decline of the African countries' position on most international commodity markets.

The Community operates an instrument designed to cushion the effects of instability of the agricultural commodity markets, Stabex; it has undoubtedly been helpful, but was never intended to be anything other than a palliative and proved inadequate, not surprisingly, to cope in 1980 and 1981 with a slump of such magnitude. Nevertheless, it will be continued and its operating resources must be increased.

[1] Commission report to the Council on the exploratory talks with the Mediterranean countries and the applicant countries. Commission proposals concerning the implementation of a Mediterranean policy for the enlarged Community. COM(84)107 final.

But a real solution to fluctuating commodity prices must depend on a determined, concerted effort by the whole international community to stabilize world markets. The European Community in particular must be active in seeking the establishment of really effective commodity agreements. The forthcoming negotiations for the next international cocoa agreement will be of great importance in this context, for both Africa, which produces three-quarters of the world's cocoa, and Europe, which takes a third of it and is the leading world consumer.

But raw materials make up only a small proportion - rarely more than 10% - of the value of any finished product. It is therefore vital that African countries begin to add more value to their commodities, either by processing them locally or by organizing their marketing more efficiently.

The importance of these commercial issues is worth stressing, in the first place because they constitute one more handicap for the African countries in addition to their production and productivity problems, and have thus contributed to their loss of world market shares to Latin American or Asian competitors, and secondly because dealing, brokerage and arbitrage represent a by no means negligible proportion of the value of a finished product. In particular, it is vital that Africans increase their activities in the futures markets, which have become an essential mechanism for coping with price instability.

In future more should be done to help Africans make the necessary improvements in their commerical performance, by means of trade promotion measures (business contacts, marketing campaigns involving several producer countries) and above all by training people to run marketing boards, operate on futures markets, etc.

2.2 Mining

Clearly the Community and Africa share a mutual interest which should be reflected in the development of a concerted policy for developing mineral resources.

Africa possesses substantial mineral resources although so far they have been little exploited and little exploration work has been done. Broadly speaking, Africa's reserves are as plentiful as those of Asia and Latin America, despite the fact that far less prospecting has been done. The harnessing of this natural wealth could make a significant contribution to the development of the African countries by providing financial resources and encouraging their industrialization.

For its part, the Community is the world's leading raw materials importer. Its external dependence rate is 75%, compared with 15% for the United States and 90% for Japan. It is of vital interest for the Community to guarantee and diversify its sources of supply.

This statement must be tempered by two observations. Firstly, where they exist and have been exploited subsoil resources have not contributed as much to development as was hoped. Secondly, to investors looking for mineral deposits, Africa's mineral resources do not seem to be as attractive as those of other continents.

Of the developing countries, Africa is the Community's major non-energy raw materials supplier, providing 20% of all its imports. It plays a predominant role with regard to cobalt, phosphates, copper, manganese and fluorine.

It is, however, a long way behind the group of industrialized countries (Australia, Canada, South Africa and the United States) where in recent years mining investment has to a large extent been concentrated. Africa in particular is an under-explored continent. Out of a total of $1 500 million invested annually on prospecting, less than $50 million is spent in Africa, whereas sub-Saharan Africa's requirements are estimated at $75-100 million per year at least. If one takes Community firms alone it will be found that in recent years more than 80% of their investment has been in industrialized countries (38% of world resources) and less than a fifth in developing countries (of which 2% in Africa, which accounts for 13.5% of world reserves).

While Europe's marked and growing dependence for its supplies on industrialized countries may appear to offer security for the time being, it may present disadvantages in the longer term.

Declining demand, coupled with the worsening international recession and structural changes on the raw materials markets, has led to a cutback in mining investment worldwide. No-one knows whether the level of replenishment is sufficient to protect European industry from abrupt market fluctuations caused by supply-side rigidity, since the lead time on mining projects is five to ten years from the time when financing decisions are taken.

If strains appear when the minerals market picks up at the end of the eighties or at the beginning of the following decade, there is a risk that Europe, given its present supply position, would be served not only after the United States but also after Japan, which has managed to establish preferential links with North America, Latin America and Australia in order to guarantee its supplies.

Therefore, in order to guarantee its mineral security, it is important for Europe to look towards Africa in order to diversify its investment effort and supply sources.

This must be a Community concern, for all the Member States are in the same boat in terms of external vulnerability. The Community has a fairly wide range of instruments at its disposal, should it wish to use them: grants, special loans, risk capital, Sysmin under the EDF, EIB loans with or without interest rate subsidies, plus ECSC loans and possibly the budget.

The EDF and the EIB in particular, under the ACP-EEC Conventions, can act to create the conditions for improving the development of African resources by, for instance, helping with prospecting activities, rehabilitating production plant - which is a priority in many countries - financing infrastructure and improving the integration of mining into the economies of the countries concerned.

Failure to invest in mining, if it relates to cost considerations, is often largely the result of a mutual lack of confidence between the host country and mining companies. By being party to arrangements between the two partners, the Community can contribute to establishing a climate of trust.

The specific agreements provided for in the second ACP-EEC Convention, even though for want of investment they have not yet been applied in practice, provide an appropriate framework for such measures.

2.3 Energy

Energy is another area where cooperation based on mutual interest can be developed.

Africa possesses considerable, inadequately exploited energy resources. If those resources were exploited to a greater extent, Africa could both increase its energy independence and have a surplus left over for export.

These resources could provide the EEC - which purchases 76% of its oil, 30% of its gas, 20% of its coal and 80% of its uranium from outside the Community - with a more substantial source of supplies, to the development of which it can contribute its know-how, experience and capital. The Community's external dependence for its energy supplies is not likely to go away, since according to the most probable forecasts its energy imports will still account for almost 50% of consumption at the turn of the century.

The development of the African countries' fossil resources (oil, gas, coal and uranium), part of which can and must be exported, indeed deserves priority and is of mutual interest.

With regard to oil, the Community could in particular concentrate on the pre-production stage (geophysical exploration, feasibility and market studies, etc.) and help with setting up the necessary production infrastructure.

The development of natural gas will initially to a large extent depend on the export opportunities. This is because while the cost of producing it is relatively low, the extent to which it can be used on the domestic market is limited by a number of constraints (cost of infrastructure, exchange rates, transport and distribution facilities, need for geographical concentration of consumers).

The situation is fairly similar in the case of coal. While the possibility of working low-capacity local deposits deserves to be studied, for major calfields the only viable economic approach, not with standing the competition on the word market, presupposes production mainly for report, since national and regional thermal power stations can only absorb a small proportion of the coal. The Community could, by concentrating on countries with coal resources, help them to develop those resources and establish the necessary infrastructure which, moreover, is itself conducive to development.

2.4 Fisheries

In the fisheries sector the Community has a deficit in terms of fish stocks for own consumption and, at the same time, spare production capacity in terms of fishing vessels. This imbalance will, moreover, be sharply accentuated when the Ten become Twelve, which will increase the tonnage of the Community's fishing fleet by nearly 70%. Many African countries have a food deficit, whilst some possess substantial resources but are not able to exploit them rationally themselves (the Africans fish only some 35% of their resources).

Community action in this sector can take three forms: firstly, the conclusion of fishery agreements; secondly, EDF participation in the financing of projects in the fisheries and fish farming sectors, and, lastly, the incentives to expand the fisheries industries which may result for the ACP and the Mediterranean countries from their preferential. access to the Community market.

It has to be acknowledged that the impact of these arrangements has so far been very limited. Relatively few projects have been financed by the EDF and the scope of the fisheries agreements is limited. This is due to the fact that so far most African countries have shown little interest in the fisheries sector and also to the low level of Community fishery activities in ACP waters (2% of Community catches).

The situation is, however, changing. Firstly, because the African countries are attaching growing importance to the fisheries sector and to relations in this field with the Community.

Community, after its enlargement to 12 members, will, derive 10% of its fish supplies from the Mediterranean or off the Atlantic coast of African countries.

Thus it is desirable to define in the fisheries sector a genuine policy based on mutual interest which will integrate, by combining them, the various instruments existing at Community level. This policy should place a particular emphasis on regional cooperation between coastal countries in order to bring into play the features which are complementary within the same maritime zone and, with Community aid, enable measures to be brought to bear more rationally for the conservation and management of stocks and for controlling fisheries activities.

2.5 European investment in Africa

Official assistance cannot aim to meet all of Africa's external financing requirements, and certainly not in the industrial, energy and mining sectors. It can, however, enable conditions to be created which are more conducive to external investment. This investment has an important role to play since it represents not only essential finance but also - and perhaps above all - valuable knowhow in the fields concerned.

To date private investment flows to Africa have been fairly modest - experience of nationalizations and political instability in particular having made investors cautious - and has tended to concentrate on sectors where there was a very quick "financial return".

The cooperation of European firms - mainly industrial but also those in the services sector, whether private or public - to promote the development of Africa may provide an important means of renewing Community cooperation and needs to be expanded by active steps to encourage it.

European investors must get more involved on the African continent as its potential is considerable and, whatever the present difficulties, it will be a major market tomorrow.

For them to be able to do this they must insert their activities within the framework of the host countries' priorities and development policy. The African countries must, however, if they wish to attract such investment, offer in return a favourable climate marked by transparency, stability and equity and must participate in a joint guarantee mechanism.

The second Lomé Convention contains provisions on industrial cooperation which can be applied to the promotion of private investment. It also contains provisions regarding agreements on protecting investment concluded or to be concluded between Member States and ACP States, but no use has been made of them in practice.

Framework provisions should be sought regarding the factors which can genuinely exert a positive influence on private investment flows, in response to the more favourable overall attitude shown by the African countries. It is important to note that this field is no longer one where different ideologies fight it out but one where discussions are held on detailed procedures since in Europe and Africa alike private investment is seen as an important element in establishing an industrial base. It should be possible, in this new context, by fully acknowledging the role of the states of origin and the host states, to create the right kind of climate and prepare the ground for receiving the investment and offering protection and guarantees in such a way as to encourage investment flows. It will also be necessary to look into the adequacy of financing resources where a favourable overall environment has revealed various investment opportunities.

While it is fundamental to devise a contractual legal and financial framework conducive to private investment and geared to the needs of small and medium-sized European firms, which have an important role to play in Africa, it must be supplemented by a package of industrial promotion measures which should be developed and make is possible to increase the capacity of African countries to identify viable projects, to improve the flow of information and contacts (investors' forums, information and promotion measures in the Member States, specific missions) and to carry out diagnostic, corrective or reorganizational operations.

CONCLUSION

Africa's economic and social plight requires cooperation between Europe and Africa to take on a new dimension.

Africa needs more, and more appropriate, official aid. But aid alone is not enough. The European economy has to increase its involvement in Africa, in compliance of course with the laws and priorities of the countries concerned and on a basis of mutual interest.

As far as aid is concerned, the Community and its Member States have a variety of instruments available, and these need to be deployed in a coordinated fashion. Purely ad hoc aid operations will not solve the problems facing African countries. Short-term measures need to be welded into a medium-term approach, and designed as aids to development.

We therefore need to try and improve the coordination of Community aid and bilateral aid from the Member States, so that European operations form a consistent whole and, where necessary, can provide the "critical mass" of funds needed for effective support to African countries' sectoral development policies. We must work towards a "Community cooperation strategy".

Food aid is a necessary part of the response to Africa's food crisis, particularly in order to cope with shortfalls caused by climatic conditions. Community food aid was stepped up sharply in 1983 because of the drought, with 50% increases for the 24 worst-affected countries. There will again be a slight increase this year from the already high 1983 level, and aid mobilization will have to be speeded up to prevent a hiatus in the Sahel and southern African areas where the situation is most serious. We need to improve coordination with the Member States on aid programming and transport to and within the country concerned. But such short-term measures, necessary as they are, must not be allowed to undermine the recipient countries' efforts to develop their own agriculture. This will mean intensifying efforts to integrate food aid with development policy as a whole.

The new approach of support programmes for sectoral development policies should make it possible to help African countries cope with their financial problems, since the programmes will combine different forms of assistance, including maintenance aid and aid for rehabilitation work. With this in mind, consideration should be given to extending the practice whereby at the request of the countries concerned,and after case-by-case examination, a certain proportion of programmed but as yet unused fifth EDF money would be re-allocated in order to finance, via a rapid disbursement procedure, those imports which the ACP themselves can no longer afford but which are vital to maintain or rehabilitate their productive capacity. In the present difficult circumstances the new domestic policies introduced in African countries cannot succeed unless more external aid is forthcoming. To respond to this need the European Community's financial assistance for the African countries provided via the EDF and EIB should be reinforced.

The halting of drought and desertification must become one of the priorities of aid to Africa; the African countries are facing too many other short-term problems to deal with this themselves. Operations of this nature will require a whole new approach. They will generally need to be undertaken on a regional scale, for ecological zones do not coincide with political frontiers. It will also be essential to have the active support of the local population. And the necessary measures can only be effective in the long term. Donors and affected countries must work hand-in-hand. The European Community, given its ties with Africa, must take the initiative here.

European public enterprises and private-sector firms have an important role to play in enhancing Community cooperation through their contribution to the development of Africa. There is scope for us in a spirit of partnership to develop more ambitious policies and operations in the various areas where our resources are complementary and we have mutual interests, in mining, energy, fishing, and manufacturing industry. In negotiating the next ACP-EEC convention, therefore, we need to provide a legal and financial contractual framework incorporating a joint guarantee to encourage European businessmen to step up their investments in Africa.

For the purposes of its cooperation with Africa, the Community also needs to coordinate its activities with those of other bilateral and multilateral donors. It needs closer links, too, with the OAU, responsible for implementation and monitoring of the Lagos Plan, and the UN's Economic Commission for Africa, which is an important body in the field of African development.

If the Council approves these guidelines, the Commission could present more specific proposals in due course in the context of the different cooperation agreements which link the Community with the African countries and regarding the implementation of the other instruments which it administers.