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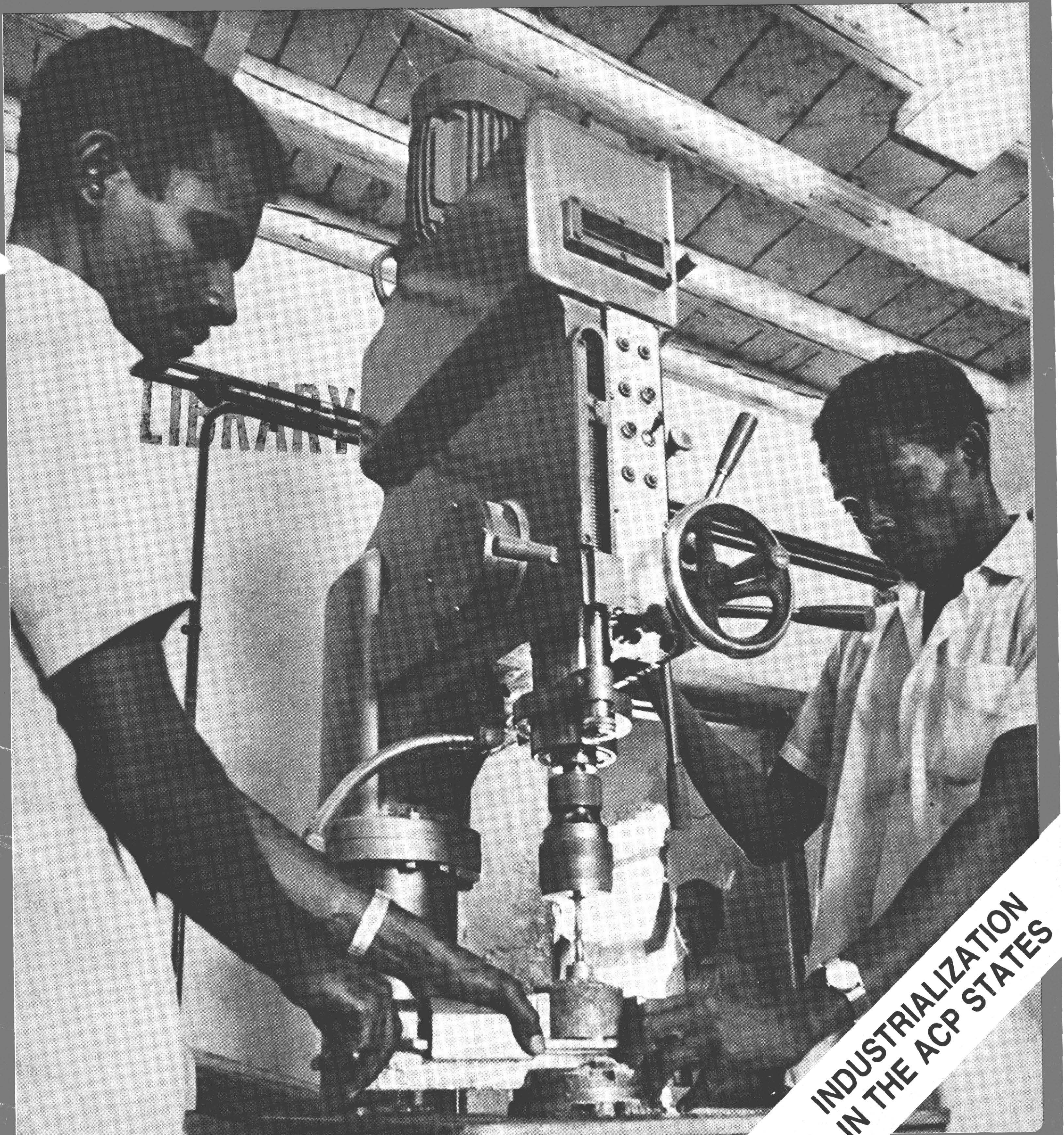

INDUSTRIALIZATION IN THE ACP STATES

THE EUROPEAN COMMUNITY

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

THE ACP STATES

BAHAMAS
BARBADOS
BENIN
BOTSWANA
BURUNDI
CAMEROON
CAPE VERDE
CENTRAL AFRICAN REPUBLIC
CHAD
COMOROS
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DJIBOUTI
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EQUATORIAL GUINEA
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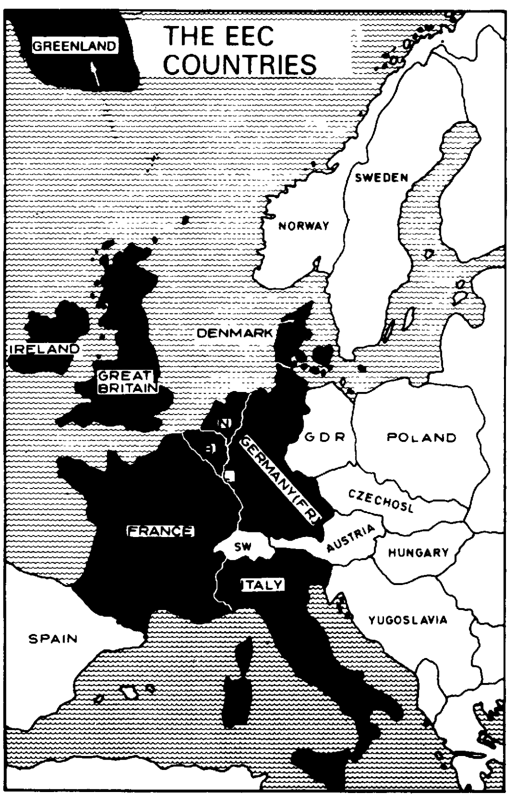
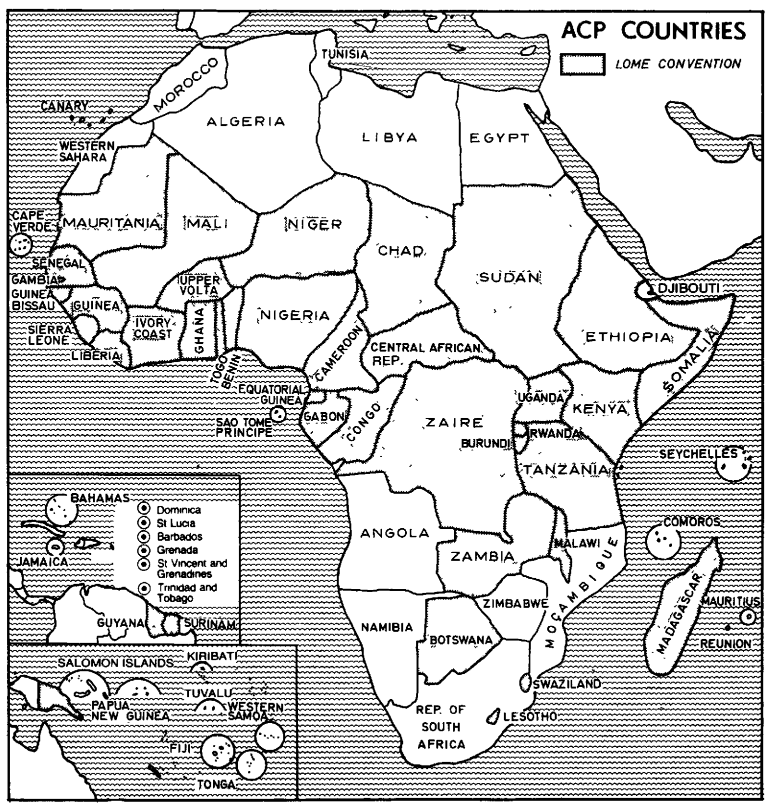
GUINEA-BISSAU
GUYANA
IVORY COAST
JAMAICA
KENYA
KIRIBATI
LESOTHO
LIBERIA
MADAGASCAR
MALAWI
MALI
MAURITANIA
MAURITIUS
NIGER
NIGERIA
PAPUA NEW GUINEA
RWANDA
ST. LUCIA
ST. VINCENT and GRENADINES
SAO TOME PRINCIPE
SENEGAL
SEYCHELLES
SIERRA LEONE
SOLOMON ISLANDS
SOMALIA
SUDAN
SURINAME
SWAZILAND
TANZANIA
TOGO
TONGA
TRINIDAD and TOBAGO
TUVALU
UGANDA
UPPER VOLTA
WESTERN SAMOA
ZAIRE
ZAMBIA





FRANCE

(Overseas departments)

Guadeloupe
Guiana
Martinique
Reunion
St Pierre and Miquelon

(Overseas territories)

Anglo-French Condominium of the New Hebrides
Mayotte
New Caledonia and depedencies
French Polynesia
French Southern and Antarctic Territories
Wallis and Futuna Islands

NETHERLANDS

(Overseas countries)

Netherlands Antilles
(Aruba, Bonaire, Curaçao; St Martin, Saba, St Eustatius)

UNITED KINGDOM

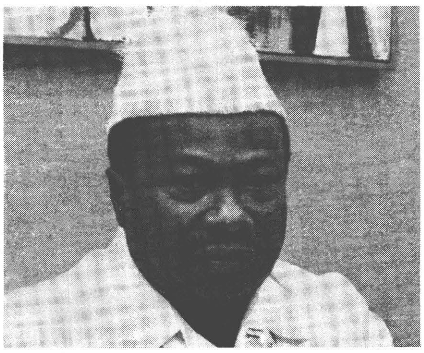
(Overseas countries and territories)

Anglo-French Condominium of the New Hebrides
Antigua
Belize
British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Brunei
Cayman Islands
Falkland Islands
Montserrat
Pitcairn Island
St Helena and dependencies
St Kitts, Nevis and Anguilla

This list does not prejudice the status of these countries and territories now or in the future.

Cover: *making plastic products in Barbados (photo Barbados IDC)*

Brandt Commission — In 1977, World Bank president Robert MacNamara proposed that a group of international figures should examine how cooperation could be improved between the industrialized countries and the Third World. The Independent Commission on International Development Issues, known as the Brandt Commission after its chairman, the former Federal German Chancellor, recently handed in its report to the UN Secretary General. The report covers a wide range of economic and other issues and offers short and long-term recommendations for restructuring North-South relations. Willy Brandt explained its main lines to the *Courier*. **Page 2**

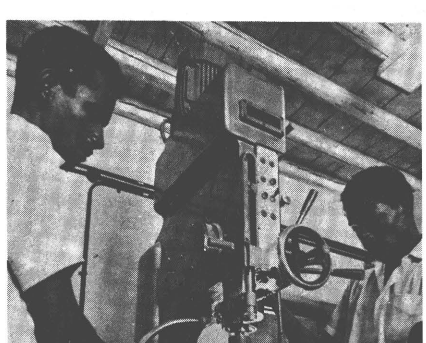


Liberia — The ACP Council of Ministers held its 23rd meeting in January in Monrovia (see News Round-Up). Much of it was given over to administrative questions, but the session was significant in being the first ACP meeting since the signature of Lomé II and also in that Liberia currently chairs the OAU. The *Courier* interviewed President Tolbert on the economic situation in Liberia and such issues as the Olympic Games. **Page 15**

Pacific — The signature in 1975 of the first Lomé Convention brought many African, Caribbean and Pacific countries together not only diplomatically but also in the realisation of what they had in common: economies dominated by the primary sector, the cultural background, etc. The Pacific countries had the longest journey to make to this meeting and their isolation in the world's biggest ocean has left them the least well-known of the parties to the Convention. Our report on Fiji, Tonga and Western Samoa, including interviews with their Prime Ministers, gives the economic and historical background of the first three Pacific countries to join the ACP group. **Page 17**

Benin — The election by universal suffrage of a national assembly last November was the latest big step in the construction of the administrative and political structure of the People's Republic of Benin. The process began with start of the Revolutionary Military Government in 1972, three years before Dahomey changed its name, when President Kérékou launched a far-reaching "programme of national construction". Now, at the start of the 1980s, Benin's ministers of foreign affairs, planning and trade survey the country's prospects. **Pages 43**

Dossier — For many years now, industrialization has seemed to the Third World an essential way of achieving the "society of abundance" to which many countries still aspire. But it is increasingly clear that this path to development may be misleading. The UN Industrial Development Organization, at its Lima meeting, called for a 25% Third World share of world industrial production by the year 2000. UNIDO's recent New Delhi meeting has now brought it home that setting targets is not enough: they must be realistic, and both the necessary means and agreement must be found if the targets are to be met. **Page 64**



THE COURIER

AFRICA - CARIBBEAN - PACIFIC — EUROPEAN COMMUNITY

No 60 — March-April 1980

CONTENTS

« North-South: a programme for survival »

Willy Brandt on the ICIDI report

In December 1977 an international "think tank", whose creation was suggested by World Bank chairman Robert McNamara, held its first plenary session near Bonn. With former Federal German Chancellor Willy Brandt in the chair, this group—the Independent Commission on International Development Issues (ICIDI)—with 18 full members and 3 ex-officio, defined its task as "studying the grave global issues arising from the economic and social disparities of the world community".

This spring the Brandt team will publish its final report—10 years after the Pearson report. On 12 February it was handed over officially to UN secretary-general Kurt Waldheim. Ten plenary sessions and several other meetings and contacts of the chairman and his members with political leaders throughout the world, from Mali to Malaysia, from Washington to Moscow, from Vienna to Peking, brought about a thorough investigation of "the urgent problems of inequality in the world and the failure of its economic system".

The recommendations of the Brandt team include short- and long-term proposals: in the short term, "emergency action to avert an imminent crisis", for the long-term, "reforms by the year 2000". The package of short-term proposals covers essentially four major priorities: an increased real transfer of funds to the developing world; the security and conservation of energy supplies; a more efficient world food programme; the necessary reform of the monetary-economic system.

In the longer term, the Brandt Commission suggests a package of measures which would enable the developing countries to participate in a world economy more balanced in their favour. It includes special attention for the poorest in the poor countries; the abolition of hunger and malnutrition; more control over their own materials, particularly processing and marketing; a fair share for the South in manufacturing achieved by adjustments and an end to protectionism in the North; international codes of conduct and effective national laws to control transnationals and investments in general, including the fall-off in mineral investments, and the transfer of technology; a new international monetary system in which SDRs would play a key role; new ways of financing development; and real participation by the Third World in decision-making in financing institutions.

Willy Brandt outlined to the *Courier* the objectives of the study at the outset (issue 48 March-April 1978). He now explains the results—"a plea for change: peace, justice, jobs".

▶ *After two years of discussions with major political leaders, do you feel there is general awareness of the need for a break-through in North-South relations?*

— I do think there has been a certain learning process on all sides during the last two years, and I hope our report can further contribute to it. In my view, the awareness has in fact grown that a number of key elements of a much closer North-South cooperation have to be settled soon in order to avoid a very dangerous or even catastrophic development. It is my experience after two years of discussions that all sides have to move and a genuine goal-orientated dialogue has to be established in order to achieve concrete results. You could not expect this awareness to be evenly spread. It is, for instance, not very encouraging that in the USA the awareness of a development or North/South policy has not made much progress, in fact has been reduced; in Japan one gets the impression that things are evolving more positively. But also in the developing countries themselves the awareness of the necessity of finding a common denominator may seem to be diminishing, while in some countries, for understandable reasons, the mood of confrontation is still-growing. However, in others—and I think there are more of these—the mood is set for dialogue.

"A greater involvement of the East is a long-term process"

▶ *What about the Eastern countries, which still remain outside most structures dealing with transfers to the Third World? As the creator of the "Ostpolitik", how far have you succeeded in involving the East and/or China in your outline for the next decade?*

— As you know, the Pearson Commission 10 years ago thought that this question was important but did not find it possible to deal with. We have gone further than that, as we felt that if we want to achieve survival, ways would have to be discussed and found which include the East in international development activities. We felt that such contacts should be established and we have done so, particularly by talking to most of the political leaders of these Eastern countries. In addition, there have been expert talks both in Moscow and Peking. I myself spoke about these problems with most of the "number ones" of the Warsaw Pact and I found a good deal of interest, especially where problems of the future conditions of world trade were concerned or new arrangements in the world monetary system. Still, one should not expect too much... Not only short-term but even mid-term perspectives would be overshadowed by a revival of East-West controversies. But the problem remains: how can the Eastern industrialized countries be included? At least as important, given the present tensions, is the problem of the link between armaments and development. We point out these problems, we give some food for thought and discussion but we do not have the illusion that this will lead to positive results very soon. The situation just now obviously is not in favour of common East-West efforts. But a greater involvement of these countries is a long-term process. Our main intention in these contacts has been to underline that more cooperation would also be in the interest of these countries. Nobody could expect spectacular results from such contacts but we wanted to begin a future-orientated dialogue.

► *Aren't the present tensions detracting the attention of the industrialized countries from the need for a deal with the South?*

— These tensions work in various directions: the new quarrels present themselves as a revival of East-West controversy but at every point they include N/S questions. In addition there are the problems of energy and commodities in general. I'm worried that this new wave of tension could be misinterpreted by Third World countries who might see Europe or the industrialized countries in general acting only because they think it would be favourable for them in the East-West context, while my position is that speeding up cooperation vis-à-vis African and other developing continents is good in 1980 but would been better already in 1979.

A call for collective burden sharing

► *What are the most important proposals of the ICIDI Commission's report?*

— Our report covers a broad area of economic and even some non-economic issues and our recommendations aim at a thorough re-structuring of North-South relations during the decades ahead of us. As our title for the English edition, "A Programme for Survival", indicates, we urge the world community to lay the basis for a peaceful, predictable and more balanced development of our globe. Mankind does have the means and the skills to cope with the immense problems but the necessary will to utilize these means in an effort of collective burden sharing is still not developed.

► *Over the past decade many development objectives and targets have been put forward, but only a few have been achieved. Many large conferences have dealt with major problems but few results have come from them. What faith do you have in the outcome of the eventual "world summit for survival" you propose?*

— I'm not in a position or entitled to argue against these large and sometimes important conferences. It is not only my personal belief, it is also part of the results of our discussions, that you need something in addition to these gatherings where a large number of views are put forward and a good deal of prestige is involved. Huge international conferences are necessary but hardly the ideal framework for genuine progress, so we suggest that new attempts for a fruitful dialogue be made to provide a new impetus to ongoing negotiations. This is the reason for our proposal of a kind of North-South summitry with a limited, but representative, number of political leaders. These leaders, not experts, could decide upon lists of priorities instead of just going on with meetings, sometimes with thousands of participants, where you end up with some international machinery, which does not lack people of knowledge, but which hardly brings about those results one expected when the speeches were made.

► *So there are really too many partners to negotiate with at the same time?*

— I have to be careful since you call it negotiate. One should give no one the impression that others could negotiate on their behalf if they had not got a mandate for it. But even a qualified sounding between leaders who approximately represent countries or regions could then make it easier to get a result out of formal negotiations. I understand how much national independence and sovereignty is involved and it wouldn't give a good impression to say that a small number could pave the way. We in the EEC are accustomed, even if it has taken time, to a small number acting on behalf of the others. So the idea could be realistic even where non-EEC type communities exist but where there are still regional groupings. A small number or even one country could speak for a region, and the fact, for instance, that a country is larger should not necessarily qualify it. Some countries like the USA and the USSR represent a continent in themselves; but apart from that it would be most unwise to make the size of a country or the number of its people a decisive factor. As far as large gatherings are concerned, UN secretary-general Kurt Waldheim has pointed out the need for finding new methods of discussion and even the last non-aligned summit went in that direction. The experience drawn from composing our ICIDI Commission showed, for instance, that if you want a

The Independent Commission on International Development Issues

Willy Brandt, chairman of the German Social Democratic Party and of the Socialist International: Federal Chancellor 1960-1974. Nobel Peace Prize 1971.

Antoine Kipsa Dakouré, former planning and agriculture minister of Upper Volta.

Eduardo Frei, former President of Chile.

Katharine Graham, publisher of the US magazine *Newsweek* and the *Washington Post*.

Abdlatif al-Hamad, director-general of the Kuwait Fund for Arab Economic Development.

Edward Heath, former British Prime Minister.

Amir Jamal, former finance minister of Tanzania.

Khatijah Ahmad, managing director of KAF Discounts, Ltd, Malaysian government brokers.

Laksmi Kant Jha, governor of Jammu and Kashmir, India.

Adam Malik, former Indonesian foreign minister and former president of the UN General Assembly.

Rodrico Botero Montoya, former Colombian finance minister.

Haruki Mori, former Japanese ambassador to the United Kingdom.

Joe Morris, chairman of the governing board of the international Labour Organization.

Olof Palme, former Swedish Prime Minister.

Peter Peterson, former United States secretary of commerce.

Edgar Pisani, (1) former French minister of agriculture.

Shridath Ramphal, secretary-general of the Commonwealth.

Layachi Yaker, former Algerian minister of commerce.

Ex-officio members: executive secretary: **Göran Ohlin**, Swedish economist; director of the secretariat: **Dragoslav Avramonic** (Yugoslavian economist); honorary treasurer: **Jan Pronk**, former Dutch development cooperation minister. ○

(1) Edgar Pisani replaced Pierre Mendès-France, who resigned for personal reasons in 1978.

constructive discussion it is unwise to give a majority the impression of being put in a minority position, and equally unwise that big countries by being "big" carry greater weight. These are already criteria to keep in mind.

► *In international relations there has been a lack of a "common language" of terminology between the major groups of countries. What common starting points do you see affording a basis for more meaningful talks?*

— Given the huge differences of development experience as well as political history, it is indeed very difficult to develop a "common language", however important this is. But we have to make an effort to get away from meaningless compromise formulae and from an atmosphere of distrust and suspicion. We have to consider collectively what can and has to be done in the future on the basis of mutually beneficial actions. In this context also, the language of international resolutions should be made less artifical and more appealing to the ordinary people.

► *What new methods have you been able to suggest for increasing the real transfer of financial resources to developing countries?*

— We have to get beyond the somewhat old-fashioned concept of the rich helping the poor—which of course is a humanitarian necessity—and appeal for a movement of international burden sharing. Global problems require global efforts. We proposed the creation of a world development fund as a matter for discussion because we felt that not only industrialized countries of the West should provide and increase development assistance. The 0.7% target should be reached by 1985. The Eastern countries should join in with greater efforts than before. The OPEC countries too should go on with their ODA, which is already a good deal above that target, as it should be. In addition, all other countries—except, perhaps, the poorest ones—should equally take part in such endeavours, each according to its abilities. The newly industrialized countries should also take part in this. Such a move towards more universality would facilitate the gradual replacement of budgetary assistance, with all its problems, by a system of international taxation, for example a modest levy on trade.

► *Do you think that, for instance, in the West such a new international taxation would be easily accepted?*

— No. But the idea of international burden sharing, I think, is easier to sell than the old-fashioned 0.7% target.

Arms or development?... some striking figures(*)

The relationship between armament and development is still very much in the dark. The prospects which might open up if only part of the unproductive arms spending were turned to productive expenditure on development are only slowly dawning on people. The annual military bill is now approaching 450 billion US dollars, while official development aid accounts for less than 5 per cent of this figure. Four examples:

1. The military expenditure of only half a day would suffice to finance the whole malaria eradication programme of the World Health Organization, and less would be needed to conquer river-blindness which is still the scourge of millions.
2. A modern tank costs about 1 million dollars; that amount could improve storage facilities for 100 000 tons rice and thus save 4 000 tons or more annually: one person can live on just over a pound of rice a day. The same sum of money could provide 1 000 classrooms for 30 000 children.
3. For the price of one jet fighter (20 million dollars) about 40 000 village pharmacies could be set up.
4. One half of one per cent of one year's world military expenditure would pay for all the farm equipment needed to increase food production and approach self-sufficiency, in food-deficit low-income countries, by 1990. ○

(*) From the ICIDI report "North-South: a programme for survival".

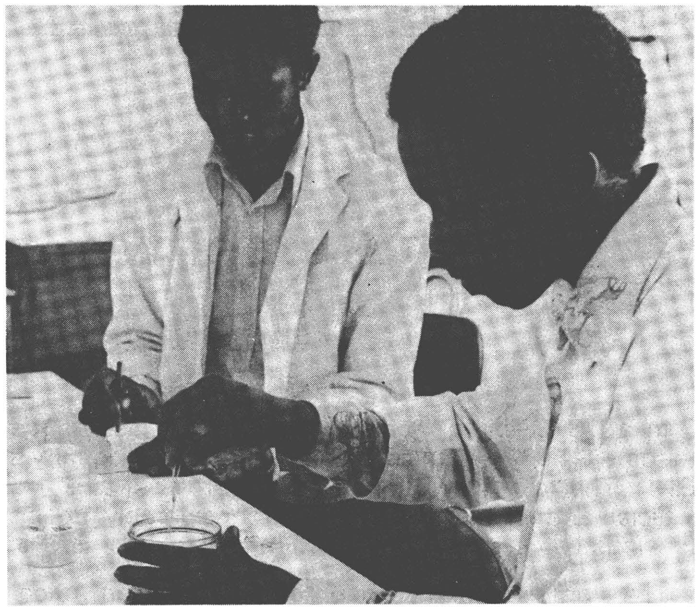
Hunger could create wars

► *One of your major concerns is the escalation of arms spending, which already absorbs about $450 bn a year, as compared with only $22 bn for development aid. In view of the present international tensions, how can progress towards disarmament be achieved and benefit the developing world?*

— Our concept of security is not limited to military considerations. It embraces the abolition of starvation and serious steps towards economic stability. In the Commission's view, the old experience that wars can produce hunger may also apply the other way round. Thus, it is essential to gradually broaden the scope of discussions by pointing out the inherent dangers and the irresponsible misuse of limited resources that are still and increasingly devoted to armaments. This is not a problem of the "North" alone. The present international tensions do not obscure this reality. On the contrary, they demonstrate quite clearly that international relations have to be based on other principles than the use of arms or the neglect of established international rules. Sometimes there is also a misrepresentation that we are facing an overall arms race in the Third World, which is not true. The bulk of expenditure is still by the two major military alliances, the Nato and Warsaw pacts, plus oil-rich developing countries. Nevertheless, it is true that the feeling in some of our countries that we need increased defence budgets could create a new wave of competition with development necessities. My feeling still is that in spite of the crisis and security problem—be they correctly interpreted or not—we'll still experience a greater readiness to contribute to development activities.

► *Food is being openly used as a weapon and in certain parts of the world, particularly Asian countries, food aid is being abused on political grounds. Could you comment on this?*

— What happened with the South-East Asian refugees is not only deplorable but also frightening; it is almost the most inhuman event since Auschwitz and Hiroshima. In fact such abuses of food aid are only the expression of the narrow power-political egocentric behaviour of governments. All these set-backs or even the most serious difficulties in one part of the world should never prevent one from thinking about how to influence things so that within the next two decades starvation would be overcome as a mass phenomenon in the world. But even if we were not facing the present specific difficulties, there needs to be a tremendous additional effort to speed up food production and storage in certain parts of the world, and especially to speed up agricultural production in a number of countries where enough food could be produced, even if their population increased. I hope that we have passed the point where people in power in developing countries thought that concentrating on food and agriculture meant that one wanted to leave them at that agricultural level and prevent them from entering into more modern development, instead of accepting that both things have to be done. It doesn't make sense that certain countries with fertile ground and a lot of manpower should not be able to feed their own people. In our list of priorities we put the energy and the food problem at the top, also as the main elements for discus-



"For the price of one jet fighter about 40 000 village pharmacies could be set up"

sion at a possible new kind of summit of political leaders who should establish a realistic programme for the time ahead of us.

The need for planning the post-oil period

▶ *In the field of energy the latest OPEC summits show its internal disagreement over both prices and supplies. Your report proposes stability of prices and security of supplies. Would it be possible to reach an agreement with producers when they are themselves divided on policy?*

— First I have to point out that among the members of my commission there are three from OPEC countries. Immediately before we finished our report we had discussions in Kuwait and Saudi Arabia. One of the discoveries I made—other people may have done so long before me—was the misunderstanding by Western statesmen and economists that if you put oil into a package with other topics, as was done in the Paris CIEC, one must not forget what has by now become almost the most important element among far-sighted and intelligent leaders in OPEC countries: they want to get involved in research and development planning for the post-oil period; i.e. they think it is not fair-just to talk about supply and price—where, true enough, they have difficulties among themselves. The conclusions on energy contained in our report were a result not least of the fact that our three "oil colleagues" were ready to make prices and supplies more stable if the post-oil period were taken into consideration and if hunger etc. were tackled. This is not a guarantee for success but it is well worth trying.

The South defines its own task

▶ *What was the specific task of the Commission's working group, the one led by Antoine Kipsa Dakouré on LDCs?*

— We intended originally to have a chapter on the poorest countries and on their problems. We finally got not only that but also a chapter about the tasks of the South. Its importance is that it is not a question of Westerners who put on paper what they thought the South should do. Our colleagues from the South themselves wanted to get involved in what they feel should be the endeavours and activities of the South, including cooperation among themselves. This I think is very encouraging.

Development: no international blueprint

▶ *Economic growth has for a long time been confused with development. What basis do you see for moving away this materialistic approach and redefining development?*

— It is for me, after two years, very clear that development cannot mean buildings higher than in New York, more cars than in the USA.... I feel that this is by now understood in many places. Those who are still most enthusiastic about this goal are the Russians. They have tried for quite some time now to compete with and bypass the USA. I think that is an old-fashioned concept of development which is too materialistic. We in the West cannot give the answer for other parts of the world. I think it is one of the most sobering lessons of the past that economic growth per se does not necessarily benefit the poor strata of society. People have equally become aware that economic development cannot consist in simply copying Western models. The awareness of non-economic factors such as the values and importance of national traditions, religious background, cultures and technology has substantially grown. I know it is very difficult to reconcile them with modern development, but I consider it absolutely essential that the cultural identity and the dignity of the people be maintained. There is thus no uniform answer to development, whether in the South or the North. My belief is that if not every country then perhaps every region will give its interpretation of what it is aiming at. Who am I to tell a government in Africa how many years its children should go to school or how many should go? This is perhaps too simplistic, but in the years ahead of us the non-economic aspects of development will gain more attention. People from various ethical, philosophical and religious backgrounds can still come together on certain basic values. Development is no longer, as 20 years ago, telling our friends from other parts of the world to move towards where we stand. There are two tasks: working together with them against conditions of starvation, etc. which prevent them from developing as human beings; and the second is to try and find out if, by cooperation, good results can be brought about for them and for us. Development cannot be drawn up in blueprints and copied by other parts of the world. ○

Interview by ROGER DE BACKER

BELGIUM

"A pact for mutual growth"

Mark Eyskens, Minister of Development Cooperation

In 1978 Belgium's official development assistance —some $ 536 m—amounted to 0.55% of the country's GNP. The total flow of financial resources of all kinds (official and private), which was considerably up on previous years, reached $ 2.800 m or 2.85% of GNP.

Traditionally ODA has been concentrated on Africa, in particular the central African triangle of Zaire, Rwanda and Burundi. The direction of official aid, both geographically and by sector, is under review. It could also be affected by the eventual reform of the Belgian state into two communities—Flemish, or Dutch-speaking, and Walloon, or French-speaking.

At the beginning of 1979, after a long political crisis, a new government coalition was formed. Mark Eyskens (CVP — Christian democrat) took over the development portfolio from Lucien Outers. The new minister, who is 46, was immediately faced with the final stages of the negotiations on Lomé II, and co-chaired the ministerial working group on financial and technical cooperation.

His academic background is wide. He holds doctorates in law and economics, has a masters in economics from Columbia University and a postgraduate diploma in philosophy.

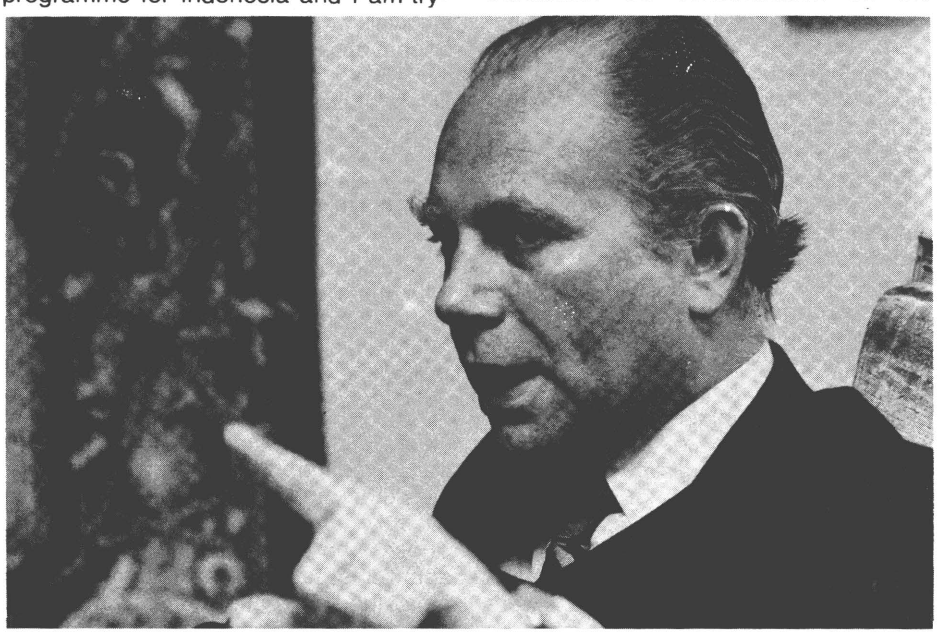
Although Belgium is one of the most industrialized countries in the EEC, and imports and exports more per capita than any country in the world, it has nevertheless felt the effects of the world recession. Mark Eyskens therefore proposed to the OECD and UNCTAD a "pact for solidary growth" linking the evolution of official development aid to economic growth. He outlined what he means by this in the following interview.

▶ *What are the main current features of Belgium's cooperation policy? Have you made changes to your predecessor's policy?*

— In figures, about half Belgium's development aid is bilateral. The features are the following: considerable concentration in Africa with 95% of bilateral aid, but only 2.5% for Asia and 2.5% for South America. There is a further even more marked concentration in three African countries: Rwanda, Burundi and Zaire together account for 60%. That is one feature. A second feature is project development and the use of actual programmes, i.e. not transfers of funds but the provision of human capital, goods, services, foodstuffs, medicines, etc.

A third feature—but this is already in the sphere of changes in direction—is that we must give clear priority to the poorest countries. Rwanda and Burundi each have a per capita income of less than $ 100; in Zaire it is slightly higher but the country is nevertheless still very poor. The allocation of 60% to this triangle of Africa already represents aid to the poorest countries. There are a few others to which we give some aid, but when I look through the list of the 30 countries to which we grant more than Bfrs 20 million, my feeling is that there are too many countries which are not poor, or countries which are not among the poorest. A change in direction is therefore called for here.

There is also a need for a geographical reorientation. It is not right that we should make barely any contribution to South America or Asia, apart from Indonesia. I have myself doubled the programme for Indonesia and I am trying to conclude a bilateral agreement with Bangladesh, and probably also with the Philippines. In South America we have an agreement with Peru, but it has proved a non-starter and must therefore be given a boost. I am also trying to conclude an agreement with Ecuador and Costa Rica and six months ago I signed an agreement with Suriname. So concentration on the



Mark Eyskens, Belgian development cooperation minister, aims to reorientate the geographical and sectoral range of Belgian aid poorest countries is a must, followed by a geographical reorientation.

The third policy line is rural development in the poorest countries, and in those cases in which we wish for various reasons to maintain aid with less poor countries, rural development must also have priority. This is in a sense the new discovery of the end of the seventies and the beginning of the eighties. The A of the ABC of every development policy is rural development. The food problem has reached dramatic proportions. It is evident that the development of the seventies, which was based on 'trade, not aid' was largely a failure in many countries; that all-out industrialization has increased the food shortfall or, in countries which were self-supporting, has created a food shortfall ... We must move away from this.

The industrialization policy must be reviewed. We must introduce appropriate industries in these countries, industries which are as far as possible small-scale and are upstream or downstream of rural development, or involve the exploitation of mineral resources. The transfer of industries such as computer and electronics industries, etc., to the poorest countries is of little benefit. On the contrary, it is often counter-productive and in the seventies this policy miscarried completely. Only a small number of countries have been able to assimilate the Western growth model. These are the NIC (new industrialized countries) such as South Korea, Taiwan, Hong Kong, Singapore and a few countries in the Middle East. Iran is a perfect illustration of the rejection of the Western growth model and therefore supplies the proof that the social structure is not likely to assimilate that Western growth model.

► *One of the new aspects of Belgium's development aid is the programming of aid over long periods. Is there somewhere here a reference to the technique or approach under the Lomé Convention?*

— With regard to the programming of aid, I have signed two agreements: one with Rwanda and one with Burundi, and these involve five-year programmes. That has advantages for the two parties: we know exactly what we have to budget and the recipient country knows what it can programme and how its own policy can be actuated on this basis. I am therefore completely in favour of this.

There is indeed a certain degree of parallelism between the Lomé Convention techniques and our techniques, except that bilateral aid operates somewhat more quickly. This is no reproach against multilateral aid or even less against the Lomé Convention, but it was one of the difficulties in organizing Lomé II. It is a fairly cumbersome mechanism. There is the distance, the fact that aid has to be dosed and the fact that the tendering procedures take a long time, with the result that some countries only receive the loans granted to them after a considerable delay. Sometimes the fault does indeed lie with the recipient country.

Belgium also suffers some delay in bilateral aid. There is a conspicuous difference between commitment and disbursement, but this cannot be compared with what happens at the multilateral level or, more particularly, at the UN agencies. With the UNDP, for instance, disbursements are sometimes not received for 10 years after the commitment.

Geographical redistribution of aid

► *Will the geographical redistribution which you propose make aid more effective? After all, Belgium is working with some 90 countries.*

— Well, to be precise, we have bilateral relations with 95 countries if the granting of a scholarship is considered as bilateral relations. There are two points of view about bilateral relations: some people say that aid should be split up and distributed like "visiting cards"; others claim that aid should be concentrated. This raises the question of which countries the aid should be concentrated on. Theoretically, you might say it ought to be the poor countries, but there are so many poor countries that a small country like Belgium has to choose between the poor countries. I have therefore asked the Vandeputte working party—which was set up some time ago and has already published an interim report on the redistribution of labour and the rise of the new industrial countries—to identify which countries qualify for this concentration of aid and before that deciding upon the criteria. I hope that the report will be ready by June and then we shall draw the necessary conclusions from it.

The three Central African countries will always be important to Belgium, but I wonder whether we should concentrate 95% of our bilateral aid on Africa. The difficulty is that redistribution is far smoother in years of high budgets, as the growth in the budget can then be used as a redistribution fund; but if we wish to redistribute aid in lean years we have to take aid from some countries to give it to others and this sometimes causes trouble. I intend to do this as carefully as possible. In any case, I intend to stabilize development aid to most of the African countries, as a first step.

"Protectionism is tantamount to burying your head in the sand"

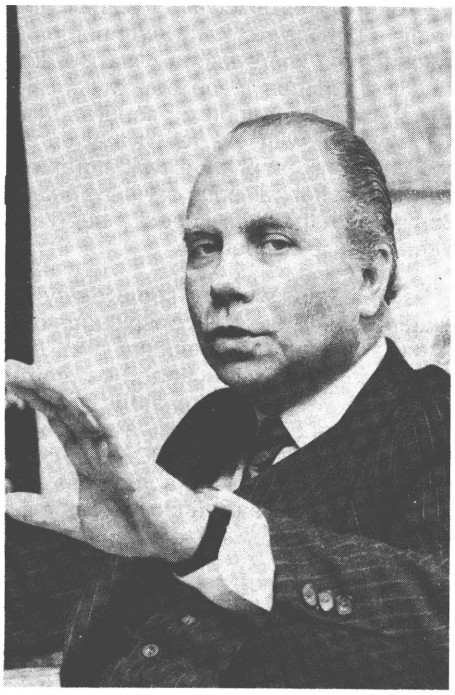
► *The Vandeputte working party which you referred to has also been commissioned to study the international division of labour. How can the Belgian economy adjust to the new situation?*

Mr Eyskens on a working trip to the Rwanda-Burundi-Zaire triangle, which receives 60% of Belgian bilateral aid

— I believe that the future of Belgium, as the world's largest exporter, lies in the penetration of new markets. The EEC stimulus is beginning to stagnate and the developing countries could become a major market. But, in asking this question, a distinction must be made between the developing countries. Our foreign trade policy is mainly focussed on the new industrial countries or the new industrialized countries.

I normally distinguish between five types of countries in the Third World. There are the poorest countries, which are poor and remain structurally poor because of the lack of minerals. Trade there is marginal and one-way and these countries normally have a considerable deficit in their trade balance. Secondly, there are those countries which are poor, but which are potentially rich. Zaire is a very good example. The trade balance may show a surplus. That is the case between Zaire and Belgium: the trade balance shows a surplus for Zaire and a deficit for Belgium. Then there are the countries on the verge of industrialization. I include Indonesia in this category and Malaysia, the Philippines, Thailand and Algeria are showing signs of being such countries. In these cases, development policy should gradually be replaced by trade policy. Then there are those countries which are heralded as the new industrialized countries. Here, development policy plays a marginal role—whenever areas of poverty continue to exist within these countries—and must be largely replaced by economic mechanisms and financial transfers, etc. Then there is a fifth category which lines up with the group of Third World countries for political reasons but has in fact left this Third World. Some of these countries have the highest per capita incomes in the world. These are the oil-producing countries. Kuwait, for instance, has a per capita income of $ 15 000 a year. You can no longer call that a developing country.

As far as the Vandeputte working party is concerned, their conclusions are one thing and the actual situation another. By this I mean political resistance... I imagine that the Vandeputte working party will call for an active conversion policy linked with measures against protectionism and the search for new markets, but this also means exposing ourselves to foreign competition. We have a high level of unemployment. I can well understand having a transitional period for specific sectors like textiles and steel, which are very vulnerable to foreign competition, but protectionism is tantamount to burying your head in the sand and leads to a decline in the standard of living. It is not a long-term solution and even if the transitional period is maintained too long the awakening is all the more painful. I believe that Belgium must certainly favour the possibilities of international trade, but in the short term this leads to a painful period of adjustment.



"Wherever I go, I try to point out that the future of the industrialized countries is closely linked to the future of the Third World, and vice versa"

Cooperation policy in a restructured Belgium

▶ *What effects could an eventual constitutional reform of the Belgian State have on its development cooperation policy?*

— The government statement provides that both communities—the Dutch-speakers and the French-speakers—should be associated with development policy. At the budgetary level, the community councils would receive certain appropriations and the community executives would also have a say. No decision has been taken on the sectors to which this would apply but, in general, they would be those sectors involved with people, i.e. health, education and social affairs. I have drawn up a number of scenarios for this. Future developments depend on the development of the political situation.

However, I would like to develop two basic ideas. First of all, development policy must remain effective and it must put on a Belgian face abroad. We cannot carry out Walloon and Flemish development measures. We cannot divide the world up into a Flemish and a Walloon sphere of influence. That would be nonsensical. On the one hand, therefore, efficiency must be retained, but on the other hand the credibility of development policy must be increased in this country, and that can only be done if both language communities are firmly convinced that they are equally involved in development policy.

In the current situation the two language communities obviously do not have this impression. They are both frustrated, but the Dutch-speaking community in particular is under-represented in a number of sectors such as university cooperation, in the number of cooperation officials throughout the world and in education. This must be rectified or compensated for by giving the communities their own jurisdiction in a number of sectors. The French-speaking community may attach major importance to education and university cooperation and to foreign students who come from the developing countries to study in Belgium. All right, that can be retained if this does not exceed community funds. The Flemish may attach more importance to project development; they can then do this within the limits of their own allocation or their own budget. It is not therefore the intention to force both communities into the same mould. They can each state what they want to do and how they want to do it.

An asymmetrical interdependence

▶ *As development minister, do you feel that it is your responsibility to provide information and guidance to both industry and trade unions so that the idea of conversion can be implemented in the mutual interest of Belgium and the developing countries?*

— Yes, certainly, but I meet two types of objection. Firstly, the general objection among Belgians that providing money for development is a waste of time. We must therefore strive for an effective transfer of funds and ensure that they benefit the local population and not the elite when they arrive. Secondly, when talking about rural development, people here often say: "there's little flowback, and accordingly this has little effect on our local employment and there are few prospects for our industry." This is the wrong approach. I believe that if you interprete rural development in the wide sense of the term the upstream and downstream activities make it possible to conduct a large range of industrial and peripheral activities. Rural development naturally implies infrastructure, education, transport, marketing of agricultural products, etc. This involves a whole range of things and forms a large market for our industry.

These are the objections expressed in Belgium. A frequent objection in the recipient countries is that they are very suspicious about the way we stress rural development, as they see this as a method to keep them "small". You can overcome this atmosphere of distrust by pointing to specific examples of successful rural development policy and there are a few. This of course also has something to do with the ethics of the local rulers: the more democratic the local government is, the more attention they pay to the population and that is mainly the rural population; the more authoritarian or unethical a government is, the more attention they pay to elitist projects. I believe, first and foremost, that the general public in Belgium must be made more aware of the problem and, wherever I go, I try to point out that the future of the industrialized countries is closely linked to the future of the Third World and vice-versa. In fact, development policy has the objective of making itself redundant and must be replaced by the traditional mechanisms at a certain stage.

However, I will make one reservation. The traditional economic mechanisms of the world economies today are such that they lead to asymmetrical interdependence and the developing countries are normally in the oppressed position. You therefore have to incorporate mechanisms to prevent this and this can only be done by means of so-called structural reforms, i.e. the new economic order. This must be built up step by step and I believe that Lomé is an important and the only operational model in the world. I am thinking, for instance, of Stabex and the Sysmin mechanism which has been designed for mineral raw materials.

An open pact without geopolitical pollution

Having said that, I do not think that the Third World, including the oil-producing states, could derive any advantage from stunting our growth —this is the point of departure for the idea of a pact for solidary growth which I proposed to the OECD and the UNCTAD. By solidary growth I do not mean so much the growth of the developing countries as opposed to the growth of the industrial countries, but the fact that all those countries which have passed a certain level of growth should display solidarity with the developing world once they have reached a specific level of prosperity. At all international conferences I am struck—and deeply disappointed—by the formation of blocs and the reproaches traded between them. Three blocs engage in a kind of shadow-boxing—the West, the Eastern bloc countries and the oil-producing countries. You know that, according to the latest figures, the West provides about 78% of public aid and that the Eastern bloc has dropped to 2% from the figure of 8% three years ago. The Soviet Union, for instance, gives only 0.03% of its gross national product as aid. The socialist countries therefore do practically nothing. The oil-producing countries, on the other hand, have made a tremendous effort in recent years and countries such as Saudi Arabia and Kuwait have allocated 10% of their GNP to development aid. I believe that the politics should be taken out of development aid and therefore I propose a pact between all countries sharing in economic growth, i.e. the three blocs. It should be an open pact which all countries could join; those which refuse to join would attract disapproval. Each country therefore assumes its own responsibilities under the pact.

I think the critical threshold should be per capita income and that once a country has passed $ 3 500 or $ 4 000 it should be liable to contributions. This can be modulated by making countries with a high growth rate pay more or by taking the country's unemployment into account, or by making allowances depending on whether the country has already reached the 0.7% target or not. This pact does not replace the 0.7% target, but supplements it. Then there is the question of how to transfer funds — multilaterally or bilaterally. I believe that there is little chance of a multilateral transfer. There are already a large number of multilateral agencies. The countries generally prefer bilateral links, one of the reasons being the flowback, of course. I think I would like to combine the bilateral and multilateral systems: the granting of aid would be bilateral, but there would be a multilateral control. Solidarity would thus be controlled multilaterally, but each country would grant aid to the countries of its choice, for example by means of a system of bilateral loans or grants.

Ivorian farmer planting tomatoes as part of a Belgian food-growing project

The basic idea is that we should not make the same mistake on a world scale which the European bourgeoisie made at the end of the last century. In 1970 the Western bourgeoisie completely failed to understand that, apart from humanitarian considerations, it was generally in its own interest to democratize purchasing power. This was not realized until Henry Ford began to construct his Model T. If we wish to democratize purchasing power throughout the world we must organize a large-scale transfer of purchasing power, governed by conditions which will give rise to a multiplier effect, otherwise it will be a wasted effort. There must definitely be a two-way traffic, and one must help the other on, especially in this time of crisis. That seems to me the only possible way of getting out of the present situation. It is either cooperation or confrontation, and resorting to protectionism and dividing up into protectionist blocs is a very treacherous form of confrontation. An OECD study entitled "Interfutures" shows that economic confrontation and protectionism present very harmful prospects for all concerned, particularly for the poorest countries.

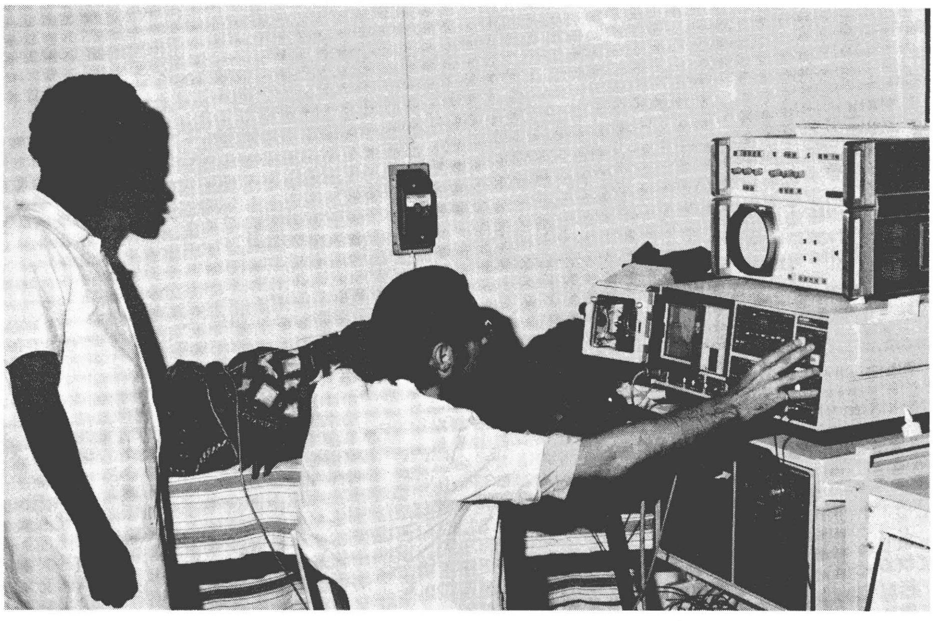
"In Lomé one knows exactly who is talking to whom. There are the ACP countries and the EEC countries, with each trying to speak with one voice"

Lomé: "the only working model of multilateral cooperation"

► *You were co-chairman of the working party on technical and financial cooperation in the negotiations for the second Lomé Convention. What is your own assessment not only of those negotiations but also of EEC-ACP relations as a whole?*

— The experience was, I must say, a revelation to me. I was extremely impressed by the quality of the discussions. The ACP countries were definitely in a more difficult situation than ourselves: they were making the demands, there were more of them and they were also divided, i.e. one paid more attention to one aspect, and another to a different aspect. I was very impressed by their sound knowledge of the dossiers, the skill with which they put their case, the way they hid their internal differences of opinion, the tactics which they used. There I felt for the first time that developing countries can also be equal partners in a discussion and I came away with a very good impression. Initially, in the first round, I also had to defend positions on behalf of the EEC which I only half believed in myself. The EEC subsequently adopted a more flexible attitude in many areas. I also noticed that often technocratic considerations are given first place and too little attention is paid to the context and to the major objectives. In the European camp there was therefore friction between the EEC technocrats and the politicians. I found it very engaging and constructive.

It is really the only working model of multilateral cooperation in the world. I believe that we must enlarge upon and improve it. Lomé II is an improvement on Lomé I; if the crisis can be contained to some degree in the West, then in the future we can draw up Lomé III and Lomé IV. The possibility of extending it can also be considered: if Spain accedes to the EEC, this will clearly create an opening for South America. This does not mean that I am advocating including the South American countries as such in the Lomé Convention, but something similar can be designed for the South American countries as can indeed also be done for the ASEAN countries. I believe that, all in all, we can feel proud: say what one will about the EEC, Lomé is a working structure, in sharp contrast to many other structures which are purely verbal or almost only verbal. I am thinking of UNCTAD: a melting pot of ideas and proposals, but there it stops. My fear is, and it is a serious threat, that the North-South dialogue—which follows on UNCTAD V and will be the subject of a United Nations special session in August and September—will either be a dialogue of the deaf or a shouting match in which an attempt will be made to seek out from among the ISO countries taking part the right and appropriate discussion partner. Who is going to talk to whom there? In Lomé one knows exactly who is talking to whom. There are the ACP countries and the EEC countries, with each trying to speak with one voice. The North-South dialogue is, from the outset, very confused, to put it mildly, and this geopolitical pollution therefore occurs. Consequently, I expect little of benefit to come from it and I would prefer to see restricted vertical agreements between specific groups of Western and developing countries and I feel that Lomé is truly a great success for the EEC. ○

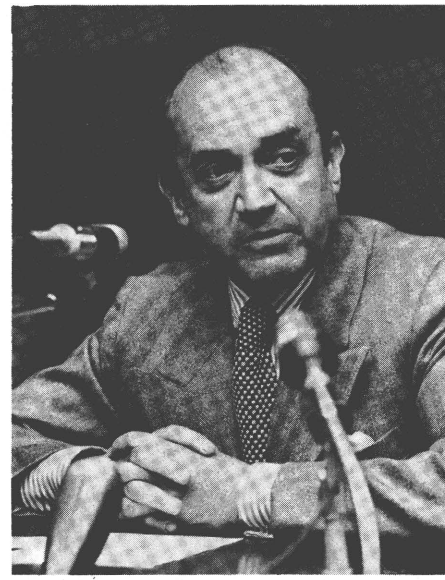


A Belgian cardiologist at work in the Bouaké hospital, Ivory Coast

Interview by R.D.B.

Claude Cheysson faces the press

"Our development aid policy must be integrated with all our other policies"



Claude Cheysson
EEC development commissioner

Claude Cheysson was the guest of the "Europe 1 Press Club" on 13 January as part of a special series of interviews that included Algerian foreign minister. Ben Yaya, Michel Poniatowski, Henry Kissinger and French foreign minister Jean François-Poncet. The subject: prospects for the 1980s.

Mr Cheysson spent an hour with 20 well-known journalists, discussing some of the fundamental problems of relations with the Third World today and how they are likely to develop. Extracts from the discussion follow, together with Mr Cheysson's answers to some additional questions from the *Courier*.

Answers to questions from the Press Club

Each country needs a development model of its own

— "One characteristic of what Europe is doing is that we start from the principle that each country has its own development model. We let each country use our aid as it sees fit. The result? They put 40% of it into the rural sector, which gets barely 12-13% of bilateral aid. Every country must be left free to express itself. This is one thing we demand. We demanded that Marshall Plan aid be used in our way to suit our plans and policies and we expect a similar sort of thing in the developing countries.

"Marshall aid was financial aid and we must go further. If we want to help countries with their development we must not just give them money and allow them transfers of technology. We must open our markets to them as well. So we have to agree to integrate their industrial ambitions with our own economic and industrial development projects, something the Americans never entertained in the Marshall Plan...

"If we accept that every country is entitled to its own development model then we must also accept that some countries some time will have development models that are quite unlike ours. I personally am very satisfied with the fact that, when we deal with Africa, we deal with all Africans regardless of their regime, their alliances or their economic development models. Here again we are going a little further than the Marshall Plan and this is already important... Another important contrast with Marshall aid is that we have both to accept the favourable consequences for our economy—we sell more and so there are more jobs going—and adjust our industry in order to be ready to take more products from these countries."

Lomé policy

— "When I talk about how we deal with the countries of Africa, I always start by saying that what makes our Lomé policy unusual is that we have a contract with these countries. It binds us and we leave them to decide on how to use the means we provide."

The Third World — the only expanding market

— "I should like to remind you that, as things stand, the Third World takes 39% of the Community's exports: 28% in 1972 and 39% now—three times what we send to the USA. These are the only markets to have expanded regularly since the oil crisis and they have expanded in just those areas that interest us the most—in manufactures and in processed products. One third of the railway equipment France produces is exported to the Third World, one third of the electrical goods, and so on.

"The Third World accounts for 8% of world industrial production... not a lot. Its industries send us textiles, footwear and various wooden articles—but look at all the capital goods they buy from us! And look at the extra purchasing power and larger markets and opportunity for growth, when we are all seeking growth, generated by the extra income from this industrialization."

Textiles

— "The current production index of the European textiles and clothing industry is higher than it was 15 years ago. It was 100 then and is 104 now. There would have been more growth if we had not had all the Third World imports, but there has been no decline in our textile and clothing industry as a whole. However, there has been a considerable drop in employment in the sector. Why? Because here is an industry that was particularly old-fashioned, employing virtually unskilled and therefore abundant labour, and it has made a big effort to modernize. Look at the large reduction in employment in Europe—500 000 jobs have been lost in the textile and clothing sector, almost all of them because of an increase in productivity that was not accompanied by an increase in the volume of production."

The multinationals

— "As things stand, 45% of the Third World's exports are accounted for by multinationals. So we have to get these countries to shoulder their responsibility in this field and help them, once they have done so, to obtain a clear picture of how the multinationals operate and to ensure that these firms' business does not detract from Third World development. We have exactly the same problem ourselves."

The North-South dialogue must go on

— "First, let us not confuse the issue. Development aid and the North-South dialogue are not the same thing. The North-South dialogue is much more than that. It is a search for a way of regulating and organizing relations between the North and the South, between the industrialized countries and the developing ones, and it involves a search for ways to organize and structure relations between all the economies of the world.

"Development aid is one of the factors, as are investment and the countries' ability to borrow money. But financing in the Third World is only one of the aspects of the North-South dialogue.

"You want to know if this is why the Avenue Kléber exercise didn't come off. I think that the President of France was being very far-sighted in proposing the Avenue Kléber for the dialogue. And I also think that he was a bit premature. Because when we spoke about the North-South dialogue, we only meant the problems of the South and whether their access to our markets or investments for their industrial development should be easier. I think the dialogue has more chance of succes now that the countries of the South agree with us that we have to discuss everybody's problems, theirs and ours. If we discuss energy, then we have to do more than talk about how they can earn more money by selling it. We also have to decide how to ensure reliable supplies. The same goes for food, trade, keeping the world's money markets balanced so that medium-term needs can be met, etc. So the North-South dialogue must have its sights set somewhat higher than they could have been when the Avenue Kléber suggestion came up. This is why the dialogue has a slightly better chance of success now."

"Integrating our development aid policy with all our other policies"

— "When it was only a question of helping the countries of the South to develop, the experts were satisfied and the ministers for finance in the industrialized countries simply agreed once a year on how much money they were going to hand over. That was adequate. If we look at the whole North-South problem today, on the other hand, we realize that development in the South will affect us too. Our development aid policy must therefore be integrated into all our other policies—which means that the unions, the MPs, everybody, in fact, has to be involved. We have to add a political dimension to the problem."

The food weapon

— "I have never heard it said that any of the countries of the Community used this expression. I do not think it would be in their interests to consider the problem of hunger in the world as a power game. We have no interest at all in seeing all the trade networks overturned or the food shortage—which is second only to the energy shortage and has much the same long-term prospects—made any worse by sudden changes in the patterns of trade and by markets being opened and closed. We objected to the oil boycott and my opinion is that we should object to any food boycott as well."

Cambodia

— "What is going on in Cambodia is abominable. Everyone knows it is. The wretchedness in which these people have lived through so much trouble, Pol Pot, the Vietnamese occupation and the Ien Samring government, is terrible. We know all this, every one of us, because television and radio bring it into our homes.

"We have tried, as you know, in the Community, in Europe—some countries have played an important direct part—to participate in a major drive to help. In Thailand, the unfortunate refugees now have some small assistance in their distress. And some of them have found refuge in Europe.

"The situation in Cambodia is dreadful. We have made considerable means available. Do not forget that \$160 million are available at the moment to help these people and 40% of it comes from Europe. We have managed to get these means where they are needed. 70 000 t of rice are now in Phnom Penh. 48 000 t of what we have helped to provide via the Red Cross and UNICEF have arrived, there are 250 trucks to move it and only 600 t have actually been distributed. 600 of the 48 000 t we have sent!... All the rest is being stored. In other words, there are enough stocks to feed the whole of the Cambodian population for a month and a half and yet people are dying of hunger!"

Arms

— "It is dreadful to see that the Third World, which currently gets about \$24 000 million every year in official development aid, spends \$55 000 million on arms.

"This is formidable. But it implies international responsability, first and foremost on the part of the two superpowers, for when we talk about disarmament and the international military balance, we always come back to the superpowers. This means that the two superpowers have considerable responsibility. They must try not to make military capital out of the inevitable tensions between new countries."

The Russians as partners in development

— "Developing countries are very like young people. They need help with their training, with employment, with using their resources and gaining access to markets. They need outlets for what they produce and they need supplies, including supplies of technology, on reasonable terms.

"The Russians are not partners in any of these fields. They only provide minimal amounts of financing. Official development aid from the Soviet Union and the whole of the Eastern bloc amounts to less than \$1 000 million p.a., whereas the OECD countries alone give \$21 000 millions. And they represent only 4% of the Third World's external trade while we alone represent 35%. So they are no market for these countries either.

"Lastly, I do not believe that any totalitarian system can really help a developing country, because helping means fitting in with that country and accepting ways and an identity that are different from one's own. The people involved have to be adaptable. The day a Soviet official shows he can adapt, I think he will no longer be allowed to leave his country."

The European Parliament

— "I have not been very impressed by the way the work has been organized but what I have noticed is that this is a parliament that can make its presence felt—as you have proved by asking me a question about it, as all the press has proved by talking about it and as its members themselves have proved by considering that they have to justify their presence there to themselves, to their political parties and to the voters and by ensuring that, in so doing, they keep within the bounds of the Treaty.

As far as the budget is concerned, I might say, I was worried in case they adopted one that was different from the Council's—which would have been completely irregular. Not a bit of it. Parliament stuck to the Treaty but, I repeat, it put the governments in a position where they had to use their powers.

I think now, and here I am in agreement with something Simone Veil, the President of the assembly, said recently, that the effectiveness of the assembly will become apparent when it deals with various major themes on which it cannot give a decision but on which a serious analysis and a political stand will be a factor when the governments take their decisions. Take employment, for example, take the common agricultural policy, particularly the external aspects of it. Take the problem of hunger in the world and ensuring reliable supplies of food." ○

Interview with the *Courier*

Lomé: real negotiations

► *Now that a few months have passed since Lomé II was signed (on 31 October 1979) and you can see things more in perspective, and perhaps also bearing in mind the recent deterioration in the international situation, what do you think of the negotiations and their outcome?*

— You might be surprized to learn that my assessment is not that much different from the one I made at the press conference held one sinister morning in June after the formal conclusion of the negotiations. On this occasion, I emphasized that the negotiations were real negotiations between partners on an equal footing. And for we Europeans, the partner was one who never hesitated to say fairly and squarely that our offers were not good enough. So they were real negotiations, such as we might have with the Americans or the Japanese, which is why neither side was satisfied. When you come to the end of difficult negotiations, you don't feel that you have won all the battles. That is what real negotiations are all about. Second, I was a bit brusque at the press conference when I asked if anyone reckoned they could do better than what we were doing. The months that followed have been difficult and now I would not dare ask the question again as there is a decline in aid everywhere and there is a decline in interest in the affairs of the Third World.

The USA, the biggest industrial power in the world, only expresses itself in terms of power, Food is a weapon and every chance of strengthening power is seized upon. And lastly, the USA is lined up against a partner, the Soviet Union, with whom it is reasonable to talk in terms of power, But I wonder how long it is since there has been a major US declaration on the Third World. So the situation is far worse now than it was then in the industrialized countries and it is far worse now than it was then in the developing countries, because the oil crisis affects the developing countries far more than it affects us. Why? They, like us, pay higher prices for their oil, but they already have as much debt as they can cope with. So, they ought to use less oil. But they use very little already. Don't forget the figures: 8 000 kg of oil equivalent per American per year, 3 300 kg of oil equivalent per European per year and 300 kg per inhabitant of the Third World. They can hardly use less. So this is an extremely difficult situation for us now the tension is mounting because of other serious events. The Soviet Union is sending out its troops and occupying a foreign country, contrary to every statement it has ever made. So I should never dare to call for any advance now. It is extraordinary, really extraordinary, that we managed to conclude the negotiations properly. Another eight months or a year and we could well not have made it. Now we have to show that this agreement helps both sides with their considerable problems— and those have got worse since the negotiations ended.

The consequences of Third World debt

► *You emphasized the fact that the Third World has reached a debt limit (1) that it would be difficult to exceed. But might this not result in problems for the industrialized countries, if Third World imports drop dramatically?*

— There is no simple answer. There are always several answers to complex problems. Many oil producing countries will have bigger surpluses than they did and they must at all costs be recycled to play a part in development, in the financing of growth and in growth itself where it is most needed. There can be no question of the one or two countries that are able to take off fairly quickly being stopped before they are airborne. And then there are the very poor countries. It is pointless to hope that growth alone will cater for all their needs. They must get aid immediately and for a very long period, for just as long as they are poor, for just as long as they cannot themselves produce enough financing both to subsist and to develop.

(1) Around $350 000 m.

Balancing the North-South dialogue

► *So the second shock wave generated by the oil crisis shows how important it is to get the North-South dialogue going again. But shouldn't we be doing more than dealing with the problems of the South? Should we not also be looking at the problems of the North and making people in economic and political circles more aware of the increasing interdependence of the various regions of the world?*

— You are quite right. The day after the Press Club meeting I was struck by the way some journalists and politicians, who are very well up in world affairs, reacted.

Several of them wrote to me or told me in person that what I said about the way we depend on the Third World, and on how a failure to maintain its rate of development would be a threat to our export trade, was something quite new. But to me it is obvious.

And it is also obvious to the heads of all the big firms. They all know just how both oil and non-oil producers in the Third World have boosted exports. People who manufacture railway equipment, electrical goods and transport equipment or who work in engineering consultancies and public works departments know all about this.

But until the broadcast, which was intended for the general public, I never realized that such well-informed people could be so unaware and ignore certain things that are self-evident to me and to a certain number of industrialists.

Trade unions and the international division of labour

What is encouraging, as I have already had the opportunity of telling the *Courier*, is that the trade unions are much more aware of the problem and their statements and resolutions on the place of the Third World in the drive to expand further (or in any case to maintain a minimum amount of growth) are extremely courageous, as they never shy from saying that the international division of labour has to be accepted.

This division must not just be the upshot of calculations by the multinationals. It must result from cooperation between the authorities, the firms and the workers' representatives to ensure that the industrial readjustment and restructuration policies, the vital complement to industrialization in the Third World and even to the drive to expand agriculture, are not to the detriment of the workers or for the sole benefit of one or two firms.

The effect of the American embargo

► *One thing you didn't touch on at the Press Club was the American embargo on the world markets and thus on the common agricultural policy and what it costs.*

— This is something that worries me enormously and I don't think I am being indiscreet if I tell you that when Claude Villain, our director-general of agriculture, went to Washington to speak on the Community's behalf, one of the things he told the Americans was that we in the Community undertook not to take their place on the Soviet market.

We did not want the major patterns of trade, particularly trade in agricultural products, to be upset by political events and we wanted them to explain what they intended doing to avoid taking our place on markets other than the Soviet one. They had 15 million t of grain on their hands. And not only grain. What about the 70 000 t of chickens they were selling to the Soviet Union and that wouldn't be sold? Weren't they going to set the chicken war going again?

The US government gave perfectly sound answers on grain, that is to say that it would be stored and that there would be different measures to encourage the farmers to keep their maize.

As you know, the American agricultural policy gives the government remarkable powers of intervention. The Americans have a whole range of ways of action on the agricultural markets that is far wider than ours. We are accused of being dirigiste with our common agricultural policy, but we are babes in arms compared to the Americans.

So, as far as grain is concerned, certain assurances have been received, not just by us but by the Canadians and the Argentinians as well. The only thing we might wonder is whether the fact that there are stocks, even if they don't go on the market, will have a psychological effect on the world. We shall see. In any case, there must be constant cooperation between the Americans, the Canadians, the Australians, the Argentinians, the Europeans and so on to keep in touch with trade patterns and price trends. We are still worried about processed products. I mentioned chicken just now, but this is not the only thing. Don't forget that chicken, pigmeat and cattle have become one of the main ways of processing grain—and we cannot rule out sudden price changes on these markets.

► *In April or May the European Parliament intends taking up the major debate which it began last October on hunger in the world. Important "hearings" will precede it. How do you see the Commission's role in this debate?*

— First of all, I want to thank the MPs for listening to one or two of our suggestions in organizing their debate. The first temptation when hunger is being discussed has always been to talk of food aid and the immediate aspects of the problem.

People who are hungry have to be fed. That is one side of it. The second self-evident fact is that the development of world production has to be discussed. The MPs were quick to understand what the FAO said, and what we and other people said, to the effect that developing production is not simply a question of improving farming methods. The whole of the rural environment has to be tackled—access roads, water resources, storage and the economic and social environment as well. People who lack motivation are never going to produce more.

Now the European Parliament has seen that the problem isn't just one of improving farming techniques and providing credit to buy fertilizer and better seed.

The world food trade

Something I am grateful to the Parliament for is its understanding of the fact that any serious discussion of hunger in the world today has to deal with food aid and production in the developing countries. We have to talk about the whole of the world food trade. The countries in the tropics will go on buying milk products; because of the tsetse fly, Africa finds it difficult to produce milk. In the Sahel, in semi-arid areas, yields of some cereals are vey low. It would be absurd for these countries to try and produce all the cereals they need and the Third World is destined to go on buying large quantities of certain cereals, such as soft wheat, that we can produce better in the temperate zones. That goes for other products too.

So the trade in agricultural produce is a very important factor in the campaign to beat hunger.

It is an extremely speculative trade and only a few people control it. Only two firms control 50% of the world wheat trade and if you count the number of firms that control 80-90% of the world trade in sugar or maize, such essential products, on your fingers, you don't need two hands.

This regularization of the patterns of trade is a very important aspect of the hunger question and I am very pleased that the Parliament is stressing it. Why isn't the Community present as an organized entitly on the world agricultural raw materials market? How come Canada, the USA, Australia, Argentina and even Turkey have means of intervening in their external agricultural trade that we don't have? We can't give medium-term credit to people selling agricultural products. Our exporters can never enter into contracts that take them beyond the current agricultural year and they have no assurance as to what price arrangements they can guerantee afterwards. Unlike the Americans, we cannot have grain purchases paid for in local currency. We have no stocks or policies to encourage the creation of stocks to enable exporters to deliver goods even when the harvests are bad. Why haven't we? Isn't Europe being extremely short-sighted and irresponsible? How has Europe, which has managed to regulate internal trends with its common agricultural policy, completely failed to take account of the world level when all the other major food exporters have? This is also part of the hunger problem.

Long-term contracts

► *Is there no hope of returning to long-term contracts in the future?*

— There absolutely has to be. It is no accident, yet again, that the Canadian, Australian, Argentinian, Turkish and American exporters have long-term contracts. The Community has to provide its producers with the financial facilities and guarantees that will enable them to enter into contracts that cover several years. ○

Interview by ALAIN LACROIX

LIBERIA

Reducing waste to free more development resources

Interview with President Tolbert

Since July 1979, when President William Tolbert became chairman of the OAU, Liberia has been at the centre of events in Africa. The country, independent since 1847, is the continent's oldest republic, and few leaders are so well prepared as President Tolbert to carry the burden of the OAU chairmanship. He succeeded President Tubman in 1971 after 21 years in the vice-presidency. In 1975 he was re-elected for a new eight year term. It was in his joint capacity as head of state of Liberia and "standard bearer" of Africa that he gave an interview to the *Courier* on his country's own economic problems and wider issues which affect the African continent.

William R. Tolbert

▶ *Liberia is a big iron ore producer. How did the reduced demand for iron ore affect your development plan?*

— Resources for implementing our development plan are generated from local revenues and external aid consisting of loans, technical assistance and grants.

Many of the underlying assumptions in the plan with respect to the behaviour of dependable resources have been influenced by a number of factors. When the plan was being prepared, the major assumption was that on average, iron ore production would be sustained at the existing capacity (which was about 24 million long tons), and that growing demand for this commodity would result in large investments to exploit the country's undeveloped deposits.

At that time, it appeared that the steel industry in the industrialized market economies would have recovered from the recession which began in 1974. On the contrary, however, an upturn in the industrialized market economies did not occur. As a result, our economy, which depends upon the production of iron ore for about 30% of its value added, experienced a strong setback.

Severe strain

Accordingly, our balance of trade has been under severe strain during the plan period. There was, in fact, a deterioration in the balance of trade as a result also of a steep rise in the prices of our imported food, chemicals, fuel, manufactured goods, machinery and transport equipment.

On the other hand, there was not a commensurate increase in the volume and value of our exports. The increase in the import bill was in some respects influenced by the implementation of the plan, which required substantial importation of capital goods.

▶ *One of your government's key solutions to inflation in Liberia is a sharp cut-back in public expenditure, which will increase unemployment. How will you deal with this?*

— It is not necessarily true that a sharp cut-back in public expenditure will increase unemployment. What we are doing is cutting back on less important items in our budget and not salaries, wages or personnel. We are pursuing a more efficient allocation of expenditure, thereby reducing waste as a means of freeing more resources for development.

Reforms in our tariff system and improvement in the performance of tax collection, as well as increases in individual and corporate taxes, will make it possible during this year to increase revenues by about 18% over what was assumed in the development plan. This will make possible the continuing of such development schemes as roads, schools, public buildings, utility projects and port expansion, thus providing increasing employment opportunities for our people.

The falling dollar

▶ *Your currency is linked to the US dollar. To what extent did your country's economy suffer from the fall in the value of the dollar?*

— The Liberian economy continues to experience the impact of major developments in the international economy. Important factors which influenced these developments are the recession in the steel industry, the continued increase in the price of petroleum products and the depreciation of the dollar.

Quite simply, it means that we must spend more to purchase goods and pay for services when the value of the dollar declines. Thus, the depreciation of the dollar vis-à-vis other currencies has made our import bills from non-dollar areas higher.

Like the continuous increase in the price of oil, the decline in the value of the dollar hampers the implementation of urgent projects and impedes our progress in building a wholesome society.

► *The True Whig Party is no longer the only political party in Liberia. What are the next steps in the liberalization of political life?*

— We have been striving during our administration to live up to the principles of democracy enshrined in our Constitution. Our concern has also been to ensure the efficient and effective operation of the True Whig Party, which seeks to promote the interests of all of our people.

Since becoming standard bearer of the True Whig Party and President of the nation, I have introduced many timely changes to improve the image of the party and to further strengthen its popularity at all levels.

I am certain that with the new dynamic and progressive trend of the party, it will survive all tests to its continued viability.

However, at the same time, we do not contemplate applying brakes to the process of political change currently going on in the country.

As a manifestation of our continued commitment to further liberalize the political life of our contry, we have recommended to the Legislature a reduction in the voting age of our youths from 21 to 18 years, without any property qualification.

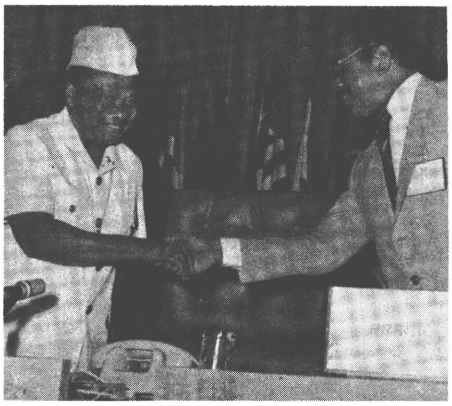
Certainly, with the young segment of our population, possessed of fertile and imaginative minds, added to the decision-making process of our nation, the political life of our country is bound to experience further liberalization, and, in fact, a richer and fuller life.

► *The property clause is a limitation to democracy in Liberia. Would you favour its withdrawal?*

— In the last nine years, I have consistently and with constancy advocated the removal of all policies and practices discriminatory in any form of the citizenry of our country. Thus, one of our principal tasks during these years of my presidency has been to broaden political participation and to give full rights to all young people between the ages of 18 to 21.

Thus, since 1972, one year after my ascendancy to the nation's presidency, I recommended the reduction of the voting age from 21 to 18 years, which was later given full approval by our Legislature.

Noting, however, that age reduction without also the removal of the restrictive property clause would be almost meaningless, I again proposed the removal of all property qualification as a requirement to vote in my recent January 1980 annual address to our national Legislature.



President Tolbert with Bernard St John, then chairman of the ACP Council of Ministers

It is my hope that they, too, will see the wisdom in this recommendation and accord their favourable consideration.

► *Under your presidency, the OAU has started tackling economic issues. Do you think it is realistic to think of a continental strategy for so many countries that are so different?*

— I do quite rightly think so. Since its founding in May 1963, the OAU has gallantly and, I may say, successfully devoted its energies to the political liberation of Africa. Political liberation is a prerequisite to any schemes of socio-economic transformation. With successful prosecution of the war of independence, the OAU is now ready to meet the challenges of Africa's war of economic liberation.

It is regrettable to note, however, that roads, telecommunications, transportation, electricity and other necessary infrastructures are not fully developed to facilitate the formulation of a single continental strategy for economic development.

Of course, political, social and cultural factors would also impose difficulties in implementing possible objectives of a unified economic policy.

But, in spite of these difficulties, Africans have become aware that the economic emancipation of their continent, which boasts a high percentage of the world's reserves of natural resources, depends to a large extent on their own initiatives.

Through the Organization of African Unity, studies are underway for the development of an African economic strategy. Already, regional organizations such as the Economic Community of West African States, comprising 16 English-and French-speaking countries, and the Mano River Union, between Liberia, Guinea and Sierra Leone, have been formulated to plan a strategy for the economic integration of their respective nations. Once regional organizations become effective the prospects for a common economic strategy for Africa will seem more evident.

Boycotting the Olympics

► *As current OAU chairman, do you think that this organization should examine the issue of the boycott of the Moscow Olympics?*

— As you are aware, the Supreme Council for Sports in Africa, embracing the sports organizations of all countries of the continent, met recently to discuss the subject and decided against a boycott. However, they also indicated that as the situation would dictate, this decision could later be reviewed.

Liberia, being a member of the SCSA, should abide by its decisions, especially as dissension within our ranks might spark off heated debates which would not be in the best interest of African unity. Accordingly, we can only hope that the situation necessitating a possible boycott could be timely resolved so that the event would proceed as planned.

► *What is your position regarding the elections in Rhodesia?*

— Historically, Liberia has always advocated the rights of oppressed peoples everywhere. However, of more burning concern to us during the last two decades has been the desire to see our brothers and sisters in southern Africa completely freed.

The problem as it exists in Zimbabwe-Rhodesia, involving the multiplicity of parties, indeed diminishes the strength of the people and poses a serious threat to the unity of the Zimbabwe peoples. But, be it as it may, the ultimate aim of the election should be to secure peace in the country and bring about majority rule in the most democratic manner, where the rights of all would be safeguarded.

However, from reports being received, it seems that there are external forces which are playing between the parties in Zimbabwe. We hope that the British government will assume its full responsibilities for Rhodesia and proceed to implement in full the decisions of the Lancaster agreement. All Africa demands this! ○

Interview by
AMADOU TRAORE

FIJI, TONGA, WESTERN SAMOA

The sealocked ACP states of the Pacific

Turn a globe to the Pacific Ocean, and the rest of the world will almost disappear from sight. Then look at a schoolroom map: the North Pacific, separating the big powers of East and West, is no doubt fully represented; but the South Pacific is probably diminished in scale, reflecting the northern hemisphere's exaggerated idea of its own importance. How many people are aware that Australia comes closer to the equator than, for instance, Senegal?

This feature on the first three Pacific countries to join the ACP group, Fiji, Tonga and Western Samoa, is an attempt to straighten up the map and see the world from their point of view. It begins with a glance at their history.

In the beginning

The South Pacific, or Oceania, is not a homogeneous region of palm-fringed coral islands and grass skirts, true though the tourist pictures are. Its tens of thousands of islands, of which only some 3000 have names, spread out from the geological debris of South-East Asia far into the ocean towards America. They are divided into Micronesia, closest to the Philippines and the Asian mainland; Melanesia, to the south; and Polynesia, covering a great triangle to the west between Easter Island, a Chilean possession, Hawaii, a US state, and New Zealand. The three regions might be said to meet at the crossroads of the equator and the International Date Line, where the world is divided horizontally into north and south and vertically into today and yesterday(1).

There are marked differences between the "small islands" of Micronesia (from the Greek "micros", small, and "nesoi", islands), the "black islands" and the "many islands", as evidenced by the hundreds of different languages—40% of all the languages in the world—recorded, and spoken, in the Pacific. But scholars are reluctant to pinpoint the origins of the brown-skinned Polynesians, the negroid Melanesians (related to the Australian aborigines?) and the more mixed, more Asian, Micronesians. Probably they came in different waves of migration from Asia through Indonesia. Possibly (Thor Heyerdahl's Kontiki theory) they came the other way, from South America. Certainly they were the world's greatest seafarers, achieving in the Stone Age feats of navigation scarcely matched until the European explorations of the world some 3000 years later.

Perhaps what pushed these people out into the Pacific was less an invasion from the Asian mainland (one theory) than the inhospitality of their territory, full of volcanoes and swamps, where heavy rains washed the nutrients out of the soil and unpleasant creatures lurked in the jungles. The variety of animal wildlife peters out from Indonesia to Polynesia, to be replaced by marine life. The Oceanic peoples probably took the most useful flora and fauna with them, such as coconuts and pigs, and settled in islands which, while no less volcanic, are cooled by the trade winds, free of the tropical diseases of the mainland, watered by streams and fringed with lagoons. There, when not at war, they turned their attention to fishing as much as to farming, and today their songs and dances celebrate the sea.

(1) Surely a logical point on which to centre a map of the world?

The peaceful Pacific

The Pacific today seems well named. At the UN General Assembly last October, Western Samoa's Minister of Justice, Asi Eikene, declared: "Samoa is in a very tranquil part of the world. Tranquillity is so much a part of our life that we view with deep sympathy the situation of those who live under conditions that do not afford them the opportunity to live in peace and dignity."

Nonetheless, nature is still violent in the Pacific; hurricanes, drought and earthquakes are common and not all the volcanoes are extinct. And until the arrival of European missionaries in the 19th century, warfare between neighbouring islands and even neighbouring villages was a Pacific way of life.

Many European discoverers, such as Captain Cook, who named Tonga "The Friendly Islands" 200 years ago, or Captain Bligh of "Mutiny on the Bounty" fame, and artists such as Gauguin, R.L. Stevenson and Herman Melville, were enchanted by the South Seas. But for the traders who came for whales, seals and sandalwood, these were "The Cannibal Islands", notorious for their ferocity.

The colonization of the South Pacific makes a curious story. Magellan, on the first circumnavigation of the world, found the Mariana Islands (in 1520) before meeting his death in the Philippines; but many other navigators sailed straight through this vast expanse of ocean. Fiji, Tonga and Samoa were all added to that warped schoolroom map by Dutchmen, respectively by Tasman (1643), Schouten (1676) and Roggeveen (1722). The traders and the missionaries followed but not until the mid-19th century were the embers of warfare extinguished.

In 1858 the Fijian chief Ratu Cakobau, harassed by American and Tongan claims, offered the government of his precariously pacified and Christianized country to Great Britain, but the offer was refused. The Americans, busily trying to unite their own wartorn states, also turned him down. Finally Fiji became a British colony on 10 October 1874. The Fijian national day celebrates independence in 1970 but equally commemorates the cession of the islands to Queen Victoria on the same date 96 years earlier.

In Tonga, half a century of civil war ended in the 1840s under the victorious King George Tupou I, who introduced a constitutional government and parliament in 1875. Tonga became a British protectorate—not a colony—until June 1970, when it "rejoined the comity of nations". It remains the only kingdom in the Pacific, and one of the oldest in the world.

In Samoa, British, German and American consuls formed a triumvirate under whom local chiefs continued to rule from 1860 until the end of the century, when the islands were split into American Samoa and the German colony of Western Samoa. At one point the competing British and German fleets were anchored off the Samoan capital Apia, playing cat and mouse, when a hurricane sank the lot of them, except for one bedraggled British ship. The Samoans were probably not very sympathetic, priding themselves even then on being "the cradle of the Polynesian race" and determined, as now, to maintain their own way of life. After World

War I the League of Nations ceded Western Samoa to New Zealand; from being a trusteeship territory, Western Samoa acquired self-government in the 1950s, pushed a little harder and, apart from a few jailings, peacefully became the first independent Polynesian state in 1962.

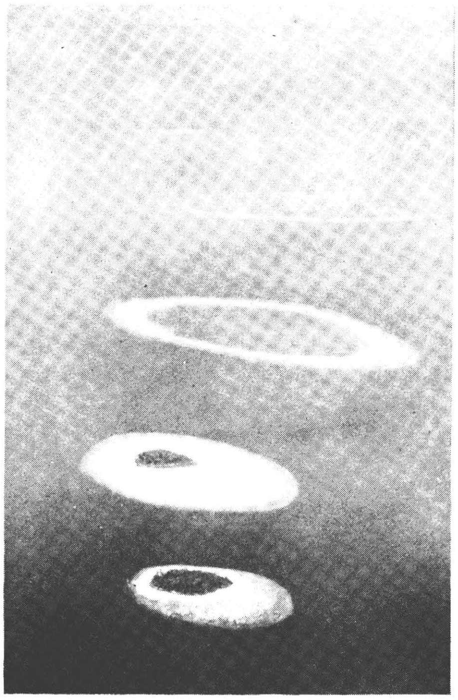
So peace has reigned in the South Pacific for over a century. Among the 16 main groups of islands there are constantly new recruits to the ranks of independence (the Solomon Islands and Tuvalu in 1978, Kiribati in 1979) and, if aspirations to independence have recently led to strong feelings among France's remaining possessions, aggravated by the French nuclear tests at Mururoa, there have been no revolutions, no coups d'état, no military regimes—indeed, few armies—and nothing to compare with the ideological struggles that have caused such strife in so many other developing countries. Minister Eikeni's words to the UN might have been excused had they sounded smug. But they were the opposite of that. He went on: "Our geographical isolation does not lessen our anxiety over issues which are of concern to this world body. Indeed, some of the gravest issues seem to hit us hardest because of our remoteness".

Into the 1980s

What are these grave issues that hit the Pacific ACP states? To quote from a recent Commonwealth Secretariat paper: "The international community has increasingly come to recognize in recent years that the problems faced by some developing countries require special forms of assistance. The United Nations has, for example, identified several categories of specially disadvantaged developing countries and has called for special programmes of assistance designed to offset the particular disadvantages of such groups as the least developed, the landlocked and the island developing countries".

The problems of the first two groups are familiar, especially to the ACP states. But why is it a special disadvantage to live on an island? A memorandum by the South Pacific Bureau for Economic Cooperation (SPEC) lists the following characteristics common to nearly all its island members:

— small populations, many in the subsistence sector;
— limited natural resources;
— vast distances from each other and from major markets, with consequent high external transport costs;
— export income dependence on a narrow range of tropical agricultural products (in some cases on a single product);
— high unemployment or underemployment;



Many of the thousands of South Pacific islands are too small to have names

— serious balance of payment problems;
— proneness to natural disasters;
— and a heavy dependence on aid.

As regards to the last point, a further common characteristic which might be mentioned is the inadequacy of assessments based on purely economic criteria, and especially on per capita GNP, of the level of the islands' development. In a small country, the success of one export—such as sugar in Fiji or phosphates in Nauru—can give an exaggeratedly favourable idea of social and infrastructural development. Fiji has one of the highest per capita GNP figures among the ACP countries and Western Samoa one of the lowest. Fiji complains of the difficulty of obtaining aid on concessionary terms, while Western Samoa receives the highest per capita aid granted by a number of donor agencies. And yet life for the majority of people in both countries is at a fairly comparable level of what has been described as "affluent subsistence". As an indication, the percentage of the labour force in wage and salary employment is only some 15% higher in Fiji than in Western Samoa.

Just as export figures can give an over-favourable impression in a good year, so disasters have a relatively greater effect on small islands than on bigger countries. One hurricane can practically destroy an agricultural economy, one epidemic spread throughout an island. Even the brain drain is a relatively greater problem. In a word, the Pacific ACP countries are economically fragile, even if their social and political foundations are strong.

Their isolation in the world's biggest ocean has not protected them from three factors that will put that fragility even more severely to the test in the 1980s.

The expectations of the young generation

The first is the rising numbers and expectations of the younger generation. The population of Fiji, for instance, has more than tripled in the last 50 years and the projections for 1981 put 38% of the total at under 15 years old. In a paper called "Our Crowded Islands", delivered to a population symposium in Tonga in 1976, author Epeli Hau'ofa called for a reduction of the Tongan population to less than half its present level.

A traditional safety valve for overcrowding has been emigration; approximately as many Western Samoans, for example, live abroad (mainly in New Zealand and the USA) as at home. But emigration is more difficult now that the richer countries are facing unemployment, recession and difficult labour relations. Net emigration from Western Samoa is a quarter of what it was five years ago, at the start of a clamp-down by New Zealand.

There is another safety valve for demographic pressure. Fiji has more than 300 islands, Tonga 170 or so and Western Samoa nine. Most of them are probable uninhabitable, but there is room for expansion away from the main islands. The development effort required may seem less prohibitively expensive as the pressure builds up.

From a development point of view, the increase in population would even seem advantageous. The small numbers of islanders—of the 20 Commonwealth countries with populations of a million or less, 15 are islands—mean an inadequate reservoir of human resources and of potential producers, consumers and taxpayers. More would make it easier to attain self-generating development. But then the days of the subsistence way of life would surely be numbered, and this is why the 1980s will face Pacific leaders with some critical choices. What sort of development is compatible with the best of the Pacific way of life?

To quote a Tonga Visitors Bureau brochure: "It will take us many, many years to attain the modern, technological, high tension way of living that is now so much part of the 20th century. In the meantime we are content to remain as Ancient Polynesia". But exactly who is "content to remain as Ancient Polynesia"? Emigration has shown how many of the more enterprising Pacific islanders prefer to try a "modern, technological, high-tension way of living", even if their affection for home leads them, often over several generations, to send back remittances that do much to maintain the standard of living in the islands. Can the Pacific continue to hold the harsher aspects of the 20th century at arm's length while embracing what it can of the modern international economy?

Strong as the traditional attachment to family and village is in the Pacific, the city life-styles of such neighbours as the USA, Japan, New Zealand and Australia are already influencing the young. Western Samoa may claim to be "the best-kept secret in the South Pacific", but tourism is being promoted as one of the most promising economic sectors. The Tongan brochure goes on to say that "at some instant, as the sun set over the Victorian era, time stopped in Tonga". But it has been impossible to maintain the tradition whereby every Tongan boy is entitled to land at the age of 16 and the young may have to turn elswhere to satisfy their expectations. In Fiji imports of Japanese goods, mostly for duty-free resale, now make up nearly a fifth of the total import bill, and garish films in the Suva streets contrast with gentle games of cricket and bowls in the parks.

Youthful energy is channelled into sport—there were more competitors at last summer's South Pacific Games in Fiji than at the last Commonwealth Games in Canada—but sport, as the Fijian Prime Minister, Ratu Sir Kamisese Mara, feels, is no real substitute for productive employment.

The uncertain agricultural economy

The second major factor forcing change on the South Pacific is the vulnerability of the agricultural economy. In particular it is vulnerable to weather and disease, and to the fluctuations of commodity prices. Western Samoa's copra, for example, sold at WS$ 10 per 100 lbs in mid-1974, $ 3 in mid-1975 and approaching $ 15 in mid-1979. Average world sugar prices trebled in 1974 and fell back to their 1973 level over the next three years. As for the natural ills that plants are heir to, Tonga's export production of bananas had fallen by 1978 to one tenth of its volume 10 years before, mainly due to disease. The coconut is very hardy, but it becomes barren with age and many coconut plantations in the Pacific are too old; in Western Samoa a number of plantations date back to the German administration of the islands. The traditional allocation of a plot of farmland to each Tongan very sensibly requires him to plant 200 coconuts on it within a year.

Part of the enchantment of the Pacific ACP states is that hunger and malnutrition are not a problem here as compared with many regions of the developing world. In Fiji and Western Samoa more than 80% of the land belongs to the local people. Foreign agro-industrial interests, of the kind familar in Africa and the Caribbean, have not captured the best land for cash crops and put these islands under the plough over the heads of the villagers, who derive their dignity as well as their living from the land. However, the values of the Pacific way of life are not the only reasons for the continued predominance of subsistence agriculture. The Fijian sugar industry, after all, began with the importation of foreign labour and has become a conspicuously efficient participant in world commodity marketing; to quote the latest report by the Financial Review Committee to the Fijian Parliament, sugar "has fashioned the whole way of life for Fiji and is probably the largest single factor on our political scene".

The otherwise small scale and local orientation of Pacific agriculture is simply prescribed by natural limits. It is difficult to put volcanoes and coral under the plough. It is difficult to diversify into crops that are not grown as well by neighbours with the same soils and climate. And above all, it is difficult to profit more by selling perishable agricultural produce several hundred miles away across the ocean than by taking it to the local market or consuming it on the spot.

Landscape in the interior of the islands (Western Samoa)

The far-distant isles

The problem of distances is the third main factor that will test the economic fragility of the Pacific ACP states in the 1980s. The rises in the price of oil hit the islands in three ways: in the cost of fuel and in the equivalent rise in the cost of imported manufactured goods, both of which, the result of the game of leapfrog played by OPEC and the industrialized world, have equally hit the other non-oil producing developing countries; and in the cost of transport. Not only does the latter add to the price of importing goods that are already much more expensive, but it adds to the cost of exporting commodities that are only just holding their own in the battle of the terms of trade.

A recent Commonwealth Secretariat memorandum points out that "the improvement of transportation facilities, both internal and external, is one of the most difficult developmental challenges faced by the island developing countries. The large capital investment required and the high running costs, especially of modern shipping and air services, pose major problems for isolated island states". The volumes of freight are small, the distances great. Yet "effective communications are a catalyst in development and in the Pacific they are especially important".

The "catalyst" idea should not, at least not yet, be taken to imply that the Pacific islands will start making dramatic profits as soon as they can catch a bus to the rest of the world. "It would be misleading to dramatize the potential for generating export-oriented economic activity in island countries", as the Commonwealth Secretariat puts it. "Nevertheless, there is some unused capacity. For some island countries, items entering trade at present are largely unprocessed agricultural products such as copra, coffee, cocoa, bananas, oranges, pineapples, limes and taro. Food processing is in its early stages...

"If markets were opened and transport problems were solved a larger trade in agricultural commodities might be developed for some countries. The social cost has to be taken into account where fertile land is scarce and land used is tied to local custom. It seems nevertheless that island countries with under-utilized land would welcome development of agro-industries and would be prepared to bear the domestic consequences, provided the market was sufficiently secure to justify their making the necessary changes and investment. However, almost all (the Pacific) island countries have had experience of trying to develop agro-industries based on anticipated markets in New Zealand and elsewhere. Most such efforts have not lived up to expectations. Undoubtedly there are many faults on the production side, including lack of experience, but it is also clear that transport problems, quarantine and phytosanitary regulations and access restrictions have played their part.

"Industrial and manufacturing possibilities have been studied and other studies are in the pipeline. If markets can be found and developed, a higher level of manufacturing activity might make a useful contribution through import substitution and from export receipts. Equally, constraints will become quickly apparent. The limited domestic market in island countries and high infrastructure costs make it extremely unlikely that the experience of Singapore, Taiwan or Korea can be emulated in the Pacific. Manufacturers and unions in Australia and New Zealand have to be reassured that the scale of Pacific operations will not place serious strains on their domestic interests. In addition, any significant industrial development will carry heavy social costs in Pacific island countries.

"Opportunities exist for industrial development with appropriate technology on a scale suitable to the countries of the region. Some such industries may not be competitive with comparable industries in other developing countries or in high technology countries. They will be extremely vulnerable to competition. Nevertheless, because of the employment they would create and the economic activity they would generate, they could make an important contribution to economic development in some countries".

The catalyst effect of better access to the world outside will therefore be as much social as purely economic. Better communications between the Pacific countries themselves, however, should lead to a pooling of resources and expertise, allowing a stronger approach to the international organizations and markets where the economic facts of life are determined.

Regional cooperation

Regional cooperation is therefore a necessity in the Pacific. This might be said to have been recognized in the creation of the South Pacific Commission in the colonial days of 1947, which is still active despite suggestions that it should be wound up in favour of the more recent South Pacific Forum, an annual meeting of heads of government, and its agency, the South Pacific Bureau for Economic Cooperation. Started in 1973, SPEC now includes Australia, New Zealand, the Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, the Solomon Islands, Tonga, Tuvalu, Western Samoa and, most recently, the Federated States of Micronesia.

Like any other regional grouping, the South Pacific Forum has sometimes seemed to sharpen national feelings rather than merge them. And yet the Forum's main row so far—over whether to admit the USA to a proposed regional fishing agency—in a sense consolidated the South Pacific's confidence in its collective identity. Family quarrels suppose the existence of a family, and SPEC director M. Tupouniua was able to report that, in 1978/79, "the region moved progressively into the international spotlight as a cohesive body of principally small independent island states, determined to make a contribution to international and regional affairs and to exercise full control over their economic and social development".

SPEC has launched or coordinated a good many regional initiatives, mostly of a consultative or informational character. It is active in trade, agriculture and industry, transport and telecommunications, energy, maritime affairs, tourism and environmental issues, besides performing a coordinating role with other regional and international agencies and with aid donors. SPEC and the Forum have also generated a number of regional bodies, recently including the South Pacific Forum Fisheries Agency, the Association of South Pacific Airlines and a South Pacific Trade Commission (in Australia). The more ambitious projects have not been without teething troubles. A regional shipping company, the Pacific Forum Line, began trading operations in May 1978 and went aground on losses of some $ 2 million in less than a year; however, it has been refloated, the EDF is contributing containers, the company has acquired two new containerships (financed and built by West Germany) on charter from Tonga and W. Samoa and it is now celebrating the opening of new local offices.

Despite the existence of dozens of regional organizations, including many with a missionary background, it is still early days for regional cooperation in the South Pacific. Economically the necessity for it is well recognized. Culturally and diplomatically, the South Pacific nations still anxiously safeguard the individual identities that their insular isolation has allowed them, and in general regional projects are being adopted only where they offer concrete advantages, not for the mere sake of regionalization. This hard-headed approach and the strength of national feeling guarantees the pragmatic basis of regional development and the maintenance of cultural identity among the Pacific ACP states. The importance of the latter may be judged from the experience of Hawaii, which became an American state in 1959 and now receives 3 million tourists a year. Native Hawaiians now number only 150 000 out of a population of nearly a million and find themselves pushed off their land by the inflation and unemployment that have come in the wake of the holiday boom. The resultant wave of violence has been a clear lesson to the other islands.

Foreign influence

The islands have perhaps been lucky to avoid a similar tidal wave of foreign influence. The South Pacific has not been a strategic battleground for the big powers, although such fragile nations might seem easily swallowed up. Among the three senior ACP states, only Fiji has extensive diplomatic relations, with Peking as well as the USSR, with East as well as West Germany. Vague sketches in Tokyo of a pan-Pacific policy are more a matter of commerce, tourism and perhaps aid than an echo of Japan's former mandate over Micronesia—and memories of Japan's role in World War II have taken time to fade. Soviet diplomatic interest in Tonga brought a mild flurry of concern from China and the West in 1976, but left no resident Soviet ambassador behind. The USA, with its toehold in American Samoa and historical tradition of whalers, buccaneers and missionaries in the Pacific, does not appear to seek a dominant role as protector, and the established presence of Australians and New Zealanders maintains the prevailing ties with the neighbours. Even these countries are humorously dismissed by Ratu Mara as "some islands to the west of Fiji".

The relative lack of diplomatic pressure, and their own self-confidence, leave the islands free to establish their regional relations voluntarily even if economic pressure imposes more of an obligation. Yet general awareness of a Pacific rather than purely national identity is still rather tenuous in the region. For instance, there is no Pacific radio service, although the Fijian Broadcasting Commission was the first independent broadcasting authority established (in 1954) in a British colony. The few TV owners in Fiji can only hope to pick up New Zealand, 1200 miles away. The hundreds of Pacific languages were not written until the advent of the 19th century missionaries, limiting folk legends to the oral tradition and today's news, apart from a handful of broadcasts and publications in the vernacular, to colonial languages. As Fiji's information director Don Diment put it, on his way to a seminar on inter-island communications: "our dependence on external news services is a real handicap. A greater flow of Pacific information would bring people together and help us define common approaches to common problems. For regional development, the mass of the people must be brought in on the regional issues".

The resources of the ocean may compensate for the limited resources of the land in the Pacific islands

Ruling the waves

What separates the Pacific nations may also prove to be what brings them together in the 1980s: the sea. The protracted Law of the Sea Conference in the 1970s has drawn attention to the importance of the oceans as one of the world's major natural resources. Without waiting for the final outcome of the international maritime wrangle, most of the Pacific states have unilaterally claimed 200-mile offshore economic zones. With their scattered islands, it gives them a huge "territory".

Hopes of exploiting the seabed should not be placed too high: the islands are mountain tops, fringed with coral, which rise from some of the deepest waters on the planet. Off Tonga the seabed goes down nearly 11 kilometres. Offshore oil exploration is going ahead in Tonga and Fiji, but it will be some time yet, for technical as well as legal reasons, before the depths of the Pacific can be ransacked for minerals. But fishing could be of primary importance. Traditional fishing has depleted the lagoons, in some cases seriously, not only of fish but of shells and coral for the tourists. Moreover, fish are most abundant off shallow continental shelves. But they migrate through the Pacific, oblivious of the legal confusion they leave behind —what rules of origin apply to fish?—and the economic potential of fishing is obvious. And if the projected UN Seabed Authority is established in Fiji (other front-runners are Jamaica and Malta), the small South Pacific states would be gratified by recognition of their diplomatic as well as their geographical place in the world's greatest ocean.

From the foregoing it will be clear that Fiji, Tonga and Western Samoa are very different countries and cannot be lumped together as a sort of Pacific entity among the ACP countries. The following sketches are intended to give some idea of their individual characteristics as well as their prospects of economic development. ○

BARNEY TRENCH

FIJI

Balancing the economic structure

With a population some four times that of Western Samoa and six times that of Tonga, Fiji's economy bears out the Commonwealth Secretariat's point about the advantages of a bigger labour force: per capita GNP in Fiji is more than three times higher than in the other two countries.

The people

Most Fijians are not of Pacific origin. A century ago the colonial administration began importing indentured labour to work banana, coffee, sugar and other plantations, such wage employment being unattractive to the Fijian villagers, and some 60 000 Indians were brought in up to 1916. Their descendants now number about 51% of the population, as against 44% ethnic Fijians (themselves a mixture of Polynesian and Melanesian) and 5% Chinese, European and others.

Fijian children at a primary school dance contest

Checks and balances

Prophecies that this equation would lead to serious racial conflict have not been fulfilled, thanks partly to the checks and balances built into the government and land tenure systems. Constitutionally, the parliament contains an equal number of directly-elected Fijian and Indian representatives. Senators are nominated by the traditional Great Council of Chiefs, the Prime Minister and the leader of the opposition. It is a Westminster model adapted to local ethnic, traditional and geographical considerations.

The land tenure system has its complications but is basically simple: the Fijians own the land and the Indians lease it from them. About 83% of the land is registered in the names of extended family groups, "mataqalis", which may range from one to several hundred people and own land units ranging from less than one acre to several thousand. One third of this land may not normally be leased to "non-Fijians". Another 9% of Fiji is Crown land, most of which again is leased out. Only 8% is freehold, mostly in European hands.

The ethnic Fijians will admit that they have traditionally lacked the Asian taste for commercial enterprise, but land is equally traditionally the main asset and source of security in the South Pacific. It is a sensitive issue, but the Fijian system, with its well-established legal basis and disputes procedure, has so far reconciled the islanders' different approaches to making a living. While 69% of ethnic Fijians live in rural areas, some in the hilly interior of the two main islands but most in the outer islands, and operate mainly on a subsistence level in loosely tied family groups, most Indians are single-family commercial farmers concentrated nearer to towns in the flatter cane-growing areas nearer the coast. Indians also dominate the retail trade and the biggest sector of the tourist trade, the duty-free shops.

The main danger of imbalance in this arrangement is that the Fijians of the interior and outer islands are less well served by social amenities, rural infrastructure and economic opportunities in general. So, at least, it has been perceived under the last two development plans, which have emphasized the decentralization of economic activity in favour of the wider involvement of, and more equitable distribution of benefits to, the rural, and especially ethnic Fijian, population.

The effects of recession

Since the mid-70s, however, Fiji's economic and social problems have become more complicated. The spread of amenities, organization and skills to the interior is not only proving difficult but an inadequate response to the aspirations of the young and the changing structure of the economy. Overall economic growth, which had grown by a healthy annual average of 5% since independence and reached over 12% in 1973, slumped by half in the mid-'70s under the effects of rising import prices, inflationary wage increases, increased domestic demand and the repercussions of the oil crisis. The balance of payments fluctuated from + \$36.8 m in 1975 to −\$19.3 m in 1976 and +\$19.7 m in 1977. Investment patterns changed considerably: from an average annual growth of 7%, investment fell to stagnation in 1974 and government capital spending rose sharply to overtake private investment for the first time. Local businessmen were frightened by the general climate and what they took as significant trends towards government intervention, trade union militancy and other brakes on free enterprise, while foreign investors became more cautious. One result was to push the economy further towards the lower-outlay, quicker-returns and mainly locally-financed services sector, even though tourism, the main service industry, was feeling the effects of international recession.

Finding jobs

The main worry for Fiji now is unemployment. From 7% in 1976, it is projected to reach 20% in 1986. What has really emerged from the 1970s recession is that subsistence agriculture, plus seasonal wage employment on the plantations, can no longer absorb or even interest the young job-seekers, who are increasingly urban-based. Whatever complacency might have been induced in government planning by the peaceful progress since independence has been upset.

The primary sector—agriculture, forestry, fishing, mining—offers the best

Fijian women of Indian descent washing vegetables for the market

prospects for future employment. Forestry in particular could become as important to Fiji as sugar, with plantings of pine and mahogany going ahead well and good market prospects for timber. The rapid agricultural expansion targetted over the past 20 years has been frustrated by structural and organizational problems—training, marketing, transport—by hurricanes and droughts, and by the escalation of fertilizer and energy costs. Nonetheless, production has been picking up in nearly all crops.

Primary sector prospects

Sugar is, of course, Fiji's mainstay, providing two thirds of export earnings in 1978, and the big new Seaqaqa sugar scheme is evidence of its continuing importance. But despite its success, the industry faces considerable problems. Most sugar farms are smallholdings (80% less than 15 acres). With the drift to the towns, the farmers are having to find labourers to do work previously done by the family and friends, entailing more expense and social difficulties; at the same time, the predominantly Indian farmers are reluctant to combine in cooperative or other groupings offering economies of scale (combinations which come naturally to the ethnic Fijians). Another problem is to sell the sugar. A good price is guaranteed in Europe by the Lomé Convention sugar protocol and local markets have been reasonably profitable and stable, but the exportable quantity is limited by the International Sugar Agreement, in an oversupplied world market, to 292 000 tonnes, as against Fiji's record production in 1979 of 460 000 tonnes plus 65 000 tonnes carried over unsold from the previous year. Fiji will have to negotiate hard for a bigger quota(1) and face the problem of storage facilities, currently available for only some 80 000 tonnes. It may make sense to consider transforming some of the surplus sugar into a petrol substitute, although the technology is expensive, for rural transport.

Fiji's copra production has suffered from neglect, especially in the area of research, and an estimated 60% of the coconut trees need replacing. But this is an arduous job and if copra production is to be a viable alternative to other land uses, such as sugar-growing or tourist enterprises, a lot of scientific homework will have to be done. Meanwhile, many people still depend on the ageing copra plantations.

Meat, dairy products, rice, fruit and vegetables are all candidates for import-substitution schemes—food represents one fifth of the total import bill —while small exports such as tea, coffee, tobacco, cocoa, ginger and yaqona offer reasonably promising prospects. Yet agricultural diversification is hampered by the usual difficulties of introducing new methods and structures, compounded by the sensitivity of the land issue. So far it has only been sporadically successful and more far-reaching policies are being draw up.

Fishing would seem a big hope for the Pacific and Fiji's relatively new canned tuna industry has done well in the last four years, with exports of some $15m in 1979. However, the kinds and quantities of fish required for the mass market are generally absent from these waters and the local market prefers local reef fish, which are already in short supply. Japan in particular has helped modernize Fijian fishing—despite such minor problems as fitting large Fijian fishermen into small Japanese berths—and the industry is well set to develop. It is already an important employer.

Mineral production has fallen consistently since independence, despite a high level of exploration. Gold mining

Profile of the Fiji Islands

Area:
18 272 km²

Population ('79):
618 000

Capital:
Suva

GNP ('76):
$670 m

per capita:
$1150
(source: Statistical Bureau, Suva)

Exports ('79):
F$ 215 million
of which:
sugar: 72%
processed fish: 9.2%
coconut oil: 5%
gold: 4.3%

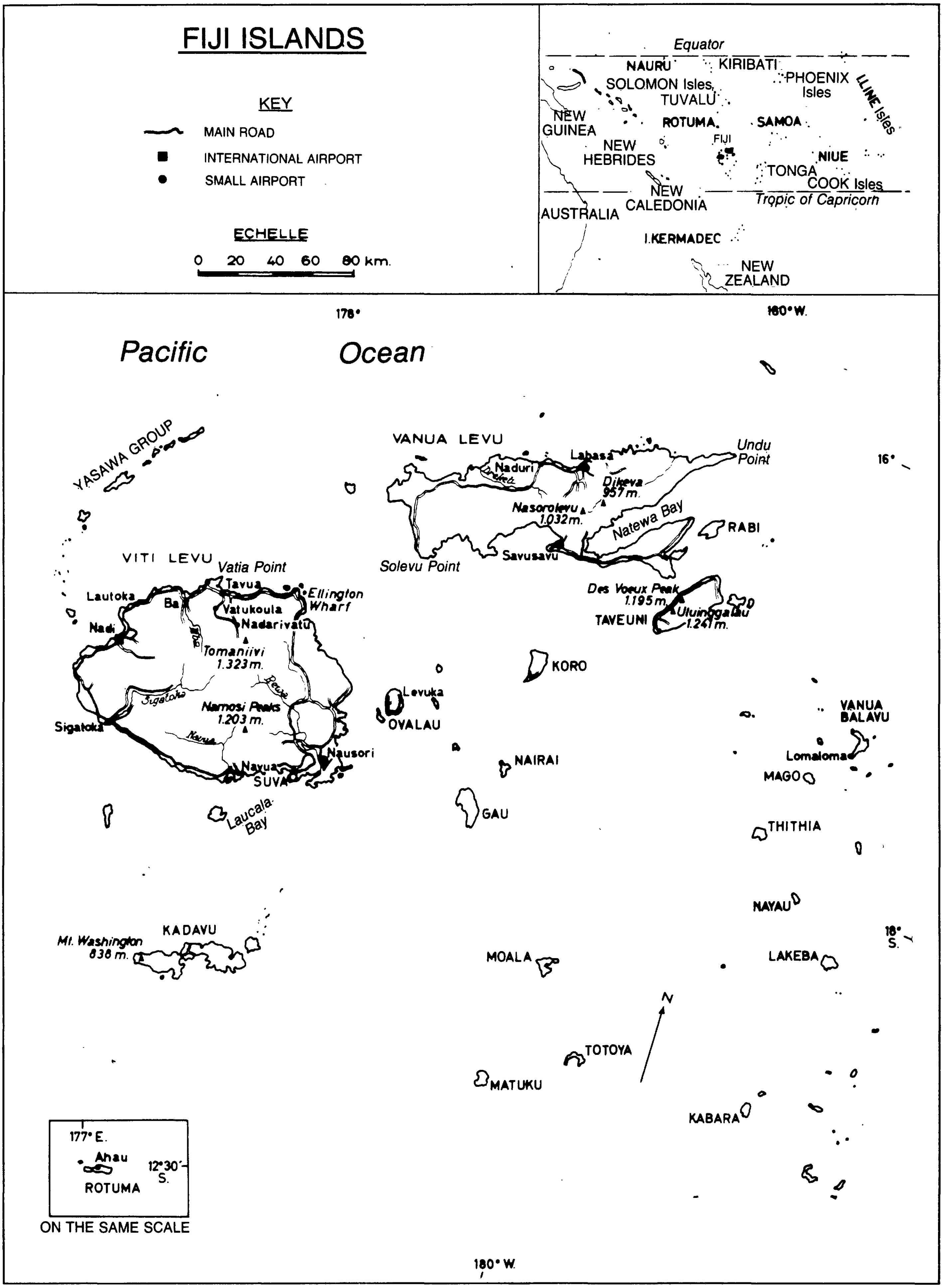
Imports:
F$ 393 million
of which:
machinery: 21.7%
manufactured goods: 20%
fuels: 18%
food: 15.9%

Re-exports from imports:
F$47 million

Direction of trade:
Exports:
UK 40.1%
Australia and New Zealand 16.2%
USA 9.7%
Japan and Singapore 3.4%
Imports:
Australia and New Zealand 35.4%
Japan and Singapore 22.6%
EEC 12.3% (UK 9.3%)

Currency:
Fijian dollar: 1 F$ = US$ 1.3 (Dec. '79)

(1) Just before going to press we received the following communication from the EEC delegate in Suva. "Sugar situation changed in that all 1979 production sold thanks to higher prices and temporary suspension of quota system".


FIJI ISLANDS
KEY
MAIN ROAD
INTERNATIONAL AIRPORT
SMALL AIRPORT
ECHELLE
0 20 40 60 80 km.
Equator
NAURU
KIRIBATI
PHOENIX Isles
LINE Isles
SOLOMON Isles
TUVALU
NEW GUINEA
ROTUMA
SAMOA
NEW HEBRIDES
FIJI
NIUE
TONGA
COOK Isles
NEW CALEDONIA
Tropic of Capricorn
AUSTRALIA
I.KERMADEC
NEW ZEALAND
178°
180°W.
Pacific Ocean
YASAWA GROUP
VANUA LEVU
Labasa
Naduri
Undu Point
16°
Dikeva 957m.
Nasorolevu 1.032m.
Natewa Bay
RABI
Savusavu
Solevu Point
VITI LEVU
Vatia Point
Tavua
Ellington Wharf
Lautoka
Ba
Vatukoula
Nadarivatu
Nadi
Tomaniivi 1.323m.
Des Voeux Peak 1.195m.
TAVEUNI
Uluinggalau 1.241m.
KORO
Sigatoka
Namosi Peaks 1.203m.
Levuka
OVALAU
VANUA BALAVU
Nausori
Lomaloma
NAIRAI
Navua
SUVA
MAGO
Laucala Bay
GAU
THITHIA
NAYAU
KADAVU
Mt. Washington 838 m.
MOALA
LAKEBA
18° S.
N
TOTOYA
MATUKU
KABARA
177° E.
Ahau
12°30' S.
ROTUMA
ON THE SAME SCALE
180° W.

EDF projects in Fiji

Based on the indicative programme (9.9 million EUA) drawn up for Fiji in 1976, the following projects have been approved so far.
(Rate of exchange: 1 EUA = 1.146 F$)

Committed

Line of credit, Fiji Development Bank (special loan)	700 000 EUA
Native Land Development Corporation for land development on Viti and Vanua Levu (special loan)	900 000 EUA
Equipment and road construction, Vanua Levu (Matewa Bay West 30 km) (special loan)	2 850 000 EUA
Jetties (Koro, Moala, Kadavu, Saqani) (special loan)	1 474 000 EUA
Airstrips (Cicia, Moala, Kadavu) (special loan)	750 000 EUA
Road construction, central division Viti Levu (grant)	1 500 000 EUA
Port development studies (grant)	500 000 EUA
Training programme (grant)	100 000 EUA
Total	8 774 000 EUA

Exceptional aid

For damage caused by cyclones Fay and Meli, Fiji has received as a grant	2 500 000 EUA

Stabex

Fiji received in 1976 and 1977 for shortfalls in export earnings for coconut oil in 1975 and 1976 respectively the sums of 615 000 EUA and 1 499 834 EUA.

Due to the higher income from the export in 1977, Fiji has "repaid" to the fund the full amount for 1975 (615 000 EUA) and 83% of the amount of 1976 (1 253 399 EUA).

The EDF has also paid an interest subsidy to lower the interest on the 12.5 million EUA loan from the European Investment Bank for the construction of the Monasavu hydropower scheme. This subsidy amounts to 2 098 000 EUA.

Fiji also benefits from some of the regional projects by virtue of their being placed in Fiji:

Committed

Telecommunication Training Centre, Suva (grant)	1 500 000 EUA
Telecommunication network (total 4.3 m EUA) (special loan)	1 868 000 EUA
University of the South Pacific (total 3.2 m EUA). Institute for Marine Resources	908 000 EUA

may have a last gasp in view of the recent record world prices, but the main hopes are pinned on copper deposits at Namosi. This scheme could provide substantial export earnings; all the same, it may not provide much employment and will demand a great deal of power which might be more justifiably used in other ways. Offshore oil exploration is also going ahead and Fiji will shortly know whether its own oil might reduce dependence on imports which rose by a factor of 15 in the 1970s and by 50% (to $36m) in 1979—before the latest round of price hikes and at the same time as $40m was being spent on a hydro-electric scheme. Although one third of national energy is supplied by burning bagasse, cane waste, the sugar industry also consumes this.

The economic profile

While primary industries were decreasing as a proportion of GDP in the '70s (agriculture from 24% to 20%), secondary industries were stagnating. Raw material processing is in the development stage, although forestry could offer big prospects here. Manufacturing industry in the Pacific, even in Fiji, seems inevitably limited in the present economic climate; building and construction slumped with the fall-off in tourism after 1973, although this area is picking up, mainly on government contracts, as is tourism. The services sector has been the real growth area for a decade and now constitutes, including tourism, two thirds of the GDP. Hence the apparently sophisticated profile of Fiji's economy, with its relatively high level of financial services (which include a stock exchange), wages and taxes.

But it is a fragile structure, both for the young lured from the country to insecure urban employment and for the nation as a whole, facing a growing imbalance between the Indian business community and the traditional Fijian farmers, between the services industry and the productive sector it services. Yet another development plan has had to be devoted to bringing rural life up to an attractive level, involving heavy investments in money and skills, while trying to maintain the impetus provided by sugar and tourism. At the same time, foreign credit is expensive, private investors shy and aid donors unwilling to put Fiji high on their list of priorities. Aid, mostly from Australia, New Zealand and the EDF ($10m under Lomé 1), finances less than 10% of a budget of around F $200m.

"The trends of the last decade cannot continue into the '80s", finance minister Charles Walker confirmed. "We must push exports, which especially means agriculture, forestry and fisheries. We can no longer expect the service sector to take up the slack in the economy and what can we really do towards industrialization? Cement, matches, beer, handicrafts, that kind of thing—unless we produce and process more of our own raw materials. The balance of trade will be around −$118m for 1979(1) and we hope to contain it at −$138m for 1980. Import substitution hasn't been too successful; to me the answer is to export more. We don't want to turn inwards to protect the economy, but our isolation has not protected us from world recession. We had no growth in 1975 after the oil crisis. We're beginning to pull out of the recession now but there is another wave of oil price rises coming in. If it wasn't for sugar, we'd be in really dire straits." ○ B.T.

(1) Latest figures give 1979 deficit as—F$178m.

FIJI

Casting off from the mother ship

Interview with the Prime Minister Ratu Sir Kamisese Mara

► *There is a lot of water between the South Pacific islands and the rest of the world. How does this relative isolation affect you?*

— I think it works both ways. It works to our benefit in that it gives us time and opportunity to sort out the driftwood, so to speak, and select what we want to adopt. Being strategically placed in the Pacific we are a watering-place for ships going from Australasia to America and Europe and vice versa. Now we are getting ships from Japan as well. Politically it puts us in a very advantageous position. We don't have to quarrel with anyone about our borders, there are no refugees creeping in or people running out. To many islands isolation is a disadvantage in many ways, but I look on the positive side. For instance the resources of the very wide and deep Pacific in which we live are scarcely touched yet.

► *Fiji has recently sent a peace-keeping force to the Lebanon for the United Nations and may do the same in Zimbabwe-Rhodesia for the Commonwealth. How do you see your role in international affairs?*

— We have always maintained a very independent stance in the world forum, the United Nations. We like to show people that we mean what we say; we talk about peace and harmony in our own country and our foreign policy is merely our home policy writ large. This participation in the peace-keeping force is quite natural to us. We say we believe in peace so we don't think twice about helping to maintain it.

"The only non-aligned nation in the world"

► *Nonetheless, your traditional ties are with the West, especially with the Commonwealth. How non-aligned are you really?*

— I think we are the only non-aligned nation in the world. We don't belong to the non-aligned groupings. I don't think the United Kingdom feels we can agree with everything they say in

Ratu Sir Kamisese Mara

the United Nations, or in Brussels. We pride ourselves on being non-aligned and I think many countries in the United Nations believe us to be so.

► *Do you think your traditional political and economic links are changing, for instance, in favour of closer relations with the Far East?*

— Maybe the Far East is interested in relations with Fiji. That is a typical Western idea, that we are appendages and attach ourselves to this and that. We don't believe in it. If the South-East region wants to associate with us, we will consider it. I suppose our attitude comes from being isolated in the middle of the Pacific—as far as we look, this is the only part of the world.

► *Australia and New Zealand have traditionally played a big brother role in the Pacific...*

— I presume you are referring to some islands west of Fiji? Well, yes. Australia has completely dominated commercial activities for many years. We started the Forum and immediately sprouted the South Pacific Bureau for Economic Cooperation to help us wean ourselves from the traditional relationship, in which we are the plantations and they are the manufacturers. There has been some progress, but not as much as we would like. It takes time for momentum to build up and it's only recently that I have begun to see the light at the end of a long tunnel, so to speak. Australia is beginning to relax its tariffs on imports of goods from the surrounding islands. Usually when we knocked at their door their reaction was well, if we allow these goods in then goods will come in from Singapore, Hong Kong, Japan and Korea. We have had a few meetings since this problem came up and I think one of the most significant was the mini-Commonwealth or regional Commonwealth meeting held not long ago in Sidney—where a bomb exploded the day before the meeting at the hotel. I think it was the influence of the regional member from South-East Asia that began to wake the Australians up to the fact that they could help the Pacific without having to help those countries at the same time. Since then their attitude has changed. A very penetrating analysis, by the Singapore Prime Minister, of the problems we have not only in the Pacific but in South-East Asia, has given Australia another view of our relationships. Most of the companies we deal with that operate in Australia have their headquarters in Europe, particularly in London. It is very costly for us to deal with Australia because it is a long way to London and back to Sydney. For instance, our shipping is insured by Lloyds of London and shipping is the artery of our trade.

► *The facts of political life are increasingly economic. What are the main lines of your economic policy in the age of international monetary disorder and the oil crisis?*

— In that atmosphere you will probable find Fiji the most peaceful country you have ever been to. As regards monetary disorder, we have not had as much disturbance as others. We have been fortunate in having long-term markets for our main produce; our relation with the EEC has been most helpful, in stabilizing the price of our sugar when world prices are being brought down. We have also benefited from aid: EEC aid has a beneficial effect in also encouraging Australia and New Zealand to give aid, I think because they say, "well, if Fiji can go and get aid from so far away, I suppose we have to do our bit as well". Our relationship with Australia and New Zealand has improved tremendously since our association with Europe developed.

Bringing in foreign investment

As far as our main economic policy is concerned, substitution has been our aim for quite some time. This is where SPEC has been helpful; instead of our remaining as plantations, quite a number of Australian and New Zealand firms have come and established themselves here to manufacture goods that we usually import from them. We haven't had any from Europe yet. We look forward to the day when the first European firm sets up here to exploit the markets we have. I think people always look the other way, thinking of coming here to exploit the European markets, but it could also be the other way round.

We have not been satisfied with the flow of investment into Fiji during this recession, particularly in the tourist trade. We have had a few bad investments. Fortunately other investors come in and try to recoup, particularly in the hotel business.

Our future looks bright in several areas. Consider our timber resources; we ourselves have put in over 150 000 acres of new plantings which are now beginning to come on stream. Then, two big cattle ranches are likely to help us be self-sufficient in beef. We are already self-sufficient in poultry and pork. Unfortunately we are not all that self-sufficient in fish, although fish products are one of our best money-earners—tunas, caught by Japanese fishing-boats and canned and processed here, which sell on the US west coast as well as in Japan. Yet we import a lot of tinned stuff from Japan and other countries. We have not acquired the taste for the migratory tuna yet, it is expensive, and we are used to our own local reef fish.

Then there is sugar. The extension of our Seaqaqa cane scheme put 800 new farmers on the ground—with an average of five to each household, that's 4 000 people. We are also looking at planting cassava for ethanol, which will require 17 000 acres, and we are hoping to find another sizeable section of our population to occupy with that. Crossing our fingers, Chevron of California will start drilling for oil by March at the latest. People have been spending a lot of time prospecting for copper; I hope the new Lomé Convention will encourage them to start digging for it. And we are waiting anxiously for the establishment of the Law of the Sea before we can start negotiating for the exploitation of our sea resources. So the main lines of economic policy are substitution plus diversification, and exploitation of forestry, minerals and fisheries.

Priority to education

▶ *Turning from the economy to social affairs, what are the priorities here?*

Sorting pine seedlings. Timber is one of Fiji's big economic hopes for the '80s

— Education: we have been querying whether we have the right type of education over the last five years and have started to modify our curriculum. While it is easy to put a new curriculum before pupils who are keen to learn, the hardest thing to change is the attitude of parents who have set their minds on having their children doing white collar jobs. Yet our Fiji Institute of Technology is bursting at the seams, with more and more people wanting to be enrolled. We have established another technical school and there are various other institutes which train people, such as the Fiji Sugar Corporation.

Training them is one thing, but it's only a farmer that you can just train and put on the ground. The others have to have factories provided for them. That's where investment comes in. There is a prospect of ship-building here and we have not been disappointed with the development of our ship-building yards, thanks to a very good man we had from Sweden who has just left us after nearly 10 years. He trained local people to design ships and we now have neighbouring countries having their ships built here.

▶ *Apart from education, health?*

— We have had a very critical review of our health organization, but it was mainly critical of the organizational aspects. The health of the people in Fiji is fairly good compared to many developing countries. Birth control is beginning to take effect, with the birth rate falling from 33‰ in 1964 to 27‰ now. But it's surprising that when all the signs are for a further decline in the birth rate, it starts to come up again. I believe that happened in Europe as well. When we think we are not going to build any more schools there is suddenly another bulge.

▶ *Turning back to foreign relations, and specifically the European connection, what are your views on the new ACP/EEC Convention in the light of your Lomé experience, and how do you place the new Convention in the North-South dialogue context?*

— I worked very hard for the first Lomé Convention because I really believed that this was the way ahead for relationships between nations, and particularly the Western and non-Western nations. When we became independent we were very much aware of the "bite the hand that feeds you" attitude that seemed to be held by all the independent nations up till then. And this was one of the reasons why we started the South Pacific Forum, in which Australia and New Zealand are included: we want to show the world that we are not of those who want to kick people out because of the colour of their skin. We would like to develop new relationships. When the Forum started off well the Lomé Convention was just the next step as far as I was concerned and it gave me great hopes at the time, even though many of us in the ACP thought this was Father Christmas. But Christmas only comes once a year and I think we are beginning to realize that we can't get everything for nothing. We must work for it, and earn it. I think the ACP-EEC relationship has gone a long way further than the North-South dialogue that has been so much publicized.

I am not disappointed, but I think there is one thing wrong in the ACP-EEC relationship. I think people should realize that not everyone is going to be an achiever. Getting the Lomé Convention on was a great achievement, but one shouldn't expect more such achievements while we are carrying out the Convention. Human beings being what they are, if your predecessor in the ministry was involved in achieving Lomé you tend to feel, "well, what am I going to tell my people if I don't achieve as much?" And I think this is what has confused this relationship.

▶ *Would you put the new Convention in that category—as an achievement to keep up appearances rather than to really achieve something?*

— I think Lomé II was a logical continuation of Lomé I. It would certainly have been a disaster if we hadn't achieved Lomé II after the ice had been broken, and my theme all along has been "let's assess what we have already gained and at least give credit where credit is due". When we were talking about Lomé II one would have thought we had never had anything at all. We had progressed a great deal in our relationship with Europe. Before Lomé came along it was going to be the end of the road as far as we were concerned. Our relationship was that of colonial masters and slaves and there was no way ahead. Lomé was a new development in itself. We have now been accepted at the same level. Even if we aren't, we are led to believe that we are when we are discussing aid, and this is an entirely new relationship. People who have never been in the colonial service, as I was, probably would not have felt this impact. Over my short life span, from talking to my master I have suddenly found myself at the same table as my master—and telling him off if necessary.

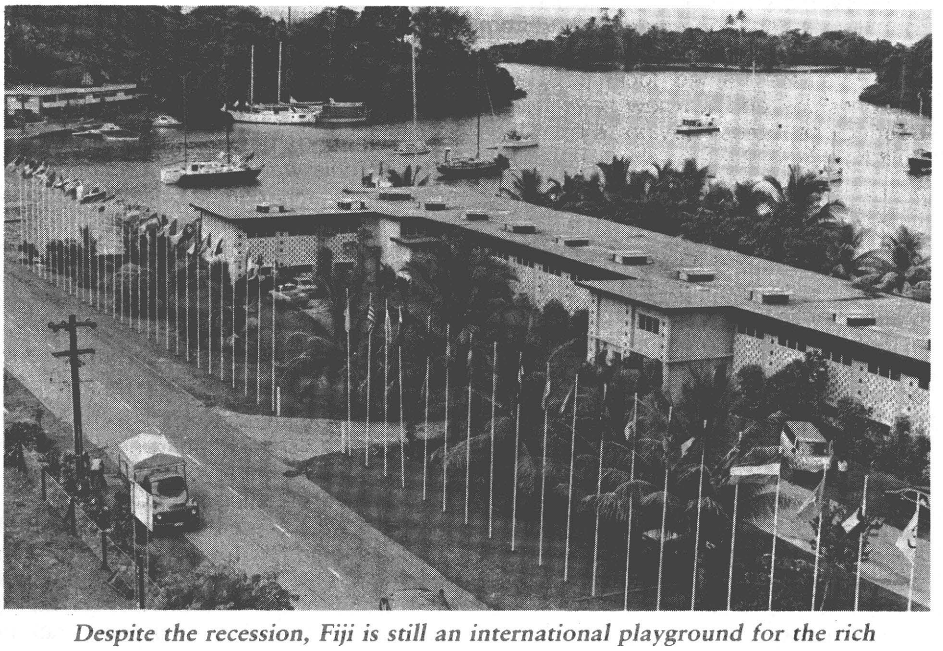
"Peaceful and calm progress" since independence

▶ *How has Fiji's first decade of independence compared with the same experience in other ACP countries, as far as one can generalize?*

— I think we have been very fortunate. We have been blessed with peaceful and calm progress during the 10 years. We have achieved what some people never thought was possible; we have produced more sugar on our own than was produced by the very efficient, world-renowned Colonial Sugar Refining Company, which left Fiji saying "there's no future for them in the way sugar is produced in Fiji". Now we produce more sugar than they ever dreamt of and do so quite efficiently. Our timber resources have now been multiplied instead of dwindling away, as was the case before we became independent. We have become self-sufficient in many lines of protein.

It is really education that worries me, because education, as we know it, is an importation from the West and when the Western countries themselves don't know where they are going as far as education is concerned, how do you expect us to know?

As regards our failures during the 10 years of independence: we have not really started to exploit the resources of the sea. We have gone along as a dinghy to a mother ship compared with what the Japanese can do. We have developed a marine biology school under the regional University of the South Pacific. This is an area to which I hope the next decade of our development will direct its attention. Another failure is that we have imported the same problems that urbanization has produced in other countries. We haven't got the solution for these. They seem to be aggravated by the rising expectations that result when politicians go on promising a better life. People get frustrated when it doesn't happen and turn to escapism, to alcohol-fortunately not drugs yet. Touch wood. Our little country loves sport and this is one way of giving young people a means of letting off steam. I would rather see more opportunity for them to work, more employment than we are providing now. I believe it takes about $ 17 000 to create one job in industry and about $ 1 700 to provide one on a farm.



Despite the recession, Fiji is still an international playground for the rich

Adapting the Westminster model

▶ *In what ways has Fiji changed during the '70s, and what do you think will be the main changes in the '80s?*

— Before we became independent we were told that Fiji was going to be locked in racial struggle and had pretty gloomy prospects. It has developed into one of the happiest countries, with good racial relations, during these 10 years and I think the foundations are now laid for happier and more prosperous times. I must say that unless we can find a better adaptation of the Westminster model, in which criticism, contradiction and confrontation are built into the process of government, peace and prosperity will be harder to achieve.

▶ *Let me pick you up on that: do you mean that free comment should be less free?*

— In most developing countries the way ahead is so clear. You have got to earn your living and develop your resources. Yet you build into this society a group of people whose whole political life is just aimed at rubbishing any idea that will help the country, and people are left in confusion as regards those who are going ahead with new ideas. A lack of new ideas is acceptable to half the country. It's alright for a developed country to have this luxury of sitting back and criticizing and giving journalists a good life, but is this the way? At least half the population of the world do not live this way.

▶ *Rather than the Westminster model, do you have another in mind?*

— The European model is not a Westminster model. Somehow or other it includes many parties. The result is more compromise. If you want the Westminster model reduced to its most absurd, Nauru has a population of 3 000; it has a parliament of 17 members, 9 in government and 8 in opposition. Is it fair to inflict on this little country the division of their political manpower in two,with one half spending all their lives critizing the other?

Interview by B.T.

TONGA

The land where time begins

Two centuries ago, when Captain Cook arrived, the influence of the Tongan kings extended over most of Polynesia. One century ago (1875), Tonga became a constitutional monarchy, somewhat on British lines. And then, to quote the Tonga Visitors Bureau tourist brochure, "at some time in the Victorian era, time stopped in Tonga", leaving it today peculiarly untouched by the winds of change that have swept the developing world. It has been a kingdom for over 1 000 years and is the only one in the Pacific.

Thanks to its position on the International Date Line, Tonga also claims to be "the land where time begins"; and this small country—covering less ground than Los Angeles—has indeed entered the 1980s with a sense of time having started again. The economic and diplomatic initiatives of the last few years are evidence of a new awareness of the need for development.

King and country

Tonga is run by King Taufa'ahau Tupou IV, his brother the Prime Minister, eight ministers who retain office until retirement, and a few other officers. The Legislative Assembly, which introduces proposals, includes the cabinet, seven representatives elected by the 33 nobles of Tonga and seven representatives of the people. The system is a direct reflection of Tonga's social structure of royals, nobles and commoners. Allegiance to a higher authority is acknowledged in a pervasive Christian observance.

Land is a fundamental issue in this 98% Polynesian society and it is under pressure from the growing population (45% under 15), compounded by the difficulty of emigration and the return of some emigrants. The traditional allocation to each Tongan male at 16 of three hectares, against rent, is increasingly difficult to maintain.

At the same time, there has been some criticism of the titled land-owners for not setting as good an example as they might in increasing the land's productivity.

Fertile land, low productivity

The land is among the most fertile in the Pacific and Tonga's economy is almost entirely agricultural, employing three-quarters of the labour force mainly in subsistence farming supplemented by cash sales of copra for export and other farm products. But this has not proved a very productive formula. The main export, copra, has fallen in volume by nearly half since the mid-70s, as have sales of desiccated coconut. Banana exports have fallen from some 10m tonnes p.a. in the 1960s to practically nil, due to disease, low prices and uncoordinated marketing. There has been some slight diversification in recent years, in that other food exports (mainly watermelons, fish, vanilla and root crops) represented 16% of exports in 1979 as against 6.8% in 1974. A coconut oil mill came on-stream in 1979 and absorbed most of the copra production, providing a value-added export; but this merely confirms Tonga's dependence on coconut products, although introducing some diversification in that the processed product is sold in the region whereas the copra went to Europe.

Tonga officially claims its 171st island, Lateiki, which rose volcanically from the sea in July 1979. Scientists think it may disappear again

In the 1970s Tonga's trade deficit more than quadrupled, to some — T$ 20 000 m. The value of exports only rose by half in the same period. With stagnant agricultural output, the main brake on the economy's slide downhill since 1975 has been some growth in the tertiary sector and construction, and that has been mainly financed by remittances from Tongans abroad and foreign aid.

Sowing the seeds of the future

However, there is a brighter side to the picture. There has been a transition from a predominantly subsistence to a largely monetary economy in the last 10 years, and the last five years have seen a certain amount of spadework being done for the future. Imports of capital goods rose from 3.1% of total imports in 1974 to 14.3% in the first half of 1979, while coconut products helped pay for them by tripling in price over the same period. The economy has been kept afloat by the remittances sent home by Tongans abroad, which represented 45% of incoming funds on the 1978/79 current account — more than export receipts. But the real extent to which the economy has woken up may be judged from the successive development plan budgets. The first national plan (1965-70) was a $ 4.5 m package aimed mainly at social rather than productive measures. The second plan was for $ 4.8 m. The present 1975-80 plan is nearly seven times bigger, aiming at $ 31.8 m. worth of investment, $ 28.3 (89%) to be financed by foreign aid.

EEC delegate Eberhard Stahn hands over the keys to 13 trucks, bought by the EDF for the Ministry of Works, to Tonga's acting Prime Minister S. Tuita

This "big push", aimed mainly at the economic infrastructure, came as Tonga began to benefit from the Lomé Convention. The third plan was taken around to various donors' doors, netting new pledges and marking a break with the traditional reliance on aid from Australia, New Zealand and the UK. These, too, stepped up their aid, perhaps partly due to the diplomatic stir caused by Tonga's apparent readiness in 1976 to swap fishing concessions for Soviet aid. Tonga's big push has also been extended to the diplomatic front in the form of closer contacts with Taiwan, Japan, Libya, Federal Germany and France, as well as with the Pacific neighbours and agencies such as the Asian Development Bank. Not all this hand-shaking has led to cash commitments; even Australia and New Zealand have kept their aid allocations at the same level for the last two years, mainly due to the squeeze at home but also in order to see how Tonga can cope with its new income. But the Tongans have clearly shown new confidence in going it alone where possible.

The recent economic planning has included a coconut rehabilitation scheme, which should make its benefits felt in the next year or two; a 10-year "master plan" to boost tourism, which will hang fire until the airport is upgraded; general infrastructure modernization schemes, the most spectacular of which so far has been a satellite communications link with the outside world, which will be complemented by an automatic telephone network in the capital this year; a new development bank to help out the national bank set up in the mid-70s; and an ambitious scheme to establish some 40 or 50 new light manufacturing firms on two prepared 12 and 8-acre sites.

Attracting business investments

Until five years ago, Tongan industry amounted to little more than handicrafts, bread and ice-cream. It now

EDF projects in Tonga

Based on the indicative programme (3 149 000 EUA) drawn up for Tonga in 1976, the following projects have been approved or requested. (Rate of exchange: 1 EUA = 1.273 pa'anga)

Upgrading Ministry of Works:

construction & building plant capacity & workshop & 2 houses in Vava'u (grant)	1 430 000 EUA
Trade promotion study (grant)	33 000 EUA
Consultancy: fishery and port development (grant)	150 000 EUA
Port facilities construction, Vava'u, Ha'apai (grant requested)	1 000 000 EUA
Line of credit, Tonga Development Bank (special loan)	130 000 EUA
Training programme (grant)	20 000 EUA
Total	2 763 000 EUA

Exceptional aid

For damage caused by the earthquake in 1977 (schools and hospitals in Tongatapu and Eua) Tonga has received (grant)	200 000 EUA

STABEX

For shortfalls in export earnings for bananas and copra, Tonga has received (grant)	1 150 000 EUA

Regional aid

Tonga benefits from some of the *regional projects* by virtue of their being placed in Tonga.

Telecommunication network (special loan)	278 000 EUA
USP Rural Development Centre, Lotoha'apia (grant)	1 008 000 EUA
Navigation & communication equipment, Tonga airport (requested)	600 000 EUA
Total	1 886 000 EUA

Grand total: 5 999 000 EUA
= 7 636 700 pa'anga

The Kingdom of Tonga

(map shows principal groups of islands)

Area: 699 km²

Population ('76 est.): 103 000

Capital: Nuku'alofa

GNP ('76): US$ 30 million
per capita: $ 300

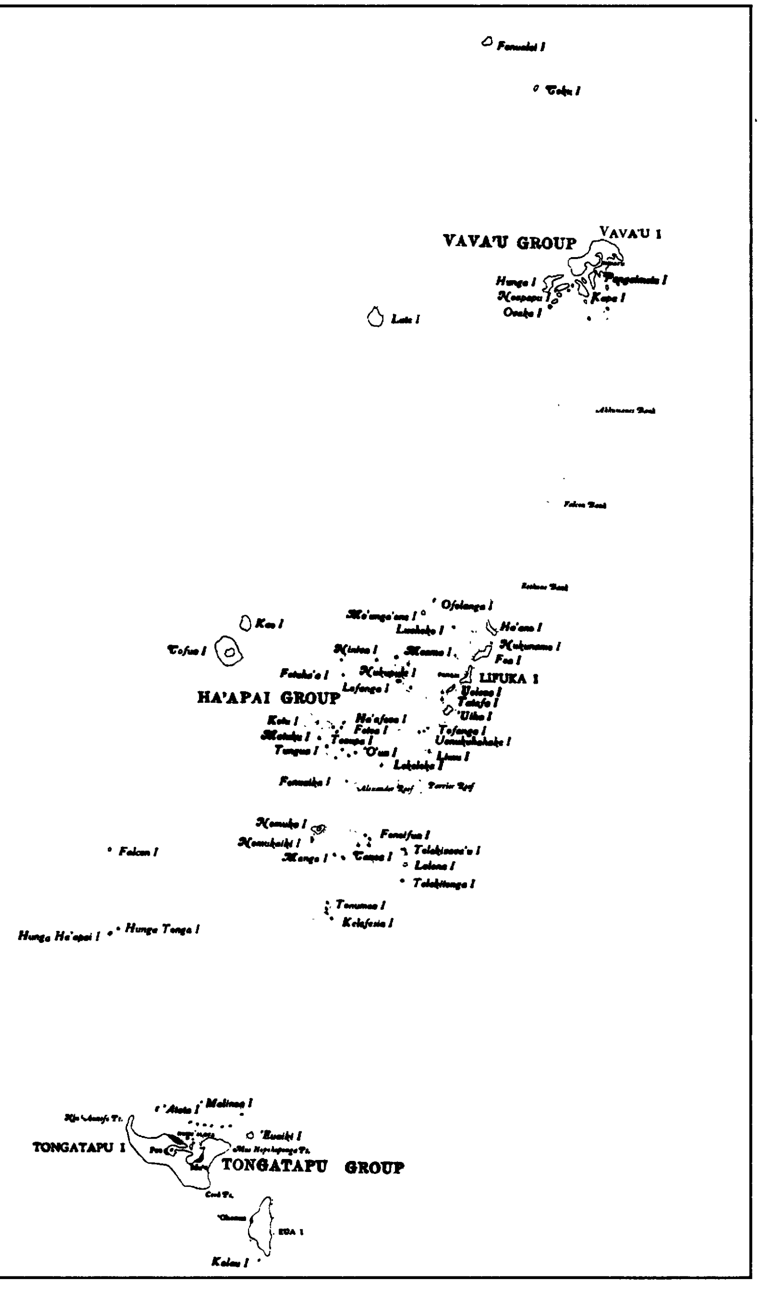
Exports ('78): T$ 4.75 million
of which: coconut products: 79.5%

Imports: T$ 22.32 million
of which: food and beverages: 30.5%
industrial supplies: 27.8%
machinery and transport equipment: 16.5%

Direction of trade:

Exports: EEC: 60.9%
Australia and New Zealand: 27.8%
Imports: Australia and New Zealand: 65.3%
Japan and Singapore: 12.3%

Currency:
pa'anga: 1 T $ = US $ 1.34 (Jan. '78)



includes plastic, leather, paper and tubular metal industries, about half of which are wholly Tongan-owned, with an output worth over $ 1 m last year. The government hopes to attract business backing despite the disadvantages of the tiny local market, isolation, transport costs, etc. by some apparently solid advantages: ready-made sites, 5-year tax holidays, no unions and fixed maximum wages. The planning department is optimistic, to the point of considering vetting future industries for pollution as well as their market prospects and labour-intensiveness.

The big push, of course, coincided with the effects of the energy crisis. But in Tonga there was no economic boom to nip in the bud, the EEC stepped in heavily with Stabex aid for copra and, as regards oil prices, most energy in Tonga is physical. The next development plan will consider energy alternatives, which a special committee has been set up to examine.

Implementation problems

Has Tonga bitten off more than it can chew? Aid commitments from the main donors total over T $ 50 m for the 1979/80-1981/82 period, compared with annual export earnings of not much over T $ 3 m. Some T $ 16 m was due to be spent in the 1979/80 development budget year, and yet little more than half the investments scheduled under the first two years of the third plan were actually carried out. A review of this period blames the lag mainly on "problems surrounding the procurement of foreign aid", but admits there is "a lack of planning experience and capability" in various government departments. Some of the problems are clear enough: building up the administration would consume more of the internally-created revenue, leaving the country even more dependent on capital assistance and the procedures that go with it.

The delays have left the third plan, intended to step up economic opportunities, still struggling with infrastructure; even now, there are only a few miles of surfaced roads. With unemployment well into double figures, job creation and income generating schemes are again going to be carried over into the next plan. However, the Tongans are too open-hearted to pretend they are really unhappy with having $ 50 m to spend. To quote chief planning officer J.C. Cocker: "the era of stagnation has ceased". ○ B.T.

TONGA

The problems of modernization

Interview with the Prime Minister, HRH Prince Fatafali Tuipelehake

▶ *Tonga is a small, isolated, agricultural country with a worsening trade balance. How is it going to make its way in an increasingly expensive world?*

— We are seeking both to increase our exports and to control the growth in imports, particularly oil. We are increasing our exports by processing copra into oil and coconuts into desiccated coconut, here in Tonga, and by diversifying our agriculture into higher value crops such as vanilla, which grows well in the northern island group; kava, which is eagerly sought by the European pharmaceutical industry; and some traditional root crops, which are increasingly in demand from New Zealand and the USA. The banana industry was formerly a major source of foreign exchange but has suffered badly from disease and hurricanes in the past few years. We are about to commence a scheme to rehabilitate this industry.

Tongan soils are very fertile, especially by Pacific standards, and there is great scope for intensifying agricultural production generally.

The offshore fisheries resources of the Kingdom have barely been tapped and during the next five years we expect major developments in fishing activities and agreements.

The tourist industry is changing its structure from cruise ship passengers to longer stay visitors, and our projections show that in five years time, with careful management, the industry will be a major employer and source of foreign exchange.

Petroleum fuels could become a major drain on foreign exchange, since they are all imported, and we are currently seeking ways to restrain the growth of imports. However, oil exploration is continuing.

These developments do not hide the fact that we will be increasingly dependent on aid, and remittances from our nationals living overseas, until our programmes bear fruit, and since many of our crops take years to bear this situation will continue through our next plan period. We are increasing our use of technical assistance programmes to step up adaptive research, agricultural extension and marketing during the next five years, and new aid programmes will concentrate on increasing production from all sectors once many of the infrastructure problems are overcome.

Ambitious targets

▶ *What are the main lines of the third development plan and why were investments below target for its first two years?*

— In our third plan we said that emphasis would be on laying the foundation for a more rapid rate of economic and social development during the 1980s. The basis of this was to be a major upgrading of the infrastructure. We also said that our targets were ambitious.

As it turned out, we underestimated the lead time for some of the larger projects. Feasibility studies, agreement on design and negotiation of funding often took much longer than was expected. Tonga has a small administration and many of the procedures, especially those associated with developing new sources of aid, are very complex. Some of the projects scheduled for early in the third plan are only just beginning, and we will start our fourth plan period with major investments in construction. A few of the major projects included in the third plan are still without aid sources. With the benefit of our recent experience and growing expertise I expect that our targets in the fourth plan will be more achievable, and there will be fewer lags.

Private investment in industry has been less than was projected, largely

HRH Prince Fatafali Tuipelehake during the 'Courier' interview in the century-old Tongan royal palace because infrastructure, such as our new industrial estate, has not been completed according to the original schedule. There was, however, a high rate of private construction during the period and we may have come closer to our private investment target than we expected at the mid-term review of the third plan. Finally, I should point out that the picture has not been so bleak in the latter years of the plan.

► *What are the prospects for diversifying production out of the present main exports?*

— In the next year or two there will be some small diversifications as a result of the establishment of a small industries centre. As mentioned earlier, we have changed from exporting copra to exporting coconut oil. We are also planning to upgrade our desiccated coconut factory. Furthermore, prospects for increasing agricultural exports, primarily vanilla, kava and root crops, and diversifying into new crops like ginger, passion fruit and coffee, are good. And there is plenty of scope for fishing and tourist development.

► *Most of your exports go to EEC countries, whilst most of your imports come from New Zealand and Australia. Will this trade pattern change, and if so, will your traditional foreign relations change also?*

— On the export side there has been a significant change in destination in 1979. In this year a new coconut oil factory commenced operation, and in future coconut oil (and coconut meal) exports will largely replace copra. At the moment we have a market for the oil in Australia and are able to sell excess copra to various oil factories in the region. Thus the first nine months of 1979 have seen a cessation of Tongan exports to the EEC, with nearly 90% of exports going to countries in the region, including Australia, New Zealand and Fiji.

It is anticipated, however, that exports to the EEC will resume in the future. Firstly, we think there is a great potential for handicraft exports, which could start being exploited in the near future. Secondly, as our small industries centre develops, we would imagine that some companies will export to the EEC. Thirdly, we believe that if there is to be a major diversification of agricultural output, the EEC could be a market for spices and exotic fruits. Finally, there is no reason why in the future coconut oil and meal should not be exported to the EEC.

On the import side we would also expect certain changes, of a more gradual nature. It is likely that the relative importance of our traditional import sources (Australia and New Zealand) will continue to decline, and that imports from the EEC and Asia will grow in importance. In the first nine months of the year imports from the EEC comprised about 10% of the total value, compared with about 6% in the previous two years, whilst imports from Asia comprised over 20% of the total compared with about 12% in 1975.

Foreign relations

These changes will not lead to any changes in our traditional foreign relations. Old ties of friendship will be strengthened and new ones forged. For example, His Majesty the King undertook state visits to New Zealand and Australia last October and to the Federal Republic of Germany in November. We hope also to be able to sign the renewal of a treaty of friendship with France. Our relationship with Britain has been very cordial and long-standing.

► *Tonga is a member state of SPEC and the South Pacific Forum. How important to you is regional cooperation?*

— Regional cooperation is of vital importance to Tonga. Whilst we desire such cooperation for its own sake, and to enhance friendly relations between the peoples and cultures of the Pacific, we also believe such cooperation has an important role to play in developing the economy of the region, and hence in enhancing the economy of Tonga. There are many areas where Tonga is just too small to go it alone; I am thinking particularly of higher education and research, and of communications, particularly shipping and aviation. Finally, I believe that there is considerable scope for regional trade development.

► *What has joining the Lomé Convention meant to Tonga and what do you hope for from the new ACP-EEC Convention?*

— The Lomé Convention has strengthened our traditional ties with Europe, and also led to new friendships with people from some of the nine countries with whom we had less traditional ties. Joining the Convention has also led to considerable assistance for our development efforts. In the current and next two fiscal years, the EEC will provide about 15% of Tonga's aid commitments, excluding the possibility of aid in the event of a natural disaster (such as hurricane or earthquake), and Stabex payable in respect of export shortfalls. In the past few years the EEC has been most generous in providing exceptional aid and Stabex; this has been of considerable assistance in overcoming Tonga's short-term difficulties.

We hope that the Convention will encourage the development of the ties about which I spoke earlier. In particular we hope that market access for those products which we expect to diversify into, in the coming years, will be assured.

We also hope that the procedures associated with aid will be simplified and that some of the bureaucratic delays will be eliminated.

A strong community spirit

► *Tonga is the only kingdom in the Pacific. How much of a strain do modern administrative requirements place on your traditional social structure, and in what ways is it changing?*

— Our traditional social system was heavily influenced in the 19th century by the impact of Christianity, and Tongan people are generally regular churchgoers strongly attached to their families by love and a strong network of responsibilities and favours. Tongan people have traditionally been farmers and gardeners and the law provides that every adult male is entitled to an allotment of farm land for his lifetime, so there has traditionally been a strong community spirit.

This structure probably gives us more strength to face the problems of modernization than many other countries can muster, but we do have these problems. As our population grows it becomes more difficult to provide the farm allotments, and as our young people become more educated and restless they are less satisfied with our full but simple traditional village life. Some of them are drifting to the towns and many of our young people have emigrated. The strong extended family ties often allow these emigrants to obtain accommodation fairly easily in their new homes and it is noted that these people keep in close touch with Tonga and provide their relatives with welcome funds.

Our administration has developed under a constitutional monarchy designed for a stable society. The vast expansion in demands for project processing, aid representations, and complex reporting requirements has led to some delays in the implementation, as I mentioned earlier, and we identified some of these problems in our third plan. Part of the answer lies in increasing the technical expertise of the younger people in our public service, and we have many people studying abroad and receiving practical training under many aid programmes. ○

Interview by B.T.

WESTERN SAMOA

"The best-kept secret in the South Pacific"

If Fiji has moved on to a modern economic and political structure and Tonga has preserved its ancient basis as a Polynesian kingdom, Western Samoa stands rather hesitantly between the old and the new. For all who wonder what Third World development really entails, these beautiful islands, "the cradle of the Polynesian race", are at a particularly interesting stage in their history (see following interview with the Prime Minister).

Village life

Most of Western Samoa belongs to the Samoan villagers. Generally established near the sea, the villages own 80% of the land, for the main part in triangular areas stretching from a strip of coast to a point in the mountainous interior. The thatched, open Samoan houses ("fales") usually stand around a village green, where a local-style cricket pitch is often in evidence, and are shaded by food trees which contribute to the staple diet of taro, manioc and bananas. Pigs and chickens run around, but not tree-destroying goats. The soil looks rich, but lumps of volcanic rock show how shallow it is.

An average village of 2-300 people is run by a governing council ("fono") of 30 or 40 "matais", who are normally heads of families, and two or three high chiefs. The matais also elect all but two members of the Legislative Assembly, which in its turn elects the head of state, who appoints the Prime Minister. Tupuola Efi is the first premier not to hold a royal chiefly title. Since the time of the German administration, each village also has an officer ("pulenu'u") whose tasks include convening the fono, by whom he is elected, and liaising with the government, by whom he is paid. The extended family unit owns customary land which cannot be bought, sold or used as collateral for loans, although it may be leased for development projects. The existence of 52 possessive pronouns in the Samoan language gives some idea of how complex traditional land titles may be, but in the end the village's rights over its land are unquestionable. Even government officials observe dignified permission procedures before entering it.

For a poor developing country, Western Samoa's literacy rate is very high at about 95%. The villages are well supplied with basic amenities, schooling (often church-based) and health care. They usually have their own local bus, which leaves for Apia each morning carrying farm produce to the market in the capital. One of the small motorboats chosen by the government as a suitable design for reef-fishing may now bob alongside the dug-outs by the village beach. Foreign observers tend to describe the standard of living as "affluent subsistence".

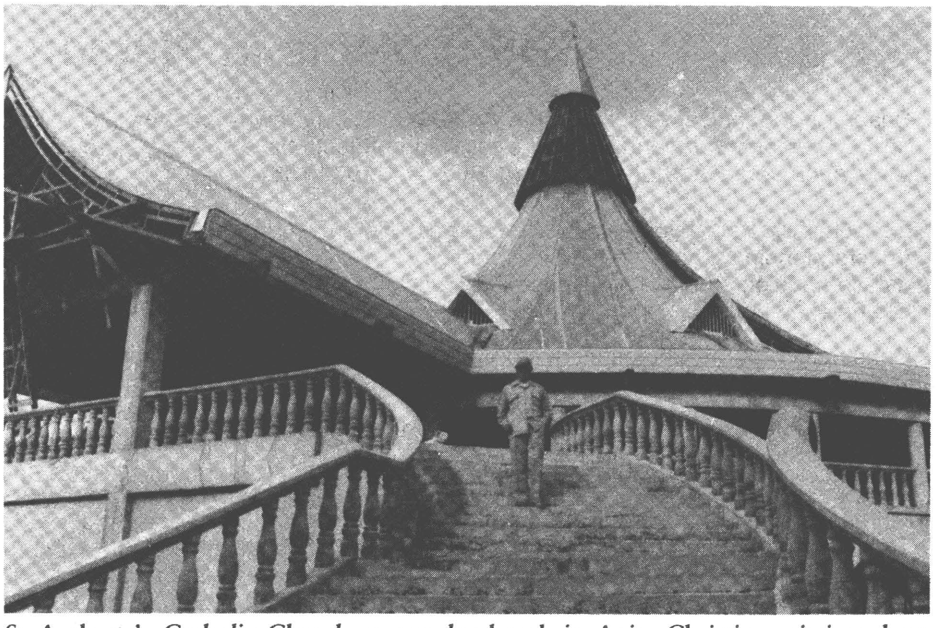
The economy

Agriculture is, of course, the main economic activity, accounting for half the GNP and employing two thirds of the labour force, mainly in village agriculture. Industry accounts for around 12% of GNP and 6% of employment, and tourism, which has expanded steadily in recent years, brings in the equivalent of 30% of exports of goods and services.

Unlike Tonga, Western Samoa was in a position to profit fully from the com-

Volcanic ground in front of a typical Samoan "fale" modity price rises of 1977-78 by virtue of increases in export volumes of copra and cocoa. At the same time, the government managed to hold down inflation, development aid increased (some WS $ 11m in 1977, $ 27m in 1980) and development expenditure grew at an annual average of over 30% (current prices) during the 1973-78 period. The percentage of development expenditure going to agriculture rose by half from 1975 to 1978. Foreign aid financed about three quarters of the 1975-79 third development plan, which had a total budget of WS $ 44.4m as against $ 2 m for the first plan.

Overall, however, real per capita income scarcely increased in the '70s, agriculture remained largely stagnant and, despite the substantial contributions of tourism and personal remittances from overseas (as many Samoans live abroad as in the islands), the balance of payments deficit (excluding aid) quadrupled. Exports covered 22% of imports in 1978.



St Anthony's Catholic Church, a new landmark in Apia. Christian missions have contributed much to the high level of literacy in Western Samoa

Priority to agriculture

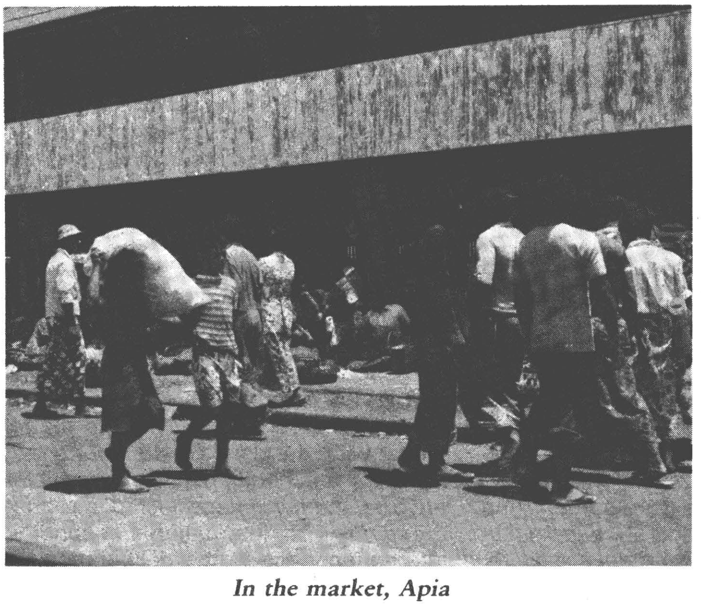
The main problems with agriculture in its village form are the age of the plantations and the poor farming methods used, which have also led to soil deterioration due to continuous intercropping. Coconuts cover two thirds of the harvested land, but many plantations were begun in the early years of the century and replanting schemes are only now beginning to make real progress, after setbacks due to diseased old trees contaminating new ones. Yields are less than a third of what has been achieved in similar conditions elsewhere; for cocoa, bananas and taro the same applies, although the collapse of banana exports to less than one tenth of their 1971 level by 1977 was primarily due to disease and hurricane damage.

As an example of poor farming methods, many coconuts are not collected simply because they lie hidden in vegetation under the trees. One successful new scheme has been the introduction into coconut plantations of grass and cattle who keep it short.

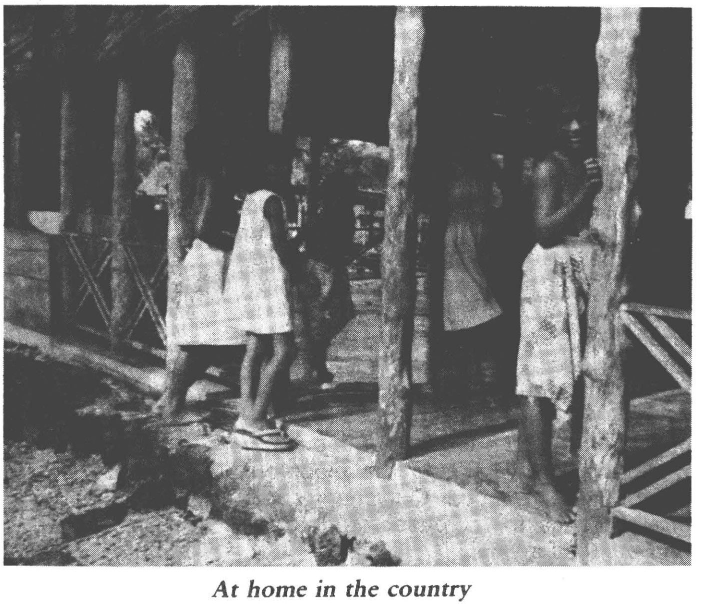
The cattle have given some grounds for optimism, as have government measures to improve fishing and the successful takeover of an American timber concession. The government is looking at the possibilities of establishing processing industries for fish and timber.

As capital spending increases on infrastructure and manufacturing industry grows—major industrial projects in the last two years have included a brewery, cigarette and matches factories and a feed-mill—more labour is drawn off the land; but small improvements in farming are making up for the lost productivity, as far as can be judged from statistics depressed by the effects of price fluctuations and the weather. The agricultural strategy operates both at village level, through the Village Development Programme and training, credit and marketing measures, and on a larger scale through the 4% or so of the land run by the Western Samoa Trust Estates Corporation (WSTEC).

Where the VDP has been fairly successfully using a micro-project approach, with projects in 180 villages and some $ 2m from a rural development fund, WSTEC has a more heavyweight, scientific approach and has significantly upgraded old plantations and developed new ones as well as consolidating its own organization in the



In the market, Apia



At home in the country

EDF projects in Western Samoa

Based on the indicative programme (4 620 000 EUA) drawn up for Western Samoa in 1976, the following projects have been approved. (Rate of exchange 1 EUA = 1.267 WS$)

Consultancy for hydro-electric schemes (masterplanning and feasibility studies, detailed design studies for Samasoni & Fale Ole Fe'e)	267 000 EUA
Construction of the Samasoni hydro-electric scheme	2 353 000 EUA
Microprojects (rural development)	1 000 000 EUA
Line of credit to Development Bank of W. Samoa	890 000 EUA
Training programme	110 000 EUA
Total	4 620 000 EUA

Stabex

Western Samoa has received for shortfalls in export earnings for wood, bananas, cocoa and copra (grant)	2 837 000 EUA

Regional aid

Western Samoa benefits from some of the regional projects by virtue of their being placed in W. Samoa

Telecommunication network (special loan)	2 482 000 EUA
USP applied agricultural research programme, Alafua Campus	1 070 000 EUA
Total	3 552 000 EUA

Grand total: 11 009 000 EUA = WS$ 13 949 000

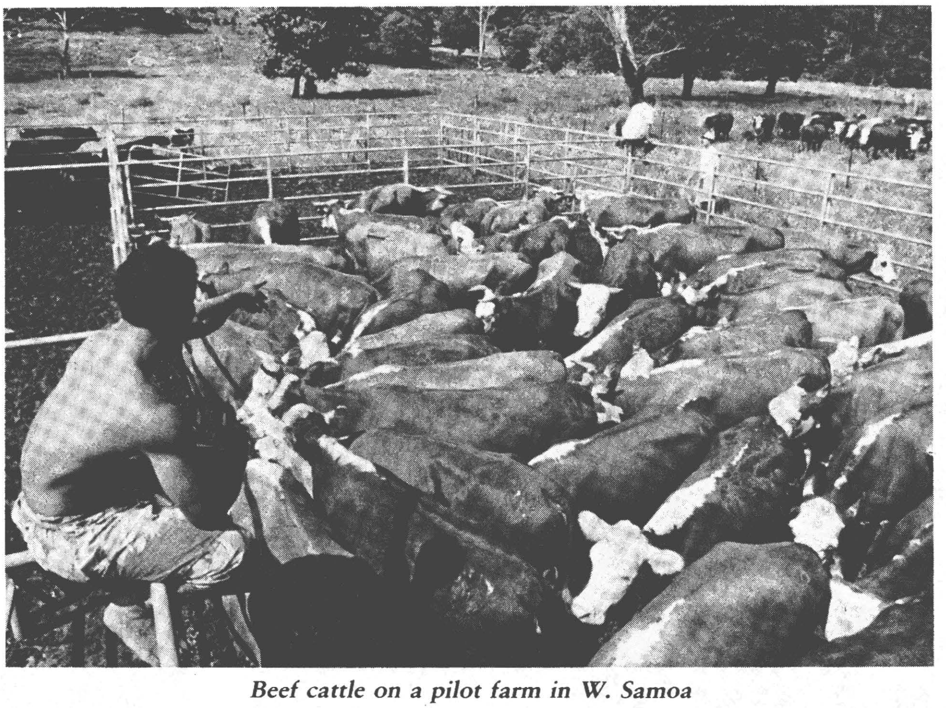
last four years. Neither of these approaches has really changed the bulk of agriculture by introducing high-yielding, disease-resistant plants and better methods of land clearance, weeding, planting, fertilization and disease control. There is even some danger of competition between them for use of land and labour. But their short-term success is encouraging.

Shaping up for the 1980s

Western Samoa's relatively open economy has increasingly let in the consumer society over the last decade, with the demand for consumer goods adding to an import bill already swollen by the capital goods needed for infrastructural development. The oil bill is another serious drain on foreign exchange, having risen from $ 1.2m in 1974 to an expected $ 7m plus in 1980. An energy committee is examining hydro and wood-burning possibilities and the first of a series of HEP stations was started last year (see following article, *The Samasoni hydro-power project*). A new station is due to be started every 16-18 months over the next 5-6 years.

Finance minister Vaovasamanaia Filipo, presenting the 1980 budget, said in his conclusion: "Western Samoa is, to an increasingly large extent, affected by international economic events. It is important that we shape our economic policies accordingly and it is for this reason that our 1980 budget provides for a significant measure of consolidation and strengthening of our economy, while not allowing our development efforts to be reduced. Our country has great potential for increased productivity and production".

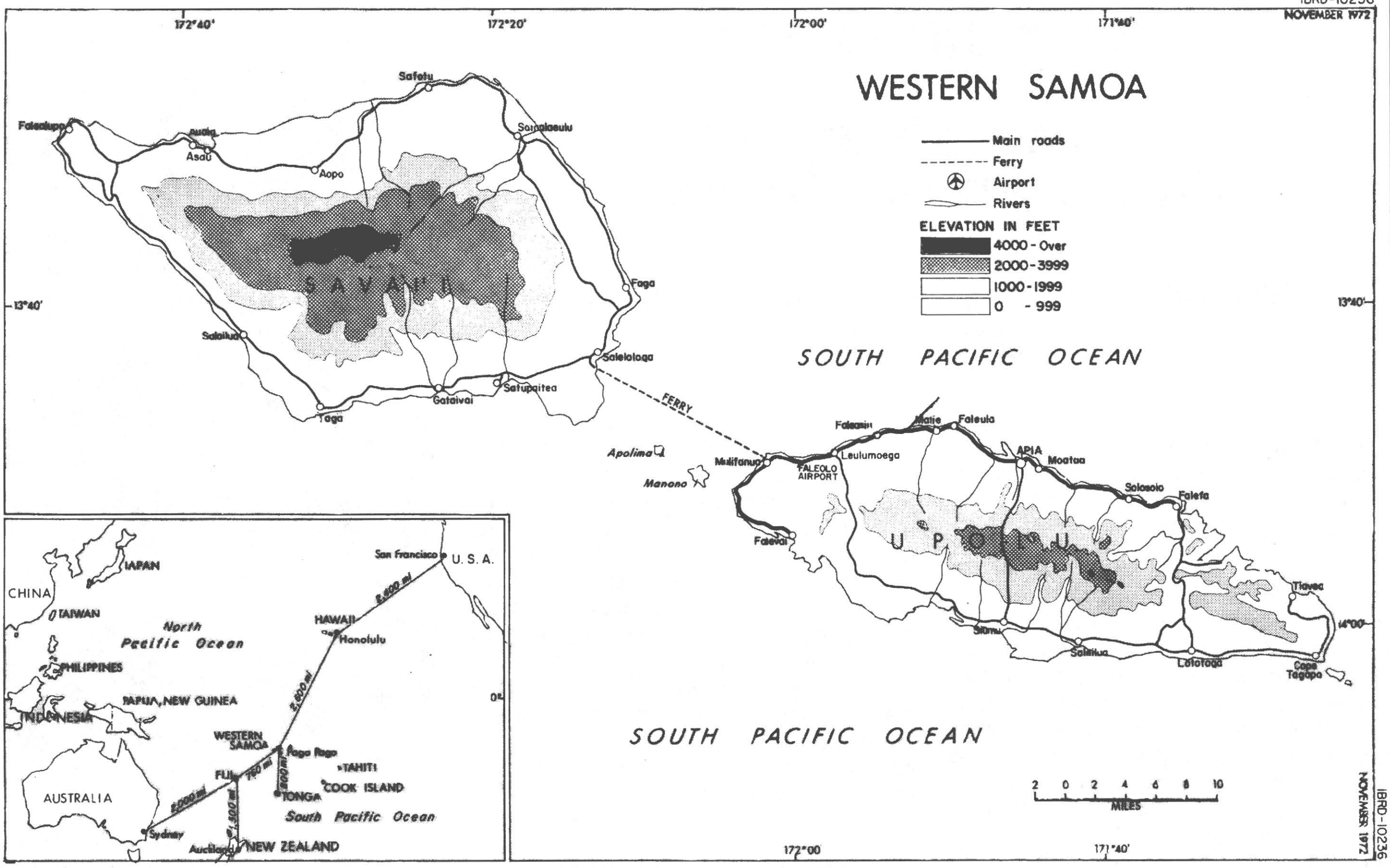
This is reflected in the fourth plan



Beef cattle on a pilot farm in W. Samoa

(1980-84) which stresses improved production, exports, employment and economic diversification. Despite the greater scope of the plan, the government, apart from continuing trial runs on WSTEC estates, will still have to go through the traditional village organization and leadership to carry it out, and this is where Western Samoa is so true an example of the Pacific formula for government, people and development. The traditional chiefs have the land and the voting power. They cannot be overruled, nor brow-beaten into changing their village societies by experts waving economic models at them. Attempts to introduce grass-roots development and decision-making in other developing countries are largely irrelevant here. However, the modernization of the economy and the need to create opportunities allow for and require individual initiatives which are increasingly at variance with the traditional social and economic structure. As the government builds up the administration and overall grasp of the economy it needs to carry out development planning on an unprecedented scale, as the tourists arrive despite a policy of wariness towards tourism, as the population growth rate rises again and the enterprising young set up for themselves, both in the villages and around Apia, can the matais move with the times? No doubt they have as much of an eye for profit as anyone, but it will need tact to introduce the facts of international economic interdependence to the deliberations of the fono. ○ B.T.

Profile of Western Samoa



Area: 2 842 km²

Population ('77): 152 672

Capital: Apia

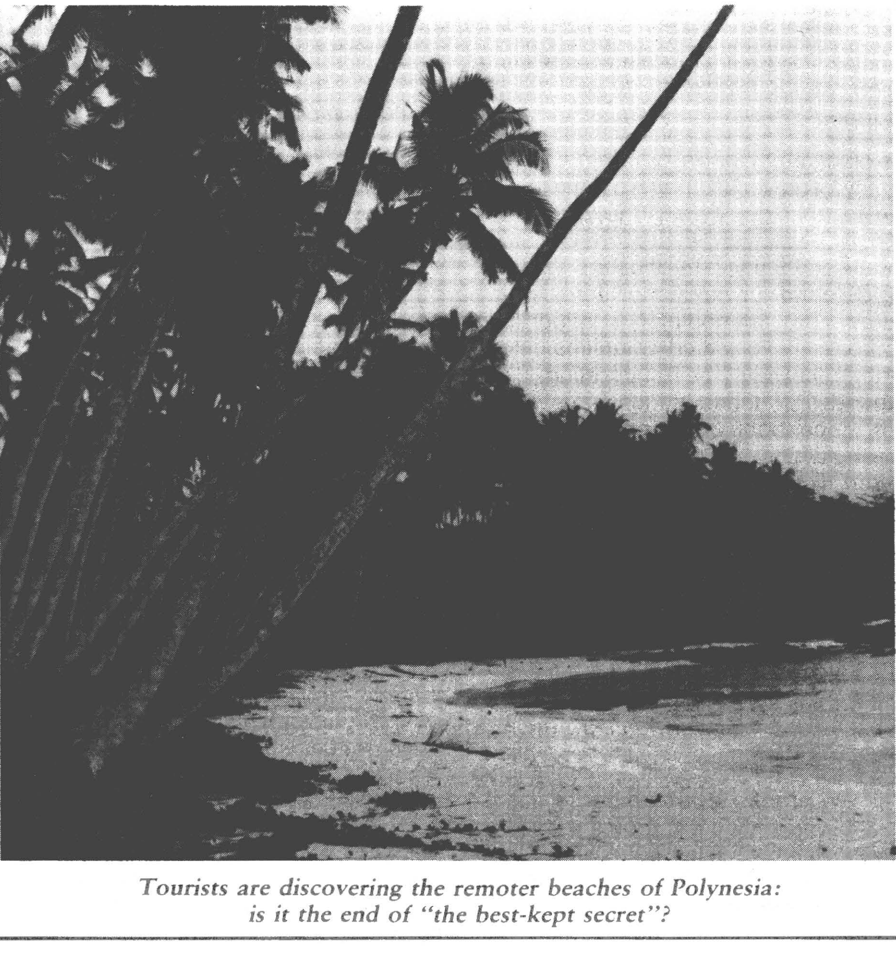
GNP ('76): US$ 50 million
per capita: $ 350

Exports ('78): WS $ 8.54 million
of which: copra: 42%
cocoa: 31%
taro: 13%

Imports: WS$ 40.46 million
of which: food and live animals: 29%
machinery and transport equipment: 23%
manufactured goods: 20%
minerals, fuels: 90%

Direction of trade:
Exports: Federal Germany: 70%
Imports: Australia and New Zealand: 48.6%
Japan: 19.3%
USA: 9.4%
EEC: 5.9%

Currency: Tala: 1 WS$ = US$ 1.45 (Jan. '79)



Tourists are discovering the remoter beaches of Polynesia: is it the end of "the best-kept secret"?

WESTERN SAMOA

In the shade of "the banyan trees"

Interview with the Prime Minister, Tupuola Efi

Tupuola Efi

▶ *What characteristics does Western Samoa share with its South Pacific neighbours and what characteristics set your country apart?*

— Well, it's small, relatively isolated and I suppose we have the problems that small and relatively isolated countries would have. We and our neighbours have different political institutions, depending on the former colonial administrations. There are also differences in social systems; and this is reflected in our constitution, in that we have our own head of state and also the matai system, which is chiefly but quite different from anything else in the Pacific.

▶ *What about your ambitions as a nation compared with those of your neighbours?*

— Our ambition is to retain our own identity, and to do that we have to be able to hold our own in the world. It is difficult, because we are drawn into a money economy and coupled with that is a demand for consumer items which makes us immediately vulnerable. Whereas the British communities before were relatively self-supporting, the demands for these things have made them dependent on outside imports. A self-sustaining economy has to be geared to the new realities; we have to set up industries, to develop the things that people now consider to be basic necessities of life right here. This has been one of our main objectives.

▶ *It is your policy not to sacrifice "fa'a Samoa", the Samoan way of life, to economic growth. What do you see as the main points of conflict between the two?*

— We are facing a number of dilemmas, but no different from any other country as far as I can see. People say, with some reason, the rich are getting richer and the poor are getting poorer. A small country like ours which has been moving ahead, relatively speaking, very fast, naturally draws in a lot of money; as long as this money comes in, whether to build a road or pay salaries or whatever, it will mostly go into the coffers of the people who have the drive and energy to make the most of the situation. How do you ensure equal opportunity for everybody? The most the government can do is to create a climate. It's very difficult, short of imposing communism in a country, to equalize in every aspect, social, economic, whatever.

The breakdown of the village community

▶ *You have no intention of imposing communism?*

— In a communal system there is a form of communism. But even that is breaking down. The whole viability of the village community depends on interdependence. People freely give to each other, at weddings, funerals and the like. The people who have done particularly well in this sort of setting, in money terms, have been the fellows who have taught themselves to husband their resources well, and the way to do that is to draw away from this interdependence and set up on your own. If the government were to encourage people to be little capitalists, or whatever it is, it would help sabotage the basis which sustains a viable village community; but it didn't, it could be criticized and condemned as moving against progress. This is the dilemma that we are facing now. The whole idea of interdependence is to ensure that each matai is dependent on his own resources, and yet the money economy does not allow him to be as free or independent as he was. To illustrate this point, in a village setting you have the people with drive, with energy, with contacts in town, building big plantations, and they become in our language "the banyan trees" which atrophy the growth of the plants in their shade. Often the people who call out "it's benefiting the rich rather than the poor" are themselves "banyan trees" who want more influence, more of a share of the pie.

The dilemma that we are faced with is to what extent we should insist on "fa'a Samoa", which is an insurance of the egalitarian perspective, an insurance that nobody builds up to this extent.

The idea is that if you become well off you are supposed to give it back to the village in one form or another. This does not happen today. The basis of the village, which is the authority and independence of each matai, is being undermined by people with greater influence based on money.

▶ *Can you not aim for a sort of global village which covers the entire nation?*

— Where do you draw the balance? You want to make the most of the energy and ingenuity of individuals, not subsidize laziness. But how do you retain that spirit which has ensured a strong, independent village setting? For instance, people have begun to complain: "look, the reason why we are not moving ahead is because we are not allowed to use our land holding as loan security". The constitution forbids this for a very good reason—because we lost a heck of a lot of land at one point and the fellows who were struggling for independence decided that on this issue we would not budge. There would be no alienation of land, except maybe for government purposes. What would happen if outsiders were to take over the land—the village green and the land behind it? The whole village thing would go out of the window.

▶ *You sound pessimistic...*

— No, not pessimistic. I'm saying that these are the problems. We are trying to move ahead positively but it is a mistake to turn our backs on the real problems we are faced with. If we are going to survive as a nation, if the village thing remains viable, it will be because we have been hard-headed in analysing the facts as they are and trying to come up with solutions which cope with the situations, rather than harking back to something which is idealized and does not serve our purpose. Any social system only survives if it relates to peoples' interests. As soon as it does not, then it will fizzle out. This is why it is important that, bearing in mind our smallness, our vulnerability, we look at the issues squarely.

A new image of prosperity

▶ *How hard-headed was the third development plan and how successful has it been?*

— I think it has been very successful, in that the villagers themselves will admit that there is less dependence on the outside now than before. In fact, we are faced with the situation that because they have done so well, and there is much more money around, more imports are coming in than ever before. There are cars, a new image of prosperity in the villages... It's beginning to worry people, not that the programme is not succeeding but that in some areas it is probably succeeding too well. One wonders whether the resources or what they have gotten out of it are being used in the best possible way.

▶ *Is there a disincentive effect, in that money is coming in and people feel they don't need to produce as much as they did before?*

— Yes and no. People are relatively self-sufficient foodwise and in a village setting food is the most important daily expense. What you have left over is a luxury and what do you spend it on?

▶ *Imported goods?*

— By and large this is happening.

Screening foreign investors

▶ *You give me the impression that in the last five years there has been an economic invasion of Western Samoa and various consumer goods are pouring in. Yet the simple geographic limits of a small island nation make it difficult for most private investors to set up shop and usually the problem is to get them in rather than keep them out. Are the private investors coming in at such a rate?*

— Yes, more so than ever before. Our problem now is screening rather than trying to attract people.

▶ *What are your criteria for choosing them?*

— Well, in the first instance we try to ensure that the locals, and that includes the government, have a majority shareholding. That is not an inflexible rule; we are prepared to make concessions providing there is a very good case for it. We try to ensure that by and large the business in question is based mostly on indigenous items, because it is quite possible that whereas the balance sheet might show a profit, overall we might be losing in terms of foreign exchange or imported raw materials.

▶ *Western Samoa was the first South Pacific country to become independent. Since then have you aimed to consolidate that independence directly through national self-reliance, or has it been more a question of finding a place within a regional grouping?*

— If we have joined the regional grouping, it is because it serves our interests, and I'm sure that is true of any other country. We joined because we are better able thereby to achieve our objectives, one of which is a self-supporting economy. But we have basically been as strong as anybody else in promoting regional shipping, for example; per head of population we probably put more into regional shipping than anybody else. So if somebody asks "have you put your money where your mouth is?", we can say "yes, more than our fair share".

The expense of getting to EEC/ACP meetings

▶ *How important has the Lomé Convention been to you so far, and what do you hope for from Lomé II?*

— The EEC has been one of the main sponsors of projects in our region. Its importance to us is shown in a simple way by the participation of Pacific countries in EEC conferences. It is quite an expense for us to get out there, but it is nothing to most of the other countries who belong. We are happy that in the new Lomé Convention there is a greater recognition of the Third World countries and their problems, particularly small countries like ours, and for this reason you will certainly find my country, and I'm sure other countries in the Pacific, going out there to find out to what extent the rhetoric will be matched by initiatives and action taken by the EEC. By and large we are quite happy with what has been done so far, and we are looking forward to better things. The involvement of the EEC in rural development in this area has been very important. People have rubbished our rural development and pointed out many of its faults; I go along with all the faults they have mentioned, but I also say it is probably the best rural development programme in the Pacific. I would like to see a better one.

▶ *Do you think the overseas-financed aid effort is getting through to the majority of the people here, or is there rather the attitude which I have heard described as: "these foreigners are clearly anxious to do something for us, from some strange reason, and as long as it doesn't bother us, we don't mind them going ahead"?*

— That is a difficult question to answer.

▶ *Let me change it. How aware are most Samoans of the international economic problems that affect them?*

— We are becoming a lot more aware than before. For instance, the EEC is prepared to help but somebody here first has to take the initiative and make our case at the EEC headquarters. There is a tendency to think that because we are small, we have no impact in the world forums and we must just sit back and wait for what comes. There has been a new awareness that this is not the way to do things, that you have to get out and link up with the other small countries in the world. You have to understand something about the Third World economic order and that sort of thing, and try to press your point not only amongst yourselves but also in the larger forum, where it is important for those fellows to recognize that if we are going to have a peaceful world then it's as important to try to upgrade the standard of living in small countries right around the world as to try and resolve the Arab-Israeli issue. We have to go and make ourselves heard. ○ Interview by B.T.

Examples of EDF projects in the Pacific

Fiji: exceptional aid for hurricane damage

A dozen hurricanes have struck the Fiji Islands since 1972, including five in the last two years. The latter have given rise to EEC exceptional aid as Fiji had, by this time, become an ACP member state. These hurricanes, or more correctly tropical cyclones, were duly christened by the meteorological people as: Anne (December 1977), Bob (January 1978), Ernie (February 1978), Fay (December 1978) and Meli (March 1979) and between them they left behind death and destruction, drought and famine. These cyclones struck the Fiji Islands in a comparatively short period of time and the successive blows gave those people most affected no chance to recover.

Apart from the drought of 1977/78 associated with hurricanes Anne, Bob and Ernie, when the sugar industry and mixed agricultural regions of western Viti Levu were particularly hard hit, the sector which has suffered most has been food and cash crops, especially coconuts, which provide copra, the main and often the only source of income to the villagers. The damage to homes, schools and other village buildings was also extensive and again it was usually the poorest people who were hit hardest. After cyclone Meli, for example, it was assessed that 1 348 homes had been completely demolished, 603 badly damaged and altogether about 12 000 persons left homeless. In addition 46 churches and 35 schools were reduced to rubble. At least 52 people died in this hurricane. It was against this background that the government of Fiji sought exceptional aid from the EEC in the form of cash to finance rehabilitation and reconstruction programmes and provide emergency food aid in the outer islands.

Taking food aid first, the EEC donated the following between October 1978 and November 1979:

30 t skimmed milk powder;
40 t butter oil;
293 t long grain rice;
60 t wheat flour.

The cash value of these foodstuffs is not known, but it must be considerable. As regards their food value to the Fijians, the Fiji Red Cross, which is acting as middleman in the operation, reported mixed reactions as neither skimmed milk nor rice form part of the Fijian daily diet. Nevertheless, the foodstuffs have obviously been important temporary substitutes for their own starches and other staple foods destroyed during the cyclones.

As regards EEC exceptional aid to finance reconstruction programmes, including purchase of materials required to rebuild houses, schools, dormitories and their transport to the outer islands, the following contributions have been approved:

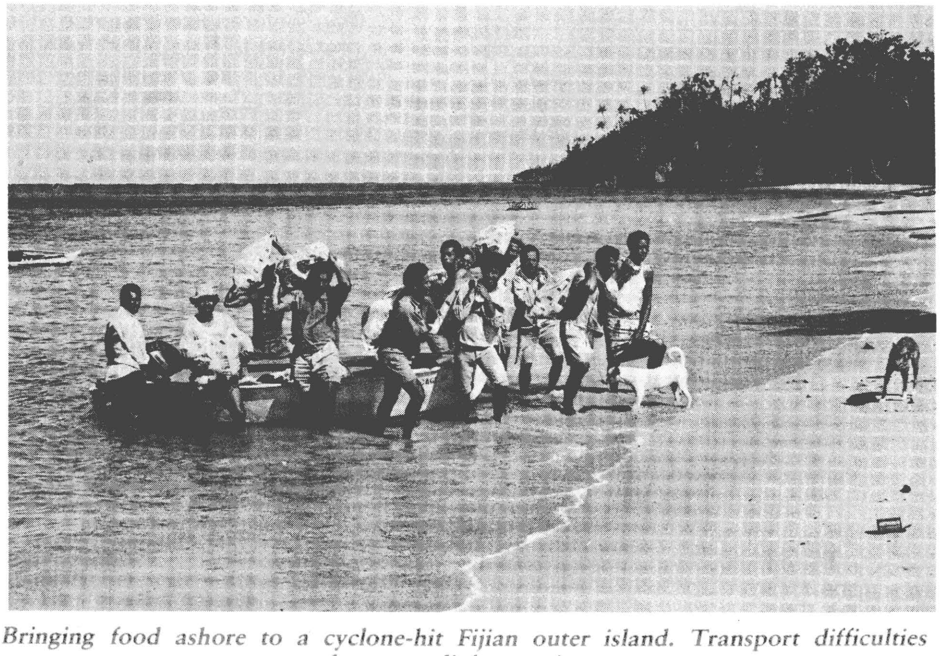
300 000 EUA on 9.3.1979;
1 200 000 EUA on 19.4.1979;
300 000 EUA on 4.7.1979;
700 000 EUA on 21.8.1979.
giving a total of 2 500 000 EUA.

The first two contributions were intended to finance reconstruction following Fay and the earlier 1977/78 cyclones, while the last two contributions resulted from the devastation caused by Meli. The principle buildings being financed by EEC aid are:

650 prefabricated houses;
700 "woodtex" houses (cofinanced with New Zealand);
99 teachers' quarters;
61 dormitories;
100 school classrooms.

For the homes, in particular, care has been taken to design houses which should withstand future cyclones.

Difficulties have been experienced by the local authorities in getting suitable designs and acceptable tenders for the buildings, in addition to transporting the materials to the outer islands with the few vessels available, shortage of landing facilities and so on. These factors emphasise Fiji's problem of meeting the Commission's deadline (originally six months, now extended to eight months) for spending the aid. However, all concerned, particularly the Prime Minister's Hurricane Relief Committee with assistance from the EEC delegation, are doing their utmost to ensure that the exceptional aid is spent on time. ○



Bringing food ashore to a cyclone-hit Fijian outer island. Transport difficulties hamper relief operations

Western Samoa: the Samasoni hydroproject

The development of hydropower in Western Samoa's main island of Upolu (1 113 km², 100 000 inhabitants) is based upon the following considerations:

— decreasing foreign exchange expenditure on imported diesel oil;

— response to the increasing demand for electric power and the promotion of industries.

Western Samoa, one of the least developed countries, has to make every effort to save foreign exchange by replacing increasingly expensive imported fuel with locally available energy.

As there is abundant and cheap labour available, a manufacturing industry could be developed when relatively cheap energy becomes available. As an island country, to be competitive Western Samoa must keep production costs low to counter the increasing freight rates for exports.

Preliminary studies for the possibilities of hydropower have been made since 1969; the hydrological survey network was expanded in 1973 to obtain data for the assessment of the potential of hydro-energy, a number of sites being considered suitable for run-of-river or storage schemes.

EEC delegate Stahn at the opening ceremony of the Samasoni hydroproject

A 1977 study of electricity generation up to the year 2000 was followed by a detailed design study for two hydro-electric schemes; the Magiagi (later renamed Samasoni) and the Fale Ole Fe'e scheme. Both studies were financed by the European Development Fund.

The Samasoni scheme is at present under construction and is expected to become operational in February 1981, generating 1 800 kW. The scheme is financed by the government of Western Samoa and the EDF.

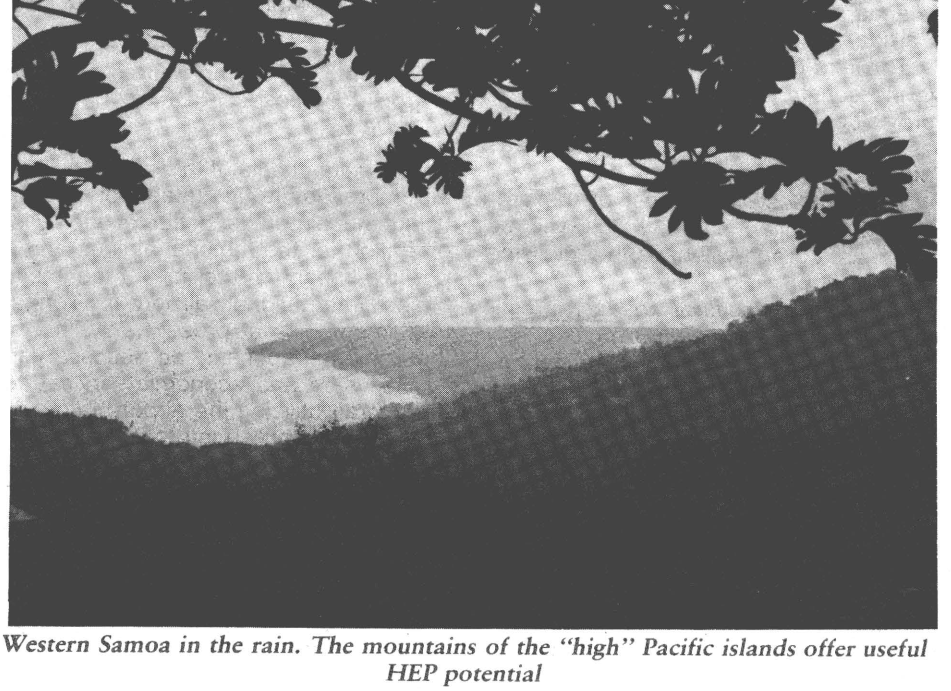
The Fale Ole Fe'e scheme (generating capacity also 1 800 kW) is at present out for tender and will be financed by the government of Western Samoa and the Asian Development Bank.

Both are run-of-river schemes in the Vaisigano river, which runs into the sea in Western Samoa's capital, Apia.

The bottleneck in the development of hydro-electric power is the dry season, when the river flows slacken. There are sites suitable from a topographical and hydrological point of view for storage lakes to bridge the dry season, but unfortunately the volcanic formations are rather porous so the water leaks away.

The further development of electric energy production therefore will remain a mixture of hydro and diesel generating stations.

The importance the government attaches to the development of hydro-electric power is best illustrated by the fact that 2 620 000 EUA out of the total of 4 620 000 of the indicative programme has been earmarked for the development of hydro-electric resources, a summary of which is given below (in rounded figures).



Western Samoa in the rain. The mountains of the "high" Pacific islands offer useful HEP potential

	EUA
Masterplan study	80 000
Detailed design study	154 000
Supervision of construction	289 500
Generating equipment	678 500
Electrical equipment (switchgear)	153 800
Electrical equipment (cables) to be purchased by the government of Western Samoa	90 000
Penstock pipes supply fob European port	697 000
Pipe transport (Pacific Forum Line Ltd., W. Samoa)	124 500
Civil works	898 000
Land acquisition, access road etc. by the government of Western Samoa	99 500
Total	3 264 800
EDF	2 620 000
W. Samoa	644 800

The Samasoni project consists of a diversion weir, intake structure and storage headpond of 12 000 m³, connected by a 3 700 m long steel penstock of approximately 1.20 m diameter with a powerhouse in which two turbo impulse turbines, rated output of 950 kW each, and two alternators will be installed. ○

EDF regional projects in the Pacific

In supporting regional projects the Community wishes—persuant to article 47 of the Lomé Convention—to promote the cooperation between countries in a given region. For this purpose an amount corresponding to approximately 10% of the Community's total aid frame has been set aside.

Because of their complexity in planning and implementation, regional projects call for a high degree of cooperation between the recipient countries participating in the projects. Strong motivation is needed in each of the participating countries if regional projects are to overcome the obstacles and succeed.

Under the 4th EDF an amount of 10 m EUA has been allocated to Fiji, Tonga and Western Samoa for regional projects. The national programmes for these three countries are for Fiji 9.9 m EUA, for Tonga 3.149 m EUA and for Western Samoa 4.62 m EUA, which adds up to approx. 18 m EUA. Thus out of a total EDF assistance to the three countries of 28 m EUA, 10 m EUA or 36% goes towards the regional programme. This, compared with other regions, is a high percentage and considering that these three countries are separated by hundreds of miles of sea, it is exceptionally high.

The South Pacific Bureau for Economic Cooperation (SPEC) has performed an important role in the planning and implementation of regional projects. SPEC is in fact the local organization responsible for the implementation of all EDF-supported regional projects.

Since remoteness and isolation are problems shared by all small nations in the Pacific, it is natural that regional projects should focus on projects aiming at overcoming these problems. As will appear from the following summary, great emphasis is placed on communication, both between the islands and with the outside world.

Regional telecommunications network. EDF commitment 4.3 m EUA financed by a loan on special terms.

The aim of the project is to upgrade the regional telecommunications network of Fiji, Tonga and Western Samoa to international standards of telephone, telegraph and telex service. By providing adequate telecommunications services between these three countries and, for Western Samoa and Tonga, with the other South Pacific countries, the project will boost regional cooperation and therefore will facilitate the implementation of the planned economic and social development programmes of the three countries.

The project includes the supply and installation of:

— the necessary satellite earth station and ancillary equipment in Western Samoa;

— the necessary equipment for the extension of the existing satellite earth station, together with a telex gateway exchange, in Fiji;

— gateway telephone exchange facilities in Tonga.

Telecommunications training centre. The centre, which will be located in Fiji, is cofinanced with Australia, New Zealand and UNDP/ITU. The EDF contribution is 1.5 m EUA in the form of a grant.

The objective of the project is to provide the training centre, which presently operates from temporary rented facilities spread over four locations in Suva, with permanent training and hostel facilities at a single location in order to improve both the efficiency and the effectiveness of the centre as a training unit for telecommunications personnel from island countries in the region.

The total floor area required for the centre is estimated at 5 010 m², costing 1 850 000 EUA including consultancy and supervision. The first phase of the total construction, costing 1 500 000 EUA and consisting of essential buildings to enable the permanent centre to begin teaching activities, will be funded by the EDF.

University of the South Pacific (USP), which was started as a regional university in 1968 to serve the needs of the governments of the Cook Islands, Fiji, Kiribati, Nauru, New Hebrides, Niue, Solomon Islands, Tokelau Islands, Tonga, Tuvalu and Western Samoa.

The aim of the EDF-financed project is the construction of buildings and the provision of equipment and technical assistance to further three priority areas of the development of the USP.

The total estimated cost of the project, 3.2 million EUA, which will be given as a grant, will have the following distribution:

— applied agricultural research, estimated cost: 1.0 million EUA;

— development of marine resources, estimated cost: 1.0 million EUA;

— rural development programme, estimated cost: 1.2 million EUA.

Each subproject will operate from a different headquarters.

— Western Samoa: the applied agricultural research project at Alafua, where the USP School of Agriculture is located. The project will be integrated with the ongoing teaching and research work.

— Fiji: the development of marine resources at the USP Laucala Bay campus in Suva, where the Institute for Marine Resources was established in February 1978, by contributing to its facilities and the enlargement of of its activities.

— Tonga: the rural development programme will be based on a rural development centre to be established by this project under the aegis of an existing administrative and academic unit of the university and on a site made available to the university by the government of the Kingdom of Tonga.

Containers for the Pacific Forum Line (PFL). EDF commitment 400 000 EUA as a loan on special terms.

The PFL was established in 1977 as a regional shipping line with equal shares from the governments of the Cook Islands, Fiji, Gilbert Islands (now Kiribati), Nauru, New Zealand, Papua New Guinea, Solomon Islands, Tonga and Western Samoa. The purpose of establishing the line was to provide regular shipping services in the region and to exert a stabilizing influence on the freight cost structure within the region.

The aim of this project is to provide insulated containers for the PFL, for use within the region, and thereby to maximize the benefit to be derived from regional shipping services in a specialized area. The project will make a material contribution to the development of exports in the member countries, by providing a modern and efficient system of transportation for goods requiring a specialized temperature control system. It will also ensure that part of the growing import of frozen goods to the islands will take place on own ships to controlled rates.

The project includes the supply of 66 insulated containers suitable for the carriage of refrigerated goods.

Navigational equipment for Tonga airport. Proposed EDF contribution 600 000 EUA.

The main effects of this project will be an improvement in safety for aircraft using the airport, a better economy of operation for the regional airlines and a positive impact on the flow of tourists.

The international airport in Tonga, Fua'amotu, has at present only little of the equipment considered necessary to provide safe and economic services to the aircraft utilizing the airport.

Tonga, having no international airline of its own, is frequently serviced by other regional airlines but has been given a "Black Star" rating by the Federation of Airline Pilots' Associations, due to the lack of adequate navigational and telecommunication equipment.

The project will upgrade the equipment to a standard comparable to other airports in the region. ○

BENIN

A review at the start of the 1980s

The Military Revolutionary Government of Dahomey came to power on 26 October 1972 and has been building the administrative structure of the state, which became the People's Republic of Benin on 30 November 1975, ever since.

It will soon be eight years since the country began to carry out the far-reaching programme of national construction proclaimed on 30 November 1972, under the leadership of President Mathieu Kérékou. An important step was taken in November 1975 with the creation of the "avant-garde" political party, the Parti de la Révolution Populaire du Bénin, and another on 26 August 1977 with the finalizing of the Loi Fondamentale, a new Constitution leading from "revolutionary legality" to "constitutional legality" via elections.

The vote, by universal suffrage, brought into the Revolutionary National Assembly people's representatives ("commissioners") from all walks and levels of life: "peasants, workers, soldiers, patriotic intellectuals, the local bourgeoisie, religious bodies, etc".

Since these elections, held on 20 November 1979, the democratic and people's institutions provided for have been progressively set up. The Assembly has elected the first President of the People's Republic of Benin, Mathieu Kérékou; the President of the Central People's Court, and the Procureur Général du Parquet Populaire Central (director of public prosecutions). The National Executive Council, comprising the President of the Republic, the ministers and the provincial governors, has been constituted.

So the political and economic disorder under successive regimes in the 1960s has been ended, and during the 1970s a new policy of national independence based on Marxism-Leninism has been defined. Benin now starts the 1980s determined to achieve a socialist society "in which it will be good to live because everyone will have the minimum necessary for a decent life".

At the invitation of the Benin authorities, the *Courier* reviewed the situation in December 1979 with the ministers of foreign affairs and cooperation, planning and trade.

Michel Alladayé, Minister for Foreign Affairs: "fairly optimistic" about ACP-EEC cooperation

► *Minister, what are the guidelines of Benin's foreign policy?*

— It is based on a number of fundamental principles—mutual respect for sovereignty, equality, reciprocal advantages, national dignity and non-alignment.

► *Benin is one of the poorest of the ACP countries, which means it has to depend on external aid to finance its public investments. What are the criteria of your cooperation policy, bearing in mind the constraints this situation involves?*

— The criteria we use in our cooperation policy are dictated by the principles I have just mentioned. Any cooperation that abides by these principles is viable as far as we are concerned.

► *How important is regional cooperation in your case?*

— Countries in the same area of the globe often share the same development conditions. Regional groupings make for more effective, fairer and better balanced international cooperation, particularly as, today, no one can afford to have a closed economy.

► *Cooperation between the EEC and Benin has been constantly developed and diversified over the last 20 years. Could you go over the various stages in this process?*

— When the Community was set up by the Treaty of Rome, our country was still a French colony and therefore an associate in the terms of that treaty. After we became independent, the Yaoundé conventions confirmed the association between Europe and Africa and, when the UK joined the Common Market in 1972, the Commonwealth countries also became associated members, leading to the signing of the Lomé Convention in February 1975.

The fact that Lomé II was signed, on 31 October last year, is proof positive that both ACP and EEC countries want to do something that is of benefit to us all, in spite of our different approaches to the aims of this new convention.

After all, the Community representatives were simply intending to up-date and adjust the convention and the ACP representatives wanted to replace Lomé I by something qualitatively different.

► *How do you expect cooperation to develop?*

— With the signing of Lomé II, we have nevertheless laid the foundations of a very solid form of cooperation. More ACP products now have access to the Community market and special resources have been provided to boost trade promotion. And the Stabex has been extended to include more agricultural products.

Then there is the relatively new idea of weighting Stabex payments to take account of inflation.

All this means—or we hope it does—that, with a minimum of political will on the part of the EEC countries, we will ultimately be able to envisage a Lomé III.

I can perhaps sum up by saying that I am fairly optimistic about all this. ○

François Dossou,
Minister for Planning, Statistics and Technical Cooperation:

"Creating a society that is good to live in"

► *What are the main aims of your three-year (1977-1980) development plan?*

— On 30 November 1972, our people laid the foundations for the development of the economy. The aim of the programme outlined in the speech to guide the nation was to mobilize all the country's resources to create a society that is good to live in, in the long term. One of the means of economic development is the state plan and, bearing in mind that Benin's economy is small and based on agricultural production, our first plan concentrated on the choice of a specific development strategy, roughly as follows.

First, we would reconcile the contradictory demands of the major sectors of the economy by giving priority to logically chosen investments in agriculture, as agriculture is the basis on which industry can be developed, and to the production of intermediate goods, as the national system of production was articulated round this.

Second, we would reflect the policy of developing the various sectors of the economy by giving priority to the domestic market, without external trade losing any of its importance. This involved defining export substitution tactics.

Ultimately, the growth of the national economy should have the backing of an internal capital accumulation process.

► *Agriculture has been badly affected by drought and there has been a drop in production, consumption and exports as a result. How far has last season's abundant rainfall rectified the situation?*

— Production in the agriculture-dominated primary sector has increased slowly over the past six years. During the three years of the plan, we are encouraging this sector by boosting the development of our productive forces, primarily by concentrating on draft tillage and certain hydro-agricultural schemes, and by improving our productive forces (which will depend on the situation in production after progress has been made with the class struggle in rural areas).

Industry—the driving force of the economy

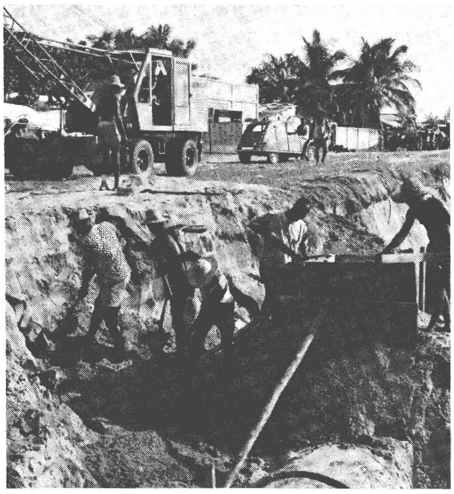
► *Industry is the most dynamic sector of your country's economy. How do you see its future? Could the processing industry be the basis for a manufacturing industry?*

— Agriculture is the basis of our development here in Benin.

Industry is considered to be the driving force of the economy and so we are concentrating on setting up more industries to produce the goods and the input needed to develop agriculture. This means more manufacturing industries, which is indeed one of our aims for the coming years.


EDF

View of Cotonou and the Benin coast



Laying storm—drains in Cotonou—an EDF project

▶ *What is the outlook like in the livestock and fisheries sectors?*

— One aspect of flagging production in the primary sector as a whole is stagnation in production from our livestock and fisheries. The state plan aims to boost production in these two sectors by making investments totalling some 9 700 million CFAF.

▶ *The three-year development plan is not just an economic document, but a social one as well. How does it affect Benin's current social situation?*

— Our state plan is aiming at the rapid development of the modern sector, generated by trade, industry and construction.

The growth thus achieved will have a considerable effect on the social situation in the country. Economic growth was a constant 3% in 1972-1974, but it is up near 7% at the moment and we expect it to go higher in 1980 when per capita GNP should go up from $170 to $200.

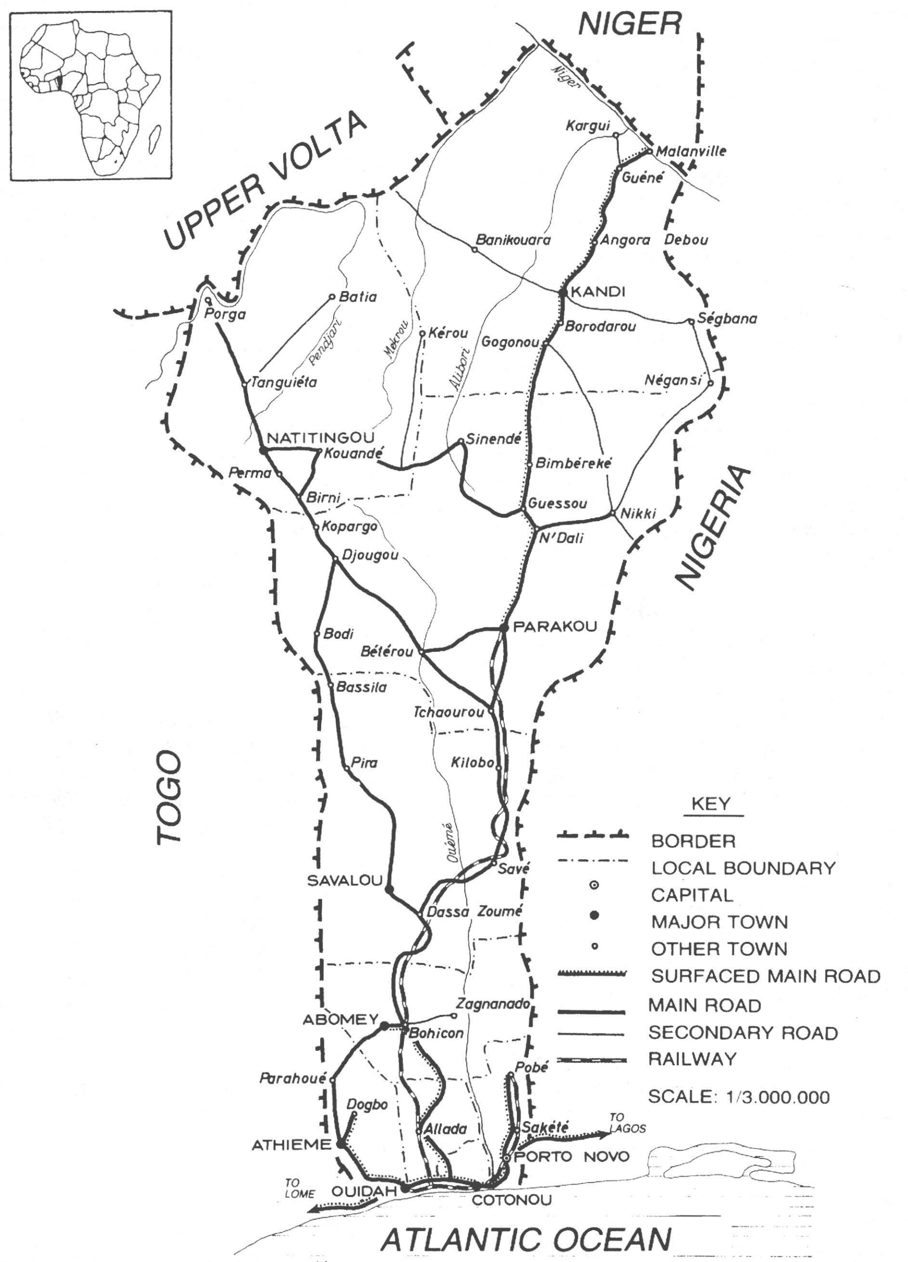
Ultimately, we shall embark on an overhaul of the country's employment structure, but for the moment, thanks to the emergence of new economic structures in various areas, we are able to maintain the rate of job creation.

The achievement of the objectives of the state plan should enable us to attain one of the aims of the Party's new policy in the medium or longer term. This is: "Modern education = production unit. Modern education = driving force of development".

The effect of the oil crisis

▶ *How have you managed to cushion the effects of the oil crisis and can you ensure energy supplies for industry in the future?*

PEOPLE'S REPUBLIC OF BENIN



Profile of Benin

Area: 112 600 km²

Population (1978): 3.38 million
under 15: 45%
urban: 18%

Capital: Porto Novo

GNP (1977): CFAF 162 000 million
primary sector: 35.7%
secondary sector: 17.7%
tertiary sector: 46.6%

Per capita GNP (1977): $130

Exports (estimated, 1977): CFAF 26 000 million
to EEC: 53.3%

Imports: CFAF 65 000 million
from EEC: 53.2%

Main exports:
palm products: 42.3%
cotton: 28.9%
cocoa: 17.2%

— The repercussions of the external environment on Benin's economy are mainly on the international level. The oil crisis has only aggravated an already bad situation and world inflation and the resultant disorder have only pushed up the already high prices of capital goods and energy.

However, Benin has managed to minimise the effect of these diverse problems by benefitting from the UN's preferential tariffs in 1974 and by taking over, in 1975, the importation and distribution of petroleum products and electric energy.

In our country the constant aim is to ensure that industry gets the energy it needs. So considerable emphasis is being laid on developing the national energy potential. In the future, we expect our industry to get its supplies from power stations belonging to the national electricity board, from linking the CEB coastal line with the Akossombo hydro-electricity dam in Ghana, from a connection between the North-Onigbolo-Save-Parakou line and the Kaindji hydro-electricity dam in Nigeria and the Badagri junction. Also we would procure energy from the hydro-electricity dam on the Okpara in Benin, the Save power station in Benin and the projected hydro-electricity dam on the Mono.

► *The levels of production, investment and saving are relatively low in Benin, partly because of the economic situation. But what about the structural causes? And what can your tax policy do about them?*

— Our economic development policy is an orthodox one in which external investments are authorized provided that a "not negligible" percentage of the profits is reinvested in the country. The January 1972 investment code is still in effect today but we are revising it for the coming years and it will take account of the prevailing political context.

► *What has your country done to develop mining?*

— We have set up an independent structure to develop mining and prospection is going on at the moment. Gold and phosphates have been discovered in the north and marble in the centre and the Benin mining board (Obémines) is now in the reserve estimation phase.

The role of agricultural cooperatives

► *The move to the towns is a problem that all developing countries have to cope with, including Benin. Do you think that the restructuration of rural production would put a brake on this?*

— Under-employment in the rural sector is gradually being handled now that the new pre-cooperative organizations set up in the villages are using the manpower available and larger areas have been brought under cultivation.

The agricultural cooperatives that this will lead to should constitute the reception and organizational structure that the peasant farmers, particularly the younger ones, need.

► *And what about health? What are your most urgent needs and how can they be met?*

— The government's new health policy is essentially aimed at the masses. The idea is to ensure health coverage throughout the country, with priority for the rural areas. It is also aimed at increasing at all levels the degree of facilities in order to offer adequate healths services and bring about a substantial reduction in the infant mortality rate.

► *The EDF is cooperating with the Benin authorities on the financing of a number of social projects. Can you describe them for us and say how they fit into the national development plan?*

— Various social projects have been run in Benin under the Yaoundé Conventions and under the Lomé Convention. They involved social infrastructure (health, education, etc.), training and course grants and such things as water supply and drainage schemes and the sinking of rural wells.

Obviously, as these projects were chosen jointly, they fit in with the range of practical operations organized as part of our economic and social development.

Under the 2nd and 3rd EDFs, for example, the programme covered rural wells, so that the people living in these areas could have a supply of drinking water and be spared such diseases as Guinea worm.

Then there were schemes for health and educational infrastructure and the annual training programmes. But all social projects are a basis for and should contribute to accelerating our development as a whole.

We will not have dynamic economic operators unless they have a minimum of technical/civic knowledge that will ensure their personal fulfilment and enable them to take the right sort of initiative.

This basically justifies the construction of schools and para-educational establishments.

An economic operator must be fit in mind and body, which is why we have adopted our present health policy (the prevention of disease); some of the EDF-financed health infrastructure schemes should enable the implementation of this policy. We feel it would be useful to go into details here and we think it is better to emphasize what we see as the shortcomings of the system.

Emphasis on industrial projects

So, as we have seen, the first Community schemes concentrated on the social sector.

But in the future, we feel it would be better to emphasize industrial and even mining projects because, if they are successful, they yield economic surpluses which can be used for social projects.

► *Benin has always welcomed foreigners and its people have always travelled abroad. What do you feel about the free movement of workers and about investment control and the brain drain, the latter being a problem that many a developing country has to cope with?*

— Benin is a very hospitable country, yes, and there are no artifical barriers. African workers do not need resident's permits or other cards when they come here.

The structures of the modern sector depend on regional and international trade and on foreign investments.

Benin's private sector is a meeting place for workers of all nationalities. The brain drain is linked to our people's desire to make the most of their abilities and the situation is aggravated by the fact that some cadres find it difficult to get the sort of jobs which correspond to their qualifications and by the fact that high salaries are offered on the external job market.

State policy in this area is to gear education and vocational training to producing what the country really needs, to encourage students who train abroad to come home and to invest to create jobs for cadres and skilled workers.

► *Benin's university standards have gained it a reputation in the academic world. Is there then no need to improve the education system?*

— We are now in the second year of the new education system and we are currently assessing its real impact. It has not touched the University of Benin as such, but we are planning to make things more realistic in higher education by setting up specialized institutes at the end of each grade of study. ○

André Atchadé,
Minister for Trade and Tourism:

"Benin plays an important role as a commercial crossroad"

▶ *Benin's economy is based on transit traffic and on agriculture. How did this transit traffic start, where does it come from, where does it go to and how important is it for the economy?*

— The geographical situation of Benin means that we are unable to remain indifferent to relations with the countries around us and we serve several landlocked states as well as our immediate neighbours. This trade, in fact, is no more than the ordinary exchanges which any state would have with the friendly nations round it and it is a normal part of sub-regional cooperation. But Benin does not live from the transit traffic alone. It also has resources from its production and export trade.

▶ *Benin is important as a commercial crossroads in West Africa. Do you think that the trade links thus established could be the basis of a broader kind of cooperation?*

— Our country is important in this respect because of its agricultural produce, which is priced in the light of the purchasing power of our populations —for whom we are fighting against exploitation through higher prices. If our brothers in West Africa are benefiting from it, then we are helping to combat hunger, which is one of the aims of international cooperation. So the role our country plays as a commercial crossroads emerges clearly from its efforts to develop trade relations with its neighbouring countries within the framework of ECOWAS.

▶ *What do you think of cooperation with the Community since Lomé I was signed?*

— Trade between the ACP countries and the member states of the Community has increased and ACP exports to the EEC went up from an average of \$ 4 094 million (fob) in 1970 to \$ 9 300 million in 1976, reaching a peak of \$ 11 113 million in 1974.

These figures show that, before the Convention was applied, trade figures increased regularly, reaching their height in 1974 and dropping back again after the agreement was signed in 1975. So in 1975, exports dropped to \$ 9 900 million and there was a 6.35 % decrease in ACP exports to the EEC between 1974 and 1976.

So the positive balance became a negative one. However, some countries, mostly coffee and cocoa producers and exporters, saw their position improve and a surplus appear in their trade balance. Most of the other ACP countries maintained and even increased the deficit in the volume of exports to the EEC.

So ACP-EEC trade has not developed in a way that is beneficial to the ACP countries, although we hope that the trend in financial and technical cooperation will be favourable.

▶ *What were the most important subjects to be debated in Brussels at the ACP-EEC negotiations for Lomé II?*

— Everything on the agenda of the Lomé II negotiations was important for Benin, but some of the subjects—commercial cooperation, financial and technical cooperation, industrial cooperation, regional cooperation and the Stabex—were particularly vital.

▶ *Benin is one of the main countries to benefit from the Stabex system. Can you comment on this and any other provisions of the Convention that have been especially useful to your country?*

— The Stabex is an effective way of fighting any instability in ACP revenue due to fluctuating commodity prices and falling production, as it guarantees a certain level of income from abroad.

But it is not an adequate answer to the deterioration in the terms of trade. It does not stabilize the purchasing power of the people of Africa, the Caribbean and the Pacific as that power is also affected by monetary erosion and the rising cost of manufactures from the industrialized countries.

As far as financial and technical cooperation is concerned, there are a number of problems to be borne in mind. First, the aid the Community provides for the ACP group. There is no denying that the amount of aid has been increased by the Convention, but there are so many countries applying for it that EDF activity has to be spread over a wide area.

This is not the only danger. Monetary erosion is another reason for worrying about the effectiveness of financial aid. The whole amount provided for in the Convention seems insufficient for the ACP group to maintain the acquired rights of the old AASM, extend the advantages to the new signatories of the agreement and ensure some protection against monetary erosion.

▶ *Benin's natural features make it an attraction for tourists. What other sectors of the economy do you expect to be able to develop?*

— Benin is obviously a tourist attraction because of the exceptionally good climate on the coast and because of its beaches and natural sites.

We are currently looking into the question of how to provide backing and ensure development in this sector so as to increase the number of tourists.

But this is not the only sector to get our attention. We also aim to expand all the sectors of the economy, as was explained on 30 November 1972, and so we are doing our best to develop agriculture, mining, trade and industry as well.

▶ *And what do you think of Lomé II?*

— We are very pleased that work on Lomé II has been completed, particularly as we took an active part in the negotiations. What do we think about it now that it is finished? Well, the major decisions and innovations aim at balancing the ACP countries, even if Benin itself does not produce any of the important products. And we are optimistic, even if few of Benin's products are included in the new Stabex lists, because, gradually, this dialogue will improve the terms of trade and lead to the signing of another agreement in order that a new international economic order prevails. ○ Interviews by B.T.

Somba castle — Benin's historic past is the foundation of its expanding tourist trade

The 4th EDF in Benin(1)

('000 EUA)

Project	Indicative programme	Present situation
CARDER project studies (regional development centres)	278	approved
Mono CARDER	2 521	approved
Ouémé CARDER	2 333	approved
Atacora CARDER	2 858	approved
Additional industrial infrastructure for the SOBEPALM	1 438	under assessment
Development of fish farming	714	approved
Study & setting up of a craft promotion centre in Cotonou	1 140	approved
Geological cartography study	1 640	approved
Promotion of SME (line of credit for the Banque Béninoise de Développement)	385	approved
Pilot area in the Mono valley	2 800	under investigation
Asphalting of the Bohicon-Savalou road & improvements to the Tanguieta feeder link	15 385	approved
Study of the Dassa-Parakou road	769	preliminary expert appraisal now being carried out
Improvements to the Djougou-Porga road	4 100	under investigation
Multiannual training programme	1 809	approved
Improvements to the health infrastructure in Cotonou and Porto Novo	1 400	under investigation
Polytechnic complex at Parakou	2 885	under investigation
Reserve and studies	**1 875**	
Total Commission aid	44 330	
Total commitments as at 31 Dec. 1979	29 355 =	66.2 % of the indicative programme
Commitments outside the indicative programme		
Stabex (total)	20 017	
Exceptional aid	20	

In addition to this, there are regional cooperation schemes financed for the benefit of various organizations (ECOWAS, OCAM, BOAD, etc.) to which Benin belongs.

Recapitulation of the 1st, 2nd & 3rd EDFs(2)

	1st & 2nd	3rd	Total
Health infrastructure	216	39	255
Educational infrastructure	698	97	795
Water supplies, wells & drainage	1 812	902 + (125)	2 714 + (125)
Road infrastructure	2 175	1 260 + (125)	3 435 + (125)
Port infrastructure	652	181	833
General studies	169	3	172
Industry (oil mill) — EIB loan	—	910	910
Total	5 722	3 392 + (250)	9 114 + (250)
Agricultural projects	4 337	1 968	6 305
Aid for production	908	—	908
General studies — training	—	322	322
Total	5 245	2 290	7 535
Study grants	357	290	647
Total	11 324	5 972 + (250)	17 296 + (250)

(1) Source: Commission of the European Communities, directorate-general for development
(2) Source: Government of the People's Republic of Benin.

The European Community in 1979

THE YEAR OF THE EUROPEAN PARLIAMENT

by Pascal FONTAINE

Is the Community really in a state of crisis, or just going through a bad patch? The failure of the European Council (Dublin, 29-30 November) will certainly be ringed in black in the annals of the Community. In vain did PM Margaret Thatcher ask her eight partners to wipe the UK's 1 500 million EUA contribution for 1980 off the slate. The "iron maiden" refused to compromise and agreed to discuss the matter further at a meeting early this year, but there is talk of a lengthy stalemate.

Some people look back to other crises and conclude that sheer necessity always pushes the Europeans along the path to unity in the end.

Will Ayatollah Khomeini encourage federation? Fascinated by the Washington-Teheran clash over some 50 American hostages imprisoned by "Islamic students", the Europeans see every day more clearly how vulnerable their need for oil makes them and they know that the economic and social problems of the West can be partly solved by a common energy policy.

Historians will obviously see direct elections to the European Parliament as the big event of 1979. Suddenly, 410 new actors appeared on the European scene: what are they to perform? There are complaints that some are making up their own lines and others playing the wrong parts.

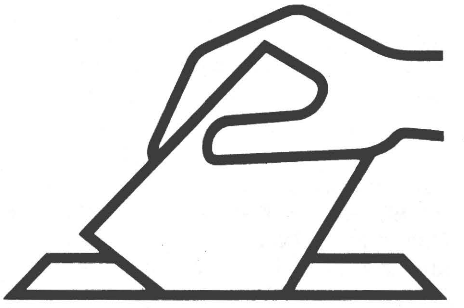
The marriage of democracy and the European ideal that was celebrated last June was a timely reminder to the people of Europe that they are united by something of great value in a world of fanaticism, gulags and armed totalitarianism.

(*) Reproduced from *30 jours d'Europe*, January 1980.

The institutional and political debate

The European elections

Like any unprecedented event, in this case with the aura of universal suffrage as well, these first European elections got exceptionally good press coverage and most of the political parties and a large number of associations, groupings and other European movements were involved.



The most noticeable politicization was in France, where competition between the parties bore not just on different views of the construction of Europe, but on the pros and cons of the government's economic and social record as an integral part of its European policy.

The only common market dissenters were in the UK, on the left wing of the Labour Party, and in Denmark, where the anti-Europeans formed a special movement. In the other countries, discussions were less heated because there was general agreement as to the need to unite Europe and to democratize its institutions. So the dividing line between the parties of Germany, Italy and the Benelux countries during the election campaign tended to reflect the traditional oppositions of political life.

Those who wanted a little more socialism or a little more liberalism in their national affairs naturally found themselves defending the same issues as partners at Community level. Europe no longer seems to be on the outside, involved in the interests of the workers and the rights of the citizens, but now simply a broader framework in which the same national problems arise and may be solved.

The election results were much as expected. The average 60% turnout was only slightly below the usual rate in some of the national elections, but there were in fact quite considerable differences in the voting figures from one country to another. The Italian turnout was 85% and the UK turnout only 32.1%. The difference in representativity between a British and an Italian MP was further emphasized by the fact that the former was elected in a one-round majority system, a traditionally over-representative method, and the latter on a list chosen on a proportional basis. The British Conservative Party, with 50% of the votes, thus took 60 of the UK's 81 seats, leaving only 17 for the Labour Party and none at all for the liberals, in spite of the fact that they polled 13% of the votes.

The elected parliament will probably not find it easy to make the govern-

The European Parliament in session in Strasbourg ments adopt a standard system of voting, but the second assembly, due to be elected in 1984, must not reflect the distortion involved in returning MPs by nine different methods.

The new assembly, which met in Strasbourg for the first time on 16 July, was similar in outline to the previous non-directly elected one. The Socialist Group, with 112 MPs, was still the largest, but close behind it came the European People's Party (the Christian democrats), the other European superparty, with 108 seats.

Three groups were of average size—the European Democrats (60 of the 63 being British conservatives), the Communist and Allies Group (44 seats) and the Liberal and Democratic Group (40 seats). Lastly came the European Progressive Democrats, with 22 seats, 15 of them held by MPs from Jacques Chirac's Gaullist group, and the Group for the Technical Coordination and Defence of Independent Groups and Members (combining a dozen fringe groups and members, Italian radicals, Danish anti-Europeans, etc.) which was formed to ensure that independents got the same advantages as MPs belonging to the established groups.

Yet as soon as the president of the assembly had to be elected, the vice-presidents chosen and the first debates on procedure held, a tendency to alliance, which had not been so evident in the previous assembly, emerged. The EPP and the conservative and liberal groups together constituted an absolute majority.

The election of Simone Veil as president, on the first day, directly after an inaugural speech by the eldest member, Louise Weiss, showed the strength of this pro-Community centre/right of centre majority. An agreement between the three groups gave the liberal candidate the support of the EPP and the conservatives (who wanted both to block any socialist candidates and to perpetuate a gentleman's agreement between the liberals and the Christian democrats that had worked in Emilio Colombo's favour in the previous parliament).

The real battle was in the liberal group where Simone Veil had to get the nomination against Gaston Thorn, a convinced liberal and head of the Liberal International. She won the primary on 11 July (20 to 16) and was elected president on 17 July, on the second round, with 192 of the 377 votes cast.

The defence debate

Is it coincidence or the reflection of an over-riding necessity? Whatever the reason, the issue of Europe's military power, which never got a mention in the French election campaign, hit the headlines in the summer and autumn of last year.

The political parties had been anxious to avoid bringing the explosive issue of European defence into what was already a very politicized campaign and they had confined themselves to pointing out that military matters were not within the scope of the Treaty of Rome. But did it make sense to talk to the Europeans about their solidarity, the common destiny that was shared and enshrined by universal suffrage, without mentioning the conditions on which their safety ultimately depended or the prospects of joint action to gradually seal the divisions left over from World War II?

The leaders of public opinion, particularly the press, seized upon this feeling of anxiety and frustration among those who were constantly bombarded with news about Russo-American negotiations, destabilization in the Third World and the overpowering military superiority of the USSR in Europe.

The appearance of books on European defence, the idea (launched by two Gaullists) of establishing a Franco-German nuclear force, Kissinger's warning about the vulnerability of Western Europe and the question two MPs put to the European Parliament in September about a European arms industry all helped dust off the file on European defence.

The question of whether European MPs were empowered to debate these issues was the subject of lively discussion in Strasbourg. The French Communist Party and the RPR were most hostile to the idea of mixing national and Community business, but most of the UDF members agreed with the rest of the European assembly that it was possible to put classic arms questions to the Community, provided it was done within the framework of the industrial policy.

But going beyond legal niceties, a large number of European MPs showed, at this first debate, that they felt their responsibility as representatives of the people of Europe led them very naturally to worry about the defence issue and to air their concern publicly.

But there is a long way to go before the governments of the Community will admit that they have every interest in considering their joint security together and embarking, within the institutional framework of the Community, on a dialogue on this subject with the MPs.

The argument over the budget

The 1979 budget year opened in February with a legal vacuum that reflected the crisis, of some months standing, between the Council of Ministers and the European Parliament. The latter had refused to rubber stamp the Council's decision on the (small) amount allocated to the regional fund and had reinstated the original amount, thereby exceeding the rate of increase allowed for non-compulsory expenditure.

The Commission and some of the member states saw that the Council was unable to rally the qualified majority needed to throw out the Parliament's amendments, decided that the budget was valid and asked the member states to implement it. France, Denmark and the UK refused to do so, opting to pay provisional twelfths, thereby signifying their refusal to recognize the budget as it stood.

It was 22 March before the Council could agree on a compromise and adopt a supplementary and amending budget to bring the regional fund allocation up to 945 million EUA, a 50% increase over the figure fixed by the European Council on 6 December 1978. By accepting the new figure, the assembly put an end to a budget issue that could well have degenerated into an institutional crisis.

The 1980 budget was further cause for discord. The Commission's preliminary draft in May was concerned with achieving a better balance of expenditure by reducing the outlay on the management of agricultural markets and by increasing the outlay on structural policy (regional and social policy, the guidance section of the EAGGF, etc.). At its September session, the Council substantially altered the Commission's draft budget, reducing the expenditure on structures and cutting out most of the extra amount wanted for industrial policy, development aid, energy research, etc. An 850 million EUA allocation to the regional fund was adopted, less than the 1979 figure.

Swingeing cuts had to be made in non-compulsory expenditure to ensure that the agricultural outlay tied to market support could be made. The Council of Ministers came out in favour of a 1.5% increase in agricultural prices (except for milk), countering the Commission suggestion that prices should be frozen in 1980.

This increase resulted in an extra outlay of 1 300 million EUA. The Commission warned the Council of the precariousness of the own resources system which would no longer cover expenditure in 1980/81. The limits of 1% VAT, which, with customs duties and agricultural levies, constitutes the Community's income, would soon be reached and pursuit of the common policies would mean that the bases of common financing would need to be extended.

Faced with the traditionally economically-minded (except where agricultural market support was concerned) Council, the Commission sought the Parliament's backing. The Council draft was tabled at the September session and the Parliament was inevitably irritated by the cuts in the non-compulsory expenditure which it controlled.

But the Strasbourg session on the budget on 5-7 November gave the European Parliament the opportunity to make the Council realize where its responsibility lay. Piet Dankert, the rapporteur, said that the budget committee had decided to propose a series of amendments to the European Parliament to reduce outlay on support for milk products and to put up the tax on surpluses. This was intended to reduce agricultural outlay on milk surpluses so it could be switched to structural funds or Community policy in other sectors.

The European Parliament adopted these amendments by a majority in which no French MPs joined, as they feared that this transfer of expenditure would be the start of erosion of the common agricultural policy which they so strongly supported. Parliament was anxious to avoid an institutional crisis with the Council and decided to give its opinion on the whole of the budget at the December session, leaving the Council with proposals that could only be rejected by a qualified majority.

But the Council refused to follow the European Parliament here. Although it recognized that agricultural support spending needed to be cut, it wanted the MPs to realize that common policies were defined by the governments meeting in the Council. On 23 November, the ministers rejected (by a qualified majority) the assembly's amendments and most of the proposals on non-compulsory spending (on regional policy, development and cooperation, energy, etc.) on the grounds that they contributed to exceeding the maximum rates of increase.

Strengthening internal cohesion in the Community

The tribulations of the European Monetary System

The big event of 1978 was the decision to give a new lease of life to the constitution of economic and monetary union by replacing the snake, which had proved inadequate, with the European Monetary System (EMS), which would generate greater solidarity between Community currencies. The UK was the only country not to join the system, which was based on a carefully prepared Franco-German plan. The projected date (1 January 1979) of entry into effect of the system was not kept because the regulation laying down the arrangements for introducing the ECU, the EMS's new unit of account, into the common agricultural policy and its effects on the monetary compensatory amounts had not been adopted by the Council at that stage. France wanted to see a full agricultural-monetary system and so insisted that introduction of the EMS be postponed until the relevant regulation had been adopted. It took several weeks to reconcile the French and the German positions. The European Council of 12 March agreed on the gradual dismantling of the agricultural compensatory amounts, thereby giving the go-ahead for the EMS.

The ministers for finance took stock of the situation on 18 September, concluding that the first six months of the EMS had been positive. Although oil prices, the falling dollar and gold speculation made for an uneasy international climate, the differences in the European currencies stayed within the prescribed limits and the divergency indicator did its job. The technical adjustment of the central rates (DM + 2%, DKr − 3%) on 23 September was made in a climate of moderation of the exchange markets, in marked contrast to the soaring gold prices caused by mistrustful dollar owners.

Energy

If there is one problem that affects the daily lives of the people of Europe and all the countries of the Community in more or less the same way, it is energy. It was a problem right through 1979, perhaps the first year the Community embarked upon a genuinely common policy in this field.

For more than a year now, the European Monetary System has brought greater stability to EEC exchange rates

In March, the Commission presented the Council with guidelines for an external policy to stabilize and diversify the Community's energy supplies from third countries. Stress was laid on the need to restrict oil and uranium imports. The commitments which the heads of government made at the European Council in Strasbourg on 21 and 22 June set the tone for the EEC's new energy policy. The previous European Council's commitment to cut EEC oil consumption to 500 million t p.a. was repeated and extended, an overall import ceiling being fixed at 470 million t (the 1978 figure) for 1979-1985.

The European Council asserted the need to develop nuclear energy, expand coal production and boost energy saving. The Commission put this into figures, giving the Community's targets, if energy dependence was to be cut by 50% by 1990, as maintaining crude oil imports at 470 million t p.a., increasing coal production by 25%, raising the nuclear- and coal-produced percentage of the electricity consumed to 75% and bringing the current ratio of growth of GNP to energy consumption down from 1% to 0.7% by 1990.

So the EEC countries had a real plan of campaign when they met the Americans and the Japanese at the Tokyo summit on 28 and 29 June. The decision which the latter two countries took to put a ceiling on imports, one of the things on which the success of the European plan depended, was seen as a victory for the Community.

External relations

Further enlargement

Negotiations to ensure that all the conditions were right for Greece, the 10th member state, to enter the Community on 1 January 1981 were concluded in Luxembourg on 3 April 1979 and the act of accession was signed at a ceremony in Athens on 28 May. Greece fully accepts the Treaty of Rome and everything the Community has achieved to date, and any problems of adaptation will be dealt with during a transitional period of five years (seven for integral free trade in tomatoes and peaches and the free movement of workers). It was agreed that, in the early years, Greece's contribution to the EEC budget would in fact amount to a balance in its favour, but the Greeks will be full members of the Community institutions as soon as the act of accession takes effect on 1 January 1981.

Negotiations with Portugal began, at the beginning of 1979, with a discussion of the customs union and external relations. The Commission put its position on Euratom at the June session. The relative slowness of the work of the deputies was partly due to Portugal's request to revise certain of the provisions of the 1972 trade agreement with the aim of concluding an additional protocol, to take effect on 1 January 1980, to take account of Portugal's difficult economic situation.

Negotiations on Spanish entry began officially on 5 February, but they did not really start until the second ministerial session on 18 September. Calvo Sotelo, on Spain's behalf, said he hoped the problems would be sorted out by the end of 1980. The transitional period for Spain should be at least five and no more than 10 years. The positions of each delegation on the customs union and the free movement of industrial goods revealed different approaches to the date on which VAT should be introduced and on the phasing out of Spanish customs duties.

As to general thinking on enlargement, the Commission adopted a memorandum to the Council of Ministers, on 21 June, on the repercussions of enlargement on relations with third countries. The governments of some of these countries had expressed fears that enlargement to include Spain, Greece and Portugal would have serious negative effects on their exports to the common market. The Commission thought that, overall, enlargement would be beneficial for third countries because the new members would be reducing their customs protection and adopting the Community's many preferential systems.

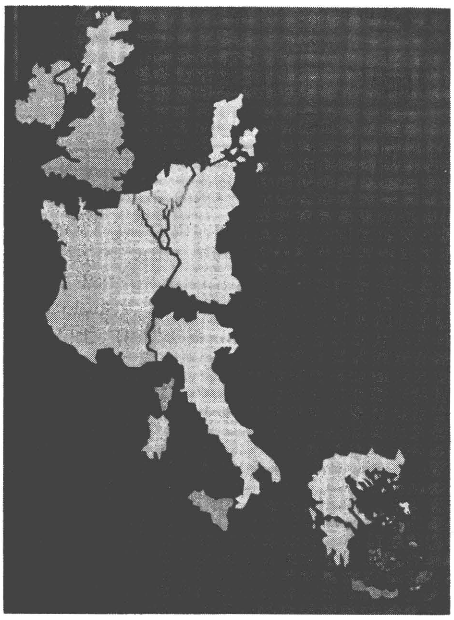
However, countries like Cyprus, Malta, Morocco, Tunisia, Israel and Turkey might well see their exports to the enlarged EEC of certain agricultural and industrial products get more problematical. The Commission will be proposing practical ways of safeguarding the essential principles of Community policy in respect of these countries.

Lomé II

Lomé I, the agreement between the Community and countries of Africa, the Caribbean and the Pacific, expires in 1980 and so 1979 was devoted to negotiating a renewed and improved version. The new convention was signed in Lomé on 31 October(1).

Kiribati became the 58 th ACP country, with the agreement of the ACP Council.

(1) See the Courier no 58, special issue.



The shape of the EEC as from January 1981, when Greece will become the tenth member. Below, the ruins of the Parthenon, symbol of the antique glory of Greece

Completion of the Tokyo round

The GATT multilateral trade negotiations, which lasted five and a half years, came to an end in Geneva on 12 April, when the initialling of the various texts began. Sir Roy Denman, Commission head of external relations, signed for the Community. The results, when the industrialized world has been in the throes of serious economic recession since 1973, are impressive. The trade negotiations have made it possible to wage an effective war against protectionism. The countries that took part agreed to start reducing their import duties on hundreds of products on 1 January 1980.

It is estimated that the general level of industrial tariffs has been reduced by one third. The largest cuts are concentrated in non-electrical machinery, wood products, chemicals and transport equipment. Tariff concessions have also been exchanged on agricultural products ($ 12 000 million). EEC customs duties have gone down from 9.8 % to 7 %. An agreement on technical barriers to trade encourages signatories to harmonize their technical regulations, standards and health rulings. Agreements on subsidies and compensatory measures and on valuation for customs purposes, official contracts and civil aeronautics involve the countries that took part in the negotiations in refraining from adopting any national measures that would have an unfavourable effect on international trade or adversely affect other signatories.

The Community has succeeded in getting recognition for the principles of its common agricultural policy from partners, like the USA, that have been reticent so far. Two international agreements on milk products and meat are improving international cooperation and establishing minimum price discipline. ○ P. F.

EUROPEAN PARLIAMENT

Otto von Habsburg: "I am highly optimistic about the future of Europe — provided it can be politically united"

The presence of Otto von Habsburg at the European Parliament is an extraordinary thing. This Austrian archduke, son of the last emperor of the Austro-Hungarian Empire, did not hesitate to obtain German nationality, in addition to his Austrian one, so he could stand for the European Parliament. He was elected on the CSU list in Bavaria and one of the main themes of his campaign was that French should be adopted as the working language of Europe. He is also chairman of the Pan-European Union and has recently set up a French language study and action group in the European Parliament, for which he is chairman, Mrs Agnelli (Italy), Mrs Spaak (Belgium), Mr Druon (France) and Mr Estienne (Luxembourg) are vice-chairmen. These raise a number of questions which the *Courier* put to Otto von Habsburg, with the aim of gradually getting to know the people, parties and schools of thought in the new assembly.

Otto von Habsburg

▶ *Why were you so anxious to be a member of the first directly elected European parliament?*

— For what I think is a very simple reason. I have been part of a united Europe movement since 1936, which is very long time. I had known Richard Coudenhove-Kalergi and joined his Pan-European Union before World War II. When I emigrated to the USA, I was able to look at Europe from afar and realize that what united us was far more important than what divided us and this enabled me to consider Europe as a whole, much more easily that I could have done if I had actually been there. In 1944, I returned totally convinced that we would either be united or we would disappear altogether. So I plunged into working for Europe at that time, in the Pan-European Union and in other organizations aimed at promoting European unity.

▶ *So you committed yourself to the European cause before the Second World War?*

— Yes, right back in 1923, a very long time ago. Now there is something that people all too often forget and that is that the movement very nearly succeded when Briand and Stresemann gave their support to it. And that is also one of the reasons why I plunged into the fight for the European political community—we are in a very similar situation again now. There are immense opportunities but there are immense dangers too and we must not take the road to ruin as we did when the Briand government was overthrown and Stresemann died. I think that if the Coudenhave-Briand-Stresemann plan had succeeded, there would have been no Second World War and we would be in a totally different situation now.

▶ *We shall come back later on to your commitment to Europe and what you hope to achieve in the European Parliament. For the moment I should like to talk about your candidacy. Hasn't your move something in common with Jiri Pelikan, the political refugee who left Czechoslovakia in 1968 and has since taken Italian nationality and been elected on the socialist list?*

— Yes, we are absolutely parallel cases. Although we only met for the first time here in the European Parliament, there is very friendly, close collaboration between Mr Pelikan and me because we both come from central Europe and we both have a particular view of European problems.

▶ *No doubt you both stood, partly, with the idea that the rest of Europe should not be forgotten.*

— We are great Europeans. We do want to confine ourselves either to the Nine or to Western Europe. I am indeed very pleased that he with the socialists and I with the Christian democrats can use this idea to forge a link between our two groups.

▶ *Why are you so keen on French?*

— For one very simple reason. My historical studies led me to the conclusion that one of the greatest tragedies of mankind was the fact that all international treaties since the end of the 19th century, and particularly those of the 20th century, committed a fundamental error, namely that of making all language versions equally authentic. Take a specific example. When the Ostverträge, the Russo-German agreements when Brandt was chancellor, were signed, the German and Russian versions were pronounced equally authentic. But both these languages are extremely vague as far as legal matters are concerned and, if you read the Russian text and interpret it in Russian, you get a completely different impression from the one you would have got from the same exercise in German. So agreements and treaties can easily contain the germs of major discord in the future. This is why I have always thought we should follow the example of one of the main reasons for the success of agreements like the Treaty of Vienna (at the end of the Napoleonic Wars), namely the use of one, clear, precise language in which every word has a specific meaning. It has to be a European language. I would be wary of using languages from elsewhere as this would make us dependent on something extra-European. And it was to be a language spoken all over the world. So it had to be French. Spanish might have done, of course, but Spanish is really only spoken in South America and French is spoken everywhere and I must say that, as far as clarity of political thinking is concerned, there is no better language than French. There's Latin, of course...

► *One of your colleagues tried to introduce this quite recently, I think...*

— Yes. We still talk to each other in Latin.

► *Do you feel that your fellow MPs are receptive to your idea?*

— Logically, we will come to it in the end, for a very simple reason. This is a multilingual continent, of course, and national languages have to be maintained. We must maintain diversity but we also need a working language and the logic of French is such that I am convinced we shall succeed in getting it adopted in the end.

► *After six months, what do you feel about the workings of the new Parliament?*

— I think the European Parliament, after the teething troubles it was bound to have when so many inexperienced people arrived all at once, has more or less got into its stride. We have lost certain people who where manifestly not inrerested in working for Europe and we have now got a first-class team of genuine Europeans to carry through the task now entering its constructive phase.

► *Do you think that, now the inevitable teething troubles are over, the European Parliament should be spending more time on the major issues of today, hunger in the world, for example?*

— My experience since July suggests that parliament should be working along two main lines. First and foremost it should not forget that it was elected to forge a European political community. This is its most important task. It must look to the practical problems of Europe first, to unification, to its position in the world and to perfecting the various European services we have or should be establishing. This, to my mind, is the top priority. And the major issues of our time? We could devote one day per plenary session to them. This would be the opportunity to have a discussion that is useful to both parliament and the governments. But I think we should considerably reduce the number of resolutions on extra-European questions—these are likely to turn us into a second UN.

► *The new Parliament has been an opportunity for people from different walks of life to meet each other. What do you feel about the contact you have had with so many people of varying nationalities and political colours?*

— My experience in the European Parliament has certainly been extremely enriching. Those who have come here are very interesting people and, as I have always made it my policy to speak to them all, regardless of their nationality or politics, I have been lucky enough to have experiences that I could not easily have had anywhere else.

Otto von Habsburg during the interview with Alain Lacroix

► *Have you not been struck by the fact that views expressed in debates sometimes cut across political groups?*

— MPs in the European Parliament are certainly much less regimented than in the national parliaments. This, in my view, is a good thing. A parliament which can only think in terms of political parties will never function properly. A system of automatic majorities endangers democracy.

► *You are on the Political Affairs Committee and a substitute for the Committee on Development and Cooperation. Why?*

— I went on the Political Affairs Committee because, in my European activities so far, I have always dealt with politics. And as I was concerned with foreign affairs for many years and I have travelled a good deal, it was fairly natural for my group to detail me to a committee where all this would be useful. I was not keen to go to the development committee to begin with, but they asked me to because I have a certain amount of linguistic ability and I have frequently visited the developing countries and since then I have seen just what a useful job we can do in this field.

► *In the difficult world we live in, how do you see Europe's future?*

— I am highly optimistic. On one condition, of course. That Europe can be politically united. If we stick to the idea of little states, 19th century style, I shall be pessimistic. Today we are rather like the Balkans of the industrialized world. We are the most divided of the great powers of the northern hemisphere. History has shown that it is only unification that will bring security to a region of this kind. Once united, we shall outnumber the USA and the USSR. Our economic potential is second only to that of the USA. I think that European unity would be a real factor of international peace.

► *Do you think Christianity has a part to play in the construction of Europe?*

— Europe was built on Christian thought and, like it or not, it is a Christian continent. If we abandoned Christianity, which is the very foundation of our culture and our civilization, we would lose our souls. I am firmly convinced that we are about to witness a great religious revival and I believe that Europe should again have the courage to say openly it has a Christian calling.

► *Don't you think a greater effort should be made to inform and explain in order to make the political, economic and social circles, as well as the public in general, more aware of these problems?*

— One of the big problems of the European Parliament, undeniably, is communication between the assembly and the leaders and the general public of Europe. Our relations with the press, the radio and the television are far from satisfactory in this respect. This is partly due to weak facilities, which, of necessity, do not yet reflect the size of the organization. It is also due, I believe, to the fact that bad news always sells better than good. Now, in the European Parliament, we have been able to do something constructive. Our duty as MPs is to establish contacts as closely as possible with the media in our various regions, never losing sight of the fact that the voters in our constituencies are entitled to continous information. I think that MPs who, once elected, entirely devote themselves to working in parliament and forget the voters back home are only doing half their job. Personally, I always try to contact the people in my constituency every weekend and they all seem most interested. There is no problem with demand. It's supply. And that is what we should be changing in 1980. ○

Interview by A.L.

Eurobarometer

The EEC Commission recently brought out its 12th Eurobarometer, this time assessing trends in the European public's attitude to elections to the European Parliament and the future of the Community in relation to that assembly. Like any opinion poll, the Eurobarometer gauges European opinion on the basis of representative samples of the population at a given moment, in this case October 1979. So it is a reliable way of measuring Community opinion. Surveys are run regularly every spring and autumn by a well-tried method.

The first part of the survey, on the direct election of the European Parliament, showed that 31 % of respondents think the event was "important" and 10 % that it was "very important", while 37 % think it was "not very important" and 12 % "not important at all" (see table 1).

Despite this, the new Euro-MPs have every reason to be pleased with the increasing display of public interest in their first debates at Strasbourg since 73 % of the respondents said they had "read or heard about" the initial positions taken up by the leading lights of the assembly. 37 % claimed to be "favourably impressed". And 34 % of respondents said they had read or heard of the discussions of the back-benchers (22 % were favourably impressed).

36 % said they thought the Parliament would play a "very important" role and 34 % wanted to see it keep the same powers as the previous parliament. Only a small percentage (8 %) thought that the new parliament's role would be less important than before. It is worth noting that, as far as the individual member states are concerned, the percentage of those who want to see the parliament's scope extended is sometimes quite high, reaching 56 % in Italy and 53 % in Luxembourg, for example (see table 2).

The second part of the survey dealt with the construction of the European Community and here there was still a high percentage of respondents in favour of unification (72 % in 1962, 63 % in 1973 and 75 % in 1979). It should be noted that this is a fairly stable result, in spite of the fact that the "don't agrees" went from 5 % in 1962 to 11 % in 1979 (see table 3).

Opinion as to the future of the Community is divided almost solely between "pro-acceleration" and "pro-continuation" of the movement towards unification. In almost all countries, the survey analysts point out, there is a clear opposition between those who want to speed up the process and those who want to

Table 1

The importance of the election of the European Parliament

	B %	DK %	D %	F %	IRL %	I %	L %	NL %	UK %	EC(1) %
Very important	8	16	12	5	18	11	17	9	12	10
Important	24	21	41	27	33	36	38	32	22	31
Not very important	34	38	29	41	32	37	31	40	42	37
Not important at all	19	10	7	13	12	9	7	12	18	12
Don't know	15	15	11	14	5	7	7	7	6	10
Total	100	100	100	100	100	100	100	100	100	100
Average (2)	2.24	2.52	2.65	2.29	2.58	2.52	2.70	2.39	2.28	2.44

(1) Weighted average.
(2) "Very important" = 4, "not important at all" = 1.
The central point is therefore 2.5.

Table 2

The role of the new European Parliament

	B %	DK %	D %	F %	IRL %	I %	L %	NL %	UK %	EC(1) %
More important	28	24	30	32	37	56	53	40	31	36
Less important	7	109	19	3	5	2	4	7	6	8
The same	36	44	31	33	48	22	33	38	47	34
Don't know	29	22	20	32	10	20	20	15	16	22
Total	100	100	100	100	100	100	100	100	100	100

(1) Weighted average.

continue at the present rate. The former group are clearly in the lead in Italy, Germany and Luxembourg and the latter in the Netherlands, Ireland, the UK and Denmark. In France and Belgium, the two groups are fairly evenly balanced.

Denmark is the only one of the nine where the division is between continuing at the present rate (the majority opinion) and slowing down (which is in second position). There is only a small minority of the Danish population in favour of acceleration.

Table 4 shows how subjects responded to these three options (and those who didn't know) in September 1973, April 1979 and October 1979. It also gives the arithmetical average of results obtained in 1973-1979 in eight surveys, i.e. the opinions of more than 8 000 respondents in each of the member states except Luxembourg (2 400). It emerges that 76% of the respondents in all the member states want unification to speed up (40%) or to continue at the present rate (36%).

Table 4 shows that the main hope of respondents in the Community is for the European Parliament to take the initiative and see that the member states face the economic crisis together; their biggest fear (57%) is that the European Parliament will be the scene of too many speeches that have no effect. ○

(1) Data for 1952 came from the US Information Agency. Data for the following years came from surveys supervized by the Commission of the European Communities. The questions were not worded in exactly the same way in each questionnaire. Furthermore, for 1952-1973 inclusive, the results for the UK are for Great Britain alone and Northern Ireland is excluded. For further details on these data, see Ronald Inglehart, *The Silent Revolution: Changing Values and Political Styles among Western Publics*, Princeton University Press, 1977, pp. 344-346 and *Eurobarometer* No 10, January 1979, Brussels. For the 1962 survey, see, more particularly, *L'Opinion publique et l'Europe des Six*, in *Sondages*, Paris, No 1, 1963, and *Europa in der öffentlichen Meinung*, Zentralarchiv für empirische Sozialforschung, University of Cologne, 1979. For the 1970 survey, see also J.-R. Rabier, *Les Européens et l'unification de l'Europe*, Brussels, June 1972 and, for the 1973 survey, *l'Europe vue par les Européens*, Brussels, August 1974.

(2) Weighted average.

Table 3

Support for the unification of Western Europe: trends. 1952-1979 (1)

	B %	DK %	D %	F %	IRL %	I %	L %	NL %	UK %	EC(2) %
Strongly in favour or fairly strongly in favour										
1952 (September)	—	—	70	60	—	57	—	—	58	—
1962 (January-February)	65	—	81	72	—	60	—	87	—	72
1970 (February-March)	66	—	76	70	—	78	76	74	—	74
1973 (September)	60	45	78	68	52	70	80	73	37	63
1979 (April)	71	49	82	72	64	87	69	84	61	75
1979 (October)	69	46	81	75	68	85	89	82	61	75
Strongly against or very strongly against										
1952 (September)	—	—	10	16	—	14	—	—	15	—
1962 (January-February)	5	—	4	7	—	4	—	4	—	5
1970 (February-March)	5	—	5	8	—	5	4	10	—	6
1973 (September)	5	32	6	4	12	3	1	15	30	11
1979 (April)	7	31	7	10	7	4	6	8	20	11
1979 (October)	8	38	7	10	14	4	8	11	23	11

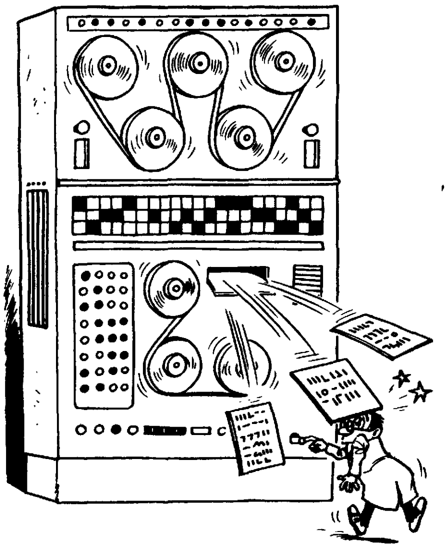
Table 4

Hopes and fears regarding the European Parliament

	B %	DK %	D %	F %	IRL %	I %	L %	NL %	UK %	EC(1) %
Main hope										
— That the European Parliament will have greater control over the officials in Brussels	7	16	14	4	10	4	5	13	15	10
— That the European Parliament will take initiatives to ensure faster progress towards European political union	17	4	28	11	19	21	23	19	10	18
— That the European Parliament takes initiatives to ensure that the member states face the economic crisis together	50	56	41	68	57	68	68	60	61	58
Don't know	26	24	17	17	14	7	4	8	14	14
Total	100	100	100	100	100	100	100	100	100	100
Main fear										
— That the European Parliament will encroach on the powers of the national parliaments	7	41	10	14	27	8	27	14	30	16
— That the European Parliament will be the scene for a lot of speeches that have little effect	51	31	61	56	48	66	55	66	48	57
— That the debates in the European Parliament bring to light disagreements between the national representatives	14	9	11	14	15	16	8	11	14	13
Don't know	28	19	18	16	10	10	10	9	8	14
Total	100	100	100	100	100	100	100	100	100	100

A glance at Community life[1]

TECHNOLOGY



Gearing the Community for the challenges of the 1980s

The European Commission has launched a major initiative to try and capture one third of the world's telecommunications market by the end of the 1980s.

A document setting out the strategy to be followed was submitted to the European summit meeting in Dublin at the end of November.

This was briefly examined by the nine heads of state and government who have now referred it to their ministers to try and agree on a strategy that will ensure European companies a share of the growing number of orders in the face of American and Japanese competition.

Europe already provides one third of the 26 000 million EUA (£17 000 million) world market for telecommunications equipment, which is currently growing at a rate of 7% per year.

At the same time, almost one third of the 45 000 million EUA (£30 000 million) market for computers and one quarter of the 41 000 million EUA (£27 000 million) market for components is supplied by European companies.

In the face of tough international competition, the Commission is keen to introduce measures which will encourage the development of such companies.

This could lead to a spin-off in a number of other areas. The new technology would help small and medium-sized industries, say Community officials. There would also be new communications facilities for distant regions and for the underprivileged.

But the programme which the nine leaders examined in Dublin is not geared entirely to the efficiency of companies. It also examines the social and employment repercussions of this move towards more high technology industries.

It includes a recommendation that a social policy should be developed to prepare the climate for this innovation. This would cover studies on the impact on employment and other social consequences and include ways of discussing with trade-unionists and employers how these changes should be introduced in an acceptable manner.

At the same time, the Commission considers that educational priorities have to be coordinated so that society can be prepared for these changes with systematic studies of future needs and the implementation of a programme involving the exchange of information in the Community.

Private sector investment should be encouraged, argues Viscount Davignon, the commissioner who has drawn up the programme, and who has suggested that a European Association of Suppliers be set up.

Meanwhile, the Commission is waiting for a decision by the Nine's governments before launching specific projects aimed at the agri-business, environment and energy markets.

Lethal aerosols must find a new form of spray power

The European Community's environment ministers have agree to oblige the manufacturers of aerosols to cut by one third the amount of a suspect substance they use as a propellant.

The reason is that chlorofluorocarbons, which are used by a large number of manufacturers to make sure your hair spray or shaving cream leave the can with sufficient velocity, may be causing irreparable damage to the earth's atmosphere.

(1) Extracts reproduced from *Euroforum*.

Many scientists believe that these gases—CFCs for those who have to talk about them every day—are stripping away the ozone layer which surrounds the earth to protect us from the effects of ultraviolet radiation.

Following increasing concern about the future of the human race being put in jeopardy by one of its own seemingly simple inventions, the nine ministers have agreed to instruct their aerosol manufacturers to reduce by at least 30% by the end of next year the amount of CFCs they use as a propellant.

In the meantime, further scientific examinations will be carried out in an effort to discover just how dangerous these gases are and the position will be reviewed in June, 1981.

It should be noted that the scientific evidence regarding their threat to human health has not so far been conclusive.

As a precaution, however, the nine governments will instruct their industries not to produce any more of the gases than they are manufacturing at present.

In a second measure designed to make our environment healthier, the ministers set standards for the amount of sulphur dioxide and suspended particles in the atmosphere in cities.

However, they put off a decision on a proposal from the European Commission to set a limit on the amount of lead per cubic metre of air that should be permitted.

YOUTH

Forum draws up balance sheet after first year

The first anniversary is always a suitable moment for making a progress report.

The European Community's Youth Forum, which was officially launched in June 1978, recently held its first general assembly at the Manhattan Centre in Brussels. It was attended by 150 delegates from the national committees of the nine member states and more than 20 international youth organizations. The atmosphere was both serious and relaxed.

It all started over 10 years ago. Do you remember May 1968 when the students took to the streets in order to express their views? Society was shaken to the core. Order was eventually restored. But the ideas were not forgotten and were taken up quietly but nonetheless effectively.

As a result the heads of state and Governments of the Community decided at The Hague in 1969 to involve young people more closely in building a united Europe. The idea of a European Youth Forum was born.

However, the Council of Ministers had many doubts. It took a great deal of persuasion from the European Commission, supported by the Parliament and the Economic and Social Committee, before funds of £30 000 were approved in 1976 for creating a temporary secretariat.

By 1979 the Commission was providing over £220 000. This was mostly used to install and maintain a permanent secretariat of four people. The forum also consist of a general assembly, an executive committee and three permanent committees.

The forum acts as a political platform for youth organizations to express their view to the institutions of the European Community. Its breadth of membership gives it much weight. Its members include the Young Christian Workers, Euroscouts, International Nature Lovers and the European Trades Union Confederation.

While this wide range of views may sometimes lead to heated debates on subjects such as South Africa, action is only taken when there is a large majority in favour.

On one point everyone is agreed: the forum should not limit itself only to youth questions. As the secretary general Gilbert Veron, told Euroforum: "young people are interested in all subjects and the forum should be similarly wide ranging".

The forum's three permanent committees cover political, social and cultural questions. The general assembly discussed reports from the three committees.

The political committee said that the present Lomé Convention was too discriminatory and should be enlarged. It also urged the Community to break trade, military and diplomatic links with South Africa.

The social committee suggested changes to the Community's second programme of exchanges for young workers. It also said that aid given by the Social Fund in creating jobs for young people was inadequate and of the wrong kind.

The cultural committee adopted motions on the International Year of the Child, the education ministers Council meeting and illiteracy. The European Commission will have studies carried out on some of these problems.

The forum is preparing a charter on the rights of young people between 15 and 21 years. It will cover civil, penal and social rights and will attempt to remove the inequalities existing within the Community.

The forum can thus be moderately satisfield with its first year's activities. However, the general assembly asked whether the views of the forum had any practical impact. It demanded that the European Commission recognize three basic rights for the forum and the young people it represents—those of initiative, information and consultation.

The latter two demands present problems. If the forum is not informed early enough about the Commission's plans then it does not have time to prepare and present its opinion before decisions are taken.

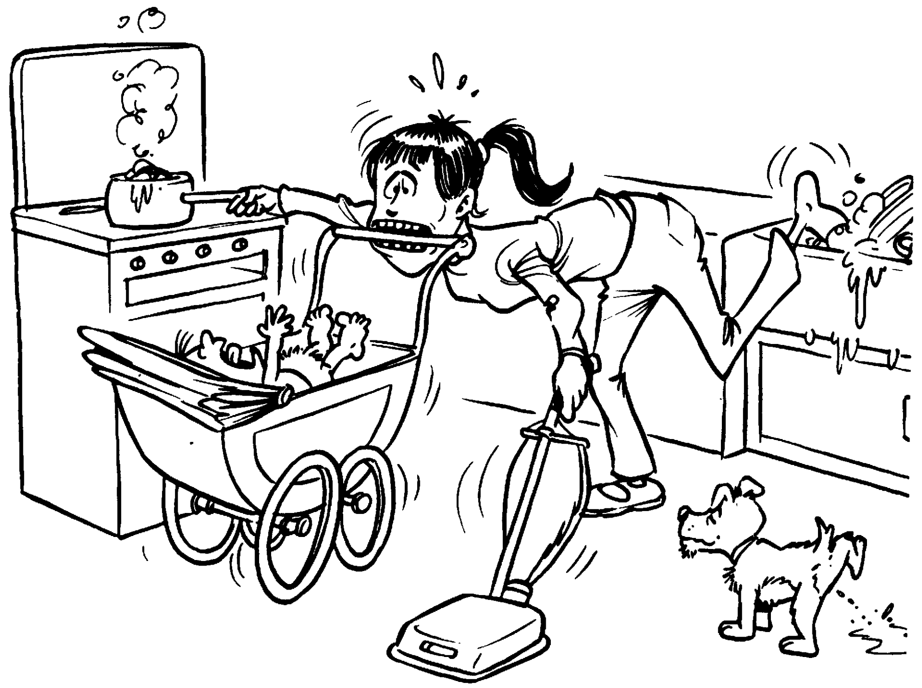
As for systematic consultations, this privilege is only granted under the treaties to the Economic and Social Committee and the Parliament.

At the moment relations between the Commission and the forum are managed by the Social Partners Office, which is part of the Commission's general secretariat. Contacts have also been held with various services of the European Commission. The forum also has special links with the Parliament's committee on youth, education, culture, sport and information, chaired by Mr Pedini, and had a formal meeting with it just before Christmas.

In his report to the general assembly Mr Christian Koutzine, chairman of the forum, said, "in 1980 the forum should consolidate its relations with the European Community's institution."

Mr Koutzine spoke just after the President of the European Commission, Roy Jenkins, had congratulated the forum on its good start. Mr Jenkins urged the forum to fix longer-term objectives. He also spoke about the three main challenges facing Europe: energy, demographical problems and the rapid development of advanced technology.

However, Gilbert Veron, when asked which is the main challenge to youth in the 1980s, replied without hesitation, "the main problems, which are inseparable, are the training and employment of young people. Everything must be done to guarantee young people the right to work."



EUROPEAN PARLIAMENT

No longer any need to stand up and be counted

The European Parliament has installed an electronic voting system which can reveal within minutes the outcome of every vote and will, it is estimated, save as much as 80% of the time the Parliament devotes to voting in the traditional manner.

The system, supplied by Olivetti, offers members a choice of three buttons on a console on their desks: one for yes, one for no and a third to record an abstention.

A computer then performs an immediate count, checking for any irregularities (e.g. each member has to insert his or her own personal plastic identity card into the console, so that a member who votes from another's seat will not have the vote registered) and will transmit the results on a video on the President's table and on illuminated panels visible all over the hemicycle chamber. It will also print a report of the voting.

The system can handle 17 different types of voting operation (according, for example, to the voting procedure used or the type of majority required for a particular vote by the rules of procedure).

It can also trace out a plan of the chamber on the President's video showing the distribution of the vote.

A similar system is to be installed in the Parliament's chamber in Luxembourg, where it normally holds about half of its sessions.

SOCIAL AFFAIRS

Ensuring greater protection for the au pair

To many young girls the concept of the au pair has been a godsend. It has enabled them to go abroad and study a foreign language and the culture of another country and at the same time earn some pocket-money in return for relatively little work.

That, at any rate, is the theory. In practice, many return home disillusioned, having been exploited by their hosts who have used them as cut-price maids and nannies.

As much as a decade ago the Council of Europe recognized these double standards and sponsored a European agreement on the employment of au pairs which was open for signature and ratification at the end of 1969.

EEC member states, all of which also belong to the Council of Europe, are, sad to say, dragging their heels on putting the theory into practice.

In the European Parliament recently the European Commission revealed that, to date, only three of the Nine—Denmark, France and Italy—have ratified the agreement. Three more—Belgium, Germany and Luxembourg—have signed it but have not yet ratified it, which means that they are not implementing it. The other three—Ireland, the Netherlands and the United Kingdom—have done neither.

This state of affairs came to light when a French Liberal member of the Parliament, Marie-Jane Pruvot, asked the Commission if it intended to introduce Community legislation to prevent abuses because of the failure of some EEC countries to sign or ratify the agreement.

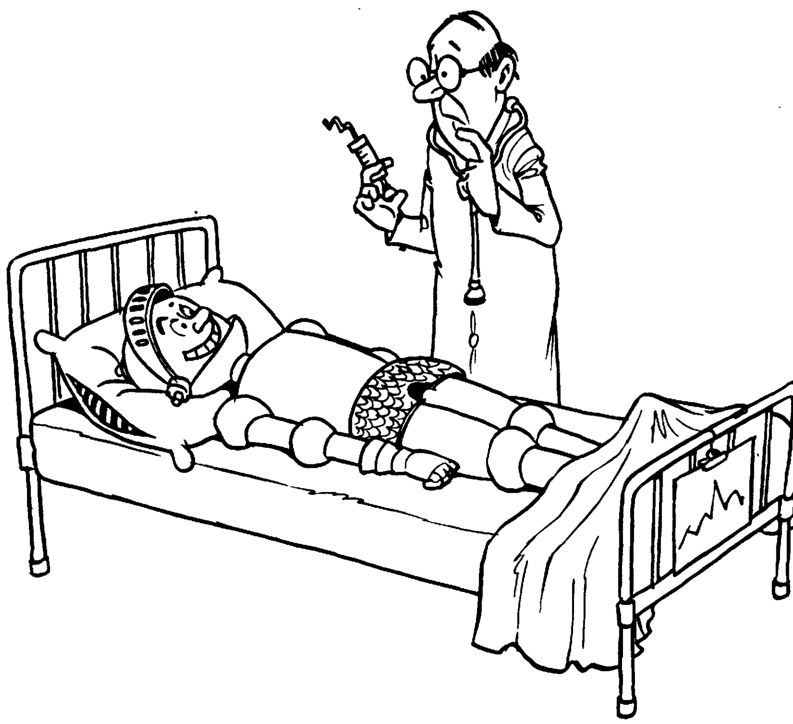
The Commission undertook to ask the member states which had not already done so to ratify the agreement. It said that once this had been done it was satisfied that the Council of Europe would be in a position to ensure its proper implementation.

HEALTH

Community support for charter of patients' rights

An idea for a European Charter of Rights of Hospital Patients, proposed by the Community's Hospitals Committee, has won support from the European Commission.

The charter, which seeks to ensure for the patient such care and consideration as are consistent with human dignity (which could be interpreted as a rather barbed reference to the standard of hospital cooking) and the right to refuse to go under the surgeon's eager blade, was first suggested at 'Interhos-



pital 1979', the largest international hospital 'trade fair'.

Other rights covered by the proposed charter are:

— the right to appropriate hospital treatment;

— the right to accept or to refuse any method of diagnosis or treatment;

— the right of the patient to be informed of any important matter concerning his or her state of health;

— the right to be fully informed of the risks involved in acting as a guinea-pig for untried methods of diagnosis or treatment;

— the right to as much privacy as accommodation and other facilities allow;

— the right of the patient to respect and consideration of his or her religious and philosophical convictions.

The Commission has endorsed the general objectives of the charter, and is currently considering whether it would be appropriate to carry out a study into relations between patients and doctors, hospitals and social security systems, bearing in mind cross-frontier mobility.

THIRD WORLD

Departure of Amin opens way for new aid to Uganda

Since the fall of President Idi Amin's regime early last year the flow of European Community aid into Uganda has been resumed.

During the eight-year Amin regime Community and other international aid was frozen because of the violation of human rights in Uganda.

During the same period, the economy deteriorated to a critical state due to the domestic political upheavals, lack of investment and departure of nearly all skilled manpower.

A fresh start in tackling Uganda's economic and financial problems was made when the World Bank consultative committee on Uganda met recently in Paris for the first time in 10 years.

The meeting was attended by representatives of Western governments and banks, including representatives of the European Community. The participants agreed to assist Uganda's programme for economic reconstruction and modernization. They also agreed to help Uganda overcome problems caused by inflation, the black market and lack of internal security.

The Community, which is Uganda's largest aid donor, outlined the aid it plans to give over the next 12 months as well as what it has already given.

The Community is considering a £33 million aid package to help restore the main sectors of the Ugandan economy. This would follow the £12 million short-term programme agreed last July. The aid was intended to cover urgent needs such as water supplies, electricity, road repairs and farm equipment.

Both the short and medium term programmes are being financed under the Lomé Convention.

The Community has made two grants of emergency aid totalling £335 000. In April, it provided aid to purchase basic foodstuffs and medical supplies. In July it provided further medical assistance via the African Medical and Research Foundation to purchase drugs, vaccines and other medical equipment.

Since April the Community has delivered a substantial amount of food aid. This has included 400 tonnes of cereals, 950 tonnes of milk powder and 300 tonnes of butter-oil.

CULTURE

A thing of beauty may not always be a joy forever

"Corot painted 3 000 pictures, 10 000 of which are in the United States" as

the old joke goes. Not that Europeans have anything to be smug about in this respect. Forgers have made plenty of money on both sides of the Atlantic.

The problem is, they generally go undiscovered. Most owners never suspect the authenticity of the art objects they or their ancestors have bought. If they do start to have suspicions they tend to hide them for fear of being publicity regarded as dupes, or get rid of the suspicious work as quickly as possible.

"Once a work of art has been declared a fake it suddenly ceases to be glorious and becomes second-rate." This is how Jean Chatelain of the University of Paris sums up the problem of art fakes in the study he has just completed on behalf of the European Commission.

Professor Chatelain starts off by remarking that almost anything can be regarded as an object of value these days, when people collect anything from Renaissance paintings to waffle irons, so the definition of a fake has less to do with the object itself than with the intention with which it is put before the public.

As he points out, forgery is not just limited to paintings, sculptures and other art objects. Historic documents, books and stamps can all be faked for profit—and the severest penalties are reserved for the counterfeiters of money and banknotes. They are seen as putting the very economy of the country in jeopardy.

It's not just a question of materially falsifying an object—take repairing the leg of an antique chair, for instance—but of passing the object off as something it is not. But even this, he demonstrates, is not a simple matter.

We tend to regard works of art as things that are unique. Producing exact copies of things is the job of industry, not art. But in earlier times it was common practice for an artist to repeat works he was particularly proud of several times. (More recently, Magritte did it in response to demand.)

These works weren't unique, but neither were they fakes. And when famous artists had a large school of pupils, the dividing line between when the master's work was finished off by pupils and pupils' work was embellished by the master is hard to draw.

What is more, people may copy the work of other artists, or choose to paint in another's style for the loftiest motives—admiration for them as a source of inspiration, for example. Are these fakes? Clearly there is a problem.

The study then goes on to select some of the most famous and representative examples of forgery in recent times to find out what they have in common. Some forgers, like Vrain Lucas who faked letters from Alexander the Great to Aristotle and Pascal to Newton, as well as other ancient documents, deliberately mislead people for monetary gain.

Others—like Rouchomowsky, the nineteenth century Russian craftsman whose 'Tiara of Saitapharnès' was commissioned by intermediaries who sold it as an ancient relic to the Louvre for 200 000 French francs—are unsuspectingly manipulated by the unscrupulous.

Yet others, like the sculptor Cremonese, just wanted to expose the incompetence of the experts—his *Venus of the turnips* was hailed as a remarkable find, but it never made him a penny. Some forgers, like Van Meegeren, were inspired at least in part by patriotism. He sold his fake Vermeers to Goering and other members of the occupying forces.

Because people are reluctant to reveal fakes, police records are not very helpful on the subject. What is more, laws vary from country to country and none of them are particularly effective. Fakers who have come to court have usually got off fairly lightly, with a fine, for instance, that only represents a tiny proportion of what they can earn from practising fraud. Professor Chatelain suggests that the most effective punishment is not a fine or imprisonment but for the offender to be prevented from working at his job for a reasonable length of time.

Another difficulty arises with the definition of an art expert, the person buyers rely upon to verify the authenticity of their *objet d'art*. No professional or university qualifications are required before someone can set themselves up as an expert, and Professor Chatelain feels that this should change.

'Be careful', is the main conclusion he draws from all this, but he also has some specific suggestions to make. As an aid to defining what an art object is, he suggests that the vocabulary used to describe works of art when they are sold should be harmonized in all European Community countries, preferably by the general adoption of one of the methods at present in use. In this way international buyers would be more certain of knowing exactly what claims were being made for the works they were being offered. He would also like to see the establishment of a profession of 'art expert' with appropriate qualifications, so that both the buying public and the integrity of honest experts could be protected. Though, as he says, 'even an honest man can sometimes make a mistake'.

The study also recommends further improvement in scientific methods of analysis, warning that too much faith should not be placed in the ability of present methods to establish authenticity beyond doubt. It recommends that officially recognized advisory services should be established in all nine member states, like those in Germany and the Netherlands, and the Victoria and Albert Museum in London. The purpose of these would not be to issue certificates or valuations, but to examine objectively thing which people own and would like more information about.

But most important of all—and most difficult—is education. The best way to combat fakes, says Professor Chatelain, is to increase people's knowledge of the genuine. He feels that too many people never get beyond the coffee-table picture book notion of art—something with its own mystique to be approached with reverence. The number of art buyers has increased over the past year at a far higher rate than their level of cultural knowledge. He hopes that in the future new, inexperienced amateur buyers may have access to methods of acquiring serious knowledge of the subject.

Community grants expected to grow

An orchestra for young people from Community countries, a European Community choir, preparations for an international conference on our architectural heritage—cultural activities like these have for the first time this year been financed by specially earmarked Community funds. The money set aside in 1979 was £46 500. This amount has been almost doubled in the draft budget for 1980.

To receive financial backing like this cultural activities must be of European, not just national, interest. They must involve people from several Community countries and be open to an international public. This summer, for instance, the Community Youth Orchestra performed at France's Avignon Festival and in a number of other member states.

Funds are not allocated on a national or regional basis, but purely on the merits of each activity. A contract is drawn up and grants are paid directly to the organizers. ○

Books about Europe

Il était une fois... Europe (Once upon a time... Europe). "Il était une fois..." collection, directed by A. Gouttman — Arnaldo Mondatoni, Italy, and Editions Fayolle, 9 rue du Château d'Eau, 75010 Paris, France — 32 pages — 1979.

"Once upon a time...", with drawings by Jean-Marie Ruffieux and words by Serge Saint-Pierre, could well be the first strip cartoon of the history of Europe. The story is such an eventful one that it is difficult to tell it all, particularly in a presentation of this kind, and some well-known episodes have been omitted. This is perhaps not a bad thing in some cases, as history is not always necessarily elevating. But there is Robert Schuman and the declaration he made on 9 May 1950 to the effect that Europe would not be built in a day and would emerge gradually, through practical achievements that created solidarity amongst the people, and at the end there are direct elections by universal suffrage to the European Parliament with the phrase: "Europe, which has been seeking its identy for centuries, is now master of its own destiny." This is the fervent hope of us all.

Etienne CEREXHE — **Le Droit Européen — Les Institutions (European Law — The Institutions)** — Editions Nauwelaerts, Muntstraat 10 — 3000 Leuven Belgium — Bfrs 800 — 1979

What made me write this book? The reader is entitled to know.

European law has an increasing effect on our daily lives. It has, as the Court of Justice has said, been integrated into our legal systems and it is now part of the rules and regulations that order and govern our activities. We can no longer ignore European law in either our professional or our private lives and to try to do so could lead to errors which might have serious consequences.

European law is a new challenge for lawyers everywhere. There can be no question of making them all European specialists, of course, but they must realize that there is more to law than their national systems.

So I wrote this book to give the legal profession an idea of what European law is all about. It was supposed to be short but it will run to three volumes in the end. Volume one covers the institutions and the courses of law, volume II will deal with the mobility of economic activity and company law and volume III with all the problems of competition, i.e. with agreements, taxation and industrial property.

The task proved to be difficult and fraught with hazard. I did not want to produce a highly specialized work, as this would have been boring for the lawyer with no experience of European legal problems and, in any case, there are already excellent works of this kind on the market. But neither did I want to over-simplify as this would have been superficial.

So I set out to compromise. Did I succeed? The reader must judge for himself. It will be a useful book if it generates greater awareness of the fact that law now has a new dimension—Europe. E.C.

Paul ROMUS — **L'Europe et les régions (Europe and the regions)** — Fernand Nathan, Paris, Editions Labor, Brussels — 233 pages — Bfrs 295 — 1979

A little Apulian village perched on a hill and surrounded by stone fields... parts of the Pas-de-Calais and Wallonia where only melancholy ruins of the closed coal mines remain... a town on the frontier between East and West Germany where the road leads nowhere... a naval shipyard in Scotland with cranes as the only reminder of past activity... A plot of land in Ireland with a farmer unable to feed his large family... The Lorraine iron and steel industry, with its political boundaries, where cross-frontier workers are the first to be laid off...

These are some of the typical regional problems in a Europe that wants to be a Community and these, apparently very diverse, regional situations produce the same phenomena: unemployment, emigration and unequal incomes.

The individual countries and, for 20 years now, the Community itself have been trying to solve these problems. But we are only at the beginning of a policy that will ultimately give us more justice between the regions. Will direct elections mean a fresh start for the Community's regional policy?

Europe and the regions are two different dimensions, two challenges of our time, says Paul Romus. He has been in the regional policy directorate of the EEC Commission for 20 years and has published several works, including one on regional economic expansion and the European Community (1958), which dealt with regional problems at Community level for the first time.

Riccardo Petrella — **La renaissance des cultures régionales en Europe (Europe's regional cultures reborn)** — Preface by Carlo Scarascia Mugnozza — Editions Entente, 12 rue Honoré Chevalier 75006 — 317 pages — 1978

Racial, cultural and religious minorities are at the gates of our towns, in the headlines of our papers and in the farthest corner of our memories, wanting to be free. They are the dominated peoples, the colonies, the migrants and the regionalists that history and geography have relegated to the sidelines of power.

This collection is devoted to them. It is the work of a specialist who, avoiding polemics, gives us the facts and describes the people and their struggles in one short simple volume. It is not an encyclopedia, just a useful work of reference and source of information for students and diplomats and, indeed, for anyone interested in being well-informed.

Europe has 40 languages and even more regional cultures, many of them stunted, sterile or reduced to mere folklore. How do they stand in relation to our centralized technocracies?

We have an economic community and a directly elected parliament. Europe is getting organized on partly new foundations. But we have only a sketchy idea about the regions and their cultures, in spite of their historical importance and the rigour of ecological and regional movements betrays persistent unease about the situation.

Petrella traces the history of Europe's cultural communities and outlines contemporary linguistic and cultural practice. Preserving and extending this heritage is, in his eyes, the way to prevent Europe from being wrecked on the intransigence of the nation-state or sinking into regional fighting that centralized supranational abstraction could easily generate. So Petrella proposes to avoid uniformization of our ways of life and aggravation of regional inequality by recognition of the fact that the regions are entitled to differ and he stresses the need for them to take their development into their own hands and to adopt new policies for this.

Jean-Paul HARROY — **Demain la famine ou la Conspiration du silence (Famine tomorrow — or the conspiracy of silence)** — Editions Hayez, Brussels, distribution Prodim-Brussels — 188 pages — Bfrs 495 — 1979

Jean-Paul Harroy knows exactly what he is about. He was once general secretary of what is now the international union for the conservation of nature and natural resources from 1948 to 1955 and he has chaired the international commission on national parks in 1966-1972, having previously, at the young age of 25, been head of the national parks institute in the Belgian Congo.

He became Governor of Ruanda-Urundi by royal appointment and in 1962, as Resident-General, led Rwanda and Burundi to independence before going back to Belgium to teach at the ULB.

Harroy, an indefatigable traveller, has been all over the world, comparing his experiences, evaluating his deductions and always reassessing his conclusions.

The result is not an encouraging one, to say the least. His conclusions reveal that periods of famine, ineluctably, are getting wider-spread, closer and more serious and the 2 000 million people in the tropics, the Third World—a ligure which will double in the next ten years—are threatened.

There ought to be answers. Indeed there are. But as well as being long-term affairs, they also require the sort of qualities of heart and mind that tend, alas, to be lacking in our times.

So? History contains so many reversals of seemingly hopeless situations that there is a tendency to expect miracles. But, alas, miracles usually follow disasters. Will we be able to have our miracle first?

Harroy's book shows that the international community must bestir itself now. Otherwise famine awaits us tomorrow.

Sophie Bessis — **L'arme alimentaire (Food as a weapon)** — François Maspero, 1 Place Paul-Painlevé, 75005 Paris — 306 pages — 1979

History is littered with examples of food, or lack of it, being used as a weapon and today the whole of the Third World and a large part of our planet are threatened. For various reasons, the developing countries are finding it increasingly difficult to feed their people and so are increasingly dependent on the big suppliers of food, the four countries (the US, Canada, Australia and Argentina) which provide more than three quarters of the grain sold in the world every year. This gives the greatest world power a formidable means of pressure in the all-out competition to alter the international balance.

The author thinks that the present food shortage has its roots in the colonial era and in the exploitation of the Third World and that only a radical rethink of the development process embarked upon since independence and an agricultural policy geared towards meeting domestic food requirements will enable the dominated countries to resist.

Sophie Bessis, who holds an adavanced university qualification in history, was born in Tunis in 1947. She taught for a number of years in black Africa before embarking on a career as an economic journalist and taking an interest in the problems of rural development in the Third World where she has travelled extensively in recent years.

Jean-Claude COLLI — **Les énergies nouvelles. (New forms of energy.)** — Editions Fayard, 75 rue des Saints-Frères, 75000 Paris — 287 pages — FF 59 — 1979

Energy, the driving force of the industrial explosion that began in the 18th century, will be used up, or in very short supply, within the next hundred years or so. It will have taken us just three centuries to burn most of what nature took millions of years to build up.

But energy is all around us. There is, for instance, geothermal energy beneath our feet, solar energy above our heads, active particles in the heart of matter and living cells in plants. The Earth is one gigantic system of non-stop exchanges; it is up to us to exploit the energy it generates.

Jean-Claude Colli, France's man in charge of new forms of energy since 1975 and quality of life since 1978, introduces us to the new world of energy that will be ours tomorrow once we have learnt how to use it.

"No longer must we rob nature. We must strive enthusiastically and carefully to work with her. This contract with nature is our only hope now and for long as we live." This is a book about the future but it is vital reading today.

Wall map of the European Community, its Member States, and their regions and administrative subdivisions (110 × 148.5 cm, colour)

This wall map, in the six Community languages (Danish, Dutch, English, French, German, Italian) shows the European Community and its member states; their regions; administrative subdivisions such as départements, regierungsbezirke, amt, counties; national, regional, provincial, département, regierungsbezirk, county and amt capitals; the 13 countries that surround the Community (simplified details) and the most important rivers.

Conurbations with populations of more than one million are also given.

The overseas départements belonging to the Community, Greenland, the Faroe Islands and countries that have applied for Community membership are shown in insets.

The map is published by the Official Publications Office of the European Communities (Boîte postale 1003, Luxembourg). It has been prepared by the Commission of the European Communities, Coordination and Preparation of Publications Division (IX-D-11), rue de la Loi, 200, 1049 Brussels, Belgium. Copyright is owned by IBF Kormoss, BEICIP and Editions Technip, and the Commission of the European Communities.

The map can be obtained from the two addresses given above, and from the Commission's information offices in the capitals of the member states and in certain non-member countries.

Industrialization in the ACP states

NCCM Zambia

"Why industrialize? The answer lies in the inescapable fact that though most people in the poorer countries of the world, thanks to the combined efforts of the world community, now live longer and enjoy better health, grow more food, and have a greater chance to learn new skills, they are comparatively worse off than they were twenty years ago in relation to the countries which have achieved rapid industrial growth" (UNIDO).

In the wake of the third general conference of the United Nations Industrial Development Organization in New Delhi, this dossier considers the efforts of the ACP states to climb onto the industrialization bandwagon. It looks first at the world context in which the conference was held, and the main UNIDO proposals at New Delhi. It then looks at what the ACP states have done to develop their industries.

The picture for the ACP is not all that encouraging, especially for Africa which just managed to maintain its 0.7 percentage of world industrial production throughout the 1970s. "The rate of real industrial growth in Africa during the period 1970-76, about 5% per annum, must be judged as inadequate in terms of the development goals implied by the Lima target", states the UNIDO secretariat. Africa's industrial position has actually fallen back as a percentage of total Third World industrial production. The continent is unlikely to reach the target of 2% of world production by the end of this century.

The New Delhi conference proved to be a setback. There are, however, concrete initiatives to get really effective industrial cooperation off the ground. Such was the case with the first Lomé Convention, and a stronger section on industrial cooperation appears in Lomé II. ○

Can the Lima objective be achieved?

An interview with Abd-El Rahman Khane, executive director of UNIDO

The second general conference of UNIDO, at Lima (Peru) in 1975, decided to try to expand the developing countries' share of world industrial production from roughly 9% at present to 25% by the year 2000 and it adopted a declaration and a plan of campaign to enable this ambitious target to be reached.

The act transforming UNIDO into a specialized UN agency is now being ratified by the member countries and the organization's principal aim is to promote industrial development in the developing countries with a view to setting up a new international economic order.

Before the third conference in New Delhi (28 January-8 February 1980), the *Courier* interviewed the executive director, Abd-El Rahman Khane, at UNIDO headquarters in Vienna (Austria), about the main proposals for the conference—whose conclusions will be decisive as far as reaching the Lima objective is concerned.

Too little progress

▶ *Can you outline for us what UNIDO has done between Lima and New Delhi?*

— The second UNIDO conference was held in Lima in March 1975 and a declaration and a plan of campaign were adopted. Do not forget that March 1975 was only a few months after May 1974, when the UN General Assembly adopted its declaration on the new international economic order, and the work we did at Lima was inevitably influenced by this.

In the industrial sector with which UNIDO is concerned, things went better than they had done in New York in that it proved possible to agree on a quantitative industrial production target for 1975-2000, what we now know as the Lima 25%. Naturally this 25% has to be seen alongside the 8% industrial production of almost two-thirds of mankind at the time. It both dramatized the differences between developed and developing countries and established an aim which seemed and still seems to many to be very ambitious.

So from that point of view, our progress over the last five years has not been all that encouraging. During this time, we have improved by about 2%, bringing production in 1977-78 to 9% or 10%. At this rate we shall never achieve the 25%, which is cause for concern. I think that the first job of the New Delhi conference will be to take note of this situation — which I think is extremely bad for the international community.

▶ *More recent forecasts put the developing countries' share of world industrial output in the year 2000 at most between 15 and 20%.*

— Much less. If present trends continue, the projections would be 14% only which, to my mind, would be dramatic, because whatever tensions would such a situation generate in the international community?

▶ *What are the main barriers to the attainment of this objective?*

— First of all, I think, the developed countries are not convinced that the Lima 25% is realistic.

▶ *Not all the developed countries agreed with it.*

— That's right. There were one or two dissenters in spite of all the progress we made. You have to remember that the subject was discussed at the sixth extraordinary session of the UN General Assembly and no agreement was reached then. So I think that the first thing to realize is that not all the industrialized countries are convinced that we can achieve the 25%.

I should like to say that for us, for UNIDO in any case, this 25% is a minimum because even then the famous rich-poor gap would still be widening. So the target is something that to my mind is vital for peace in the world. Naturally people said that the recession in the industrialized countries prevented them from making the requisite effort. But we say that effort has to be made if they are to emerge from the recession because it seems obvious that, if the industrialized countries help the developing countries, the developing countries will then expand their market so that they can take everything the industrialized countries can produce. Thus it is all about concrete and precise mutual interest. This is what I personally hope to see the international community achieve in New Delhi.


UNIDO

Abd-El Rahman Khane

Mr Khane is a 49-year old Algerian medical doctor whose main career has been as a politician and administrator in the hydrocarbons sector. He was minister of public works and head of various Algerian gas-oil-electricity companies before becoming secretary-general of OPEC (1973-74), a post he left to take up his present duties at UNIDO.

The developing countries must become a market

► *But what must the developing countries themselves do to reach this target?*

— The developing countries in general have made great strides since their political liberation, over the last 15 or 20 years that is to say, and they have advanced at an unprecedented pace. But they have not been helped to do more, because it seemed as though the easy way of countering recession in the industrialized world was to push up the prices of the services and capital goods sold to the developing countries. This is an added burden on their shoulders and, although they want to go on making progress, they are confronted with virtually impossible situations. They have continued to develop but they have had to make considerable sacrifices to do so and they have had to borrow. The system is losing momentum as they have borrowed on the private market and their creditors are now wondering whether they can really pay back and there is an increasing amount of imbalance in the financing of development projects. I hope the fact that official aid to the developing countries has remained small will be noticed. I should also like to point out that the famous target of 0.7% of GNP as official development aid is far from being achieved. In the OECD countries, the figure is only about 0.35% and it is even lower in the Eastern bloc, something like 0.1% or less. There is obviously something wrong with the structures and I think that if people see the interest in these countries becoming a market for the industrialized world, they would give them the means of doing so.

► *Aren't you worried about a parallel between the non-achievement of the 0.7% target and the possible non-achievement of the 25% target?*

— There may indeed be a parallel. It is certain that if 0.7% of GNP was really tranferred to the developing countries on normal terms, this would make a considerable contribution towards the achievement of the Lima target. So I think that the industrialized countries have to make a considerable effort to understand that if they do transfer these resources, they are not just being kind to the developing countries, they are helping their own industries to emerge from the recession as well. We have made certain recommendations along these lines for New Delhi and we hope that the international community will again realize the mutual interest of making this kind of effort.

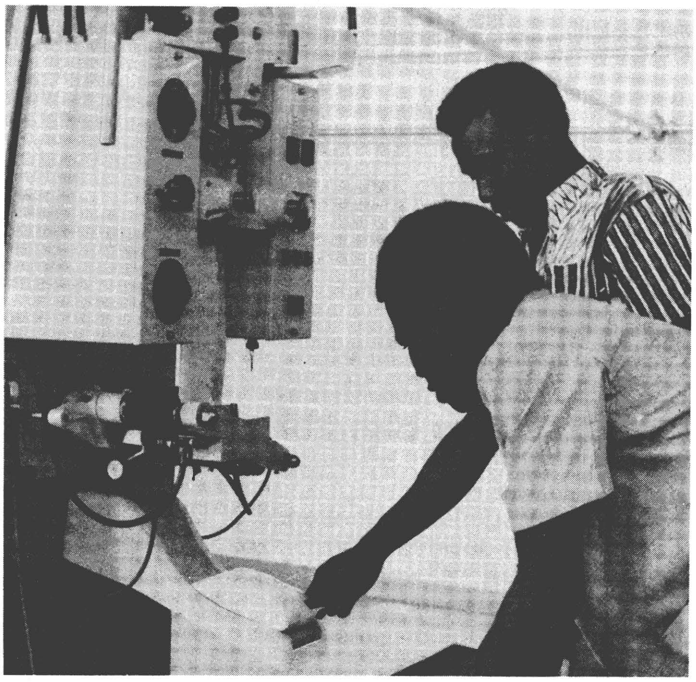
New proposals for New Delhi

► *What are your main proposals for New Delhi?*

— In the financial sector, first, we are proposing two essential mechanisms and one subsidiary one. First, a financial instrument which will make it possible to mobilize any resources in the developing countries themselves. Naturally everyone automatically thinks of certain oil-producing countries which might have financial surpluses. But there are other developing countries which could also have an interest in joining the scheme we are proposing because they too would benefit, in that they already have sound industries that could be used to develop other developing countries.

► *So the main thing is a system to recycle petrodollars?*

— Yes, but one which would not involve the industrialized countries' markets. And we have prepared a second proposal on a mechanism, a global fund, to stimulate industry in the developing countries.


FAO

Milk packaging in a Niamey dairy (Niger): "we see no contradiction between industrial and rural development"

► *How big would this fund be?*

— That would have to be discussed, naturally. If the principle is accepted, the global fund would develop in a way that, by the end of this century, could provide the developing countries with some $15 000 million p.a., by gradual increases.

The third minor mechanism is a small contribution to an existing UNIDO programme that would enable us to run feasibility studies that no one else apparently does when the outcome isn't obvious from the start. We believe that if we have money for these risky projects, we would establish certain things that seem not of obvious benefit to begin with but which, on closer analysis, might emerge as useful and therefore lead to industrial schemes. Those are our financial proposals. We have other proposals, all of them geared to the same thing, to facilitating industrial activity in general. We are proposing three things on technology. The creation of an international institute of technology to coordinate, stimulate and guide the work of the various institutions in this fields towards the special needs of the developing countries.

We are also proposing a system to obtain technical resources on more favourable financial terms—we are thinking of the collective acquisition of technology by this means. The system would provide the developing countries with knowhow on far more advantagous terms.

We have also suggested that a patents examination centre be set up, probably in one of the existing UN organizations, WIPO, the World Intellectual Property Organization, where technology can be assessed on behalf of the developing countries, particularly the poorest of them. This sort of assessment is vital, unfortunately not all countries can do it because it calls for facilities that they do not have.

We are also suggesting other schemes like the setting up of a committee to deal practically with the creation and codification of some kind of international law on industrial operations, because it is now realized that the current legal provisions in this area are mainly on trade. We have also suggested a kind of decentralization of the settlement of disputes between firms, as the present system does not seem to satisfy everybody. These are just some of our proposals.

We already have institutions and mechanisms in the UN which we are asking to have strengthened. I am thinking particularly of the industrial consultations that we in UNIDO have set up and the principles of which are contained in the Lima declaration. Do not forget that this mechanism, which has existed since 1977, has proved very useful and everyone appreciates it. We want to see the international community confirm its usefulness and provide it with better finance so that we can move forward—because at the moment, the system only covers five or six sectors of industry. It is a system that must evolve in time, because if we stick to just five or six sectors, we won't get far by the end of the century. So we are asking for the strengthening of this mechanism.

Towards a balance in the trade in manufactures

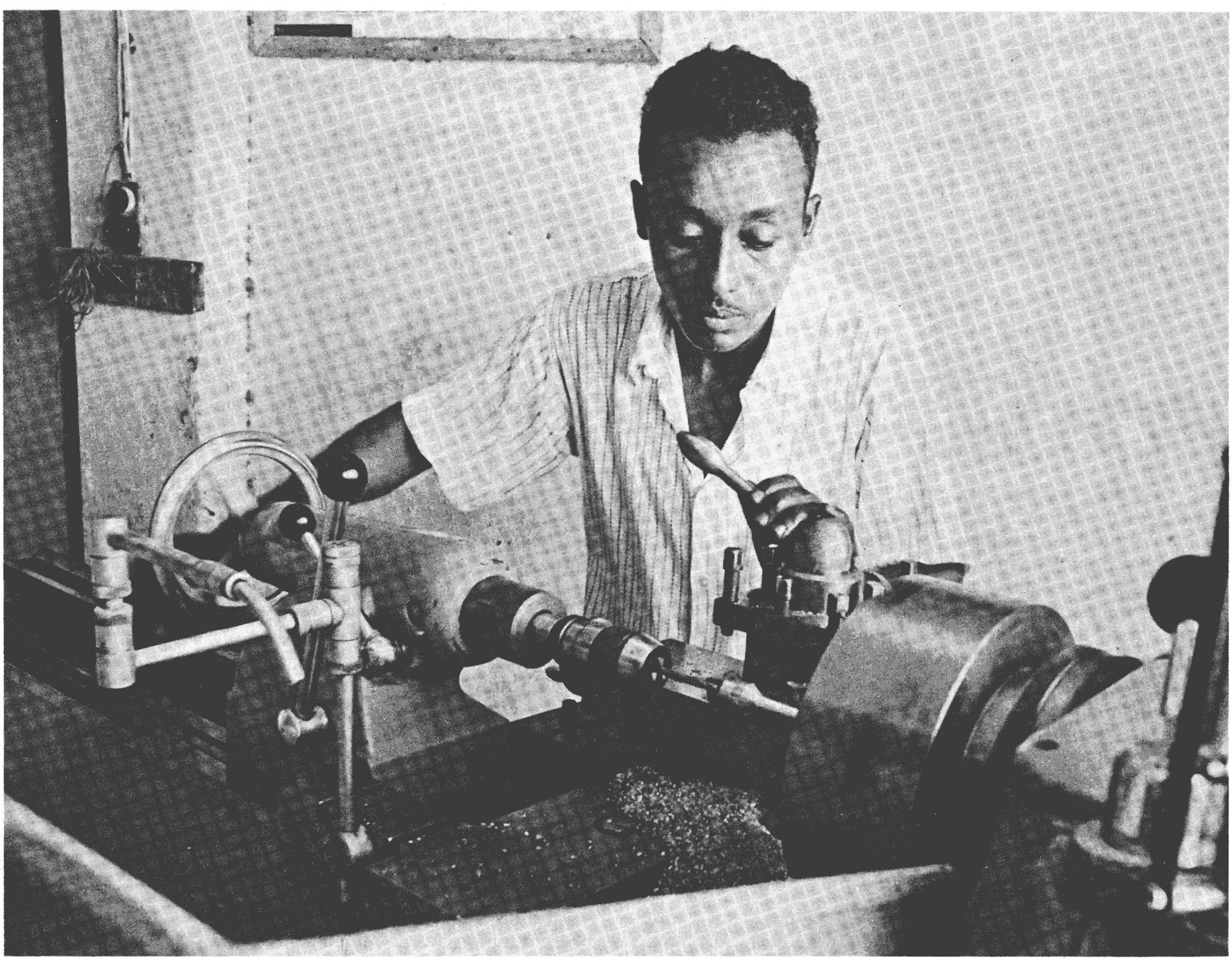
► *Are there any proposals on the relation between trade and industrial development?*

— This is an essential point that the conference will have to discuss. In UNIDO we say that the international economic order that we criticize and that the UN assembly has denounced was motivated mainly (in any case, in economic development and industry) by the fact that there was a group of countries exporting raw materials and another group exporting manufactures. From there comes the imbalance we are complaining about. For us, the new international economic order should be a state where trade in manufactures is balanced so that one group is not considered as exploiting another.

There are obviously problems inherent in this. If the developing countries need to import capital goods and services to reach the Lima objective by the year 2000, they must be able to pay for them. Look at the situation and it is clear that a considerable effort is called for. We have suggested, but this needs discussing, that the international community should decide that trade in manufactures should reach a balance of at least 50% by the end of the century and then gradually equalize. Failing this, the developing countries will go on developing on the sole basis of the raw materials they can export. And what will happen to the countries that have none?

► *At first sight, then, the main proposals for New Delhi involve a lot of new institutions and the expansion of several others. How do you see the problem of coordination?*

— In the financial area, our proposals aim at the creation of new mechanisms, not necessarily new institutions.



Manufacturing spare parts: a UNIDO project in Khartoum (Sudan)

A planned social development

► *What priority do you put on industrialization, compared notably to rural development, in the new international economic order?*

— The new international economic order involves the development of the capacity for industrial trade between the different groups. The Lima declaration already agreed that industrial development was a major aspect of development as a whole and we in UNIDO do not believe that industrial development can be achieved in the void. Industrial development comprises the development of infrastructure, agriculture, education, services and so on. It also involves social evolution that must be deliberately planned to avoid the errors and the consequences notable in industrialized countries and to develop towards social structures that are more in keeping with the social and cultural environment.

So the whole situation has to be considered. We at UNIDO, naturally, have to talk about industry, but we are perfectly well aware that a broader-based, more general effort is called for, one that will integrate economic and social factors. We see no contradiction between industrial and rural development and we even think that, if the rural sector is to advance, it must have industries to help it, small industries to provide rural communities with a minimum of industrial means to boost their production capacity; for example, industries to carry out repairs of machinery, produce spare parts and make and fit electrical motors to their agricultural equipment. We see no contradiction here. The essential thing is to make an effort to help the developing countries obtain the capacity to industrialize.

But there we come up against something important. Technology. A lot has been said about the transfer of technology. In fact we think that transfer is possible only after the various countries have acquired the ability to understand and shape this technology, because the adaptation of technology to socio-economic conditions can only be the responsibility of the communities concerned. So our attention is fixed on the effort that can be made to increase and improve the technological capacity of the developing countries.

Greater emphasis on the smaller firms

► *Industrialization in the developing countries involves local industrial initiative and foreign operators, not just multinationals, but small and medium-sized firms as well. How do these two factors relate in your opinion?*

— Certainly, if you are going to industrialize then you have to be able to identify, encourage and develop any aptitudes for industry in the developing countries. There are a number of ways of doing these. There is the general education and there is technical education as it is, and there is management ability. Some people would say that technology has to include management ability. It can be acquired through experience and through contact with foreign operators.

There is this great debate on the role of multinationals. Their existence is a fact, we do not concern ourselves with them because they are "big ladies" who know exactly what they can and want to do. We are more interested in identifying what the smaller businesses in the industrialized countries can do, as they already have technology that is sometimes quite advanced and they do not pose the same problems as multinationals. They are generally more flexible and can play a more effective part in international cooperation.

► *Aren't the small and medium-sized firms more influenced by the reception they get in the developing countries and by their anxiety to protect their investments?*

— I think that if we can manage to normalize relations between developed and developing countries, that is to say that if we manage to move continuously and gradually towards the establishment of this new international economic order, the problem will disappear. There will be balanced relations, mutual interest, equality and partnership which would make the question of reception and of protection of investments in the developing countries the same as elsewhere.

Has Africa really got going?

► *As far as industrialization is concerned, Africa seems to have got off to a bad start and the idea to proclaim the eighties as Africa's industrial development decade is gaining ground. What do you think?*

— I don't know whether it is right to talk about Africa getting off to a bad start. It hasn't really started at all. It only accounts for a tiny part of world industrial production today. As you know, it contributes 0.6% at the moment and the Lima target is only 2%. Obviously, it is the least developed of all the continents and a considerable effort has been made to help it.

It has been suggested that the eighties be proclaimed Africa's industrial development decade. If this would help draw attention to the continent and its ever-increasing population, now estimated at 300 million (600 million by the end of the century) and get people to concentrate their efforts on Africa, then it would be a good thing.

Everyone has to make an effort

► *You said recently that it was a question of deciding not what to do but how to do it. Are you optimistic about the Lima objective?*

— The Lima objective must be achieved. If we don't achieve this minimum, I don't know what will happen. We cannot afford to waste any more time and, naturally, failure to reach the target could well have unpleasant results. But it is difficult to be either optimistic or pessimistic. I do not think that international organizations hold the key. Once again it is in the hands of the countries who can do something and these countries are the industrialized countries in general and the developing countries as well. So everyone has to make the effort.

I don't know how far people realize that this effort would help us all. When help for the Third World is being discussed, the general opinion always seems to be that the developing countries are getting something for nothing. We must have the courage to explain the real situation, something we have not paid enough attention to. Unfortunately, the poitical powers never do the right thing until circumstances force them to do so. If nothing is done for industry at New Delhi (and, generally speaking, we have seen that industry affects many things, particularly trade relations) that will mean, as far as we are concerned in any case, that things will get worse. They will get worse to the point where the governments concerned will have to embark upon schemes they ought to have started five or six years ago. Take energy. Well before 1973 the authorities were told to be careful. 1973 came and went and they did nothing. No one took it seriously. Only now that there have been further developments and more international crises are they contemplating more serious action. Will the effort be sustained? I don't know. I hope it will, but we have wasted six or seven years at least and that's a long time at the rate things are developing today. ○

Interview by R.D.B.

THE CONVENTION AT WORK

The ACP Council of Ministers meets in Monrovia

The 23rd session of the ACP Council of Ministers was held in Monrovia on 31 January-1 February 1980. It was inaugurated by William Tolbert, Liberia's head of state and president in office of the OAU, and preceded by a special council on sugar. The next ministerial meeting will be in Nairobi (Kenya) and an extraordinary Council of Ministers is planned for May to deal with cooperation within the ACP group.

The outgoing president of the ACP Council of Ministers, Bernard St John replying to the opening speech by President Tolbert of Liberia (centre). On the right Jerome Ntungunburanye, ambassador of Burundi and outgoing chairman of the ACP committee of ambassadors, and on the left Tiéoulé Konaté, secretary-general of the ACP group and his deputy, Edwin Carrington

The Monrovia meeting forged a link between Lomé I and II, as it took place almost at the end of the first Convention which expired at the end of February. For the first time since 1978, ACP ministers met free of the problems of renewal—which is no doubt why the problem of internal organization (the ACP secretariat budget, staff regulations, renewal of contracts and delay in the payment of contributions), which had given up its place to the negotiations, figured large on the agenda.

What emerged from the meeting was the desire of the ACP group to ensure it has a strong secretariat which, like the Commission, could produce precise economic studies rapidly, thereby making an extremely useful contribution to any negotiations. This means, in particular, that the number of high level experts has to be increased and all the posts in the budget to be filled—which was far from being the case under Lomé I.

Better operational structures for the secretariat-general are the aim of one of the resolutions adopted at Monrovia. This was also one of the concerns of Bernard St John, outgoing president of the ACP Council of Ministers, in his closing speech. As he saw it, "in the eighties, this organization can be a model of efficiency, compared to the group of 77 for example, but we have to set up a strong secretariat during Lomé II and this means we have to provide enough money to do so".

And if the secretariat-general has been short of one thing so far, it is money. Delays in the receipt of contributions from some member countries have accumulated, in some cases since 1974, and the situation has got so bad that the Council of Ministers has invited an *ad hoc* committee to look into it and propose sanctions based on those of international organizations like the UN and the OAU.

The ACP ministers also spent some time discussing renewal of the terms of office (they expire this autumn) of the secretary-general and his deputy. Consultations should be held before May when a decision is expected. Another outcome of the meeting was agreement on the accession of St Vincent and Grenadines, an independent country since 27 October last year, to the Lomé Convention and the appeal for emergency aid for civil war-torn Chad.

The question of ACP cooperation also came up and the ministers noted the conclusions of the Bangui conference on transport and communications, those of the Nairobi conference on trade and the report on setting up an ACP trade and investment bank. A special council will be held in Jamaica in May to discuss all these issues.

Although the bulk of the work of the 23rd session was internal and ACP business, the application of the Convention was nevertheless the subject of a number of decisions, in particular on the transitional measures regulating ACP-EEC trade in the period between expiry of Lomé I and entry into effect of Lomé II. The ministers also invited the ambassadors to draw up a programme for the Community to give the ACP countries access to EEC agricultural surpluses on preferential terms. They

Also in the yellow pages

The Convention at work

General information

European Community

also approved the request for derogation from the rules of origin for artificial fishing flies from Kenya and Malawi.

The Council of Ministers asked the Community if it would add any Stabex funds remaining at the end of the transitional period to the amounts provided for Lomé II. It also asked for annulment of the reimbursement of transfers provided for by the reconstitution procedures, examination of the dossiers for 1978 and the addition of tobacco, sisal products and citrus fruits to the Stabex lists.

Lastly, there was a resolution on sugar, reflecting the ACP producers' concern about being excluded from the Community market in the long term if they did not run a vigorous campaign to make their European partners aware of the situation. They quoted three facts to back this up. First, the substantial increase in sugar production in the countries of the EEC. Second, the Commission proposal to set off the amount of the Community's export costs on a quantity of sugar equivalent to that imported from the ACP countries against the development section of the EED budget. Third, the action of beet producers who wanted EEC-produced sugar to have priority on the whole of the Community market.

New ACP presidency

Ebia Niwia Olewake, deputy PM and minister for basic industries in Papua-New Guinea, began the Pacific's six-month presidency of the ACP Council of Ministers after the Monrovia meeting.

The other members of the Council are Guinea, Central African Republic, Lesotho, Seychelles and Guyana.

The officers of the Committee of Ambassadors have also changed. The chairman is now Raymond Chasle, Mauritian ambassador to the EEC, and the representatives of Liberia, Guyana, Zambia, Papua-New Guinea and Rwanda are the other members.

These questions had also been dealt with at a special ministerial council before the 23rd session of ACP ministers, after which Satoam Boolell, Mauritian minister for agriculture, natural resources and the environment and ACP sugar spokesman, emphasized the concern of ACP producers. "We are not in disagreement with the EEC. We think the surplus should be reduced. But ACP sugar is an instrument of trade and it must have its market and if Community production goes on increasing we think there may not be room for what we produce".

Alongside the Council of Ministers, experts held a meeting on bananas with the aim of seeting up an ACP banana-producing group. It was agreed that studies should be continued and a more detailed plan put before a subsequent Council of Ministers, perhaps the next meeting in Nairobi (Kenya). ○

5th EDF programming begins

Barely two months after Lomé II was signed, the Commission began liaising with the ACP countries with a view to programming Community aid during the five-year period of the new Convention. A mission led by Klaus Meyer, director-general for development, went out to Gambia, Senegal and Mauritania on 12-21 December 1979 and another, led by Maurice Foley, deputy director-general, went out to Burundi and Rwanda on 6-16 January. A third, led by Erich Wirsing, head of ACP affairs, went to the Caribbean (Barbados, Dominica, St Lucia, St Vincent and Grenadines, Trinidad & Tobago and Grenada) on 28 January-7 February, and a fourth led by Jean Durieux, also a deputy director-general, went to Botswana, Lesotho and Swaziland on 6-15 February.

The main aim of these missions was to programme the financial resources the Community intends providing each of these countries over the Lomé II period (1980-1985). There are a number of innovations. First, there is now a range instead of a single figure for the programmable EDF financing for each country and the precise amount within this range will be determined halfway through the Convention in the light of how non-programmable resources (i.e. aid from the EIB and other instruments of cooperation have been allocated to the various ACP partners at that stage. A further innovation is that programming is now by objectives. This involves the ACP governments in defining the aims and priority fields of intervention for which Community aid is being sought and each objective is then allocated a percentage of the total resources available. This approach by objective is no doubt a considerable improvement over Lomé I. It undeniably adds flexibility to ACP-EEC cooperation as it avoids making definite allocations for inadequately prepared projects on which there have been no feasibility studies or precise assessment.

The missions are also an opportunity to look at regional cooperation policies as a whole, with the ACP leaders, something that can be useful when regional projects are being devised in the future.

Gambia

The head of the Gambian mission, Saihou Sabally, minister for economic planning and industrial development, said that his country put priority on improving health and housing in the most underprivileged sections of the population, primarily by proceeding with water supply and drainage schemes. This sector accounted for 30% of the financial aid provided. Agriculture and fisheries received 20%, improvements to transport networks and waterways 24%, vocational training 21%, aid for small and medium-sized firms 2.5% and various projects (including energy) 2.5%.

Various projects would be submitted for assessment with a view to financing from the European Investment Bank. They include groundnut processing, help for small and medium-sized firms in the tourist trade and extensions to the national telecommunications network.

Senegal

Louis Alexandrenne, minister for planning and cooperation, was Senegal's main representative when the Community delegation, including EIB representatives, went out to Senegal. Senegal is one of the countries of the Sahel and it puts a priority on its rural sector which is in the lead with 31.9% of programmable credits. With the aim of reducing the food shortfall, diversifying production and raising the standard of living of the rural population. The second main sector is training, which takes 17.5% of the credits, particular emphasis being laid on technical and vocational education. Then come communications infrastructure (16.7%), urban drainage and transport (14.2%), health (6.7%), trade promotion, aid for SME and craft (3.5%) and new forms of energy (2.5%). This leaves the Senegalese government a 7% reserve for later on.

The European Investment Bank will be looking into the possibility of running industrial and agro-industrial projects and mining research, providing telephone equipment and extensions for the Dakar network and taking part in increasing the hotel accommodation in Basse-Casamance and along the coast.

Mauritanie

The Mauritanian delegation was headed by Commander Moulaye Ould Boukhreiss, member of the military committee for national safety and minister for planning and fisheries. Mauritania's priorities are:

— rural development (42%), with the aim of becoming self-sufficient in food, boosting livestock production, fighting desertification and putting a brake on the move to the towns;
— the development and maintenance of road and port infrastructure (26%);
— health (11%);
— fisheries (9%);
— the construction of schools (7%) and geological and mineral research (5%).

The EIB noted the government's intention of submitting mineral research and production projects.

Burundi

The national team was led by Donatien Bihuté, the minister for planning. Burundi's main concern is rural development, which takes 34% of the amount of the indicative programme. Its aims here are to improve the standard of living of people in rural areas, protect and preserve forests and diversify exports. Its other priorities are health (15%), energy and mining (14%), transport and communications, a particularly important sector in a landlocked country (13%), technical cooperation (8%), a programme of microprojects (4%), aid for SME and a 10% reserve for changes in priorities, overruns and unforeseen expenditure.

The EIB representative noted that the government intended to submit industrial, agro-industrial, mineral research and exploitation, energy projects and schemes to promote small and medium-sized firms.

Rwanda

Ambroise Mulindingabo, minister for planning, led Rwanda's delegation. Here again rural development was top priority with 38% of programmable aid. The aims are to boost productivity in the agricultural sector, to encourage the development of the poorest, the most cut off and the most densely populated areas and to counter soil erosion and deforestation. A further priority is to open up the country by improving the roads (22%). Smaller percentages go to education (14%), energy (10%), technical cooperation (5%), microprojects (2.5%) and small firms (1%). There is a 7.5% reserve to cover contingencies and any change of priority.

The EIB representative noted that the government would be submitting requests for financing for the development of small and medium-sized firms and for studies on the development and exploitation of energy resources.

Barbados

PM J.M.C. Adams led the national delegation. Barbados puts top priority on two sectors, which get the same percentage of programmable aid—agriculture and fisheries, with 35% each. In agriculture, the idea is to boost production, improve and preserve land, create jobs, consolidate existing potential and put a brake on the move to the towns.

In the fisheries sector, the government is planning to rationalize and modernize traditional methods, create jobs and improve the system of marketing.

Other priorities are training (10%), export promotion (5%), tourist promotion (5%) and micro-projects and reserve (5%).

The EIB noted the government's intention of submitting various projects, in particular a line of credit to the Barbados Development Bank to finance industrial and tourist schemes and loans for the development of energy resources, to extend port facilities etc.

Dominica

Michael Douglas, deputy PM and minister for finance, did most of the discussing with the Community delegation. Funds will be broken down as follows: agriculture (40%), technical assistance and training (12%), infrastructure and transport (5%), trade and tourist promotion (4%), microprojects (4%) and a reserve of 5%.

The EIB noted that this country hoped to submit an application for help for the agricultural and industrial development bank and for financing for projects to boost electricity supplies.

St Lucia

This country's delegation was led by PM Allan Louisy. The rural sector gets three quarters of the programmable credits: 42% goes to improving and diversifying agriculture and livestock and 33% to the development of agricultural infrastructure. Microprojects get 9%, technical assistance and training 7% and export and tourist promotion 4%. This leaves a 5% reserve.

St Lucia is also planning to apply to the EIB for a loan for the National Corporation and financing for the development of electricity production.

St Vincent & Grenadines

Milton Cato, PM and finance minister led the talks with the representatives of the Community. Health gets the largest slice of programmable aid, with 44%. Next come livestock (28%), rural development (10%), training and technical assistance (7% trade and tourist promotion (4%) and micro-projects (2%). This leaves a reserve of 5%.

Here too there are plans to ask the EIB for loans to consolidate the capital of the local development agency and to finance the boosting of electricy production.

Trinidad & Tobago

This country's delegation was led by John S. Donaldson, foreign affairs minister, and Frank Barsotti, permanent secretary at the finance ministry and national authorizing officer. Technical assistance training and rural development are top priority here with 30% of programmable credit each. Then comes health (12%), trade promotion (10%), micro-projects (6%) and the protection of the environment (3%). This leaves a 9% reserve.

The EIB noted that the government intended applying for loans to finance industrial, tourist and energy projects as well as various feasibility studies.

Grenada

Bernard Coard, minister for finance, trade, industry and planning led this country's delegation. The indicative programme is divided as follows: transport and communication 48%, education and social development 11%, agriculture and fisheries 11%, microprojects 8%, health 8% and training and technical assistance 7%. This leaves a reserve of 7%.

The government also intends applying for EIB aid with a number of projects, one of which is to boost electricity production.

Lesotho

The head of the Lesotho delegation was finance and planning minister Mr. Sekhonyana. The main elements of the indicative programme are roads, 37%, and communications with the outside world 11%, agriculture and stockraising 21%, energy 19% training 5%, commercial and industrial infrastructure 5% and a reserve of 2%. In addition Lesotho intends to ask the EIB for a loan for the Lesotho National Development Cooperation in order to finance small and medium-sized industries and feasibility studies on the exploiting of mineral and energy resources.

Swaziland

The Swazi government was represented by Mr Dlamini, minister without portfolio. Swaziland's priorities are rural development 43%, education 40%, trade and tourism 2%, leaving a reserve of 15%. The EIB has noted the Swazi government's intention of submitting a request for financial assistance for a number of projects.

Botswana

The Botswana delegation was led by the vice-president and finance minister Dr. Q.K.J. Masire. The breakdown of the indicative programme is as follows: development of agriculture and stockraising 40%, the creation of social and economic services to attract small and medium-sized firms to the rural areas 15; training 15%, research in energy and mining 10%, protecting the environment 5%; help for small and medium-sized enterprises 5% and a reserve of 10%. The Botswana government also plans to seek an EIB loan for the construction of a thermal power station and to finance studies and research in energy and mining. ○

EDF

Following the favourable opinion delivered by the EDF Committee at its 142nd and 143rd meetings the Commission took the financing decisions set out below.

Following the meetings total commitments under the fourth EDF amounted to 2 266 976 000 EUA.

Caribbean

Trinidad and Tobago and ACP cocoa producers:
cocoa research unit
Grant: 950 000 EUA

Financing for a cocoa research unit based in Trinidad, where research has been carried out since the 1930s, the site appears to be ideal from the geographical, climatic and pedological points of view.

The project will involve the construction of greenhouses in Kew, supplies of various equipment, and the financing of administrative and staff costs.

Ethiopia

Trade promotion

Grant: 500 000 EUA

This project is aimed at improving Ethiopia's export promotion capacity by helping the Chamber of Commerce with aid towards promotion campaigns, the supply of training and other equipment, personnel training and general technical assistance.

Benin

Line of credit to the Banque Béninoise de Développement

Special loan: 350 000 EUA

The Banque Béninoise de Développement (BBD) has been given the task of financing all economic and social development projects and providing assistance to SME in particular.

Under the terms of this project, the BBD will be able to provide credit to agricultural cooperatives for the acquisition of equipment.

Sudan

Jebel Mara rural development project

Grant: 11 000 000 EUA

The aim of this rural development project is to increase agricultural production in a region which has considerable potential.

There are plans to set up an extension service and a research unit.

Shops and workshops will also be built, together with staff quarters.

The Community is to provide financing for a four-year period.

Zaire

Rural development of the Mweka zone

Grant: 13 000 000 EUA

Carrying out a balanced rural development programme in the Mweka zone (Western Kasai). This project is designed to:

— ensure favourable conditions for the production and marketing of village agricultural produce;

— restore the rural track network;

— encourage the population in its development initiatives and improve its social environment.

Mali - Mauritania - Senegal

Access road to the future Manantali dam

Loan on special terms: 15 000 000 EUA

The project involves the construction in Mali of a 87-km laterite access road linking Mahina station (on the Dakar-Bamako line) to the future dam at Manantali.

This road will help in the construction of the dam, which is part of the programme being carried out by the OMVS (Organization for the Development of the Senegal River).

Tanzania

Bunda-Musoma road

Grant: 7 100 000 EUA

The Community financing will go towards strengthening and asphalting the Bunda-Musoma section (63.3 km), the last stretch of the Mwanza-Musoma road (213 km).

Surinam

Line of credit for the Landbouwbank N.V., Surinam

Loan on special terms: 2 000 000 EUA

The aim of this project is to open a 2 000 000 EUA line of credit for the Surinam Landbouwbank N.V. to enable it to grant loans to farmers with medium-sized holdings.

Malawi

Exceptional aid

Grant: 2 500 000 EUA

Exceptional aid for Malawi to cover the cost of airfreighting 9 000 000 litres of fuel essential to the economy of the country from Beira to Blantyre for a period of 15 days.

Zambia and Tanzania

Railway bridges over the Chambeski

Grant: 1 700 000 EUA

The aim of this project is to reconstruct the bridges on the Tanzania-Zambia line. Before it was destroyed, international traffic on the line varied between 50 000 and 80 000 tonnes per month. It is vital for Zambia that the rail link should function normally.

Swaziland - Mozambique

Construction of fencing to combat the spread of foot-and-mouth disease

Grant: 650 000 EUA

The principal aim of this project is to help the governments of the countries to combat the spread of foot-and-mouth disease more effectively.

Plans have been drawn up to build a second fence running parallel to the first for 112 km.

Somalia

Emergency aid

Grant: 2 390 000 EUA

The Community has granted emergency aid to the Somali government to finance the purchase of vehicles for transporting food aid and of medicines and other essential articles which are urgently needed following the influx of refugees into the country.

Central African Republic

Emergency aid

Grant: 650 000 EUA

In answer to a request by the government of the Central African Republic following the disturbances in September 1979, the Commission will grant emergency aid for the supply of essential goods (spare parts, school supplies and equipment). A previous decision involving aid of 300 000 EUA has already been adopted.

Botswana - Lesotho - Swaziland

Institute of Development Management

Grant: 300 000 EUA

This regional project involves building premises in Lesotho and Swaziland to house the Institute of Development Management which is already operating in Botswana in its own buildings. The Community financing will help to balance the cost of setting up this establishment and improve teaching methods.

The aim of the Institute is to train middle and senior management to work in all branches of the public and private sectors.

Cameroon

Trade promotion programme

Grant: 303 000 EUA

The grant will be used to facilitate the technical organization of the Centre National du Commerce Extérieur (CNCE). The centre runs marketing and export induction courses for representatives of the private sector.

Malawi

Export trade development

Grant: 500 000 EUA

The aim of this project is to finance a technical assistance programme to set up the Malawi Export Promotion Council (MEPC).

Senegal

Further development of stockfarming in the savannah forest area

Grant: 1 463 000 EUA

Loan on special terms: 1 500 000 EUA

This project is intended as a continuation of the animal husbandry schemes in progress under the operation entitled "development of stockfarming in the savannah forest area". It is designed to serve the interests of meat producers and consumers in Senegal:

— by improving farmers' incomes, mainly through assigning them specialized jobs suited to local conditions (breeding, rearing, fattening)

— by helping to reduce the country's meat shortfall.

Upper Volta

Maintenance of asphalted roads

Grant: 3 500 000 EUA

This project provides for localized maintenance work and repairs on the country's major road network, in particular the following roads:

— Bobo-Dioulasso-Falamana-Mali frontier

— Ouagadougou-Pô-Ghana frontier

— Koupéla-Bittou-Togo frontier

Madagascar

Decentralization of education, equipping six technical lycées.

Grant: 1 150 000 EUA

The Community financing will be used to:
— purchase the equipment needed for the teaching of science and industrial technology in six technical lycées in the provinces of Antananarivo, Diégo-Suarez, Fiananrantsoa, Majunga, Tamatave and Tulear;
— improve the quality and standard of education in general and practical vocational training in particular.

Tanzania

Technical teacher training college, Mtwara

Grant: 1 400 000 EUA

The project comprises the construction and equipping of educational, administration and residential accommodation for 240 students, as a wing to the existing Mtwara Technical Secondary School.

Member States of the Niger River Commission (NRC)

Hydrological forecasting system for the Niger river

Grant: 1 500 000 EUA

The purpose of the EDF financing is to provide the Niger River Commission (NRC) with the means to gather hydrological information on the whole river basin and to establish a hydrological forecasting system with a view to the rational administration of water resources.

The Community's contribution will be used principally to cover the cost of:
— equipment;
— a hydrological study of the inland delta of the Niger River;
— technical assistance.

Niger

Introduction of modern rice-growing methods in the Niger river basin.

Grant: 5 500 000 EUA

This project concerns the hydro-agricultural development of an area of 375 hectares by harnessing all water available so as to obtain two rice crops a year.

The area chosen for this project, which is financed by the Community, is the Koutoukalé basin, 50 km upstream from Niamey.

The project has two aims:
— to help implement the Government's agricultural development policy which gives priority to making the local population self-sufficient in food;
— to give a sustained and lasting boost to earnings from rice growing in the valley.

Liberia

Coffee and cocoa development project at Zwedru and Plahn.

Grant: 2 900 000 EUA

The project involves the development of 980 hectares of robusta coffee and 1320 hectares of cocoa plantations on around 900 holdings.

It covers:
— the supply of improved plant material;
— the strengthening of the extension service;
— crop collection and post-harvest treatment of the crop.

Dominica, Grenada, St. Lucia (ACP), Antigua, Montserrat, St. Kitts, Nevis, Anguilla, St. Vincent (OCT)

Grant: 1 200 000 EUA

Common services for the islands of the East Caribbean Common Market (ECCM). The aim of this project is to improve the planning capabilities of the less-developed countries of CARICOM which together form the ECCM.

The Community's role in this project would be:
— to provide a head of project development services;
— to provide the funds to finance experts and consultants to study the projects chosen;
— to provide facilities for training ECCM nationals.

Barbados

General technical cooperation

Grant: 87 000 EUA

Community financing is intended to provide awards for training in Europe.

Each year six or seven students will receive training in different Community countries.

Botswana/Zambia

Emergency aid to the UNHCR (Art. 59) (Office of the United Nations High Commissioner for Refugees)

Grant: 3 000 000 EUA

Following the Lancaster House conference in London to settle the problem of Zimbabwe, the UNCHR launched an appeal to potential donors to cover the costs of repatriating and providing facilities in Rhodesia for refugees currently in Botswana, Mozambique and Zambia.

The Community decided to respond to the UNCHR's request by granting emergency aid of 3 000 000 EUA.

Guadeloupe (OD)

Irrigated section of the Vieux Habitants area

Grant; 300 000 EUA

Loan on special terms: 1 400 000 EUA

The project involves the irrigation of 245 ha in the Vieux Habitants district of Côte sous le Vent on the island of Basse-Terre, and comprises the following main operations:
— a gravity irrigation network, under pressure, from the Grande Rivière;
— land improvement: clearance, removal of stones;
— a pilot holding of 30 hectares.

Mauritania

Technical assistance for the health services

Grant: 400 000 EUA

The Community aid will finance a study on the setting up of a national maintenance brigade for the various hospitals in Mauritania. Until this brigade has actually been established, technical assistance (3 experts) for the national hospital has to be continued.

1 500 tenders

In EDF financing the Commission has now passed the 1 500th tender, representing over 2.3 bn EUA. This does not include those funds which come from other sources through cofinancing. The 1 500 tenders breakdown in the following way by number and value:
number: 53% in works, 47% in supplies.
value: 82% in works 18% in supplies.

EIB

Loans for energy projects in Madagascar and Senegal

The European Investment Bank has provided 1 607 000 units of account for investment designed to exploit national energy resources in Madagascar and Senegal.

The funds have been made available in the form of conditional loans from risk capital provided for under the Convention and managed by the EIB on the Community's behalf; in Madagascar, 1 107 000 units of account will help to finance a study on developing bituminous sandstone deposits which may lead to the production of around 200 000 tonnes per annum of synthetic petroleum products; in Senegal, a loan for 500 000 units of account will be used for constructing a factory producing solar collectors and insulated tanks with a view to harnessing solar energy.

Bituminous sandstone in Madagascar

1 107 000 units of account have been lent (15 years at 2%) to Madagascar to help finance the first phase of a study on developing bituminous sandstone deposits in the Northern area of the Morondava basin, to the West of Antananarivo, the capital.

Covering an area of 420 sq km, the deposits are among the seven most important proven to date throughout the world. Reserves are estimated at a total 3 000 million tonnes, of which 500 million tonnes possible for extraction by open-cast operations. The average bituminous content of the sandstone varies from 6% to 9%.

The studies backed by the EIB are costed at 2 580 000 units of account; they follow on from previous research conducted over several years and are expected to be completed by early 1981. Repayment of the conditional loan will be waived should the results not prove conclusive.

Studies will focus on both conditions for developing a zone where proven reserves of bitumen total 4.4 million tonnes, and the application of an extraction and distillation process. If the results are positive, this will lead to construction of a plant capable of processing 10 000 tonnes of sandstone a day (output would represent one third of the country's current imports of petroleum products).

Solar energy in Senegal

In Senegal a loan for 500 000 units of account (CFAF 145 million) has been made to the state for 20 years to finance its stake (around CFAF 72 million) in the planned capital increase of SINAES — Société Industrielle des Applications de l'Energie Solaire, founded in 1976 to promote the introduction of equipment using renewable energy. The funds will also enable the state, which holds a 50% stake in the undertaking, to cover part of SINAES's long-term financing requirements via a CFAF 73 million shareholders' advance.

The finance will help construction of a plant at Thies (65 km from Dakar) manufacturing solar collectors and insulated tanks.

The French SOFRETES group, which specializes in research into the use of renewable energy and holds a stake in SINAES, is providing technical assistance for the project.

Solar collectors produced at the plant will be used for individual and communal hot water systems as well as in conjunction with pumps for irrigation in isolated rural areas.

Harnessing solar energy promises to be a very useful development for Senegal and might be extended to other countries in the Sahel.

Loan for modernizing a cementworks in Zambia

The 2.8 m EUA are being advanced in the form of a conditional loan for a maximum of 20 years at a rate of 2% from risk capital provided for in the Convention and managed by the bank as agent for the European Community. The loan is to the Industrial Development Corporation Limited (INDECO)—the body which manages state shareholdings in the industrial sector—to help it to increase its stake in the Chilanga Cement Company. The company's majority shareholder is the state, through INDECO; the Commonwealth Development Corporation is among the other shareholders.

Chilanga Cement Company, set up in 1949, has two works: one on the Copperbelt produces cement by the dry process; the other, being financed by this loan, operates a three-line wet process plant with a capacity of 320 000 tpa. This plant must be modernized in order to safeguard 800 jobs and to avoid imports detrimental to Zambia's balance of payments.

The total capital cost of the project is estimated at 5.6 million EUA and the modernization programme is to be carried out with the technical backing of the Cement Company of Ireland as part of a cooperation agreement between the two countries. The EIB has already supplied financing for this project in 1978 through a 80 000 EUA conditional loan from risk capital for the feasibility study covering the modernization.

The Danish government is also helping to finance the project by means of a loan to the government of Zambia.

Loan to promote industry and tourism in Trinidad and Tobago

The European Investment Bank, has granted a loan for 5 million units of account to help finance small and medium-scale industrial and tourism ventures in Trinidad and Tobago.

The funds have been made available in the form of a "global loan" to Trinidad and Tobago Development Finance Company Ltd. (TTDFC) for 12 years at 7.4%, after deduction of a 3% interest subsidy drawn from the resources of the Community's European Development Fund. The EIB grants global loans to banks and financing institutions which use the resources to make individual loans for more modest amounts to support projects selected in agreement with the bank.

TTDFC was incorporated in 1970 with the task of fostering the country's economic development by establishing and expanding undertakings in the industrial, agro-industrial, tourism, commercial and services sectors. The shareholders are the state (majority), commercial banks, insurance companies and private industry.

A global loan, for 5 million units of account, was made to TTDFC in 1978, the EIB's first operation in Trinidad and Tobago. It went towards 13 small and medium-scale ventures including a quarry, a breeze-block factory, units producing galvanized sheets, a glassworks, a shoe factory, a printing works, etc. ○

STABEX

On 4 and 6 January the Commission took two decisions on Stabex transfers: one concerning Gambia, as an advance on the 1979 financial year, and the other concerning Sudan and Swaziland, for the 1978 financial year.

Transfers to Sudan and Swaziland

The purpose of this decision is to offset the drop in export earnings recorded in 1978 for the following products and amounts:

Sudan: Groundnuts, in shell: 9.33 million EUA;

Swaziland: Iron ore: 5.5 million EUA.

Thereby bringing Stabex transfers for the 1978 financial year up to a total of 163.96 million EUA. Taking account of transfers in the preceding years, 67.5 million EUA is now available for the 1979 financial year, excluding any refunds that may be made to replenish the system's resources.

Transfer to Gambia

The advances granted to Gambia for the 1979 financial year are for the following products:

Groundnut oil: 3.1 million EUA;

Groundnut oilcake: 0.6 million EUA.

In this case the drop in export earnings is due to damage to the groundnut harvest caused by early rains during the 1978/79 crop year. ○

MADAGASCAR

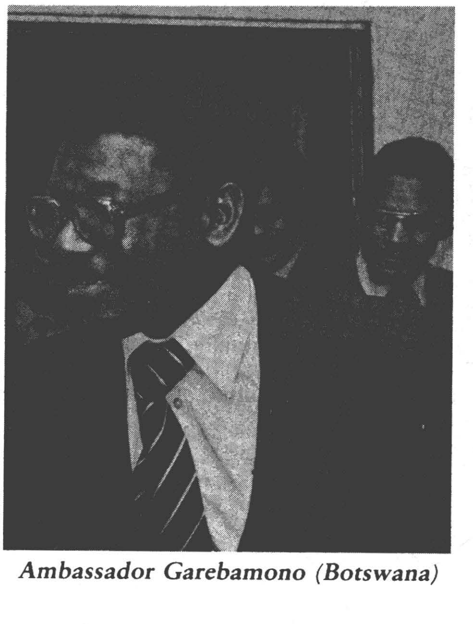
From 25 February to 7 March, an exhibition was held in Antananarivo to mark 20 years of cooperation between the EEC and Madagascar. The exhibition, which was organized by the Commission's delegation, included a variety of events, conferences and films. Representatives of the Commission in Brussels also attended. ○

ACP EMBASSIES

Three new ambassadors, from Botswana, Cape Verde and Guinea, have just presented their credentials to the Presidents of the EEC Council and the Commission.

Botswana

Geoffrey Gabotsewe Garebamono has succeeded Botswana's Mrs Mathé



Ambassador Garebamono (Botswana)

as ambassador to the EEC. Mr Garebamono who holds a degree in sociology and history and a diploma in sociology, began his diplomatic career in the ministry for foreign affairs in 1970. Two years later, he was appointed first secretary at Botswana's high commission in Zambia, where he stayed for three years before going on to be first assistant secretary and then adviser at the foreign affairs ministry.

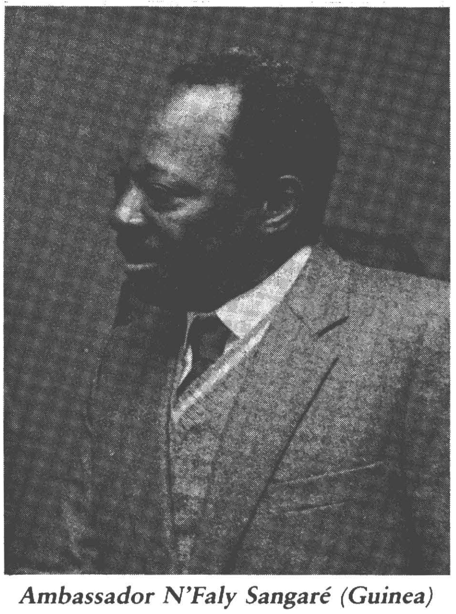
Mr Garebamono is 37, married and the father of two children.

Guinea

Guinea's new permanent representative to the EEC, with the rank of minister, is N'Faly Sangaré. He is a graduate of the faculties of law and economics of the universities of Dakar and Paris and has spent much of his career in his countries banking institutions. In 1960, he joined the Banque pour le Commerce, l'Industrie et l'Habitat as head of credit operations and three years later became deputy director of the Crédit National. In 1965 he went to the Banque Centrale de la République de Guinée and rose through the ranks to become governor, a post he kept until 1975. He was appointed minister for planning and cooperation the following year. Mr Sangaré is married and has four children.

Cape Verde

The new ambassador for Cape Verde, Ferreira Fortes, is a 48-year old ex-student of the Lycée de St Vincent. He began his career, in 1948, in the customs services where he spent most of his professional life, becoming director-general of customs of Guinea-Bissau in 1974. In 1977, he became head of the port authorities of Cape Verde. Ferreira Fortes is also a member of the national council for the development of the merchant navy and has represented his country at many international conferences. ○



Ambassador N'Faly Sangaré (Guinea)

Ambassador Ferreira Fortes (Cape Verde)

FORMATION

Training in 1979

By the end of 1979, the Commission had adopted 49 multiannual training programmes in agriculture, health and infrastructure for a total of 90 million EUA. They included a variety of schemes involving grants, technical assistance and the provision of teaching aids. In addition to this there were one-off training schemes, at regional and national level, totalling some 20 million EUA. Particular emphasis should be laid on the programme of basic and advanced training sessions for top ranking ACP officials (800 000 EUA) which enabled two seminars to be run on the problems of planning skilled labour requirements. These provoked considerable interest in the run-up to the new Convention.

Multiannual training programme

Zambia: 4 552 000 EUA;
Tanzania: 500 000 EUA;
Lesotho: 3 531 000 EUA;
Somalia: 1 790 000 EUA;
Nigeria: 1 780 000 EUA.

One-off schemes

Training centre for the Conseil Permanent de la Comptabilité in Zaire: 500 000 EUA;

Technical assistance for the Caricom secretariat: 200 000 EUA;

Assistance for the Mano River Union telecommunications institute: 1 500 000 EUA;

Training for higher management staff in Madagascar: 1 830 000 EUA;

Training in posts and telecommunications in southern Africa: 986 500 EUA;

Aeronautical training institute in the Caribbean: 2 300 000 EUA;

Training and aid for the populations in the interior of New Caledonia: 400 000 EUA;

Programme of basic and advanced training for ACP managers: 800 000 EUA.

EEC COUNCIL

Trade relations between the Community and Southern Rhodesia

The EEC Council agreed January that, once the European Parliament had delivered its opinion (and following the decision to be taken under the EEC-Greece association with regard to tobacco), it would adopt a decision granting Southern Rhodesia the same arrangements as those currently applied to the overseas countries and territories in their trade relations with the Community.

These arrangements are based primarily upon the principle of duty-free access to the Community market; farm products subject to market regulations are in any case covered by arrangements more favourable than those applicable to third countries.

A decision of the governments of the Member States concerning ECSC products concurrently suspends the duties applicable to products covered by the ECSC.

These arrangements would remain in effect until Rhodesia gained independence when it would be able to apply for membership of the ACP-EEC Convention.

ACP and OCT interim measures

The Council also agreed on the arrangements to be proposed to the

ACP states regarding the transitional measures to apply as from 1 March 1980, when the 1975 ACP-EEC Convention (Lomé I) expired, pending completion of the ratification procedures to enable the new Lomé Convention to enter into force.

The draft interim arrangements provide for:

— the maintenance—until 31 December 1980 at the latest—of certain provisions of Lomé I, concerning in particular trade and Stabex, industrial co-operation, provisions on establishment and services, payments and capital and provisions relating to the institutions. Any extension of these provisions would be decided upon by the ACP-EEC Committee of Ambassadors under the decision of the ACP-EEC Council of 31 October 1979 on the delegation of competence;

— the advance implementation to be decided unilaterally by the Community of certain provisions of the new Convention, in particular as regards access to the market for certain products covered by the common agricultural policy, the procedure for derogation from the rules of origin and the banana and rum protocols.

The Council also adopted a decision covering interim measures, to apply until 31 December 1980, on the association of the overseas countries and territories (OCT) with the Community as the previous decision also expired on 28 February. ○

MAURITIUS

Emergency aid

Mauritius suffered considerable damage recently from the two cyclones which struck the island within the space of a few weeks. A Commission team was sent out to help with the damage assessment, the estimated total cost being 35 million EUA. The main requirements are for housing repairs and rebuilding, repairs to the drainage, water-supply and telephone networks, repairs to the island's infrastructure and the supply of fertilizer.

The Mauritian government has requested a Community contribution of 1 150 000 EUA as exceptional aid under the Lomé Convention.

The Commission decided by accelerated procedure to grant immediate aid of 300 000 EUA to cover the most urgent requirements. This decision does not rule out the possibility of further aid at a later stage. ○

REUNION

Emergency AID

At its meeting on 30 January the Commission was informed of the considerable damage sustained by Reunion as a result of Cyclone Hyacinth. The Commission stated its willingness to take all possible action and to make any proposals that might contribute towards the work already being done to meet the most urgent requirements and, subsequently, carry out the reconstruction that will be essential following this disaster.

Given the limited funds then available pending agreement on the 1980 Community budget the Commission decided to release the maximum amount authorized for immediate aid, namely 300 000 EUA (approximately FF 1 750 000).

Two representatives of the Commission went to Reunion to accompany the damage assessment team sent by the French government.

On their return the Commission decided to grant Reunion a further emergency aid of 1 MEUA (or about FF 5 858 000). The Commission will examine later any requests which the French government might make for structural payments from the EAGGF or the Regional Fund. ○

BARBADOS

BIDC comes to Europe

Mr. H. Bernard St John, Barbadian Deputy Prime Minister and former President of ACP council of ministers opened last January three European offices of the Barbados Industrial Development Corporation (BIDC) in London, Cologne and Brussels. The Brussels office is the European headquarters of the Corporation and is headed by Mr. Errol Humphrey.

The Barbados Industrial Development Corporation was established in 1965 with the express aim of promoting and facilitating the development of light industries in the country. Since then it has successfully attracted investment mainly from North America in industries such as electronics, sewing and food processing, providing well over 16 000 jobs.

Briefing journalists shortly before opening the Brussels office, Mr. St John, who is also minister of Trade, said that BIDC's spectacular success with North America, coupled with the need to diversify sources of investment and for a better liaison with the Centre for Industrial Development set up under the Lomé Convention prompted the decision to come to Europe and the choice of Brussels as BIDC's European headquarters.

There is room for expansion in manufacturing especially in electronics and food processing, the minister said. He pointed out that Italy and Germany, for example, have particular expertise in ceramics which could be used to exploit ceramic clay and silicon sand—natural resources for which Barbados is endowed.

Mr. St John disclosed that because of Barbados' proximity to America, particularly the southern states of the US, many industrialists have indicated their interest in using the island as a base for manufactures destined for the American market.

TRADE

EEC-ACP trade stagnates

With its exports to industrialized and state-trading countries soaring by 15% between the first half of 1978 and that of 1979, the growth of the Community's exports to developing countries over the same period came to a sudden halt, plateauing at the 1978 level of 5 318 m EUA.

This slowdown was even more pronounced in exports to ACP countries which declined by 18% from 6.4 bn EUA in the first half of 1978 to 5.3 bn EUA during the first six months of last year. In line with this development, the importance of the ACP as a Community export market fell in the first half of 1979 both in relation to exports to all third countries (5.8% compared to 7.8% on 1970) and in relation to all other developing countries (16% compared to 20%).

In contrast, Community imports from the ACP grew in value terms by 20% from 5.9 bn EUA in 1978 to 7.1 bn EUA in 1979, thereby following the import pattern for all other developing countries which shows a 13% rise over that period. The trade balance of the Community with the ACP, which showed a surplus between the second half of 1977 and the end of 1978, turned into a notable deficit of 1 811 m EUA during the first half of 1979. The principal reason for this reversal was a change in the pattern of trade with Nigeria, mainly due to increased oil imports. A 70% increase in Community purchases from that country coupled with a 44% decline in Nigerian imports from the Community turned their trade balance, which since 1977 had been in the Community's favour, into a deficit of 1 202 m EUA. Latest quartely statistics on EEC trade with ACP and South Mediterranean states are available from the European Commission's Press and Information Offices. ○

GENERAL INFORMATION

Emergency aid to Afghan refugees in Pakistan

The aid requirements of the 500 000 or so Afghan refugees in Pakistan for 1980 have been estimated at nearly $72 million, $55 million of which would be provided by the Office of the United Nations High Commissioner for Refugees. To finance this programme, which involves supplying basic foodstuffs (to the value of some $25 million) and meeting other vital needs (some $30 million) the UNHCR has issued an appeal to international aid sources and the Community in particular.

On 15 January the foreign affairs ministers of the EEC called upon the Commission to prepare proposals as soon as possible so as to enable the Community to cover a major part of the cost of the programme. On 18 January Parliament adopted a resolution along the same lines, and the proposals were then adopted by the Council.

The proposals approved by the Council concern Community contributions to the UNHCR's aid programme involving:

— Financial aid to the tune of $14 million (10 million EUA), with the Commission deciding to make an initial payment of 300 000 EUA immediately;

— Food aid comprising, as requested by the UNHCR:
— 12 000 t of cereals
— 300 t of milk powder
— 1 000 t of sugar.

These quantities are in addition to those decided last November, which are now being delivered (740 t. of butteroil and 600 t. of milk powder), and are worth approximately $3.7 million (2.6 million EUA at world prices).

The member states are also taking individual action and this should bring the Nine's total contribution to over $20 million.

Declaration of the nine on Afghanistan

The EEC also cancelled the 1979 food aid programme for Afghanistan and on 15 January adopted the following declaration:

"The Foreign Ministers of the Nine countries of the European Community have focused their attention on the Afghan crisis, in the light of its dramatic developments, the debate in the Security Council and the Resolution adopted by the General Assembly of the United Nations.

The nine Ministers have reaffirmed their grave concern with regard to the crisis created by the military intervention of the Soviet Union in Afghanistan, which represents a serious violation of the principles of international relations enshrined in the Charter of the United Nations.

They have emphasized that the explanations given by the Soviet Union to justify its intervention in Afghanistan are unacceptable. They take the view that the Soviet intervention constitutes a flagrant interference in the internal affairs of a non-aligned country belonging to the Islamic world and constitutes furthermore a threat to peace, security and stability in the region, including the Indian subcontinent, the Middle East and the Arab world.

It is with great concern that the Foreign Ministers of the Nine countries of the European Community have noted that despite the almost universal protests against the Soviet military intervention, the Soviet Union has vetoed a Resolution on the Afghan crisis sponsored by non-aligned countries and supported by a large majority of members of the Security Council.

They urge the Soviet Union to act in conformity with the Resolution on the Afghan crisis adopted by the General Assembly of the United Nations with an overwhelming majority, which calls for the immediate and unconditional withdrawal of all foreign troops from Afghanistan.

The Nine countries of the European Community have devoted continuous efforts to the cause of detente and they remain convinced that this process is in the interest of all members of the International Community.

They are, however, convinced that detente is indivisible and has a global dimension. They, therefore, urge the Soviet Union, in conformity with the standards and principles of the United Nations Charter, to allow the Afghan people to determine their own future without foreign inteference.

In formulating their position on this important question, the Foreign Ministers of the member countries of the European Community have also been keenly aware of the sufferings borne by the Afghan people as a whole as a result of the crisis, including those Afghans who are being forced to leave their country. ○

UNITED NATIONS

Later this year global negotiations will start on the international economic order under the guidelines set down by the UN's General Assembly resolution No. 34/138.

The task of drawing up agendas and preparing for the negotiations falls on the so-called Committee of the whole which the General Assembly established. The UN's director-general for development and international economic cooperation, Kenneth Dadzie (Ghana), outlined his ideas on the committee's work during its organizational meeting in January:

"What are the elements of an adequate and feasible package of mesures in the major areas of trade, raw materials, energy, development, money and finance?" Mr. Dadzie asked. "Rather than focus the discussion on specific schemes, the first task is to establish a conceptual framework for preparing the negotiations. The analysis of the dynamics of the world economy provides some of the basic elements of such a framework. It points to two sets of considerations as being of primordial importance. One, there is an immediate problem of contraction, together with a medium-term problem of insufficient impetus to expansion in both developed and developing countries, and a longer-term problem of establishing a viable process of international development which will be firmly secured by progressive structural change; these problems are intimately connected, in that questions of dynamism and structure are common to all of them. Two, the problems of the international economy are rooted in the organic interrelationships among, and interaction between the process of world production, distribution, exchange and income generation.

"It would thus be fruitless to fragment the global negotiations into neat segments and compartments, each carrying its own label reading "trade", "raw materials", "energy", "development", "money" or "finance". Equally, the negotiations should not be all-encompassing or unstructured. Indeed, recognition of the over-all character of the international economic problem must go hand in hand with a clear ordering of priorities. In order to arrive at such an ordering, the analytical categories and selection of specific issues must be attuned to the problem and its solution. Such an ordering might best be achieved through a three-pronged approach designed to attack the problems just mentioned of stability, expansion and structural change.

"The first prong would consist of a complex of measures designed to forestall a downward spiral of contractions, frictions and uncertainties. It would be directed both at the supply side—for example the output and allocation of petroleum, and the balance-of-payments deficit of developing countries—and to the demand side—the tendency towards deflation and protectionism.

"The second prong would address problems of expansion in the medium-term and would seek to impart a fresh momentum to the world economy. It would seek to generate a massive transfer of resources to developing countries: this would take up the slack in the industrial sector in developed countries and create a more export-oriented pattern of growth, which would generate greater technological dynamism in the developed world. It would also address the channelling of the resources into investments in productive capacities (for example in energy, minerals, infrastructure, industry and food). The question of the security and value of reserve assets and recycling, which are, of course, related to questions of energy output in the medium-term, and the related aspect of energy conservation, will also need to be addressed, as will the problem of commodity price fluctuations.

"The third prong would seek to ensure that the growth process is sustainable, by providing for continuous and accelerated adaptations of structural relationships. Particularly relevant in this context are: the development of new patterns of energy use and production; industrial redeployment and greater access to markets (which is also essential if a massive transfer of resources is to prove viable); changes in the world commodity economy; and the reform of the international monetary system. The structural transformation of the least developed countries which have by and large been left out of the process of world economic expansion should also be addressed in this context." ○

SAHEL

The food shortfall

There will be a food shortfall almost all over the Sahel this year, said Djibril Sene, Senegal's minister for rural development and coordinator of the CILSS, the inter-state committee fighting the drought in the Sahel, at a press conference after his trip to Cape Verde, which has been particularly hard hit by successive droughts.

Mr Sene had made the trip with Gambian head of state, Sir Dawda Kairaba Jawara, president in office of the CILSS, and he said that Cape Verde, had only harvested 10 000 t of maize and 2 000 t of beans, this year, 8% of the normal yield. An estimated 42 460 t of food was urgently required for this country.

In Gambia, Sene said, an estimated 32 250 t of emergency aid were required because of an estimated drop of 43% in the groundnut harvest and 33.3% in the cereals harvest as compared to the previous year.

In Mali, there was a provisional deficit of 259 000 t of cereals to cover.

The drop in Mauritania, Mr Sene said, was about 50% of the 1978 figure and production could only cover one sixth of needs.

Senegal had a large cereals deficit, estimated at 1 250 000 t, and although the situation was less catastrophic than in the neighbouring countries, it was certainly not cause for satisfaction, Mr Sene concluded. ○

OCEANO-TROPIQUES 80

Achievements, activities and projects of the developing countries mostly concerned with seas, rivers, lakes and lagoons

Océanotropiques is coming to Bordeaux (France) on 4-8 March. This is an opportunity for the most dynamic of the developing countries to show what they have done, what they are doing and what they hope to do with their seas, rivers, lakes and lagoons. Their stands will be manned by many of their decision-makers.

Cameroon, Chad, Gabon, Guyana, Indonesia, Ivory Coast, Kuweit, Madagascar, Malaysia, Mauritania, Morocco, Peru, the Philippines, the Red Sea Commission, Rwanda, Saudi Arabia, Senegal, Singapore, Thailand, Tunisia and the United Arab Emirates will all have stands in the Bordeaux Lac exhibition centre. They will be surrounded by the stands from the industrialized countries that form Océanexpo, the fourth international exhibition on the exploitation of the oceans (covering shipbuilding, offshore techniques, harbours, fishing and pollution control). Océanexpo exhibitors come from Belgium, Canada, Denmark, France, Germany, Great Britain, Italy, Japan, Monaco, Norway, the Netherland, Poland, Portugal, the USA and the USSR.

An international symposium will accompany the two exhibitions. The Océanotropiques themes are:
— the ACP group, the sea and the ocean, on 4 March;
— the Arab countries, the sea and the ocean, on 5 March;
— Latin America, the sea and the ocean, on 6 March;
— South-east Asia, the sea and the ocean, on 7 March;
— cooperation in the maritime sector, what the developing countries expect from the industrialized world and what the industrialized world hopes to get from the developing countries, on 8 March.

The inaugural ceremony is on Tuesday 4 March and will be presided by Léopold Sedor Senghor, Président of Senegal, and honorary chairman of Océanotropiques, Claude Cheysson, EEC development commissioner, Chedli Klibi, secretary-general of the Arab League, with Jacques Chaban-Delmas, President of the French national assembly, senator J.F. Pintat, representative of the French government and chairman of Océanotropiques/Océanoexpo, and Mr Charles Deutsch, overall head of these events and chairman of the interunion group of suppliers of oil, gas and petrochemicals.

Visitors from more than 80 countries are expected.

This is a major international event, and a world première, being the first exhibition devoted to technological maritime exchanges between the developed and the developing countries. ○

TRILATERAL COMMISSION

A speech entitled "The trilateral: myth and reality of a conspiracy" was given by Georges Berthoin, European chairman of the Trilateral Commission at the Royal Institute for International Relations in Brussels.

Mr. Berthoin began his speech by explaining how the Trilateral Commission had come into being, moving on to discuss major international questions. He criticised the idea that the Trilateral Commission is a conspiracy (in the manner that multinationals are regarded as being a conspiracy), and said that the Commission had been set up in 1973 as a result of the need to put Japan on a equal footing with Americans and Europeans.

He explained that the Commission is a private organization with 290 members including trade unionists, businessmen, university teachers and people active in politics (excluding persons holding ministerial functions). The best-known member is Jimmy Carter who chose 23 former members of the Commission for his administration.

He Berthoin said that although the members held a wide range of political affiliations (excluding the extreme right and extreme left) there was a broad consensus on a number of points.

All the members of the trilateral believe that the three parties have considerable responsibilities, and that their attitude to the rest of the world, the developing countries and the communist countries, was open, rather than defensive. He said that they held the national framework to be lacking in strength in a world situation characterized by an increasing degree of interdependence, and political activity to be lacking in organization. ○

AZORES

Emergency aid for disaster victims

The Commission has decided to grant aid of 100 000 EUA to UNDRO (United Nations Disaster Relief Office) in order to help the population of the Azores following the earthquake which hit a number of islands in the archipelago on 1 January.

This aid will be used to supply about 600 tents, which will be transported by the Portuguese airlines, TAP. ○

EIB

Loan for Lebanon power station

The European Investment Bank, has lent 10 million units of account towards three additional 70 MW generating sets at the Jieh thermal power station near Beirut (the Lebanon).

This extension represents one of the key measures undertaken by the Lebanese government to revive the country's economy. Increased electricity output is essential to cope with the expected growth in industrial and commercial activity and to meet increasing domestic demands.

The loan (for 10 years at 9.50%) follows two others—3 million EUA granted in June 1978 and 7 million EUA in August 1979. Together they form part of total financing of 25 million EUA scheduded for this project.

The 20 million EUA so far granted makes up the "exceptional aid" offered to the Lebanon by the Community and which the EIB is providing in the form of long-term loans. The remaining 5 million is foreseen under the financial protocol concluded between the Community and the Lebanon.

The loans are being spread over the construction period (extending up to 1981) and granted to the Council for Development and Reconstruction (CDR), a state body set up to implement the national reconstruction programme, which on-lends the proceeds to Electricité du Liban. ○

GROUP OF SEVEN

The group of Seven for Economic Co-operation with Africa which combines private investors, industrialists and other business firms from Belgium, the Netherlands, France, Germany, Italy and the United Kingdom has appointed a new advisor and director of it's Brussels Liaison Office at 8, Woluwelaan, Bus 16, B — 1940 Sint-Stevens-Woluwe, Phone: Brussels 721.04.80.

Since the beginning of the year, Mr Ruprecht M. Hopfen, a former director and regional vice president for Africa of KFW, Germany's foreign development bank in Frankfurt has taken over from Dr. Max Walter Clauss, who after long years of activity in Brussels has retired to his home in the Black Forest region.

TOKYO ROUND

Implementation of internal measures on a community level

Following the signing by the EEC —and in some cases by the member states, of the agreements made at the GATT trade negotiations (Tokyo Round), the Community is committed to implementing internal application provisions. Some measures of this type have already been taken, others will be taken soon. All the agreements concluded at the Tokyo Round take effect on 1st January 1980, with two exceptions:

— agreements coming into force: the agreements relating to customs duty reductions (which will, however, be applied progressively), as well as the agricultural agreements per product (beef; dairy sector); the "codes" on subsidies and compensatory measures, and to technical barriers to trade (Standards Code), import licensing procedures; the revised anti-dumping code and the special agreement on the civil aircraft sector;

— agreements implemented as from 1st January 1981: the agreements relating to customs valuation procedures and public markets.

UNCTAD

Timetable of meetings on raw materials

Work on the conclusion of international agreements on a series of basic commodities in the context of the integrated UNCTAD raw materials programme has resumed in Geneva. Here is the timetable of the scheduled meetings:

— 18-22 February: 7th meeting on copper;

— 18-29 February: Interim Committee on Common raw materials Fund (possibly until 7 March);

— 25 February - 7 March: 4th meeting on tough fibres;

— 24-28 March: 5th preparatory meeting on cotton and cotton yarn;

— 8-18 April: 5th preparatory meeting on tropical timber;

— 9-11 April: negotiating conference on Common Fund;

— 28 April - 9 May: preparatory meeting on jute and jute products;

— 19-23 May: 2nd preparatory meeting on meat;

— 9-11 June: integrated programme ad hoc Committee. ○

FIDA

The International Agricultural Development Fund (FIDA), a United Nations agency set up in 1977, has approved its 1980 programme. The programme includes about 30 agricultural projects costing a total of 400 million dollars. Durings its first two years, FIDA financed 33 farm projects in developing countries at a total cost of 500 million dollars.

At the Rome meeting from 15 to 18 January, FIDA's Board of Governors also discussed the replenishment of the fund's resources for 1981. The President of Senegal, Mr Senghor, has urged that the amount of resources be raised substantially and not just marginally. The question will be dealt with again at the end of this year when the question of contributions to the fund will most likely be raised again. At the moment 43% of the contributions come from the OPEC countries, 56% from the industrialized nations and 1% from the developing countries themselves. ○

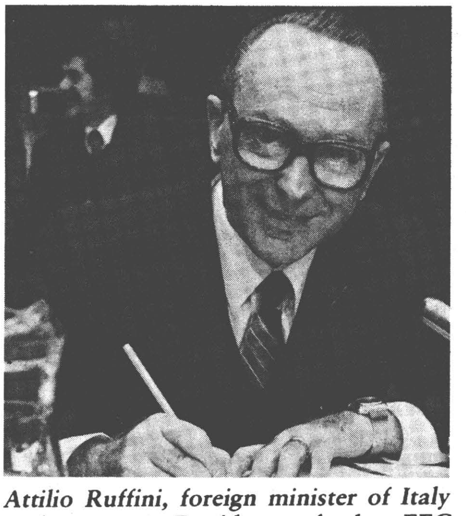
EUROPEAN COMMUNITY

Programme of Italian Presidency

The problems facing the European Community at the start of a new decade are "essentially political". The sombre economic outlook facing the world in the 1980s calls for the adaptation of existing models of development and a new vision of relations between the industrialised democracies and the developing world.

Set against this wider international backdrop, Mr. Attilio Ruffini, the newly appointed Italian foreign minister, outlined to the European Parliament on January 16 those areas to which the new presidency under his stewardship will accord priority over the next six months. These include energy, agriculture, the European Monetary System, industrial and social policy, enlargement, transport and external relations.

Mr. Ruffini laid particular emphasis on the strengthening of cooperation between the Parliament and the Council



Attilio Ruffini, foreign minister of Italy and current President of the EEC Council aimed at a frank and wide-ranging dialogue. In this light priority attention would be devoted to the speedy preparation of a new 1980 budget after Parliament's rejection of the last one. The presidency would do its best, said Mr. Ruffini, to ensure that "the political guidelines worked out by the Parliament receive due consideration in keeping with the Treaty of Rome and with a fair balance of the requirements to be met by the budget".

Mr. Ruffini linked the resolution of the 1980 budget issue to the second major issue facing the Community during the Italian presidency; that of the British budgetary contribution. "In examining the budget for this year it must not be forgotten ... that measures will have to be adopted in the near future in accordance with the objective of greater convergence of the economies of member states to help solve the problem of the financial imbalance of which the United Kingdom is complaining".

Francesco Cossiga, Italian Prime Minister

To achieve such convergence, it would be necessary in the first place to try and abolish those distortions in the common policies, including the agricultural policy, which now cause divergence. Second, a greater effort was needed to develop the more backward regions of the Community. Mr. Ruffini supported the Parliament's call for urgent action to change the balance of Community policies in favour of structural and general investment policies to achieve wider and more effective solidarity.

On the external front, the presidency intends to obtain an early conclusion of the agreement with Yugoslavia, and the adoption of measures to give new impetus to the association with Turkey.

Mr. Ruffini foresaw important developments in the Community's relations with the Third World. Greater prominence and political weight needed to be given to the North/South dialogue. More specially he called for the finalisation of the Community's aid package to non-associated countries, the conclusion of the new Food Aid Convention which includes a substantially increased Community commitment, and the signature of the cooperation agreement with the Asean countries. The presidency also planned a re-organization of the dialogue with Latin America countries and the introduction of new forms of cooperation. Mr. Ruffini cited Brazil and the Andean pact countries as priorities here. ○

EUROPEAN PARLIAMENT

Language minorities

The problem of ethnic and linguistic minorities in the European Community was raised by the meeting of the European Parliament's Committee on Youth, Culture, Education, Information and Sport held in Brussels on 28 and 29 January 1980 under the chairmanship of Mr Mario Pedini (EPP, Italy). Two motions for resolutions were put to the members. The first, tabled by Mr Gaëtano Arfe (Soc., Italy) and other socialist members, calls for the drafting of a charter of rights of ethnic minorities which within the European context. would satisfy the demands for autonomy which inspire such movements in various regions of Europe and often vent themselves in exaggerated protests. The particular concern is the legitimate protection of the heritage, cultural traditions and values which are an integral part of European civilization.

A second motion, tabled by Mr John Hume (Soc., UK) and others calls for the drafting of a charter of the regional languages and cultures of the Community. It is noted that some 30 million Community citizens have as their mother tongue a regional language or a little-spoken language; this diversity is one of the main sources of the vitality, wealth and originality of European civilization.

In an initial exchange of views on the problems raised, the members generally expressed support for a policy of protection of local cultural identity. Mr Arfe was given responsibility for drawing up a report. ○

Food aid

In reply to a written question by Mr Denis in the Parliament, the Commission gave the following information on agricultural cooperation.

"One of the most important ways in which the Community helps developing countries "experiencing great difficulties with food supplies" is by providing food aid.

Food aid is an instrument of Community development policy available to all developing countries meeting the eligibility criteria laid down by the Community. Numerous ACP states have been receiving considerable Community food aid for many years.

As regards the terms on which the ACP states may have access on a commercial basis to Community agricultural products, it should be noted that under the common agricultural policy the Community has already taken steps to increase the stability of supplies to some of these countries. For this purpose it has made arrangements to enable traditional ACP importers to purchase cereals in the Community at stabilized prices, by fixing the refund in advance for a delivery period which may cover a whole marketing year.

The Community has also proposed in certain circumstances to extend these arrangements to other essential foodstuffs, where it can be shown that this would be in the interests of the ACP States.

At the Lomé Convention renewal negotiations, the Community also expressed its willingness to seek further ways of improving the ACP states' security of supply in these products.

At Parliament's October part-session, the Commission reiterated its desire for a comprehensive review of the support to be given to developing countries to combat world hunger, particularly from the point of view of greater security of trade in foodstuffs. ○

ANTI-DUMPING

Communities adopt new rules on anti-dumping/ anti-subsidy policy

Following agreement in Geneva as part of the MTN package on new codes covering action against dumped or subsidized imports, Community rules in this area have been modified with effect from 1 January 1980. The Commission submitted to the Council in October 1979 proposals for a new regulation on protection against dumped or subsidized imports from third countries. This has now been adopted by the Council. The Commission has, at the same time, adopted a recommendation introducing similar modified rules for coal and steel products covered by the Treaty of Paris.

The main innovation compared with the existing rules is the inclusion of detailed provisions for action against subsidized, as distinct from dumped, imports. These provisions include an extensive illustrative list of export subsidies, and lay down precisely how the amount of subsidy should be calculated in different factors which must be deducted to arrive at the net subsidy.

The second main change involves the rules on injury which will now apply for both dumped and subsidized imports. The previous rules, based on the 1968 GATT anti-dumping code, required that dumping be shown to be the principal cause of any injury suffered, i.e. that it be more important than all other factors taken together. This has proved to be unrealistic in a time of economic recession where industries find themselves adversely affected by many different factors. The new rules, in line with the 1979 GATT code, abandon the concept of principal cause, providing instead that injury caused by other factors must not be attributed to dumping or subsidies, without requiring, however, that the effect of dumping or subsidization be balanced against these other factors. In addition more precise rules for the definition of injury have been adopted, covering in particular the question of threat of injury and injury to regional markets within the Community. ○

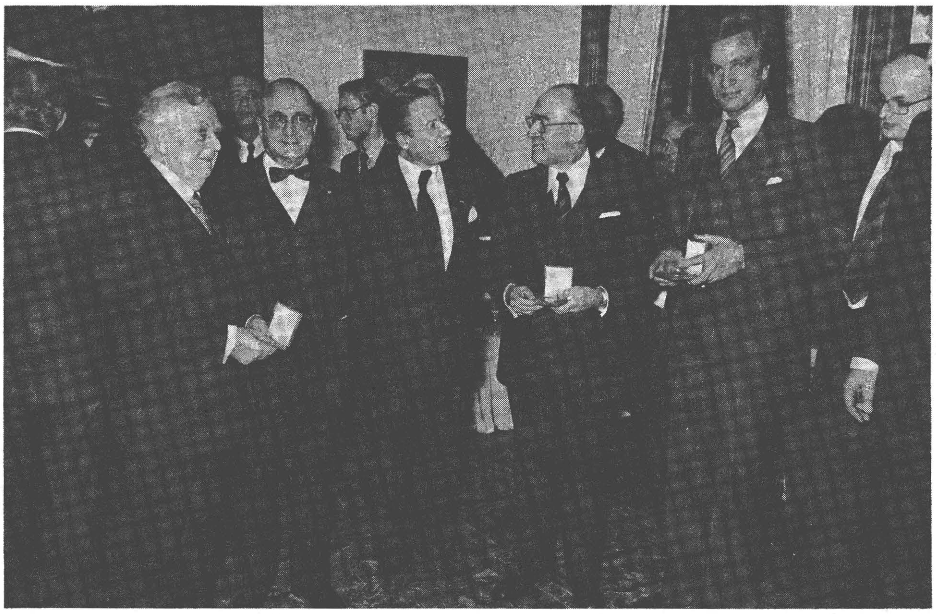
EUROPEAN MEDAL

On 17 December 1979, at a reception at the private Brussels residence of Luxembourg ambassador Pierre Wurth and Mrs Wurth, the European medal was awarded to three people, following speeches by Gaston Thorn and François Visine, the presidents of the foundation, and by Professor Triffin.

Gaston Thorn, vice-president of the Luxembourg government and minister for foreign affairs, presented the gold medal to Robert Triffin, Professor of economics at the universities of Yale and Louvain-la-Neuve, collaborator of Jean Monnet, economic adviser to presidents Eisenhower and Kennedy and special adviser to the European Commission.

He awarded silver medals to Guy Vanhaeverbeke, ex-deputy director of the Commission delegation to Washington, European Parliament press adviser and chairman of the Sail for Europe association which organized the circumnavigation of the globe by the "Treaty of Rome" yacht in 1977, and to Florent Bonn, cofounder of the foundation and its delegate-general to Belgium and principal administrator at the directorate of monetary affairs at the Commission of the European Communities.

The ceremony was attended by many leading figures from diplomatic, political, community and union circles, in particular Mrs Cox-Chambers, US ambassador, ambassador Hummel, secretary-general of the EEC Council, Baron Snoy et d'Oppuers, the ex-Belgian minister who signed the Treaty of Rome, Mr Libaers, grand maréchal of the Belgian court, Monseigneur Masseaux of UCL, Mr de Strycker of the Belgian national bank, Count Boël and Roy Jenkins, president of the EEC Commission.



Presentation of the European merit medals by Gaston Thorn, foreign minister of Luxembourg. From left to right professor Triffin, Mr Visine, the president of the European merit foundation, Mr Thorn, Mr Bonn and Mr van Haeverbeke

Programme speech to the European Parliament by President Jenkins (1)

in Strasbourg, 12 February 1980

The crisis ahead

We face no less than the break-up of the established economic and social order on which post-war Europe was built. We have built our industrial society on the consumption of fossil fuels, in particular oil, and it is now certain that if we do not change our ways while there is still time—our society will risk dislocation and eventual collapse. The signs of irreversible change are now visible in the accelerating decline of some of our older industries; in the impact of new technologies in many areas of our daily lives; in the changing pattern of our trade.

The essential question for 1980 and the years ahead is therefore simply this: how do we adapt our society to the new economic realities?

Energy

In the short term, energy conservation must be the connerstone of our policy. The potential for savings is immense: by 1990 they could be as much as 20% off our import needs. Second, we should rapidly raise the levels of our investment in the new ways of saving energy, in exploiting our native resources, and in developing new sources of energy. We need to reverse the downward trend in the consumption and production of coal; the delays which have occurred in the development of nuclear energy in different parts of the Community should be made up as soon as possible. Third, we need to devote far more time and attention to the development of other sources of energy. We need to put greater efforts into our research and development programme. Our efforts to cope with these problems will require time, money, and determination. The most tangible is money, hence the Commission is looking at possibilities which include the idea of some form of energy tax or levy.

New advanced technology

The ultimate test of success or failure in the next decade will be the attitude we adopt to the challenge of the new electronic technologies. We need not only to exploit these new developments but to contain their social effects. Our major competitors have worked out more consistent and wider scale strategies than we, and the technological gap is increasing.

Employment

Our people must be informed about the changes that are occuring, to see beyond their immediate horizon. Otherwise we can expect little but defensive and restrictive attitudes to changes from workers who see only that their industry is contracting, or that their firm is closing. Second if we are to make the necessary but difficult changes in our society, our policies must encourage greater mobility and people must be given the means to adapt to new opportunities and to learn new skills. Third we must reduce to the minimum the average period of unemployment. That requires more training and retraining and further discussions on the different aspect of time-sharing.

European monetary system

The system has worked well, providing a valuable degree of monetary stability in Europe at a difficult time of

(1) Extracts.

international turbulence. I hope the experience we have gained will encourage the ninth member state to come in. Without sterling the system is frankly incomplete. I would like to see a steady extension of the EMS, for example through closer co-ordination within it and elaboration of common policies with regard to third countries and currencies, as part of a common effort to rebuild a framework within which monetary turbulence can be effectively contained.

Budgetary and convergence issues

In our paper on structural questions affecting the less prosperous members of the Community, and budgetary questions affecting the United Kingdom, we have cut these problems down to size, and made their solution one of practical and specific negotiation. Let us not have too much metaphysical but unrewarding argument. It is time now for us to settle these issues and put them behind us once and for all.

Institutions

There was remarkable similarity of view in both the reports of the three wise men and of the Spierenburg group about the role and responsibilities of the Commission. There was no dispute that the Commission should continue to exercise its political powers of initiative in full independence. Like all organizations the Commission needs to adapt and renew its own response to changing circumstance. The Spierenburg report will be acted upon. We will shortly be considering a range of proposals designed to secure streamlining of our administrative services, improvement and strengthening of our internal co-ordination and planning, and better control over the use of staff.

The Commission hopes that there will be rapid consideration leading to action on the wider institutional issues raised in the reports. Decisions will soon be necessary on the composition of the next Commission. Our experience does not lead us to think that it should necessarily be smaller than the present one; but nor do we think it should be larger. Although I cannot commit the new Commission, we think it right that it should, as it were, submit itself to this House on taking up office. I am not proposing anything so formal or precise as a vote of confidence; but the next Commission must be in a position to know that it has been accepted by those who represent the people of the Community.

Conclusion

We can achieve nothing unless we act in the spirit of solidarity. That solidarity depends on respect for the rule of law. There can be no bargaining with the law. No consideration of temporary advantage or national self-interest can transcend our common interest in an orderly world in which rules are respected until there is agreement to change them. The Court interprets the law on the basis of the Treaties of which the Commission is the guardian. There is no duty to which the Commission attaches more importance. It is the rock on which the Community stands.

TRANSITIONAL MEASURES

Relations with the ACP states and the OCT

The Council has adopted regulations as the following
— on the application of Decision No 1/80 of the ACP-EEC Council of Ministers on transitional measures;
— on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the ACP states or the OCT;
— opening, allocating and providing for the administration of a Community tariff quota for fresh or chilled tomatoes falling within subheading ex 07.01 M I of the Common Customs Tariff originating in the ACP States (1980);
— providing for ceilings and Community surveillance for imports of carrots and onions falling within subheading ex 07.01 of the Common Customs Tariff originating in the ACP States (1980);
— opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia falling within subheading 22.09 C I of the Common Customs Tariff originating in the ACP States (March-June 1980),
— a Decision on import arrangements for rum, arrack and tafia falling within subheading 22.09 C I of the Common Customs Tariff originating in the OCT;
— Council regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia falling within subheading 22.09 C I of the Common Customs Tariff originating in the OCT (March-June 1980). ○

WORLD HUNGER

The feeding of the 100 million

World Food Council president Arturo Tanco, the Philippines agriculture minister, chose the "hearings" on world hunger organized by the European Parliament development committee in Brussels in February as the launching platform for a new initiative, an "international food entitlement scheme".

The scheme would aim to check the rising tide of world hunger by sponsoring food subsidy and distribution programmes in a number of poor countries. The novelty of it is that it would not initially aim at feeding the hungry in general, but at a target group of "at least 100 million".

The idea came from a WFC assessment of food schemes in 30 countries, mostly in Asia. These studies, requested in Ottawa last year, have convinced the WFC that some food projects are productive and cost effective—can they now be adopted more widely, although still within a sample of the world's hungry millions?

The details and mechanisms have not yet been worked out, but Mr Tanco feels that a fund of $ 500-1 000 million should be enough to finance the plan, which would be carried out "within the framework of existing development agencies". Asked what he expected of the European Parliament, he replied simply: "generosity".

The results of the WFC's food schemes assessment were due out at the end of February. At the Council's meeting in Arusha in June the food entitlement programme will be more detailed and the plan ready for more formal adoption, Mr Tanco indicated.

The World Food Council was set up after the 1974 World Food Conference. Since then, the food situation has deteriorated. Per capita food production in most developing countries has fallen and the Third World's food imports have quadrupled in the last 20 years.

One third of all children born alive now die from malnutrition and disease before the age of five. In 1979, total world food production fell for the first time in seven years, most conspicuously in the USSR and India.

However, Mr Tanco said, "there has been some real progress" since the 1974 conference. The World Bank has tripled its lending to the food and agriculture sector, the International Fund for Agricultural Development has been launched with $ 1 000 million initial capital, and "for the first time in the history of the world, mankind now possesses much of the technology to double or even triple crop yields in the tropics and sub-tropics, where hunger is most widespread".

"Only the developing world can help itself in the final analysis", Mr Tanco said, and he found grounds for hope in the Third World's "vastly increased awareness of the problem of hunger".

"The eradication of hunger is emerging as the central area for attention and action by the international community in this new decade", Mr Tanco told the European parliamentarians. ○

VISITS

Simone Veil visits Brussels

Simone Veil, the president (speaker) of the European Parliament paid a two day visit to Brussels in February at the invitation of the presidents of the Belgian senate and house of representatives. She was received by King Baudouin, and had discussions with the Belgian Prime Minister Wilfried Martens and foreign minister Simonet. There was also time for contacts with the chairmen of the Belgian parties represented in the European Parliament.

Mrs Veil explained during a press conference that one of her main concerns had been the improvement of contacts between the European Parliament and national parliaments. There was a risk, she said, of a rupture between the two, and it was important to find ways of maintaining contact, especially since the number of members of the European Parliament who also sat in their national parliaments (the double mandate) were few since the first direct elections last year.

When questioned about the eventual permanent site for the Parliament—it provisionally works in three different places—Mrs Veil said she hoped to see progress towards a decision, if only to improve efficiency, but would not give her own personal view on where it should be situated.

The president of the Parliament also had discussions with the Belgian government on the timetable for agreeing the Community's 1980 budget. The initial proposals were thrown out by the Parliament, and the Community is working at present month by month on the 1979 allocation.

Mrs Veil spoke as well of the discussions taking place on the workings of the Parliament. Since it was more than doubled in size last year it has faced initial difficulties in establishing effective working methods. She was certain these would soon be resolved, and on a more general level, believed that the elected European Parliament had proved to be an innovative and very "European" institution in the first nine months of its existence.

Décennie des Nations unies pour la femme

Mrs Lucille Mair, ex-Jamaican ambassador to Cuba and secretary-general to the world conference of the UN women's decade is expected in Brussels this month for talks with EEC Commission leaders. There are only a few months to go to the Copenhagen (Denmark) conference on 13-30 July when permanent advantages should be won for what Mrs Mair calls the "UN system and women the world over". This conference will assess the results of the first five years of the UN women's decade (1976-1985), and establish a precise programme for the next five. It will be geared to action and pay special attention to employment, health, and education. The tragic effects of apartheid on the women of southern Africa will also be covered and special aid measures will be planned.

Mrs Mair was Jamaica's deputy permanent representative to the United Nations in New York from 1975 until March 1978, and represented her country at the 28th, 29th and 31st sessions of the UN General Assembly (1973-'75-'76) on the third commission (social, humanitarian and cultural issues), which she chaired at the 32nd session in 1977.

Mrs Mair has a BA from London University and a Ph. D. from the University of the Caribbean in history, which she taught at the history department of the latter university, where she was also an administrator, from 1957 to 1974. She has held a number of posts in more than 25 years of government service: from 1972 to 1976 as a member of the governing board of Jamaica's National Family Planning Committee, in 1974-75 as director of the government information service, and as Jamaica's representative to the world anti-apartheid conference in Lagos (1977) and the International women's year conference in Mexico (1975). ○

Lucille Mair

ECOWAS

Mr Ousmane Diallo, operations director of the ECOWAS fund and Mr Alhaji F.D. Lawal, financial controller of the fund, visited the Commission in early February for the purpose of discussions with Community officials on the internal transfer of resources. Particularly concerned was Mr J. Jaeger, chief adviser and head of the task force for the coordination of structural instruments.

This series of discussions took place in the context of a long-standing collaboration between the EEC and ECOWAS, the executive secretary of which—Dr Diaby-Uuattara—is convinced that the EEC is the only organism in the world capable of providing him with the range of institutional-type information needed by ECOWAS at this stage in its development. ○

EUROPEAN LAUNCHER "ARIANA"

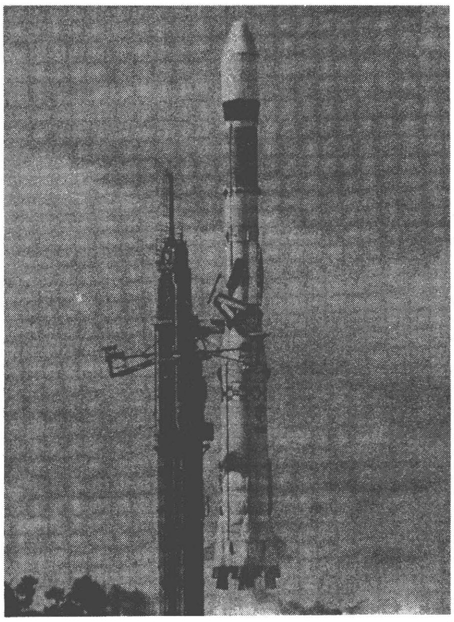
Success of first launch confirmed

The first detailed analysis of the information recovered during the first test flight on 24 December of the European launcher Ariana has confirmed that it was a complete success.

The conditions under which satellites would be launched in operational flights in the future were satisfactory as far as

ACP-EEC FORUM

A television discussion on ACP-EEC cooperation, which will be available for broadcasting in the ACP states, was held in Brussels in February. Those involved, (from left to right) were the journalist Louis Joos, ambassador Omar Sy (Senegal), Michel Poniatowski, chairman of the European Parliament's development committee, Togolese planning minister Koudjolou Dogo, journalist Josè-Alain Fralon, Mauritius ambassador Raymond Chasle, President of the ACP Committee of Ambassadors, EEC development commissioner Claude Cheysson, and ACP secretary-general Tiéoulé Konaté.



Ariana blasts off in Guyana

the going into orbit, position and speed of the satelite, final rotation and accustics were concerned.

The dynamics were slightly in excess for five seconds during the second stage (the Pogo phenomen). But for this first launch it was not thought necessary to use the corrector mechanism to take account of this phenomenon.

The functional characteristics of the three stages, the equipment cabin and the nose all conformed to the forecasts prior to the launch. The performance during the three stages of propulsion appeared significantly superior to estimates: the actual gain will be announced after the test launch L02. The overall results of the test mean that the second rocket can go ahead without any modification except the Pogo corrector mechanism mentioned above.

The next launch is planned for the end of May or early June. ○

JOSEPH BECH PRIZE

The "Joseph Bech" Prize for 1980 has been awarded to *Agence Europe* director, Emanuele Gazzo. The award will be given by the chairman of the jury, the Prime Minister of Luxembourg, during a ceremony to take place in Luxembourg on 14 March.

This prize aims to honour the memory of the Luxembourg statesman who died in 1975, one of the founding fathers of a united Europe. It was created on the initiative of the FVS foundation in Hamburg. The prize is awarded annually to a European personality who has contributed in an exemplary way to promoting European unity by means of his work in a public or private capacity. Up to now, the prize has been awarded to the British minister Shirley Williams, the editor and writer Henri Rieben, EEC commissioner Claude Cheysson and the secretary-general of NATO, Josef Luns. ○

COMMISSION

1980 food aid programme

The Commission has just approved proposals to the Council on food aid in cereals, skimmed milk powder and butter-oil for 1980. At the moment, the proposed quantities are the same as for 1979. Under the budget procedure, the Commission had proposed a considerable increase in aid, and Parliament, in its amendments, had taken a similar line. However, in order to make a start on implementing the 1980 programme, without waiting for the 1980 budget to be adopted, the Commission is proposing an initial programme limited to the quantities approved by the Council under the draft budget. If the 1980 budget appropriations turn out to be larger, the Commission will put forward a supplementary programme. If not, it would mean that the level of Community aid would remain static for the fifth consecutive year despite the increase in requirements and requests.

The programmes provide for the following quantities:
720 500 t of cereals
150 000 t of skimmed-milk powder
45 000 t of butteroil.

Requests received by the Community already exceed these amounts, totalling over 2.5 million t of cereals, 300 000 t of milk powder and 140 000 t of butteroil.

The estimated cost of the programme is:
135.2 million EUA for cereals
195.8 million EUA for milk powder
175.7 million EUA for butteroil
52.2 million EUA for transport
making a total of 558.9 million EUA.

The proposed allocations are based on three criteria: nutritional requirements, per capita GNP, and external financial position.

Cereals

170 000 t is to go to international agencies (World Food Programme, UNRWA, UNHCR, etc.), and 78 500 t is being held as a reserve, making it possible inter alia to cope with the large number of requests for emergency aid. A further 470 000 t, or 65 % of the total, is allocated to countries directly.

The geographical spread is as follows: Asia 179 500 t; Africa 158 000 t; Middle East 125 000 t; Latin America 7 500 t.

Milk powder

International agencies are getting 68 050 t, there is a reserve of 8 415 t, and 73 535 t is going directly to countries. The main recipient is Asia with 37 000 t, 31 000 t of which is going to India. Africa is getting 19 510 t, and 10 200 t is going to countries in the Middle East.

Butter-oil

13 400 t has been allocated to international agencies, 3 224 t to the reserve, and 28 376 t to individual countries. Asia is again the main recipient, with 17 000 t, including 12 000 t going to India. ○

EURONET DIANE

Start of operations

Euronet DIANE, the European on-line information network, was opened formally in February, at the European Parliament, Strasbourg, by Simone Veil, President of the Parliament, Roy Jenkins, President of the Commission and Guido Brunner, Commission member responsible for the project.

The inauguration included an audio-visual presentation of the network and was followed by a press conference.

Euronet DIANE brings together:
— 23 independent European computerized information services (hosts), who provide "on-line" access to some 150 data bases in the field of scientific, technical, social and economic information. The hosts are collectively called DIANE — Direct information access network for Europe.
— a PTT-operated data transmission network (Euronet) which provides cheap and reliable access to the DIANE hosts through entry points in every member country.

The Euronet DIANE network, supported by Community funding, has already had a direct impact on the market and is the culmination of a series of Community actions and innovations, including:
— creation of a first-ever consortium of the nine postal and telecommunications administrations acting together to build Euronet in cooperation with the Commission
— adoption of distance-independent international tariffs for Euronet
— universal adoption by hosts of standardized interfaces for their connection to Euronet and future national networks.

Euronet will be extended to Switzerland by end 1980, and further non-EEC connections are envisaged.

The central project is supplemented by various aids to users, including:
— implementation of a standard command language on DIANE hosts,
— development of an automated enquiry and referral service,
— creation of a central launch team,
— development of computerized multilingual tools, such as terminology data banks and thesauri.

These actions are laying solid foundations for a true European market for computer-held information.

What next?

Following the successful introduction of Euronet DIANE, the Commission is now promoting the development of new information systems in areas of Community interest. Plans for the creation of an information industry aim at reducing trade, technical and fiscal barriers and increasing public and private investment in this growth sector.

The impact of new technologies such as videotex, integrated services networks and automated office facilities is also being followed at Community level. ○

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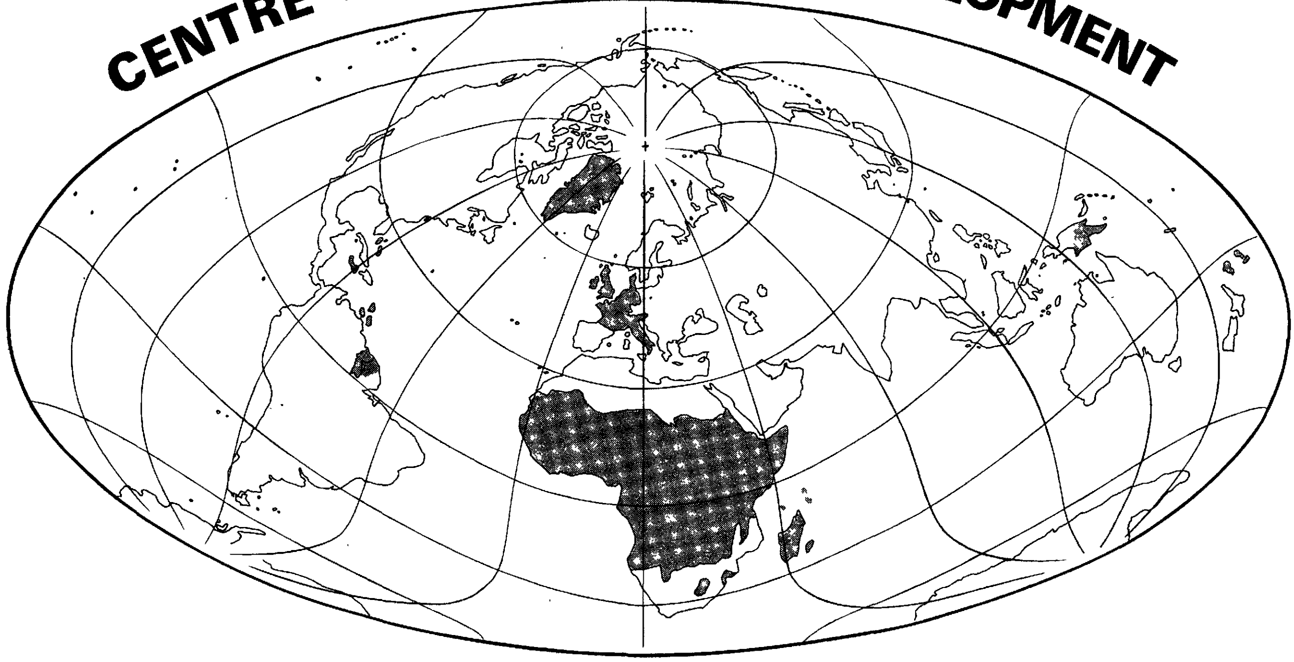
CENTRE FOR INDUSTRIAL DEVELOPMENT



BUSINESS OPPORTUNITIES

ACP Requests

A number of requests have been received from ACP states during January. Some are adequately documented but some less so. Further information may be obtained from the ACP-EEC information service, Centre for Industrial Development.

Vaccine — Ref. 80/1 a

An ACP company has discovered a method of producing a vaccine against a serious disease called bovine fascialiasis. The company has applied for letters patent and has invited the CID to find an EEC partner interested in a joint venture to produce and market the vaccine. Interested companies are invited to contact the Centre.

Inoculum — Ref. 80/2 a

The Ministry of Agriculture and Water Development in an ACP state is looking for a company which would be interested in establishing an inoculum plant capable of producing between 10 and 100 tonnes of inoculum a year. The need arises in connection with a planned increase in the production of soya beans.

Wool knitwear industry — Ref. 80/3 a

An ACP state has completed a feasibility study on the establishment of a wool knitwear industry using Karakul wool possibly with the addition of pure wool. The study envisages the export of 45 000 knitwear garments a year. Some 15-20 000 kg of clean Karakul wool is said to be available from local farms. The project has a high priority and the government would like to form a joint-venture with a technical partner. Enquiries please to the CID.

Toothpaste — Ref. 80/4 d

A private ACP company wishes to produce under licence toothpaste for the local market. The envisaged scale of production, based solely on current import statistics, is only 13 tons a year. The company would like to establish contact with a technical partner who would provide the know-how, licence agreement if appropriate, and possibility the raw material and the plant.

Outline information concerning the project is available from the Centre. Note that the Centre has not yet made enquiries as to the relevance of the project in the national economic planning nor have we yet checked as to the availability of finance—however, the enquiror states that the financing presents no problem and that the problem is to find a technical partner and to determine whether production at this small scale could be economic. The enquiry is from a Central African country and export to a neighbouring state would perhaps be possible.

Lighting Ref. 80/5a

A Nigerian company would like to produce motor vehicle bulbs, household electric bulbs and fluorescent tubes. A recent assessment by a regional authority estimated that in 1977 household bulbs to the value of $20 million were imported into the ECOWAS region; of this $20 million, $15 million was the level of importation by Nigeria. Electric light bulbs are currently being manufactured in Nigeria at a level believed to be about 7 million units a year.

The Centre has drawn the attention of the enquiror to the economic aspects of the manufacture and marketing of bulbs and has suggested that the approval of government be obtained before the CID takes the matter any further.

Meanwhile any company interested in a venture of this type, whether by joint venture or by any other form of cooperation, is invited to contact the Centre.

Miscellaneous Ref. 80/6a

The Centre has also received a number of miscellaneous enquiries seeking industrial machinery for purchase: e.g. irrigation machines; machines for the manufacture of toothpicks using chewing sticks as the raw material; machinery for processing papain from paw fruit.

Tools and dies Ref. 80/7 a

A private ACP company is planning to establish a manufacturing facility to develop and carry out the business of making tools and dies for industrial and agricultural machines.

A feasibility study is available at the CID. The total capital investment is estimated at $1 million of which plant and equipment is estimated to cost $400 000. The company will have equity capital of $570 000 and the sponsors require technical and financial partnership from companies or individuals interested in this type of venture.

Industrial cooperation offers from EEC firms

In the course of the first three years of its activities, the CID has indentified numerous EEC firms interested in principle in participating in joint ventures, or other forms of industrial cooperation, with partners in the ACP countries. During the same period, some 80 project studies were undertaken jointly by ACP sponsors and EEC partners, with financial assistance from the CID, and a similar number of project investigations and studies was carried out by sponsors on their own.

Encouraged by the progress made with projects in certain ACP countries, several EEC industrialists have asked the CID to inform economic operators in all ACP states about their willingness to establish contact with project sponsors, and to examine together with them the project opportunities which may exist in a given country.

From the large number of EEC cooperation offers, the CID has selected two sectors which—judging on the basis of recent experience—are of particular interest to ACP states, namely building materials, and metal processing and mechanical industries. Cooperation offers in other sectors will be presented in future editions of Business Opportunities.

Information given below is deliberately of a general nature, as production capacities and investment cost have to be determined case by case. Both the EEC industrialists and the CID are ready to assist interested parties to assess specific opportunities. To this end, interested ACP parties should send to the CID information on

— the national market,

— studies they may already have done,

— past contacts with EEC firms and financial institutions on the same project,

— their present activities in commerce or industry, and bank references.

(The more information the CID receives from ACP sponsors, the easier for the CID staff to process requests rapidly).

The types of projects in which EEC industrialists are particularly interested are listed as follows:

1. Building materials Ref. 80/8b

— mini-cement plants, 40-60 000 tpa, charcoal or conventional energy (fuel, gas);

— lime, artisanal and industrial scale;

— plaster;

— bricks;

— cement-bonded particle boards, particularly suitable for prefabrication of low-cost houses; minimum plant capacity about 25m³/8 hours, sufficient to build about 1 000 houses of 40 to 60m² per year;

— particle board from wood waste, bagasse, cotton stalks, etc.;

— ceramic floor or wall tiles;

— ceramic sanitary ware, minimum capacity about 1 000 tpa;

— wood and metal furniture.

2. Metal processing and mechanical industries Ref. 80/9 b

— mini-shipyards, and ship repair;

— ferrous and non-ferrous foundries;

— agricultural hand tools, and agricultural machinery;

— nuts and bolts;

— welding electrodes;

— high voltage electric transformers (800-1 000 per year);

— bicycles and motorcycles;

— bus assembly;

— tyre retreading;

— solar heating systems (solar captors for water heating);

— dry cell batteries.

All replies should be addressed to the ACP-EEC information service quoting references 80/8b and 80/9b.

ECOWAS/CID joint programme

In 1979, the CID organized two information seminars: in Douala, primarily for delegates from Central Africa, and in Addis Ababa for delegates from eastern and southern Africa. In May 1980, the Centre will hold its third seminar at Monrovia.

Tentative plans have been made to hold two further seminars: in the Caribbean and Pacific areas. The seminar will devote itself essentially to the problems of industrial cooperation between EEC industry and member states of ECOWAS. The treaty providing for an Economic Community of West African States was signed in Lagos, Nigeria on May 28, 1975 and with the accession of Cape Verde in 1977, the sub-region now embraces 16 member states.

The treaty established, inter alia, an executive secretariat and a fund for cooperation compensation development. The secretariat is headed by the executive secretary, who is the principal executive functionary of the entire community. The executive secretariat is situed in Lagos and the executive secretary is Dr. Aboubakar D. Ouattara. The ECOWAS fund is situed in Lomé and is headed by a managing director, M. Robert C. Tubman. Articles 50-52 of the treaty defines ways of utilizing its resources. In particular, article 52 assigns the following uses to the fund:

a) to finance projects in member states;

b) to provide compensation to member states which have suffered losses as a result of the location of community enterprises;

c) to provide compensation and other forms of assistance to member states which have suffered losses arising out of the application of the provisions of this treaty on the liberalization of trade within the community;

d) to garantee foreign investments made in member states in respect of enterprises established in pursuance of the provisions of this treaty on the harmonisation of industrial policies;

e) to provide appropriate means to facilitate the sustained mobilization of internal and external financial resources for the member states and the community;

f) to promote development projects in the less developed member states of the community.

ECOWAS has a population of more than 130 million inhabitants and a territorial area of over 6 million hectares. There is an abundance of as yet undiscovered and untapped natural resources in the sub-region but seven of the sixteen member states are officially listed among the thirty least developed countries: Benin, Cape Verde, Gambia, Guinea, Mali, Niger and Upper Volta. The contribution of agriculture to the total volume of exports of member states of the sub-region varies from less than 5% for Nigeria to over 50% for Benin, Gambia, Ghana, Ivory Coast, Mali and Upper Volta. Agricultural produce is exported largely unprocessed. The picture is similar in respect of minerals with 90% of minerals excavated exported as primary products and the figure for the export of timber from Africa as a whole to the EEC show that over 90% is exported in the form of logs. Having said that, however, it must be remarked that the 6% rate of growth of value added in manufacturing in the period 1970-1976 for the ECOWAS sub-region is the highest for any sub-region in Africa in the same period.

Industrial development

The scope for industrial development is thus large. Large in terms of adding value to primary exports and large in terms of import substitution. In the case of import substitution, however, there is the inevitable snare of the small size of some domestic markets. In the developed world, industry has reacted to the rising cost of labour and has developed capital intensive technology which reduces the need for labour, produces at a high volume in order to achieve a low unit cost of production and needs a large market to purchase the products. In the majority of the member states of the sub-region, the small size of the domestic market prevents a Western-style technology from being viable and has resulted in these states continuing to import the product and paying out valuable exchange.

At the Monrovia seminar in May, these problems will be tackled in two ways—both by finding industrial processes adapted to small markets and by market enlargement. The Centre has researched, in cooperation with experts and industrialists drawn from various ACP and EEC countries, a number of manufacturing processes which are believed to be appropriate to the needs of developing countries, appropriate for an economy with high unemployment, low wages and fairly small markets and thus for the states of the sub-region. These processes will be discussed at the seminar and the Centre will seek guidance from delegates on how they could be of value to member states.

The second approach to the problem of the small domestic market is innate in the whole concept of ECOWAS: the prospect of manufacture in one country both for the domestic market and the markets of other member states.

The key to successful development in regional industries lies in a number of factors which would together render such industries viable. Dominant amongst these factors are the will and the ability to create a political and economic climate in which such industries can thrive.

The executive secretariat of ECOWAS and the CID have been working on a joint programme to identify new industries which would be appropriate for development as regional industries and to find EEC industrialists interested in participating in these industries. The cooperative programme will begin to take shape at the Monrovia seminar where this concept of regional industries will be descussed. The Centre, for its part, will bring to the seminar industrialists who have prepared outline proposals for projects which bear all the necessary hall marks and social and economic desirablity:

a) in conformity with national development policy;

b) a high ratio of jobs created/capital invested;

c) substantial benefits in foreign exchange earnings;

d) upgrading of technical skills;

e) use of local raw material;

f) viable and likely to be durable.

Whilst the Centre has been able to play its part so far, as evidenced by the willingness of EEC industrialists to invest in Africa, it cannot be too strongly emphasized that discussions as to whether these proposals are welcome and should be studied lie with the member states. In this joint ECOWAS secretariat/CID programme, the Centre can do no more than respond to the needs and wishes expressed by ECOWAS.

Some of the most interesting industrial proposals which will be made include:

— the re-building of scrap diesel engines;

— the manufacture of horticultural tools using local timbers and where appropriate locally manufactured metal parts;

— the manufacture of small agriculture implements using local timber and increasingly using locally manufactures metal parts;

— the building of small fishing boats; the basic design is for boats from 17' up to multi-purpose boats of 47';

— the rebuilding of tyres;

— the building of hospital furniture.

These are all joint-venture project proposals in which the EEC partner would like to invest in up to 50% of the equity.

The seminar will not, however, ignore the possibilities of further industrial development to serve domestic markets. Much of the second day of the seminar will be devoted to discussion of a number of outline project proposals which, again, would involve a willingness on the part of the EEC industrialists to invest in equity.

Success in the Pacific

As we go to press, news comes of significant progress on some project proposals in the Pacific region.

On the occasion of CID-sponsored missions to the Pacific ACP states, two German firms, acting separately, have conclued a total of six preliminary joint venture agreements on wood-processing projects with both private and para-statal partners in Fiji and Western Samoa. This result was achieved after a one-year comprehensive programme for the establishment in the Pacific of industries adding value to local timber. The six projects are:

Fiji

— manufacture of wooden squares, broomsticks, handles, dowels, etc. for export to the EEC;

— saw-milling, and introduction in the European market, of new species of local Fiji timber;

— prefabrication of houses;

— production of molded furniture parts from wood chips.

Western Samoa

— expansion of saw-mill and veneer plant to manufacture plywood;

— export to Europe of handicrafts.

Other timber projects in the Pacific promoted with CID-assistance are:

— timber exploitation and saw-milling project in Papua New Guinea; French joint-venture partner, studies completed;

— exploitation for export of pine wood in Fiji;

— valorization of wood waste in Solomon Islands, Fiji and Papua New Guinea.

EEC OFFER

Stop press Ref. 80/10 b

A Dutch firm wishes to contact ACP principals interested in manufacturing greenhouses, prefabricated houses, gas bottles and/or automobile wheels. The company is interested in participating in equity.

Any person interested in this offer is invited to contact the Centre. Please mention the reference.

A QUICK RESPONSE

If you are interested in any of the items mentioned in this periodical, send us a telex quoting the reference and we will send you further information when it is available.

Address all correspondence to:

Centre for industrial Development
"Business Opportunities"
451, Avenue Georges Henri
1200 BRUSSELS,
BELGIUM.

Telex No. CDI 61427
Telephone (02) 7358073.

From Lima to New Delhi

More than four years after the adoption of the Lima declaration and plan of action, the United Nations Industrial Development Organization (UNIDO) held its third general conference in New Delhi from 21 January to 8 February 1980. What has been achieved in the meantime, and what were the main topics of this conference? EEC development official Anton Reithinger sent the following article from New Delhi.

The Lima target: "extremely ambitious"

With the adoption of the Lima declaration and plan of action, at the second UNIDO general conference in March 1975, the international community agreed, for the first time in history, on the outlines of a comprehensive strategy for the industrial development of developing countries and for international cooperation in this field. The salient issue of this strategy is the definition of a quantitative target for the pace of industrialization of the developing countries during the remaining quarter of the century. The Lima declaration calls for a very substantial growth of the developing countries' industrial production, with the aim that their share should reach, as far as possible, at least 25% of total world industrial production by the year 2000. The numerous recommendations set out in the Lima plan of action, addressed to both developing and industrialized countries as well as to UNIDO, aim at reaching this target.

The Lima target is an extremely ambitious one. At the time of its adoption, the developing countries' share in world industrial production was about 7% and the target implied that the developing countries had to increase their industrial growth at a considerably higher rate than the 8% recommended in the international development strategy for the second United Nations development decade. Many experts were, therefore, sceptical from the beginning about the feasibility of this target and some industrialized countries, for the same reason, abstained from adopting it, while nonetheless agreeing to other parts of the declaration and plan of action. Since Lima, the participation of developing countries in world industrial production and commerce has continued to grow steadily; by the end of 1979 their share in overall production had moved up to nearly 10%, and their share in world exports of manufactured goods to 30%. Certain developing countries in Latin America and Asia have achieved industrial growth rates far beyond those required by the Lima target and have become powerful competitors in several sectors, such as iron and steel, shipbuilding, electronics, textiles and garments, leather and shoes. However, most developing countries have experienced great difficulties in speeding up their industrial development and therefore lag far behind the projections of the target. Thus, despite considerable progress in their industrial production and exports, the developing countries as a whole have not been able to live up to the expectations raised in Lima, over the last four years.

A fairly good score has been achieved, on the other hand, in implementing the provisions and in setting up the instruments called for in the Lima plan of action for furthering the industrialization of developing countries and industrial cooperation on a world-wide scale.

These efforts have been accomplished first of all within UNIDO: an industrial development fund of $ 50 million a year has been created to support industrialization in developing countries by appropriate action, especially technical assistance; a system of global industrial consultations has been established, with the aim of improving mutual information on the situation and perspectives in specific industrial sectors; and an industrial technological information bank (INTIB) has been set up, which is entering progressively into operation.

The developing countries, for their part, have taken the first steps in improving industrial cooperation among themselves, with a view to strengthening their collective self-reliance. Important events in this context were the conference on economic cooperation among developing countries in Mexico City in September 1976 and the UN conference on technical cooperation among developing countries in Buenos Aires in September 1978, both of which contributed to the elaboration of a comprehensive programme of industrial and economic cooperation among developing countries.

Other instruments called for in the Lima plan of action to facilitate industrial development and cooperation are elaborated in other UN fora: codes of conduct on the transfer of technology, restrictive business practices and transnational corporations are under negotiation within UNCTAD and the commission on transnational corporations in New York, while the revision of the international patent system is under way within WIPO.

Developed countries have supported industrial cooperation by stepping up considerably their financial and technical assistance, both bilaterally and multilaterally. The latest available figures for 1978 show that Western industrialized countries contributed, during this year, about $ 14 billion to the financing of projects in the manufacturing sectors of developing countries. The socialist developed countries added financial resources of the order of $ 500 m(1).

As regards the European Community, a very concrete answer to the appeal of the Lima strategy may be seen in the far-reaching provisions on industrial cooperation in the new Lomé Convention.

Searching for new impetus

The fact that over the past four years developing countries' industrialization has not reached the pace set by the Lima target has become the main concern of the New Delhi conference. In two major studies(2) and other documentation the UNIDO secretariat has tried to analyse the situation, to identify the reasons for the lack of progress in relation with the Lima target, and to develop concepts aimed at overcoming these obstacles.

The principal proposals of the secretariat to the conference concern:

— the setting up of a new international industrial finance agency within the framework of the collective self-reliance of developing countries, aimed mainly at recycling financial surpluses available in some developing countries towards industrial investment in other developing countries,

(1) Source: OECD, UNIDO doc. iod. 324 of 19 Dec. 1979.

(2) UNIDO, *World industry since 1960—progress and perspectives*, New York 1979. UNIDO, *Industry 2000-new perspectives*, New York 1979.

— the establishment of a global fund for the stimulation of industry with a total capital of 75 to 100 billion dollars, to be raised in the international capital market and backed mainly by paid-in capital from developed countries, aimed at programme-financing in developing countries and thereby stimulating world industrial production,

— the creation of three new institutions for promoting and accelerating the transfer of industrial technology to developing countries,

— and the definition of a trade target for manufactures for the period to the end of the century. It would postulate that the value of the manufactures imported by developing countries from industrialized countries should be covered, to the extent of 50% by 1990 and 100% by the year 2000, by the value of their exports of manufactures to the industrialized countries.

These proposals are completed by a series of recommendations for supporting programmes to be undertaken in the framework of international cooperation or collective self-reliance, with the help of UNIDO's existing facilities.

The developing countries' proposals

The developing countries, for their part, while agreeing in their assessment of the situation with the conclusions of the UNIDO secretariat, have formulated priorities which differ considerably from the proposals of the secretariat. On the basis of the "Havana declaration" made at the developing countries' ministerial meeting at the end of last year, they have presented a new draft declaration and plan of action for adoption by the New Delhi conference. It is this document which has finally become the basis of the work of UNIDO III.

The main elements of the developing countries' plan of action are the following:

— a commitment by developed countries to transfer resources of at least $ 300 billion during the decade of the '80s to developing countries,

— the establishment of a North-South global fund for the industrialization of developing countries, reaching $ 300 billion by the year 2000.

The fund's resources should come mainly from developed countries, with a contribution from developing countries with excess liquidity; it should be administered and controlled by the developing countries,

— the development of UNIDO's system of industrial consultation towards a forum for the negotiation of government to government agreements concerning the redeployment of industry from developed to developing countries,

— the disaggregation of the Lima target into mid-term, sectoral and regional targets and the identification of the necessary financial, technical and other inputs to reach these targets,

— the strengthening of the collective self-reliance of developing countries in the field of industrial development by a series of appropriate measures and closer cooperation among themselves. In a paper of their own, presented to the conference for consideration, the Western industrialized countries underline the important role of foreign private investment for the industrialization of developing countries and stress the need for measures both at national and international level appropriate to facilitating and increasing the flow of these investments.

No solution at UNIDO III

The Third General Conference of UNIDO ended on 9 February in New Delhi with a serious split between developing and industrialized countries.

After three weeks of intensive negotiations without progress on the main issues of the declaration and plan of action presented by the developing countries, the chairman of the conference, Narashima Rao, India's minister of foreign affairs, made a last minute attempt to avoid a failure by proposing a compromise draft of his own. Developed countries were ready to accept negotiation on this draft but made it clear that they had to reject those parts dealing with financial and political issues and make reservations on other controversial issues. The developing countries considered the draft did not reflect sufficiently their demands. Under these circumstances the chairman withdrew his proposal and the developing countries decided to put forward their initial declaration and plan of action for vote.

This document was approved 83 to 22 and 1 abstention, with China and the socialist countries voting with developing countries against the Western industrialized countries. However, the Soviet Union, speaking on behalf of the Group of Socialist countries, made clear that they could not support several of its provisions including those concerning finance, the transfer of technology and trade.

As its main provisions are addressed to industrialized countries which voted against it, the so called New Delhi Declaration and Plan of Action of UNIDO III will have no immediate practical effects. Most of its issues will therefore be taken up again in the forthcoming North-South dialogue starting with the 8th special session of the UN General Assembly later this year. At the closure of the New Delhi conference all groups of countries declared themselves ready to continue the negotiation at this occasion, with the hope of a more positive result. ○ A.R.

UNIDO III: the difficulties

A glance at these different positions shows that there are huge gaps to bridge and that UNIDO was confronted with difficult negotiations. The work of the conference was complicated even more by the fact that UNIDO III was held at a most untimely moment. Only a couple of months after UNCTAD V and the United Nations Conference on Science and Technology for Development (UNCSTD), two important conferences which dealt with practically all the subjects on UNIDO's agenda, and a few months before the 8th special session of the UN General Assembly, which is expected to negotiate the strategy for the third development decade and to open the way for a new comprehensive North-South dialogue, it was unlikely that developed and industrialized countries would be prepared in New Delhi to move away from positions agreed six months ago or to reveal concessions they might plan to make later this year. This was particularly true as regards important questions such as finance and the redeployment of industry. The developing countries' proposals on finance, especially, might appear to industrialized countries as very ambitious in the present state of a world economy burdened by rising energy prices, recession and the growing pressure arising from structural changes in world industry.

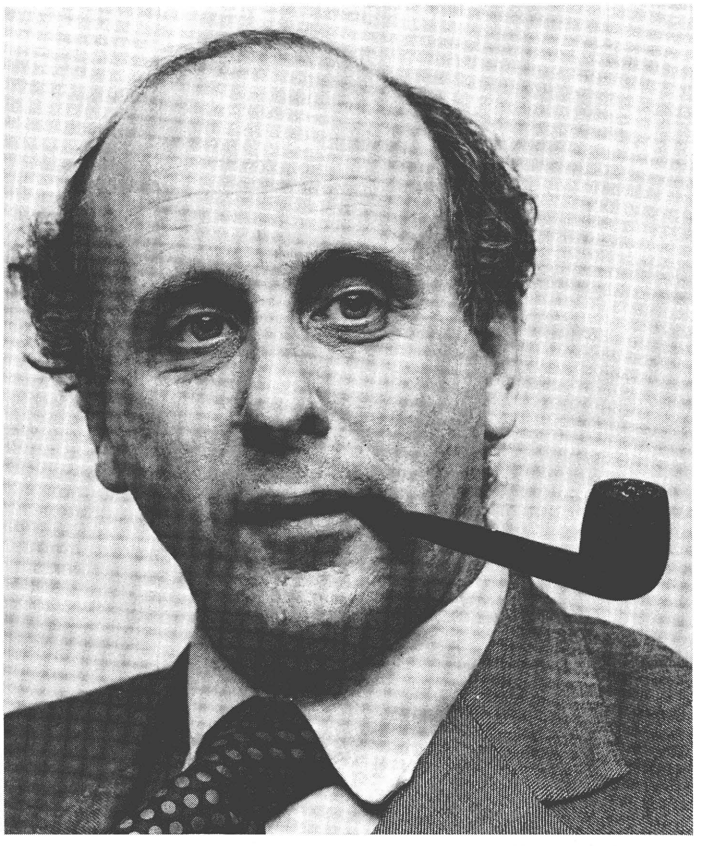
Under these circumstances the parties around the table in New Delhi could not work out a compromise satisfying all groups of countries. ○ ANTON REITHINGER

"UNIDO III failed because there were no real negotiations"

Etienne Davignon, EEC commissioner for industry

Etienne Davignon, EEC commissioner for the internal market, industrial affairs and the customs union, told the recent UNIDO III conference in New Delhi that Europe was adjusting its industry in spite of all its political, economic and social difficulties. This adjustment is in Europe's own interest and, in view of interdependence, it is a permanent process that must be achieved in cooperation with the developing countries.

Viscount Davignon comments on the failure of UNIDO III in this interview. He gives his views on the whys and wherefores of industrial redeployment, outlines the conditions in which it could take place and emphasizes what private investors can do in the developing countries.


EEC/DEBAIZE

Etienne Davignon

The difficulty of reaching common positions

► *Mr Davignon, UNIDO III ended in failure. Why do you think it failed and how do you think industrial relations between rich and poor countries will develop in the coming years now?*

— I should like to take the second part of your question first. I personally went to New Delhi full of hope. I thought the timing was good, as it had been decided to open the North-South dialogue again; the UNIDO conference offered certain opportunities and it had been fairly well prepared—various documents had come out and a series of meetings had been held in a very relaxed atmosphere in Vienna. So I really thought there was going to be a step in the right direction, because, as I said in the name of the Community in New Delhi, there is no doubt that industrialization in the developing countries has both to precede and accompany economic equilibrium, peace and security in the world. I also thought that the political happenings of the past few weeks, which have created extra tension, would have helped us focus on the fundamental problems.

But, nevertheless, difficulties arose from the fact that the outcome of the non-aligned summit in Havanna weighed on the conference. In Havanna, they adopted a resolution that had various political elements in it which were nothing to do with the essential problems of industrial development.

So why was New Delhi a failure? There are two reasons, I think. First, it is extraordinarily difficult to hold proper negotiations with some 130 countries all at once. Just the nine countries of the Community find it hard enough to agree on a common position, and we are all in the same part of the world and have comparable economic and political structures—and 20 years' experience of cooperating with each other. The Group of 77, on the other hand, has some 100 members and they all come from different regions and have different traditions, so for them trying to define a common position is a complex matter. These large-scale conferences are not flexible enough for proper negotiating; once you have adopted a position, something that is already very difficult to do, you more or less have to stick to it. That goes for industrialized and developing countries alike. The case of Group D countries is different because they have a fairly easy time adopting a common position, and I am not sure that consultation in a group of communist countries is the same as it is in other groups. Ultimately, their position is a demagogic one that does not really affect events. So, once you have gone to some pains to define a position, it is extraordinarily difficult to alter it. This is the first kind of problem you get in these negotiations.

A climate of mistrust

The second thing, I think, is that the groups still, mistrust each other. The question of financing industrialization in the developing countries is one example. The Community and all the industrialized countries recognize the need for it. The need has been stated, not clearly enough perhaps, but stated, certainly. But can we set up another fund before progress has been made with a more general negotiation, where these problems will have to be discussed in the light of what the World Bank and the IMF, for example, do?

You still have to understand other people's point of view, by which I mean we have to understand the Group of 77 countries when they say that they have been told for the 20th time that there is going to be some action but that it will have to be discussed an another occasion.

The rich countries cannot see that the financial aspect isn't an integral part of the negotiations, of the discussion on economic and industrial relations as a whole, and the poor countries see this as an alibi or a pretext. Neither group really has the time to agree on things.

What other examples of the climate of mistrust are there? Obviously, the transfer of technology. Clearly, there must be such a transfer, but of what technology? In New Delhi I said the technology that was transferred had to be right for the level of development of the recipient country. But here again there was mistrust. "Oh", they said, "so you don't want to transfer your most advanced techniques. You want to keep them for yourselves". But the problems we have with our production are quite different from those the developing countries have. If we want to be productive, then we have to maximalize our utilization of manpower. But in the developing countries, if they can get goods of the same quality produced by three or four times as many people, isn't that in the interests of their development? They need the same technology for quality control, but their needs are different when it comes to automation.

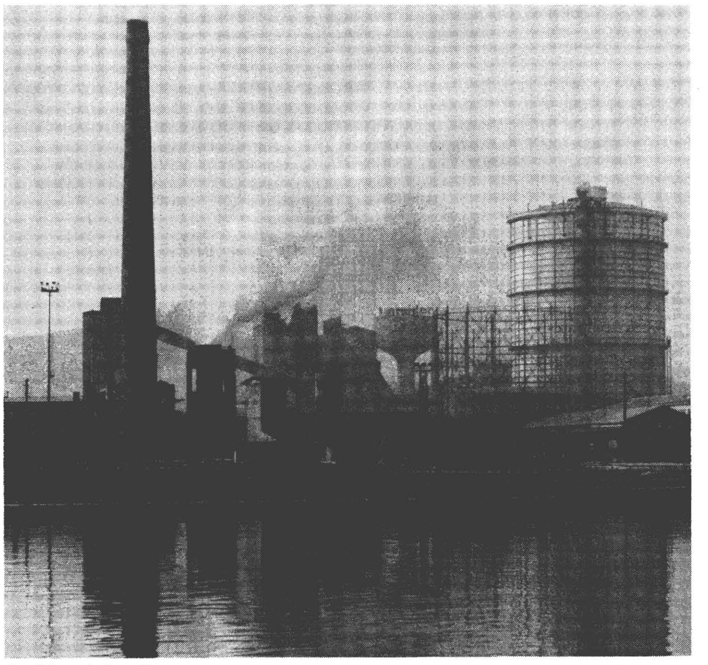
Then there is the question of the negotiations that the developing countries want to decide on a distribution of industrial production by country and by sector with a view to the Lima objective, in particular ensuring that the developing countries get a larger slice of the trade in industrial products. This is in everyone's interest. No one disputes that. But how can you expect countries like ours, that are unable to negotiate this distribution by virtue of their internal economic situations, to be able to negotiate that, as a group, with third countries? This isn't proof of good intentions or bad intentions. It's just a fact. Reubin Askew, the special envoy who looks after trade for the Carter administration, has just left Brussels. We are in fundamental disagreement with the USA on the iron and steel issue and we are probably heading for a period of considerable tension between America and Europe because the American administration is unable to get its point of view over to one of its industrialists. What would be the point of negotiating and making promises for a particular sector when we have no legal instrument to ensure that the economic operators keep them?

For all these reasons it is impossible to have proper negotiations in three-week conferences when there is only time for generalities. We need real negotiations and UNIDO III failed because there were no real negotiations.

Negotiations in specific sectors

▶ *So industrial redeployment in the West does not mean transferring sectors that are outmoded in Europe. But what about the UNIDO sector negotiations?*

— I do not think that it is in the interest of the developing countries or ourselves to create a situation in which the developing countries always have to do what we no longer wish to do... I think that this sort of ambition is wrong. Either interdependence is something which exists and they benefit from—and this is what we should be organizing—or if not, only the traditional patterns of trade survive. In that case, what guarantees are there for the developing countries? In the clothing sector today, for example, the developing countries' main competitors on the West European market are the countries of the East bloc which have established their industry, need foreign exchange and can turn out goods at prices that even the developing countries find difficult to beat. It is all a question of chance. The second thing is that development in the developing countries supposes that part of the development stays in the country in question, otherwise you don't get extra workers in new activities. That's what develop-



Industrial adjustment is a non-stop process which Europe has to carry out in its own interest

ment is all about. Maintenance of the competitive position of a developing country on the basis of non-alteration of wages and non-absorption of part of production on the spot is good for the balance of payments. But it is not good for economic development. It is a simplistic but fairly common view of things, in the developing countries as well, to think that whole units are going to be transferred to such and such a place for such and such a person for such and such a reason, at Europe's expense. There will be redistribution, I think, but everything will be involved. There are simple things. I mean, no one will weave cotton in the industrialized countries any more, but they will keep their clothing industry. The importance of trade relations has been discovered—but how are we to ensure that the developing countries become not just suppliers of the industrialized world but the main suppliers? This is an important question because it involves exchanges of investment, common interests—i.e. those in which the industrialized countries have the advantage of a stable relationship with the developing countries and the developing countries have the advantage of gaining access to growth-potential activities that are not confined to one particular field. This is not just idle speculation. Today, saving through things like mass production, specialization and technology means that the USA can produce shirts cheaper than the developing countries can. This is a typical example of something that used to be thought of as a simple mass-produced article of average quality that would never need to be produced in the industrialized world again. Yet today, the Americans are turning out cheaper shirts than they can in South-East Asia. This shows just how important it is to see things from several angles. What goes for shirts goes for the whole of the textile trade and for a whole range of other sectors too. So what is the point of the UNIDO sector consultations? The answer is that they are an opportunity to talk about things more specificically.

Take an even simpler example: iron and steel. Obviously, as long as Europe has a car industry it will have an iron and steel industry too. There is no way that the car industry can depend on outside sources of supply. The iron and steel industry may be competitive, but once it starts producing things for the car industry, it has to make less sophisticated products. That's the way technology goes.

And how is Europe adjusting? I astonished them all at the UNIDO conference when I said that the European textile industry had lost a million jobs over the last 12 years. That's adjustment for you. We have abandoned the idea of no changes and no new opportunities, but it is unrealistic to imagine that discussions in the various sectors will yield hard and fast planning, particularly in the developing countries. For example, it is hoped to fix a target growth rate for the developing countries in the light of the growth of the iron and steel market. But who will do the fixing? What will happen if there are six competing investments in the developing countries and the global tonnage is not X but 2X? Who will decide? What assurances can be given? That is where the discussion stops.

I think experience has shown that proper consultations and a genuine concensus are more important than many more artificial things that appear as the result of formal negotiations. That is only playing with words. We want to have serious discussions in various sectors with people who know what they are talking about—by which I mean operators the world over. And we want to open dossiers. It is true that we want to join together to see what sort of influence we can have on each other once the dossiers are opened. Calling this "negotiations" complicates the issue. But we should show that we believe in these consultations. It is most interesting to see that there are going to be sectoral consultations in Belgium and the USA, that the industrialized countries are organizing consultations on the problems of their own sectors. Over and above the question of basic political options, it is in our interest to go and discuss these matters. That is what it is all about. Anything else would be going faster than it is possible to do, bearing in mind what I cannot see as a realistic target... The Lima objective is something we have to try to achieve because it is in everyone's interest. But it can't be achieved artifically. You have to get there by creating the right conditions and you can't say "there's 10% less there but it will be produced somewhere else". We must achieve the objectives. We must analyse them to reveal the practical aspects and the consultations must show just how to create the conditions in which they can be achieved. But saying that some kind of hard and fast planning will emerge from this and thinking that everyone can be reduced to considerations of this kind is wrong. I don't think we should organize failure, which this amounts to.

Everyone is hit by the crisis

► *Europe has been hit by the energy crisis and world recession, so how can it manage this structural adjustment?*

— But it is adjusting! Our sources of information perhaps don't make it clear enough and the discussion is not fully comprehensible. The essential thing in these consultations in the various sectors is that they are being carried out at a rate that allows for adjustments in the circumstances in question. The European Community has nothing to be ashamed of. Compare what the Community has done and how the Community behaves towards the developing countries with what other big industrialized countries do and how they behave, and the record is by no means a bad one.

We have had major problems with industries that interest the developing countries. Footwear, for one. We did not introduce protection. The Americans did, quite considerable measures, and they are planning on more. And what textile products do the developing countries export to, say, Japan? Even European textiles cannot get into Japan. I think it is very wrong to try to lump everyone together. Even in textiles, the most difficult sector, the multifibre agreement and the textile reviews that are coming out (and we may be commenting on them one of these days) show that there is no slump. But the growth is not so great as anticipated. This is the crisis and it affects everyone, including us.

Adjusting to adjustment

► *Nevertheless, Europe is often accused of being protectionist.*

— What I have to say is perfectly straightforward. You can't both expect us to adjust and fail to create the conditions whereby we can put up with the adjustment. If there are any protectionist measures, it is because they help with adjustment, and so they have to be temporary. Our measures are introduced with this in mind. Then, I think, there is an extraordinary lack of understanding of what the open Community market really means, and we often get taken for other groups of industrialized countries. Take iron and steel. There is nothing to restrict iron and steel imports from the developing countries and they have continued to sell their iron and steel on our markets as they did before. It is much more a question of climate than of hard fact. It is all due to the situation in the textile trade where the Community, through lack of coherence, failed to apply the first multifibre arrangement (i.e. to stick to 6% growth p.a. in the developing countries' textile exports to the EEC). About three quarters of the increase in total textile exports from the whole of the developing world to the three big industrial powers—the EEC, the USA and Japan—went to the Community. In the second multifibre agreement, we had to get back to a better situation in which it would be possible to adjust. But except for the countries with the more advanced textile industries, Hong Kong, Taiwan and so on, there was no cut in the developing countries' textile exports to the EEC. This is disappointing growth-wise, but on the other hand there has been no reduction. And who invented export stabilization systems? It was the Community again, with the Stabex and now the Sysmin for minerals.

So we find two distinct attitudes. The developing countries think the EEC is protectionist, and we think the developing countries aren't properly organized and so what is happening is their own fault. I personally think both attitudes are wrong. I don't approve of either of them.

Industrial adjustment is in our own interest

► *You referred to the political and social difficulty of getting European public opinion to swallow the social cost of this mass redeployment/structural adjustment operation. How do you see the problem?*

— Two things are important, I think. First, redeployment and adjustment have to be carried out in the light of our own interests. Not because of any pressure from the developing countries (as I tell the developing countries) and not because of the developing countries' exports (as I tell the Community). That's not true. We have to do it because industrial adaptation is linked to the development of the industrialized countries themselves. Adjustment is a non-stop process. In periods of large-scale growth, we thought it happened spontaneously, but now we are finding that there is more to it and something has to be done about it. But it is also inherent in our economic system. It is not because of the developing countries nor exclusively for them. It is because there is a need for an economic system that works properly.

The second reason is the generally difficult economic climate, with soaring energy costs and less growth as a result. We need a breathing space. We have introduced one or two trade measures and adaptation incentives via a series of Community instruments, ranging from the EIB and the Ortoli facility to the regional and social fund and vocational training schemes. Look at the situation squarely and you will see that the perception of change, difficult though it may be, is greater in the Community today than it was two years ago. And it has lost none of its strength.

A Fiat car factory near Turin (Italy): "obviously, as long as Europe has a car industry it will have an iron and steel industry too"

What can be upsetting and disappointing in discussions of the UNIDO type is that people do not always accept the fact that things are evolving in the right direction and not the wrong one. More and more people agree on the need for adjustment because they realize that the status quo is a negative thing as far as stability and future development, and our own interests therefore, are concerned. What we must now try to do is ensure that the sacrifices attendant on adjustment are fairly shared and that one section of the population is not called upon to do more than another. We must help change along, not put a brake on it.

Private investment in the developing countries

▶ *Private investment has always been the driving force behind Europe's industrialization. Without wishing to impose a given development mode, how much importance do you attach to the reception that foreign operators investing in the developing countries get?*

— I think the climate for investment is a vital factor, but I also think that there is some confusion here and that a good reception is sometimes taken to mean that the private investor can do anything and everything he likes. That isn't what the private investor wants. He knows full well that he has to adapt to the country and to its economic policy. Why? Because that is exactly what he would have to do at home. There is an economic policy and a tax policy to adapt to, but this presents no problems. The all-important thing for the investor is to know in advance what conditions he will have to operate in. Problems arise when these conditions change during the sometimes lengthy period between the initial decision to invest and the start of production, when the economic calculation behind the decision to invest is falsified. This has nothing to do with any absence of control, or the transparency and homogeneity of the economic and investment policy. The two are by no means contradictory. A proper climate for investment does not mean the developing countries have to say "we are opening our doors to investors and they can come and do as they like". The investment climate has to be to the advantage of the investor and to the host country as well. When contractual relations between the investor and the developing country are established in a detailed manner, they have to run in accordance with the factors of balance laid down in the contract. By this I do not mean to say that they are untouchable and cannot be adjusted, but that the spirit of balance achieved in the original contract has to be respected. This is essential and it is exactly the approach we have in the Community.

So, from this point of view, there is no difference between an industrialized country and a developing one. The investor will not go to an industrialized country if the government is forever changing its tax system and if commitments made with regard to infrastructure are not adhered to.

▶ *So if the private investors were left to play their part unhindered, the level of financing the developing countries were asking for at UNIDO would not be impossible to reach?*

— I think that if you are going to achieve something, you have to create the right conditions for it and you also have to give people a push in the right direction. This is another consequence of interdependence. We are no longer in a situation where we can simply wait for things to happen. Neither the potential investors nor the potential host countries can afford to sit back and wait. The aim must be to create the conditions whereby the investor can invest. The Canadians, for example, worked out for UNIDO III that Canadian firms could invest something like $100 000 million in the developing countries by the end of the century. The financing requested is not therefore unrealistic, but the conditions in which investors can operate are all-important. In the abstract, nothing is impossible. But can we create the conditions we want to meet the target? This is the crux of the matter. No one can go it alone. ○

Interview by R.D.B

Transnational corporations and the industrialization of the LDCs

by Alberto JIMENEZ DE LUCIO(*)

The Lima Declaration on Industrial Development set as a target that the developing countries' share of total world industrial production should reach at least 25 per cent by the year 2000. Since, as the experience of the developed countries shows, industrial development can be achieved through a variety of routes, the declaration only emphasized in general terms the need for the mobilization of massive investment resources and technological expertise as well as a major restructuring and redeployment of industrial capacity, whilst leaving aside the specific policy prescriptions that developing countries may opt for in the process. Thus, some developing countries will resort to private entrepreneurial initiative (both domestic and foreign) in its classic forms as their preferred means to industrial development, whilst others will rely on the promotion of state-owned enterprise; yet others will prefer a mixed approach.

For countries that opt for industrial development through the first and third of these approaches, their development programmes would involve a consideration of the role of TNCs (transnational corporations) and their capacity for mobilizing large-scale financial resources and deploying specialized technological and managerial capabilities.

As is well known, TNC investment has been traditionally concentrated in the extractive and primary sectors, particularly petroleum, non-fuel minerals and plantation industries, while the limited manufacturing activities undertaken have catered mainly to internal markets in these countries. However, changes in the pattern of ownership and the reactions of TNCs to their perception of unstable investment conditions, particularly in the mineral sector, as well as cyclical factors, have led to a considerable overall decline in TNC investments in certain minerals.

Sectoral distribution

The sectoral distribution of TNC activities in the industrial and service sectors in developing countries varies considerably. In many countries, TNCs continue to play a dominant role in plantation industries such as tea, coffee, rubber and fruits; in the processing of agricultural products, including sugar, dairy products and tobacco; in processed food and beverages; in forest-based industries ranging from sawn timber to pulp and paper; and in non-durable consumer goods such as textiles, soap, matches, oils and fats, shoes, cigarettes and the like. Growth of domestic industrial and entrepreneurial capability inevitably tends to provide competition, although TNC affiliates possess advantages in respect of finance, technology, marketing and management in some of these sectors.

In petroleum and certain non-fuel minerals, the integrated nature of TNC activities and the concentration of control by a few corporations over the various stages of production, processing and marketing has been the principal feature of TNC operations.

TNC investment in manufacturing

In the manufacturing sector of developing countries, TNC investment has been directed to non-durable and durable consumer goods, intermediate products and certain categories of consumer goods, together with related technological and other services. The considerations underlying such investment usually include good prospects for the growth of market demand, the protection of TNC positions in particular markets, and the availability of suitable labour on advantageous terms.

Additional factors in some cases have been special governmental incentives or concessions or the erection of import barriers designed to preempt domestic markets for local producers. A substantial proportion of TNC manufacturing activities consists of low-technology products, especially consumer goods, in which advantage is taken of local preference

(*) Deputy executive director United Nations Centre on Transnational Corporations.

Production of glass bottles in Zambia for a transnational soft drinks company

ZIS

for foreign brand names, a preference which is cultivated or encouraged by intensive advertising and the use of special marketing techniques. Increasingly, however, the rising income levels of newly industrializing countries offer scope for the manufacture of high technology products in the chemical, electronic and engineering industries. This is frequently encouraged by governments through measures to raise the degree of local manufacture of various types of final product.

11 000 parent companies

With respect to the pattern of ownership, TNC operations have typically been conducted through affiliates, many of which continue to be either wholly or largely foreign-owned. If TNCs are defined as enterprises with at least one foreign affiliate, nearly 11 000 parent companies located in developed market-economy countries had over 82 000 foreign subsidiaries and affiliates in 1977, of which 21 000 were located in developing countries. Of the affiliates in developing countries, 36 per cent were affiliates of parent US companies, followed by 27 per cent from the United Kingdom, 7 per cent from France, 6 per cent from the Federal Republic of Germany and Japan, and 4 per cent from the Netherlands. These affiliates operate in all but a few developing countries. In 11 developing countries there were more than 500 affiliates per country, while in more than 40 countries, the number exceeded 100 per country. In terms of geographical distribution, developing countries in the western hemisphere had 47 per cent of such affiliates, with 28 per cent in South-East Asia, 21 per cent in Africa, and 5 per cent in western Asia.

Compatibility with host countries' objectives

During the 1970s there has, however, been a significant change in the pattern of foreign ownership of affiliate companies, largely in response to policies of host developing countries. The most obvious case is in the petroleum and mineral sectors of developing countries. In the manufacturing sector, the trend in new investment is increasingly towards the establishment of joint ventures. This has been made possible by the growing availability and active participation of national partners. In a large proportion of joint ventures, however, effective control rests with the TNC, and is often embodied in management and technical service contracts. Moreover, past TNC investments generally remain in the form of wholly-owned or foreign-majority affiliates, though there is growing pressure in some countries for increased domestic participation in ownership.

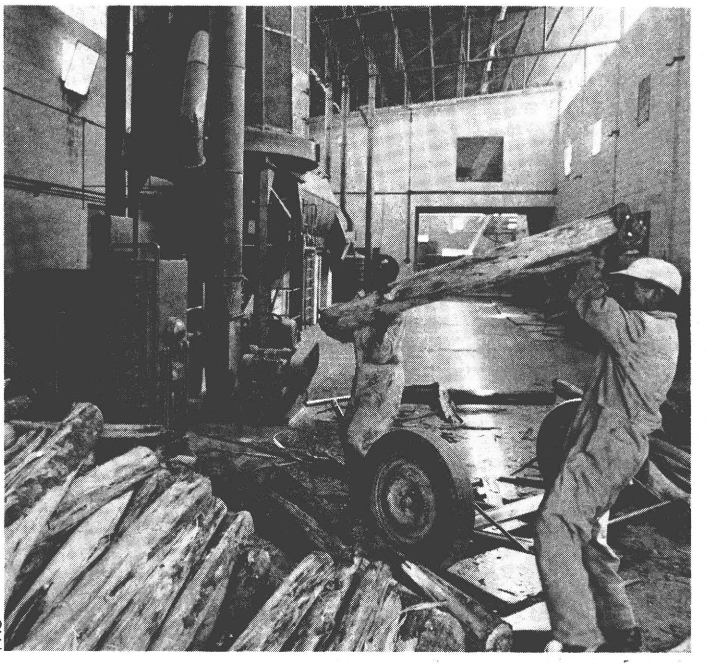
Since TNCs operate on a global scale, their activities are not necessarily designed to take into account the specific circumstances of the economies of the countries in which they operate. Decisions on the allocation of production made in accordance with the overall strategy and scheme of operation of the enterprise as a whole sometimes lead to conflicts with the interests of the host country, producing costly dislocations in its economy.

Conversely, new host country policies and programmes designed to strengthen a particular sector of the economy in line with its development needs may sometimes be confronted with the hurdle of not readily adjustable patterns of TNC investment, which may as a result frustrate government policies.

It is evident that the channelling of TNC activities in line with host developing countries' objectives and policies will depend largely upon the countries themselves. National policies towards TNCs differ considerably, partly in response to political philosophy, socio-economic conditions and levels of development which in turn affect the country's sense of its own bargaining power. The success of a country in utilizing the advantages of TNCs to promote industrial development will therefore depend upon the effectiveness of its particular policies. Whatever these policies may be, they are more likely to succeed if general objectives and sectoral priorities are clearly defined, if legislation and administrative regulations affecting TNCs are set forth as precisely as possible, and if reasonable stability of the framework so created is maintained.

Towards a code of conduct

Efforts at the national level to channel the activities of TNCs in directions compatible with host country objectives can be significantly underpinned by international action. In fact, the global nature of TNC operations necessitates a comprehensive programme at the international level, particularly



FAO

Many transnational corporations go into forest-based industries

for the development of international norms and guidelines as well as research and technical cooperation designed to assist developing countries in strengthening their capability to deal with TNCs.

A major initiative in this regard, undertaken by the United Nations Commission on Transnational Corporations, is the formulation of a code of conduct. The code, presently under negotiation, would contain comprehensive and generally acceptable standards regarding the behaviour of TNCs and the treatment of TNCs by home and host governments. Research and information-gathering activities related to TNCs and the experience of developing countries in dealing with them are also essential elements of any international programme to assist developing countries. Also, greater cooperation and coordination between developing countries could help strengthen their bargaining power in their dealings with TNCs. These functions are high on the agendas of the United Nations Centre on Transnational Corporations (established in 1975), UNCTAD, UNIDO and other relevant UN agencies. Their assistance to developing countries could play a crucial role in harnessing TNC resources towards attaining the Lima target. ○ A.J. de L.

Obstacles to industrialization

Industrialization brings into play a number of factors: raw materials, efficient infrastructure, energy, labour, technology and equipment, finance and markets. A developing country's chances and rate of industrial growth depend on how many of these factors it can muster. Studies by individual experts and organizations such as the World Bank and IMF have shown that in real terms, only Brazil and South Korea can boast of them in appreciable numbers and that, even then, their industrial horizon is circumscribed by international circumstances—a depressing analysis. But the picture is cruelly gloomier for the developing world than is generally realized. A closer examination of each of these "sinews" of industrialization will reveal the extent of the difficulties.

Internal factors

The developing countries are normally suppliers of raw materials to the industrialized nations. Any talk of their industrialization must therefore imply, first of all, a recommendation for greater domestic utilization of these resources. However, as each developing country specializes in the production of certain commodities, it is, unlike the rich country which can procure its requirements from different sources, severely restricted not only in terms of its import capability but also by its own resources.

To get down to the fundamentals, it is generally agreed that while mining, electronic, chemical and other science-intensive industries can make meaningful contributions at this stage to the industrialization process in the developing world, agriculture must constitute its base. Now, apart from the fact that it is inadequately diversified (as noted above), it is still largely unmechanized. The result usually is low output and, worse still, exposure to natural disasters such as drought, cyclones, pest, earthquakes, flood and frost; an air of uncertainty about raw materials usually hangs over whatever agro-allied industries exist. This makes for neither incentive nor expansion.

Many developing countries, moreover, are caught in the dilemma between the need for quick and easy foreign exchange and the need for greater processing of their raw materials. The balance is often tipped in favour of export, although some countries have in recent years been striking a better balance by resorting to export of semi-processed materials. Only a handful have flourishing industries which turn out complex finished products.

Most of the industries at the moment in the developing countries are largely urban based and are fed with raw materials from rural areas. Thus, the question of infrastructure (roads, rail, waterways, bridges and ports) is of paramount importance to urban industrial survival and expansion. It is

An African single track railway line. What volume of traffic can it handle?

also of crucial significance to rural development if rational growth and the spread of income are to be ensured. But the developing countries are impenetrable "jungles". The whole of black Africa, for example, has 95 000 km of rail, 300 000 of roads and 10 000 of navigable waterways. In addition, there is the problem of outlet to the sea for the landlocked states and inadequate port facilities for the coastal ones. These infrastructural deficiencies, as well as inhibiting the movement of raw materials, have serious repercussions on the internal distribution of manufactured goods and on external trade.

External factors

Casting a longer shadow over the industrialization plans of the developing countries is the current energy crisis. Although the World Bank's recent annual report praised their capacity to absorb oil price increases, this capacity looks like stretching to its elastic end. Over the past five years, oil prices have risen tenfold. The developing countries have had to pay not only the same price for oil as industrialized nations but also for the resultant inflation in imported manufactured goods and machinery, vital to their industrialization. The volume of these imports has diminished and is quite likely to taper off to a standstill if no solution is found to the rising prices. Certainly the development of alternative sources of energy—like solar, hydro-electric, wind, geothermal, tidal, waves, coal, etc.— is in progress in many developing countries, with the assistance of the industrialized world, but it will take quite a long time before their impact (limited) is felt.

A country with easily available sources of finance can minimize many of the above difficulties, which, in effect, are those of structural change in manufacturing and trade. A developing country's sources of industrial finance range from private investment, both foreign and indigenous, to public finance and foreign grants and loans. In the absence of private foreign investment for one reason or another in appreciable quantities, the onus of entrepreneurship falls on indigenous businessmen, who depend heavily on the level of internal purchasing power and saving. But as incomes in the developing countries are generally very low their impact in the industrialization process is minimal. Hence the emergence of the public industrial sectors, which have for their main objective the satisfaction of demand for basic industrial goods and other social and economic requirements.

The total finance available to a developing country, however, depends, in turn, on the level of its own income. According to the survey conducted for its third general conference by the United Nation's Industrial Development Organization (UNIDO), since 1960 countries of intermediate levels of income have generally managed to increase that portion of income devoted to investment and fixed capital formation. The low income countries, on the other hand, have been unable to sustain a growing investment effort and are having to look out more and more for both private foreign capital, which is increasingly hard to come by, and for loans and grants from foreign governments, which, because of their own economic difficulties, are becoming more and more unable to render assistance.

International trade

It is evident from the foregoing that international trade has a cardinal role to play in the industrialization of the developing world. But here again, the obstacles are immense. At GATT, UNCTAD, UNIDO and even IMF and World Bank meetings, the dominating theme is "fair and equitable" trade between rich and poor nations. While everyone may agree that there has been serious imbalance in the past and that something needs to be done, the means of achieving reform


FAO

Constructing a road across the jungle and opening up the interior for raw material is a very arduous and expensive undertaking

remain as controversial as ever, to the detriment of the developing countries. The main object of the Third World's discontent is what it sees as the growing protectionism in the developed countries, which takes the form of either direct import prohibition, through legislation and market arrangements, or government support to ailing industries such as textiles, clothing, leather, pulp and paper—precisely areas where the developing countries are making inroads in their markets and are thus considered to provide the best opportunities to the industrialization of the developing world.

Whether or not market forces are allowed to operate freely in international trade, there is a school of thought which argues that "the developing countries' export growth will soon reach natural limits imposed by the absorptive capacity of the developed countries." This view is based firstly on the notion that the comparative advantage of developing countries is confined to certain product categories (typically labour-intensive and resource-based products) and secondly on the fact that those developing countries which enter the market first leave little room for others to expand their exports.

The question of protectionism apart, the fluctuation of commodity prices is one aspect of trade which provides serious difficulties for the developing world. The resultant instability of earnings makes development planning all over the Third World a risky business. Hence the present argument in UNCTAD for the establishment of a world commodity stabilization scheme—something akin to the Stabex under the Lomé Convention. It is, however, doubtful whether such a scheme would provide much comfort, since it will be limited to a few commodities.

To these difficulties must be added the restrictive effect of the centrally planned economies of the Eastern bloc on world trade, a major obstacle to the industrialization of the developing countries. A recent UNIDO survey, though, shows marked improvement in this area.

These difficulties are further compounded by the lack of skilled manpower to which the Third World seems condemned. While many developing countries talk of the need for the "transfer of technology" from the industrialized nations and intensify efforts to train their manpower, many of their qualified nationals are migrating to the industrialized nations in search of better remunerative employment.

These obstacles create the impression, at least on paper, that the industrialization of the developing world is an impossible task. But everyone agrees that it will come about. The question is, how can it be accelerated? ○

AUGUSTINE OYOWE

Financing industrial development

by Philippe NOUVEL (*)

There are several sources of finance for industrial development(1). The government might provide funds directly, some institutional or multilateral donors might finance directly or indirectly an industrial project or estate in a given area or subsector. There are direct flows of public and private capital through loans, equity investments or suppliers' credit. In most countries specific institutions have been created to provide equity and term finance to medium, large, and small-scale enterprises. Commercial banks are also providing term funds for industrial development. This complex of institutions financing industrial development requires a central body —usually the central bank or the ministry of finance—to monitor and regulate their activities. There is a need to coordinate the actions of various external donors which provide assistance to industrial development, since sometimes their objectives differ or are wholly unacceptable to the government.

Two fundamental questions arise: How many institutions are really needed in any particular country to provide industrial finance? Is it worthwhile to establish institutions to deal only with industrial investment financing? These are very important questions, because in many countries the justification of institutions, each dealing with a particular sector, category or size of borrower is often questionable, if only on the basis of the shortage of highly-qualified personnel. In many cases, the establishment of a multi-purpose development bank to provide term funds to industry and other sectors such as agriculture, services and housing many be the answer because the volume of business in the industrial sector alone would not justify the establishment of an institution catering specifically for it. There are many countries on the other hand with many finance institutions, and it is often difficult for the government to estimate how costly such proliferation is in terms of a drain on the country's scarce human resources.

The framework of many financial institutions is usually geared towards medium and large-size enterprises, leaving a large section of industry uncovered by an adequate financial system. This means that ways and means of catering for the needs of small industries, artisans and the informal sector ought to be explored. This is an area which requires a lot of imagination and sensitivity, especially in dealing with any specific country.

Up to now most of the financial institutions established in a country to provide term finance to industrial development have been associated directly or indirectly with commercial banks. Given the scarcity of foreign exchange in many countries and the dependence of many industries on imported inputs, there is a need for a closer and more efficient link between institutions specializing in short-term finance of working capital and institutions dealing with the long-term finance requirements of industrial projects.

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(1) Edited extracts from a paper presented to an expert group meeting on institution infrastructure for industrial development in least developed African countries.

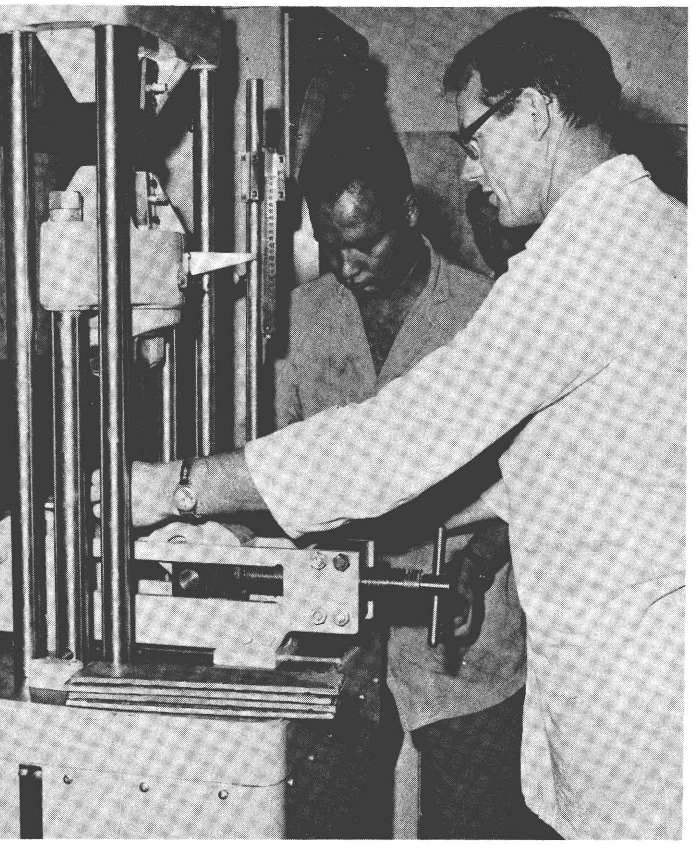
Interest rates

On what terms and conditions, however, should loans for industrial development be made? This is a difficult question because economic theory is often ambiguous and divergent from political and practical realities. Discussions may touch on very sensitive policy issues. For instance, the desirability of industrial entrepreneurs paying an interest rate which is positive in real terms can be questioned. This raises the whole question of interest rate structure in a poor country and the possible role these rates can play as resource mobilizer and allocator when a substantial part of its economy is non monetized. Certainly, in some countries and in particular cases, it is justifiable to subsidize entrepreneurs during the start-up period. Another question that has been very much debated is whether it is better to have state owned development banks or banks directed by perhaps disinterested, and therefore objective, foreign sponsors, or by a combination of public and private interests. There is no simple answer to these questions. In view of the scope and complexity of all these issues, there is a need for overall government control of the use of funds for industrial investment programmes and projects, so that they fit with national economic objectives and policies.

National goals

Whatever the institutions involved and whatever their relations are, it is necessary to coordinate their decisions with the national goals. In that sense, the important thing is to design the charters, policy statements, etc. in such way that they provide a basis for decision-making that takes into account

UNIDO centre in Cairo



UNIDO

GIS Barbados

Caribbean craftsman

The small size of local industries sometimes does not justify the establishment of financial institutions to come to their aid

national objectives and the need for the progressive build-up of the institution into a financially sound entity. Sometimes, these objectives are not easily reconciled because an institution may, under government pressure, invest in projects that would make sense socially or politically but are unsound economically or financially.

Whereas financial assistance to medium and large-scale enterprises is usually given by institutions that are well established and for which rules of conduct have been well developed through history and experience, institutions dealing with small industry and other small entrepreneurs have experiences too recent to allow any judgment. Some questions might be asked about the best ways and means to establish such institutions. Three considerations have to be taken into account: first, such institutions have to be very close to the customer in order to be able to meet his needs efficiently, adequately and quickly. Second, their procedures have to be very simple. Third, the entrepreneur or the small enterprise needs access to a number of support services like management, accounting, marketing, technology, etc. Whether those services have to be provided by the financial institutions or by other specialized type of institutions, is a matter of debate. Providing technical and financial assistance through the same institution has its merits in terms of facilitating both the coordination of the various services, and a speedy reaction of the institution involved to the particular needs of the small enterprise. However, it also has its drawbacks, the main one being that the institution might tend to become dominated internally by one of the two main departments, the financial and technical departments. If it is dominated by the financial department it may not be ready to finance enterprises which are risky and if the technical department dominates, it may make decisions in a more generous manner and above the financial capability of the institution. Another disadvantage of technical and financial assistance through a single institution is the tendency of the institution involved to favour the projects it promotes or develops in its provision of technical services, to the detriment of other projects. Finally, the choice of technical extension services must adequately reflect the type of financial structure and resources proposed to the institution.

Technical assistance

Providing financial assistance for a project that has been analysed and found viable on economic, financial and commercial grounds is a fairly easy procedure—a good project can usually get finance, if presented properly. However, if the technical side of the project is complicated, the economic and financial potential can be in jeopardy, unless technical assistance is provided. In many cases it is the foreign sponsor who provides such assistance, which can be very expensive. In other cases, the scarcity of local consultancy services makes it necessary to employ foreign technicians, which again raises the question of cost.

The real problem is that while local talent can be trained relatively quickly for jobs in financing and economic appraisal of projects, engineers are much harder to come by. It is rare to find a local engineer in a financing institution and it is even much harder to staff an institution with local talent sufficient to provide technical assistance to all young manufacturing establishments that need them. This is mainly due to the fact that technically talented people tend to go into private business themselves in LDCs. As foreign technical experts are expensive, there is no way technical assistance institutions can be staffed at reasonable cost. ○ P.N.

AFRICA

Recent industrial development in Africa

In preparation for UNIDO III, Africa's state of industrialization was examined at several meetings and conferences throughout 1979.

Last July the OAU summit adopted the Monrovia strategy for the economic development of Africa, underlining Africa's need for a balanced industrialization. Before the fifth Conference of African Ministers of Industry in October 1979 in Addis Ababa, an ECA-OAU-UNIDO sponsored regional symposium took place in Nairobi.

At this symposium, dealing with "industrial policies and strategies for internally self-sustaining development and diversification and collective self-reliance, 1978-2000", the Unido secretariat presented a survey of Africa's industrialization. The following are the main points from a draft of this survey.

Wide variations in levels of industrialization

On average, African gross domestic product (GDP) per capita grew at an annual rate of 1.7 per cent during the period 1970-76 to reach $ 194 in 1976 as expressed in constant 1970 values. GDP increased at a rate of 4.4 per cent but population grew at 2.7 per cent annually, so that by 1976 the population of 49 developing African countries reached 381 million(1). Imports grew at a rate of 10.3 per cent, considerably more than exports, which grew at a rate of only 2.3 per cent, so that by 1976 imports exceeded exports by 39 per cent. The labour force increased at a rate of 2.1 per cent, less than overall population grew, and in 1976, 38 per cent of population was included in the labour force. Manufacturing value added (MVA) grew at a rate of 5.3 per cent, less than one per cent more than GDP, and by 1976 MVA accounted for 11.4 per cent of GDP.

These overall regional data conceal wide variations among the African countries in their progress towards economic development and industrialization.

Table 1 groups African countries according to their shares in regional MVA as of 1976, the proportion of their GDP accounted for by industry as of 1976 and the rate of industrial growth, 1970-76. Four countries—Egypt, Nigeria, Algeria and Morocco—accounted for about 53 per cent of African industrial production; 23 countries had a share in regional MVA of less than one per cent each.

The most industrialized countries of the region, measured according to the proportion of GDP accounted for by MVA, were Egypt, Swaziland, Mauritius, Ivory Coast, Kenya and Rhodesia, the latter with an MVA/GDP ratio of over 15 per cent. 19 other countries had shares of MVA in GDP of less than 8 per cent, ranging to as low as 1.4 per cent.

(1) Excluding Djibouti and Reunion.

In Africa, manufacturing value added rose at an average annual rate of 5.3% over the 1970-76 period

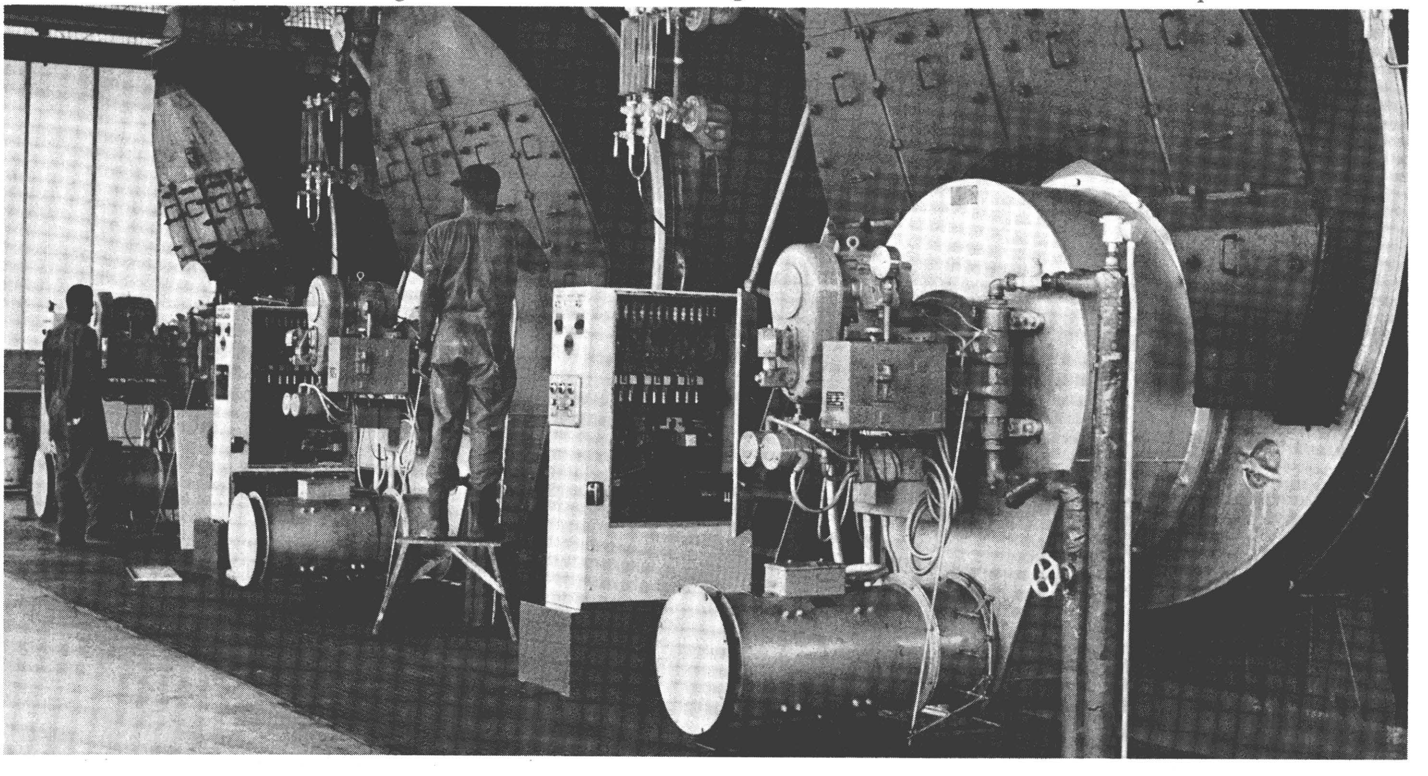


Table 1

43 African countries grouped by share in regional MVA, proportion of GDP accounted for by MVA and rate of growth in MVA

Share in regional MVA, 1976(1)	Proportion of GDP accounted for by MVA, 1976(1)	Rate of growth in MVA, 1970-76(1)
(less than 1 per cent)	**(less than 8 per cent)**	**(less than 0 per cent)**
Angola	Angola	Angola
Benin	Benin	Central Afr. Republic
Botswana	Botswana	Chad
Burundi	Chad	Equatorial Guinea
Central Afr. Republic	Equatorial Guinea	Gambia
Chad	Gabon	Ghana
Congo	Gambia	Mozambique
Equatorial Guinea	Ghana	Rhodesia
Gabon	Guinea	Togo
Gambia	Liberia	Uganda
Guinea	Libya	**Total: 10 countries**
Liberia	Malawi	
Malawi	Mauritania	
Mali	Mozambique	**(0 to 5 per cer cent)**
Mauritania	Niger	
Mauritius	Rwanda	Cameroon
Niger	Somalia	Egypt
Rwanda	Togo	Ethiopia
Sierra Leone	Uganda	Guinea
Somalia	**Total: 19 countries**	Madagascar
Swaziland		Malawi
Togo		Mali
Upper Volta	**(8 to 12 per cent)**	Niger
Total: 23 countries		Senegal
	Burundi	Sudan
	Cameroon	Tanzania
(1 to 4.5 per cent)	Ethiopia	Upper Volta
	Mali	Zaire
Cameroon	Nigeria	Zambia
Ethiopia	Sudan	**Total: 14 countries**
Ghana	Tanzania	
Ivory Coast	Tunisia	
Kenya	Zaire	**(5 to 10 per cent)**
Libya	Zambia	
Madagascar	**Total: 10 countries**	Benin
Mozambique		Burundi
Senegal		Ivory Coast
Rhodesia	**(12 to 15 per cent)**	Kenya
Sudan		Liberia
Tanzania	Algeria	Morocco
Tunisia	Central Afr. Republic	Rwanda
Uganda	Congo	Sierra Leone
Zaire	Madagascar	Somalia
Zambia	Morocco	**Total: 9 countries**
Total: 16 countries	Senegal	
	Sierra Leone	
	Upper Volta	**(more than 10 per cent)**
(more than 4.5 per cent)	**Total: 8 countries**	
		Algeria (11.1)
Algeria (11.2)		Botswana (11.9)
Egypt (20.6)	**(more than 15 per cent)**	Congo (15.2)
Morocco (6.8)		Gabon (28.6)
Nigeria (14.1)	Egypt (21.2)	Libya (21.2)
Total: 4 countries	Ivory Coast (16.1)	Mauritania (11.0)
	Kenya (15.5)	Mauritius (14.4)
	Mauritius (18.3)	Nigeria (15.8)
	Rhodesia (15.1)	Swaziland (19.6)
	Swaziland (18.9)	Tunisia (12.7)
	Total: 6 countries	**Total: 10 countries**

(1) Based on values expressed in constant 1970 dollars.
Countries listed alphabetically within groups. Cape Verde, Comoros, Guinea-Bissau, Lesotho, Sao Tome and Principe and Seychelles not included because of lack of data.

Like growth in GDP per capita, MVA grew during 1970-76 at widely varying rates from country to country. 10 countries had negative rates of MVA growth, ranging to as low as minus 10.8 per cent. Very high rates of MVA growth, over 10 per cent to as high as 28.6 per cent were achieved by Gabon, Libya, Swaziland, Nigeria, Congo, Mauritius, Tunisia, Botswana, Algeria and Mauritania.

Structure of industrial production

For most African countries the structure of industrial production is relatively undiversified, consisting largely of food, beverages and textile manufactures (table 2). As of 1970 food products accounded for more than 10 per cent of MVA in each of 22 countries for which data were available and for 10 of these countries food products were the largest component of MVA, ranging up to 89 per cent of the total(1). Beverages accounted for more than 10 per cent of MVA in 12 of the 22 countries, while textiles accounted for at least 10 per cent of MVA in 10 countries. Tobacco products and clothing were important sectors for several countries.

Somewhat surprisingly, given Africa's resource endowment, manufacture of wood, wood products and furniture was important in only one country, Swaziland. Chemicals and petroleum refining were of importance in four countries, non-ferrous basic metals in two countries and in one country each (Burundi and Kenya respectively) metal products except machinery and transport equipment accounted for more than 10 per cent of MVA.

Thus, as of 1970 the structure of industrial production in Africa consisted largely of a limited range of traditional manufactures reflecting internal demand requirements and simple technologies with probably relatively high labour intensities. Some countries were producing more technologically sophisticated goods such as machinery, but such products generally accounded for a small proportion of MVA.

The picture is changing, however, as table 3 shows. From 1970 to 1975 (or in some cases to 1973 or 1974) rates of growth in 17 countries varied widely from sector, ranging from -64 per cent to + 205 per cent, and from country to country, but in general growth rates tended to be high. Moreover, for these countries rapid growth was not confined to any particular sector; both traditional manufactures and more technological advanced manufactures grew at high rates in many cases. Such high growth rates may be somewhat misleading in terms of the average growth of manufacturing, for very high rates occurred only for types of manufactures starting from a low production base. Nevertheless, the table indicates increased diversifications and the growing importance of non-traditional manufactures.

Particular importance is often attached in economic analysis to the role of manufactures such as fabricated metal products, machinery and electrical goods in the development process. It is argued that these have high growth potential, extensive linkages with other industries and help develop labour skills through learning-by-doing. In most of the 17 countries included in table 4, growth rates in this sector tended to be high.

The size and growth of individual manufacturing sectors depend in part on the amount of investment in those sectors. Together, food products, beverages, textiles, industrial chemicals and other non-metallic mineral products accounted for three quarters of gross fined capital formation in 1970. The food and textile industries are also major contributors to wages and employment, accounting together for 37 per cent

(1) In all but a few countries the share of food products in total manufacturing output was even larger than the share in MVA.

Table 2

Major industrial sectors in 22 African countries, 1970, with shares in total MVA (percentages) (a)

Country	Major sectors (with shares in MVA)
Burundi (b)	Beverages (46), clothing (16), metal products except machinery (15), food (14)
Cameroon (b)	Food (30), non-ferrous basic metals (17), beverages (12)
Congo	Beverages and tobacco (20), petroleum refining and products (18), food (16)
Egypt	Textiles (32), food (10)
Ethiopia	Textiles (28), food (27), beverages (16)
Ghana	Petroleum refining (15), textiles (11), food (11), non-ferrous basic metals (11), beverages (10)
Kenya	Food (19), transport equipment (11)
Libya	Tobacco products (44), food (14), other chemical products (11)
Madagascar	Food (29), textiles (20)
Malawi	Food (22), beverages (17), tobacco products (12), textiles (11)
Mauritius	Food (61)
Mozambique	Food (36), textiles (11)
Nigeria	Textiles (24), beverages (15), food (12)
Rwanda	Food and beverages (89)
Somalia	Food (89)
Rhodesia	Food (12)
Sudan	Textiles and clothing (27), food (21), beverages (14)
Swaziland	Wood, wood products and furniture (57), food and beverages (37)
Tanzania	Textiles (22), food (21)
Togo	Textiles (37), beverages (33), food (20)
Tunisia	Food (19), industrial and other chemical products (13)
Zambia	Beverages and tobacco products (41), food (14)

(a) Major sectors defined as accounting for at least 10 per cent of total MVA (1970).
(b) Refers to shares of output.

Table 3

Growth rates of MVA, grouped by major ISIC division, in 17 African countries, 1970 to 1975 or latest available year (a)

Country	Food, beverages and tobacco products (ISIC 31)	Textiles, wearing apparel and leather industries (ISIC 32)	Wood and wood products (ISIC 33)	Paper and paper products, printings and publishing (ISIC 34)	Chemical, petroleum, coal, rubber and plastic products (ISIC 35)	Non-metallic mineral products, except of petroleum and coal (ISIC 36)	Basic metal industries (ISIC 37)	Fabricated metal products, machinery and equipment (ISIC 38)	Other manufactures (ISIC 39)
	Average annual growth rates in per cent								
Burundi (b)	24 to 34	16	− 2		3			− 1	
Congo	7 to 16	− 4				− 10	13	− 27 to 0	
Ethiopia	6 to 10	7 to 19	2 to 7	− 20 to 17	− 9 to 41	− 29 to − 3	1	3 to 8	
Kenya	27	13 to 22	17 to 18	4 to 30	56	17		− 16 to 13	
Libya	25 to 26	13	16 to 52	8	24 to 33	36		8 to 22	39
Madagascar	1 to 27	− 4 to 25	6	0 to 19	3 to 9	− 3 to 56		4 to 24	33
Malawi	− 11 to 11	0 to 12	31 to 57		− 5 to 7	0		13 to 35	
Mauritius	29 to 32	27	22	29	15			6 to 80	
Mozambique	− 3 to 7	7 to 47	1 to 6	12 to 18	− 35 to 33	4 to 13	11	2 to 45	8
Nigeria	8 to 21	− 22 to 40	13 to 25	21 to 24	− 64 to 29	− 7 to 47	118	15 to 110	− 1
Rhodesia	9 to 18	14 to 25	4 to 14	13 to 14	14 to 24	12	4 to 27	7 to 19	
Rwanda	17		17		84			13	63
Somalia	− 17 to 4	43 to 67	36	34	205	41		81	61
Swaziland	24		− 50						− 2
Tanzania	3 to 18	12 to 44	− 20 to 16	31 to 86	90 to 113		69	2 to 47	58
Tunisia	9 to 17	15 to 25	15 to 17	11 to 16	− 1 to 28	6 to 15	− 1 to 19	19 to 35	6
Zambia	4 to 13	6 to 58	3 to 7	18 to 26	30 to 121		− 2	17 to 46	30

(a) Burundi, Madagascar, Nigeria, Rwanda, Somalia and Tanzania and is 1973 for Congo, Malawi, Mozambique, Swaziland and Zambia.
(b) Refers to output growth rates.

of wages and 44 per cent of employment in industries in 1970. Of the more technologically advanced industries, fabricated metal products, except machinery and equipment, was the most important provider of wages (7 per cent of total) and employment (8 per cent of total).

Trade in manufactures

African trade in manufactures is characterized by a large and increasing imbalance of imports over exports. Table 4 shows that Africa's share in world exports of manufactures declined from 1.12 per cent during 1970-71 to 0.60 per cent during 1975-76. In comparison the share of developing Asia, excluding the Middle East and centrally planned economies, rose from 3.07 to 4.90 per cent, the share of Middle Eastern countries rose from 0.25 to 0.46 per cent and the shares of other groups of developing countries rose slightly.

These changes in export performance are analysed in Tables 5 and 6. Table 5 shows that from 1970-71 to 1975-76 exports of manufactures increased in all groups of developing countries outside the African region, which suffered a decline in exports of $2 842 million. In contrast, Asia, excluding centrally planned and Middle Eastern countries, gained $10 063 million. Most of Africa's loss was due to a decline in exports of non-ferrous metals amounting to $2 180 million.

In table 6 this decline in Africa's export performance is broken down into three effects: change in commodity composition, in market composition and in competitiveness (a residual reflecting the difference between total change in exports and the commodity and market composition effects). The table shows that almost all of Africa's decline in export performance was due to decreasing competitiveness (especially in non-ferrous metals and other manufactures) and losses due to the composition of exports (declining demand for non-ferrous metals).

As for the processing of raw materials, it appears that in Africa the level of processing of several food products—fish, cereals, sugar, coffee, tea and cocoa—is higher on the whole than for the rest of the developing world, and is roughly equivalent for some others. Excluding food products, however, it appears that the level of processing of African exports is significantly less than that of other developing regions, especially for pulp and paper, leather and furs, wood and cork, textiles, non-metallic mineral products, chemicals and other goods. This indicates a potential for increasing the value of African exports through increased processing of those products now exported as raw materials or as semi-processed products.

Africa's contribution to achieving the Lima target

The rate of real industrial growth in Africa during the period 1970-76, about 5 per cent per annum, must be judged as inadequate in terms of the development goals implied by the Lima target. This rate of growth allowed Africa to maintain its share in world industrial production at about 0.7 per cent (table 7), mainly because industrial growth in the developed market economy countries, which account for the bulk of world industry, was relatively low during the period, but meanwhile the non-African developing countries were able to

Table 5

Change in export performance in developing regions/country groups, 1970-71 to 1973-76

(million current US dollars f.o.b.)

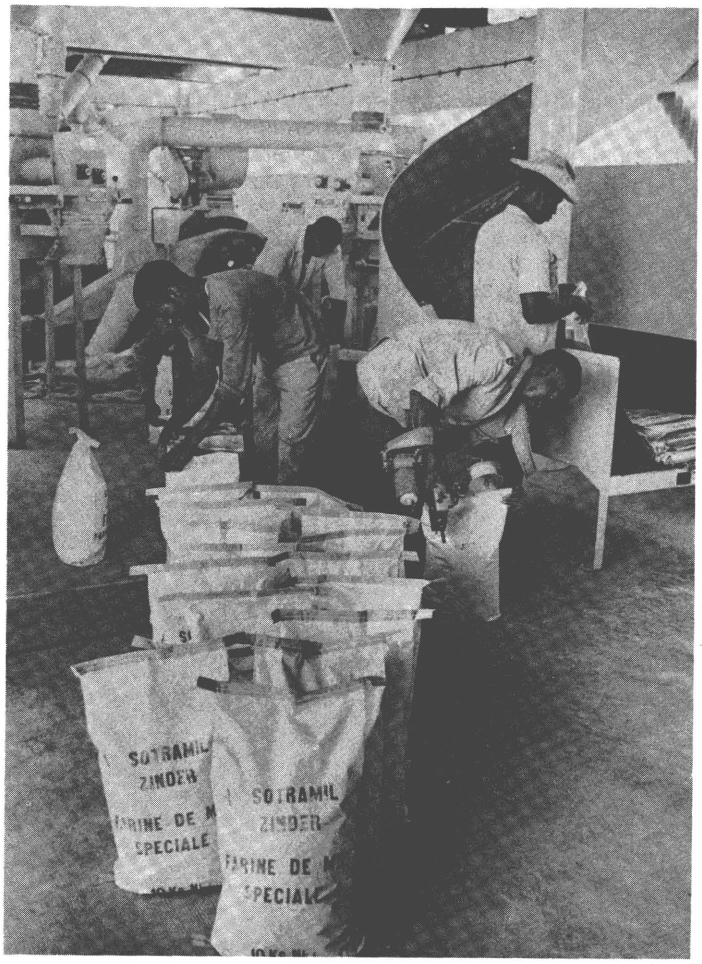
Developing region/country group	Textile yarns and fabrics	Clothing	Chemicals	Non-ferrous metals	Iron and steel	Metal products	Machinery and transport equipment	Other manu-factures	Total
Africa	– 127.0	—	– 13.6	– 2 179.6	—	—	– 31.1	– 460.4	– 2 841.7
Latin America	212.0	201.1	532.2	– 1 366.8	– 75.0	—	715.1	249.4	468.0
Asian Middle East	16.7	—	417.1	—	—	—	358.9	380.0	1 172.7
Asia other than Middle East	372.8	2 576.6	297.8	18.0	288.6	237.9	3 461.9	2 809.1	10 062.7
OPEC countries	– 76.9	—	439.6	—	—	—	– 152.5	– 15.8	194.4
Centrally-planned Asia	129.5	243.8	21.5	48.0	– 12.7	12.3	– 2.2	– 172.0	268.2

Table 6

Factors affecting change in export performance in Africa, 1970-71 to 1975-76

(million current US dollars f.o.b.)

	Textile yarns and fabrics	Clothing	Chemicals	Non-ferrous metals	Iron and steel	Metal products	Machinery and transport equipment	Other manu-factures	Total
Commodity-composition effect	– 84.5	—	33.0	– 1 227.8	—	—	9.4	– 45.4	– 1 315.3
Market-Composition effect	35.6	—	8.1	– 172.0	—	—	35.4	117.2	24.3
Competitiveness effect	– 78.1	—	– 84.7	– 779.8	—	—	– 75.9	– 532.2	– 1 550.7
Change in performance (sum of effects)	– 127.0	—	– 43.6	– 2 179.6	—	—	– 31.1	– 460.4	– 2 841.7



Making millet flour in Niger. The level of processing of a number of African food products, including cereals, is generally higher than in the rest of the developing world

Table 4

Share in world exports of manufactures, by developing region and country group, 1970-1971 and 1975-1976

(in per cent)

Exporting area	Average share 1970-1971	Average share 1975-1976
Africa	1.12	0.60
Latin America	1.51	1.59
Asia Middle East	0.25	0.46
Other Asia (a)	3.07	4.90
OPEC countries	0.20	0.23
Centrally planned economies of Asia	0.57	0.62

(a) Including Oceania.

increase their share from 6.6 to 8.0 per cent, so that while these countries made progress toward achieving the Lima target, Africa did not(1).

If Africa is to achieve its regional target of a 2 per cent share in world industrial production by the year 2000 and thus meet its declared contribution to the Lima 25 per cent target for the developing countries as a whole, it will need to maintain its share of Third World industrial production at a minimum of 8 per cent. Table 7 indicates that from 1970 to 1976 Africa's share in Third World industrial production dropped from 9.4 to 8.2 per cent.

To halt this trend Africa will need to substantially increase its rate of industrial growth in the future. Roughly a doubling of the current rate to about 10 per cent annually probably will be required.

If such a growth rate is to be achieved, changes in the framework of policies affecting industrial development will be necessary in many African countries. In particular these changes will need to encourage greater saving and industrial investment, export of manufactures, foreign participation in industry, local processing of natural resources, improvements in technology, infrastructure, managerial skills and marketing arrangements and the restructuring of the industrial product mix to achieve greater economic efficiency in the use of resources. Furthermore, the countries of Africa will need to closely coordinate policy changes with the aim of achieving greater regional cooperation in industrial development, especially with regard to assisting the least developed countries of the region. ○

Table 7

Shares of Africa, other developing countries and all developing countries in world manufacturing value added, 1970-76

(in per cent)

Year	Africa	Other developing countries	All developing countries
1970	0.69	6.64	7.33
1971	0.70	6.60	7.65
1972	0.70	7.10	7.80
1973	0.71	7.21	7.90
1974	0.72	7.54	8.26
1975	0.74	7.96	8.70
1976	0.71	7.96	8.67

(Based on prices in 1970 US dollars.)

(1) These percentages are based on 1970 prices. Taking 1975 prices as the base, Africa's share in 1976 works out at 0.84 % (0.86 % in 1977) and the figure for the other developing countries is 8.74 % (8.84 % in 1977).

Resolving Africa's industrialization problem (*)

Only through industrialization can Africa hope to emerge from being a poor continent with the largest number of the world's least-developed countries.

Twenty years after independence, the stark truth is that Africa is still beset by low levels of productivity, an excessive dependence on agriculture and a small range of primary export commodities, a circumscribed and fractured industrial base, and a transport network geared essentially to the export sector—to say nothing of the sharp bifurcation between the traditional and modern sectors, and a predominance of expatriate enterprise in banking, commerce, finance, industry and management. These are some of the factors that have left Africa in a grave crisis in its socio-economic development.

The colonial factor

These conditions have been spawned by strategies formulated to rationalize the colonial patterns of production in Africa, an orientation towards export markets with little regard for the socio-economic development of the African countries.

The Economic Commission for Africa (ECA) emerged when most of Africa was moving towards independence and African leaders were preoccupied with economic problems rooted in the colonial past, characterized by imbalance and underdevelopment.

Selective colonial development, mainly in agriculture and mining, fostered the gain of foreign companies and the colonial powers, leaving indigenous Africa largely at subsistence level. The birth of the ECA thus gave emergent Africa the assurance of help when it was most needed.

Independence found the African countries desperately short of skilled manpower, with an educational structure created to supply the middle-level personnel needed by a foreign economy.

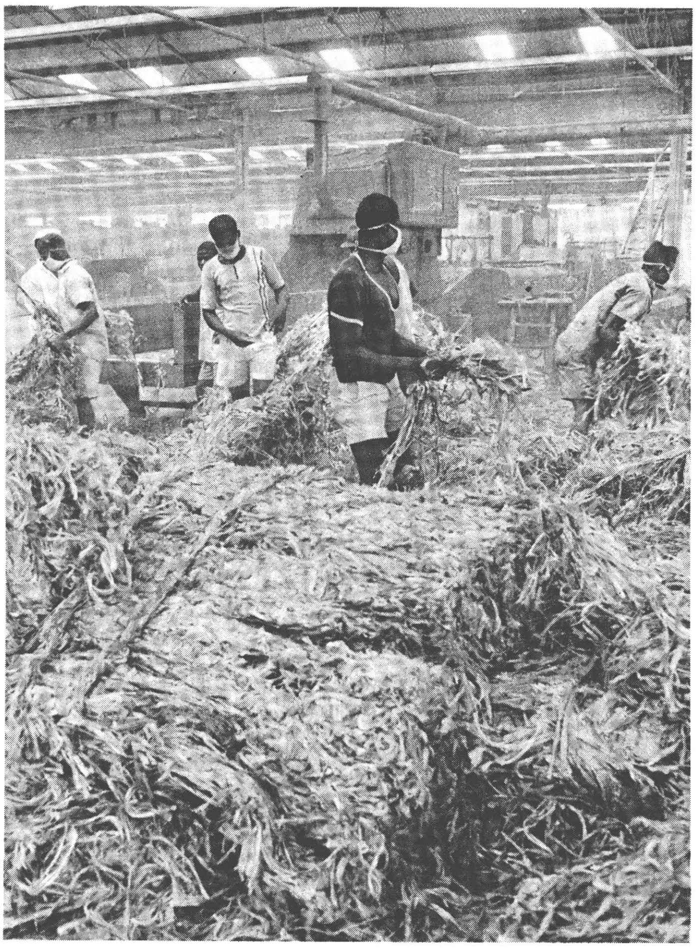
The import-export trade established transport links with the colonial countries. Trade and transport between the countries of Africa hardly existed.

Essentially producers of raw materials, the African countries were exposed to erratic conditions of demand for their products, and price fluctuations they were unable to control.

With a money economy that tied them to Europe and its markets, domestic development was too insignificant to justify industrialization, however modest. Against this background, the prospects for progress appeared bleak indeed.

Development programmes

Accepting the challenge of a continent ill-prepared for meaningful change, the ECA set up a number of centres for the training of staff capable of compiling accurate statistics, and organized seminars and meetings of experts to assess and determine Africa's economic priorities.



UNIDO

Fibre bag manufacturing in Kumasi (Ghana)
African industries are heavily labour-intensive

These training and research projects provided a steady stream of published material and in-depth studies, which formed the basis for decisions that led to the setting up of several new institutions, which paved the way for the implementation of development programmes in many parts of Africa.

Now, the first constructive steps are being taken to launch an industrialization programme for the Africa region, following the Symposium on Industrial Policies and Strategies in Nairobi in September 1979, when the proposals formulated as a result of careful evaluation and discussion focussed on some of the principal areas for initial consideration and joint action.

Until now, Africa, like other developing regions, has been a major supplier of raw materials to the developed countries where, on being turned into finished goods, they are exported to Africa at high cost.

In planning Africa's entry into industrialization, individual governments have been urged to encourage self-sufficiency. But, initially, the programme will centre on agriculture-based industries, such as foodstuffs and textiles, utilizing the abundance of raw materials available, embarking eventually on processing facilities to redress a situation in which, for decades, Africa has been producing what it does not consume and consuming what it does not produce.

(*) This article was provided by the Information Service of the Economic Commission for Africa — Addis Ababa, Ethiopia.

Providing the necessary infrastructure

Due emphasis has been placed on the urgency of providing the training for needed skills, provision for equipment and the essential facilities, together with an adequate distribution network for manufactured goods to reach their widespread markets.

The programme underscores the necessity for infrastructure development, especially in transport and communications, to ensure maximum advantages and to prevent expensive and wasteful duplication of effort. Technogical research, and the exchange and adaptation of methods and techniques for speedy progress, feature strongly in the programme so that Africa can move steadily from its present 0.6 per cent to the proposed 2 per cent share of world industrial output by the year 2000.

Diversification and self-reliance at all levels will wrench the countries of Africa from the colonial-imposed dependence upon the developed world and turn them into producing countries capable of satisfying their own immediate needs, thus giving them the freedom to exercise their options for their own good.

To achieve this, consultation machinery is being installed to aid manpower development, the selection and processing of industrial raw materials, industrial technology, finance for industry, markets and marketing, investment guarantees, and national participation in joint ventures, public and private.

Areas into which the industrialization programme will extend, as sectors are brought into manufacturing operation, will ultimately take in building materials and construction industries, engineering and basic metals, and a wide spectrum of chemical industries, particularly on the basis of intra-African cooperation; and political support will be mobilized to bring together the appropriate African agencies through which the common framework of multilateral industrialization can be phased into existence.

Africa recognizes that only through industrialization is it possible to change the situation which allows continuation of a world divided into exporters of primary products and exporters of manufactured goods, and thus bring about a restructuring of industrial and economic relationships as the foundation for the new international economic order.

The African Industrial Development Fund

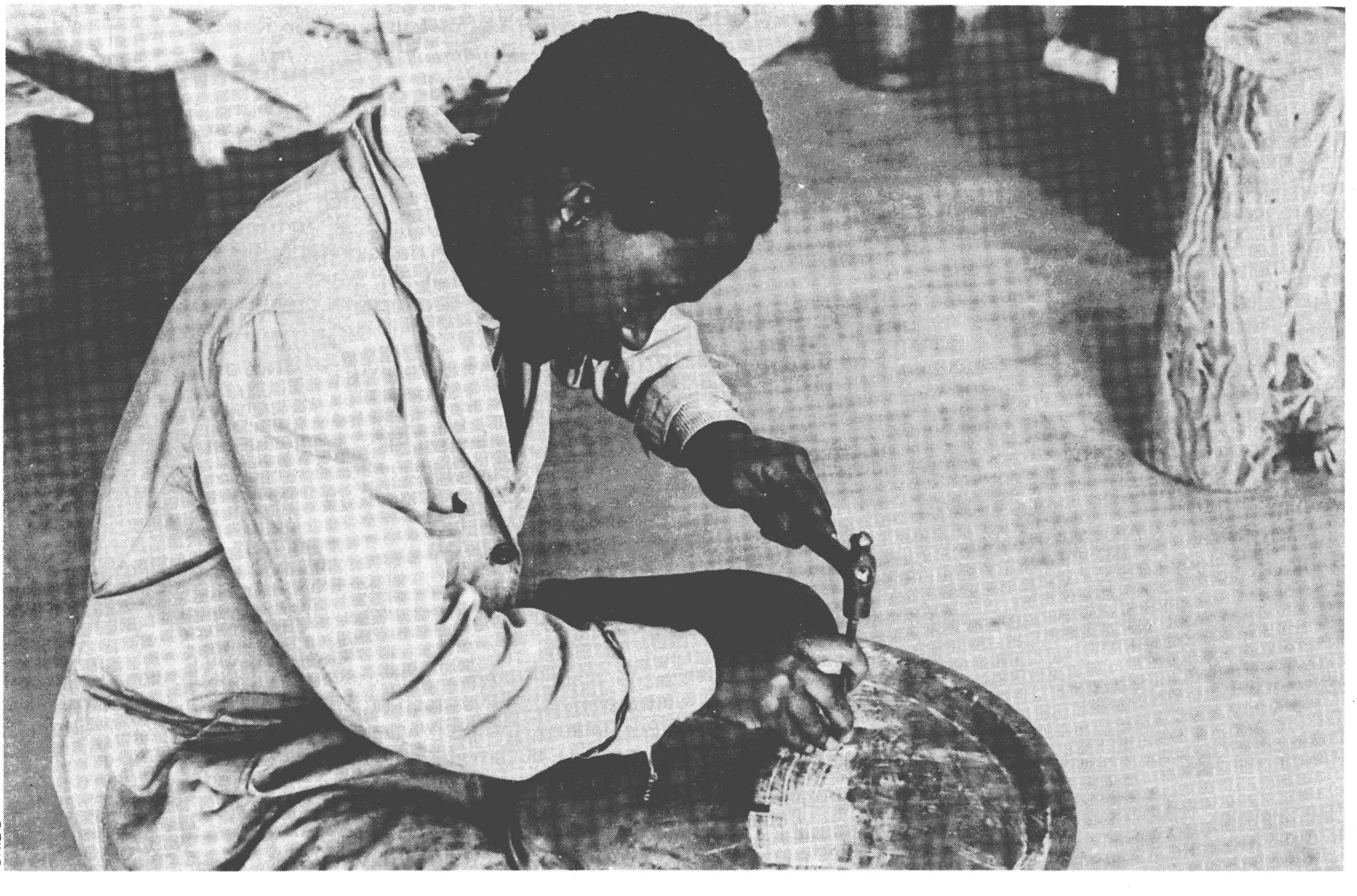
The African Industrial Development Fund, which was brought into existence by the October meeting of African ministers of industry, will initiate many of the selected projects that will spearhead Africa's new industrialization programme.

When Adebayo Adedeji spoke to the Monrovia symposium on a diversified economy for the Africa region, he said: "For the first time ever, we are asking ourselves the basic question: what kind of development does Africa need, and how can it achieve that kind of development?

"Underlying this question is the fundamental assumption that we are no longer satisfied with mimicking other countries and other economic systems; that the time has come for African governments and peoples to begin to evolve their uniquely African pattern of development and lifestyles, which is built on their rich cultural heritage, their social structure and economic institutions, and their considerable resources".

That is the challenge that Africa is now meeting in its current industrialization programme. ○

An African craftsman at work
A very slow process of manufacturing and a low output



UNIDO

CARIBBEAN

Industrial development and the role of the Caribbean Development Bank

by J.S.E. de FONSEKA(*)

It is generally agreed that manufacturing industry has so far not played an important role in the economic development of the Caribbean region. Smallness of domestic markets, a limited raw materials base, inadequate sea and air transport systems and a shortage of qualified entrepreneurs have been some of the major constraints responsible for this situation and have also contributed to a heavy dependence on imported raw materials and a not very efficient type of industrial development.

The available statistics bear witness to the limited role played by industry. In 1976 (the latest year for which the relevant figures are available) manufacturing accounted for 12% of GDP in the more developed countries (MDCs); in the East Caribbean Common Market (ECCM) countries its share has been estimated at 5% and in Belize at 13%. Further, the MDCs accounted for 94% of manufacturing GDP in the region.

The importance of light industries

The manufacturing sector in the region consists largely of those lighter industries which typify countries at an early stage of industrialization. In addition, Jamaica, Trinidad and Tobago and Guyana have some limited heavy industry based on their petroleum and bauxite resources. However, the linkages between this heavy industry and the rest of the economy have been minimal and its development has been historically separate from that of light manufacturing industry.

The role of the CDB

At the same time it has been accepted that industrial development is an important means for generating employment opportunities and for the transfer of technology and management know-how. The Caribbean Development Bank's own charter gives it a dual mandate:

1. to finance national development projects in the countries of the region having special and urgent regard to the needs of the less developed members of the region; and
2. to promote economic cooperation and integration among the member countries of the region.

What is more, the Treaty of Chaguaramas, establishing the Caribbean Community, recognizes the bank as an "associate institution" of the Community, i.e., as an institution which, though legally separate from the Community and having its own identity and purposes has also the same broad objectives and purposes as the Commity itself. For all the above reasons the CDB has always recognised the importance of industrial development in its operations. It was fully committed to the trade liberalisation and other incentive schemes which were introduced by the CARICOM regime as part of the regional effort to stimulate industrial development. Now that the scope for trade liberalization schemes has become limited as a result of the import restrictions imposed by those regional countries facing balance of payments problems, the bank is equally committed to support CARICOM endeavours that emphasise cooperation in production in its place.

The CDB was established in 1970, the year in which its charter agreement came into force. Its membership includes eighteen regional members and two non-regional members, i.e., the United Kingdom and Canada. By the end of 1979 it had mobilized resources totalling US $ 327 million and had approved loans amounting to US $ 258 million.

In its early years the bank's direct lending activities met with greater success in agriculture projects rather than in industry. There was no direct lending in the MDCs where the bank's policy was to lend to private investors through the national development finance companies (DFCs) which already existed in these countries, and not to compete with them. The CDB was prepared to participate only to the extent that the financing requirements of the sub-projects could not be met within the lending limits of the national DFCs.

The CDB has, however, been the main source of industrial financing for the DFCs in the less developed countries (LDCs) and from the beginning it has helped LDC governments to establish these institutions, to staff them and introduce acceptable management and banking procedures in them. As a measure of technical assistance to these institutions a small industry loans officer working from the Bank's Headquarters in Barbados was assigned to each of them. These officers helped the DFCs in the preparation and appraisal of industrial projects financed out of the Bank's lines of credit and in the subsequent supervision of these projects after they were financed.

Electronic components factory in Barbados

IDC Barbados

(*) Head of industrial development at the Caribbean Development Bank.

Regional programming of industries

In addition to functioning as a lending agency and assisting in the establishment of financial institutions that could participate in the financing of industrial development projects, the CDB has assisted in the identification of industrial projects suitable for the LDCs by supplementing the efforts of the LDCs in the early stages of an industrialization programme for the area. One of the early regional undertakings for the stimulation of industrial investment was the ECCM allocation scheme of industries. This scheme was based on a study which was done by the Economist Intelligence Unit of the United Kingdom and was commissioned by the bank using technical assistance funds provided by the UNDP and with the World Bank as executing agency. The purpose of the study was to assist the Bank in identifying and making a preliminary evaluation of industrial projects which may be suitable for financing by it. The study identified thirty-five industries in three groups and these industries were subsequantly allocated by the ECCM Council of Ministers to the seven ECCM countries. In the event, mainly because of certain technical deficiencies in the ECCM industrial allocation scheme, not more than five or six of these industries have been established so far.

In spite of the limited success achieved so far in this industrial programming effort, the CDB, in the discharge of the integration mandate embodied in its charter, has recently provided the CARICOM secretariat with grant funds for engaging consultants to carry out a regional industrial programming study. The consultants have already commenced work and their report should be available by March 1980.

The CDB has also assisted industrial development through its financing of industrial estates. Loan approvals for this purpose amounted to US $ 11 million to date, and several industrial estate projects have also been included in the bank's lending programme for the next five years.

In retrospect, however, it is correct to say that the bank's participation in the industrial development of the Caribbean in the early years of its establishment was not on a large scale. As has already been mentioned, it could have lent directly for industrial projects, but the demand for funds was concentrated in the agriculture and infrastructure areas which were regarded as more capable of absorbing loan funds at this stage in the economic development of the borrowing member countries. Its first attempt at sub-regional industrial programming met with only limited success and its programme for industrial lending through the DFCs in the LDCs was hampered by the serious shortcomings in those institutions.

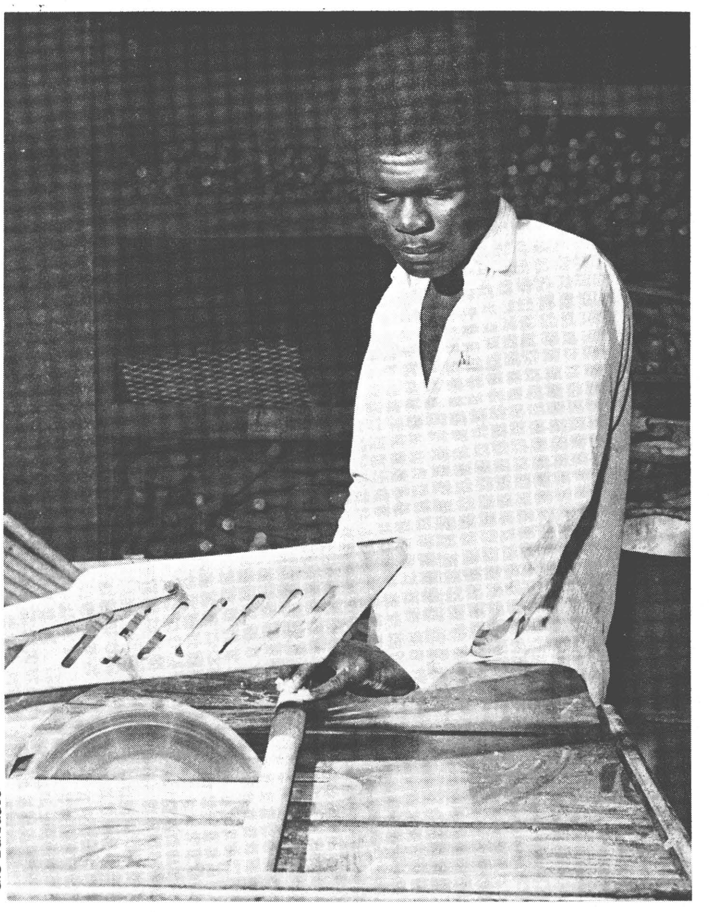
Increased attention for industrialization

More recently, however, the CDB has taken several steps which it hopes will enable it to achieve a more significant impact on the industrial development of the region. Reference has already been made to the regional industrial programming survey.

As part of its measures to improve the operations of the DFCs it has established a separate DFC section in its industry division to which additional staff is being recruited; and it has also engaged the services of a banking adviser who will assist the bank in the restructuring of the DFCs. Several industrial development specialists are being recruited for attachment to the DFCs, to assist these DFCs and their industrial subborrowers in all stages of their projects from formulation to implementation and operations.

The lack of "capacity"

The bank has also revised both its financial policies and its procurement policies so as to make them more flexible and responsive to the needs of private sector borrowers. As a result of these revisions the extent of the bank's possible direct participation in private sector projects has been substantially increased. To the extent that special funds resources are made available to the bank for investment in equity the bank has established guidelines for these equity investments. The establishment of a technology information unit to provide information to potential investors and the export market intelligence available through the CDB/ITC export development project are amongst the facilities recently provided by the bank.



GIS Barbados

Manufacturing in the Caribbean is based on the kind of light industries usually found in newly industrializing countries. This rattan furniture works in Barbados is an example

Recognising that lack of "capacity" rather than lack of finance was at the root of the development problem a technical assistance fund has been established in the bank to assist, inter alia, with pre-investment work and with project implementation and management. Several of the bank's borrowers in the industrial field have already benefitted from the use of this fund. The bank is also an active member of the Caribbean Group for Cooperation in Economic Development established in December 1977 to promote and coordinate financial and technical assistance to the Caribbean, as well as of the Technical Assistance Steering Committee established by that group to determine the technical assistance requirements of projects identified for funding.

Finally, the CDB has assisted in dealing with the transportation constraint already referred to by, at the regional level, providing substantial financial assistance to the region's air and sea transport services, LIAT (1974) Ltd. and West Indies Shipping Corporation (WISCO). Further assistance to these organizations using EEC/EDF funding is under consideration. At the national level the bank has funded the construction of several sea port and airport facilities in the region. ○ J.S.E. de F.

ACP-EEC industrial relations: imbalance or complementarity?

by Jacques DE BANDT(*)

The promotion of ACP industrial development is recognized as an "imperious necessity" and so industrial cooperation has become a key issue in Lomé II.

The aims are many. To develop all types of industry, to develop the so-called integral industries and to encourage complementarity with other sectors of the economy, particularly agriculture. And also to supply national and foreign markets, to procure foreign exchange earnings and to adjust the industrial structures of the Community. And lastly to develop ACP-EEC joint ventures.

In other words, all industrial activities have to be developed to meet needs, to expand activity and employment and to ensure income from abroad.

But what sort of impact is ACP industrialization really having on the EEC? And if there is impact, is it positive or negative?

To whom should we listen? The prophets of doom, ever ready to predict danger and catastrophe? Or the mercantilists, ever ready to resist any encroachment on their slice of the cake? Neither of them expects anything good of industrialization in the ACP countries or the developing world in general. Or should we listen to those who, in the name of the utopia of general equilibrium or from observation of realities and more especially from the compared dynamism of developed and developing countries, see in this industrialization one, if not the most important, way of coming out of the present crisis?

But of the 12 stated aims (article 66 of the Convention), particular attention should be paid here to the systematic development of "dynamic complementarity" between industries in the ACP group and those in the EEC.

Why this insistence on complementarity?(1) Is it to increase efficiency by cooperation at operational level or is it to prevent divergent or conflicting interests? Is it to take the bull by the horns and respond to as yet unspoken fears about the development of competition—which could be ruinous?

There is an obvious political desire for operational cooperation on the part of the operators themselves and through the development of the right sort of instruments and institutions. But there is a tendency in some quarters to think that, although this policy of industrial cooperation is necessary, it could be a burden and the principle should be agreed to but the application limited. Although second thoughts and fears have been eliminated from or smoothed in the Convention, they still live on among the operators and in public opinion.

Suspicion and mistrust

The current economic and political situation in fact tends to heighten suspicion and mistrust. Frightened introspection makes everyone else look like an unknown quantity and a threat, potentially at least, to personal survival.

The newly industrialized countries

Can the ACP countries be included in the debate on the consequences for the developed world of the industrialization of the developing countries, particularly the newly industrialized ones on which discussions tend to hinge?

First of all, what are the significant points in the discussion?

Here are one or two of the typical features of the newly industrialized countries—they succeed with their externally-oriented development policies, their export trade is competitive and dynamic and mainly consists of labour-intensive products (with clothing and leather goods in the lead), they continue to diversify their export range once the export trade begins to thrive, their imports (particularly of consumer goods) increase rapidly and they have an increasing trade deficit with the developed countries and an increasing surplus with the developing ones.

In other words, the dominant features of industrial relations between the developed world and the newly industrialized countries are the latters' increasing foothold, with a rapidly widening range of labour-intensive products on developed country markets and their even faster increasing absorption of capital goods and, in a certain number of cases, food products, from the industrialized world.

This has repercussions on employment in the developing world in two ways. There are significant gross effects, i.e. professional conversions (although on a smaller scale to those brought about by other causes), but small net effects which, bearing in mind trade surpluses, can even be positive.

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(1) There is no room here for a discussion of the complementarity, content, form and ways and means of implementation. The so-called colonial system also had obvious complementary forms. And is it not paradoxical to want to develop complementarity when one of the suggested ways of attenuating the conflict in the North-South trade relations is to develop trade within particular sectors—i.e. similar activities?

ACP industrialization—limited impact

What can be said about ACP industrialization?

The following should perhaps be emphasized:

— The degree to which the ACP countries participate in external trade is, in most cases, highly significant. In only five cases do exports represent less than 10% of GNP.

— Nevertheless, internationally speaking, these countries are fairly modestly placed—with only 3-4% world trade and 7.5% (2) of external Community trade in 1977. It should also be noted that the ACP share of the developing countries' external trade is on the decline.

— ACP external trade is in fact highly concentrated, not just in terms of countries (3 of the 53 ACP States account for half and eight of the 53 account for 2/3 of EEC imports of ACP goods), but in terms of products as well (in 1977, crude oil, coffee, sugar and copper represented almost 60% of EEC imports of ACP goods) (3).

— Most ACP exports to the EEC are primary produce which boil down to nothing—they are mostly semi-finished goods at the first (3) stage of processing (cocoa, butter, copper for refining, cut wood, sugar, shelled peanuts and groundnut oil, untreated aluminium, tanned hides, preserved meat and pineapple and palm and coprah oil). Apart from the processing of non-ferrous metals (refined copper and alumina and chemical derivatives), more elaborate semi-finished (cotton fabrics, wood veneers) and finished products (clothing) are more or less an exception (4) and only represent a tiny (between 1 and 2%) part of EEC imports from the ACP group and a small percentage of imports of the same products from the developing countries as a whole (8% for cotton fabrics, 7% for wood veneer, 2% for clothing). All in all, manufactures constitute an estimated 3.6% of EEC imports from the ACP group.

— On the contrary, most of the EEC exports to the ACP countries are manufactures. Apart from one or two agricultural and food products (milk and eggs, cereal-based products, sugar and beer), the bulk is semi-finished industrial products (iron and steel products and chemicals) and, above all, machinery and transport equipment.

— All this highlights the very traditional and totally asymmetric structure of EEC-ACP trade relations, which results, as far as the ACP group is concerned, in a dual dependency—export trades that depend on one or two basic products and strong dependency on imports of manufactures. Although export dependency is regarded today as being less of a disadvantage (in the short term because of Stabex payments, and in the medium term because of the tendency for commodity prices to rise), it is nevertheless a real problem, as can easily be seen from the fact that the volume of these exports is growing very slowly (5). Furthermore, the dependency on imports is on the increase—Nigeria, which accounts for 37% of the EEC's exports to the ACP group and whose imports have exceeded its vastly increased (thanks to oil) export earnings, is a good illustration of this.

The trade balance in manufactures is therefore fundamentally weighted in favour of the EEC—the Community's exports are more than ten times its imports (6).

This fact sufficiently shows that ACP industrialization can only have limited impact (in terms of negative effects) on the developed world.

Constraints and limitations

Compared to what is happening in the newly industrialized countries, ACP industrialization should be going more slowly, as the constraints (manpower, technology, investment financing and, in most cases, energy) restrict the chances of cumulative processes of accelerated growth developing on the basis of any export trade in manufactures.

In addition to these internal constraints, there are the limits imposed by outlets (growth rates in the developed countries) and competitiveness. Although the ACP products should get a stronger foothold on the EEC markets because of their privileged access arrangements, there are also various limiting factors. In relation to the labour intensive sectors in the newly industrialized countries, which already occupy the easiest positions to win, and in relation to firms in the developed countries, which have tried to strengthen their positions, the ACP countries do not have the best combinations of salaries, working conditions and industrial know-how/productivity. This combination, the basis of competitiveness, can nevertheless be improved by industrial cooperation and, gradually, by the development of human resources and technical and industrial know-how.

The balance of manufactures is very much in the EEC's favour

Conversely, ACP industrialization will result in a larger import trade, from a certain point of view (depending on what finance is available) more than proportional to the growth in export earnings.

Bearing in mind just how much capital equipment the ACP countries need, the EEC-ACP balance of manufactures has every chance of staying weighted well down in the EEC's favour and of growing again in the future. The deciding factor here will be the way export earnings (which determines the degree of indebtedness) develop, and this, in practice, depends on commodities.

In other words, the effect of ACP industrialization on the EEC should be limited, and in any case very gradual, imports of manufactures involving a high degree of labour-intensity and/or small amount of processing of commodities. But it should also mean an expanding export trade, mainly of capital equipment, the volume of which will depend on these countries' purchasing power—export earnings especially from commodities, export credit and debts. In any case, exports (and therefore the positive effects, in terms of activity and employment) should well exceed imports, and that as long as the ACP countries have higher incomes and credits. ○

J. de B.

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(2) As against 43.8% and 37.6% respectively of the EEC imports and export trade with the developing countries as a whole. So the ACP group only supplies 1/6 of the EEC's imports from the developing countries, whereas 1/5 of the EEC's exports to the developing countries go to them.

(3) In 1977, one main product accounted for more than 50% of exports to the EEC in 33 of the 53 ACP countries.

(4) Mention should perhaps also be made, although for smaller volumes, if not for the exporting country then at least in relation to total EEC imports from the ACP countries, of medical products (quinquinna from Zaire, hormones from the Bahamas), essential oils, string and cord (from Tanzania above all), toys and sports goods (Madagascar) and footwear (Senegal).

(5) Compared to 1974, the quantities have in fact decreased—120.9% in 1974 and 99.8% in 1977 (1975 = 100).

(6) More precise calculations would no doubt put this around 12-15 times bearing in mind that imports include products that have hardly been processed at all.

How can the ACP states prepare the ground for their industrialization?

by Jean-Paul GARDINIER(*)

The Lomé Convention takes large account of the ACP desire for industrialization.

There must be a human industrial fabric if industry is to be autonomous. National industrial promoters must get moving, although they need more than energy and ideas if they are to succeed. Most of all they want essential skills, without which all their efforts will be in vain, as the many examples in both free market and planned economies show.

The authors of Title III of the Lomé Convention clearly realized this when they invited European firms to embark upon industrial cooperation with ACP promoters, who tend, because of their very recent arrival on the industrial scene, to lack the industrial skills vital to success.

So European industrial firms are being asked to aid the ACP countries with their industrialization by setting up branches there and seeking to involve nationals as far as possible.

This kind of incentive, research, promotion and encouragement is the main task of the CID and its opposite numbers in each of the Community countries (CEPIA and SOPROGI in France for example).

In the few years since the system first started, awareness of the difficulties hampering industrial cooperation has grown. The reluctance of European firms to invest in the ACP countries has also been noticed.

Why is it that European firms are not rushing to invest in the ACP countries? Why are they so reluctant to respond to the ACP governments' appeal?

There is one answer. Too many ACP countries fail to look to their industrial credibility. Too many governments invite foreign investors but do not take the necessary steps to welcome them when the authorities do not positively discourage them!

But although European firms have got to behave reasonably (and rules have been proposed for firms which do cooperate), the ACP governments and authorities have got to welcome them properly. Those that do surely see their industrial development go faster.

(*) In this article, Mr Gardinier, a member of the consultative committee at the Centre for Industrial Development, gives his personal views as a European businessman.

There are five things to bear in mind when welcoming foreign firms and ACP governments would do well to take note of them if they want to attract more.

Of course, the only ACP countries involved are those, the vast majority in fact, whose governments have opted for development via private enterprise, with the cooperation of European firms as a means of speeding up industrialization. The recommendations in this article are not for countries which have opted for planned, state-run development and intend ensuring industrialization by calling in experts and buying ready-to-use equipment.

Taking industry into consideration

Industry cannot be run like politics or the civil service. It is part of an economy of competition where free enterprise is the motive force, the regulator and the safeguard.

The job of these governments would therefore seem to be:
— first to state the principle of private enterprise;
— then to take the measures that will promote it and to bar any that will have the opposite effect.

Private enterprise of course has its limits. The ACP governments alone can decide what will compromize their national independence and interfere with public order, morals and good behaviour. They also have to asses the interest of each project in relation to their development plans. But already some governments consider the relative value of their planning and do not hesitate to say "show us whatever you like, even if it is not in our development plan. We are young countries and there is everything to do... We cannot fit everything in the plan. We have to have a flexible and pragmatic approach". This sort of reasoning is obviously a wise one and very much appreciated by the foreign investor. It is an excellent example of an attractive welcome.

A clear, simple, permanent framework for investment

Whatever the degree of freedom, encouragement and attraction, legal and tax structures must be easy to understand, clear-cut and permanent. There is nothing worse than handing out advantages on an individual basis and bargaining for tax advantages piecemeal.

Each country should have its own, sufficiently liberal, code of investment containing incentive measures (geared to priorities) and such restrictions as apply to everyone.

However, the investment code is not the place for any *a priori* limitation of the amount of foreign participation, the number of foreign directors, the total amount of investment or the number of jobs created.

Even minimal barriers to investment have a clearly dissuasive effect. Apart from large-scale projects, countries with narrow, Balkanized markets rarely have room for substantial foreign investments. Foreign investors are anxious to test their strength with small financial commitments that they can develop later on. "Small is beautiful." Or, as I prefer to put it, small is realistic.

A freely-discussed agreement between the governments and the foreign firms should fix the details of establishment. The best course, obviously, would be to have total liberty... but would this be risk-free in such new and precarious countries?

One source of authorization

Since the governments intend controlling the setting up of industries, it would seem essential for authorization procedures not to involve too much paralyzing and discouraging red tape. All too often 50 or so copies of authorization dossiers that may well have taken months or even years to compile have to be submitted to and seen by 20 or 30 different departments.

Businessmen tire of travelling about so much and discussing details for months or even years on end and many of them give up and leave for Canada, Latin America or the industrial paradises of South-East Asia.

So it seems genuinely desirable for those ACP states that are anxious to speed up their industrialization and interested in attracting foreign investors to exercise their rights of assessment and control via just one reception organization, perhaps a ministry, an interministerial department or a parastatal body with government authority.

There are many formulae to choose from. API, the Tunisian investment promotion agency, is a model of its kind.

The important thing is for the foreign investor to have to deal with only one person, who has the authority to negotiate and take any decisions. It is up to the ACP governments to choose whatever means best suits their political structures and the ability of their administrators.

Infrastructure to suit the industrial ambitions of the country

Too many ACP states allow themselves to be taken in by flattering offers from foreign suppliers and builders that are out of all proportion to the basic equipment they already have. Thus many grandiose schemes involve vast amounts of unwarranted spending on infrastructure and increase the country's debt to no good effect as they cannot be amortized by other industrial develomment.

Conversely, there is no point in trying to attract small businesses if there is no minimum basic infrastructure when they get there.

So the ACP countries have every interest in giving priority to the judicious installation of infrastructure that is in line with their industrial ambitions:

(1) Techniques — ports, airports, domestic communications, energy, viability.

The creation of well-equipped industrial estates encourages industrialization. This is all the more effective in that general firms can be set up (workshops dealing with maintenance, mechanical and electrical engineering, control equipment, boiler-making) and administrative services (telex, telephone, banks, welfare, dispensaries, burglar alarms and fire prevention facilities, mecanography, etc.) can be installed.

(2) General facilities — hotels, estates for expatriates, restaurants, schools, security services, clubs, sports clubs, shops, banks, etc.

Many of the ACP countries already have many of these and they all encourage industrial cooperation.

A climate of confidence and security

The essential thing to bear in mind is the quality of human relations between company staff and nationals, at all levels of responsibility. There is no point in envisaging a cooperation scheme if everybody is not favourably disposed to it and willing to make the necessary concessions for the sake of mutual understanding.

Confidence. Nothing can be achieved without confidence, esteem and consideration and it is up to the ACP governments to generate the right atmosphere. The schools and the media have to prepare people to give a proper welcome to those who, while receiving the just dues of their cooperation, provide the industrial skills that will make them the leaders of ACP firms tomorrow.

For their part, foreign firms must realize the importance of the psychological factor by preparing their expatriate staff and families for life abroad, in contact with people who are politically independent but who have got to be given assistance to obtain the industrial skills that will make them equal economic partners in time.

Security. Small European businesses which cooperate will not risk their limited capital and the livelihood of their personnel without some minimum form of guarantee.

There are bilateral conventions guaranteeing capital investment against political risks. A Community guarantee system to augment (but not replace) these has been on the drawing board for some years and it is to be hoped that it sees the light of day soon.

As far as the staff themselves are concerned, the only possible guarantee is the word of the states themselves that there will be no discrimination between nationals and foreign personnel.

Industrial cooperation and technical assistance ought to be conditioned to respect individual rights. Without this there can be no cooperation.

So, it is not by chance that the ACP countries with the best economic results are those which have had a liberal policy involving respect for foreign investors and the people they are looking to for help with getting their industrialization off the ground.

They have created a climate of confidence and provided that vital commodity, security. The result is a measure of their wisdom, their clear thinking and their loyalty.

Seeds will not grow on stony ground.

Most of the governments of the Third World, and those of the ACP countries in particular, want to achieve industrialization and their gradual integration into the economic world of today.

Just as the farmer tills the soil before planting his seed, so the ACP governments must prepare the ground for industrialization.

Industrial firms will never thrive on poor, arid and rocky ground.

The experience of many years of work in industrialization in the developing countries shows that too many of their governments do not realize the need to prepare the ground go from failure to failure and from disappointment to disappointment, with every likelihood of perpetuating their own underdevelopment.

But their pragmatic and realistic neighbours, who know the virtues of providing the kind of reception that is essential to their development, find all the capital, manpower, techniques and markets they need.

There can be no lasting success without effort. Let us hope that the Third World governments take this to heart and pave the way for the gradual development of a thriving industry that suits their resources, their human means and their markets. ○ J.-P.G.

NIGERIA

On the threshold of the industrial revolution

Nigeria's industry initially developed from the processing of local agricultural produce and from the need for import substitution of products whose supplies were severely restricted during the second world war. In the 25 years following the war, these activities remained the same in character; small and regionally concentrated. They were mainly beer, soft drinks, textiles, rubber, plastics, cement, shoes, soap, vegetable oil, timber, paper, car assembly and chemical industries such as coal, petrol and natural gaz. Two-thirds of the capital involved belonged to foreigners. The remaining one third, was owned by the state and individual Nigerians. The government was also engaged in a number of intensive public works like roads, bridges and the Kaïnji dam.

A notable phenomenon during this period was the spectacular 40% per annum growth of the textile sector as against 6% for the rest. However, the gap narrowed to 22% and 20% respectively between 1968 and 1970 mainly as a result of the rise in the share of food products.

The manufacturing sector as a whole accounted for no more then 10% of the gross domestic product (GDP). The oil industry, on the other hand, made a modest contribution until 1974 when it dramatically provided 41% of the GDP and 93% of export earnings—a shot in the arm for the federal government whose effort to broaden the industrial base by encouraging the production of semi-processed and finished goods, was already showing encouraging results.

The increase in industrial activities was accompanied by an increase in energy consumption. "In the 1900s, energy consumption grew faster than industrial production, about 19% per annum; from 346 kwh in 1958 to 1 322 kwh in 1966". This energy was provided entirely by thermal stations at Ijora (Lagos), Afam, Ughelli, Kaduna and Kano. However, the Kaïnji hydroelectric dam which became operational in 1968, allayed fears of possible energy shortage within a very short time.

Stimulating industry

A number of measures were taken throughout the last decade to stimulate industry. They include: the promulgation of decrees conferring ownership in key sectors on the government and Nigerian citizens; the ban on imports of certain items as a way not only of conserving foreign exchange but also of protecting local industries; the establishment of an import supervision scheme to ensure that all imported manufactured goods are of the right quality and price; and the allocation of $15bn to industry in the 1975-80, third development plan, the highest ever. This plan accorded pioneer status to 31 branches including textiles, leather and rubber, which thus were exempt from corporation taxes. Because of inflation which was running at 40%, the $15bn allocated to industry was later increased so that the envisaged growth rate of 28.2% per annum, could be achieved. But the shortfall in 1977 of oil production and earnings made the target unrealistic.

Among other factors which also threatened industry in the last decade were price controls and under-utilization of plants, a result of frequent interruption of electricity supply and industrial disputes.

Despite these threats, Nigeria's industrial growth remained strong at 17% per annum. A Central Bank report on industrial output of some selected items in the first half of 1977, showed the following results:
Vehicle assembly: 40 000 units;
Electronics: 80 000 units;
Cement: 700 000 tonnes;
Roofing sheets: 60 000 tonnes;
Suitcases: 500 000 units;
Beer: 250 000 000 litres;
Soft drinks: 100 000 000 litres.

Overall government policy, however, is to slow down public participation, stimulate private initiatives and enterpreneurship and strenghten and broaden small-scale industries so as to lay a sound foundation for rapid industrialization. To this end the government is increasingly viewing its role as simply that of providing incentives like an efficient transport network and telecommunication system and tax relief concessions.

Abundant natural resources

Nigeria broadly has all that is needed for rapid industrialization. It has a large internal market and considerable capital. Furthermore, it is so well endowed that almost every part of it has one resource or another which could be utilized to create viable industries. As a result, a nationwide resources survey is being conducted which, when completed, will be placed at the disposal of industrialists. It will be the most effective way to implement a World Bank report on the dispersal of industries in the country which, many agree, will result in greater participation by a large proportion of the population in the industrialization process, allow greater utilization of locally available raw materials and arrest the drift of a large number of people to the urban areas.

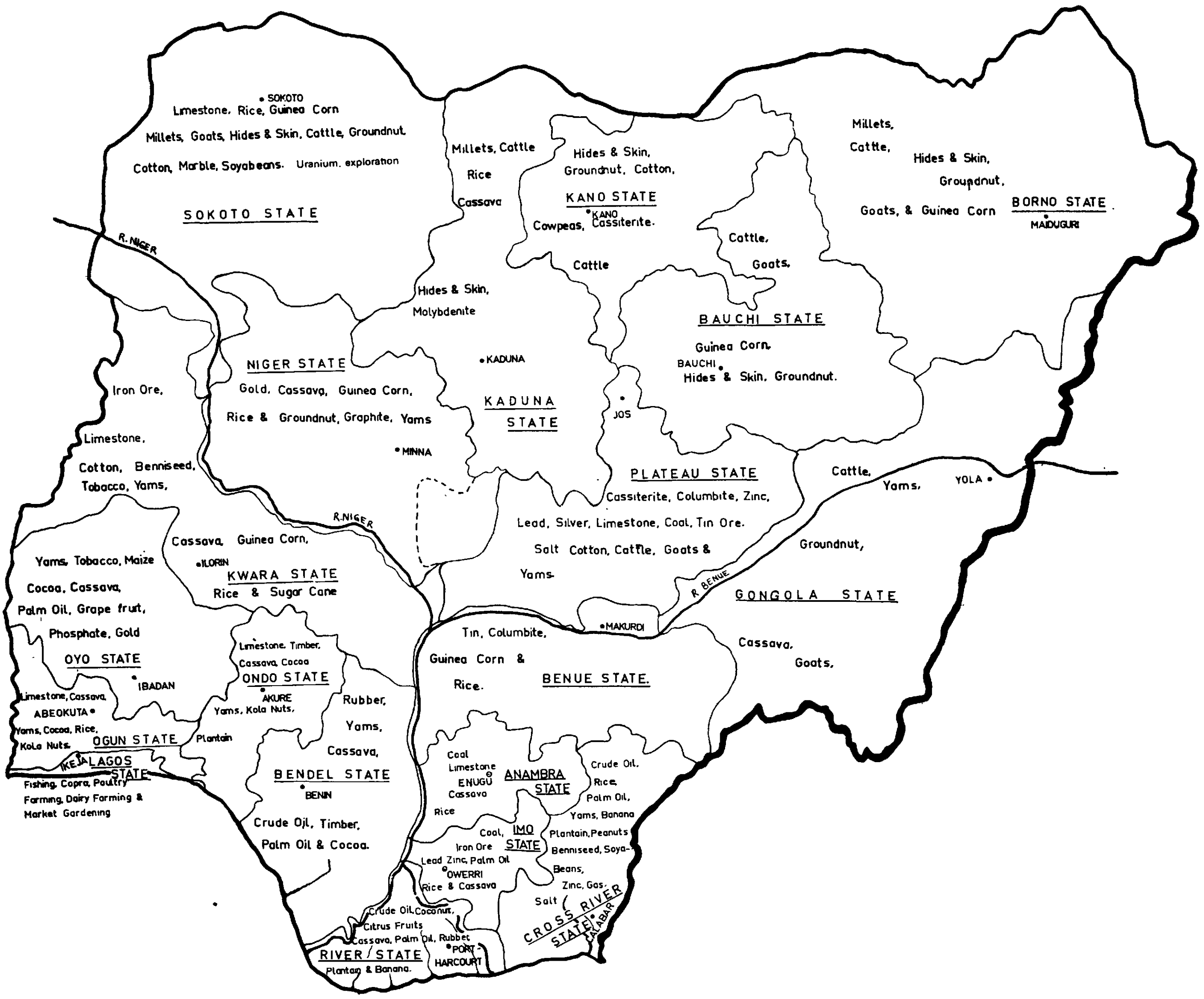
Despite the indigenization decrees, Nigerians are not in effective control of industry because of lack of skilled manpower. The importance of the development of management skill and technological know-how is therefore well recognized. To this end, a technology agency(2) responsible for research institutions has been established while industrial development centres are being set up in each state of the Federation. Seven of these centres are already in operation.

With the initial scare caused by Nigeria's indigenization decrees subsiding, confidence growing among foreign investors and the new civilian government indicating no fundamental changes to Nigeria's industrial policy, the country could be said to be on the threshold of an industrial revolution. ○ A.O.

(1) This article excludes the oil industry which was extensively dealt with in *Courier* No. 51 Current projections estimate that oil revenue could exceed $20bn during this financial year—an obvious boost to other sectors of industry.

(2) This has now been replaced by a Ministry of Science and Technology.

Natural resources of Nigeria



Covering some 932 773 sq km and situated within the Sahel, savannah and forest belts of Africa, Nigeria's natural resources are not only immense, they are distributed according to regional climatic conditions. Thus, in the northern states, where rainfall is generally less heavy and temperatures range from between 30° and 43° C in the daytime to lows of between 18° and 10° C, conditions are favourable for the growth of crops like maize, millet, groundnuts, rice and cotton.

These states also specialize in the production of cattle and hides and skin. They are suitable for the location of agro-based industries. In the southern states where rainfall is heavy and temperature is at an average of 29° C, conditions, on the contrary, are favourable mainly for mining, forest and plantation based industries such as oil, iron ore, cocoa, rubber and timber.

EDF industrial projects under Lomé I

Industry can indeed play a major role in speeding up development in the Third World but care must be taken that industrial development is not encouraged for its own sake and at the expense of the much broader based agricultural development so vital in ACP countries.

Firstly it should be realised that intervention by the Commission through the EDF or any other source of funds only occurs at the specific request of the country or countries concerned. National sovereignty implies national choice and this is not forgotten by officials of the Community.

There are many factors to be taken into account in deciding on whether development in the industrial sector is worthwhile. Among the most important are:

— the economic benefits to the countries concerned and this is often relative to the size of the home market and the adequacy of external markets to benefit the balance of payments through improved trade,

— the degree of management expertise and capacity available in the country concerned to absorb industrial development,

— the sociological effect of the proposed development for example the economic benefits of an industrial development project could be outweighed by the disadvantages of imposing industrial discipline on a society basically agrarian in outlook,

— Whether the necessary transfer of technology is likely to be of real benefit to the recipient countries and whether the training elements of the project are tangible and more important still achievable under the conditions of education obtaining in the countries concerned,

— can the proposed industrial development be fed from local sources of raw materials for this often dictates whether the development can be import substitution orientated as well as export orientated. Quite obviously large countries or regions with substantial local market demands offer better chances of success than do the smaller countries with limited possibilities for import substitution.

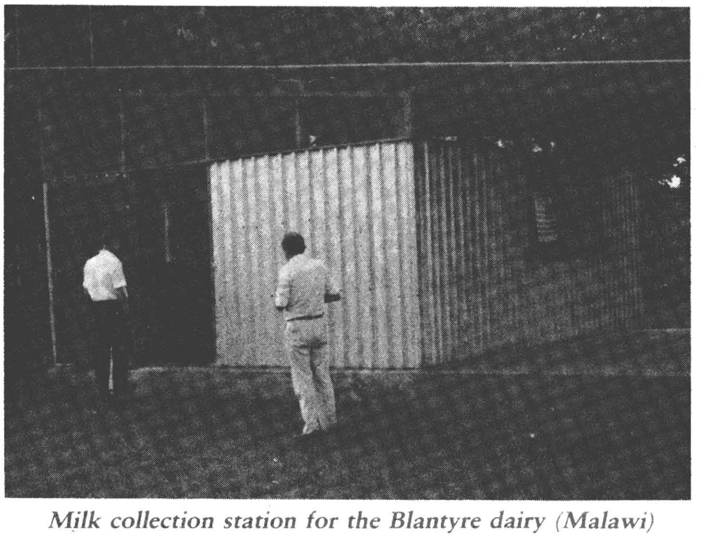
Community policy must be biased towards encouraging wider markets through regional cooperation to increase market potential and viability. However to satisfy national desires balanced programmes are necessary in regional industrialization to provide each country in the region with a share in the planned programme.

The transfer of technology has been mentioned earlier and the importance of training in management and trade promotion as well as in the technicalities of manufacture cannot be overstressed. In effect if industrial development is not an integral part of the overall development strategy of a country but purely an "ad hoc" development to satisfy a sudden idea inadequately thought through to its final conclusion then more harm than good can accrue.

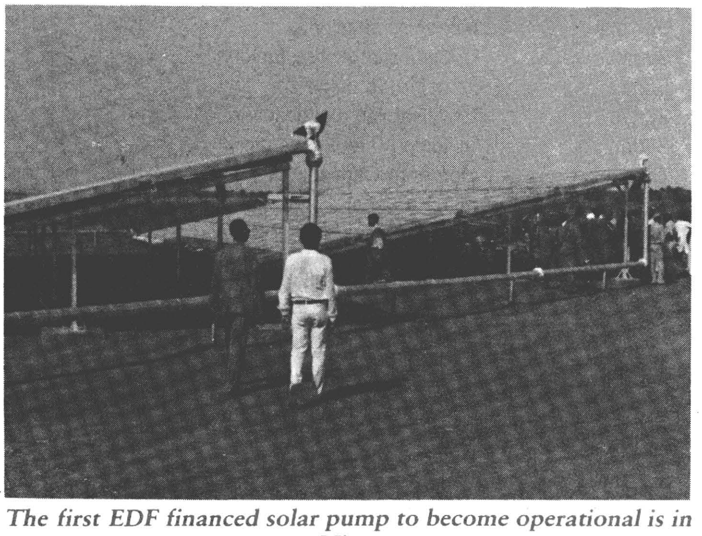
This is particularly so if it is not realised at the outset that capital expenditures on development projects generally imply a continuing maintenance commitment not only to replace and repair worn out machines and buildings but to maintain trained manpower at the right level of training and in the right numbers.

In persuance of the objectives and in accordance with the guidelines stated above expenditure on Industrial Projects under the Fourth EDF has so far totalled 254 440 000 EUA on 71 projects of which 5 were regional projects. No fewer than 17 studies have been commissioned in 13 different countries to identify the viability and indeed the advisability of various industrial projects. ○ GERAINT RICHARDS

This carpentry shop in Katarina (Kenya) will be moved to an industrial zone under the rural industrialization programme



Milk collection station for the Blantyre dairy (Malawi)



The first EDF financed solar pump to become operational is in Niger

Industrial Projects

4th EDF

(000 EUA)

Country	Title	Financed			To be financed		
		grant	special loan	total	grant	special loan	total
	Industry						
Benin	Recherche minière		1 640	1 640			
Burundi	ET Usine de panneaux de particules	200		200			
Burundi	Usine de thé Ijenda		2 960	2 960			
Burundi	ET exploitation phosphates	20		20			
Cameroun	Recherche minière	1 246		1 246			
Congo	Huilerie d'Etumbi et Kunda	40		40			
Gambia	Study GPMB's Groundnut	90		90			
Ghana	Study Prefabricated concrete plant	50		50			
Ghana	Pretsea oil palm plantation rehabilitation project		1 910	1 910			
Guinea Con.	Rehabilitation Sanoyah	10 000	20 000	30 000			
Guinea Con.	Rehabilitation Plastic	225		225	2 300	3 500	5 800
Guinea Con.	Dairy	37		37			
Guinea Bissau	Expertise pour dévelop. régions sud	10		10			
Guinea Equ.	Recherche minière				750		750
Guinea Equ.	Etude Briquetterie et savonnerie	60		60			
Guyana	Forestry Project	450	5 000	5 450			
Guyana	Improvement of milk plant		127	127			
Guyana	Fishery Project	140		140	1 100	1 100	
Kenya	Dandora workshop	215		215			
Kenya	Rural ind Dev. Program				2 000		2 000
Malawi	Blantyre Dairy	2 100		2 100			
Madagascar	ET Gisement de fer Soalala	300		300			
Madagascar	Extension usine de thé				300		300
Madagascar	ET grès bitumineux Bemolanga	60		60			
Mali	ET Rizerie de Dioro	57		57			
Mali	Opération de protection des semences et conservation récoltes		1 040	1 040			
Nigeria	Management expert for Nigerian Coal Corp.	60		60			
Rwanda	Usine de thé de Mata		2 564	2 564			
Somalia	Mogadiscio Dairy	140		140	3 000		3 000
Sudan	Upper Talanga Tea factory	2 750		2 750			
Sudan	Industrie de pulpe	30		30			
Sudan	ET faisabilité alcool, levure	114		114			
Sudan	Building Materials Industry	200		200			
Tanzania	Morogoro Canvas Mill	550	12 450	13 000			
Tanzania	Kiltex Arusha		6 550	6 550			
Tanzania	Bitumen plant		2 950	2 950			
Uganda	Hoes Factory	50		50		1 900	1 900
Uganda	Forest Industry	150		150			
Uganda	Pemba Textile Mill	200		200			
Zambia	Expansion tea factory		1 056	1 056			
Zambia	Hydrocracking plant	130		130			
Zambia	Sheet Class plant	190		190			
	Sub Total	19 864	58 247	78 111	8 350	6 500	14 850

(000 EUA)

Country	Title	Financed			To be financed		
		grant	special loan	total	grant	special loan	total
	Energy						
Burundi	Electrification Ngozi-Kayanza				1 370		1 370
Burundi	ET centrale électrique de Tora	200		200			
Ethiopia	Geothermal energy exploration	4 120		4 120			
Ghana	Kpong Hydroscheme		8 980	8 980			
Upper-Volta	Electrification de 6 centres	1 154		1 154			
Upper-Volta	Utilisation de molasses	75		75			
Upper-Volta	ET Barrage Kompienga	250		250			
Kenya	Upper Tana		26 340	26 340			
Malawi	Nkula Falls II hydroscheme		8 500	8 500			
Mali	Sélingué	23 312		23 312			
Niger	Pompe solaire	550		550	550		550
Niger	Etude Barrage Kadandji				1 923		1 923
Rwanda	Ligne HT Kigoma-Mururu	3 900		3 900			
Rwanda	Mukungwa	20 000		20 000			
Sudan	Utilization of molasses	144		144			
Uganda	Electricity	2 000		2 000			
West Samoa	Hydroscheme Magiagi		2 353	2 353			
Zaire	Centrale de Butuhe	1 655		1 655			
Senegal/Mali Mauritania	Projet OMVS	15 000		15 000			
Sierra Leone/ Liberia	Etude Mano River	2 369		2 369			
Zaire/Rwanda/ Burundi	Ruzizi II	1 200		1 200			
Rwanda/Zaire/ Burundi	Gaz méthane Lac Kivu	300		300	400		400
	Sub Total	76 229	46 173	122 402	4 243		4 243
	Infrastructure linked						
Botswana	Industrial area	1 400		1 400			
Lesotho	Industrial area	1 837		1 837			
Malawi	Blantyre industrial area	100		100		1 700	1 700
Nigeria	Study industrial estate	130		130			
Tanzania	Access road Mufindi					11 400	11 400
Chad	Zone industrielle	267		267			
Togo/Ghana Ivory Coast	Projet CIMAO		18 000	18 000			
	Sub Total	3 734	18 000	21 734		13 100	13 100
	Grand Total	**99 827**	**122 420**	**222 247**	**12 593**	**19 600**	**32 193**

Industrial promotion and aid to small businesses

The development of small and medium-sized enterprises (SME) in the ACP countries was one of the new aspects of Lomé I. The Convention laid down various ways of helping them with their financial and technical problems and also of contributing to the diversification of the economy and to the creation of jobs.

The type of intervention mostly demanded by the ACP countries was credits in the form of special loans to financial organizations, notably development banks. These organizations undertook to provide loans to SME in sectors such as manufacturing and agriculture, to finance their development. The Commission had taken 13 financing decisions of this type by the end of 1979.

Technical assistance schemes (whether or not in conjunction with these lines of credit) were run at the request of ACP states in favour of intermediate financial organizations or training institutions with the aim of reinforcing their potential for promoting and assisting small and medium-sized enterprises

Reinforcing the institutions

Another major innovation of Lomé I was the emphasis on ACP industrialization. A number of the ACP states asked for the strengthening of their institutions dealing with investment promotion and others asked for bodies to be set up to assess proposals from investors and offer a varied programme of schemes for national firms.

Growing ACP interest in the problems of the transfer of technology began to take practical shape when the centre for technology was opened, when specialized patent organizations were set up etc. The Community's help was also sought in the drawing up and monitoring of industrialization programmes. ○ PAOLO LOGLI

Projects committed as at 31.12.1979

(000 EUA)

Lines of credit

— Sierra Leone (National Development Bank)	1 000
— Mali (Banque de Développement)	180
— Botswana (National Development Bank)	650
— Guyana (Guyana Agric. Coop. Ind. Dev. Bank)	700
— Western Samoa (Western Samoa Development Bank)	890
— Fiji (Fiji Development Bank)	700
— Tonga (Tonga Development Bank)	130
— Ghana (National Investment Bank)	1 880
— Belize (Development Finance Corporation)	400
— Bahamas (Bahamas Development Bank)	690
— Jamaica (Development Venture Capital Financing)	1 860
— Suriname (Landbouwbank N.V.)	2 000
— Benin (Banque béninoise de développement)	350

Industrial promotion & cooperation (grants)

— All ACP countries	
. Dakar investors forum (1978)	180
. Dakar investors forum (1980)	500
— Central Africa (Launching of promotion office for SME)	1 300
— Mano River Union (Industrial project appraisal unit)	900
— Mauritius (industrial promotion)	700
— Senegal:	
. SME	950
. Promotion of the Dakar free industrial zone	590
. National computer plan	250

Technical assistance (grants)

— Botswana (Technology Center)	475
— St Kitts (Industrial Programme)	310
— Zambia (Development Bank of Zambia)	400
— Other technical assistance projects (Malawi, Nigeria, Uganda, Mali & Belize)	370

Industrial training

The human factor is of major importance in industrial as in all other projects.

It is significant that, in 1979, for the first time, the Nobel Prize for Economics went to Theodore Schultz and Sir Arthur Lewis for their study of and research into the relationships between education, training and economic development, showing the importance of the human factor in development policy, particularly in the programming of human resources.

Industrial training is one of the many things the developing countries are calling for to speed up their industrialization process. The third UNIDO conference in New Delhi on 21 January-8 February this year had on its agenda a series of proposals to boost industrialization in the Third World. They emphasized the need to develop the right sort of industrial training so as to be able to master the various technical, financial, commercial and legal aspects of industrial development.

Measures designed to encourage training as an essential part of industrial development were also dealt with in the ACP-EEC negotiations and have been included in the provisions of Lomé II.

Special attention is paid to all aspects of training in the new Convention, and the provisions strengthen and expand those of Lomé I, particularly as far as industrial training is concerned.

The aim is to run training programmes and schemes to provide the ACP countries with the cadres, technicians and qualified labour they need, i.e. with trained people at all levels, so as to ensure the success of their development programmes, particularly in industry. All schemes involving the transfer of technology and know-how are governed by the presence of ACP nationals capable of preparing, managing and developing projects and programmes run with outside help.

Lomé II provisions on industrial training

Lomé II provides a wide range of possibilities for training linked to industrial cooperation—industrial promotion, for example, the transfer of technology and, in particular, financial and technical assistance for small and medium-sized enterprises (SME).

From a general point of view, article 141 recalls that technical cooperation schemes in the training sector are implemented through multiannual training programmes and other specific schemes.

The multiannual programmes are an opportunity for ACP nationals to receive training in the light of the educational/vocational and economic priorities outlined by each state, including any training requirements linked to its industrialization plans. The aim of the multiannual programmes is to train (particularly medium-level and technical) cadres, managers, administrators, etc., with a view to gradually replacing technical assistance officers from abroad. There are various means of meeting these training requirements: study and course grants; sending out experts, instructors and technical assistants to help with training; seminars and refresher sessions; provision of teaching aids, etc.

The specific training schemes are for one-off schemes in vocational training, research and technological innovation in individual countries or regional organizations. The aim here is to provide basic qualifications and advanced training for civil servants and staff in the agricultural, industrial, commercial and service sectors. It is also to provide teacher training for these various sectors.

So, in view of their nature and their size, these schemes cannot be included in the multiannual training programmes. Under Lomé I, they were run within the framework of industrial and vocational training programmes, but Lomé II goes further than this and outlines a whole series of industrial training measures.

Title V of the new Convention first defines the aims of ACP-EEC industrial cooperation and goes on to stress

An EDF grant enables A.M. Abdulla of the Sudan to improve his knowledge of the textile industry in Manchester

industrial training (in article 68). The measures, of course, are a part of financial and technical cooperation, but the fact of specifying a whole series of possibilities (which already existed under Lomé I) should enable the ACP countries to better formulate their requests for industrial training in general and for industrial investments in particular.

The first stage is to assess requirements and define what schemes should be introduced. The Community can provide effective technical assistance here if the ACP country in question has no studies, plans or assessments of human requirements of its own. More systematic recourse to technical assistance must be made in-order to identity these needs.

The second stage is to actually implement suitable schemes in the following ways:

— Firstly, by placing ACP nationals in appropriate technical and other institutions of higher learning. Under Lomé I, some 4 200 grant-holders were being trained at the end of December 1979, 27% of them in scientific and technological subjects, 40% in the economic sector, including industrial management. Various industrial and vocational training programmes have been run in Africa, both in the ACP countries themselves and in vocational and technical training centres in the member states of the Community. Particular emphasis has been placed on training instructors and mining, civil and rural engineers. People have also been trained in the industrial development aspects of economics (in statistics, the organization of production, marketing, through industrial retraining seminars, etc.).

— In addition, training and research institutes and centres can be set up and operated in the ACP countries. The Community has financed the construction of or given technical support to various faculties and vocational centres in this regard and has contributed to the training of teachers.

— Thirdly, programmes can be set up to provide specialized industrial training for ACP nationals at all levels, and practical training courses can be run and secondments arranged in firms and industries in both EEC and ACP countries. A number of individual and combined industrial training programmes have been run and there have been in-service courses in a wide range of fields.

— Fourtly, schemes geared to consolidating the right sort of national technology and obtaining appropriate technology from abroad, particularly from other developing countries, can be introduced and encouraged. The Community research centre at Varese (Italy) is willing to develop cooperation on certain programmes, as are other Community centres.

Cooperation between universities and specialized and research institutes is an important innovation in the training programmes under Lomé II. This cooperation is also mentioned in a general way in article 141. The idea is to have cooperation agreements, covering two or three years, between specialist centres. This may be done in a number of ways:

— seconding university staff for long periods to lead research in the ACP countries;

— providing qualified teachers and researchers for short periods to organize programmes of training cycles, research and examinations;

— short missions of top level university staff to provide ACP university students with more recent information and scientific data;

— exchanges of researchers to set up joint research programmes between two establishments;

— training for young ACP teachers/researchers in Europe to take over from European staff;

— the supply of teaching equipment.

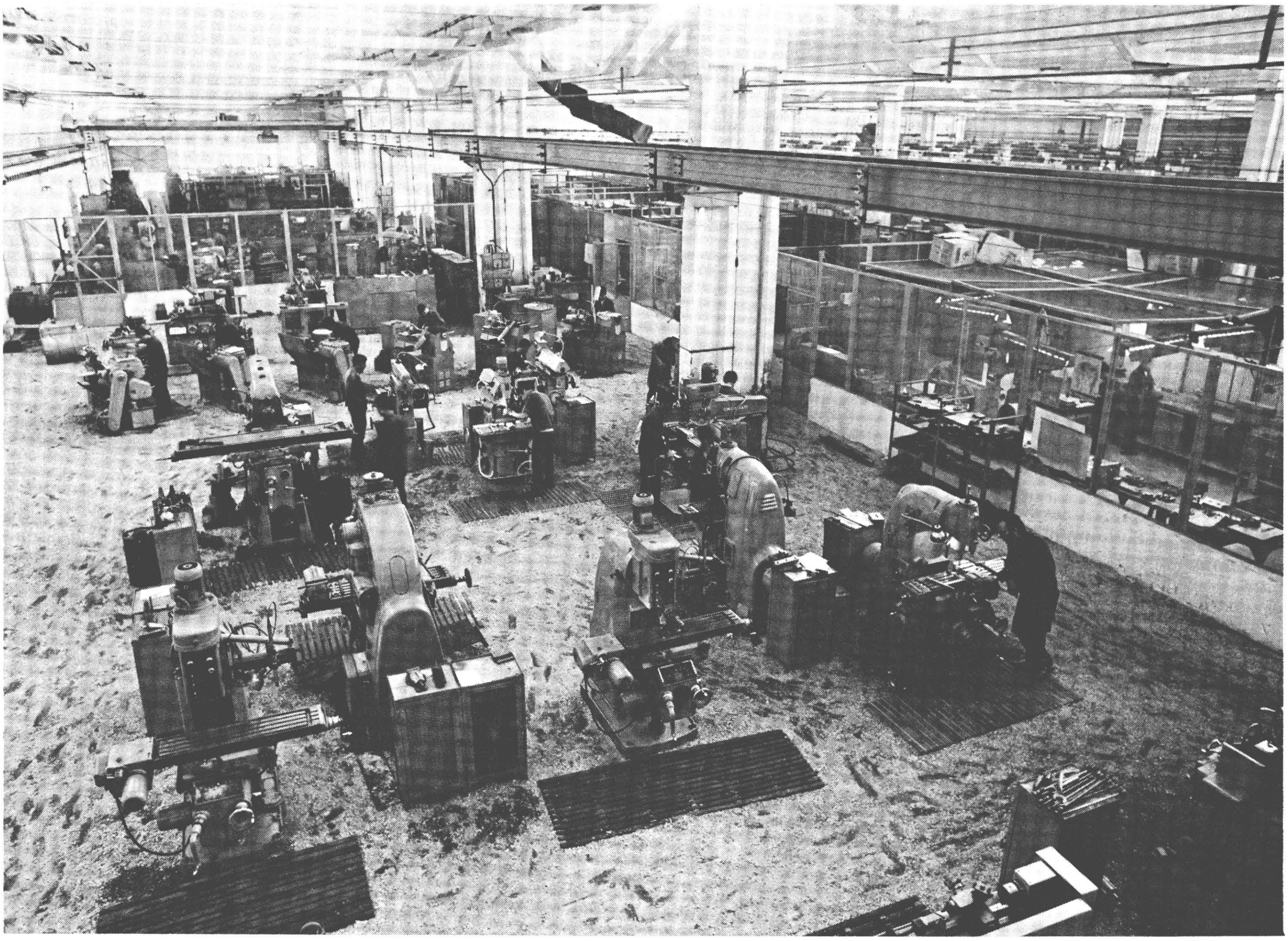
The possibility of cooperation between universities and specialist Institutes is important as regards implementing programmes of research, technological transfers and industrial training programmes to meet the requirements of investment projects. Considerable attention should therefore be paid to this.

Although teachers are already sent out and university cooperation organized under bilateral aid, a Community programme would make a more precise contribution by using the possibilities of one or more European faculties or specialized centres in such areas as engineering, mining and geological research, particularly since Lomé II stresses industrialization and research in the mining sector. This sort of cooperation could enable people in higher education institutes in many ACP countries to take greater account of the different aspects of technology in order to adapt it to the conditions of any particular country.

Training and the mastery of industrial techniques

For the developing countries, the desire to master industrial techniques brings political, economic, social and financial consequences for all education/training structures.

R. Daniels of Guyana, training in the leather industry on an EDF grant



Technical training centre in Tunisia. The importance of training to economic development was stressed in the 1979 Nobel prize awards for economics

Any effort to increase industrial training must be part of an overall programme of education and training which takes into account the progress made in the industrialization of the country. This is the context for the development of initiatives involving technical and vocational training.

All too often, ignorance of the requirements of the market means that the "output" of the education system cannot be programmed properly.

Various ACP countries (and some Maghreb countries) have started their industrialization and have reformed, or begun to reform, education and training to place the emphasis on vocational subjects and training linked to industrial projects—hence a bigger effort with the planning of human resources. School as such is only educational and formative if the society to which it belongs is in a position to give backing to the educational policy of the school. The failure of several plans for rapid industrialization which did not take sufficient account of the human and social environment are proof of this.

Industrial development precedes education. Education can accompany but not engender it. A better vocational and technical training strategy, on the other hand, can relieve certain well-known bottlenecks which hold up industrial expansion. Far too many cadres go abroad to train and then stay abroad. More emphasis is often put on the training of higher management staff than on technicians and skilled workers. This is a familiar problem and a number of the developing countries are making a considerable effort to solve it.

In vocational training, for example, various of the ACP countries of West Africa have taken specific steps in this direction in CIADFOR, the inter-African vocational training development centre, and some other countries in the Caribbean and in Central America have joined in CINTERFOR, a similar organization.

A special analysis should be devoted to training personal in the existing firms in the young ACP states which are often confronted with double necessities. They have to Africanize or "nationalize" the staff as fast as possible, and adapt it to the demands of technological progress in rapidly developing areas. Consequently, industrial training connected to the firm should be geared to providing basic and advanced training courses so that there are enough local staff of a good enough standard to be able to adapt to constantly evolving jobs and be receptive to progress, change and innovation. Hence the need to use the right sort of training methods both in firms and at interprofessional level.

Lomé II offers the ACP countries ways and means of cooperating in adapted programmes of industrial training, for both general and specific requirements. It is up to the ACP countries themselves to make the best of these opportunities. ○ GIOVANNI LIVI

The EIB extends its activity in the ACP countries(1)

By 31 December 1979, the European Investment Bank had disbursed some 348.4 million u.a.under the Lomé Convention. Of this 272.6 million was in the form of loans from EIB own resources, all of them with a bonus of 3% interest, and 75.8 million went on risk capital from the budget resources of the member states via the European Development Fund. All these financial investments were priorities in the development programmes of the recipient states.

The EIB, the Community's long-term financing body, was set up in 1958 by the Treaty of Rome with the initial aim of providing finance to help with investments that would contribute to well-balanced development in the EEC. However, since 1963, its scope, which was originally confined to the member states, has gradually been extended to third countries, within the framework of the association and cooperation agreements entered into by the Community.

The EIB has thus become a major source of finance for economic development in the countries that signed the Yaoundé and Lomé Conventions. And it has also been authorized to help the overseas countries and territories which have special links with some of the member states and receive financial aid from the Community.

Since Yaoundé I, the scope of the EIB—the volume of its aid, its methods and the geographical area it covers—has been increasing and the new Convention places greater emphasis on the Bank, in view of the volume of finance it has been called upon to undertake.

The distribution of tasks laid down in Lomé I will, bearing in mind the positive outcome of the various financing schemes, be used again in Lomé II. This means that the Bank must receive, as a matter of priority, all requests for financing of projects in the industrial, mining and the tourist sectors. But this is not to say that it cannot grant loans for economic infrastructure, particularly in the area of energy, in countries where the level of development and the economic and financial situation make this appropriate.

Methods of financing

EIB financing may be in the form of loans with bonus interest rates or risk capital operations on budget resources (EDF), according to the circumstances and nature of the investment project. Both means of finance can be combined in the same project, which is besides often the case.

Loans from own resources were to be kept within a ceiling of 390 million u.a. under Lomé I, but can now go as high as 685 million. In accordance with the Bank's regulations, they are reserved for projects which make a direct or indirect contribution to boosting productivity. As far as production is concerned, results must be sound enough to ensure that the loans can be repaid.

Loans are granted on far softer terms than would normally be possible, thanks to a bonus of 3% interest rate from the EDF and to the EIB's excellent standing on the capital markets (where it obtains most of the funds needed to finance its loans), which enables it to borrow on the best terms. As it does not aim to make a profit, the Bank passes on this advantage to its borrowers. The amount earmarked for interest rebates under Lomé I was 100 million u.a., but this has been raised to 175 million under the new Convention, which extends and generalizes the system (oil investments are excluded).

The new Convention provides a possibility where by the EIB would make additional commitments on its own resources for the development of the energy and mining sectors. A Community declaration says that it can now commit up to 200 million u.a. (over and above the 685 million) for investments of mutual interest to the country concerned and the EEC in these sectors. These additional loans will not carry bonus interest rates and each one will have to be authorized, unanimously, by the EIB board, a procedure which marks the particular nature of this kind of commitment.

In addition to granting loans from own resources, the Bank also has full responsibility for setting up risk capital operations on behalf of the Community. An amount of 97 million u.a. was set aside for this under Lomé I, but this has been raised to 280 million under Lomé II. The following arrangements are used for schemes of this kind:

The Bank may take a minority holding in a firm's capital, but give up as soon as the time is right, preferably to nationals or institutions in the ACP country concerned.

A firm's capital can equally be strenghtened indirectly. In this case help is provided to enable a country or a national finance institution to buy shares, as long as this fits in with the financing of new productive investments within the scope of the EIB and is completed by another EEC financial commitment within the framework of the Lomé Convention.

Risk capital operations can also be implemented, in particular, when an EIB loan from own resources is not thought suitable either because the country is ill-placed to repay debts and has a poor balance of payments or because of the particular features of the projects.

ACP markets often involve considerable risks for the investor. They are often small and difficult to develop, in some cases because the industrial situation is such that there is not enough skilled labour or experienced managerial staff and in others because intermediate products necessary for production are missing, or simply that the infrastructures are inadequate.

As a result the conditions in which some investments have to be made demand very flexible means of finance, which is why the funds earmarked for risk capital operations can be used as quasi-capital in the form of subordinated loans (only reimbursed once priority loans have been repaid) or conditional loans (only reimbursed once certain conditions, indicating that the project has reached a certain level of profitability, have been fulfilled).

Risk capital can also be used to finance specific studies as groundwork for investment projects or to provide technical assistance to firms during the early stages.

The considerable increase in the amount provided for risk capital operations in Lomé II reflects the need that the ACP

(1) Article contributed by the EIB, 2 Place de Metz, Luxembourg.

"The building materials industry comes second with some 10 % of loans to the industrial sector"

group itself expressed for the right sort of financial backing for its particular situation. On the either hand, the scope of risk capital operations has been considerably extended to include any studies, prospection and investment that take place before the operational phase of mining and energy projects begins and, in certain special conditions, to projects in the transport and telecommunications sectors.

EIB

EIB vice-chairman Richard Ross with J.M. Keriei, director of the Development Finance Company of Kenya, signing an EIB loan in May 1979

Frequent cofinancing

The way the Bank and the Commission share the tasks and the variety of financing arrangements clearly shows that close cooperation is called for if the Community's drive to boost development is to be fully effective. So the Bank is involved in all the missions that the Community sends out to the ACP countries to prepare, in close collaboration with the national authorities, the indicative programmes of aid. The first Lomé II programming missions left only a few days after the Convention was signed—which is a clear illustration of the fact that the various partners involved are anxious to get down to things quickly.

There is also constant cooperation with project promoters and the relevant authorities in the recipient countries while the applications for financing are being processed. In particular, the country in question is invited to give its agreement on the application before the board takes any decision.

Many projects are financed on a joint basis from EIB resources and the Commission-run EDF resources (grants and special loans). In addition to Community cofinancing, the Bank also regularly collaborates with development financing organizations in the member states, such bodies as the Caisse Centrale de Coopération Economique (CCCE), the Commonwealth Development Corporation (CDC), the Kreditanstalt für Wiederaufbau (KfW) and the Deutsche Entwicklungsgesellschaft (DEG), and with multilateral bodies like the World Bank, the African Development Bank, the Asiatic Development Bank and the Caribbean Development Bank (CDB) and increasingly with bilateral and multilateral banks and funds in the Arab world.

A variety of investments

Of the total 348.4 million u.a. committed by 31 December 1979, 267.9 million u.a. went to industry, mining and the tourism and 80.5 million u.a. to infrastructure, particularly in the energy sector. The full list of financing set out in the annex can be summarized as follows:

In industry, which accounted for 65 % of the EIB financing under Lomé I, agro-industrial investments come first. They concern, in particular, sugar complexes (in Kenya, Malawi, Swaziland, Upper Volta and Chad), vegetable oil production (in Ivory Coast, Togo, Cameroon, Zaire and Papua New Guinea), rubber factory complexes in the Ivory Coast and rice growing and processing in Mali. The building materials industry, so vital to the development of the modern economy, comes second with some 10 % of loans to the industrial sector (Kenya, Zaire, Zambia, Togo and Cameroon). The EIB also contributed to chemicals projects (such as a furfural factory in Kenya*), textiles projects, to meet local needs from on-the-spot processing of raw materials (Niger, Tanzania and Sudan) and the fertilizer industry (Ivory Coast), which is of direct interest to ACP agriculture.

Investments in mining account for 8 % of EIB financing under the Lomé Convention. This is a sector which is of particular importance for the development of the ACP countries: requiring large amounts of cash, they are as a result heavily dependent on foreign financing from both the EEC and other sources. On the other hand, the exploitation of mineral resources often involves investment in the processing of mining materials and can therefore constitute the first step towards the development of more or less specialized industrial activities. The countries which have most benefited from aid in this sector are Rwanda, Senegal and Mauritania —where a considerable sum was provided for the opening of an iron mine and an ore enrichment plant in the Gueld El Rhein area near Zérouate.

4 % of the financing granted under Lomé went to build hotels and develop the tourist trade, which is a fairly large source of foreign exchange in some of the ACP countries (Mali, Niger, Ivory Coast, Congo, Jamaica and Cameroon).

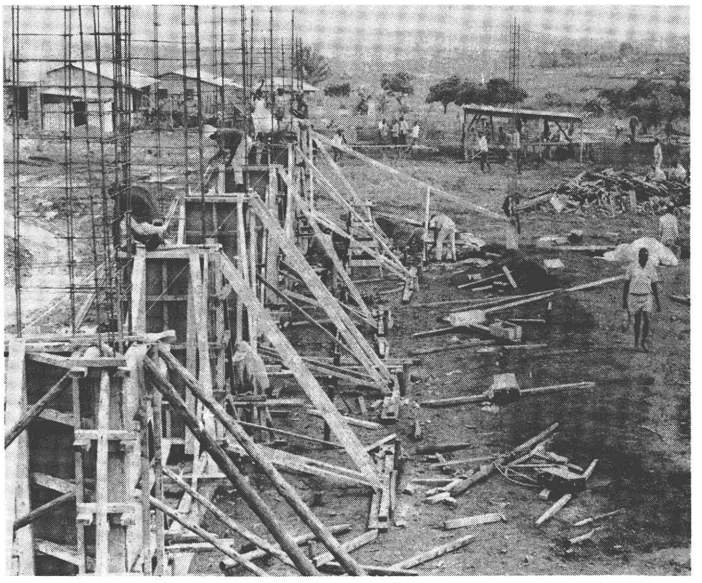
Energy supplies are, bearing in mind the current situation and soaring prices, a particularly heavy burden on the ACP states that depend on imports, particularly of oil.

The EIB has provided finance for the building of thermal power stations in Mauritius, Liberia and Djibouti, hydro-electric dams in Ghana, Fiji, Kenya and Cameroon, transport networks in the Ivory Coast, Cameroon, Ghana and Djibouti and solar energy utilization facilities and the development of bituminous grit in Madagascar and Senegal. Energy accounts for 23 % of the financing provided by the EIB under the Lomé Convention.

The Bank has made use of another of the possibilities offered by the Lomé Convention and used its risk capital funds to finance studies, in 10 countries, to facilitate the preparation of a whole series of investment projects in mining, industry and the tourist trade and to provide assistance with the initial phases of the operation of palm and groundnut oil mills.

Small and medium-sized entreprises

The direct intervention of an international bank like the EIB in the financing of smaller investments in distant places poses practical problems. In order to overcome them, the



Sugar mill under construction in Owendo (Kenya)

Bank cooperates with banks and other development financing bodies in the ACP countries, for which it is henceforth their main contact with regard to the Community's aid. It provides them with global loans, the product of which is loaned again in the form of smaller amounts of individual credit.

The global loans involve both the financial resources of the EIB (which has access to the capital markets of the world) and the operational resources (manpower and direct contact) of the local development banks.

This is a formula which the EIB has successfully used in the Community, in Greece and Turkey, and it is particularly effective in the ACP context. Smaller and medium-sized firms tend to be better geared to the diversified needs of what are often small markets and they have considerable impact as far as job creation is concerned. The global loans also enable the EIB to maintain constant relations with the national and regional development banks and thereby obtain a fuller understanding of economic trends in the countries in question.

By the end of 1979, the Bank had granted 15 global loans to 12 ACP countries for a total of 67.5 million u.a., enabling a total of 24.9 million u.a. to be provided for 53 small and medium-sized schemes. These figures obviously only give a rough idea of what the EIB did for small and medium-sized enterprises at that particular date: most of these global loans were only granted recently and a large part of the funds was still being allocated in December 1979.

In view of the effectiveness of these global loans during the Lomé I period, the EIB intends continuing with the formula under the new Convention. In particular, it will now be possible to grant global loans from risk capital.

Lomé I expired on 1 March 1980, but the EIB has been authorized to use the remainder to carry out any planned finance beyond this date, to avoid any interruption between now and the entry into effect of the new Convention. Lomé II, as we have already seen, will boost EIB interventions and amplify the role the Bank has to play in providing Community aid to the countries of Africa, the Caribbean and the Pacific.

A decision by the Council of Minister of the Community will extend specific aid, and the same arrangements as those provided for the ACP states, to the overseas countries and territories which have close links with certain of the member states of the Community. In this regard, the Bank will be able to grant loans (plus interest rebates) of up to 15 million u.a. from own resources and provide risk capital of up to 6 million u.a. for these countries and territories. ○

(*) Furfural is a rare chemical product, much sought after for the manufacture of oils and lubricants. Its by-products are used for precision mouldings. It is produced from maize cobs which would otherwise have been thrown away. This project is a good example of the transfer of sophisticated technology to an industrializing country.

Lomé I — EIB financing by 31 December 1979

Burundi

1979 — A conditional loan of 0.5 million(*) u.a. to the Banque Nationale de Développement Economique for prior studies for industrial, mining and tourist projects and for minority share-holding.

Cameroon

1976 — 13.5 million u.a. for the construction of a dam and an HEP station at Song-Loulou on the River Sanaga, plus cables for distribution and relay posts.
— A conditional loan of 2.3 million u.a. (*) for the construction of an oil mill at Dibombari.

1977 — 2 million u.a. for extension of two ciment works at Bonaberi (Douala) and Figuil (in the north).

1979 — 2.7 million u.a. for the construction of a hotel at Douala. 5.3 million u.a. for extension to and modernization of an aluminium plant at Edea.
— A conditional loan of 2.3 million u.a.
— 6.6 million u.a. for extensions to the production capacity of the clinker crushing plant at Bonaberi, near Douala, and to the Figuil cement works in the north.
— 2.5 million u.a. for the construction of a terry towelling plant in the Douala industrial zone.

Cape Verde

1979 — A conditional loan of 0.08 million u.a. (*) for a study of a naval repair yard at Porto-Grande Mindelo.

Caribbean

1978 — A global loan of 3 million u.a. to the Caribbean Development Bank (CDB) to finance small and medium-sized schemes.

Congo

1978 — A conditional loan of 3.1 million u.a. (*) for the construction of a hotel at Brazzaville.

Ivory Coast

1977 — 11 million u.a. to boost electricity supplies.
— 7.5 million u.a. for the construction of a palm and coprah oil mill in Abidjan.
— 1.4 million u.a. for the construction of a shredded coconut plant at Jacqueville and the purchasing of shares worth 0.3 million u.a. (*) in the Ivory Coast shredded coconut concern on the Community's behalf.
— 1.7 million u.a for the construction of a hotel in Abidjan.

1978 — A conditional loan of 0.2 million u.a. (*) for studies of the industrial processing of manioc to produce flour and semolina.

1979 — 6 million u.a. to connect up the electricity distribution networks of Ivory Coast and Ghana.
— 4.6 million u.a. for new latex processing facilities at Bongo, Ousrow and Rapides Grah.
— 5.2 million u.a. for extensions to and rationalization of a fertilizer plant in the Abidjan industrial zone and the purchasing of shares worth 0.51 million u.a. (*) in Ivory Coast's fertilizer company (SIVENG), on the Community's behalf.

Djibouti

1979 — A conditional loan of 1 million u.a. (*) for the construction of a power station at Tadjourah and electricity distribution cables.

(*) On risk capital.

Gambia

1979 — A conditional loan of 2.3 million u.a. (*) to modernize groundnut processing facilities.

Ghana

1976 — 10 million u.a. for the construction of the Kpong HEP station on the Volta below the Akosombo dam.
— 6 million u.a. for connexions between the electricity distribution networks of Ghana and Ivory Coast.

Guyana

1978 — A conditional loan of 3.2 million u.a. (*) to develop forestry.

Upper Volta

1976 — A conditional loan of 1.4 million u.a. (*) to Upper Volta.
— A subordinated loan of 3 million u.a. (*) to the Société Sucrière Voltaique for a 1 250 ha sugar cane plantation and extensions to a sugar works.

Fiji

1978 — 12.5 million u.a. for the construction of a dam and an HEP station on the island of Viti Levu.

Mauritius

1976 — 2 million u.a. for extensions to the power station at Fort Victoria.

1977 — A global loan of 3 million u.a. to the Development Bank of Mauritius (DBM) to finance small and medium-sized schemes.

Jamaica

1979 — A conditional loan of 0.07 million u.a. (*) for a study of a leisure/folklore park on the north coast.

Kenya

1976 — A global loan of 2 million u.a. to the Development Finance Company of Kenya Ltd (DFCK) to finance small and medium-sized schemes.

1977 — 3 million u.a. for extensions to a cement works at Athi River near Nairobi.
— 5.9 million u.a. for a unit to produce furfural, acetic acid amd formic acid and the purchase of shares worth 1.1 million u.a. in the Kenya Furfural Company, on the Community's behalf.
— 12 million u.a. for extensions to and development of sugar cane plantation and the construction of a sugar works at Awendo.
— A global loan of 5 million u.a. to the Industrial Development Bank Ltd (IDB) to finance small and medium-sized schemes.

1978 — 12 million u.a. for the construction of a dam and an HEP station on the Tana.
— A conditional loan of 0.1 million u.a. (*) for studies of hotel development along the coast.

1979 — A global loan of 5 million u.a. to the Development Finance Company for the financing of small and medium-sized schemes.

Barbados

1979 — A global loan of 2.5 million u.a. to the Barbados Development Bank (BDB) to finance small and medium-sized schemes.

Liberia

1978 — 4.9 million u.a. to extend a power station at Bushrod near Monrovia.

— A global loan of 2.5 million u.a. to the Liberian Bank of Development and Investment (LBDI) to finance small and medium-sized schemes and the purchase of shares worth 0.3 million u.a. (*) in LBDI on the Community's behalf.

Madagascar

1979 — A conditional loan of 1.12 million u.a. (*) for the construction of a pilot chrome ore dephosphorization workshop at Andriemena.
— A conditional loan of 1.1 million u.a. (*) for the first stage of a study on developing the bituminous grit deposit at Bemolanga, west of the capital city.

Malawi

1977 — 6.5 million u.a. for a 6 000 ha sugar cane plantation the construction of a sugar near Dwanga and the purchase of shares worth 1 million u.a. (*) in the Dwanga Sugar Corporation, on behalf of the Community.
— A global loan of 3 million u.a. to the Investment and Development Bank of Malawi (INDEBANK) to finance small and medium-sized schemes.

Mali

1978 — A conditional loan of 3.6 million u.a. (*) for the construction of a rice plant at Dioro (Segou).

1979 — A conditional loan of 2.5 million u.a. (*) for the construction of two hotels—one in Mopti and the other in Timbuctu—and to obtain the means of transport and communication needed to organize tourist routes.

Mauritania

1979 — 25 million u.a. for the opening of an open-cast iron mine and the construction of an ore enrichment plant in the Guelb El Rhein area near Zouérate.

Niger

1978 — 1.5 million u.a. for the modernization of a textile plant at Niamey and a conditional loan of 0.9 million u.a. (*).

1979 — 4.5 million u.a. for the construction of a hotel in Niamey.

Nigeria

1978 — A global loan of 25 million u.a. to the Nigerian Industrial Development Bank Limited (NIDB) to finance small and medium-sized schemes.

Papua-New Guinea

1978 — 7 million u.a. for the construction of a palm oil mill near Popondetta and for storage facilities at Oro Bay.
— A conditional loan of 1.9 million u.a. (*).

Rwanda

1977 — A subordinated loan of 3 million u.a. (*) for extensions to the cassiterite and tungsten production capacity and for the construction of a tin foundry.

Senegal

1978 — A conditional loan of 0.2 million u.a. (*) for studies of the development of by-products and the exploitation of phosphates at Taiba.

1979 — A conditional loan of 0.975 million u.a. (*) for a preparatory study of the exploitation of iron ore deposits in Falémé (along the Mali border).
— A conditional loan of 0.5 million u.a. (*) for the construction of a plant to manufacture solar captor heat retaining equipment at Thies.

Seychelles

1978 — Shares worth 0.6 million u.a. (*) in the Development Bank of Seychelles, on behalf of the Community.

Sudan

1978 — A conditional loan 6.5 million u.a. (*) for the construction of a textile plant at Wadi Medani.

Swaziland

1978 — 10 million u.a. for a 9 000 ha sugar cane plantation and the construction of a sugar works.

1979 — A conditional loan of 0.153 million u.a. for three feasibility studies for industrial projects.

Tanzania

1977 — A conditional loan of 4.9 million u.a. (*) for the construction of a canvas weaving will near Morogoro.
— Underwriting of convertible bonds worth 2.5 million u.a. (*) issued by the Tanganyika Development Finance Company (TDFL).

1978 — A global loan of 5 million u.a. to the TDFL to finance small and medium-sized schemes.

Chad

1976 — A conditional loan of 7.5 million u.a. for the construction of a sugar complex at Banda.

Togo

1976 — 14 million u.a. to equip a quarry and build a clinker plant at Tabligho near Lomé.
— Three subordinated loans of 2 million u.a. each to Ivory Coast, Ghana and Togo.

1977 — 2.3 million u.a. for the construction of a palm oil mill at Agou and oil storage facilities in the port of Lomé.
— Conditional loans of 3.1 million u.a. (*) to Togo and 0.1 million u.a. to the Société Nationale pour le Développement de la Palmerie et des Huileries.

Trinidad & Tobago

1978 — A global loan of 5 million u.a. to the Trinidad & Tobago Development Finance Company Ltd (TTDFC) to finance small and medium-sized schemes.

Zaire

1977 — A subordinated loan of 1.1 million u.a. (*) for extensions to the cement works in Shaba.
— The purchase of shares worth 0.1 million u.a., on behalf of the Community, in the Société Financière de Développement (SOFIDE) to help it finance extensions to the Shaba cement works.

1978 — A conditional loan of 0.03 million u.a. for studies for the extensions to the palm complex at Gosuma and the construction of an oil mill.
— A conditional loan of 4 million u.a. for the construction of a palm oil mill at Gosuma.

Zambia

1978 — A global loan of 2,5 million u.a. to the Development Bank of Zambia (DBZ) to finance small and medium-sized schemes and the purchase of shares worth 0.56 million u.a. in DBZ on the Community's behalf.
— A conditional loan of 0.8 million u.a. (*) for a study of the extension and rationalization of a cement works.

Overseas countries and territories in the Caribbean

1977 — A conditional loan of 1 million u.a. (*) to the Caribbean Investment Corporation to finance shares in small and medium-sized firms.

(*) On risk capital.

Centre for Industrial Development

A joint venture in cooperation

by Roger THEISEN(*)

The Centre for Industrial Development (CID) was established in January 1977 for the short period of three years charged with the task of activating ACP-EEC industrial cooperation.

The Centre has been working as a specialized operational service unit in accordance with Article 36 of the Lomé Convention as defined by the guidelines set out by the Joint ACP-EEC Committee on Industrial Cooperation.

The functions defined by the Convention and applying to the Community and the ACP states are:
a) to gather and to disseminate relevant information for ACP-EEC industrial cooperation;
b) to have studies carried out on the possibilities and potential for industrial development of the ACP states, including adaptation of technology according to their needs and requirements and to ensure their follow-up;
c) to organize and facilitate meetings and contacts between ACP and EEC economic operators;
d) to help to identify on the basis of needs indicated by the ACP states, opportunities for industrial training and applied research.

The Centre was instructed to give special attention to the realisation of small and medium production industries, to industries considered to offer viable and durable industrial cooperation and to regional industry. Priority has been given to these sectors.

Due to the limited means available—a staff of only 10 professionals and a total budget for the 3 years of EUA 6 200 000—and the enormous requests by the ACP states, a meaningful impact could only be achieved by close cooperation with existing international and national organizations:
— the Commission
— the European Investment Bank
— the CID's advisory council
— UNIDO—to avoid duplication
— ACP permanent representatives residing in Brussels and through them with their governments
— EEC delegations in the ACP states
— the national bodies of member states responsible for liaising with their industrialists
— regular contacts and consultation with chambers of commerce and industry federations
— ACP national and regional organizations.

Lastly, but most important, direct contact has been made and maintained with EEC industrialists, in public and private sectors, in order to encourage them towards industrial joint ventures which often include financial participation.

The pace of the CID's progress is limited by the ability to find sound industrial project proposals and the difficulty in getting industrial interest. This has led to the policy of helping the ACP to evolve and formulate sound outline proposals and then identifying industrialists who would cooperate in doing the necessary study and evidence their interest by co-financing this study phase. Emphasis has been placed on factors known to be of considerable importance to developing countries: adaptation of technology to suit local conditions, where possible avoidance of turn key operations and concentration on cooperation which will bring about permanent transfer of technology.

Thus there are some basic differences inherent in this approach:

— involving specific industrial cooperants for a given project from the initial stage, rather than obtaining a feasibility report by a general consultant, renders it impracticable for the CID to use public tender procedures as practiced by international financial organizations. This disadvantage, once recognized, could be largely reduced by separating the equipment supply from the frame of the proposed joint venture agreements.

— many ACP states lack a centralized clearing house which could handle industrial project proposals. As a result, the same, or a similar project proposal is passed to several aid organizations. The same Community industrialist is then contacted about the one project by these different organizations and the apparent confusion causes the industrialist to lose both confidence and interest.

This practice of doing the studies directly with the industrialist has succeeded in avoiding the long-standing problem experienced by developing countries i.e. the existence of a large number of apparently viable studies in which industrialists take no real interest. However, the policy is not popular with consultants and business intermediaries who have consequently lobbied against this policy with the CID's supervising authorities.

Dissemination of industrial information

Communications links have been established with both public and private sectors and have resulted in an increasing number of requests being made to the Centre. Several thousands of these requests have been for specific information which we have been able to provide. These requests have covered a wide spectrum: the search for qualifying raw

(*) Director of the CID.

ACP House where the CDI has its offices

materials within the concept of Originating Products; information as to eligibility as an Originating Product; the analysis of industrial minerals; the cost of imported raw materials; the use of agricultural waste; the selection of technology and potential cooperative partners; assistance with the preparation of feasibility studies; introduction to industrialists; advice on scales of production; information on export markets.

In many hundreds of cases the CID has had to help clarify and refine the ACP request.

Requests for partners and EEC offers of industrial co-operation appear in "Business Opportunities" which is published in *The Courier* (courtesy of the Editor) reprinted in most EEC member states and several ACP states, as well as being distributed by direct mail.

Table 1

Situation and results of CID interventions in favour of ACP industrial projects 1977-1979

(situation at year end)

Status of Project	31.12.77	31.12.78	31.12.79
Under implementation	2	12	21
Studies completed, negotiations on implementation under way	5	19	30
Project under study	5	40	65
Project status uncertain	6	37	60
Under promotion, search of partners, technology	99	114	96
Project abandoned or unviable	10	41	70
Project pursued by sponsors without CID	14	20	37
Totals	141	283	379

In order to handle and retrieve information efficiently, the Centre has established the Lomé industrial development information system (LIDIS), and a proposal for linking LIDIS to the industrial enquiry data bases operated by member states is being studied—in co-operation with the Commission of the European Communities as well as the chambers of commerce and industry within the Community and the ACP states.

With the help, inter alia, of authorities in member states, the CID has contacted Community industrialists interested in industrial co-operation with the ACP states: details of companies willing to invest are stored in the LIDIS programme and retrievable upon demand.

EEC industrial seminars have been held in some key areas: ceramics, glass, wood and direct ACP-EEC negotiation on new manufacturing facilities have resulted. Two ACP seminars have been held in Africa and were attended by delegates from 25 African states.

Many enquiries, originating from ACP trading companies now contemplating manufacture, showed that help was needed to prepare feasibility or pre-feasibility studies. The Centre has therefore published a guide to the preparation of proposals. This has proved valuable but many requests for assistance are still inadequately expressed. Personal consulting in the preparation of such studies has proved to be more effective.

By and large, the EEC industrialist has preferred to offer technical and commercial assistance rather than financial co-operation. Nevertheless, by personal contact and persuasion, more industrialists are beginning to accept that co-financement in joint ventures in most ACP states offers mutually profitable opportunities for long term cooperation.

Some other aspects of the Centre's work in the field of information will take longer to show industrial results. For example, the Centre commissions analyses of industrial raw materials as this is an essential pre-requisite to much industrial development.

Table 2

Project studies, technical assistance and training co-financed by CID 1977-79

(committments, cumulative figures at year end)

	31.12.77	31.12.78	31.12.79
Feasibility studies and preliminary studies on new industrial projects	7	26	53
Rehabilitation or expansion of existing enterprises; short-term expertises	4	12	25
Studies on industrial service centres	—	—	2
Total no. of studies/technical assistance	11	38	80
On-the-job training (no. of persons trained)	—	—	65
In-CID training (experts from ACP countries attached temporarily to CID)	1	5	16

Achievements

Tables 1 and 2 summarize the situation and results of CID interventions in favour of both new industrial projects and existing enterprises in ACP countries during three years 1977 to 1979. The progress achieved reflects, on the one hand, the time which was needed to build up the CID as an organization and to establish working relationship with ACP and EEC economic operators, and on the other hand, the number of years normally required to move an industrial project towards implementation.

Out of a total number of 378 projects which were retained by the CID for active support (Table 1), only 21 had reached, by the end of 1979, the "implementation" stage; in other words, investment decisions were taken, financing was secured, and necessary legal approvals were granted. Six out of these 21 projects represent joint-ventures with substantial participation by EEC firms in equity capital, such as

— the establishment in Mauritius of a small factory for the weaving of crust leather thongs for export; employment will be 60 persons, at an investment per job of US $ 6 000 only; production will start in April 1980;

— the expansion of a paper mill in Madagascar, from 11 000 to 18 700 tpa, at a cost of US $ 9.3 million;

— the setting up in Sierra Leone of a fish meal production plant.

The other 15 projects represent the supply of know-how, and in some cases also of plant and machinery, by the EEC partner, including two re-habilitations of existing enterprises, and two expansions.

The CID is confident that in 1980 its efforts to promote systematically joint venture projects will bear fruit. 30 projects, most of them joint ventures, had reached the negotiation stage in the course of 1979, whereby the co-financing by the CID of the underlying feasibility studies in 1978/79, and the contacts established through the CID between projects sponsors and sources of finance, turned out to be decisive factors, apart from the CID's role of "marriage broker". Although it is reasonably believed that most of these 30 projects will go ahead, they were not yet included in the category of projects "under implementation".

Of 65 projects, again mostly joint-ventures but also several re-habilitations and expansions, feasibility studies and consultancy work are under way, with further 96 projects under "promotion", i.e. search for EEC industrial partners going on, either with the help of the CID's antennas in each member state and publications, or direct contacts with potential parties.

Given its role as a catalyst, the CID has involved, wherever possible and appropriate, specialized industrial promotion agencies, industrialists and consultants both in the EEC and the ACP States, in the evaluation and promotion of project proposals.

Presently, the task of identifying EEC partners for about 50 ACP projects is subcontracted to the CID's EEC antennas. A similar number of projects is handled by experts from ACP industrial development organizations attached temporarily to the CID. These experts—so far 16—present personally projects to EEC industry, contribute to the preparation of studies and participate in project negotiations.

Altogether, the CID, since mid-1977, has co-financed 80 project studies and expertises (Table 2), of which 2 alone were committed in 1979.

The low average cost for feasibility studies of EUA 30 000 is obtained by the choice of competent EEC industrialists (not consultants) motivated by a mutual interest in a long-term cooperation with ACP operators, and thus willing to make available all their technical and commercial know-how.

This policy of involving as early as possible potential investors and technical partners has proved to be an effective means of securing project follow-up—and in the end project implementation—after completion of studies.

In compliance with the guidelines given to the CID by the joint ACP-EEC committee on industrial cooperation, the Centre has given special attention to small and medium-sized undertakings in least favoured ACP countries, and in particular to projects aiming at the utilization of the ACP countries' own resources.

Now after three years, the CID has been able to support projects and related activities in practically all ACP countries. Funds for studies, expertise and training were primarily directed towards less industrialized ACP countries. The average investment cost of projects is about two to three million EUA, with a trend for even smaller projects. 70 % of projects relate to agro-industries and food processing, building materials, timber utilization and tanning. Of rapidly increasing importance are projects for the development of alternative energy sources (bio-masse, natural asphalt, solar-heating, small hydro-electric power stations) and the re-cycling of used oil.

In order to supplement its limited financial means for project evaluation and promotion, the CID has established close links with EEC bilateral aid institutions, apart from the close cooperation with the European Investment Bank and the European Development Fund, the major instruments for EEC assistance to ACP states under the Lomé Convention.

In several instances, the CID has identified project opportunities and undertaken preliminary studies, raw-material tests and technical expertise, which were followed-up by other aid organizations. Examples are:

— manufacture of cement-bonded particle board in Jamaica, and pre-fabrication of low-cost houses; pre-feasibility study and model house financed by CID; project implementation to be financed by German Government through KfW;

— exploitation of bituminous rocks for extraction of natural asphalt and heavy oil in Madagascar: raw-material tests and preliminary study arranged and financed by CID; detailed study and geological investigation financed by EIB loan;

— installation, on Mahé Island in the Seychelles, of a coconut gasification plant for electric power generation: project was initiated by CID which financed study; project to be implemented by GTZ, Germany, with funds from the German government.

On a number of other occasions, the CID has co-financed feasibility studies together with bilateral EEC aid institutions and industrialists, such as:

— granit extraction in Guyana (Department for Cooperation, Italy);

— industrial servicing centre in Guinea-Bissau (Ministère de la Cooperation, France).

— Use of sugar by-products and industrial beef production in Gabon (Italy).

Further studies are agreed in principle by the partners concerned

— Cassava processing in Senegal (FMO, the Netherlands);

— Brick manufacture in Senegal (IFU, Denmark);

— Exploitation of methane gaz from Lake Kivu, Zaïre (AGCD, Belgium);

— Industrial service centre and industrial estate, Madagascar (Ministère de la Coopération, France);

— Low-cost housing in Upper-Volta (Ministère de la Coopération, France).

The Centre for Industrial Development in Lomé II

In its three years of existence under Lomé, the number of interventions by the Centre has grown at an ever increasing rate. During Lomé II, more and more project proposals, which are still in the study or negotiating stage, will reach fruition.

The increased resources which are to be available to the CID in Lomé II will permit this growth in industrial cooperation to be maintained and will permit the Centre, in cooperation with the ACP, to evolve improved means for encouraging ACP small and medium industries. ○ R.T.

An ACP-EEC economic and industrial co-operation seminar

CID regional seminars on industrial cooperation

by Jean RAZAFINDRASOAVA (*)

The Centre for Industrial Development (CID), which has now been in existence for three years, recently organized two regional seminars on industrial cooperation, the first was in Douala, Cameroon, from 21 to 23 November 1979 for those ACP countries in central Africa, and the second was in Addis Ababa, Ethiopia, from 26 to 28 November 1979 for those in eastern and southern Africa and in the Indian Ocean.

Three major objectives

The seminars, held under the auspices of the Cameroonian and Ethiopian governments, had three objectives:
— to inform the ACP countries of the region, of the various activities of the CID, in particular the opportunities for promoting and developing industries in the ACP states and cooperation with economic operators in the EEC;
— to prepare and make the ACP aware of the opportunities available under the new Lome Convention;
— to stimulate ACP-EEC and intra-ACP cooperation in the field of industrial development, in particular through applied technology, industrial profiles, specialized advice and information. There is also help for industries which have already been set up and a programme of on-the-spot training.

The seminars were chaired by Peter Afolabi and Sean Murray, chairmen of the industrial cooperation committee, which directs, monitors and controls the activities of the CID, and attended by the chairman and a representative of the CID's consultative council and staff of the CID.

The seminars brought together almost 70 participants from 21 ACP countries involved, and 20 representatives from eight regional and international organizations: the Commission of the EEC, the UN Industrial Development Organization (UNIDO), the UN's Economic Commission for Africa (ECA), the African intellectual property office, the European Patents Office (EPO), the Economic Community of the Great Lakes, the Central African customs union (UDEAC) and the Central African states development bank (BDEAC).

Concrete work

A session was devoted, at each seminar, to the activities of the European Investment bank (EIB) which was unable to send a representative.

The secretariats of the EEC Council and the ACP group were also represented.

Each seminar lasted three days, and began, after the official opening by the host country, with an outline and discussions on the perspectives for industrial cooperation within financial and technical cooperation under the new Lome Convention. This centred in particular on the individual and complementary roles of the European Development Fund (EDF), the European Investment Bank (EIB) and the Centre for Industrial Development (CID).

The second day was devoted to a presentation of the opportunities for industrial projects. The CID submitted an inventory of appropriate technologies for the ACP countries; bringing together 25 technologies which had been selected and evaluated, and making more concrete work it had already done in these fields in collaboration with specialized bodies, business, and ACP and EEC experts. This inventory is meant to be the starting point for working out projects for small and medium sized firms.

Industrial promotion

The other point dealt with on the second day was the promotion of industrialization by the CID through ACP and EEC economic operators. This was illustrated through industrial profiles of model projects and by EEC businessmen interested in joint ventures in the ACP who were present at the seminars.

The third day was devoted to the means of technological cooperation including:
— ACP regional cooperation in research and development,
— industrial training,
— help for existing industries,
— industrial services centres,
— industrial information service, and the CID data bank.

A highly interesting contribution was then made by the European Patents Office on technical information available to the ACP, and this was followed by two concrete examples in important industrial sectors, namely the creation of mechanical and metalurgical production units (which were studied jointly by UNIDO and the CID) and a review of the current situation and perspectives in the building and construction industries in Africa prepared by the Economic Commission for Africa.

The practical and concrete nature of the problems raised during the seminars were adequate testimony of the interest of the participants in the activities of the CID, and the development opportunities in the industrial sector under the new Lome Convention. The seminars not only demonstrated how the activities of the CID were complementary to those of existing organizations in opening up ACP industrialization but also defined how collaboration might take place both within and outside the context of the Convention.

More seminars in 1980

The seminars enabled certain ACP countries to put requests to the CID either on the identification of projects or specific projects, and in the latter case to enter into direct discussions with the EEC business circles present.

In order to ensure that the maximum number of ACP countries are aware of its activities and the opportunities that are open to them, and in particular to tackle the practical problems involved, the CID plans to organize similar seminars in 1980 in West Africa, the Caribbean and the Pacific. ○

(*) CID technical advisor.

Trade between the European Community and the Arab world 1970-78 (1)

The EEC's exports to the Arab world as a proportion of total extra-Community trade remained static in 1978 at 14.3%. The EEC's imports from the Arab world declined as a proportion of total extra-Community trade from 19.1 % in 1977 to 16.6 % in 1978. However for the Community the Arab world is still the largest trading partner both as regards imports and exports.

From the point of view of the Arab world the Community is by far the biggest trading partner, providing in 1977 47.4 % of the Arab world's imports and taking 36.9 % of the Arab world's exports. The Community's share of the Arab world's imports rose significantly.

The Community's commercial deficit with the Arab world was more than halved in 1978. 70 % of this improvement was due to a reduced bill for the import of crude oil. This reduction was caused by a number of special, temporary factors (e.g. movements in exchange ratio) which now longer prevail.

During the nine years 1970-1978, commercial exchanges between the countries of the European Community and the Arab world have expanded greatly. Exports from the European Community and the Arab world have increased in value by 636 % and imports of the European Community from the Arab world have increased in value by 273 %. Imports from the Arab world declined by 9.6 % in 1978 compared to 1977. Expressed as a percentage of the Community's total trade with the rest of the world (i.e. excluding intra-Community trade), exports to the Arab world have risen from 6.2 % in 1970 to 14.3 % in 1978 and imports from the Arab world have risen from 13.6 % in 1970 to 16.6 % in 1978.

(1) Article compiled by the directorate-general for development at the EEC Commission.

Comparison of the European Community's trade with the Arab world and its other major trading partners

Statistics showing the European Community's trade in 1978 with its major trading partners (the Arab world, the United States of America, Japan, Canada and the Eastern European state-trading countries) are set out below, together with the percentage of the Community's world trade (i.e. excluding intra-Community trade) accounted for by each major trading partner.

EEC exports 1978 (in millions of European units of account — 1 EUA = approx. $1.4)

EEC exports	Rest of world	Arab countries	USA	Eastern Europe (*)	Canada	Japan
Total	173 913	24 869	23 141	13 425	3 185	3 726
Percentage	100	14.3	13.3	7.7	1.8	2.1

(*) USSR, Poland, East Germany, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania.

EEC imports 1978 (in millions of European units of account — 1 EUA = approx. $1.4)

EEC imports	Rest of world	Arab world	USA	Eastern Europe (*)	Canada	Japan
Total	178 267	29 535	28 250	12 862	3 969	8 712
Percentage	100	16.6	15.8	7.2	2.2	4.9

From these tables it can be seen that the Arab world remains the EEC's most important trading partner, both as regards exports and imports, though the Arab share of EEC trade remains fairly static.

Comparison of the Arab world's trade with the EEC and with its other major trading partners

Statistics for 1977 (figures for 1978 are not yet available) showing the Arab world's trade with its major trading partners are set out below together with the percentage of the Arab world's trade with the rest of the world (i.e. excluding inter Arab trade) for each major trading partner.

Arab World exports in 1977 (in US$ millions)

Arab world exports	Rest of world	EEC	USA	Eastern bloc (*)	Japan
Total	91 101	33 607	16 275	1 607	14 827
Percentage	100	36.9	17.9	1.8	16.3

Arab world imports in 1977 (in US$ millions)

Arab world imports	Rest of world	EEC	USA	Eastern bloc (*)	Japan
Total	59 754	28 325	7 583	2 968	7 937
Percentage	100	47.4	12.7	5.0	13.3

(*) USSR, Poland, Hungary, Rumania, East Germany, Czechoslovakia, Bulgaria, Albania, Vietnam, N. Korea, Mongolia, Republic of China, Cuba.

These tables show that, proportionately, the Community is an even larger trading partner of the Community than the Arab world is of the Community. It also shows that both as regards exports to and imports from the Arab world, the Community is more important than the United States, Japan and the Eastern bloc combined. The Community's share of Arab imports rose from 41 % in 1976 to 47.4% in 1977 while its share of Arab exports remained constant at 36.9%.

Commercial balance

During the period under review the commercial balance has fluctuated considerably, though it has always shown a surplus for the Arab world. In the period 1970-73 the Arab surplus was fairly constant at about 5 000 million EUA (with the export-import coverage rate for the European side ranging from 39.8% to 47%). In 1974 as a result of the OPEC oil pricing decisions of the previous year the European deficit trebled to 18 748 million EUA and the export-import ratio fell to 35.9%. Since then the European deficit has consistently diminished (except in 1976) so that in 1978 it was down to 4 666 million EUA—only marginally more in value terms than it had been in 1970—and the export-import ratio had risen to 84.2%.

In 1977 the deficit had been 9 478 million EUA; so during 1978 the Community more than halved its commercial deficit with the Arab world. 70% of this improvement was accounted for by an 11.4% reduction in the cost of crude oil imported from the Arab world. However, since the volume of crude oil imports from the Arab world fell by only 3.4% it is clear that the bulk of the saving was due to the fall in the price of Arab oil to Europe in 1978 rather than to reduced consumption. (The volume of EEC crude oil imports from all sources fell by only 2% in 1978).

Pattern of trade

Obviously the pattern of the commercial balance is not the same either for all Arab countries or for all Community countries.

In 1978 the Community had trade surpluses with 14 Arab countries: (Algeria, Egypt, Lebanon, Tunisia, Morocco, Jordan, Syria, Sudan, Bahrain, North Yemen, Somalia, Oman, South Yemen and Mauritania) and deficits with six Arab countries (Saudi Arabia, Iraq, Kuwait, United Arab Emirates, Libya, and Qatar).

Indeed the EEC's deficit with Saudi Arabia—4 345 in EUA—was about equal to the deficit with all Arab countries.

If the balances with each Arab country in 1978 are compared with 1977, it appears that, in most cases, the deficit or surplus remained roughly of the same order. However, both Morocco and Oman showed significant reductions in their deficits with the Community while the deficits of North Yemen and Tunisia with the Community worsened significantly. On the other hand the Community's deficits with Libya, Saudi Arabia and the United Arab Emirates were all greatly reduced.

Of the member states, Germany, the UK and Denmark showed surpluses in their trade with the Arab world. All nine member states showed an improved balance in 1978 when compared with 1977, especially the UK, Belgium/Luxembourg, the Netherlands, France and most notably, Germany, who in 1978 turned a 223 m EUA deficit with the Arab world into a 1 174 m EUA surplus.

Structure and direction of the EEC's exports to the Arab world

EEC exports to the Arab world are very varied. In the period under review, there has been relatively little change in the importance of different broad categories in the overall total. In 1978 machinery accounted for 47% of EEC exports (41.2% in 1970) of which 12.9% were connected with transport; manufactured goods accounted for 30.5% (28.7% in 1970) chemical products 6.4% (11.5% in 1970) and food 7.5% (10.9% in 1970). The EEC's main markets in the Arab world were: Saudi Arabia (22.7% of the total Arab market), Algeria (14.6%) Libya (10.5%) Iraq (7.7%), Egypt (7.3%) United Arab Emirates (6.4%) Morocco (5.4%) and Kuwait (5.2%).

France is the leading Community exporter to Morocco, Algeria, Tunisia and Mauritania, Italy is the major exporter to Lebanon, Libya and Somalia, the UK to Sudan, Bahrain, United Arab Emirates, Oman, Qatar and South Yemen, while Germany is the major exporter to Egypt, Syria, Jordan, Iraq, Saudi Arabia, Kuwait and North Yemen.

Structure and source of the EEC's imports from the Arab world

Inevitably, crude oil makes up the bulk of the EEC's imports from the Arab world. In 1978 it accounted for 88.7% while derivates and natural gas accounted for another 3.4%. Agricultural imports which in 1970 accounted for 8.9% of the total now account for only 3.1%. About 91.5% of all Arab imports to the EEC attract no customs duty. Major sources of EEC's imports are Saudi Arabia (33.9% of all imports from the Arab world), Iraq (15.4%), Libya (11.1%), Kuwait (9.9%), United Arab Emirates (8.7%), Algeria (6.8%).

Oil

In 1978 69.4% of the EEC's imports of crude oil came from the Arab world. This figure has fluctuated from 71.3% in 1973 to 67.6% in 1975. The Community's main external sources of oil in 1978 were:

Total EEC oil imports	Arab world	Iran	Nigeria	USSR
100%	69.4%	16.5%	7.3%	3.2%

The intra-regional trade of the two sides

Figures given above relate to the EEC's external trade and the Arab world's trade with non Arab nations. Figures for 1978 show the great strength of intra-EEC trade as compared with inter-Arab trade. In 1978 for the nine member states of the EEC, intra-Community trade accounted for 50.8% of imports (49.5% in 1977) and 51.6% of exports (50.6% in 1977). For the Arab states in 1977 inter-Arab trade accounted for 7.5% of imports (8.4% in 1976) and 5.0% of exports (4.3% in 1976). ○

GRENADA

99.4% of IAP committed(*)

In the Caribbean region, Grenada and the dependent islands of Carriacou and Petit Martinique acceded to independence in 1974. On 13 March 1979 the first change of government happened when Maurice Bishop, now Prime Minister, and his New Jewel (1) Movement took over the running of the country.

As one of the new ACP states under the Lomé I Convention, Grenada has benefitted from a 4th EDF indicative programme input and in November last, the first three EDF-assisted projects were completed and handed over by the Commission's delegate, Gerald Watterson, to the government and people of the country.

(*) Article sent by Gerald Watterson, delegate of the EEC Commission to Trinidad & Tobago and Grenada.

(1) Joint Endeavour for Welfare, Education and Liberation.

The St George's hospital

The first of these, the extension to Grenada's central and principal hospital in the capital of St. George's, to house the new obstetrical department, the related emergency services and the analytical laboratory, includes a building and an equipment component. Construction work began in March 1978 and has been completed in 18 months. The extension to this general hospital was conceived and designed locally by the ministry of works; and was executed entirely by local talent, under local supervision, with largely local materials and with local artisans and labour. As the Commission's delegate indicated to the assembled guests when handing over the facilities to the minister of health and housing, this project was a good example of what real and equal partnership as foreseen by the architects of Lomé I—and now Lomé II—was all about.

Examining a piece of the new equipment donated by the EDF to the St George's hospital maternity block (Centre): Bernard Coard, Minister of Finance, Trade and Industry; Norris Bain, Minister of Health; and EEC delegate Gerald Watterson

Whereas the extension to the St George's General Hospital was a project dedicated to improving the necessarily centralized facilities that go with the need to concentrate sophisticated skills and equipment of a hospital within a single unit, the other two projects handed over in November 1979 were of a kind that must, to be effective, be decentralized at the individual community level.

The Community Centre of "Grand Mal"

Under the 4th EDF programme seven more such community-level "microprojects" are foreseen. Half of them are underway or completed and the new government attaches particular importance to such developments. In the words of Prime Minister Maurice Bishop, during the ceremony at Grand Mal, the new democracy which the Grenadians are building is based on the development of self-reliance, the stimulation of a sense of individual responsibility and of daily participation, at the local level, in the affairs of the country. He considered this a far more telling form of democratic cooperation than an expression of views invited once every five years in a nationwide ballot.

The Prime Minister welcomed the external assistance given by the European Community as a stimulus and means for the Grenadian people to help themselves from within, at the individual community level, whilst developing a spirit of national consciousness and unity. Despite differences in political beliefs, the peoples of three communities had come together at Grand Mal to give voluntary work to the building of the community centre, and had crowned this achievement by organizing together a highly successful programme for the official opening.

Speaking earlier the Commission's delegate underlined the place and role of community development in the pyramid of state in which, at each level of the structure, the input and contribution is somewhat different. The community centres constituted the cornerstones at the very base of this pyramid, where each group of people, each within its local environment and resource limitation, determined its individual needs to enable it to respond and play its part in strengthening the overall structure. It was a source of pride and satisfaction to him that the provisions foreseen in the unique international partnership arrangement that link the European Community with Grenada, and with 57 other free and independent states of the world, were of a kind that could cater to such a diversity of needs and levels of input.

The Waltham Community Centre

Other speakers, both at the Waltham Community Centre in the north-western part of the island and at Grand Mal, were the minister of communications and works, who had provided the public works design and supervision input, and the minister of education and community development who, on behalf of the government and people concerned, accepted the keys of the building.

Prime Minister Maurice Bishop at the opening of the Grand Mal Community Centre

Community-type activity

Under the 4th EDF indicative programme, Grenada has committed 99.4% of the allotted resources; and expenditure has been equally good except in the Eastern Main Road rehabilitation project where, under the new government's policy, execution has been held up by a request to the Commission to have the project implemented by direct, labour-intensive, local enterprise.

The 5th EDF indicative programme is likely to be very largely influenced by this same government concern for involving as many of Grenada's population as possible.

Of comparatively recent volcanic origin, much of the terrain of Grenada and the off-shore islands, the Grenadines, is rugged. The island's sharply contrasting topography of close-knit intermittent valleys and ridges, and a wide variety of soils, contribute significantly to climatic differences on a local scale. Apart from its largely untapped, undeveloped forest resources in the less accessible central area of Grenada itself, agriculture, including cocoa, bananas, nutmeg and spices (from which Grenada derives its reputation as the Island of Spices) is the major component of the land use picture, and the largest earner of foreign exchange. The natural beauty, sheltered harbour and some of the most beautiful beaches in the Caribbean make tourism the second largest source of revenue. The rich fishing grounds off Carriacou and Petit Martinique also provide the basis for an important fishing industry.

A choir welcomes guests to the Waltham Community Centre

Topography, micro-climatic variations, accessibility difficulties and the fact that Grenada is one of the most densely populated countries in the region, all contribute to inherent development project limitation, in terms of size and degree of present sophistication, and their dissemination throughout the land. This in turn re-emphasizes, on socio-economic grounds, the importance of community-type activity. Underemployment and unemployment in Grenada today are high, especially among youths and women; and this, again, implies more intensive labour-opportunity at the local level by improving accessibility, land use through water control, local product processing, training in handicrafts and in the manufacture of locally-required commodities and furnishings, as a basis for widespread economic and social stability. Hand-in-hand with this go a widely disseminated network of education and training, and of health care and social amenities.

But so much emphasis on micro-imputs, must, if it is to be viable, be geared to overall progress in national infrastructural development and higher-level employment opportunity. And this, in turn, will need to bear some relationship to regional interdependence and the very considerable resources available to the Caribbean region under the 5th ACP/EEC Convention's regional programme. ○ G.W.

JAMAICA

Cultural creativities, preservation and development

Cultural liberation as a precondition for the realistic political and even economic independence of the black world has been dwelt on by black intellectuals for many years. Few have dealt with the subject of black "authenticity" as profoundly and illuminatingly as Rex Nettleford of the University of the West Indies, who has recently suggested a series of practical measures for promoting it, in his book *Cultural Action and Social Change (The case of Jamaica).*

A general sense of positive identity

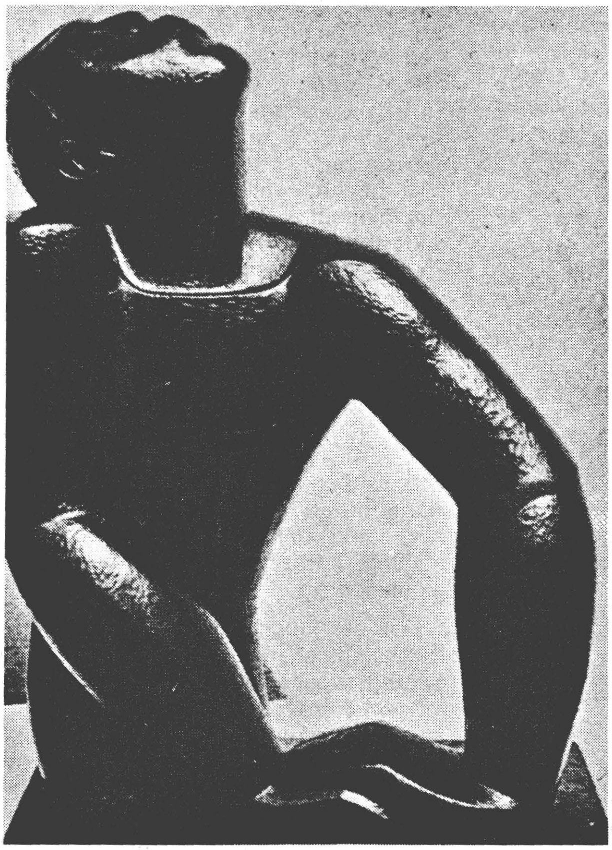
Nettleford asserts that the only way Jamaica can sail through its political labyrinth (that is, its current tortuous search for national unity—a goal enshrined in its motto "one people, one nation") is through the preservation and development of creative arts. This does not imply that Jamaicans should have no other pursuit than art but rather as individuals, corporate bodies and the government they should take a greater interest and pride in Jamaican culture than in the virtues of mass party politics, religious fanaticism and linguistic chauvinism.

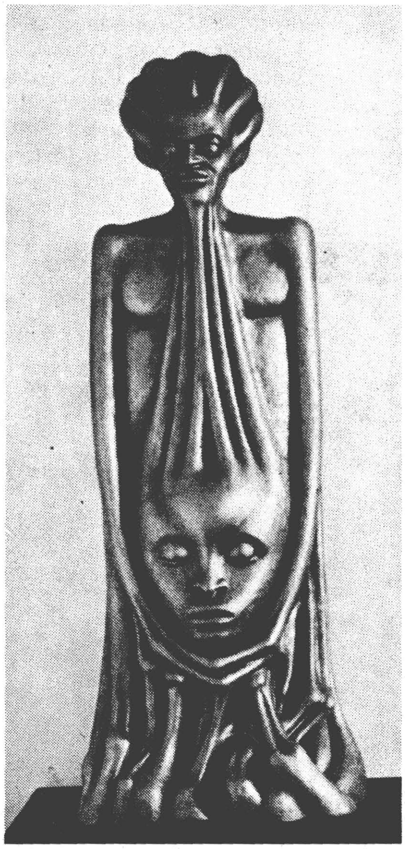
Obviously the presence in Jamaican society of distinctive racial groups constitutes a great obstacle to the achievement of this goal. There are firstly those to whom Nettleford refers as Eurocentrics, a predominantly white upper-class which is itself made up of Sephardic Jews, Lebanese-Syrians, whites of Anglo-Saxon or Nordic stock and some "light brown" Jamaicans who are "functional whites." Their peculiar characteristic, claims Nettleford, is that, despite their different socio-cultural background, they can unite spontaneously when their shared and indeed international consumer lifestyle is threatened by rapid social changes.

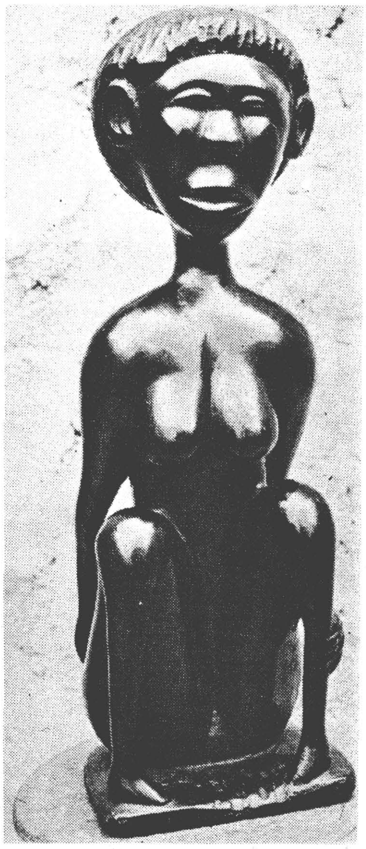
Next, is the intermediate group of "polyglot souls", that is, people of mixed European and African blood whose distinctitive life style, says Nettleford, often betrays conscious denigration of anything Jamaican.

Then at the bottom of the pile come people of African ancestry, descended from the slaves and the downtrodden, who constitute the majority of the population and who, because of their weak economic situation, are constantly told and made to feel that their culture is inferior to those of the other groups. Thanks, however, to their rebellious nature, acquired since the days of slavery, they have been able to withstand the challenge by asserting their own cultural heritage.

In addition to these differences of race and comportment, Jamaican so-







Some contemporary Jamaican sculptures by (l. to r.): Edna Manley (mother of the present Prime Minister), Christopher Gonsalz and Kapo

A group of "reggae" musicians — a world-famous sound which has not lost its African origins

ciety is polarised politically, religiously and linguistically, so much so that none of these can fully be exploited as a factor of national unity.

Nettleford, however, finds that it is only in the area of the creative arts that there is a general sense of positive achievement, pride and common identity among Jamaicans, as their music, for example, "the Jamàican sound", places their country on the world map of entertainment and culture with such exponents as Mighty Sparrow, Don Drumond, Desmond Decker, Jimmy Cliff and Bob Marley. Jamaican dance and dance-theatre have fared even better; local pottery and ceramics increasingly command worldwide attention.

It is on this ground that Nettleford recommends greater attention to the development and preservation of cultural arts—a course which was even begun as far back as 1937 by Norman Manley, the father of the present Prime Minister. The great political leader, he says, considered even before he entered politics that the promotion of cultural activities through creative arts and crafts was part and parcel of the search for Jamaica's development and welfare; emphasis, however, being placed on their indigeneity.

In a society as diverse as Jamaica's the question is: whose and what cultural values must be preserved and for whom and what must they be developed?

To rediscover the fullness of black culture

In the opinion of Nettleford, this question need not arise, for the answer is obviously the cultural values of the blacks who make up 80% of the population—values derived mainly from their African ancestry. The fact, he argues, that the great achievement of Europe and North America in art, music, dance, literature and science has forced the people into cultural subservience must not provide reasons for self-doubt and lack of confidence amongst blacks. Jamaica should take everything that English education offers but must, in the words of Norman Manley, "reject the domination of her influence, because we are not English, nor should we ever want to be". In other words, the African presence in the Jamaican society must rightly be given its central place. Persistent poverty among the black mass is what serves to entrench the "European cultural hegemony". Nettleford believes that under the circumstances there is a need for the "entire nation of private individuals and public leaders" to work together to achieve "cultural liberation".

This could be done in the following ways:

— Improvement of education for the masses; continued government support for the Jamaican music industry by protectionist measures in order to guarantee local markets for the locally created and manufactured music materials, and financial rewards to encourage talented persons, especially those from poor families, so that they can remain in the industry.

— A re-examination of the history of Jamaica as bequeathed it by colonialists.

— Encouragement of African studies at all levels of learning and in all their multidisciplinary and cross-cultural modes. They should be "pursued with sustained vigour and with the vigour of scientific inquiry, as well as with the compassion of a sensitive artist, scholarly precision and integrity".

— Organization of competitions which carry both financial and other rewards (such as bronze, silver and gold metals and certificates of merit).

— Study of science and technology because the kind of world in which the Caribbean people now find themselves makes this not only important but necessary. In the popular imagination in Jamaica, "science and higher science", says Nettleford, carry cultural connotation of divine magic, ritual witchcraft and religous wonder. Jamaicans should explore ways and means of making greater use of these high arts but they should never allow themselves to be dominated by them. It is advice that must equally apply to Africa, where witchcraft is also popular. ○ A.O.

Cultural values of the black world

Every year, the Centre de Cooperation par l'Education et la Culture (Rue du Marteau, Brussels) runs a "Journée des Peuples Noirs", a manifestation of awareness and solidarity between the black peoples of the world. The Mauritian ambassador Raymond Chasle gave a lecture there on 8 January. The lecture was part of this year's event, which "is not based on any claim but which, on the contrary, pleads for free expression in the diaspora". Such was the theme of the opening speech by Mr Sene, public relations officer of the centre.

For Father Boly, who introduced Raymond Chasle, Mauritius is the island with the highest population of people of mixed races in the world, where communities from Europe, Asia and Africa live side by side. It is the island of poets and writers, whose works are remarkable, an island representative of negritude and from where poet ambassador Chasle hails, a writer who fights for the preservation of individual identity and postulates the universal.

The central theme of Chasle's lecture was "black civilization", which does not imply the mechanical civilization of cities, robots, transistors and automation. As Leopold Sedar Senghor, one of the principal theoreticians of negritude, said, civilization is the result of a meeting of history, geography and race.

Senghor notes in the westerner a discursive reason and in the African an intuitive reason where subject and object identify with each other. In African civilization there is no seeing and believing but touching and believing, an all-embracing reason, as Sengor points out, adding that Negro-African speech "removes the rust from things" and restores them to their original colour, texture and sound. It perforates them with its rays of light to attain substantive reality in its original humidity. In Negro-African ontology, art is a fundamental means of knowledge.

Cosmic solidarity

In African culture, art, and even politics, are not separate from dance, which is a discovery of re-creation. To Descartes' "I think, therefore I am", Senghor retorts, "I feel, I dance and I am". This gives one a sense of belonging, a sense of communion in everyday life.

The Negro-African society is focussed on the family, the clan, the tribe and the kingdom and there are age groups, guilds and societies where rites remain secret. In it man is a demiurge whose mission it is to take part in the work of creation that is being completed. Hence the importance of the fertility symbol of ritual cult objects which serve to preserve and expand the vital and mystic forces. The whole of Negro-African life is impregnated with this dynamic force. Politics, morals, religion and art (sculpture, poetry, song and dance) mingle harmoniously.

Raymond Chasle observes that there has always been a black civilization. The accounts of the first European navigators to set foot in Africa bear witness to an organized society. Africa's traditional medicine is today officially recognized. The difference between western civilization and black civilization, as Senghor and other Africanists point out, is that the former is based on a collective community and the latter on a communion of individuals and on solidarity between all living things. The notion is based on solidarity at cosmic level, both vertical and horizontal, involving a hierarchy of ancestors and all living people and things, animal, vegetable and mineral.

Raymond Chasle

Fortunately, Europe, thanks to its ethnologists, has rediscovered Negro-African civilization, starting with sculpture at the beginning of the century and music and dance later. Over the last half-century, Europe has been invaded by jazz, gospel singing and blues which have a strong influence and have enabled European composers to discover the richness of their sound.

A new cultural order

Raymond Chasle cites Rimbaud, Lautréamont, Breton, Picasso and Apollinaire, who found their inspiration outside Europe. Senghor observes that Negro-African poetry gets its richness, its new character and its individuality from the force and the rightness of its images. All is emotion, intuition and instinct and there is also great familiarity with death rather than an opposition between it and life.

Negro-African poetry is based on analogy and the symbol is always present while the functional words are removed. The rhythm, the basic aspect of this poetry, goes beyond the symbols, and the voice, by emitting sound, has enormous creative potential, giving out vibrations which spread through the universe and allow the message to reach its goal.

Chasle spoke of current trends whereby the spoken and written word are at variance in modern poetry, saying that they can be reconciled in the light of knowledge of such things as paleontology, geology, psychology, ethnology, psycholinguistics and anthropology (note taken of Marcel Jousse's anthropology of gestures).

There could be a new form of writing, according to Raymond Chasle, which, motivated by speech and giving rise to speech in turn, would reintegrate the poet in an original system of gestures.

Chasle deplores the fact that Lomé II contains nothing on culture as this would have enabled increased penetration of literary and artistic African materials from Caribbean and Pacific states into the EEC.

The ambassador feels that a worldwide intermingling of cultures would have brought about a faster solution to political and economic problems. There will be no new international economic order if there is no new international cultural order based on respect for the culture of all peoples, that is, on their ways of being and living. Europe, Raymond Chasle says, has an important part to play in the knowledge of black people's civilization, outside the institutional framework of the Lomé Convention which regulates EEC-ACP relations. It would be sensible and beneficial if a permanent dialogue between western and Negro-African civilizations could be established now we are witnessing a weakening of active forces, a drying up of sources of imagination and the bankrupcy of the so-called human sciences. This dialogue would be a mutual enrichment and a major contribution to the building of what has been called the civilization of the universal, and that in the interest of the people of these countries and of entire mankind. ○

REYNALD OLIVIER

Hervé BOURGES & Claude WAUTHIER — **Les 50 Afriques — Maghreb, Afrique du Nord-Est, Corne de l'Afrique, Afrique sahélo-soudanienne, Golfe du Bénin (The 50 Africas)** — Preface by Joseph Ki-Zerbo, Volume I — Afterword by Samir Amin, Volume II — Editions du Seuil, 27 rue Jacob, 75006 Paris — 678 pages — FF 74.77 — 1979

Africa, a challenge and a bloody arena, has hit the headlines and stayed there—to its own misfortune in most cases. It is shut up behind theoretical frontiers left over from the colonial period, too rich in raw materials not to be fought over and too unsure of its future to avoid ideological rivalty and power struggles. It has become the scene of one, never-ending war. Fighting stops in Ogaden, starts again in the Sahara and Eritrea and breaks out sporadically in what used to be Katanga.

The incessant battles are proof of the fragility of the young nations of Africa and of their vulnerability in the face of large-scale international manoeuvres. They are also proof of the formidable challenge that history has thrown down before a continent in search of itself, in search of unity and, in the very south, in search of dignity.

Much has been written about Africa. Its many simultaneous problems have provoked an endless stream of analyses, research and reports, often hastily produced and short-lived. More than one dialectical argument has been brought down by unimaginable reversals of situation or unforeseeable changes of alliance.

The Bourges-Wauthier review, an ambitious undertaking modestly expressed, is timely and there is every chance of it being a sine qua non in this field for some time to come. Those interested in the ever-changing history of Africa have so far had to do without a proper country-by-country compendium of all the basic data that conveys a practical understanding of the clearly interconnected destinies of the 50 young states of the black continent. But this is what Bourges and Wauthier now give us. It is more concerned with facts than with interpretations and prophecies. Geography, history, economics, religion and politics are all covered.

The authors have not been discouraged by the scope of the subject and they are deliberately didactic in their approach. Before explaining Africa, Africa had to be described in all its infinite diversity. This has now been done. From Morocco to Zimbabwe, from Liberia to Ethiopia, from the heights of the mountains to the colours of the political spectrum—here are the 50 Africas.

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OAU — **Quelle Afrique en l'an 2000? (What Africa for the year 2000?)** — Institut International d'Etudes Sociales — Box 6, Ch-1211, Geneva 22 — 142 pages — 1979

The Organization of African Unity held a summit on economic matters in Lagos in February this year, having organized a symposium on the same subject in Monrovia on 12-16 February 1979. Last year's event brought together 40 African specialists (top UN officials, heads of regional organizations, bankers, etc.) to discuss the outlook for development and growth in Africa in the year 2000. The conclusions of the symposium form the bulk of this work and they are illustrated by speeches by various of the participants.

The first thing the African experts established was that Africa was harder hit by the crisis than the rest of the world. The second was that African leaders had to change course, to stop copying others and end an obsession with material and financial gain, end the confusion between growth and development, throw out misleading terms. They had to move at once if they were to prepare for the future.

This change in methods and ideas was dealt with under four main headings:
— A new approach to African unity, resulting in practice in the creation of a great African common market, the free movement of persons and goods and education of public opinion in the countries of Africa.
— The need for scientific, cultural and social values as the basis of a new vision of development.
— A mastery of the technical and financial instruments that are vital to the new concept of development.
— A new policy for international cooperation, putting emphasis on links between the developing countries.

This is a lucid reflexion by Africans on the outlook for their continent. But it must lead to rapid decisions if the serious consequences of the problems described in the book are to be avoided.

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Jean GRAY — **Le développement au ras du sol, chez les paysans du Tiers-Monde (Development at grass roots level, among the peasants of the Third World)** — Editions Entente, 12 rue Honoré-Chevalier 75006 Paris — 285 pages — 1978

At a time when a lot of thought is being given to our present economic set-up, Vivre Demain provides a series of economic facts that everyone can understand. The idea is to make people think and talk and investigate the problems together and perhaps in this way help ring the changes that seem to be due. The present situation cannot go on. World solidarity is vital and we have to realize that fact if we want to survive, and live of course, tomorrow.

Frères des Hommes, an association with no political or religious affiliations, seeks to share the lives of the most underprivileged peoples of the Third World, encouraging them to develop by their own efforts and better their lot.

The book is based on reports of activities, letters, bulletins, conversations and interviews which Frères des Hommes produced, on the spot, among the populations concerned.

One or two tables suffice to outline development among the peasants in the brush in Upper Volta, the campesinos of the Andes, the untouchables of India and the farmers of Bangladesh.

The work shows us how these people live. It is a unique document, bringing us not just the wretched lot of these people but their hopes as well and their ability once, gradually, the barriers are raised.

It also sheds light on the whole problem of underdevelopment and the responsibility of the developed world. What should be the attitude of the rich towards the poor if we want to avoid disaster and live tomorrow?

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Wen'saa Ogma YAGLA — **L'edification de la nation togolaise — Naissance d'une conscience nationale dans un pays africain (The building of the Togolese nation — the awakening of a national consciousness in an African country)** — Preface by François Luchaire — Editions l'Harmattan, 18 rue des Quatre-Vents, 75006 Paris — 215 pages — Bfrs 339 — 1978

African frontiers are somewhat artificial and Togo is one of the most flagrant examples. The country was prey to events in Europe and between 1884 and 1960 was a colony of Germany, France and Britain. When it became independent, right at the end of the fifties, it was a typical new nation with its problems, its contradictions and its promise.

While the energy of the Togolese people had been essentially directed against colonialism before, once the country became independent, antagonism between north and south took on proportions that compromised the future of the nation.

This was the situation when General Eyadema took over in January 1967 and inaugurated a new era of national reconstruction, based on reconciliation and a better balance between north and south.

Yagla describes the process of the building of the Togolese nation and the development of a national feeling in this country that is so typically African.

Yagla, a young Togolese teacher, qualified in law at the St Joseph University of Beirut. He holds a doctorate in law from Algiers and a higher diploma in political science from Poitiers.

His career has included teaching at the Algiers school of administration and being a legal expert at CAFRAD, and African training/research centre in Tangiers. He is now a teacher of law and head of the higher school of legal administration at the University of Benin in Togo.

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Yves-Emmanuel DOGBE — **La victime (The victim)** — Editions Akpagnon, 678 ave de Bir-Hakeim, 77350, Le Mée-sur-Seine, France — 238 pages — FF 45 — 1979

This work of fiction deals with modern problems in the context of the enduring human situation of star-crossed lovers.

On the palm-shaded beaches of Saborou, capital of Koundala in West Africa, two cultures, worlds apart, come together. But the love that blossoms between Pierre and Solange (from the Sorbonne) will bear no fruit, now or ever, for love will be thwarted by traditional racial complexes and prejudice and Solange will die.

But people change, leaving their mark on the life and hope of new generations with our way of thinking where there can be relations between different races. So Pierre meets Maryse, falls in love a second time and marries her.

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Tim INSKIPP and Sue WELLS — **International Trade in Wildlife** — Earthscan Publications — 10 Percy Street, London W1P — 104 pages, £ 2 — 1979

Ever seen or heard of mammals or birds called quagga, settler's sea cow, West Indian monk seal, the Falkland wolf, the sea mink or the passenger pigeon?

If you haven't, you won't, because they are extinct—wiped out by man's greed and lack of concern for his world.

This bookle, put together and just released by Earthscan Publications, could not have come at a better time, just weeks after the Rome airport incident in which over three quarters of animals being imported from South Africa to Italy died before reaching their destination. In the drama that followed more died and only a few in very poor condition finally arrived at the Emir of Dubai's private zoo, where they were granted a home.

Wasn't the emotion also reminiscent of that engendered by the news of the killings in Rwanda by poachers of the "film star" Digit, the gorilla? Despite all the legislation enacted from as far back as 1825 by governments all over the world, traffic in wildlife is on the increase and both the developing world, the greatest source, and rich nations, the importers, stand condemned.

International Trade in Wildlife traces the history of this tragedy, actions by some countries and concerted collective measures so far under the auspices of the International Union for Conservation of Nature and Natural Resources (IUNC).

The establishment of the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was perhaps the greatest step forward in the search for a balance between human needs and conservation.

Fifty-one countries are now parties to the convention, but the booklet notes "some Third World countries do not yet have the necessary scientific advice to accede and administer the convention. Several European countries have still not ratified or acceded, probably because of commercial pressures".

It goes on, however to examine the case of each species and one cannot help feeling that, in spite of the sad note, here afterall is a repository of animal names and species to keep handy.

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Hommes et Destins (Men and their destiny) — Vol. III, Madagascar — Académie des Sciences d'outre-mer, 15 rue La Pérouse 75116 Paris — 543 pages — FF 100 — 1979

Stirring celebrations marked the 75th anniversary of the Malagasy Academy in Antananarivo in September 1979. It was also the occasion for the Académie des Sciences d'outre-mer to dedicate one of the volumes in this series to Madagascar. Volume III, with an elegant drawing of Madagascar's great poet, Flavien Ranaivo, on the cover, is a 253-entry who's who.

There are 24 short biographies of people born before 1800 who are famed for their work in exploration, early contact and the first missionary activity. But most of the book deals with the transitional period and the start of the French period.

Missionaries have played an important part in the island's history and this is reflected in the biographies of 66 catholics (40 of them by Raymond Delval) and about 60 protestants (by the missionaries Dahl, Hardyman, Woulkoff, Munthe and Snekkenes, in collaboration with Louis Molet). Sister Marcienne Fabre wrote 11 of the 32 entries on women. Other biographers include the late governor Deschamps, Dr Albert Rakoto Ratsimamanga (ex-ambassador to Paris and member of the Académie des Sciences), G. Ratsivalaka, Father Berger, Dr Georges Girard, André Soucadoux, Max Olivier Lacamp and Georges Buck. Professors Y. Paillard, M. Gontard and P. Boiteau and Fathers Barassin, Blot, Lupo and Peter have also contributed.

Clerics from Madagascar and abroad account for about 100 of the 253 entries. The rest of the volume is fairly evenly divided between officers and administrators (Cayla, Dupré, Galliéni, de Coppet, Olivier, etc.), doctors and scientists and there are queens (Binao and Ranavalone) and writers (Dox, Odeam Rakoto, Maurice Rasamuel, J.B. Razafintsalama, Jean Paulhan and Pierre Stibbe) as well. Raombana, the historian, is also included, as are people with strong commitments like Paul Dussac, Endré Guyader and Albertini.

About 60 personalities from the history, political life, religion, literature and science of Grande Ile are side by side with prominent figures from other countries.

First and foremost, this book is of interest to people from Madagascar. But it is also a vital source of information for those interested in studying the history of the island and its recent scientific and political trends.

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Gwendolen CARTER and Patrick O'MEARA — **Southern Africa: The continuing crisis** — Macmillian Press, 4 Little Essex Street, London WC2R 3LF — £ 4.95 — 404 pages — 1979

The aptness of the title of this book lies in the very first sentence of its preface which states: "The rapidity with which changes have occurred in southern Africa, coupled with the large demand for our previous volume, has led us to produce a new, updated book rather than reprint a second edition". No doubt, by the time Gwendolen Carter and Patrick O'Meara decide to produce another version, significant developments might have taken place (Zimbabwe for example). Such is the nature of the struggle for freedom in southern Africa.

The crisis to which the authors are referring may have become visible now, but it started long ago when the first column of Afrikaaners arrived in that part of the world from Europe a century and a half ago and the very moment Cecil Rhodes set foot in the area south of the Zambezi in 1887 to establish his British South African Company.

The malignity and duplicity of these colonizers in the guise of businessmen is well illustrated in the letter from Lobengula, King of the Ndebele, in 1889 to Queen Victoria—"The white people are troubling much about gold. If you hear that I have given my whole country to Rhodes, it is not my words. I have not done so, Rhodes wants to take my country by strength."

And indeed, by force, Rhodes did take his country—with royal blessings!

The earliest settlers in southern Africa and those who followed them, as clearly shown in this book, came deliberately to subjugate the natives who had openly given them a friendly welcome.

Any well-informed African historians reading these passages would recall the day Cecil Rhodes told a friend, after witnessing the riot of destitute and famished East Londoners in the late 19th century, that the colonies would provide answers to their problems. Those who eventually followed him to Rhodesia did not go there to eke out a living but to become masters of a humble and generous people.

Southern Africa, the continuing crisis is an invaluable book to all those interested in what is currently happening in this part of the world.

Delving into history, the book shows that the colonized (Africans) did not take things lying down from the outsel.

They fought back, but guns were obviously superior to spears and arrows. However, though beaten they were not acquiescent. The lull that followed was simply the calm before the storm. Now it has broken over Rhodesia and Namibia and is threatening South Africa.

HOW TO GET "THE COURIER"

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If chapters on Botswana, Lesotho, Swaziland, Zambia, Mozambique, and Angola are included, it is because these countries are intertwined in the liberation struggles.

Unless a peaceful solution can be found to this crisis, the conclusion is that, just as those white minority regimes were established by the gun, so shall they be swept away by the gun—and by whose gun victory is finally achieved will determine the future political direction of southern Africa. Angola and Mozambique are constant reminders.

This is the dilemma facing the Western nations, whose economies are linked with that of the apartheid regime but who disassociate themselves from its policy—a dilemma so expertly analysed by Colin Legum in the introduction to the book. A choice, however, has to be made.

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Georges LOSOS and Amy CHOUINARD — **Pathogenicity of Trypanosomes** — IDRC publication, Box 8500, Ottawa, Canada, KIG34P — 216 pages — 1979

This book is a compilation of the proceedings of a conference on hemopotozoal diseases of cattle in Africa, held in Nairobi in November 1978.

Jointly sponsored by two Canadian research institutions and Kenya's International Laboratory for Research on Animal Diseases and the veterinary department of its Agricultural Research Institute, the conference was attended by experts from all over the world.

The book sheds a good deal of light on the diagnosis and control of the different species of trypanosomiasis.

Although it does not prescribe a definitive cure, the conference's achievement shows that the day of a break-through in research is not too far off.

The book will be valuable to all those interested in animal husbandry in Africa, be they veterinary experts, students or just enthusiasts.

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Malcolm HARPER, Tan Thiam SOON — **Small Enterprises in Developing Countries: Case Studies and Conclusions** — IT Publications Ltd., 9, King Street, London WC2E 8HN — £ 2.95 (£4.0 airmail), 115 pp. 1979

Where there is a drift away from the land and the potential for large new industries is limited, small-scale industry may be the most important source of new employment, besides being an essential element of balanced economic development. Amid all the theorizing about small businesses, this booklet resumes 20-odd real life cases, giving a vivid picture of the problems actually facing specific businessmen in a number od developing countries (about half of them in the ACP group).

The great diversity of the problems shows the inadequacy of ready-made solutions. Commentaries are provided at the end of each brief study, suggesting the best moves in each situation, which only seem to share the general principle — often a harsh one — that good money should not be thrown after bad. The collection was compiled from case studies contributed in 1977 by participants in the Cranfield School of Management (UK) programme on the promotion of small-scale enterprises in developing countries.

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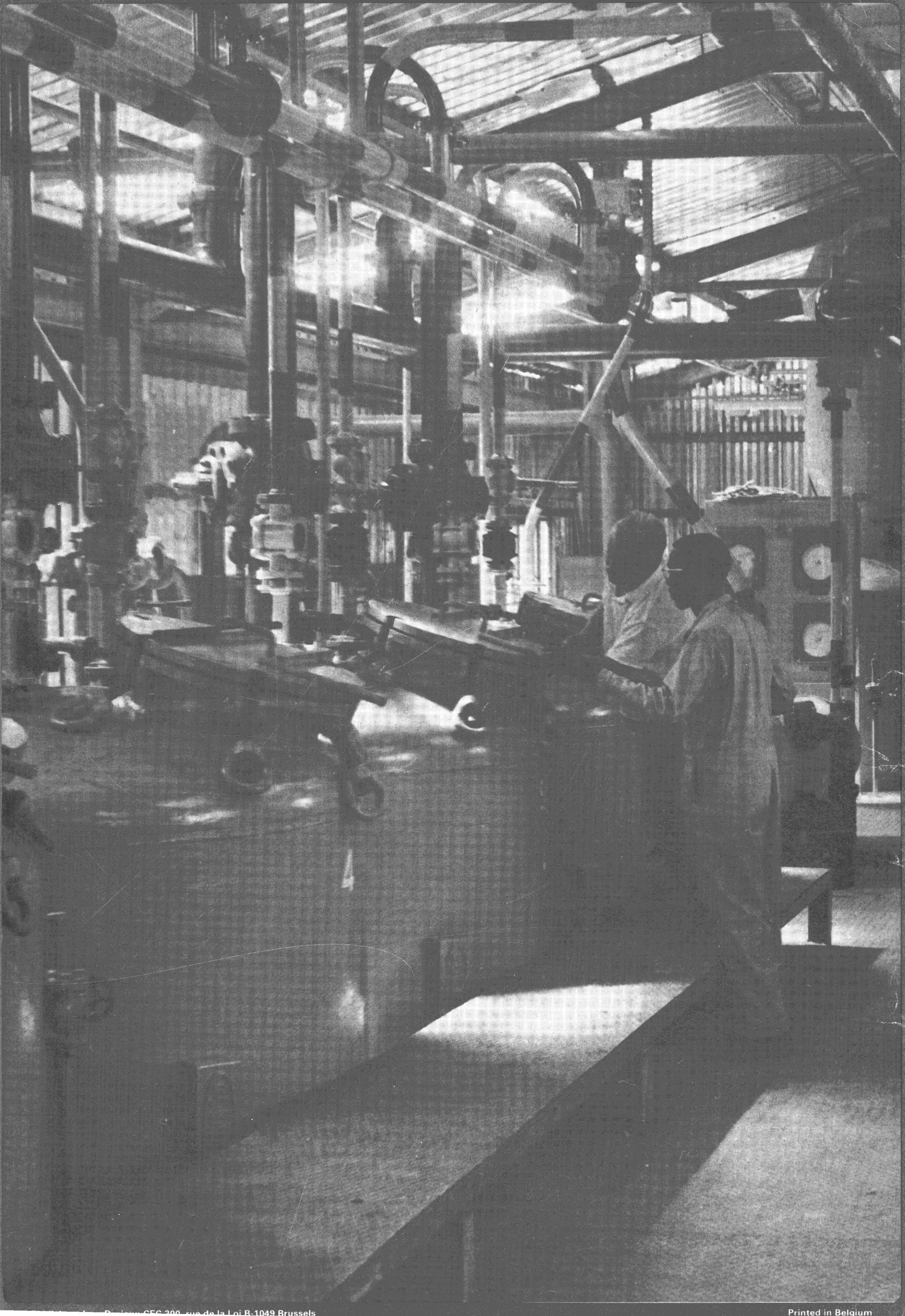

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