

ACP-CEE CONVENTION OF LOME

**ANNUAL REPORT
OF THE
ACP-EEC COUNCIL OF MINISTERS**

(1 March 1980 – 28 February 1981)

CONVENTION ACP-CEE DE LOME

LE COMITE DES AMBASSADEURS

LE PRESIDENT

ACP-EEC CONVENTION OF LOME

COMMITTEE OF AMBASSADORS

THE CHAIRMAN

Brussels, 23 JUL. 1981
L. 850/81/ACP

0035

Mrs Simone VEIL,
Mr Tandeng MUNA,
Co-Presidents,
ACP-EEC Consultative Assembly,
European Parliament
LUXEMBOURG
(Grand Duchy of Luxembourg)

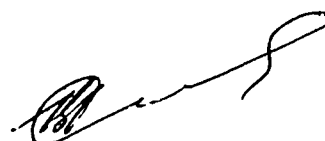
Madam/Sir,

At its meeting in Luxembourg on 9 and 10 April last, the ACP-EEC Council of Ministers examined the question of the Annual Report which it has to publish pursuant to Article 168(5) of the second ACP-EEC Convention and instructed the Committee of Ambassadors to finalize the draft submitted to it.

As this report has now been finally adopted, I am communicating the text thereof to the Consultative Assembly so as to enable that institution to examine it in accordance with Article 175(6) of the Convention.

The Commission's Report to the ACP-EEC Council of Ministers on the management of financial and technical co-operation for 1980 which is to be annexed to the Annual Report will be sent to the Consultative Assembly as soon as it is received by the Council of Ministers.

Please accept, Madam/Sir, the assurance of my highest consideration.



L. B. MONYAKE

ACP-CEE CONVENTION OF LOME

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INTRODUCTION

The ACP-EEC Convention, signed in Lomé on February 1975, expired on 1 March 1980.

On 1 January 1981, the new Lomé Convention which had been signed on 31 October 1979 between the nine Member States of the Community and 58 ACP States, came into force.

These two dates, which coincide, to within two months, with the period covered by this report, are sufficient in themselves to indicate the major importance of this period in the history of ACP-EEC cooperation.

In other words, 1980 may be regarded as the year which links the first Lomé Convention to the second.

The year 1980 was a transitional period. It was marked by the application of interim measures, firstly to fill any gaps there might have been between the two dates referred to above, and secondly to pave the way for the entry into force of the new Convention.

.../...

Following the deposit of the instruments of ratification by all the Member States signatory to the Convention and by more than two-thirds of the ACP States¹ and the deposit of the act of ratification of the conclusion by the Community, in conformity with article 183(1), the new Convention entered into force on 1 January 1981.

The period covered by this report was also marked by important events - for example, the advent of Greece as tenth Member of the Community and the accession of two new States, Vanuatu and Zimbabwe, to the Lomé Convention. The political impact of such events cannot be overemphasized.

The accession of the Hellenic Republic to the European Communities led to the opening of negotiations for the signing of an ACP-EEC protocol of adaptation and transition.

Pursuant to article 186 of the Second Lomé Convention, the Republic of Zimbabwe's accession agreement was signed in Luxembourg on 4 November together with an interim agreement which came into force on 1 January 1981.

Finally, the accession of the Republic of Vanuatu was approved in December by the Council of Ministers through the written procedure.

.../...

¹ The last instrument of ratification was deposited on 14 May 1981.

The activities of the ACP-EEC institutions were also affected by the transition between the First and Second Lomé Conventions. In particular, the Council of Ministers meeting in Nairobi on 8 and 9 May 1980 finalized the main provisions for ensuring the entry into force and initial application of the new Convention. On the same occasion major tasks of execution and preparation were entrusted to the Committee of Ambassadors.¹

The Consultative Assembly, for its part, proceeded with an analysis of the results achieved under the Lomé Convention in the light of the entry into force of the Second Lomé Convention.²

It may be recalled that during the first Convention, the ACP-EEC Council of Ministers³ adopted :

- a first annual report, in Suva on 14 April 1977;
- a second annual report, in Brussels on 14 March 1978;
and finally,
- a general report on the application of the first Lomé Convention, in Brussels on 25 July 1980.

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¹ See pages 13, 14 and 117

² See page 118

³ Secretariat of the ACP-EEC Council of Ministers, 170 rue de la Loi, 1048 Brussels.

As in previous years, this report will review the outcome of activities in the various fields of ACP-EEC Cooperation, during the period in question. There will, however, be a preliminary chapter dealing with the changes introduced by the Second Lomé Convention and the features referred to above which characterized the year linking Lomé I to Lomé II.

In addition, as several of the items covered in the different chapters of this report have since been discussed by the ACP and EEC Ministers at their sixth meeting held in Luxembourg on 9 and 10 April 1981 (i.e., outside the period covered by this report) it appeared useful to enlighten readers on the most recent developments on the issues raised in this report.

The press release which was published after the ACP-EEC Council of Ministers in Luxembourg in April 1981, has consequently been annexed to this report.

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1. LOME I - LOME II : TRANSITION

1.1 MAIN FEATURES OF THE NEW LOME CONVENTION

Since the previous report ran over the main provisions of the first Lomé Convention, in order to draw up a retrospective view of its implementation, this report which was prepared during the months following the entry into force of the second Lomé Convention, cannot begin without outlining the major aspects of the latter, bringing out the elements of continuity and innovation which characterize the new provisions, vis-à-vis those of 1975.

While the new Lomé Convention does copy the broad outline of the previous Convention, in improving certain mechanisms provided for by the latter, it also extends cooperation to new areas and introduces notable innovations.

1.1.1 Improvements in existing machinery

Among the main improvements, to already existing instruments of cooperation, brought about in the new Convention, mention should be made of

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those on consultation and information procedures, the STABEX system, the least developed countries and institutional structure.

1.1.1.1 The consultation and information procedures of Lomé I have been greatly reinforced. The new Convention lays down in particular that prior consultations must take place on the application of the safeguard clause and regular consultations must be held with a view to averting recourse to this clause.

1.1.1.2 The STABEX system has been improved in the following ways :

- the number of products covered has been increased from 20 under Lomé I (including additions made in 1977 and 1980) to 30 under Lomé II, account being taken, however, of the rearrangement of the list of products which no longer covers "groups" of products, but rather individual products;
- the overall amount allocated to the system has been raised from 375 million EUA to 550 million EUA;
- more favourable conditions of eligibility to the system have been drawn up; the dependence threshold has been lowered from 7.5% to 6.5% (5% for sisal) and the trigger

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threshold has also been reduced by the same percentage while in both cases the threshold applying to the least developed, landlocked and island countries has been brought down from 2.5% to 2%.

1.1.1.3 The new Convention devotes a special title to provisions aimed at taking into consideration the specific economic and/or geographical situation of certain ACP States for which more advantageous conditions are set out with regard to the application of the Convention. The principle of special treatment for the poorest developing countries is thus boosted.

1.1.1.4 With regard to institutional structure, it should be mentioned that :

- the Co-Presidents of the Council of Ministers, assisted by advisers, may now hold consultations and regular exchanges of view in between the Council's annual sessions ;
- the Consultative Assembly may establish on an ad hoc basis any contacts which it might deem necessary in order to gather the economic and social circles' views on the cooperation policy laid down in the Convention;

.../...

- a Technical Centre for Agricultural and Rural Cooperation has been provided for as one facet of agricultural cooperation (see (b) 2 below);
- an ACP-EEC Committee at ministerial level, has been established to study measures for improving the implementation of financial and technical cooperation.

Lastly, the significant increase in the total appropriation is also worthy of mention.¹

1.1.2 New areas of cooperation

The new Lomé Convention goes a long way in widening the sphere of cooperation by either pursuing existing policies in greater depth or by introducing new policies.

1.2.2.1 The special title devoted to agricultural cooperation adds a new dimension to agricultural and rural development as undertaken under Lomé I during which period about 40% of the 4th EDF aid was allocated to development projects in this sector.

Two of the main objectives of agricultural cooperation are the improvement of the ACP States' productivity and the development of new

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¹

See Chapter 7

local structures to enable ACP States, in the medium term and outside of already existing Community aid structures, to reinforce the security of food supplies by improving the quantity and quality of food production.

The Convention provides for the establishment of a Technical Centre for Agricultural and Rural Cooperation, whose duty it will be to provide ACP States with better access to information, research and training in the agricultural and rural sphere.

1.1.2.2 Cooperation in the field of energy is also covered by the new Convention which emphasizes the programming of energy policies and the promotion of research.

1.1.2.3 In the context of the new Convention, the Community will take into account the demands and aims of regional and interregional cooperation between ACP States, particularly when implementing financial and technical cooperation.

1.1.2.4 Fresh impetus has also been given to cooperation in the fisheries sector where a joint declaration was annexed to the Convention's Final Act

.../...

stating that the contracting parties would undertake notably to cooperate in efforts to conserve fishery resources and promote the objective of their optimum use. The ACP States acknowledge the Community's exclusive competence in the sphere and declare their willingness to negotiate with the Community bilateral fishery agreements on the basis of the principle of non-discrimination between Member States or towards the Community.

1.1.3 Innovations

The second Convention contains major new elements regarding such areas as the mineral sector and investments; joint declarations have also been drawn up on other spheres where ACP-EEC cooperation might flourish.

1.1.3.1 The Mineral System (SYSMIN), covered by Title III of the new Convention, is aimed on the one hand at guaranteeing ACP States assistance in maintaining their capacity to export certain mineral products, and on the other hand, at ensuring these States the Community's financial and technical assistance for longer-term development of mineral and energy resources.

An overall amount of 280 million EUA is earmarked for this system which covers most of the main ores exported by the ACP States.

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- 1.1.3.2. A new title in the Second Lomé Convention is devoted to promoting and guaranteeing investments in the ACP States. It has been agreed that where an ACP State has entered, or enters, into an inter-governmental agreement relating to the treatment of investments, the same treatment will be granted to all the Member States. This right of non-discriminatory treatment takes effect from the entry into force of the Convention, and bilateral inter-governmental agreements will serve as reference agreements. The ACP State has the right to modify or adapt this non-discriminatory treatment, as regards agreements concluded before the entry into force of this Convention when international obligations and/or changed de facto circumstances so necessitate. The non-discriminatory treatment is applied on the basis of inter-governmental bilateral agreements, and any Contracting State has the right to ask for such an agreement. Lastly it has been agreed that bilateral agreements shall cover only those disputes relating to investments which arise after the entry into force of the new Convention, those which were made beforehand being examined in the light of the provisions of the reference agreement.
- 1.1.3.3. A Joint Declaration, on workers who are nationals of one of the Contracting Parties and are residing legally in the territory of a Member State or an ACP State, establishes the principle of national treatment as regards working conditions, pay and employment-linked social security benefits.
- 1.1.3.4. In a Joint Declaration on shipping, the Community states its willingness to contribute to the development of this sector in the ACP States in various ways. The Contracting Parties recognize that the harmonious deve-

lopment of this sector is important in the general context of trade, and in this connection, stress the importance of the United Nations Convention on a Code of Conduct for Liner Conferences.

1.2. INTERIM MEASURES

It was clear that special provisions would be needed to establish the system to be applied between 1 March 1980, date of expiry of the first Lomé Convention, and the date of entry into force of the second one.

Article 91(3) of Lomé I stipulates, in this regard, that "the Council of Ministers shall adopt any transitional measures that may be required until the new Convention comes into force". For that reason when the new Convention was signed, the ACP-EEC Council of Ministers adopted Decision 10/79 delegating to the Committee of Ambassadors the powers to adopt the interim measures necessary.

The measures adopted were of two kinds:

1.2.1. By decision No 1/80 of 18 January 1980, the Committee of Ambassadors decided that some of the provisions of Lomé I would remain applicable after 1 March 1980 until the entry into force of new provisions;

1.2.2. It was then agreed that certain of Lomé II's provisions would be implemented in advance. In this regard:

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1.2.2.1.

Firstly, at its meeting on 15.2.1980, the ACP-EEC Committee of Ambassadors agreed on the advance implementation - until the entry into force of the new provisions relating to the same areas or until 31.12.1980, whichever was the earlier, - of the following provisions of the Second Lomé Convention:

- Protocol No 5 on rum and the two joint declarations thereon contained in Annexes XXII and XXIII to the Final Act /see Council (EEC) Regulations No 438/80 of 18 February 1980 and 1711/80 of 27 June/.
- Community declaration on Articles 30 and 31 of Protocol No 1 (Annex XXXVI to the Final Act) (derogations from the rules of origin).
- Joint declaration on the origin of fishery products (Annex XXI to the Final Act).
- Joint declaration on complementary financing of industrial cooperation (Annex X to the Final Act).

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- Community declaration on Article 2(2) of the Convention (possible special treatment for other agricultural products)

(Annex XXVI to the Final Act).

1.2.2.2. Secondly, the Community stated that it was prepared to implement in advance:

- the declaration annexed to the minutes of the signing of Lomé II concerning the supply of available agricultural products,
- and the safeguard and consultation measures provided for under Articles 12 and 13 of Lomé II and the Declarations thereon contained in Annexes IV and XXIX to the Final Act.

/See Council (EEC) Regulation No 1470/80 of 9 June 1980/

1.2.2.3. Lastly, on 24.6.1980, the Community adopted a regulation whereby, upon the entry into force of Lomé II, the STABEX system would be immediately applied to the new list of products included in this Convention

/See Council (EEC) Regulation No 1638/80 of the 24 June 1980/.

In addition, while awaiting the entry into force of the agreement for the Republic of Zimbabwe's accession to the Second Lomé Convention, the Community concluded with this country a temporary agreement setting up a transitional system, applicable from 1 January 1981,

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by virtue of which the new Convention's provisions on trade cooperation (Articles 1 to 19 and Protocols No 1, 4 and 5) were implemented in advance.

By Council (EEC) Regulation 439/81 of 20 January 1981, the Community unilaterally fixed the provisional system applicable to trade between the Hellenic Republic and the ACP States for the period till 30 April 1981, while waiting for the signing of the Protocol of adaptation currently being negotiated by the Commission pursuant to Article 181 of the Convention.¹

1.3. 5th MEETING OF THE ACP-EEC COUNCIL OF MINISTERS

The meeting of the ACP-EEC Council of Ministers held in Nairobi, Kenya on 8 and 9 May 1980 was a particularly important one falling as it did between the expiry of the first Convention and the entry into force of the second. The Council of Ministers, therefore, set itself the following principal objectives :

- to proceed to an assessment of the results of the first Lomé Convention and to examine, in this context, the last outstanding matters concerning its application;

(1) See point 1.5 below (pages 20 to 22)

- to finalize the implementation of the interim measures adopted by the Committee of Ambassadors to ensure that transition from Lomé I to Lomé II would be accomplished as smoothly as possible;
- to take all necessary measures to ensure that the application of the second Lomé Convention would be accomplished as rapidly and as effectively as possible upon its entry into force.

The Nairobi Council also signified its agreement to the request for accession by Zimbabwe, made on 18 April 1980, the day it became independent. This country's delegation was also invited to attend as an observer, the proceedings of the Council; the latter warmly welcomed the delegation from the new State and underlined the political significance of the event.

The Council adopted a number of decisions and resolutions¹. It also charged the Committee of Ambassadors with approving all measures in order to enshrine all its decisions of principle in concrete Acts for adoption, and to ensure continuity between

(1) Full details of the outcome of the proceedings of the Council of Ministers may be found under point 2, Chapter 9.

Lomé I and Lomé II until its next meeting.

1.4. ACCESSIONS OF ZIMBABWE AND VANUATU TO THE SECOND
LOME CONVENTION

1.4.1. Zimbabwe

The Republic of Zimbabwe, a former British colony which gained its independence on 18 April 1980, presented a request to accede to the Second Convention on the very day of its independence.

The Council of Ministers approved this request during its session on 8 and 9 May 1980.

Negotiations for an accession agreement between the Community - represented by the Commission - and Zimbabwe were completed on 29 October 1980. The agreement was signed in Luxembourg on 4 November, a few days later, by the Community and its Member States on the one hand, and by Zimbabwe on the other. At the same time a second agreement relating to products falling under the European Coal and Steel Community, and a third, interim agreement, restricted to trade, coming into force on 1 January 1981, were also signed.

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The accession agreement is now in the process of being ratified or concluded by the signatories.⁽¹⁾

It should be mentioned, in any case, that even before Zimbabwe's independence, once this seemed to be a certainty, the Community granted it trading arrangements which were similar to those accorded overseas countries and territories associated with the Community.

As for the contents of the accession agreement, it stipulates, essentially, that in accordance with Article 186(2), the Convention and the decisions and other provisions made by the Institutions of the Convention shall apply to Zimbabwe. However, some particular features in the economy of this country are taken into account in the special declarations annexed to the Final Act of the agreement. These deal with possible changes in Zimbabwe's tariff system and the country's preferential arrangements with an industrialized third country and with exports of beef and veal as well as sugar.

On the financial side, the Member States agreed to increase allocations to the EDF (1980) from 4 636 to 4 721 million EUA, when Zimbabwe's accession took place.

(1) Zimbabwe completed these formalities in May 1981

1.4.2. Vanuatu

The former Franco-British condominium of the New Hebrides, to which the 4th part of the Treaty establishing the European Economic Community (overseas countries and territories) used to apply, achieved independence on 30 July 1980 and became the Republic of Vanuatu, following which it applied for accession to the Second Convention.

This request was approved by the ACP-EEC Council of Ministers by its decision of 10 December 1980, pursuant to Article 185 of the Second Convention and Decision 1/80 of the ACP-EEC Council of Ministers on measures applicable during the transition period¹ & ².

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(1) See page 12

(2) Vanuatu's accession to the Second Convention was completed on 18 March 1981, the date on which the State deposited an act of accession with the Secretariat of the Council of the European Communities, in accordance with Article 185 of the Second Convention. Up to that date, by virtue of the 20 January 1981 decision of the Council (EEC), Vanuatu continued to come under the EEC-OCT trade system, which is almost identical to that of the ACP-EEC Convention.

1.5. GREECE'S ACCESSION TO THE EUROPEAN COMMUNITIES

Under the terms of Greece's Treaty of Accession to the European Communities ⁽¹⁾, signed on 28 May 1979, and the acts related thereto, the Hellenic Republic became a member of the EEC on 1 January 1981. Since these acts provide for a five-year transition period in which Greece is to reduce customs duties payable by the Community and eliminate quantitative restrictions, a Protocol of adaptation and transition must, in accordance with Article 181 of the Convention, be negotiated between the EEC and the ACP. The Protocol will, on the one hand, extend to the ACP States trade arrangements for their exports to Greece equivalent to those introduced by Greece during the transitional period in relation to products from the nine Community Member States entering the Greek market and, on the other hand, provide that the ACP States should apply to Greece the same trade arrangements as those applicable to the other Member States of the Community.

Following earlier contacts between the Commission and the ACP States, the Commission, acting on the authority of the Council, opened negotiations with the ACP States for this Protocol on 28 November 1980.

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(1) OJ L 291 of 19.11.1979

The ACP States, while expressing satisfaction at this enlargement of the Community, announced their concern over both the contents and the form of the negotiations. In view of their preoccupations, they asked:

- not to be required by the Community to treat Greece in the same way as the other Member States until Greece has accepted all its responsibilities for the system of trade laid down in the second ACP-EEC Convention;
- that some of the products for which transitional measures have been envisaged be removed from the list in Annex I of the Protocol (products subject to customs duties);
- that provision be made for ACP-EEC consultations in the event that Greece's accession causes serious market disruption for the ACP States;
- that, in order to prepare for any possible effects on ACP-EEC trade of Spain's or Portugal's future membership of the Community, the EEC undertake to consult the ACP States before drawing up the formal agreement with these countries.

As the negotiation of the ACP-EEC Protocol could not be concluded before 1 January 1981, the Community adopted, unilaterally, on 20 January 1981, a provisional regulation whereby the ACP States would, during the

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period up to 30 April 1981, be granted the improved treatment for their exports to Greece as provided for in the draft protocol proposed to the ACP States¹.

1.6. PREPARATIONS FOR THE ENTRY INTO FORCE OF THE SECOND ACP-EEC CONVENTION

One of the Council of Ministers' main concerns, during the period covered by this report, has been to attend to the preparations for the entry into force of the new ACP-EEC Convention.

To this end, much of the activity of the Convention's institutions has been directed to preparing the necessary implementing texts, namely:

- draft rules of procedure of the Council of Ministers, the Committee of Ambassadors², and the other Committees and Subcommittees;
- texts relating to the establishment of the Technical Centre for Agricultural and Rural Cooperation (see point 6.1.2.4.);

.../...

(¹) Following the proceedings of the ACP-EEC Council of Ministers in Luxembourg, the period of validity of the transitional measures was further extended by the Community to 30 June 1981. The negotiation of the Protocol having been completed on 24 June 1981, these measures were further extended to 31 December 1981 to allow time for signature and ratification of the Protocol.

(²) This item was discussed during the ACP-EEC Council of Ministers' meeting held in Luxembourg on 9 and 10 April 1981. Further details are given on page 15 of the Press Release reproduced in the Annex to this Report.

- draft decision delegating certain of the Council of Ministers' powers to the ACP-EEC Committee of Ambassadors¹;
- decision empowering the Committee of Ambassadors to take the necessary measures to ensure continuity in the implementing provisions of the two Conventions.

During this period before the entry into force of the Convention on 1 January 1981, the Commission of the European Communities and the ACP States, proceeded to draw up national indicative programmes. The Commission's departments also contacted the ACP States concerned, firstly to ensure continuity in the system for the stabilization of export earnings and secondly so that the new title of the Convention devoted to mineral products could be implemented rapidly.

Lastly, it may be mentioned that, in application of Article 167(2) of the Second Lomé Convention, the Community and the Member States have, in an internal protocol signed on 20 November 1979, agreed on the measures to be taken and the procedures to be followed for the application of the Convention.

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(1) This item was discussed during the meeting of the ACP-EEC Council of Ministers in Luxembourg on 9 and 10 April 1981. Further details are given on page 15 of the Press Release reproduced in the Annex to this report.

2. T R A D E
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2.1. GENERAL TRADE ARRANGEMENTS

The trade regime established in the second ACP-EEC Convention is very similar to the one laid down in the first Convention, namely it provides for free access to the Community market for almost all (99.3 %) ACP products exported to the Community, with special treatment, more favourable than that granted to third countries benefitting from the most favoured nation clause, for agricultural products which are covered by the Community's common agricultural policy and which therefore do not automatically enjoy completely free access.

Under Lomé II the list of agricultural products eligible for such special treatment was extended by EEC Council regulation N° 435/80 of 18 February 1980 to include tomatoes, carrots, onions, asparagus, arrowroot, mushrooms, juices and preserves from passion fruit and guava, from among a list of some 50 or more products submitted by the ACP. In addition the provisions relating to imports of ACP rum and ACP beef and veal have been made more favourable (see points 4 (b) and (c) below).

For their part, the ACP States may not discriminate between the Member States of the Community to which they must also grant treatment no less favourable than the most favoured nation treatment, but this obligation does not apply to relations between the ACP States or between one or more ACP States and developing countries.

In addition the provisions regarding consultation procedures (Articles 13 and 16 of Title I) have been significantly improved.

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2.2. DEVELOPMENT OF ACP-EEC TRADE

2.2.1. The table which follows is constructed along the same lines as those used in the table at page 27 of the Report of the Council of Ministers covering the period from 1 April 1976 to 29 February 1980 and brings the statistics up-to-date to the end of 1980. According to these statistics, there was a noticeable increase in the nominal value of ACP exports to the Community between 1978 and 1979 which has been fully maintained in 1980 (up 27.7% over 1979).

For the Community, there was a higher rate of increase of its exports to the ACP States (33%) by contrast with the drop in Community exports (-7.1%) between 1978 and 1979. The resulting trade balance for 1980 is, however, still in favour of the ACP States (surplus of 3.2 thousand million ECU in ACP imports into the Community).

2.2.2. During its 8/9 May 1980 session, in the light of the draft report on the overall results of the first Lomé Convention prepared by its co-Secretaries, the Council of Ministers discussed the development of ACP-EEC trade. For although the nominal value of ACP exports had risen over the five-year period from 8.7 to 18.9 thousand million ECU, the development of trade, particularly the pattern of trade, still leaves much to be desired, having scarcely changed since before the entry into force of Lomé I.

The ACP States have consequently expressed serious concern over their trade performance and have pointed out that, save for their exports of petroleum and petroleum products to the Community which, in 1980, accounted for a substantial proportion of total imports from the ACP (8.7 thousand million ECU out of 18.9 thousand million ECU as against 2.9 thousand million ECU out of 8.7 thousand million ECU in 1975), most of the remainder of their export trade flows have not evolved satisfactorily.

TABLE I

DEVELOPMENT OF ACP-EEC TRADE COMPARED WITH THE DEVELOPMENT OF TRADE BETWEEN THE EEC AND THE ACP AND DEVELOPING COUNTRIES *

DEVELOPMENT OF ACP-EEC TRADE	1975	1976	1977	1978	D THIRD COUNTRIES	
					1,000 MEUA	
					1979	1980 ¹
<u>Imports into the EEC</u>	125.5	159.4	171.4	178.3	218.2	271.4
from developing countries	55.0	70.0	75.2	71.2	88.2	114.5
- OPEC	33.4	41.8	42.3	38.2	51.9	67.2
- ACP	8.7	10.5	12.5	11.9	14.8	18.9
ACP annual growth	- 17 %	+ 20 %	+ 19 %	- 5 %	+24.4 %	+ 27.7 %
ACP share in extra EEC imports	6.7 %	6.6 %	7.3 %	6.7 %	6.8 %	7.0 %
Share of other developing countries in extra EEC exports	36.9 %	37.3 %	36.6 %	33.3 %	33.3 %	35.2 %
ACP imports compared with imports from other developing countries	18.8 %	17.6 %	19.9 %	20.1 %	20.2 %	19.8 %
<u>Exports from EEC</u>	121.2	141.3	164.1	173.8	194.2	224.5
to developing countries	44.1	50.9	61.8	66.5	69.7	83.4
- OPEC	18.4	24.1	29.7	31.1	30.3	36.6
- ACP	8.1	9.8	12.5	12.7	11.8	15.7
ACP annual growth	+33 %	+ 22 %	+ 27 %	+ 2 %	- 7.1 %	+ 33 %
ACP Share in extra-EEC exports	6.7 %	7 %	7.8 %	7.3 %	6.1 %	7.0 %
EEC trade balance ² (ACP-EEC Trade)	+ 0.6	- 0.6	0.0	+ 0.8	- 3.0	- 3.2

* Source EUROSTAT external trade bulletins

(1) The data relating to the ACP before 1980 do not include those of the following States : Dominica and Kiribati. In 1980, the amount of imports and exports for these countries was 0.04 billion. Zimbabwe are not included in the figures above.

Saint Lucia, St. Vincent
Figures on trade with

(2) - = in the ACP States' favour, + = in the EEC's favour

In view of these considerations, the Council of Ministers asked the Committee of Ambassadors to undertake a detailed study aimed at discovering the fundamental elements affecting the position of trade between the ACP and the EEC, primarily in order that ACP export trade can be developed under the best conditions.

This study is being carried out by the Committee of Ambassadors.¹

2.3. SPECIFIC ISSUES

2.3.1. Textiles

The problems relating to this industrial sector both in the Community and in the context of the industrial development of some of the ACP States had been described at the Nairobi Council of Ministers' meeting in May 1980, when the need for concerted action in the matter was stressed.

Following this, the Community and the ACP States gave a more detailed account of their respective positions on the problem at the meeting of the ACP-EEC Trade Cooperation Sub-Committee meeting on 10 October 1980.

On this occasion, the Community made a general statement on the difficulties existing in its textiles/garment sector.

(1) This item was discussed at the ACP-EEC Council of Ministers' meeting held in Luxembourg on 9/10 April 1980. Further details may be found on page 3 of the Press Release reproduced in the Annex to this report.

The Community pointed out that it had taken the step of raising the textiles problem because of the serious situation prevailing in its own textile and garment industry. The crisis was of such long duration and went so deep that the sector was likely to be severely damaged unless suitable measures could be found of arresting these developments: workers who had lost their jobs in the sector - 850,000 jobs lost, representing more than a quarter of all textile workers - had no hope or possibility of finding other employment because of the general nature of the present economic crisis.

The Community indicated, in response to a request by the ACP for information on its restructuring programme, that it had already launched a programme for restructuring the textile sector, but that it was out of the question to allow this crisis or its pace to continue unabated, likely as it was to have serious social and political repercussions.

The Community, moreover :

- explained that it was nevertheless aware of the rather limited part played by ACP exports in its total imports and of the fact that in the textile and garments sector, ACP trade with the EEC showed a deficit balance. It was for this reason that

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the ACP were benefiting from really favourable terms under the Community's textile policy. The problem had mainly arisen because of the sharp increase in exports of a few products which were ultra-sensitive for the EEC and concentrated in certain vulnerable regions of the Community.

- stated that it was convinced that the right course was for both parties to use all Lomé II's provisions on information and consultation in order to receive adequate warning of developments and to avoid as far as possible any recourse to the Convention's safeguard clause.

The ACP States expressed their serious concern that, despite the provisions of the Convention and the assurances given by the Community in 1978 to the effect that it would not restrict its imports of ACP textiles, the Community had, in 1980, set indicative ceilings for ACP textile exports and contemplated the application of the safeguard clause to at least one ACP State, if that State did not substantially reduce ⁽¹⁾ certain textile exports to the Community.

The ACP pointed out further that:

- they supplied to the Community only 1.8% of the Community imports of textiles and textile products, and that this already insignificant contribution was even less when measured as a proportion of the Community's consumption of textile products;

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(¹) By nearly 50%.

- furthermore, the Community itself was exporting to the ACP nearly three times as much textiles as the ACP exports to the Community without taking into account the machinery and managerial technical services that the ACP import from the Community ;
- textiles was one of the very few manufactured products in which a limited number of ACP States had been able to meet the relevant rules of origin and were in a position to export competitively;
- the disruptions in the Community's textiles sector (loss of jobs, closure of factories, etc.) did not stem from exports of ACP textiles, but instead from exports by non-ACP countries as well as the Community's own internal rationalization, changes in taste, technology and reorganization of industrial structures.

The ACP States therefore considered that any action by the Community to restrict their already very insignificant exports of these products raised questions not only of the legality of the Community's actions, but also of the value of its commitments under the Convention. They indicated that while they were aware of, and sympathetic regarding the Community's problems in this sector, they could not accept as valid any intention by the Community to penalise ACP exports which were not the cause of these problems. They further pointed out that the relevant provisions of the Convention required the Community to furnish proof that the disruption of its market was a direct

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result of imports from the ACP States. To this end they considered that the ACP and the Community should jointly agree on procedures for consultations provided for under Article 13 of the Lomé II Convention with a view to having consultations as early as possible and not when restrictive action was inevitable. Such early consultation, they hoped, would help to obviate recourse to coercive measures (1).

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- (1) During the meeting of the ACP-EEC Trade Cooperation Subcommittee on 11 March 1981, the ACP States announced their intention of submitting written proposals to the Community concerning the implementation of the consultation procedures laid down in the second ACP-EEC Convention whenever possible difficulties were likely to arise due to imports of ACP goods on the Community market. On 1 April 1981, the ACP States submitted their written proposals. In this connection, see the copy of the Press Release on the ACP-EEC Council of Ministers held in Luxembourg, which is attached to this report.

2.3.2. Available Agricultural Products

2.3.2.1. The ACP-EEC Council of Ministers, meeting in Nairobi, instructed the ACP-EEC Subcommittee on Trade Cooperation, under the aegis of the ACP-EEC Committee of Ambassadors, to set up, as soon as possible, a Working Party to examine the measures to be taken in order to implement the Community Declaration on this issue which appears in the minutes of the signing of Lomé II.

2.3.2.2. In conformity with the conclusions of Council's discussions in Nairobi, the Community proposed in October 1980 that this Working Party be responsible for studying the following issues :

- explanation of the common agricultural policy's existing machinery and ways of using it to the full for exporting the following products to ACP countries : cereals, including rice, dairy products, sugar;

- medium-term needs for supplies of the said products in ACP States.

2.3.2.3. The ACP States, for their part, asked that the Working Party be given much wider powers which would enable it to draw up a Community programme devised on a multiannual basis, for supplying to the ACP States certain agricultural products at concessional prices linked with a system of payment in the

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currency of an ACP State and/or special terms for loans.

No agreement having been reached on these positions, both sides resumed examination of this question within the Subcommittee on Trade Cooperation.

2.3.2.4 In this regard, the Community declared its willingness to continue working on the implementation of the above-mentioned declaration. It feels moreover that there should be an overall and coherent conception of this issue which goes beyond any operations which might be undertaken through the machinery of the Community's agricultural policy. It emphasized in this respect, the complementarity of the various objectives aimed at in this sphere, namely :

- measures to be carried out by ACP States;
- Community financial and technical assistance particularly for agricultural production and development;
- while waiting for ACP States to gradually attain self-sufficiency, measures aimed at facilitating commercial transactions between European suppliers and ACP buyers in the context of the CAP;
- food or emergency aid;

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- measures taken at international level such as the International Agreement on Wheat and the "food facility" which the Monetary Fund intends to set up.

It was the Community's belief that the abovementioned measures as a whole, respond to a very large extent to the worries expressed by ACP States.

2.3.2.5. The ACP States in their turn recalled that their requests went further than a mere review of the possibilities offered by the common agricultural policy. They stressed that the terms of reference for the Working Party should be wide enough to take account of the preoccupations which they had submitted to the Community since the 2nd ACP-EEC Council of Ministers in Fiji in 1977. These preoccupations included vital aspects such as multi-annual contracts, payment in local currencies and concessional prices, all of which, in this view, fell outside the scope of the Common Agricultural Policy

2.3.2.6. When efforts on both sides at the Trade Cooperation Sub-Committee failed to resolve this problem, the ACP Council of Ministers, at its 26th Session held in Brussels from 8th to 10th December 1980, mandated its President to make contact with his counterpart with a view to resolving this problem.

At the Co-Presidents' meeting which took place on 16th February 1981, it was agreed that the Community should make its explanations within the ACP-EEC Sub-Committee on Trade Cooperation. It was also agreed that these explanations would take place without prejudice to the establishment of the Joint Working Party as agreed by the Council in Nairobi.¹

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¹This matter was examined again at the ACP/EEC Council of Ministers held on 9 and 10 April 1981 in Luxembourg. See, in this respect, Page 4 of the Press Release reproduced in the Annex to this report.

2.3.3. Generalized Preferences

The ACP States broached the issue at the Trade Cooperation Subcommittee level on 10 October 1980. They announced at that time that a memorandum would shortly be transmitted on the Commission's proposal concerning the 1981-1985 generalized system of preferences. The Council received the memorandum at the end of November 1980 (1).

In this memorandum, the ACP States expressed concern over such issues as the duration of the GSP, the administrative procedures to be employed, the tariff reductions proposed for certain products (in particular for agricultural products) and the classification into sensitive or non-sensitive proposed for industrial products.

The ACP States also emphasized that they made up, among the developing countries, a particularly disadvantaged group which had concluded a legally binding agreement with the EEC in order to benefit from specific advantages in the context of its trade and general economic development. They reminded the Community that the entire international community had recognized and accepted the need for countries such as the ACP to have their special interests in the markets of developed countries protected when improvements and extensions are being made to the GSP (2).

The ACP States therefore felt that, when the Community was extending its GSP arrangements, it should bear this fact in mind and should ensure that no element is introduced to modify or reduce, without due compensation, the advantages to which the ACP States are entitled in the Community market.

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(1) See doc. ACP-CEE 2128/81

(2) Cf. UNCTAD Resolution 96(IV)

Furthermore, the ACP States reminded the Community of its undertaking ⁽¹⁾ to consider withdrawing in whole or in part concessions granted under the GSP which are shown to be injurious to the ACP States.

Accordingly the ACP States pointed out certain instances where it seemed that the new proposals could have harmful effects on their interests and endeavoured in their observations to get the Community to withdraw or reduce these concessions, or alternatively, to safeguard ACP interests by other means.

The Community replied by stressing that it wished to confirm once again that throughout the GSP decision-making process it felt that it had duly taken into account its obligations towards the ACP States and any subsequent impact on the latter's trade interests.

Fully aware of its commitments with respect to ACP States on the one hand, and to developing countries in general, on the other hand, it had always taken care to respect its various obligations in an equitable manner.

In addition, it reaffirmed its desire to continue doing all that was possible to ensure that the ACP-EEC consultation procedures provided for in the Second Lomé Convention, were carried out normally.

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⁽¹⁾ Cf. doc. ACP-CEE 63/76

Lastly, the Community felt that the ACP States' fears were unjustified with regard to the GSP's effect on what the ACP States could expect to receive from the Lomé Convention. It also believed that the joint ACP-EEC Working Party set up three years ago would usefully ponder on the implications of applying the GSP to exports from the ACP States. The Working Party could therefore fruitfully contribute by studying the consequences of the Community's new scheme. (1)

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(1)

The ACP-EEC Council of Ministers reviewed this issue at its meetings of 9 and 10 April 1981 in Luxembourg. See, in this regard, page 5 of the press release reproduced in the annex to this Report.

2.3.4. Bananas

At the Committee of Ambassadors' ninth meeting held on 3 December 1980, the ACP States put forward certain problems which had arisen in connection with the export of bananas to the United Kingdom, after a cyclone had destroyed banana plantations in some Caribbean ACP States in July 1980. The ACP States were concerned that banana imports to the United Kingdom from other non-ACP countries and more specifically from "dollar-area" countries might replace traditional imports from ACP States beyond the period in which the States concerned could not export bananas due to the interruption of their own productions, and that, consequently, these ACP States might not be able to recover their traditional access to and advantages on this market.

The Committee was informed that the Commission had in this regard taken the appropriate measures by authorising the United Kingdom not to apply, until 31 May 1981, Community treatment to bananas originating from certain third countries (cf. OJ EC N° L 343/41 of 18 December 1980).

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2.3.5. Rum

In June 1980, the Council (EEC) adopted Regulation (EEC) N° 1711/80⁽¹⁾ on rum which provides for a tariff quota of 178,300 hectolitres for ACP States for the year ending on 30 June 1981. This quota has been calculated pursuant to the provisions of the Protocol on rum of the second ACP-EEC Convention which lays down that the quota level will be based on the largest annual quantities imported from the ACP States into eight of the Member States in the last three years, increased by 18% instead of 13% as under the first Convention, and increased by 40% in the case of the 9th Member State (UK).

In addition, the Community and the ACP States agreed on the composition, structure and terms of reference of the Joint Working Party referred to under Article 3 of Protocol N°5 of the second ACP-EEC Convention. This working Party, whose role will be to examine any specific problems arising in this market, has already started to look into certain practical difficulties.

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(1)

OJ L 167/45 of 1 July 1980.

2.3.6 Beef_and_Veal_

By its Regulation No. 435/80⁽¹⁾, the Community implemented in advance, during the transitional period, the provisions relating to the access to its market of products falling under the common agricultural policy including beef and veal, the measures regarding this product having been made more flexible than those applied under the first ACP-EEC Convention.

Unfortunately, an epidemic of foot-and-mouth disease broke out in a region in Botswana which led to the authorization of imports of fresh meat into the Community from the whole of Botswana territory being suspended in March 1980 in order to avert any danger of this disease being transmitted⁽²⁾.

With a view to helping Botswana overcome these difficulties, the Community granted it financial and technical assistance aimed at reinforcing the programme for vaccinating cattle against foot-and-mouth disease.

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(1) OJ No. L 55 of 28.2.1980

(2) On 15 May 1981, the Community decided to reopen the Community market to imports from the unaffected regions in Botswana.

2.4. CUSTOMS COOPERATION AND RULES OF ORIGIN

As regards the derogation from the rules of origin, the Council of the European Communities adopted a Regulation⁽¹⁾ whereby the derogation granted to Kenya and Malawi in respect of artificial flies was maintained until 31 December 1980.

Subsequently, the two parties agreed (at a meeting of the ACP-EEC Customs Cooperation Committee) that this derogation be renewed for one year, till 31 December 1981.

The Council (EEC) also adopted a Regulation concerning a derogation for canned tunny from Mauritius, covering the period from 1 March 1980 to 31 August 1980 (2). Following a fresh Mauritian request, this system was again established as from 30 January 1981 and will be applied till 29 January 1982 (3).

For its part, during its meeting on 20 June 1980, the ACP-EEC Customs Cooperation Committee set up an ACP/EEC Working Group on the origin of fishery products in pursuance of the Joint Declaration at Annex XXI of the Final Act of the Second Lomé Convention. On that occasion, the Committee agreed on the composition and terms of reference of the Group. This Working Group held its first meeting on 24 July 1980 and defined the guidelines for its future deliberations.

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(1) EEC Regulation No. 551/80, OJ L 61 of 6.3.80

(2) EEC Regulation No. 552/80, OJ L 61 of 6.3.80

(3) EEC Regulation N° 1207/81, OJ L 123 of 7.5.81

During the same Group's second meeting, the Community presented a document setting out the factual elements of the Community's market and of other big world markets of fishery products of interest to the ACP States.

The ACP States, for their part, presented a memorandum illustrating the situation of the fishing industry in two of the ACP States. The ACP States also expressed the wish to have certain changes made in the present rules of origin.

The two parties agreed to continue examining the information already presented. The Community side indicated that the examination of possible amendments to the rules of origin fell within the competence of the Customs Cooperation Committee rather than that of the Working Group.

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2.5 TRADE PROMOTION

Following the discussions regarding the trade situation (ref. Point II 2.b above) the ACP-EEC Council of Ministers meeting in Nairobi in May 1980 exchanged views on the importance of trade promotion. It was also agreed that discussion continue in Brussels between the Commission and the ACP States on certain specific issues.

Since then, the ACP States have been undertaking discussions with the Commission on the provisions of Article 22 relating to the financing of the ACP States' participation in Trade Fairs and Exhibitions and also certain other more technical aspects (maximum amount to be earmarked for the stands etc.)¹.

During 1980, a large number of ACP States (about 45 out of the 50 ACP States for which programming had been completed) set aside resources from their national indicative programmes for trade promotion activities. This fact would seem to stress the importance the ACP States attach to the provisions of the second ACP-EEC Convention in the area of trade promotion, provisions which go much further than those of Lomé I in the matter.

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(1) It was announced at the 6th Session of the Council of Ministers that an agreement had been reached on these issues.

3. EARNINGS FROM EXPORTS OF PRIMARY PRODUCTS

3.1. STABEX

At its 5th session in Nairobi, the Council of Ministers decided, pursuant to article 18(5) of the first Convention, to carry forward to the STABEX fund of the Second Lomé Convention any balance remaining from the STABEX appropriation of the first Convention as well as payments made by the ACP States, in the framework of the reconstitution of funds.

The Council also decided to include sesame seeds in the list of products covered by the STABEX system; this decision is applicable to exports of this product made as from 1 January 1978.

On the same occasion, the Council of Ministers was informed that, regarding the 1978 year of application, a total of 164 million EUA had been paid for 23 transfers, covering 19 ACP States and 14 products.

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The 17 transfers made in 1980 with respect to 1979, amounted to a total of 66,007,643 EUA (9 products, 14 countries); two of these transfers (totalling 3,324,099 EUA) were paid to Comores and Dominica (former OCT which had attained independence and were parties to the Convention) out of the STABEX/OCT funds, pursuant to article 1(5) of the internal financial agreement.

Finally the Council of Ministers took note of two requests presented by the ACP States aimed at obtaining for Kiribati, the derogation provided for under article 46(3) of the Convention ("exports to all destinations") and including nutmeg and mace in the list of products covered by the STABEX system.¹

3.2 SUGAR

As indicated in the Council of Ministers' report covering the period from 1 April 1976 to 29 February 1980², the Commission, in pursuance of Article 7 of the Sugar Protocol, reduced the "agreed quantities" of four ACP States (Congo, Kenya, Surinam, Uganda) after shortfalls during the 1977/78 period. In taking these decisions, the Commission had, contrary to the view expressed by the ACP States, considered these shortfalls as not arising through reasons of "force majeure".

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(1) This point was examined during the ACP-EEC Council of Ministers' meeting in Luxembourg on 9 and 10 April 1981. Ref. pages 7 & 8 of the Press Release reproduced in the Annex to this report.

(2) Page 86.

This question was raised again at the 5th Session of the Council of Ministers which noted that there was a misunderstanding between the ACP States and the Community on the provisions of article 81 of the first Convention as regards the interpretation of the terms "force majeure" appearing in the Sugar Protocol. It was agreed to resort to the good offices procedure provided for by Article 81 and, in case this procedure failed to produce results within a time-limit of 4 months, to the arbitration procedure.

The recommendations of the conciliators charged with the accomplishment of the good offices procedure (Mr FRANCIS, Permanent Secretary, Ministry of Foreign Affairs, Jamaica, and Mr KROHN, former Director-General of the Commission of the European Communities) were submitted in September 1980.

They were mainly aimed at :

- attributing to "force majeure" the circumstances that led to the shortfalls by the Congo, Suriname and Uganda; this concept would not apply in the case of Kenya;
- providing for re-allocation of the quantities which the Congo, Suriname, and Uganda could not supply within the additional delivery period allowed for in respect of the years 1977/1978, 1978/1979 & 1979/1980, with priority for Kenya ;

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- fixing, as from 1980/81, the agreed quantities for Kenya at 5,000 tonnes¹ and adjusting downwards the agreed quantities of the Congo, Suriname and Uganda in order to relate these to their real possibilities of supply (within the framework of the amendment of the Sugar Protocol (2) (3)).

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- (1) Quantity corresponding to the initial tonnage of this country.
 - (2) On 3 March 1981, the Community sent a statement to the ACP States spelling out the reasons why it could not accept the conciliators' recommendations. At the 6th Session of the ACP-EEC Council of Ministers, it was noted that the Commission's decisions were still in force but all the ACP States mentioned in the Sugar Protocol remained eligible for the re-allocations provided for by Article 7 of this Protocol.
 - (3) This point was examined at the ACP-EEC Council of Ministers' meeting in Luxembourg on 9 and 10 April 1981. Reference page 9 of the Press Release reproduced in the Annex to this report.

4. SYSMIN

As indicated in Part I of this Report, the minerals system (SYSMIN) which is an important innovation in the Second ACP-EEC Convention aims at guaranteeing the ACP States' help in maintaining their mineral production, and at providing these States with the financial and technical assistance necessary for the long-term development of their mining and energy resources.

At its 6th session in May 1980, the Council of Ministers instructed the Committee of Ambassadors to examine the details of the implementation of this chapter of the second Convention, by keeping in mind Declaration No. XLII annexed thereto in which the ACP States expressed certain preoccupation as regards the content of this chapter which they considered not wide enough.

The Council however, noted that, in the Community's view, "sysmin" already covered the effects of the serious disturbances which were recorded during 1980, with the 1976-1979¹ period as the reference years, pursuant to article 53 of the Convention¹.

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(1) This point was examined during the ACP-EEC Council of Ministers' meeting in Luxembourg on 9 and 10 April 1981. Ref. page 10 of the Press Release reproduced in the Annex to this document.

5. INDUSTRIAL COOPERATION

In this area, the activities of the institutions and bodies of the Convention were marked by continuity and development both during the transitional period and on the coming into effect of the new Convention. There was a general implementation of Title V of the said Convention relating to Industrial Cooperation through elaborating firstly on general policy orientations and then on the drawing up of implementing texts. The activities of the Committee on Industrial Cooperation and of the Centre for Industrial Development, which were both set up under the First Lomé Convention, were therefore further pursued and extended. Finally, the ACP-EEC Council of Ministers embarked on the implementation of the Declaration at Annex X to the Final Act relating to the complementary Financing of industrial co-operation.

5.1. IMPLEMENTATION OF TITLE V OF THE SECOND LOME CONVENTION

5.1.1. General Patterns

At its session in Nairobi, the ACP-EEC Council of Ministers opened a long debate on the general patterns of industrial cooperation under the new

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Convention during which the ACP States first regretted that industrial cooperation had not attained the results they had expected, due to lack of a real ACP-EEC industrial policy. They stressed the need to implement, through practical measures, the principles - discussed at length, during the negotiations and enshrined in Article 66(a) and (b) of the Convention - of a new ACP-EEC division of labour and industrial reorganization. As these objectives will become the central point in ACP-EEC industrial cooperation, a valid method for their implementation would have been, according to the ACP States, to set up within the Committee on Industrial Cooperation, machinery for examining the scope and possibilities for industrial restructuring between the ACP States and the Community, with a view to facilitating a high degree of industrial complementarity in the long-term interests of both parties.

The Community, for its part, admitted that the industrialization of the third world should be taken into account by the industrialized countries when examining the perspectives for their own industrial development, and that increased consultations would enable the industrialized countries to know in advance which factors they must take into account in defining their policy of restructuring, particularly any plans which third world countries may have for stepping up their exports, and thus increasing the possibilities for a more balanced division of labour. However, it was necessary to avoid the illusion according to which a joint body, such as the ACP-EEC Committee on Industrial Co-operation, could have direct authority to decide on or guide the restructuring policies of sovereign states, whether industrialized or developing, in whose decision-making process there can be no direct interference by a non-national machinery.

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5.1.2. Texts

In order that the texts provided for in the area of industrial cooperation can be applied as soon as possible after the coming into force of the Convention, the Committee on Industrial Cooperation, devoted several meetings to drawing up and finalizing the following ⁽¹⁾ :

(a) the ACP-EEC Council of Ministers' draft decisions relating to :

- the composition and rules of operation of the Committee on Industrial Cooperation Article 78(2) ;
- the statutes and rules of procedure of the Centre for Industrial Development Article 81 (7) ⁽²⁾ ;

(b) the Committee on Industrial Cooperation's draft decisions relating to :

- the arrangements applicable to the staff of the Centre for industrial development Article 81(2) ;
- the Financial Regulations of the Centre Article 81(5)
- its own rules of procedure ⁽³⁾.

The new texts, thus established, take considerable account of the experience gained in the running of these bodies, and contain the adjustments which have been rendered necessary by the amendments made in the provisions of the Second Lome Convention as compared with the previous Convention. .../...

⁽¹⁾ During this period the existing texts remained applicable.

⁽²⁾ Decisions adopted by the ACP-EEC Council of Ministers at its session in Luxembourg on 8/9 April 1981.

⁽³⁾ Adopted by the Committee at its meeting on 18 March 1981.

5.2. ACTIVITIES OF THE COMMITTEE ON INDUSTRIAL COOPERATION

- 5.2.1. The Committee met on five occasions⁽¹⁾ during the period covered by this report. It also convened an important meeting on 18 March 1981. The office of Chairman was held alternatively for successive periods of six months each by H.E. Mr AFOLABI, Ambassador of Nigeria and by the Permanent Representative of the Community Member State in the chair or by one of his colleagues.
- 5.2.2. The Community and the ACP States carried out a thorough examination of the measures to be taken to improve the structure and functioning of the Committee on Industrial Cooperation whose more extensive role is set out in Article 78 of the Second Convention.
- 5.2.3. Inspired by proposals from both sides, the Committee agreed to the provisions likely to strengthen its role and improve its functioning, which are reflected in decisions adopted by the Council of Ministers and in the Committee's rules of procedure. Particular note should be taken of the application of the principle adopted during the negotiations by which the chairmanship would be assumed on a parity basis. This arrangement, which also takes account of the constraints which are liable to prevent Ambassadors from being always present at such meetings, is a flexible one and provides for the two Chairmen to have consultations beforehand on the chairmanship of a meeting - it being understood that the presence of Ambassadors would be required when important decisions have to be taken.

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(1) On 25 March, 30 May, 12 June, 1-2 July and 7 November 1980.

Both sides considered it useful, where necessary, to entrust to experts the task of preparing the technical aspects of decisions to be adopted by the Committee on Industrial Co-operation.

5.2.4. In addition to finalizing the implementing texts, the Committee devoted a great part of its time to its task of guiding, supervising and controlling the activities of the Centre for Industrial Development as laid down in Article 78(1) subparagraph 6.

It thus :

- 5.2.4.1 appointed, for the duration of the Second Convention, Mr MOSGARD and Dr. AKINRELE respectively as Director and Deputy Director of the Centre, their respective duties being defined by an agreement;
- 5.2.4.2. discussed the measures to be taken with regard to staff and adjusted the latter's remuneration to take account of the rise in the cost of living ;
- 5.2.4.3. appointed the members of the Advisory Council who assist the Centre in the programming and development of its industrial activities (Article 81(3),(4); these members are persons with a wide experience in the industrial field chosen on a personal basis on the grounds of their qualifications from nationals of the States which are party to the Convention (1);
- 5.2.4.4. examined and adopted, in the light of the Advisory Council's opinion, the Centre's 1980 Budget and the annual Work Programme.

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(1) The Committee formally adopted the nomination of the eight members from the Community and will shortly take a similar decision with respect to the eight ACP members.

This was done at the end of a period during which it had become necessary for the first time since the Centre was set up to have recourse to the provision in the financial regulation which allows the Centre to utilize one-twelfth of the budget of the preceding year for every month's delay in the adoption of the budget for the current year. The budget drawn up in the context of the transitional period following the first Convention and in pursuance of the rules laid down by the latter, included a total expenditure of 2 434 736 EUA (operating expenditure 1 643 522 EUA, programme expenditure 791 214 EUA) covered by EDF contributions (and, if need be through tax on staff salaries paid to the Centre).

- 5.2.4.5. gave its assent to the proposals of the Centre's new Directorate concerning the former's structure which has been strengthened and expanded in view of the additional means made available to the Centre in accordance with Article 81 (5) (Separate allocation up to a ceiling of 25 million EUA) ; consequently agreed, for the last months of 1980, to a revision of funds allocated to the Centre's 1980 budget through chapter-to-chapter transfers ;
- 5.2.4.6. examined the directorate's proposals regarding the work programme and the draft budget for 1981, together with the Advisory Council's opinion, and thus adopted a budget for 1981 of an amount which had been significantly increased (expenditure : 4 491 715 EUA of which 2 381 715 for the operating expenditure and 2 110 000 for the programme expenditure) ;
- 5.2.4.7. gave a discharge to the Centre's Director, after examining the auditors' report, on the accounts of the 1979 financial year.

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5.2.5. Lastly, preliminary discussions ensued on such issues as the special attention to be given to the least developed, landlocked and island ACP States, small and medium-sized industries, scientific and technological development, the energy sector and the financing of industrial development. It was also agreed that it would be useful to establish much closer links between the CID, the EDF and EIB. Finally, the Committee instructed the co-secretaries, with regard to its future activities, to select and propose one or two issues in the industrial co-operation field which could be thoroughly discussed as a priority within the Committee.

5.3. ACTIVITIES OF THE CENTRE FOR INDUSTRIAL DEVELOPMENT

As can be seen from the summary of the Centre's activities in 1980 set out below, the Centre first went through a phase of rearrangement and restructuring before being strengthened, particularly by an increase of staff, and this should enable it to successfully start in 1981 a period of intensified and wider activities.

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5.3.1. Since 1980 was the year of transition from Lomé I to Lomé II, the functioning of the Centre remained very precarious until a decision was taken about the future Directorate.

Mr Jens MOSGARD from Denmark was appointed Director on 3 July 1980 and assisted by Dr. I.A. AKINRELE from Nigeria who retained the post of Deputy Director, undertook some reorganization of the Centre's structures, activities and staffing, pursuant to the provisions of the new Convention. In September 1980, the Directorate finally submitted to its supervisory authority, the Committee on Industrial Cooperation, proposals for the future framework of the Centre's activities, for 1980's and 1981's revised budgets and work programmes.

Thus, because of all the changes required by the transition from Lomé I to Lomé II, the activities of the Centre were significantly reduced during this period. During the first half of the year the programme budget was suspended as regards new activities, pending the fixing of guidelines by the new directorate, while those activities in progress were allowed to be continued.

During the second half of the year, after a provisional budget had been adopted, the various operational programmes were taken up again and it was mainly on the basis of the work carried out during this last period that this report was drawn up.

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5.3.2. Achievements under Lome I

Although the Centre only became operational some time after the entry into force of the Lome Convention (1975 - 1980) and underwent the unique experience of having its operational structures and procedures set up as a joint ACP-EEC institution, this did not prevent it from distinguishing itself due to the services it rendered to industrial undertakings.

In accordance with the orientations adopted by the Committee on Industrial Cooperation, the Centre's activities consisted mainly in providing industrial information, selecting and promoting projects, most of the time through private or semi-private industrial bodies, granting technical assistance for the transfer of technology to ACP countries and the adaptation of such technology to local conditions, and organizing meetings and seminars for ACP and EEC economic operators.

At the close of 1980, the Centre granted its assistance to 490 projects to encourage the ACP States, industrial development. This assistance led to the setting-up of 6 new undertakings which now have an appreciable output, while 5 others are being constructed and for 8 others all parties concerned have pledged to inject the necessary investments. The Centre has also contributed to the carrying out of studies on the rehabilitation and expansion of 14 existing firms (4 firms have in this way been bailed out or expanded. On the other hand 4 other firms received assistance both in the technical field and in training.

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Although the results obtained might seem modest, they compare favourably with what other similar European institutions have achieved in the same amount of time. Since the Centre is neither an investments nor financial institution, its promotion activities largely depend on the decisions of industrial project promoters. For instance in the four years during which the Centre has functioned under Lome I, 98 projects have been abandoned by their promoters, whilst 97 others have been put into effect by their promoters without CID assistance.

The Centre has also made a positive contribution by drawing up and publishing 45 studies on selected technologies adapted to the ACP countries, a financial booklet, a regular two-monthly gazette on trade possibilities and by organizing a certain number of seminars on industrial issues.

5.3.3. The Centre's new guidelines and the Committee on Industrial Cooperation

The Directorate drew up new proposals regarding the Centre's future organization, and these were submitted to the Committee on Industrial Co-operation.

The implementation of the proposed new activities was somewhat delayed by the fact that the abovementioned Committee did not approve these new proposals until the middle of March 1981.

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5.3.4. Cooperation with Community Institutions

5.3.4.1. The Commission

The Centre enjoys good relations with the Commission, not only because the latter share the CID's conception of its role in the context of industrial development, but also due to the close nature of the existing mutual cooperation. The Commission not only participated actively in the seminar organized by the Centre in Togo by providing free interpreting services, but it also invited the CID to become a major partner of the Forum of investors organized in November 1980 in Dakar. The Centre intends to make use of the contacts established during the Forum and which could lead to new activities such as setting-up certain industries.

The Commission of European Communities' delegations have also been most cooperative. They have granted aid for participation in the seminar organized by ECOWAS (Economic Community of West African States) Member States and for establishing certain contacts at the Centre's request.

5.3.4.2. The European Investment Bank

In October 1980 the EIB invited the Directorate to take part in discussions during which the Centre emphasized the need for the Bank to grant it the risk-capital potential capable of bolstering efforts effectively made to encourage European industrialists. Subsequent discussions opened certain possibilities in this regard thanks to consultations between the Bank and the CID on projects

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carried out at an earlier stage. For the first time the Bank also participated in a seminar organized by the CID in Togo.

5.3.4.3. General industrial cooperation and development issues

The continuous worsening of most ACP States' economic situation and the financial constraints bearing upon EEC Member States considerably exacerbated the problem of setting-up new undertakings. This is what is indicated by the small number of requests the Centre has received and the fact that numerous projects are barely profitable. The problem has been made even worse by the priority given by the Centre to the poorest States, for many ACP States are hardly able to provide export and investment guarantees and an ever-increasing number of them are seeing their requests rejected by investment banks.

It has therefore become more and more essential that risk capital and guarantees be made available in the context of overall incentive measures if European investors are to be attracted to ACP countries.

However, the small number of projects and the fact that they are barely profitable is also due in part to the lack of a CID presence in ACP countries thereby rendering it difficult for the Centre to evaluate properly the profitability of a project or to monitor its execution. Many CID projects are at a standstill despite repeated reminders, the most frequent reason being that the Centre has no local agents who really feels responsible for the progress of projects. Other reasons include for instance administrative red tape, a certain measure of inadequate understanding of what is to be done and, in particular, insufficient or no industrial infrastructure at all.

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5.3.5. CID Assistance

5.3.5.1. Information

The new Directorate revised the information services' work programme, adapting it to the Centre's new guidelines. However the general information department continued to publish "Business opportunities" and to gather information from ACP countries. At the end of the First Lome Convention's implementation period, the Centre issued a brochure on its activities and achievements.

A new small-sized pamphlet reflecting the new guidelines of the Centre's activities and entitled "Development of Industrial Enterprises" was printed in October 1980.

A regional seminar was organized in Lome, Togo for Member States of the Economic Community of West African States (ECOWAS) to enable them to gain better insight into technical and promotional services offered by the Centre. This seminar drew together about seventy representatives of both private and public sectors of industry, the Commission and the European Investment Bank.

5.3.5.2. Industrial promotion activities

In this context, the Centre is above all in search of partners who will agree to participate in joint industrial ventures in ACP countries.

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A total of 70 surveys have been carried out on ACP projects.

5.3.5.3. Training and transfer of technology

Thirty three specialists and technicians and one hundred and thirty four workers received advanced or basic training during the year.

The second volume of the "Inventory of adapted technologies" which provides twenty new technological profiles has been published. In three cases, efforts were made to give prominence to experimental projects for adapted technologies.

Several studies have been undertaken for ACP countries in this field together with a global study of "weak energy-consuming industries" using alternative sources of energy.

5.3.5.4. Setting up and supporting undertakings

The achievements referred to above and carried out under Lome I, cover those of this year, namely, the launching of six new undertakings employing about two hundred people and amounting to a total investment of more than 13 million dollars. Thirteen other projects have received investment commitments or are being set up. These projects represent a total investment of almost 50 million dollars with the possibility of providing more than five hundred new jobs. Nearly eighty projects are being negotiated or under study.

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Four existing undertakings were rehabilitated and expanded through the injection of new investments amounting to 40 million dollars, thus creating jobs for three hundred and seventy five people. Eighteen other projects are undergoing similar changes or being studied.

Co-financing of feasibility studies was continued although on a moderate scale partly due to the transitional nature of the situation and partly because the Directorate had decided to focus the Centre's efforts on the implementation of projects for which previous studies existed. This also reflects the downward trend of industrial activities in most ACP countries and therefore the need for the CID to intensify its efforts in locating and promoting new projects.

Tables II and III provide a breakdown of the CID's cumulative assistance projects up to the end of 1980.

TABLE II
SITUATION AND RESULTS OF CID INTERVENTIONS BY INDUSTRIAL SECTOR AS AT 31 DECEMBER 1980

Industrial Sector	NEW ENTERPRISES										EXPANSION AND REHABILITATION				TOTALS
	Being installed with Significant assistance from CID		Studies completed negotiations under way		studies under way	projects being promoted	Project situation unknown or suspended	Project no longer followed by CID		Expansion programme rehabilitation under way	studies and negotiations under way	Technical assistance or pilot factory	No	%	
	In Production	Being Installed	Commitment made by all parties	under way	under way	being promoted	situation unknown or suspended	Abandoned by promoters not viable	Pursued by promoters without CID	rehabilitation under way	under way	Technical assistance or pilot factory			
1. Agriculture and horticulture	-	-	-	1	-	1	1	3	5	-	-	-	11	2.3	
2. Extractive and mineral industries	1	2	2	5	15	8	8	5	19	1	-	-	67	13.7	
3. Food, Drink, agri-industries	2	1	4	12	4	19	28	22	25	4	2	2	125	25.5	
4. Textile Industry	-	-	-	-	1	3	8	8	6	-	2	-	28	5.7	
5. Chemicals and pharmaceuticals	-	-	1	5	5	12	10	16	10	-	1	1	61	12.5	
6. Rubber, plastic and leather	1	1	1	1	5	8	2	9	10	-	2	-	40	8.2	
7. Wood Industry	1	1	-	3	6	9	9	9	6	1	1	1	47	9.6	
8. Metallurgical Industry	-	-	-	1	-	2	7	4	7	1	1	-	23	4.7	
9. Construction plant	-	-	-	-	-	1	2	8	1	-	1	-	13	2.7	
10. Mechanical and Electrical equipment	1	-	-	9	5	16	5	5	3	1	1	4	50	10.2	
11. Tourism,	-	-	-	-	1	2	-	3	2	-	-	1	9	1.9	
12. Services, Research	-	-	-	-	-	2	-	4	1	-	1	3	11	2.3	
13. Transport Industries	-	-	-	-	-	-	-	1	2	-	-	-	3	0.6	
14. Other	-	-	-	-	-	-	-	1	-	-	1	-	2	0.1	
Totals 31.12.1980	6	5	8	37	42	83	80	98	97	8	14	12	490	100	

TABLE III

CID INTERVENTIONS BY ACP COUNTRY AS AT 31.12.1980

Country/Region	Total number of CID interventions (cumulative)		No. of expert studies co-financed by the CID (cumulative)		Country/Region	Total number of CID interventions (cumulative)		Number of expert studies co-financed by the CID (cumulative)	
	31.12 1979	31.12 1980	31.12 1979	31.12 1980		31.12 1979	31.12 1980	31.12 1979	31.12 1980
A. NATIONAL PROJECTS									
Bahamas	-	1	-	-	Sudan	16	19	2	4
Barbados	8	12	3	4	St. Lucia	-	-	-	-
Benin	-	5	-	2	St. Vincent	1	1	-	-
Botswana	2	6	-	-	Surinam	-	-	-	-
Burundi	16	14	-	1	Swaziland	9	9	1	1
Cameroon	15	22	8	9	Tanzania	7	11	-	-
Cape Verde	-	-	-	-	Chad	1	1	-	-
Cen. African Rep.	6	6	2	2	Togo	4	6	-	-
Comoros	1	2	1	1	Tonga	-	1	-	-
Congo	12	13	2	3	Trinidad & Tobago	12	13	3	3
Ivory Coast	20	18	5	4	Tuvalu	-	-	-	-
Djibouti	2	2	1	1	Zaire	6	10	1	1
Dominica	-	-	-	-	Zambia	3	6	1	1
Ethiopia	2	1	-	-	Zimbabwe	-	-	-	-
Fiji	5	7	1	1	Total	364	471	78	99
Gabon	6	11	1	3	B. REGIONAL PROJECTS				
Gambia	1	1	-	-	Southern Africa	1	1	1	1
Ghana	10	16	-	-	Kenya/Swaziland	1	1	1	1
Grenada	1	1	1	1	Senegal/Gambia	1	1	-	-
Guinea	-	2	-	-	Guinea/Guinea Bissau/Sierra Leone	-	-	-	-
Guinea Bissau	3	3	2	2	Kenya/Tanzania	1	1	-	-
Equat. Guinea	-	-	-	-	Senegal/Ivory Coast/other countries	1	1	-	-
Guyana	8	8	1	1	Rwanda/Zaire	1	1	1	1
Upper Volta	8	10	-	1	MRU (S. Leone/Liberia)	3	3	1	1
Jamaica	9	8	3	4	CAM/GHA/Sudan	-	1	-	-
Kenya	30	37	1	1	ECOWAS/Senegal	1	1	-	-
Kiribati	-	-	-	-	Jamaica/Ivory Coast	1	1	-	-
Lesotho	7	8	-	-	Ivory Coast/Niger	1	1	-	-
Liberia	7	7	1	1	Upper Volta	-	1	-	-
Madagascar	11	14	5	5	West Africa	-	1	-	-
Malawi	3	6	1	1	Pacific	2	3	2	2
Mali	3	7	1	4	Caribbean	-	2	-	-
Mauritius	8	10	3	4	Regional Total	14	19	6	6
Mauritania	3	3	1	1	FINAL TOTAL	378	490	84	105
Niger	5	6	1	3					
Nigeria	35	55	6	8					
Uganda	1	3	-	-					
Papua New Guinea	10	12	1	2					
Rwanda	1	1	-	-					
Solomon Islands	2	2	-	-					
Western Samoa	-	-	-	-					
Sao Tome Princi.	2	2	1	1					
Senegal	15	20	6	6					
Seychelles	7	7	6	6					
Sierra Leone	5	6	1	2					
Somalia	9	13	4	4					

5.4. EUROPEAN INVESTMENT BANK'S ACTIVITIES IN THE INDUSTRIAL SPHERE

5.4.1. With the Centre for Industrial Development (see 5.3 above) and the European Development Fund (see 5.5 below), the European Investment Bank constitutes one of the basic factors in ACP-EEC Industrial Cooperation relationships.

Its role, mainly played on the financing level (loans, which are usually subsidized, risk capital), has been strengthened by the second Lome Convention.

The latter provides for the financing of productive investment projects in industry, agro-industry, tourism, mining and energy production linked with investment in those sectors to be borne in the first place by loans from the Bank from its own resources and by risk capital (management of which is ensured by the Bank) [Article 101 (2)]

The Bank also participates in co-financing with the ACP States.

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The information including the figures given below, on its participation in industrial development activities in the ACP States has been provided by the EIB. It refers to the period 1975 - February 1981 and has been broken down by intervention sector⁽¹⁾.

5.4.2. Manufacturing and metal industries

In 1980, manufacturing industry in ACP States received EIB aid for three projects in the form of risk capital, totalling 3.1 million EUA. In the first, the EIB financed the modernization of a cement works in Chilanga, Zambia and in the other two, aid went to studies, one in Guinea, for a survey of the prospects for starting up a metal industry, and the other in Malawi, for the development of the cement sector.

In addition a contribution of 3.5 million EUA in the form of risk capital went to Cape Verde for the construction of a ship repair yard.

During the period of application of the first Lome Convention, the EIB intervened in 22 cases, seven out of its own resources, totalling 34.8 million EUA (8.9% of all EIB loans from its own resources) and 15 in the form of contribution to risk capital, totalling 26.8 million EUA (27.1 % of all EIB aid in this form).

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⁽¹⁾ For EIB operations through Development Banks see p. 97.

5.4.3. Agricultural and food industries and agri-
industrial complexes

In 1980, the EIB financed 4 projects in this sector totalling 13.6 million EUA. A loan of 7.5 million EUA was made to Kenya towards the construction of ten factories processing tea produced in village plantations. In Senegal, 3 million EUA was allocated to assist in the modernization and extension of processing-capacity for groundnuts and cotton-seed. Three million EUA was loaned to the Ivory Coast to help in financing a wheat flour mill. Finally, in Gambia, risk capital totalling 0.09 million EUA was made available and used for a study on the marketing of groundnut products.

During the whole period of the Convention, this sector has received assistance from the EIB on 26 occasions : 11 loans from its own resources totalling 64.9 million EUA (16.6% of all EIB loans from its own resources) and 15 risk capital operations totalling 30.9 million EUA, (31.2% of all risk capital lending by the Bank.)

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5.4.4. Chemical Industry

In 1980, two projects connected with the chemical industry sector were financed out of resources administered by the EIB. In Senegal, the Bank's own resources (9 million EUA) and a risk capital loan (6.4 million EUA) assisted in the financing of a phosphoric acid and artificial fertilizer factory, which should increase the value of the country's phosphate resources. In Botswana, the Bank made a loan operation on its own resources of 2.5 million EUA and a contribution of 1.5 million EUA of risk capital both operations for financing an enterprise producing cattle vaccines.

During the whole period of Lome I, 7 EIB operations assisted this sector: three from the Bank's own resources, totalling 17.4 million EUA (4.5% of all EIB loans from its own resources) and four risk capital operations, totalling 9.2 million EUA (9.3% of all risk capital lending by the Bank).

Under the second Lome Convention, a loan of 2.3 million EUA in the form of risk capital will go to the financing of a phosphoric acid and fertilizer factory in Senegal which has already received Bank assistance under the first Convention.

5.4.5. Energy

The financing approved in this sector in the course of the year amounts to 53 million EUA, representing more than 45% of the Bank's loans from its own resources. Nigeria and Barbados have been helped with loans of 25 million EUA and 6 million EUA respectively for the improvement and extension of their electricity transmission and distribution networks. Two loans, of 11.5 million EUA and 7.5 million EUA, have been made to Fiji and Mauritius respectively for financing hydro-electric works. Botswana has received a 4 million EUA loan towards the cost of increasing the installed capacity of a thermo-electric power station run on locally-mined coal. In addition three risk capital contributions totally 0.64 million EUA, financed under overall authorizations, were granted to Botswana, Mauritius and Tanzania for studies on the development of local energy resources.

During the whole period of Lome I, there were 19 operations in this sector : fourteen from the Bank's resources totalling 130.9 million EUA (33.6 % of all EIB loans from its own resources) and five risk capital operations totalling 2.8 million EUA (2.8 % of the Bank's total risk capital lending). The energy sector is thus the leading beneficiary of the Bank's operations (27.3 % of the total resources

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administered by the EIB). About 53% of this financing went to projects contributing to a reduction of ACP countries' dependence on oil imports.

5.4.6. Metalworking

In 1980, operations in this sector totalled 12.4 million EUA for two projects. A loan of 8 million EUA was made to Zambia for modernizing a cobalt-processing plant, and another of 4.4 million EUA was made to Guinea to assist in modernizing an aluminium factory.

During the whole period of Lome I, this sector benefited from six operations, three from the Bank's resources totalling 17.7 million EUA (4.5 % of all the Bank's own loans) and three contributions to risk capital, totalling 6.5 million EUA (6.6% of all the Bank's risk capital operations).

5.4.7. Mining and extractive industries

The ACP States' mining sector benefited from three Bank operations, totalling 11.8 million EUA, in 1980. Upper Volta received a loan and a risk capital contribution together totalling 11.5 million EUA, for the re-working of a gold mine. In Ghana, a study on

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the exploitation of an industrial diamond deposit was financed for an amount of 0.3 million EUA.

During the period of Lome I, five operations benefited this sector : two loans from the Bank's own resources totalling 33 million EUA (8.5% of all the Bank's loans from its own funds) and three contributions to risk capital totalling 4.7 million EUA (4.7% of all risk capital contributions).

.../...

5.4.8. The use of risk capital for industrialization

In 1980, the Bank agreed to make 18 contributions to risk capital in the industrial and mining sectors, totalling 20.5 million EUA. In five of these cases direct financing of the projects was undertaken ; eleven were used to finance special studies, another involved overall aid and the last was used to finance a holding in the capital of a development bank.

More than half of the total for risk capital operations went to eleven of the ACP countries classified as the least developed under Article 48 of the Convention. Among these may be mentioned a conditional loan of 3.5 million EUA to Upper Volta for the part-financing of its holding in the capital of the Poura mining company and a second loan to Cape Verde to assist the State in the constitution of its own resources for financing a ship repair yard.

The balance went to five countries, mainly in the form of conditional loans, for financing the States' holdings in the capital of companies, this type of operation being one of the purposes of risk capital.

Under the Lome Convention, 66 different contributions were made to risk capital, totalling 96.9 million EUA, in 34 ACP States. About 58% of this went to 20 countries in the least developed group, which also received about 25% of all the subsidized loans made by the Bank from its own resources.

.../...

Taking into account, firstly, a total of 3.8 million EUA already committed but not yet allocated for a second and third overall loan authorized for carrying out studies, and secondly 1.7 million EUA resulting from partial cancellations, the overall total of the Bank's risk capital operations amounts to the ceiling fixed for the purpose, namely 99 million EUA.

A sectoral breakdown indicates that the agri-industrial sector and manufacturing industry took up 32.1% and 31.5% respectively of total contributions. Next came the chemical industry (9.6%) followed by metalworking (6.7%). The balance went to operations involving development banks (6.3%), tourism (6%), mining (4.9%) and energy (2.9%).

5.4.9. Tourism

In 1980, with the exception of several allocations forming part of overall aid, no financing was received by the tourism sector.

During the period of Lome I, eight operations were effected in this sector : three loans from the Bank's own resources, totalling 8.8 million EUA (2.3% of all own-resource commitments by the EIB) and five contributions to risk capital, totalling 5.8 million EUA, (5.9 of all risk capital operations.)

.../...

TABLES

Tables IV and V give a breakdown by sector and by country for the EIB's subsidized loans and risk capital, under the first Lome Convention. (For a breakdown of the EIB's 1980 commitments, see tables IX and X, on pages 96 and 97).

TABLE IV

SUBSIDIZED LOANS AND RISK CAPITAL COMMITTED BY THE EIB
UNDER LOME I

- Breakdown by sector -

Sectors	loans on own resources			Risk capital on EDF resources			Overall		
	No	Amount (MEUA)	%	No	Amount (MEUA)	%	No	Amount (MEUA)	%
General (including lines of credit)	17	82.5	21.1	15	9.7	9.8	32	92.2	18.9
Mines and extractive Industries	2	33.0	8.5	3	4.7	4.7	5	37.7	7.7
Metalworking Ind.	3	17.7	4.5	3	6.5	6.6	6	24.2	5.0
Chemicals Ind.	3	17.4	4.5	4	9.2	9.3	7	26.6	5.4
Manufacturing Ind.	7	34.8	8.9	14	25.8	27.1	21	61.6	12.6
Agri-industrial complexes	11	64.9	16.6	15	30.9	31.2	26	95.8	19.6
Projects based mainly on energy	14	130.9	33.6	5	2.8	2.8	19	133.7	27.3
<u>Total Industrialization</u>	57	381.2	97.7	59	90.6	91.5	116	471.8	96.5
Tourism	3	8.8	2.3	4	5.8	5.9	7	14.6	3.0
<u>Sub-total</u>	60	390.0	100%	<u>63</u>	<u>96.4</u>	<u>97.4</u>	<u>123</u>	<u>486.4</u>	<u>99.5</u>
Blocked approps	-	-	-	///	4.3	4.3	///	4.3	0.9
Cancellations	-	-	-	///	1.7	1.7	///	1.7	0.4
TOTAL GENERAL	60	390.0	100%	///	99.0	100.0	///	489.0	100.0

TABLE V
SUBSIDIZED LOANS AND RISK CAPITAL COMMITTED BY THE EIB
UNDER THE FIRST LOME CONVENTION
BREAKDOWN BY COUNTRY

ACP	Loans on own resources of the EIB			Risk capital on EDF resources			Overall		
	No	Amount (MEUA)	%	No	Amount (MEUA)	%	No	Amount (MEUA)	%
Barbados	2	7.5	1.9	-	-	-	2	7.5	1.5
Botswana	2	6.5	1.7	2	1.75	1.8	4	8.25	1.7
Burundi	-	-	-	1	0.5	0.5	1	0.5	0.1
Cameroon	6	32.6	8.4	2	4.6	4.7	8	37.2	7.6
Cape Verde	-	-	-	2	3.6	3.6	2	3.6	0.7
Comoros	-	-	-	1	0.02	£	1	0.02	£
Congo	-	-	-	1	3.1	3.1	1	3.1	0.6
Ivory Coast	10	47.4	12.2	4	3.0	3.0	14	50.4	10.3
Djibouti	-	-	-	1	1.0	1.0	1	1.0	0.2
Fiji	2	24.0	6.2	-	-	-	2	24.0	4.9
Gambia	-	-	-	2	2.4	2.4	2	2.4	0.5
Ghana	2	16.0	4.1	2	2.25	2.3	4	18.25	3.7
Guinea	1	4.4	1.1	1	0.15	0.2	2	4.55	0.9
Guyana	-	-	-	1	3.2	3.2	1	3.2	0.7
Upper Volta	1	8.0	2.1	3	8.0	8.0	4	16.0	3.3
Jamaica	-	-	-	1	0.1	0.1	1	0.1	£
Kenya	8	52.4	13.4	2	1.2	1.2	10	53.6	11.0
Lesotho	-	-	-	1	0.03	£	1	0.03	£
Liberia	2	7.4	1.9	1	0.3	0.3	3	7.7	1.6
Madagascar	-	-	-	2	2.3	2.3	2	2.3	0.5
Malawi	3	14.5	3.7	2	1.2	1.2	5	15.7	3.2
Mali	-	-	-	2	6.1	6.2	2	6.1	1.3
Mauritius	3	12.5	3.2	1	0.04	£	4	12.54	2.6
Mauritania	1	25.0	6.4	-	-	-	1	25.0	5.1
Niger	2	6.0	1.5	1	0.9	0.9	3	6.9	1.4
Nigeria	2	50.0	12.8	-	-	-	2	50.0	10.2
Papua New Guinea	1	7.0	1.8	1	1.9	1.9	2	8.9	1.8
Rwanda	-	-	-	1	3.0	3.0	1	3.0	0.6
Senegal	2	12.0	3.0	4	8.1	8.2	6	20.1	4.1
Seychelles	-	-	-	1	0.6	0.6	1	0.6	0.1
Somalia	-	-	-	1	0.25	0.3	1	0.25	0.1
Sudan	-	-	-	1	6.5	6.6	1	6.5	1.3
Swaziland	2	12.0	3.0	2	1.1	1.1	4	13.1	2.7
Tanzania	1	5.0	1.3	3	7.75	7.8	4	12.75	2.6
Chad	-	-	-	1	7.5	7.6	1	7.5	1.5
Togo	2	16.3	4.2	3	5.2	5.3	5	21.5	4.4
Trinidad and Tobago	2	10.0	2.6	-	-	-	2	10.0	2.1
Zambia	2	10.5	2.7	3	3.4	3.4	5	13.9	2.9
Zaire	-	-	-	5	5.2	5.3	5	5.2	1.1
Regional	1	3.0	0.8	1	0.14	0.2	2	3.14	0.6
SUB-TOTAL	60	390.0	100.0	63	96.4	97.4	123	486.4	99.5
Blocked Approps	-	-	-	///	4.3	4.3	///	4.3	0.9
Cancellations	-	-	-	///	1.7	1.7	///	1.7	0.4
TOTAL	60	390.0	100.0	///	99.0	100.0	///	489.0	100.0

5.5. COMMISSION'S ACTIVITIES IN THE FIELD OF INDUSTRIAL COOPERATION

These activities are fully described each year in a section of the Commission's annual report on the administration of financial and technical cooperation. The annual report for 1980, shortly to be forwarded to the ACP-EEC Council of Ministers by the Commission, should therefore be referred to.

Members of the ACP-EEC Committee on Industrial Cooperation have agreed that they will in future examine the part of the Commission's annual report dealing with this sphere of cooperation (without prejudice to examination of the report as a whole by other relevant ACP-EEC bodies) ; in order to provide them with an overall view of activities undertaken in industrial cooperation, something which has not always been possible up till now.

5.6. IMPLEMENTATION OF ANNEX X OF THE SECOND LOME CONVENTION
(study on complementary financing of industrial cooperation)

5.6.1. The Joint Declaration on complementary financing of industrial cooperation, at Annex X to the Final Act of the second Lome Convention, stipulates that the Community and the ACP States shall carry out a detailed joint analysis of the problem and the means of tapping additional resources for industrial development in the ACP States. This study is to be completed in the shortest possible time, which should not exceed a period of nine months after the signing of the Convention. The report of the study so made will be submitted

.../...

immediately to the Council of Ministers through the Committee of Ambassadors for consideration and appropriate action.

5.6.2 During its session held in Nairobi, the ACP-EEC Council of Ministers was informed of the measures approved by the Committee of Ambassadors for the formation of a group of top-level officials appointed to undertake the study in question. The Group, composed of four officials designated by the ACP States [Prof. ONITIRI (Nigeria), Mr KAZADI (Zaire), Dr RICHARDSON (Caribbean) and Mr SIWATIBAU (Fiji)] and three designated by the Community [Mr CARLI (Italy), Mr DROMER (France) and Mr DUISENBERG (Netherlands) replaced later by Mr LARDINOIS] assisted by a qualified technical secretariat, met three times, with Professor ONITIRI in the chair, to prepare and finalize this report. An agreement was also reached that both sides should suggest to the officials they had appointed that in the study, the problems of the least developed, landlocked and island countries should not be overlooked.

5.6.3. The completed study, forwarded to the ACP-EEC Council of Ministers on 1 March 1981, was tabled by Prof. ONITIRI during the meeting of the ACP-EEC Council of Ministers held in Luxembourg on 9 and 10 April 1981. The study :

- (a) includes an analysis of the general situation (economic trends and outlooks, lessons drawn from the first Lome Convention, outlook for industrial financing under the second Lome Convention) ;

.../...

- (b) assesses the gaps in the existing agreements (analysis of ACP-EEC institutions, difficulties encountered by the ACP States in terms of needs, constraints and absorption capacity, weaknesses in the channelling of resources towards industrial development) ;

- (c) submits conclusions and recommendations (concerning the institutions, additional resources and a range of other measures).

.../...

6. AGRICULTURAL COOPERATION

6.1. IMPLEMENTATION OF TITLE VI OF THE SECOND CONVENTION

6.1.1. General Patterns

6.1.1.1. Agricultural cooperation, to which an entirely new Title was devoted in the second Lome Convention, has the basic objective of assisting the ACP States in their efforts to resolve problems relating to rural development and the improvement and expansion of agricultural production for domestic consumption and export, and problems they may encounter with regard to security of food supplies for their populations (Article 83).

The provisions of the Convention define this objective, establish various forms of action, institute a Technical Centre for Agricultural & Rural Cooperation, and make reference to food aid and the need to give special priority to the specific problems and difficulties of the least developed ACP States.

6.1.1.2 During the Council of Ministers' Nairobi Session, a common wish was expressed to decide as soon as possible on the arrangements to be made so that all the new convention's provisions in this matter could be applied as rapidly as possible after the convention entered into force.

To this end, the Committee of Ambassadors was instructed firstly to set up without delay the Subcommittee for Cooperation on Agricultural and Rural Development, the constitution of which had been expressly provided for during the negotiations, and secondly to prepare the organic texts relating to the ACP-EEC Technical Centre

for Agricultural and Rural Cooperation, with the aim of having this centre operational as soon as possible after the Convention enters into force.

6.1.2. Texts

- 6.1.2.1. At its meeting on 3 December 1980, the Committee of Ambassadors gave its approval to a draft article to be used as a basis for the constitution of the Subcommittee. It also drew up the Subcommittee's draft rules of procedure.
- 6.1.2.2. The ACP-EEC Subcommittee for Cooperation on Agricultural and Rural Development held its first meeting on 30 January 1981, under the Chairmanship of Mr. HAUSWIRTH(Commission), the Community Spokesman, Ambassador GBAGUIDI of Benin being the ACP Spokesman.

The Subcommittee is composed, on the one hand, of the representatives of the Member States of the Community and the Commission, and, on the other hand, of 18 representatives of the ACP States.

The ACP States emphasized the great importance they attached to agricultural and rural development, which was the best way of improving the food position for several million people in the ACP States. The Community recognized that agriculture was of a fundamental nature for many countries, among them the ACP States.

- 6.1.2.3 The Subcommittee adopted its rules of procedure. It then proceeded to discuss the implementation of Title VI with particular reference to the draft implementing decisions concerning the Technical Centre for Agriculture and Rural Cooperation, and its tasks.

.../...

6.1.2.4. As a result of contacts between the Community and the ACP States a consensus was reached, enabling the ACP-EEC Committee of Ambassadors to approve, by means of the written procedure, the three decisions relating respectively to:

- the rules of operation¹
- the financial regulation
- the conditions of employment of staff² of the Technical Centre for Agricultural & Rural Cooperation [Article 88(4)]

The Council of Ministers was informed, during its meeting on 9 and 10 April 1981, of the consensus reached on these decisions, which had by and large been drawn from the corresponding provisions laid down for Industrial Cooperation.

The last stages of the work involved in the creation of the Centre which should soon become a reality are now being actively pursued.

¹Except for the Centre's seat

²Except for the salary scale

7. FINANCIAL AND TECHNICAL COOPERATION

In this field too the period covered by this report saw the continued application of Lome I (7.2) and the preparations for the entry into force of Lome II (7.3) which contains some new provisions on cooperation in this area (7.1.).

7.1. THE NEW FEATURES OF FINANCIAL AND TECHNICAL COOPERATION UNDER LOME II

7.1.1. Financial resources and methods of financing

7.1.1.1. Overall amount of the Community's financial assistance

Article 95 of the new Convention sets the overall amount of the Community's financial assistance at 5,227 million EUA⁽¹⁾. This amount can be compared with the sum of 3,464 million EUA under Lomé I⁽²⁾⁽³⁾.

.../...

⁽¹⁾ As from 1 January 1981, financial assistance is expressed in ECU: c.f. point 6.3.2.3. below

⁽²⁾ Under the terms of the first Community declaration on Article 95 of the Convention (=Annex XXXI to the Final Act), the amount of 5,227 million ECU will be increased by 380 million ECU as a result of:

- the Community undertaking that the operating costs of the Commission delegations in the ACP States, which were previously charged to the budget of the European Development Fund, would be covered by the general budget of the European Communities; the estimated cost of the delegations under the new Convention is 180 million EUA;

- The provision for additional operations involving mining and energy investments to be financed by the European Investment Bank from its own resources at an estimated cost of 200 million EUA.

Therefore, the overall amount of financial assistance that the European Economic Community will make available to ACP States will be 5,607 million ECU.

⁽³⁾ As pointed on pages 78 and 79, the Community also acknowledged in a declaration (Annex X to the final Act) the importance attached by the ACP States to industrial development within the context of their co-operation with the Community.

7.1.1.2 European Development Fund

The amount available for the two traditional forms of aid (subsidies, special loans) has been increased by 39% and 17% respectively.

The special importance which the new Convention accords to regional co-operation means that a relatively larger amount than under Lomé I (600 million EUA) has been earmarked for financing regional and inter-regional projects.

The amount set aside for emergency aid (previously known as exceptional aid) is now 200 million EUA.

TABLE VI

Community Financial assistance under Lomé I and Lomé II
(in MEUA and million ECU respectively)

	<u>Lomé I</u>		<u>Lomé II</u>
	<u>Initial amounts</u>	<u>Amounts resulting from new accessions</u>	
<u>European Development Fund</u>	3,000	3,074.4355	4,542
Comprising:			
Subsidies	2,100	2,149.850	2,928
Special Loans	430	445.585	504
Risk Capital	95	99	280
Stabex	375	380	550
Sysmin	-	-	280
European Investment Bank	390	390	685
Total	3,390	3,464.4355	5,227

The second Convention contains special financial measures designed to give greater encouragement than in the past to projects to assist small and medium-sized undertakings and micro-projects.

The allocation for the STABEX system has been increased from 375 to 550 million EUA, mainly to allow for the various amendments made to the system (inclusion of new products, reduction in the dependence threshold and the trigger level, etc.).

The initial allocation for the SYSMIN system which is an important innovation in Lomé II designed to cover certain mineral products is 280 million EUA.

7.1.1.3. European Investment Bank

The amount of risk capital provided for in the European Development Fund and administered by the Bank has been increased by almost 200% (Lomé I: 95 million EUA, Lomé II: 280 million EUA).

The amount of loans to be made by the Bank from its own resources has also been substantially increased (from 390 to 685 million EUA). As a general rule, loans will from now on carry a 3% interest subsidy to be covered from the EDF.

7.1.1.4. Co-financing

In view of the favorable results achieved under Lomé I, the new convention has extended the co-financing system. The greater amount of resources granted under Lomé II should therefore be an even greater attraction to other aid sources ⁽¹⁾.

(1) This issue was examined at the ACP-EEC Council of Ministers held on 9 and 10 April 1981 in Luxembourg.
See page 13 of the press release reproduced in the annex to this report.

7.1.2. Administration of aid

Lomé II unequivocally emphasizes the responsibility of the ACP States for the implementation of financial and technical co-operation (defining objectives and priorities, establishing target programmes, choosing projects to be financed, preparing the dossiers of projects, implementing, managing and maintaining projects financed by the Community). It however retains in the hands of the Community the responsibility for the taking of financing decisions.

The second Convention is also intended to accelerate and streamline procedures. For this reason Article 108(6) set up within the ACP-EEC Council of Ministers an ACP-EEC Committee to study, in general terms and on the basis of specific examples, suitable measures to improve the implementation of financial and technical co-operation (see also points 7.2.2.1. and 7.3.1.1. below).

7.1.3. Least developed, landlocked and island ACP States

The new Convention contains a special title devoted to least developed, landlocked and island ACP States and stipulates that the States listed in these provisions are eligible for special measures to enable them to overcome the specific difficulties and obstacles facing them. The number of States on the list of least developed ACP States now stands at 35 (Lomé I: 24). Two further lists covering landlocked and island ACP States have also been added.

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7.2. CONTINUED APPLICATION OF THE FIRST LOME CONVENTION

In accordance with Article 4 of Decision No 1/80 of the ACP-EEC Council of Ministers of 18 January 1980, financial and technical co-operation under the first Lomé Convention continued to be implemented under the same conditions as those laid down in that Convention.

Moreover, the ACP-EEC Committee of Ambassadors, acting by virtue of powers delegated by the ACP-EEC Council of Ministers, noted at its meeting on 18 January 1980 that the effect of Decision No 1/80 was to extend until 31 December 1980 the period fixed in Article 2 of Protocol No 2 to the first Lomé Convention, which related to risk capital and regional projects.

7.2.1. Figures for the 4th EDF and the EIB

7.2.1.1. Figures for the 4th EDF

Table VII gives a break-down of the 4th EDF's commitments and payments at 31 December 1980. Table VIII provides a sectoral summary of aid, financing methods and administrative bodies.

.../...

TABLE VII

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Commitments and payments as at 31.12.1980 (4th EDF)

(in millions of ECU)

COUNTRY	EDF resources administered by the Commission: Commitments					EDF Resources administered by the EIR: Commitments		Total EDF Commitments	EDF Payments	Payment as % of Commitments
	Projects and Programmes (Special loans and grants)	STABEX	Exceptional aid	Delegation expenses	Total	Risk Capital	Interest Rate Subsidies			
	(1)	(2)	(3)	(4)	(5)= (1)to(4)	(6)	(7)			
Bahamas	1.8	-		0.04	1.8	-		1.8	0.4	22.2
Barbados	2.5		0.05	0.8	3.4	-	1.3	4.7	2.8	59.6
Benin	30.9	20.4	0.02	1.8	53.1	-	-	53.1	36.9	69.5
Botswana	18.5	-	2.7	1.0	22.2	1.7	1.3	25.2	12.1	48.0
Burundi	48.6	1.5	2.1	1.8	54.0	0.5	-	54.5	25.3	46.4
Cameroon	39.0	3.6	2.3	3.7	48.6	4.6	4.7	57.9	38.9	67.2
Cape Verde	3.5	1.2	1.4	0.03	6.1	3.6		9.7	3.8	39.2
Central African Rep.	36.1	7.8	1.1	2.3	47.3	-		47.3	21.5	45.4
Comoros	6.3	-	2.9	0.3	9.5	0.02		9.5	3.6	37.9
Congo	25.0	7.4	0.2	2.2	34.8	3.1		37.9	30.3	80.0
Ivory Coast	35.0	15.0	0.1	3.5	53.6	3.0	7.2	63.8	39.8	62.4
Djibouti	2.0	-	1.3	0.02	3.3	1.0		4.3	1.8	41.9
Dominica	0.4	-	3.9	-	4.3	-		4.3	4.2	97.7
Ethiopia	85.4	14.4	4.8	1.7	106.3	-		106.3	48.0	45.2
Fiji	8.9	0.2	3.5	1.0	13.6	-	4.2	17.8	10.6	59.5
Gabon	8.4	6.7	-	1.6	16.7	-		16.7	14.0	83.8
Gambia	11.3	7.5	0.7	0.8	20.3	2.4		22.7	11.8	52.0
Ghana	44.7	5.2	2.7	1.9	54.5	2.3	2.4	59.2	21.8	36.8
Grenada	1.9	-	0.5	0.08	2.5	-		2.5	0.7	28.0
Guinea	59.4	-	3.0	1.7	64.1	0.2	0.5	64.8	27.5	42.4
Guinea Bissau	18.4	11.3	0.5	1.2	31.4	-		31.4	24.4	77.7
Equatorial Guinea	6.7	-	0.3	0.09	7.1	-		7.1	0.3	4.2
Guyana	12.3	-	-	1.0	13.3	3.2		16.5	4.6	27.9

TABLE VII cont'd

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Commitments and payments as at 31.12.1980 (4th EDF)

Country	EDF resources administered by the Commission: Commitments				EDF Resources administered by the EIB: Commitments			Total EDF Commitments	EDF Payments	Payment as % of Commitments
	Projects and Programmes (Special loans and grants)	STABEX	Exceptional aid	Delegation expenses	Total	Risk Capital	Interest Rate Subsidies			
	(1)	(2)	(3)	(4)	(5)= (1)+(4)	(6)	(7)			
Upper Volta	56.3	7.3	-	2.8	66.4	8.0	1.6	76.0	39.8	52.4
Jamaica	17.6	-	1.2	1.7	20.5	0.1	-	20.6	8.2	39.8
Kenya	71.1	-	1.6	2.5	75.2	1.2	9.0	85.4	39.5	46.3
Kiribati	0.5	-	-	-	0.5	-	-	0.5	-	-
Lesotho	17.6	-	1.2	1.0	19.8	0.03	-	19.8	8.3	41.9
Liberia	23.4	7.6	-	1.2	32.2	0.3	1.3	33.8	17.2	50.9
Madagascar	67.1	4.6	1.7	3.1	76.5	2.3	-	78.8	27.4	34.8
Malawi	61.6	-	4.0	1.5	67.1	1.2	2.4	70.7	37.5	53.0
Mali	66.3	9.8	1.0	2.9	80.0	6.1	-	86.1	64.1	74.4
Mauritius	10.5	-	4.8	1.2	16.5	0.04	2.6	19.2	7.2	37.5
Mauritania	28.0	37.0	1.7	2.5	69.2	-	3.6	72.8	55.7	76.5
Niger	64.4	22.7	9.6	3.1	99.8	0.9	1.0	101.7	71.7	70.5
Nigeria	7.4	-	-	1.1	8.5	-	9.6	18.1	11.5	63.5
Uganda	30.4	20.6	3.5	1.3	55.8	-	-	55.8	34.6	62.0
Pap. New Guinea	3.9	-	-	0.6	4.5	1.9	1.2	7.6	3.7	48.7
Rwanda	58.7	0.6	6.4	1.8	67.5	3.0	-	70.5	44.4	63.0
Santa Lucia	0.9	-	1.0	-	1.9	-	-	1.9	1.0	52.6
St Vincent & Gran	-	-	0.5	-	0.5	-	-	0.5	0.5	100.0
Solomon Is.	6.6	-	-	-	6.6	-	-	6.6	-	-
Western Samoa	4.5	2.8	-	0.3	7.6	-	-	7.6	5.5	72.4
Sao Tome Principe	1.6	-	0.3	0.1	2.0	-	-	2.0	1.2	60.0
Senegal	52.5	65.1	4.6	3.8	126.0	8.1	2.3	136.4	104.6	76.7
Seychelles	2.1	-	-	-	2.1	0.6	-	2.7	1.2	44.4
Sierra Leone	26.4	4.0	-	1.2	31.6	-	-	31.6	13.6	43.0

TABLE VII (cont'd 2)

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Commitments and payments as at 31.12.1980 (4th EDF)

COUNTRY	EDF resources administered by the Commission: Commitments					EDF Resources administered by the EIB: Commitments		Total EDF Commitments	EDF Payments	Payment as % of Commitments
	Projects and Programmes	STABEX	Exceptional aid	Delegation expenses	Total	Risk Capital	Interest Rate Subsidies			
	Special loans and grants)									
(1)	(2)	(3)	(4)	(5)= (1)to(4)	(6)	(7)	(3)=(5)+(6)+ (7)	(9)	(10)=(9)+(8)	
Somalia	41.2	1.9	13.4	2.2	58.7	0.2		58.9	33.1	56.2
Sudan	90.0	41.8	4.9	3.0	139.7	6.5		146.2	65.8	45.0
Suriname	8.2	-	-	1.2	9.4			9.4	3.6	38.3
Swaziland	11.8	13.2	0.03	0.6	25.6	1.1	1.8	28.5	21.2	74.4
Tanzania	85.0	20.7	0.4	2.2	108.3	7.8	0.7	116.8	58.8	50.3
Chad	40.8	7.3	0.3	2.6	51.0	7.5		58.5	33.3	56.9
Togo	35.1	3.6	-	2.1	40.8	5.2	2.3	48.3	29.1	60.2
Tonga	2.8	1.2	0.2	0.2	4.4	-		4.4	3.5	79.5
Trinidad & Tobago	5.7	-	-	1.3	7.0	-	1.6	8.6	3.7	43.0
Tuvalu	0.5	-	-	-	0.5	-		0.5	-	-
Zaire	93.4	-	19.3	3.3	116.0	5.2		121.2	39.2	32.3
Zambia	43.6	-	17.0	2.0	62.6	3.4	1.8	67.8	34.2	50.4
Regional Int.	232.3	-	-	-	232.3	0.1	0.6	233.0	98.1	42.1
Non-broken dwn. Int.			13.3	20.5	33.8			33.8	19.8	58.6
Total	1,876.8	374.0	146.0	103.4	2,500.2	96.4	65.0	2,661.6	1,426.9	53.6
Risk capital cancellations						-1.7		-1.7		
Blocked approp	10.9				10.9	4.3		15.2		
GENERAL TOTAL	1,837.7	374.0	146.0	103.4	2,511.1	99.0	65.0	2,675.1	1,426.9	53.3

TABLE VIII Sectoral summary at end 1980, showing %, method of financing and administrative body
(4th EDF)

(million EUA)

	1			2	3	4	5	TOTAL (1 to 5)
	Development of production			Economic Infrastructure	Social development	Trade promotion	Short-term aid programmes	
	Industry	Tourism	Rural Production					
<u>Aid administered by the Commission</u>								
a. Programmable grants	165.7	0.9	445.1	445.0	352.7	30.9	25.1	(1,465.4)
b. Special loans	163.1		61.6	139.3	28.1	1.7		(393.8)
c. Exceptional aid								
d. Stabex								
e. Total 1 to 5	328.8	0.9	506.7	584.3	380.8	32.6	25.1	(1,859.2)
Breakdown 1 to 5 in %	17.7	0.05	27.3	31.4	20.5	1.7	1.3	100%
f. Total 1 to 6	328.8	0.9	506.7	584.3	380.8	32.6	25.1	
Breakdown 1 to 6 in %	16.6	0.05	25.6	29.5	19.2	1.6	1.3	
g. TOTAL GENERAL	328.8	0.9	506.7	584.3	380.8	32.6	25.1	
Breakdown of total in %	13.1	0.04	20.2	23.3	15.2	1.3	1.0	
<u>Aid administered by the EIB</u>								
a. Loans on own resources	381.2	8.8						
b. Interest rate subsidies	63.5	1.5						
c. Risk Capital	90.6	5.8						
- cancellations	-1.5	- 0.2						
d. TOTAL GENERAL	533.8	15.9						
<u>Grand Total</u>	862.6	16.8	506.7	584.3	380.8	32.6	25.1	(2,408,9)
a. Breakdown 1 to 5 in %	35.8	0.7	21.0	24.3	15.8	1.4	1.0	100%
b. Breakdown 1 to 6 in %	34.1	0.7	20.0	23.1	15.0	1.3	1.0	
c. Breakdown of total in %	28.2	0.6	16.5	19.1	12.4	1.1	0.8	

	6	Total (1 to 6)	7	8	9	GENERAL TOTAL
	Other and overheads		Exceptional aid	Stabex	Blocked appropriations	
<u>I. Aid administered by the Commission</u>						
a. Programmable grants	121.0	(1,586.4)				1,597.3
b. Special loans		(393.8)			10.9	393.8
c. Exceptional aid			146.0			146.0
d. Stabex				374.0		374.0
e. Total 1 to 5						
Breakdown 1 to 5 in %						
f. Total 1 to 6	121.0	(1,980.2)				
Breakdown 1 to 6 in %	6.1	100%				
g. TOTAL GENERAL	121.0		146.0	374.0	10.9	2,511.1
Breakdown total in %	4.8		5.8	14.9	0.4	100%
<u>II. Aid administered by the EIB</u>						
a. Loans on own resources						390.0
b. Interest rate subsidies						65.0
c. Risk capital					4.3	99.0
d. TOTAL GENERAL						554.0
<u>III. Grand Total</u>						
a. Breakdown 1 to 5 in %	121.0	(2,529.9)	146.0	374.0	15.2	3,065.1
b. Breakdown 1 to 6 in %	4.8	100%				
c. Breakdown of total in %	3.9		4.7	12.2	0.5	100%

7.2.1.2. EIB figures (1980)

7.2.1.2.1 Aid administered by the EIB

The total amount of finance provided was 137.9 million EUA being:

117.4 million EUA in loans with interest subsidies
24.2 million EUA in the form of risk capital,

bringing the amount of finance provided under the first Lomé Convention to 489 million EUA which was the total amount which the Bank was empowered to administer in the period of application of the Convention.

7.2.1.2.1.1. - Loans with interest subsidies

The EIB granted 18 loans with interest subsidies, amounting to a total of 117.4 million EUA and bringing the total amount of subsidized loans granted since the entry into force of the Convention to 390 million EUA, which was the full amount provided for in the first Lomé Convention.

The loans were used to finance investments in industrialization, energy and mining in 14 ACP States.

7.2.1.2.1.2 Risk capital

Aid in the form of risk capital amounted to 24.2 million EUA, bringing the total of such aid to 99 million EUA which was the full amount made available to the EIB under Article 42 of the first Lomé Convention.

This aid went to 16 ACP States, eleven of which are among the least developed ACP States and received almost half the total amount.

In 18 cases the risk capital went to the industrial and mining sectors, the amount involved being 20.5 million EUA.

7.2.1.2.2 Payments

Payments made by the EIB for loans from its own resources and for risk capital transactions amounted to a total of 74 million EUA or 38% more than the corresponding figure for 1979 (53.7 million EUA).

Since the beginning of the first Lomé Convention the EIB has therefore paid out 199.7 million EUA or 40.8% of the total resources administered by it.

7.2.1.2.3. Sectoral distribution ⁽¹⁾

7.2.1.2.3.1. Development banks

The EIB granted 6 general loans to development banks in four countries (Ivory Coast, Malawi, Swaziland, Trinidad and Tobago) which were primarily intended for the promotion of SMUs (20 million EUA). It also contributed to financing studies by way of four risk capital transactions (0.4 million EUA) and made a contribution of 0.04 million EUA to increasing capital.

7.2.1.2.3.2. Various industrial sectors

EIB aid may be summarized as follows:

- manufacturing and metal industries: 4 risk capital transactions (6.6 million EUA);
- agricultural and food industries and agro-industrial complexes: 4 transactions (13.6 million EUA);
- chemical industries: 2 transactions (19.4 million EUA);
- energy: 53 million EUA (= over 45% of EIB aid from own resources);
- metallurgical industries: 2 transactions (12.4 million EUA);
- mining: 3 transactions (11.8 million EUA);
- tourism: nil.

- Tables

Tables IX and X show the breakdown by country and sector of loans with interest-rate subsidies and risk capital committed by the EIB in 1980. The overall breakdown for Lomé I can be found in Tables IV and V.

⁽¹⁾ For details see tables IV P.76 and X P.99

TABLE IX

SUBSIDIZED LOANS AND RISK CAPITAL COMMITTED BY THE EIB IN 1980

Breakdown by country

A C P	Loans from the EIB's own resources			Risk capital from EDF's resources			Overall		
	N°	Amount (MEUA)	%	N°	Amount (MEUA)	%	N°	Amount (MEUA)	%
Barbados	1	5.0	4.3	-	-	-	1	5.00	3.5
Botswana	2	6.5	5.5	2	1.75	7.2	4	8.25	5.8
Cape Verde	-	-	-	1	3.50	14.5	1	3.50	2.5
Comoros	-	-	-	1	0.01	-	1	0.01	€
Ivory Coast	3	10.0	8.5	-	-	-	3	10.00	7.1
Fiji	1	11.5	9.8	-	-	-	1	11.50	8.1
Gambia	-	-	-	1	0.09	0.4	1	0.09	€
Ghana	-	-	-	1	0.25	1.0	1	0.25	0.2
Guinea	1	4.4	3.7	1	0.15	0.6	2	4.55	3.2
Upper Volta	1	8.0	6.8	1	3.50	14.5	2	11.50	8.1
Kenya	1	7.5	6.4	-	-	-	1	7.50	5.3
Lesotho	-	-	-	1	0.03	0.1	1	0.03	€
Malawi	1	5.0	4.3	1	0.19	0.7	2	5.19	3.7
Mauritius	1	7.5	6.4	1	0.04	0.2	2	7.54	5.4
Nigeria	1	25.0	21.3	-	-	-	1	25.00	17.6
Senegal	2	12.0	10.2	1	6.40	26.4	3	18.40	13.0
Somalia	-	-	-	1	0.25	1.0	1	0.25	0.2
Swaziland	1	2.0	1.7	1	1.00	4.1	2	3.00	2.1
Tanzania	-	-	-	1	0.35	1.5	1	0.35	0.3
Trinidad and Tobago	1	5.0	4.3	-	-	-	1	5.00	3.5
Zaire	-	-	-	1	0.04	0.2	1	0.04	€
Zambia	1	8.0	6.8	1	2.80	11.6	2	10.80	7.7
Regional (West Africa)	-	-	-	1	0.14	0.6	1	0.14	0.1
SUB-TOTAL	18	117.4	100.0	18	20.49	84.6	36	137.89	97.4
Blocked approps	-	-	-	///	4.30	17.8	///	4.30	3.0
Cancellations	-	-	-	///	0.57	2.4	///	0.57	0.4
TOTAL	18	117.4	100.0	///	24.22	100.0	///	141.62	100.0

TABLE X

SUBSIDIZED LOANS AND RISK CAPITAL COMMITTED BY THE EIB IN 1980

- Breakdown by Sector -

Sectors	loans on own resources			Risk capital on EDF resources			Overall		
	No.	Amount (MEUA)	%	No.	Amount (MEUA)	%	No.	Amount (MEUA)	%
General (including lines of credit)	5	19.0	16.2	6	4.97	20.5	11	23.97	16.9
Mines and Extractive industries	1	8.0	6.8	2	3.75	15.5	3	11.75	8.3
Metalworking	2	12.4	10.6	-	-	-	2	12.40	8.7
Chemicals	2	11.5	9.8	2	7.90	32.6	4	19.40	13.7
Manufacturing Industry	-	-	-	3	3.14	13.0	3	3.14	2.2
Agri-industrial complexes	3	13.5	11.5	1	0.09	0.4	4	13.59	9.6
Projects based mainly on energy	5	53.0	45.1	3	0.64	2.6	8	53.64	38.0
<u>Sub-Total</u>	<u>18</u>	<u>117.4</u>	<u>100.0</u>	<u>18</u>	<u>20.49</u>	<u>84.6</u>	<u>36</u>	<u>137.89</u>	<u>97.4</u>
Blocked approp.	-	-	-	///	4.30	17.8	///	4.30	3.0
Cancellations	-	-	-	///	0.57	2.4	///	0.57	0.4
TOTAL	18	117.4	100.0	///	24.22	100.0	///	141.62	100.0

7.2.2. Review of the administration of financial and technical co-operation under Lomé I

7.2.2.1. 1976 to 1979 financial years

At its meeting in Nairobi on 8 and 9 May 1980, the ACP-EEC Council of Ministers reviewed the administration of financial and technical co-operation in the years 1976 to 1978 on the basis of a report from a joint Working Party of ACP and EEC experts ⁽¹⁾ and took note of a Commission report on the administration of financial and technical co-operation in 1979 ⁽²⁾.

The report for 1979 showed that by 31 December 1979, i.e. a few weeks before the expiry of Lomé I,

- a substantial proportion of Community aid (more than a third) had not yet been committed;
- of commitments amounting to 2,171.920 million EUA, only 963.162 million EUA (less than a third of the Community's total aid) had been paid;
- 185.128 million EUA of the amount committed had been allocated to regional projects; payments made to these projects amounted to 63.162 million EUA;
- the least developed States had received less than 29% of actual payments made to all ACP States by the end of 1979.

⁽¹⁾ See annual report of the ACP-EEC Council of Ministers (1.4.1976 to 29.2.1980), Annex V.
⁽²⁾ See above annual report, Annex IV.

At the meeting of the ACP-EEC Council of Ministers on 8 and 9 May 1980, the ACP States deplored the fact that, four months after the end of 1979 and with the Lomé I Convention having expired, a significant proportion of Community aid had not yet been committed, a very substantial part of the amount committed had not yet been spent and the combination of these two factors had resulted in a particularly unsatisfactory situation in the field of regional co-operation.

They suggested that practical steps be taken to deal with their situation and that a resolution covering the following be adopted:

- speedy establishment of the ACP-EEC Committee referred to in Article 108;
- adoption of specific measures to assist least developed, landlocked and island ACP States once all the necessary measures had been examined by the Article 108 Committee immediately after the entry into force of the new Convention;
- a mandate to the Article 108 Committee:
 - = to ensure effective involvement of the ACP States concerned in the different stages of implementation of regional co-operation;
 - = to ensure that training is provided for local staff to replace the technical assistants;
 - = to take all the appropriate steps to reduce the cost of technical assistance without sacrificing quality.

.../...

In reply, the Commission [which is responsible for managing the EDF], gave the following information:

" It had by then committed 78% of the aid, and payments had reached 46% of commitments. Moreover, the average of 78% resulted from figures which differed considerably from one country to another: in 38 of the 59 countries, the percentage was approximately 100% and in 7 countries - which had been through difficult times and had not been able to prepare and submit projects - it was below 40%. 65% of the aid for regional co-operation had been committed and 35% of the committed amounts had been paid. The slower progress in this area was attributable to the need for prior agreement between the countries concerned and in many cases between the co-financiers".

The ACP-EEC Council of Ministers subsequently adopted the Resolution of 9 May 1980 on financial and technical co-operation ⁽¹⁾ in which, after noting the difficulties encountered by the partners in implementing such co-operation under Lomé I, it gave a mandate to the ACP-EEC Committee of Ambassadors to carry out the tasks proposed by the ACP States as listed above.

7.2.2.2 1980 financial year

Since the Commission has not yet submitted the report on the administration of financial and technical co-operation for 1980, the ACP-EEC Council of Ministers, meeting on 9 and 10 April 1981, instructed the Article 108 Committee to examine the reports for 1979 and 1980 and the ACP States' comments thereon.

.../...

⁽¹⁾ See abovementioned annual report, Annex VI.

7.2.2.3 General situation

Out of the 3,456 million ECU earmarked for Community financial aid to ACP States, under Lome I, the Commission and the European Investment Bank had committed 3,065.1 million ECU at 31 December 1980, nearly 90% of the total allocation.

Most of the financial assistance was therefore committed during a period of four years and nine months.

Total aid administered by the Commission at the end of 1980 amounted to 2,511 million ECU of which 1,991.1 was allocated to projects and programmes (the difference was accounted for by STABEX and exceptional aid).

During the same period, payments of 1,426 million ECU, i.e. 53.3% of total commitments under the 4th EDF were made.

Overall EIB financing under Lome I amounted to 489 million ECU which was the total resources under the Bank's management. Broken down, this sum came to 390 million ECU in loans from its own resources and 99 million ECU in operations on risk capital from EDF money. Since the beginning of the Convention, the Bank has paid 199.7 million ECU, namely, 40.8% of the resources it manages in the framework of the Convention.

7.2.2.4 Various Sectors of Cooperation

7.2.2.4.1 The sector of development of production which includes industrialization, tourism and rural production still accounts for the largest proportion of commitments (57.5%) provided for projects and programmes (i.e., excluding STABEX

and exceptional aid). This percentage was equal to a total sum of 1,386.1 million ECU at end of 1980 of which 273.4 million was committed during the year.

The volume of these amounts is ample proof of the ACP states' interest in productive operations which play a major role in the development of their economies.

Industrialization

This is the area which received the greatest share of funds in relation to total commitments for projects and programmes: 862.6 million ECU at end of 1980 out of 2,409 million ECU (i.e. 35.3) of which 553.3 million under EIB management (from its own resources and from risk capital on EDF resources) and 328.8 million administered by the Commission. This percentage is roughly equal to twice the amount allocated to this sector under the Second Yaounde Convention.

It is worth noting that within this sector projects mainly involving energy account for the largest amount received with 273.7 million ECU, followed by agricultural and food-processing industries and agri-industrial processes (primarily of interest to rural populations) with 202.7 million ECU and by manufacturing industries with 146.9 million ECU.

Rural Production

At the end of 1980 the overall amount of funds allocated to this area was 506.7 million ECU. Commitments for 1980 alone amounted to 73.8 million ECU.

However, development projects which assist rural communities have a much wider scope than rural production. In order to have a general idea of these projects, the following should be taken into consideration.

- 202.7 million ECU devoted to agri-industrial projects already mentioned under the industrialization sector;
- 45.3 million ECU for village water engineering projects;
- approximately 90 million ECU for social development projects directly affecting the rural community (training, health and education infrastructure).

In all, the sector of rural development, considered in the broader sense of the term, had benefitted by the end of 1980 from 35% of all monies committed for projects and programmes.

In 1980, most agricultural projects in the strictest sense of the term, involved the production of goods destined for local consumption or processing with a clear predominance of food crops: 8 projects accounting for more than 26 million ECU. These were either cereals (rice, wheat etc.), oilseeds (soya) or market garden produce (fruits and vegetables). In addition, two projects for which nearly 3 million ECU were earmarked, were set up to supply local industries (wood and cotton).

The main cash crops for export (6 projects for almost 19 million ECU) were coffee, cocoa, tea, fruits and cotton.

The majority of the projects financed in 1980 were or will be implemented by small peasantholdings.

Besides the contra-aflatoxin scheme aimed at finally fulfilling a previous commitment, attention should be drawn to a rather new type of operation which will, in the final instance, be profitable to small farmers and fishermen: assistance to rural banks (Ghana) which are to serve as intermediaries by providing equipment with simplified methods (instruments, fishing nets, etc.) of handling.

Only two regional projects, referred to above, (fight against aflatoxin and grain production in Belize) were worthy of mention in the agricultural sphere in 1980.

7.2.2.4.2

The sector on economic infrastructure mainly comprises transport (land, air and sea) and telecommunications.

Since the entry into force of the Convention 584.3 million ECU (139 million of which in 1980) has been committed in this sector equal to 24.3% of total community aid to projects and programmes.

.../...

Roads and Bridges

This is the area in which most progress has been made since 457.8 million ECU from the 4th EDF was devoted to roads. Efforts were concentrated on two projects:

- on the one hand, the continuation of the construction of existing major roads to open up regions which are difficult to reach and to provide better roads linking ACP states. The Lome-Ougadougou road for instance was financed almost totally by EDF resources;
- on the other hand, the financing of operations involving periodic maintenance, overhauling and distribution in order to preserve earlier capital investments in roads.

In all, EDF financing (excluding economic and technical studies) enabled 3,454 kilometres of road to be built, 416 of which were asphalted, while maintenance work was carried out on 888 km.

Railways

Community aid in this sphere also contributed to the improvement of existing lines and helped set up new networks. For example it made it possible to retrack the Congo-Ocean (CFCO) railway line and to set up the new line for the CIMAO in Togo.

At the end of 1980, 51.6 million ECU had been committed in this sector.

Other areas

The remaining resources for economic infrastructure were divided up between ports and waterways, civil aviation and telecommunications.

7.2.2.4.3

The social development sector plays a much more important part in the ACP's development choices than the mere reading of figures and percentages (380.8 million ECU, of which 54.2 million in 1980, and 15.8% of overall projects and programmes) may lead to believe.

One of the main reasons being that the share of training in the cost of projects is very little compared with the beneficial consequences for the operation as a whole. Another reason is because development projects whose sole but fundamental aim is to train men require relatively little resources in relation to building infrastructures.

Although the executing machinery has remained the same for all, training projects have been given three distinct forms:

- multiannual training programmes cover all training projects financed by the EDF. At 31 December 1980, 52 programmes were financed by an amount equal to 98.7 million ECU;
- specific training programmes requiring a special decision by the Commission;
- productive or infrastructure projects with a training element and already started.

Education infrastructures (primary, secondary and higher schooling) also offer a direct contribution to training and more extensively to social development. Commitments in this area under the th EDF amounted to 108 million ECU.

The same can be said of the public health sector where a total of 47.4 million ECU was committed. This aid helped set up 12 relatively small hospitals (40 to 200 beds), 42 health units, 8 maternity hospitals and 15 anti andpost natal clinics, all accounting for 2,074 beds.

In the sphere of water engineering, urban infrastructure and housing commitments made since the beginning of the implementation of the Lome Convention amounted to 105.6 million ECU.

Water engineering projects particularly in the rural areas were of great importance to local communities especially with regard to health conditions

7.2.3. Evaluation (ex-post) of projects financed with EDF aid

Following the evaluation carried out by the Commission jointly with ACP and EEC experts which resulted in sectoral "basic principles", the ACP-EEC Council of Ministers adopted a Resolution concerning investments in public health and public drinking-water supplies in which it recommended the responsible departments of the partners to take these basic principles into account in new projects to be financed by the Community in these two sectors.

At the end of February 1981 the Commission organized a further meeting of ACP and EEC experts to evaluate projects funded by the Community in agriculture and rural development and draw up sectoral basic principles in this field on the understanding that a Resolution similar to the one adopted by the Council of Ministers in Nairobi would be adopted by the ACP-EEC Council of Ministers in the near future (1).

7.2.4. Least developed, landlocked and island States

By Decision No 5/80 the ACP-EEC Council of Ministers in Nairobi added Saint Lucia and Kiribati to the list of least developed States (2).

7.2.5. Micro-projects

The ACP-EEC Council of Ministers in Nairobi adopted Decision No 4/80 increasing the ceiling for the financing of micro-projects.

7.2.6. ACP-EEC Subcommittee on financial and technical co-operation

The Subcommittee did not meet in the period covered by this report.

- (1) The ACP-EEC Council of Ministers examined this issue at its meeting of 9 and 10 April, 1981 in Luxembourg. See Page 17 of the press release reproduced in the annex to this report.
- (2) See also page 17 of the press release mentioned above.

7.3. IMPLEMENTATION OF THE SECOND LOME CONVENTION

Preparations took place during the period covered by this report for the entry into force of the new Convention. Work on the introduction of the instruments provided for in Lomé II took place both jointly and separately on the ACP and EEC sides, as the respective responsibilities required.

7.3.1. Joint ACP-EEC action

7.3.1.1. Article 108 Committee

As instructed by the ACP-EEC Council of Ministers in Nairobi (see point 7.2.2.1. above), the Committee of Ambassadors, meeting on 3 December 1980, instructed the ACP-EEC co-Secretaries to prepare a joint draft of the rules of procedure for the Article 108 Committee which would accommodate both of the approaches suggested.⁽¹⁾

7.3.1.2. Least-developed, landlocked and island ACP States

At its meeting on 3 December 1980 the ACP-EEC Committee of Ambassadors took note of a Commission communication on the progress and main aspects of programming under the second Convention for the least-developed, landlocked and island States in the context of Article 106.

(1) The ACP-EEC Council of Ministers examined this issue at its meeting of 9 and 10 April 1981 in Luxembourg. See pages 13 and 17 of the press release reproduced in the annex to this report.

At its meetings on 3 December 1980 and 30 March 1981 the ACP-EEC Committee of Ambassadors agreed that the ACP-EEC Sub Committee on the special problems of the least-developed, landlocked and island ACP States which the ACP-EEC Council of Ministers decided to set up (Fiji meeting, 1977) should be formed without delay.

At its meetings on 3 December 1980 and 30 March 1981 the ACP-EEC Council of Ministers also prepared the decisions taken by the Council of Ministers on 10 April 1981 regarding the inclusion of Kiribati on the list of least-developed ACP States and on the list of island ACP States and regarding the inclusion of Zimbabwe (with effect from the date of entry into force of the EEC-Zimbabwe agreement signed on 4 November 1980) on the list of landlocked ACP States.

7.3.1.3. General conditions

Work on laying down rules for the award and execution of public contracts financed by the EDF ("works", "supplies", "services") continued in the period covered by this report.

However, existing technical, economic and legal difficulties prevented the ACP-EEC Council of Ministers from examining any final texts.

Work in this sphere continues on the basis of counter proposals presented by ACP states in reply to Community proposals.

7.3.2. EEC action

7.3.2.1. Internal financial agreements

In 1980 the Member States of the Community ratified the internal agreement on the financing and administration of Community aid signed in Brussels on 20 November 1979 which - like the internal agreements which accompanied the Yaoundé and Lomé I Conventions - provides for the internal implementation of the commitments entered into by the Community in the new Convention.

The Agreement establishes the fifth European Development Fund and lays down a procedure for the provision of funds and for contributions from the Member States.

In connection with Zimbabwe's accession to the Convention, the Member States signed an internal agreement amending the 1979 internal financial agreement on 16 December 1980. The amendment increases the fifth EDF's funds by 85 million EUA, bringing them from 4,636 million EUA to 4,721 million EUA.

7.3.2.2. Measures implementing the 1979 internal financial agreement

On 17 March 1981 the European Communities adopted the Financial Regulation for the 5th EDF. This new Financial Regulation makes currency facilities available to tenderers for works and services contracts.

(1) The sum earmarked for ACP States aid amounting to 4,627 million EUA was broken down as follows:

2,986 million EUA as grants
518 million EUA as special loans
284 million EUA as risk capital
557 million EUA as STABEX transfers
282 million EUA as special financing facilities (SYSMIN)

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The Council adopted the Rules of Procedure of the EDF Committee on 27 January 1981 and the Rules of Procedure of the Article 22 Committee on 28 April 1981.

The above three instruments have been communicated to the ACP States.

7.3.2.3. Replacement of the EUA by the ECU

On 18 December 1980 the Council of the European Communities adopted Decision 80/1184/EEC on the replacement of the European unit of account by the ECU to express the amounts of financial assistance under the second ACP-EEC Convention and the previous conventions; this Decision became applicable on 1 January 1981. The second Community declaration on Article 95 of the Convention (= Annex XXXII to the Final Act) provided for the replacement of the unit of account.

In accordance with this declaration, Decision 80/1184/EEC was communicated to the ACP States.

7.3.2.4. Examination of the annual report of the Court of Auditors for 1979

When examining the section of the report of the Court of Auditors for 1979 devoted to the European Development Funds, the authorities of the Council of the European Communities noted that many of the remarks

made by the Court of Auditors were addressed to the ACP States. They considered it essential to bring these remarks to the attention of the ACP States so that they could take them into consideration. Substantive discussions between the ACP and the EEC, both bilaterally and multilaterally (e.g. in the Article 108 Committee) would be indispensable for this purpose.

It was pointed out in particular that the issue of too low prices paid to farmers and that of too high prices to certain categories of users (wells, . slaughter houses) required special attention.

8. PROVISIONS APPLICABLE TO CERTAIN SECTORS

8.1. CURRENT PAYMENTS AND CAPITAL MOVEMENTS

Articles 156 to 159 of the Second Lome Convention repeat the provisions of articles 65 to 68 of the first Convention. These were applicable up to the end of 1980, but did not raise any special problems.

8.2. ESTABLISHMENT AND SERVICES

The arrangements that may be applied in matters of establishment and services, as laid down in the second Lome Convention provide that all signatory states shall treat nationals and companies or firms of the other signatories on a non-discriminatory basis, it being understood that if, for a given activity, any state is unable to provide such treatment, the others shall not be bound to accord such treatment for this activity to the nationals of the state concerned. Should problems arise in the implementation of these provisions, the ACP-EEC Council of Ministers would examine them.

An innovation resulting from the negotiations of the Second ACP-EEC Lome Convention was the joint declaration relating to workers who are nationals of either contracting party and are residing legally in the territory of a member state or of an ACP State. This declaration aims at avoiding in the Community and ACP member states any discrimination based on nationality as regards working conditions and pay of nationals of a signatory State of the Convention working in another signatory State. Within the framework of this declaration, it was emphasized that its provisions would not affect the rights and obligations arising from bilateral agreements between ACP States and Member States inasfar as the latter provide for a favourable arrangement.

No problem in the implementation of this declaration has been referred to the Council of Ministers.

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9. INSTITUTIONAL MATTERS

9.1. ANNUAL REPORT

It is worth recalling that at its 5th Meeting, held in Nairobi on 8 and 9 May 1980, the ACP-EEC Council of Ministers examined the question of the annual report to be published pursuant to Article 74(5) of the First ACP-EEC Lomé Convention and instructed the Committee of Ambassadors to finalize the draft submitted to it for adoption and forwarding to the Consultative Assembly.

This report, which covers the period of application of the Convention from 1 April 1976 to 29 February 1980, has been finally adopted by the Committee of Ambassadors and communicated to the Consultative Assembly on 29 July 1980.

On the basis of this report, and on that of the one written by Ms Katharina FOCKE on behalf of the Joint Committee, the Consultative Assembly adopted, on 26 September 1980, a Resolution in which the results obtained under the first Lomé Convention were examined in the light of the coming into force of the provisions of the new Convention.

9.2. ACP-EEC COUNCIL OF MINISTERS

The 5th Session of the ACP-EEC Council of Ministers was held in Nairobi, Kenya, on 8 and 9 May 1980 under the chairmanship of Mr Noel Levi, Minister of Foreign Affairs of Papua New Guinea, President-in-office of the Council of ACP Ministers. Its agenda was particularly heavy on account of the meeting's being held in the transitional period between the two Conventions.

After unanimously approving the Republic of Zimbabwe's request for accession to the Second Lomé Convention, the Council of Ministers proceeded to assess the application of the First Lomé Convention and examined a few outstanding matters: it took stock of the implementation of the interim provisions aimed at ensuring the transition from Lomé I to Lomé II and adopted measures to ensure that the new Convention was applied as fast and as effectively as possible; it then adopted a few texts without discussion.

9.2.1. Application of Lomé I

9.2.1.1. The Council examined the draft report covering the period of application of the First Lomé Convention which had been drawn up by the two Co-Secretaries; it adopted Decision No. 9/80 delegating powers to the ACP-EEC Committee of Ambassadors to approve the Ministers report for forwarding to the Consultative Assembly.

9.2.1.2. On the basis of Article 41 of the First Lomé Convention, the Council made an assessment of Financial and Technical Cooperation for 1976, 1977 and 1978. It took note of the observations made by the ACP States relating to the execution of the 4th EDF and adopted the relevant resolution in which it:

- took note of the conclusions of the ACP-EEC Group of Experts, inviting the parties concerned to take its recommendations fully into account;
- instructed the Committee of Ambassadors to prepare the setting-up of the new Committee provided for under Article 108 of the Second Lomé Convention;

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- placed special emphasis, in this context, on the least developed, landlocked and island ACP States; on the effective association of ACP States when regional cooperation is being carried out, on the training of local staff; on the reduction of the cost of technical assistance without prejudice to its quality; on the maximum use of appropriate technologies and the profitable exploitation of the financial and material resources of the ACP States.

9.2.1.3. Regarding the chapter on the Stabilization of Export earnings, the Council of Ministers stressed the need to maintain the fundamental rules of the Stabex system in their entirety and decided, in conformity with Article 17(3) of the Lomé Convention, to include sesame seeds in the list of products covered by Stabex, as from 1978 (Decision No 7/80). It was further decided, in conformity with Article 18(5), to allocate the funds which will be available at the expiry of the First Convention to the Stabex appropriation of Lomé II (Decision No 8/80).

Considering the special situation of Ethiopia, the Community said it was ready to seek, together with Ethiopia, appropriate ways and means of taking this situation into account for the application of the Fiji declaration relating to the reference period when Ethiopia presents transfer requests which otherwise conform with the relevant provisions of the Convention in respect of sesame seeds.

9.2.1.4. The Council of Ministers held an exchange of views on the position of the Sugar market and was informed of the progress of the discussions held within the Community on the proposal concerning the new common organization of its markets.

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It was further informed of the question of the Community's reduction of the export quotas of certain ACP countries due to their failure to make deliveries during the 1977-78 period. Noting the existence of a dispute regarding the application of the rules relating to "force majeure", the Council agreed to recourse to the good offices procedure provided for under Article 81(2) of the First Lomé Convention.

- 9.2.1.5. The Council of Ministers exchanged views on difficulties regarding textiles exports from ACP States to the Community. During this exchange of views, the ACP States stressed the importance they attached to the respect of the principle of free access to the Community market as laid down by the Lomé Convention, a principle applying equally to the textile sector. The ACP States described the problems an ACP State had faced due to the fact that the Community had envisaged applying the safeguard clause against it, as far as the entry of its textile products to Community markets was concerned. Difficulties of this kind may seriously harm the ACP States and can have grave consequences economically and politically.

Without denying the serious internal problems such situations can cause for the industrializing ACP States, the Community recalled the big problems which the textile industry of its Member States must face.

The two parties agreed on the importance of concerted action for the prevention of such situations.

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9.2.1.6. The Ivory Coast's Representative expressed his government's regret at the recent set-back in the negotiations for the renewal of the International Cocoa Agreement, recalling that the ACP States were the greatest exporters, and the Community the greatest importer, of cocoa.

Both parties recognized the need to maintain contacts in this area.

9.2.2. Interim measures

The Council of Ministers heard a report on the Committee of Ambassadors' deliberations on the transitional measures it had adopted, by virtue of the delegation of powers conferred on it by the Council in its Decision No 10/79.

The Community, for its part, replied favourably to the ACP request aimed at an advanced application of the Lomé II provisions relating to the safeguard measures and consultation machinery.

9.2.3. Preparation of the coming into effect of Lomé II

9.2.3.1. Regarding the new chapter on Agricultural Cooperation, the Council of Ministers instructed the Committee of Ambassadors to set up, as soon as possible, the ACP-EEC Subcommittee for Cooperation in Agricultural and Rural Development and to draw up the texts necessary for the establishment of the technical centre laid down in the new provisions.

9.2.3.2. The Council of Ministers further confirmed the creation of a joint experts' group to examine the origin of fishery products (Joint declaration annexed to the Final Act of the Second ACP-EEC Lomé Convention).

- 9.2.3.3. The Council decided to set up a Joint Working Party charged with examining the measures to be adopted for the implementation of the Community declaration on the supply of available agricultural produce.
- 9.2.3.4. As regards the development of ACP-EEC trade, the Council of Ministers, after long discussions, mandated the Committee of Ambassadors to study the basic factors affecting this trade so as to enable the development of ACP exports in the best conditions.
- 9.2.3.5. The Council of Ministers reaffirmed the importance of the provisions of the new Convention relating to trade promotion. These provisions which constitute a marked progress over those of Lomé I, should enable the ACP to draw maximum benefit from the new Convention in the area of trade cooperation.
- 9.2.3.6. The ACP-EEC Council of Ministers took cognizance of the explanations given by the Commission's representative regarding the possible effects of Greece's accession on ACP-EEC trade. The Council of Ministers further agreed that the negotiation of a protocol of adaptation and transition would be carried out by the ACP-EEC Committee of Ambassadors at the appropriate time so that the protocol could be applied as from 1st January 1981. In the framework of these negotiations, the Community will give the ACP States all the necessary explanations concerning the possible effects of Greece's accession on ACP-EEC relations.

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9.2.3.7. The Council of Ministers was informed of the measures adopted by the Committee of Ambassadors for the setting up of a group of high-ranking officials charged with carrying out the study on the complementary financing of industrial cooperation (Annex X of the Second Lomé Convention). It stressed the urgency of the study and expressed the hope that the problems of the least developed, land-locked and island countries would also be taken into account when carrying out the study.

The Council of Ministers then exchanged views on the ACP proposals on industrial cooperation, especially as regards industrial reorganization.

9.2.4. Miscellaneous

The ACP-EEC Council of Ministers finally adopted as "A" items:

- a decision raising the ceiling for the financing of micro-projects (Decision No 4/80);
- a decision amending the list of least developed ACP States by adding Saint Lucia and Kiribati (Decision No 5/80);
- a resolution concerning investments in public health and public drinking-water supplies.

Making use of the written procedure, the ACP-EEC Council of Ministers, in conformity with Article 7 of its Rules of Procedure, adopted Decision 1/81 of 10 December 1980, approving, on the basis of Article 185, the Republic of Vanuatu's request for accession to the Second Lomé Convention.

9.3. COMMITTEE OF AMBASSADORS

The ACP-EEC Committee of Ambassadors held two meetings during the period covered by this report.

9.3.1. the eighth meeting of the Committee of Ambassadors was held in Brussels on 15 April 1980 and was mainly devoted to the preparation of the Nairobi Council of Ministers and the examination of a few issues relating to the coming into effect of the new Convention;

9.3.2. the ninth meeting of the Committee of Ambassadors, which representatives of the Republic of Zimbabwe and of the Republic of Greece attended as observers, was held in Brussels on 3 December 1980. It also dealt with the preparation of the coming into force of the Second Lomé Convention. In this regard, it was decided to maintain provisionally the application of the current rules of procedure of the Council of Ministers and Committee of Ambassadors till the coming into force of the new instruments;

the Committee also examined the progress made in implementing the new provisions relating to agricultural cooperation, financial and technical cooperation, and the least developed, landlocked and island ACP countries.

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9.4. CONSULTATIVE ASSEMBLY

At its session on 8 and 9 May 1980, the Council of Ministers took stock of the relations with the Consultative Assembly and stressed the importance of the latter's contribution to its activities.

The Council of Ministers was represented by its Presidents at the Consultative Assembly's 5th meeting in Luxembourg from 24 to 26 September 1980 and at the Consultative Assembly's Joint Committee meeting held in Freetown, Sierra Leone, from 23 to 27 February 1981. On both occasions, the President stressed the importance the Council of Ministers attached to the deliberations of the parliamentary bodies of ACP-EEC cooperation, whose probity and frankness he appreciated, and made a speech describing the Council of Ministers' activities and the application of the new Convention. He further replied to observations made by members of the Consultative Assembly.

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9.5. COMMITTEES, SUBCOMMITTEES AND JOINT EXPERTS GROUPS

The activities and outcome of the deliberations of the different Committees and Groups established within the Committee of Ambassadors have been discussed in the corresponding chapters of this report. Consequently, only a summary table of the meetings which were held during the period under review together with a reference to the different parts of the report appear below.

- a) the Trade Cooperation Subcommittee held its 17th meeting on 10 October 1980, and its 18th on 13 March 1981;
- b) the Customs Cooperation Committee held its 7th meeting on 20 June 1980;
- c) the Subcommittee on Sugar held its 11th meeting on 18 April 1980;
- d) the Committee on Industrial Cooperation held its 7th meeting on 25 March, its 18th on 30 May, its 19th on 12 June, its 20th on 1 and 2 July and its 21st on 7 November 1980;
- e) the Experts' Group on fishery products held its first meeting on 24 July and its second on 21 November 1980;
- f) the sub-Committee for Co-operation on agricultural and rural development held its first meeting on 30 January 1981.

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10. CONCLUSIONS

The community of interests and the vital nature of the ties linking the EEC and the ACP Group of States are a significant demonstration of the progress made in international economic co-operation since the conclusion of the Treaty of Rome which is, for the Community, the basis for its pursuit of specific relations aimed at "increasing trade and promoting joint economic and social development" (Art. 3 of the Treaty establishing the EEC).

The signing in Lomé of the Second Lomé Convention which today is applicable to sixty ACP States and to the Community and its ten Member States, represents the most recent stage of this development.

The ACP-EEC Council of Ministers has carried out an overall assessment of the preceding stage, ie Lomé I the results of which appear in the report published in 1980 under the heading "Analysis - application of ACP-EEC Cooperation".

As the next stage - Lomé II - is being embarked upon, the Council of Ministers is in a position to state in conclusion to this report that its activities during the past financial year have been intensive and fruitful. In fact, in an atmosphere of cooperation and efficiency, measures have been adopted and applied for the purpose of

passing satisfactorily from Lomé I to Lomé II via a transitional phase.

This progressiveness and continuity in relations between partners, preserved and even improved on despite the difficult times, has been brought about by the contractual, in other words negotiated, nature of the partners' relationship, accompanied by an institutional system which though based on the contract goes beyond it and ensures that by means of permanent dialogue the contract is jointly applied.

However, these political and legal facts would not be enough in themselves to ensure the vitality of the system of relations were they not prompted by a certain spirit. The advances so far achieved should not serve to create the illusion that sufficient progress has been realised or that success in the future will follow automatically or easily. Such success will depend entirely on the active, open and constructive participation of all interested parties. This, without doubt, is what is referred to as the Lomé spirit.

For the record

Commission Report to the ACP-EEC Council of Ministers on the administration of financial and technical cooperation in 1980 under the Lomé Convention.

(to follow)

ANNEX II
TO ANNUAL REPORT
A C P - E E C
CONVENTION OF LOEWE

PRESS RELEASE

EUROPEAN COMMUNITIES
THE COUNCIL

ACP-CEE/2178/81

AFRICAN, CARIBBEAN AND PACIFIC
GROUP OF STATES

ACP/281/81 (Secr.)

Luxembourg, 10 April 1981

SIXTH MEETING OF THE ACP-EEC COUNCIL OF MINISTERS

The ACP-EEC Council of Ministers held its sixth meeting at the European Centre, Kirchberg, Luxembourg on 9 and 10 April 1981.

The meeting was chaired by Mr Hugh L. SHEARER, Deputy Prime Minister, Minister for Foreign Affairs and External Trade of Jamaica, and President-in-Office of the ACP Council of Ministers.

The European Community delegation was led by Mr C.A. van der KLAUW, Minister for Foreign Affairs of the Kingdom of the Netherlands, and President-in-Office of the Council of the European Communities. The Commission of the European Communities was represented by Mr Gaston THORN, President, and Mr Claude CHEYSSON, Commission Member ⁽¹⁾.

⁽¹⁾ The list of Heads of delegations of the ACP and EEC Member States is given in the Annex.

In their opening statements, the President of the ACP-EEC Council of Ministers, the President of the Council of the European Communities and the President of the Commission of the European Communities stressed the importance they attached to this first meeting of the ACP-EEC Council of Ministers since the entry into force of the second Lomé Convention on 1 January. This meeting should permit the implementation of the new Convention and from a general point of view the smooth functioning of ACP-EEC co-operation.

Implementation of trade co-operation and trade development

The ACP-EEC Council of Ministers first held an exchange of views on the implementation of the provisions of the second Lomé Convention relating to trade co-operation and examined the development of ACP-EEC trade relations.

The Community drew particular attention to the measures taken in the first half of 1980, which had permitted the early implementation, as from 1 March 1980, of almost all the provisions of the second ACP-EEC Convention relating to trade. The Council of Ministers noted that the implementation of these provisions had since been developing satisfactorily.

The Council then held an exchange of views on developments in trade. It was informed of the ACP States' concern that these developments did not entirely meet their expectations as regards the preferential arrangements laid down in the Convention.

The ACP States stated that they were continuing to study this problem and would shortly submit proposals for a joint study of it to the Community.

Raw materials from the developing countries

The Council heard a statement by the Ivory Coast delegate on the problem of the "deterioration in the terms of trade and the decline in the price of raw materials in the developing countries". It held an exchange of views on this subject, after which, acknowledging the importance of the problem, it instructed the Committee of Ambassadors, and the Subcommittee on Trade Co-operation, to make a detailed study of this statement.

Available agricultural products

The Council examined the question of available agricultural products and, in view of ACP concern, instructed a working party to give simultaneous consideration to the Community positions and the suggestions made by the ACP countries.

Community Scheme of Generalized Preferences

The Council took note of a Community statement that the Community scheme offered the possibility of remedying unfavourable situations which might arise from it for the ACP States and expressed its willingness to study jointly with the latter specific appropriate action whenever the ACP States so requested.

The ACP States stated that any provisions of the Community scheme which might have been proven to be injurious should be withdrawn.

Matters relating to the enlargement of the Community

The Community noted that, subject to agreement by the two parties on a joint statement acceptable to both sides on the Protocol to the second ACP-EEC Convention resulting from the accession of the Hellenic Republic to the Community and on the future application of Article 181, the ACP States were prepared to sign the abovementioned Protocol by 1 July 1981 at the latest.

The Community stated that it was willing to extend the current provisional agreement unilaterally from 1 May 1981 to 1 July 1981 and for a further six months after the signing to allow the Protocol to be ratified.

Consultation procedures

The Council received a proposal from the ACP States concerning the implementation of the provisions relating to the safeguard measures which the Community and the Member States could take under the second Convention of Lomé and in particular as regards consultations on this subject.

The ACP-EEC Council of Ministers instructed the Committee of Ambassadors and its Subcommittee on Trade Co-operation to examine the proposals by the ACP States and any proposals which the Community might present in this matter.

Stabex

The Council noted that the amount of the resources available for transfers under the Stabex system appeared to make it impossible, in view of the requests made, to remain within the annual instalment for the 1980 year of application. The Council therefore decided, pursuant to Article 34 of the Convention, to authorize the advance use of 20% of the instalment for 1981.

Moreover, since the available resources would probably remain below the amount of the transfers to be made, the Council agreed, again pursuant to Article 34, to provide for the possibility of reducing the amount of such transfers. The Council therefore delegated power to the Committee of Ambassadors to reduce the amount of the transfers to be made for 1980, on the understanding that the decision was to be taken no more than 15 days after the Commission had filed its report and in any event before 20 June 1981.

The Council also decided to grant a derogation to the Republic of Kiribati for 1981 and 1982 for its exports, whatever their destination. This decision takes into account the special nature of Kiribati's export trade which, since the exhaustion of the phosphate deposits, is dependent on copra, most of which is no longer exported to the Community; the derogation provided for in Article 46(3) of the Convention was therefore granted.

The Council of Ministers also examined some problems relating to Stabex transfer requests made by Upper Volta (groundnuts, cotton) and Ethiopia (sesame seed) for 1979.

The Commission stated that it was prepared to examine within two months any new information which the two countries concerned might provide.

With regard to the inclusion of new products, the Council agreed that technical studies would be actively continued by the Commission. The Committee of Ambassadors was asked to prepare decisions on the basis of these studies; in accordance with Article 26 of the Convention, these decisions can only be taken and implemented as from 1 January 1982. To this end the Council of Ministers delegated the power of decision in this matter to the Committee of Ambassadors.

Sugar

The Council of Ministers held a thorough exchange of views on the operation of the sugar Protocol. In this connection, the ACP States expressed their concern regarding certain questions relating to the implementation of that Protocol, such as transport costs, the closure of certain refineries in the Community, negotiations on the guaranteed price and the International Sugar Agreement.

Having confirmed its resolve to fully apply the provisions of the sugar Protocol irrespective of the decisions taken by private firms, the Community stated its positions on the questions raised by the ACP States. It stated in particular that the negotiations with the sugar-producing ACP States on the prices to apply for the next ACP sugar year could begin on 28 April.

The Council also considered the action to be taken with regard to the good offices procedure which had been initiated in the "force majeure" cases invoked by four ACP States - Congo, Kenya, Uganda and Suriname - for non-deliveries during the 1977/1978 delivery period.

The Council took note in this connection of the Commission statement that all ACP countries mentioned in the sugar Protocol were eligible for the redistribution of quantities provided for in Article 7 of that Protocol.

Implementation of "Sysmin"

The Council held an exchange of views on the implementation of this new co-operation instrument, which is an innovation under the second Convention of Lomé.

The ACP States drew attention to the importance which they attached to an early and comprehensive implementation of this system, for the application of which several ACP States had already submitted requests to the Commission. The Commission stressed that, as the system was a new and complex one, the examination of these requests had to be done with particular care and therefore required a certain period of time.

Industrial Co-operation

The ACP-EEC Council of Ministers held an exchange of views on the implementation of the provisions of the new Convention relating to industrial co-operation.

The Council noted that examination of the provisions on the Centre for Industrial Development was proceeding in a generally satisfactory manner.

The Council then heard an introductory statement by Professor ONITIRI, Chairman of the Group of high-level experts on the complementary financing of industrial co-operation.

Having heard the ACP States' initial reactions, the Council expressed satisfaction that the study carried out by the high-level experts appointed for this purpose by the ACP States, the Community and its Member States had been forwarded.

The Council wished to extend its thanks to these experts for the work they had performed.

The Council noted that in view of the magnitude of this study and of the fact that it did not have the report from the Committee of Ambassadors, it was unable to examine this dossier at the current meeting.

The Council therefore asked the Committee of Ambassadors to prepare a detailed report as soon as possible on the high-level experts' study.

Finally, the Council agreed to carry out a general examination of the report from the Committee of Ambassadors at its next meeting, and to take appropriate measures at that time.

Agricultural co-operation

The Council held an exchange of views on the implementation of the new provisions of the second Lomé Convention in the field of agricultural co-operation.

The Council noted the readiness expressed by both parties to implement the relevant provisions as soon as possible.

It welcomed inter alia the adoption by the Committee of Ambassadors of the texts providing for the establishment of ACP-EEC Agricultural Co-operation bodies, including the Technical Centre for Co-operation on Agricultural and Rural Development.

Financial and technical co-operation

The Council of Ministers held an exchange of views on the implementation of the provisions of the second ACP-EEC Convention relating to financial and technical co-operation.

The ACP States stressed their interest in the acceleration and simplification of procedures and in the greater use of co-financing possibilities.

The Council of Ministers delegated to the ACP-EEC Committee of Ambassadors the power to appoint at its next meeting the representatives of the Community and of the ACP States on the Article 108 Committee meeting at ministerial level. This will enable the committee effectively to begin its activities.

The ACP States hoped that the Commission report on the management of financial and technical co-operation in 1980 would be submitted in the very near future. The Council of Ministers instructed the Article 108 Committee to examine this report and the 1979 report and the ACP States' assessments of those reports.

Institutional matters

Having been informed of the outcome of the meeting of the Consultative Assembly in Luxembourg in September 1980 and of the outcome of the meeting of the ACP-EEC Joint Committee in Freetown from 23 to 27 February 1981, the Council took note of the Resolutions of the Consultative Assembly and of the Joint Committee.

The Council of Ministers agreed on the provisions for the official publication of a brochure reproducing the text of the second Lomé Convention and related documents.

Next meeting of the ACP-EEC Council of Ministers

At the invitation of the Government of Gabon, the ACP-EEC Council of Ministers agreed to hold its next meeting in Libreville (Gabon) in 1982 and expressed its thanks for this invitation.

ACP-CEE 2178 e/81 (Presse 57)

ACP/281/81 (Secr.)

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Decisions regarding the implementation of the new Lomé Convention

The ACP-EEC Council of Ministers began its meeting by formally approving a series of important Decisions which are necessary for the implementation of the second ACP-EEC Convention and on which the ACP-EEC Committee of Ambassadors had paved the way for agreement:

Operation of the institutions

The Council of Ministers adopted its new rules of procedure and those of the Committee of Ambassadors. These rules take into account the experience gained under the first Lomé Convention and are thus aimed at ensuring the improved operation of the Convention's essential institutions.

The Council also adopted a Decision delegating certain powers to the Committee of Ambassadors, in particular in order to make it possible, in the interval between two meetings of the Council of Ministers, to resolve the many problems which arise in connection, inter alia, with the day-to-day running of the various sectors covered by the Convention.

Industrial co-operation

The Council adopted the Decision on the composition of the Committee on Industrial Co-operation and its rules of operation.

This Committee, which is composed of one representative of each Member State of the European Communities and of the Commission and 18 ACP representatives, is responsible both for reviewing progress in the implementation of the overall programme of industrial co-operation resulting from the Lomé Convention and examining problems and policy issues in the field of industrial co-operation, and also, among other things, for guiding, supervising and controlling the activities of the Centre for Industrial Development and reporting thereon to the Committee of Ambassadors and to the Council of Ministers.

The Council also adopted the Decision laying down the statutes and rules of operation of the Centre for Industrial Development. These rules form an operational supplement to the provisions of the Convention (Articles 79 to 81) which define the objective, tasks and general conditions of operation of the Centre for Industrial Development.

Financial and technical co-operation

The Council adopted the rules of procedure of the ACP-EEC Committee set up under Article 108(6) of the Convention to study, in general terms and on the basis of specific examples, suitable measures to improve the implementation of financial and technical co-operation, notably by accelerating and streamlining procedures.

The Council also adopted a decision delegating to the Committee of Ambassadors the power to approve a Resolution on the evaluation of agricultural development projects realized with EDF aid in the ACP States.

Least-developed, landlocked and island ACP States

The Council adopted a decision concerning the inclusion of Kiribati in the lists of least-developed and island ACP States.

It also adopted a decision adding Zimbabwe to the list of landlocked States.

Annual report

As the complex discussions on the implementation of the new Lomé Convention II had somewhat delayed preparation of the annual report covering the period 1 March 1980 to 28 February 1981, the Council was not yet in a position to adopt this report at the current meeting. The Council therefore delegated powers to the Committee of Ambassadors to adopt this report and to decide on its publication.

GROUP OF ACP STATES - GROUPE DES ETATS ACP

BAHAMAS

BARBADOS

The Hon. Henry de B. FORDE

Minister of External Affairs

REPUBLIQUE POPULAIRE DU BENIN

S.E. M. MAMA SANNI GOMINA

Ministre du Commerce

BOTSWANA

Hon. Archibald M. MOGWE

Minister of External Affairs

BURUNDI

S.E. Mr Albert EUGANGA

Ministre du Commerce et de
l'Industrie

CAMEROUN

Mr Richard NGUE

Conseiller Economique
Ambassade du Cameroun - Bruxelles

CAP VERT

S.E. M. Alfredo FERREIRA FORTES

Ambassadeur de la République
du Cap Vert

REPUBLIQUE CENTRAFRICAINE

S.E. Mr Jean-Louis Guy PSIMHIS

Ambassadeur, Bruxelles

COMORES

S.E. M. Abdou MOUSTAKIM

Ministre de l'Equipement

CONGO

S.E. Le lieutenant-Colonel
Alfred RAOUL

Ambassadeur du Congo à Bruxelles

COTE D'IVOIRE

S.E. M. Abdoulaye KONE

Ministre de l'Economie et
des Finances

DJIBOUTI

S.E. M. Abdi AHMED IBRAHIM

Ambassadeur

INDEPENDENT STATE OF DOMINICA

SOCIALIST ETHIOPIA

H.E. M. Wollie CHEKOL

Minister of Foreign Trade

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