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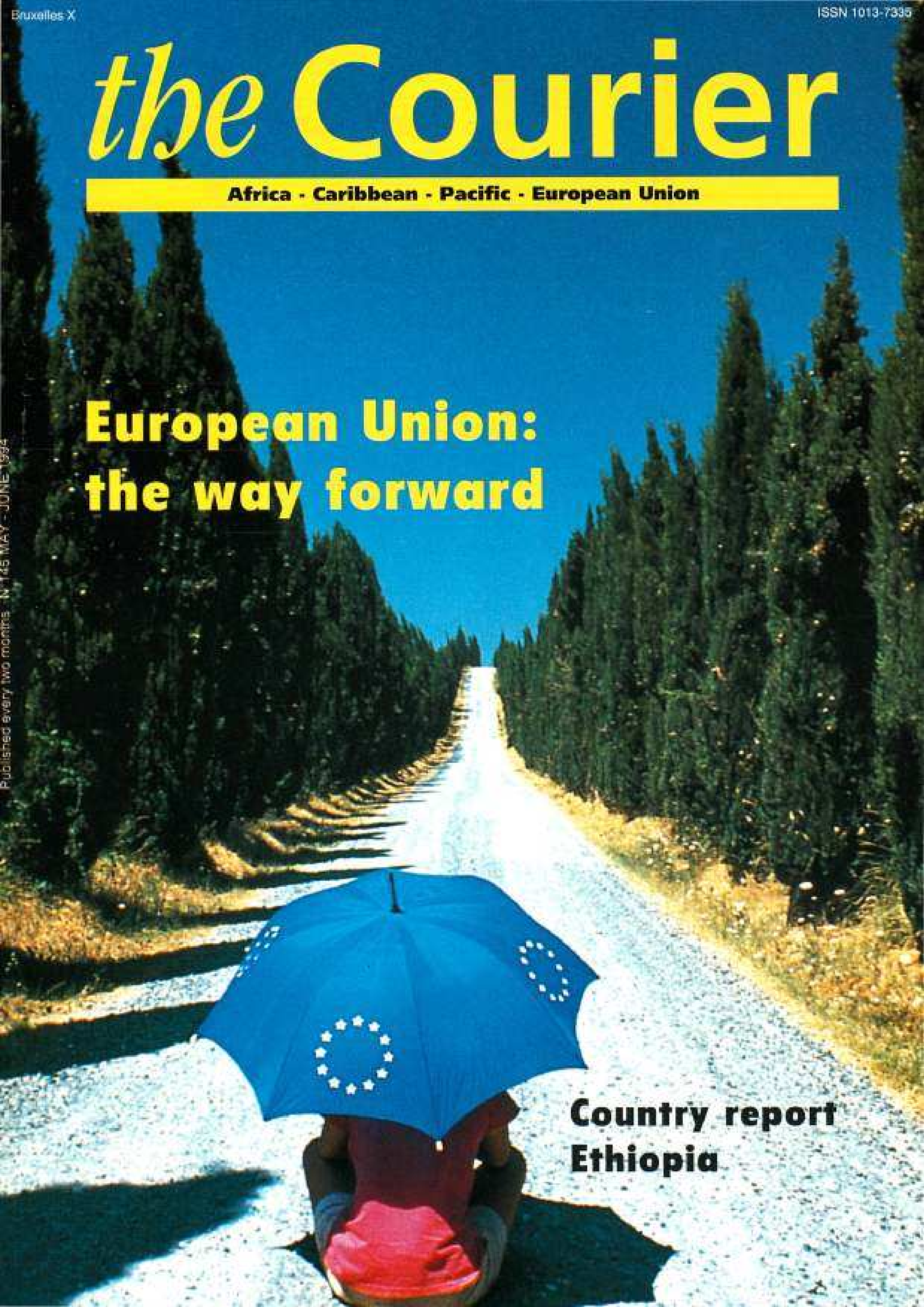


European Union: the way forward

Country report Ethiopia

THE EUROPEAN UNION

Belgium
Denmark
France
Germany
(Federal Rep.)
Greece
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
United Kingdom

France

(Territorial collectivities)
Mayotte
St Pierre and Miquelon
(Overseas territories)
New Caledonia and
dependencies
French Polynesia
French Southern and
Antarctic Territories
Wallis and
Futuna Islands

Netherlands

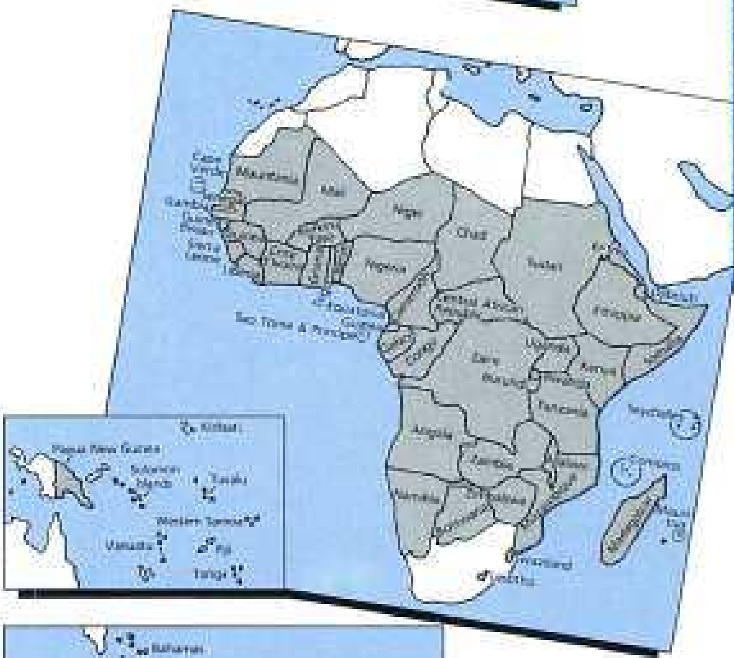
(Overseas countries)
Netherlands Antilles
(Bonaire, Curaçao,
St Martin,
Saba, St Eustache)
Aruba

Denmark

(Country having special
relations with Denmark)
Greenland

United Kingdom

(Overseas countries and
territories)
Anguilla
British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Cayman Islands
Falkland Islands
Southern Sandwich Islands
and dependencies
Montserrat
Pitcairn Island
St Helena and dependencies
Turks and Caicos Islands



General Secretariat
of the ACP Group
of States
Avenue Georges Henri, 451
1200 Brussels
Belgium
Tel.: 733 96 00

Cover page:
With Maastricht behind it, the road ahead for Europe leads both to further consolidation and to further enlargement
(Photo CEC)

This list does not prejudice the status of these countries and territories now or in the future.
The Courier uses maps from a variety of sources. Their use does not imply recognition of any particular boundaries nor prejudice the status of any state or territory.

THE 70 ACP STATES

Angola
Antigua & Barbuda
Bahamas
Barbados
Belize
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Côte d'Ivoire
Djibouti
Dominica
Dominican Republic
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
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Grenada
Guinea
Guinea Bissau
Guyana
Haiti
Jamaica
Kenya
Kiribati
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Papua New Guinea
Rwanda
St Kitts and Nevis
St Lucia
St Vincent
and the Grenadines
Sao Tome & Principe
Senegal
Seychelles
Sierra Leone
Solomon Islands
Somalia
Sudan
Suriname
Swaziland
Tanzania
Togo
Tonga
Trinidad & Tobago
Tuvalu
Uganda
Western Samoa
Vanuatu
Zaire
Zambia
Zimbabwe

MEETING POINT

Jacques Delors
President of the European Commission

Jacques Delors has been President of the Commission of the European Communities since January 1985. As the Treaty on European Union comes into effect, The Courier asked Mr Delors for his views on the major projects now under way, the priority the Commission is giving to employment, the links between consolidating the European Union and admitting new members, relations with the Eastern European countries, the Lomé Convention negotiations and, last but not least, 'Afro-pessimism'.

Pages 3 to 5

ACP

ACP-EU Cooperation in 1993

In some quarters, the claim that Europe has lost interest in the developing countries of the South is gaining wider currency, but the figures are there to disprove it: in terms of financing decisions, European Union aid to its ACP partners went up in 1993. There was a drop in disbursements, but that was only because this is a very particular kind of cooperation, governed by a number of separate Lomé Conventions which have reached different stages in their development, and, unfortunately, because aid to some countries which deliberately flouted their commitments had to be suspended. Considerable progress was also made with regard to the quality of the aid, which focused firmly on poverty alleviation, the protection of natural resources, support for the private sector and decentralised cooperation.

Pages 6 to 12

COUNTRY REPORT

ETHIOPIA

Ethiopia used to be cursed with more than its fair share of natural and man-made disasters: droughts, famines, ethnic conflicts and an obscurantist absolute monarchy which gave way to a brutal totalitarian dictatorship. But the last three years have seen far-reaching changes for the better. A rural-based liberation movement has taken power and is working to establish democracy, human rights and the rule of law, while devolving power to the country's many ethnic groups and turning the economy round to a free market system. We look at what has been achieved — and at the problems still remaining.

Pages 16 to 40

DOSSIER

European Union – the way forward

For some years now European integration has ceased to be the foregone conclusion it once was — yet 7 February 1992 saw the signing of the Maastricht Treaty on European Union, and the Treaty is now being put into effect.

An acknowledgement, then, of a new and imaginative method of economic and political integration, though one which is so deliberate and fast-moving that it occasionally conflicts with the slower pace at which historical processes mature.

Economic growth, too, seems always to have been a vital element in the process of European integration, but present-day difficulties, especially unemployment and marginalisation, are making some people wonder whether that process might not be reversible.

Looking beyond our different interests and values, and even if there is as yet no shared vision of what the final outcome will be, European integration after Maastricht has to find a way of combining the logic of the market, an institutional balance, political imperatives and the quest for a new pattern of economic and social development.

These are some of the issues we look at in this Dossier on European Union – the way forward.

Pages 41 to 91

CONTENTS

no 145 — may-june 1994
the Courier — Africa-Caribbean-Pacific — European Union

EDITORIAL

Aids is no myth

Over the last two years, reports have been appearing in a British newspaper to the effect that the AIDS crisis is a myth. In a series of lengthy articles, the publication concerned has given prominence to the views of a small number of practitioners and voluntary aid workers who take the view that the number of cases of HIV infection has been greatly exaggerated. The motives of those working in international bodies and NGOs to halt the spread of the disease have been called into question. Developing country governments have been accused of 'talking up' the problem to attract sympathy and funding. Astonishingly, even the central proposition that HIV infection leads to the development of fullblown AIDS has been disputed.

*How much credence should we give to these claims ? The answer is quite clear — **none whatsoever**. The overwhelming weight of scientific opinion is that AIDS is still with us and is still spreading, even if some of the early apocalyptic predictions are now recognised as having been too pessimistic. It is a cruel deception to imply that because the incidence of AIDS is (mercifully) lower than was first feared, we should stop taking it so seriously. That would be a sure way of increasing the spread of the infection. The prevalence of HIV in some areas, in particular in developing countries, is still frighteningly high and, with no cure yet in sight, the importance of prevention remains paramount.*

Thanks to information campaigns by health authorities across the world, most people are now aware of how the HIV virus is spread. The principal source of transmission is sexual contact and a lot of effort and money has gone into educating people about the ways of minimising the danger. Sadly, these efforts risk being undermined by irresponsible press reports which, at best, sow confusion and, at worst, lull people into a false sense of security. It is an alarming fact that the 'AIDS is a myth' claim has been repeated, in some cases uncritically, in a number of newspapers and journals that circulate in developing countries. There must be a real fear that this will persuade some people to revert to old habits, thereby increasing the risk of contracting HIV.

In these circumstances, we all have to shout louder to drown out the siren voices. Every time the 'myth' claim is given coverage in the media, it must be rebutted. We must also counter the insidious and unwarranted suggestion that people who contract the disease 'have only themselves to blame'.

The message is a simple one — don't let down your guard. HIV-AIDS is a terrible pandemic and we need to do everything possible to combat it.

Peter Pooley
Publisher

MEETING POINT

Jacques Delors

President of the European Commission

'Without confidence, people can never work together for any common cause'

Jacques Delors, erstwhile Minister of Economic Affairs, Finance and the Budget in the French Government, former professor at the University of Paris-Dauphine and an ex-Member of the European Parliament, has been President of the Commission of the European Communities since January 1985.

For nearly ten years now President Delors has been active as one of the architects of the abolition of the Community's internal frontiers, the resumption of the social dialogue, the establishment of the integrated Mediterranean programmes, the accession of Spain and Portugal, the adoption of the Single European Act, the coordination of aid to Eastern Europe, the negotiations on the Uruguay Round, the creation of the European Economic Area, the drafting, negotiation and putting into effect of the Maastricht Treaty, the adoption of the White Paper on 'Growth, Competitiveness and Employment' and, lastly, the negotiations on admitting four new Member States to the Community. It was also during his presidency that the European flag was adopted by the Community institutions and flown for the first time — a highly symbolic act — in Brussels on 29 May 1986.

As the Treaty on European Union comes into effect, *The Courier* also felt the time was ripe to ask President Delors about his policies in the economic, social and institutional fields and his ideas on international and development policy.

■ *How would you sum up your achievements as President of the European Commission?*

— This is early days to be talking about summing up. I still have eight months to serve at the head of the Commission, and you can rest assured that I still have a great many plans, and I have no intention whatsoever of slowing down on the work! On the contrary — I don't only want to leave the place in proper working order for my successor, I also want to popularise some new ideas and, most of all, push ahead with a number of major projects.

■ *What are these major projects?*

— As I see it there are four of them, which is already an impressive total. First, there's the European economy, where momentum has been lost, competitiveness has taken a knock and there has been a dramatic surge in unemployment. Next comes organising the wider Europe, expanding to take in new members, though that isn't all. Then we come to striking a new balance in our relations with the countries of the South — and I'm not just saying that because I'm talking to you, I've always been a proponent of that idea. Lastly, we need to make Europe's institutions stronger, because without strong institutions high-minded aspirations seldom turn into practical action.

■ *Can we look at each of these priorities in turn? Starting with unemployment — what can the European Commission do?*

— To start with, it can get people talking. The Commission is less at the mercy of short-term political deadlines than governments are, which means it can afford to stand back a bit and say things which may upset people. That's what happened with the Commission's White Paper which the heads of state and government adopted last December.

What is the basic issue here? It's a matter of whether there is a peculiarly European disease of unemployment, which would explain why, for example, Europe creates fewer jobs for the same amount of growth than the United States and Japanese economies. Is Europe too rigid, is it growing too old, is it doomed to decline in a rapidly changing world? The White Paper was an attempt to answer these questions and suggest some avenues for reform.

■ *How far have we got towards putting it into effect?*

— In June the heads of state and government will be launching a first batch of ten major works projects involving trans-European infrastructure networks. These networks are vital for company competitiveness, regional development and links with Central and Eastern Europe. We're also making progress on the matter of the 'information society', in other words fusing data processing and traditional communications technology, which can have highly practical consequences when it comes to the way work is organised and our societies are structured.

Lastly — and this may be the nub of the matter — the White Paper prompts each of the Member States to think hard about its own employment and training policy and learn from what works for its neighbours. There's no miracle cure, make no mistake, but we do need new ideas and cooperation. What isn't acceptable is that, out of selfishness or because it's an easy answer, as the years go by we should get used to the idea of part of Europe's workforce being 'sidelined', either being sent into early retirement, so-called, or struck off the unemployment lists in return for guaranteed social security assistance.

And then we mustn't forget that unemployment isn't just the sum total of individual hardships. Unemployment saps the confidence of whole nations, and without that confidence people can never work together for any common cause.

■ *When you say working for a common cause, you mean building Europe, and more and more countries want to get involved in that. But aren't you afraid that enlargement without consolidation may undermine the whole undertaking from inside?*

— You're right, that is a question we have to ask. I have just two things to say about that. First, to hear people talk about the European Union these days, all is doom and gloom. Yet there are lots of countries knocking on the door, which shows that it isn't all going so badly. And you mustn't think the only thing that spurs these countries on is the material aspects of joining Europe, which is a thing we hear too often. Look at the central and eastern European countries. The reason why they want to join isn't just that they see it as support for, and the culmination of, the work they have done to transform their economies. It's also, in fact more than anything else, that they need security and want to chase away those 'false prophets' — rejection of others, glorification of the ethnic group, the confusion of religion and politics, and so on. It's all these evil notions which lie at the heart of the tragedy in Yugoslavia, and threaten the whole of eastern Europe and part of the former Soviet Union. It's a very contagious illness, in fact it's the post-Cold War disease, and none of us can feel safe from it. So if I had to cite just one success of European integration, it would be peace and mutual understanding between peoples, the fact that we have been able to overcome historic rivalries and hatred between neighbours through a common undertaking in which everyone, however small, has a say. And undertakings like that aren't two a penny.

'... if I had to cite just one success of European integration, it would be peace and mutual understanding between peoples'

Now, the reason why this undertaking held together is that it was being driven by strong institutions, and what worries me about the way the negotiations on admitting Sweden, Norway, Finland and Austria were concluded is that no one dared to raise the questions of how effective, simple or easily understandable the Community institutions would be — as though it were a taboo subject. But you can't load the ship higher without strengthening a few of the planks, without firming up the framework here and there. Anyway I have always fought, and I will go on fighting as an 'activist for Europe' once my term of office ends, to get that taboo lifted and make people look those questions in the eye. After all, look at all the experiments there have been with trying to bring nations closer together and lay down rules collectively: the only ones which work — and you can count them on the fingers of one hand, alas — are the ones which have strong and effective institutions. That is a vital bequest from the 'founding fathers' of Europe and we must hold on to it.

■ *A moment ago you talked about striking a new balance between East and South. Does that mean you think the countries south of Europe have been overlooked in recent years?*

— I'm very familiar with that criticism, as I hear it regularly whenever I receive leaders from the Maghreb or ACP countries.

But it isn't so easy to follow when you look at the figures for each country. Leaving aside the bilateral aid from each of the Member States, in 1994 the European Union is putting about ECU 4 billion into development cooperation. All the five-year allocations have gone up considerably compared with the preceding period, and that goes for the ACP countries, the Maghreb, Asia and Latin America. So when people talk to me about the South being neglected, I point out that our operations to help the ACP countries come to 38% of all external operations by the Union over the past five years.

There is real concern, though. I think it's largely a matter of perception, due to the fact that at the end of 1989, for example, the Community reacted to requests from Poland, Hungary and Czechoslovakia very quickly, while the negotiations over Lomé IV were going ahead laboriously; or because instruments which used to be reserved just for the developing countries have been extended to Eastern Europe. But the actual figures belie the idea that the South has slipped to second place in our list of priorities.

What seems most important of all to me is that now people are talking about effectiveness of aid as much as about the total amount, and about opening up to trade as much as about assistance.

■ *What do you think, in fact, about the changes the Union proposes should be made to the Lomé Convention?*

— To begin with, I'm very glad that there's to go on being a special Lomé arrangement. It's worth reminding people that such a broad palette of instruments, set in a contractual framework involving so many countries, has no counterpart in any other cooperation policy. In fact it's certainly the most structured and ambitious of all international cooperation agreements, and the whole thing is to be preserved in its entirety. The point of the changes the Commission wanted to see made to it, at the suggestion of Vice-President Marín, is to bring Lomé up to date, because the Convention is showing its age in some respects and the whole framework could collapse if the necessary adjustments aren't made in good time. I'm talking here about greater flexibility in planning; stepping up action to promote sustainable development, support institutional reforms and encourage the private sector; and reforming procedures so as to make the decision-making process less cumbersome and shorten implementation times. I have given my backing to these proposals but at the same time made sure that the partnership principle won't be called into question. I have also proposed setting up genuine dialogue between the European Union and the ACP countries on matters of common concern: Rwanda and Somalia, of course, but also Bosnia or United Nations reform. It was time we moved on from just talking about managing the instruments set up by the Convention.

■ *Do you subscribe to the currently fashionable Afro-pessimism?*

— I'm glad to say I see lots of reasons to be hopeful. Firstly, I think we are getting over our old ideological quarrels and reaching a sort of new consensus on the policies we should be following: to put it briefly, that means setting up a stable economic framework with consensus backing; pursuing a policy which is open to the outside but redistributes resources internally; rejigging structural adjustment policies so as to limit their adverse effects on the least privileged sectors of the population but also safeguard the future by taking care not to sacrifice the vital sectors, education and health, on the altar of short-term expediency; liberalising economies and promoting democracy in tandem, while taking account of the distinctive conditions in Africa; reforming the structures of government and the administration, while at the same time relying on new operators — firms, local communities, families and, especially, women; and going for 'sustainable development', with all that implies in terms of paying attention to demographic and environmental balance.

To be more specific, I would point to two developments which I have been following closely and which I think are moves in the right direction. The first is the growing interest being shown in questions of education. I chair a UNESCO committee on this — it's been a keen interest of mine for years — and at a meeting in Dakar I was pleasantly surprised not just to hear people talking in ways which were much fresher than what I was used to hearing, but to hear very practical accounts of experiments in the field which had worked because everyone in a village had been involved — incidentally, it was practically always women who were the driving force. It was a great comfort to hear that, I can tell you.

The other development is regional integration, which is making progress particularly in Africa in the aftermath of the devaluation of the CFA franc. I see it as a sort of European integration back-to-front, where you start with a single currency, the CFA franc, and move on to setting up a regional financial area and then an African internal market. Developing genuine internal markets within regions is, I think, the essential middle stage on the way to getting access to the world market. The European Union has thrown itself wholeheartedly into that process, since it has some experience of it. And the approach needs to be extended to other regions of Africa, and to the Caribbean and the Pacific.

> *'... with the discussions about ratifying the Maastricht Treaty, public opinion has made itself heard in what has tended to be an over-technocratic exercise'*

■ *So you're not an 'Afro-pessimist'. But to end our talk by getting back to Europe, are you a 'Euro-optimist' for the future?*

— The European Union is going through a crisis, there's no doubt about that: the economic recession, which luckily is showing signs of being over, makes it difficult for us to feel comfortable as a group of twelve when every Member State is weakened; the rifts tearing Yugoslavia apart impact on public opinion and simply leave an impression of impotence and procrastination; the differences between the Member States over their concept of European integration, particularly as regards how far it should be allowed to go, are still sharp. But I think it is a crisis of growth, like many others the Union has been through since it was set up 38 years ago, and from which it has always emerged unscathed in the end.

What has changed — and this is the real sign of maturity — is that with the discussions about ratifying the Maastricht Treaty in various countries, public opinion has made itself heard in what has tended to be an over-technocratic exercise. From now on we will have to take the public into account, explain things, ask them for their support — which is obviously a very good thing, even if it makes matters more difficult. And let me say again, when we talk about European integration, we must get back to a number of 'basics' without which we forget the main objective: rejecting decline, uniting nations and peoples and working for peace and mutual understanding. ■

Mr Delors' interview was given to Dominique David

ACP-EU cooperation in 1993

Today's commitments are tomorrow's payments*

Negotiations for the Lomé IV mid-term review are about to start and the efficiency of development aid is being questioned in many international political circles, so now is the time to take stock of financial and technical cooperation between the European Union and the ACPs in 1993. Figures are available and pertinent conclusions can already be drawn.

Quantitatively speaking, the upward trend in EDF activity observed since 1989 was confirmed by a marked increase in financing decisions. But disbursements slipped, mainly because there were no Stabex payments in 1993 — a year when three Lomé Conventions, all at different stages of development, overlapped. Aid for structural adjustment proved to be a useful means of ACP-EU cooperation. National indicative programmes concluded in 1986-87, under the previous Convention, proceeded apace and Lomé IV programmes, most of them fixed in 1991-92, got under way very satisfactorily. Regional cooperation dropped back, despite a good start in many places.

Qualitatively, there was a relative decline in rural development to the benefit of social and institutional support schemes. Various topics — poverty alleviation, encouragement for the private sector and the protection of natural resources — appeared at the design stage of EDF programmes. Political events, in the shape of unrest and changes of priority, slowed things down as, in all probability, did project management procedures, particularly for operations in which the ACP and EU partners had to share responsibility. The Commission increased the emphasis on quality of aid and stringent evaluation of schemes and highlighted an integrated approach which would make the various cooperation instruments more consistent.

Most of the non-reimbursable aid provided under Lomé comes from the European Development Fund (EDF), mainly under the headings of grants for national and regional programmes, structural adjustment programmes, Stabex and Sysmin (two systems which compensate exporting countries for sudden drops in their export earnings from commodities and mining products), emergency aid, refugee relief, interest rebates and venture capital. The EDF has ECU 10 billion for the first part of Lomé IV (1990-95), 90% of the total funds available. The other 10% consist of loans granted by the European Investment Bank (EIB).

The EDF is fuelled directly by the Member States of the Union, but a fair percentage of ACP aid comes from the Commission budget, which covers food aid, various so-called thematic activities, research, ecology, the protection of tropical forests, post-conflict rehabilitation and NGO cofinancing.

Deceleration in 1993

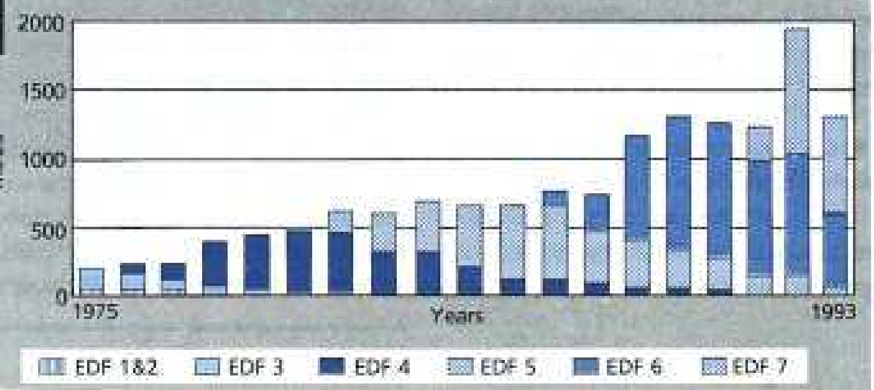
With ECU 1 320 million-worth of disbursements in 1993, EDF operations were well down on the previous year, which was of course one of exceptional results, when ECU 1920 million were paid out. But the 1993 figure was still near the average for 1989-91. However, if Stabex is discounted, 1993, with financial decisions worth ECU 1720 million, as compared to the ECU 1655 million of 1992, did well. Stabex payments hit record levels in 1992, but were virtually nil last year.

The deceleration in EDF operations should be seen in the light of cyclical trends in the Lomé Conventions, in which periods of calm are followed by periods of intense activity — fluctuations which are part of a general improvement, particularly if Stabex reimbursements are discounted.

The EDF programming and implementation cycle is longer than the standard five-year Lomé Convention period, so the Commission has to manage various Funds, at different stages of development, at the same time. Operations set up under the 5th EDF (Lomé II, 1979) and the 6th EDF (Lomé III, 1984)

Figure 1

Trends in EDF annual payments, all instruments combined, 1975-1993 (ECU million)



* This is an edited summary of a Commission paper on financial and technical cooperation under the Lomé Conventions in 1993.

Figure 2

EDF spending, by instrument, in 1992
as % of total spending (ECU 1917 million)

EDF spending, by instrument, in 1993
as % of total spending (ECU 1320 million)

[1] Structural adjustment facility
[2] Venture capital & interest rebates only
[3] Emergency aid & aid for refugees

were still in the course of financing last year. Lomé IV has now been under way for nearly four years, but is only just reaching cruising speed, and 1993 was the first year in which its EDF payments exceeded payments from the previous EDF, currently 71% spent (see Figure 1).

The EDF comprises a whole series of financial instruments and the various Lomé Conventions provide a particular amount for each, with considerable flexibility in implementation from one year to the next. There were no Stabex transfers last year, aid for stuctural adjustment grew strongly, Sysmin payments increased noticeably and more or less normal use was made of all the other instruments. Programme aid remained stable, by and large, with the Stabex drop offset by the increase in Sysmin payments and aid for structural adjustment (see Figure 2).

There are several stages to an EDF operation, as with any other contract. Furthermore, the various Conventions overlap, with one well into disbursements and the next one still only at the decision stage — which explains the apparently paradoxical situation in 1993, when there was a surge in financing decisions alongside a decline in disbursements.

National schemes

The vast majority of development cooperation programmes and projects with the ACP countries are part of national indicative programmes and regional indicative programmes, which between them account for 65% of the 6th EDF and 57% of the 7th.

Financing decisions taken for new projects were worth a total ECU 1100 million in 1993. This, at only 2% down on the previous year, was virtually stationary, but disbursements (ECU 650 million) dropped by 35%. The figures reflect a bigger increase in the number of schemes decided on or launched alongside restricted use of the funds earmarked to put them into practice. ECU 50 million was paid out from the 5th EDF (Lomé II), which was then closed at the end of the year, with ECU 180 million carried over to the 6th EDF. Currently all programme aid decisions and 93% of payments are for the 6th and 7th EDFs (Lomé III and IV).

Financing for projects in the Lomé III national indicative programmes, most of which were designed in 1986 and 1987, is now 95% committed and 67% paid and this is expected to continue at a good pace (around ECU 420 million p.a.) until 1996. The Lomé III negotiators were anxious to focus aid on a limited number of sectors and this, combined with a concern with food security in many ACP countries, led to vast integrated rural projects which turned out to be very slow to implement. Programmes which ran into trouble had to be reassessed. Most ACPs had already started on their Lomé III alocations (Liberia, Sudan etc., with difficult situations to cope with, were exceptions), although rates of disbursement varied widely, from 30% in Antigua, Trinidad and Tonga to 90% or more in Côte d'Ivoire, Dominica and Uganda (see Table 1).

Most of the Lomé IV national indicative programmes were adopted in 1991 and 1992. There were seven exceptions, all for political reasons — Sudan, Zaire, Haiti and Liberia, Somalia, which had not ratified, Surinam, whose indicative programme was still to be signed, and Eritrea, the most recent member of the ACP family and scheduled to conclude its programme this year. So 7th EDF operations got off to a good start, with decisions worth ECU 1100 million in 1991 and 1992 and a further ECU 765 million in 1993. The average rate of financing decisions for the national indicative programmes was 40% (46% excluding countries which had not signed their programmes), but figures of 80% were achieved in 11 countries, including Senegal and Guinea, while Ghana only managed 19%, the Central African Republic 22% and Ethiopia 24% (see Table 2). Project/programme implementation was still in its infancy (ECU 190 million in 1993, as opposed to ECU 140 the year before).

Regional cooperation

The size of the regional cooperation budget is one of the outstanding features of Lomé in comparison with other cooperation agreements. Seven sub-regions are listed and there is an all-ACP budget line on top of that for the

Figure 3

Recent trends in decisions and payments
Annual amounts, not including Stabex,
5th, 6th and 7th EDF combined (ECU million)

whole Group or countries in different regions.

Since the legal and technical side of project selection is a matter for several governments, often demanding lengthy preliminary investigation, these regional projects are bound to take far longer to get going than national cooperation schemes.

Most of the regional projects decided on in 1993 were for the 7th EDF (Lomé IV), while the bulk of the payments were for the 6th EDF (Lomé III).

By the end of 1993, Lomé III regional projects (EIB operations not included) totalled ECU 832 million, or 83% of the Convention's ECU 1000 million allocation. The major regional schemes under Lomé III, currently under rapid implementation, focused on infrastructure, livestock and training. The most active regions were Southern and Eastern Africa and the least active the Indian Ocean and Central Africa. Almost all the resources earmarked for the all-ACP schemes were used up.

Lomé IV regional cooperation programming was a slow process which was not completed until autumn 1992. By the end of 1993, decisions worth ECU 390 million (31% of the ECU 1250 million allocation) had been taken, but it was still early days as far as disbursement, at ECU 35 million (6%), was concerned. Things were well under way in the Pacific and Southern Africa, but dragged in Central Africa and the Indian Ocean.

Structural adjustment

The budget for structural adjustment support, Lomé IV's most important innovation, was ECU 1150 million from the structural adjustment facility and ECU 685 million of it, or 80% of the aid already decided on, went to 31 countries. The other 20% came from the indicative programmes of the countries concerned. Payments of ECU 567 million were made, ECU 472 million of them from the structural adjustment facility itself. In 1993 alone, ECU 392 million-worth of new structural adjustment support decisions were taken and ECU 300 million disbursed — more than 20% of total EDF payments.

TABLE 1

Lomé III indicative programmes

Total payments as % of national indicative programme

Below average countries Total payments < 50%		Average countries Total payments 50-75%		Above average countries Total payments > 75%	
Ghana	43	Burkina Faso	55	Gambia	83
*Liberia	17	Cape Verde	70	Senegal	84
Congo	40	Mali	74	Benin	87
***Equatorial Guinea**	47	Mauritania	63	Côte d'Ivoire	88
*Zaire	49	Niger	71	Guinea	82
		Chad	65	Cameroon	79
***Sudan**	43	Guinea Bissau	53	Central Africa	84
Antigua-Barbuda	16	Nigeria	55	São Tomé	91
Barbados	36	Sierra Leone	57	Djibouti	79
Suriname	48	***Togo**	71	Burundi	77
Trinidad	27	Gabon	64	Uganda	89
Fiji	41	Ethiopia	59	Tanzania	81
Tonga	21	***Somalia**	53	Zambia	79
Tuvalu	17	Kenya	64	Lesotho	85
		Rwanda	64	Malawi	80
		Angola	73	Swaziland	84
		Botswana	54	Belize	84
		Mozambique	72	Dominica	95
		Zimbabwe	60	Grenada	93
		Bahamas	67	Guyana	91
		Jamaica	71	St Vincent	94
		St Christopher	73	Kiribati	77
		St Lucia	73	PNG	83
		Solomon Is.	61	Samoa	86
		Vanuatu	74	Seychelles	86
		Mauritius	61	Comoros	85
		Madagascar	52		
13 countries		27 countries		26 countries	

(*) Cooperation suspended at the end of 1993.

TABLE 2

Lomé IV indicative programmes

Total decisions as % of national indicative programme

Below average countries Total payments < 50%		Average countries Total payments 30-50%		Above average countries Total payments > 50%	
Ghana	19	Cape Verde	36	Burkina Faso	61
Guinea Bissau	25	Mali	50	Gambia	87
***Liberia**	0	Niger	50	Mauritania	58
Central African Republic	22	Nigeria	32	Senegal	81
***Zaire**	0	***Togo**	34	Chad	62
Ethiopia	24	Cameroon	45	Benin	73
***Somalia**	0	Congo	39	Côte d'Ivoire	62
***Sudan**	0	Gabon	41	Guinea	89
Kenya	18	***Equatorial Guinea**	44	Sierra Leone	52
Rwanda	20	Burundi	41	São Tomé	88
Angola	22	Tanzania	50	Djibouti	73
Malawi	13	Botswana	43	Uganda	72
Antigua	10	Namibia	50	Zambia	74
Dominica	3	Zimbabwe	44	Lesotho	82
***Haiti**	0	Mauritius	46	Mozambique	65
St Christopher	2	Comoros	34	Swaziland	87
St Lucia	20			Barbados	61
Suriname	0			Belize	97
Fiji	6			Bahamas	100
Kiribati	15			Dominican Republic	59
Solomon	20			Grenada	100
Tonga	0,3			Guyana	98
Vanuatu	8			Jamaica	86
Western Samoa	15			St Vincent	65
Madagascar	1			Trinidad	70
				PNG	73
				Tuvalu	77
				Seychelles	59
25 countries		16 countries		28 countries	

(*) Cooperation suspended in late 1993.

TABLE 3

Volume of regional operations, 1992 and 1993

	Decisions (ECU million)		Payments (ECU million)	
	1992	1993	1992	1993
Lomé II (5th EDF)	2.9	−70.4	21.8	15.7
Lomé III (6th EDF)	41.4	9.4	132.4	79.9
Lomé IV (7th EDF)	160.8	177.9	31.7	35.4
TOTAL	**205.1**	**116.9**	**185.9**	**131.0**

This shows just how important the new instrument is, despite the fact that its full potential is not being realised because some ACPs do not meet the conditions of eligibility or keep strictly to the programmes (see Table 4).

Non-programme resources — Stabex and Sysmin

For the first time since 1975, there were no Stabex transfers to compensate for lost export earnings last year. Resources were in short supply (only 43% of requirements could be covered) and the partners on the ACP-EU Council failed to come to an agreement on filling the gap with other EDF instruments, as had occurred in the past. Although 32 countries should have had transfers, only ECU 33 million, left over from the 1992 payments, was in fact paid out. In 1992, decisions were worth ECU 400 million and payments ECU 610 million. Catching up is expected to mean massive transfers in 1994, although this will be partly offset by the rising prices of some tropical products in 1993.

Since 1991, the Convention has required recipients to say what they intend to do with the Stabex funds. This probably slows down their actual use, but it does make for greater efficiency and ensures that the various Lomé financial instruments are more consistent with the macroeconomic framework of the recipient country.

Sysmin activities expanded noticeably in 1993, with decisions worth ECU 64 million (7th EDF) and 86 payments, as against only ECU 11 million in 1992. The new decisions were for Namibia, the Dominican Republic and Burkina Faso and the payments mainly for Zambia, followed by Senegal, Namibia and Niger. With persistent crises in the mining sector, Sysmin is bound to go on growing, particularly since the new rules enable it to respond faster.

European Investment Bank

Under Lomé, the European Investment Bank (EIB) manages the loans made from its own resources (with automatic interest rebates covered by EDF grants) and venture capital from EDF reserves. Its operations fell off in 1993. It made ECU 138.4 million-worth of new loans from its own resources and disbursed ECU 148 million, and awarded ECU 69.1 million-worth of venture capital and disbursed ECU 117 million. In accordance with the new Convention guidelines, the new loans, which went to 23 of the ACP States, 15 of them in Africa, were for productive activities in industry, agri-industry and economic infrastructure, with a special focus on the private sector and SMEs. The difficult economic and financial situation in the majority of the ACPs, combined with political uncertainty, clouded EIB financing prospects, particularly when it came to loans from its own resources — despite the hope generated by the economic upturn in Southern Africa, recovery of world cocoa and coffee prices and the reform programmes which followed devaluation of the CFA franc.

Emergency aid and relief for refugees

Emergency aid payments totalled ECU 45 million in 1993 and decisions ECU 85 million. All funds provided under Lomé II and III and more than 50% of those under Lomé IV had already been allocated, with Sudan, Ethiopia, Angola and Burundi the main beneficiaries. Emergency operations were run in Somalia, which had not yet ratified Lomé IV, with the remainders of Lomé II and Lomé III, and the amounts paid over were to be recovered, in accordance with an ACP-EU Ministers' decision (1992), from the resources of the 7th EDF, once the country ratified. Emergency aid from the EDF has been managed by ECHO, the European Community Humanitarian Office, since 1992.

Lomé IV includes an ECU 100 million allocation for aid schemes for refugees, returnees and displaced persons. New decisions were worth ECU 14 million in 1993 and ECU 22 million were paid out, in particular to Malawi, Liberia and the Horn of Africa. There was increasing emphasis on post-conflict rehabilitation programmes in, for example, Eritrea, Ethiopia and Mozambique.

Breakdown of aid by sector

Final conclusions on the sectoral breakdown of Lomé IV aid would be premature, since a large part of the 7th EDF has yet to be committed. The spread of decisions taken so far suggests a move away from the agricultural sector to the benefit of the social sectors, particularly health and education, and the modernisation of the administration (48% for the rural sector in 1993, as against 62% under Lomé III), but rural development is still way in the lead. Programme aid, which appeared late in the day in Lomé III, was significant in 1993, having already absorbed 18% of the funds allocated, as against 5% under Lomé III (Figure 4).

A more detailed breakdown of the aid highlighting technical sectors rather than sectoral distribution shows transport and communications infrastructure, water supplies and drainage, the environment and institutional support in the lead. Properly speaking, the change was not in the target sectors themselves, but in the technical means used to reach those targets, a shift which served to pinpoint the support offered for the ACPs' structural adjustment process. Alongside its focal sectors of activity, Lomé IV also has a number of across-the-board topics — poverty, the protection of natural resources, the promotion of women as development operators, encouragement for the private sector and decentralised cooperation — which crop up more frequently in EDF projects. It is difficult to see just how much is being spent on them at the moment, obviously, because any number of them may well be combined in the same project.

There is increasing emphasis on rehabilitation. The first post-conflict rehabilitation programmes (for Angola, Ethiopia and Eritrea) were launched in 1991-92 and others, featuring Mozambique (ECU 130 million) and Somalia (ECU 43 million), followed in December 1992. The concern on every occasion was to form a proper bridge between humanitarian assistance and a return to long-term development. The ideas, aims and criteria of this sort of aid were laid down in 1993 in a dialogue between the Commission, the Council, Parliament and the NGOs.

Political uncertainty and Lomé constraints

The regular increase in financing decisions and the falling-off of disbursements in 1993 can only be appreciated in the light of the ACPs' political and economic situation and the particular features of ACP-EU cooperation.

The contradictions which have come to light in recent years between political trends in some ACPs and the demands of Lomé IV (Article 5 of which clearly states that cooperation between the two parties is to be directed towards the promotion of the rights of the individual) have had direct repercussions on the rate of implementation of EDF activities. At the end of 1993, seven countries — Haiti, Liberia, Somalia, Zaire, Sudan, Togo and Equatorial Guinea — were affected, although in the last three the *de jure* or *de facto* discontinuation of aid did not apply to ongoing schemes, which were allowed to go ahead. Thousands of millions of ECU were frozen, the closing of the Commission delegations in these countries preventing sums of up to ECU 150-200 million p.a. from being paid out in each case. On top of that, Malawi ended a long period without aid in July, Kenya had its quick-disbursing aid stopped two years previously and countries such as Burundi, Rwanda, Nigeria, Angola, Mozambique and Congo saw the provisional suspension or slowing down of their aid.

In a second group of countries, paradoxically enough, it was a cautious move towards democracy, repeated national conferences, the fighting of elections and so on which switched priorities to politics, to the detriment of development. The democratic process always involves redefining priorities and holds back project identification. Lomé IV programming suffered a similar fate in 1990-91 and the implementation of national indicative programmes was affected, with Ethiopia's programme, for example, renegotiated twice since 1991. The average rate of indicative programme commitment in the score of countries facing problems of this sort was 26% compared to 54% elsewhere.

The advent of democracy and better management in countries such as Benin, Tanzania, Burkina Faso and Mali have already made for substantial improvements in the implementation of aid and augur well for cooperation as a whole.

Importance of the economic context

Countries eligible for structural adjustment support saw credit facilities suspended when economic difficulties forced them to drop their reform policies and only 14 of a potential 38 managed to obtain finance. ECU 160 million, 35% of the first structural adjustment facility allocation, was left outstanding and, to avoid any recurrence, selection for the second facility was much tighter.

Conventional projects and programmes have to fit in with an economic policy which will ensure long-term viability, a demand which holds up project appraisal in many cases. The same goes for project implementation when commitments on such things as administrative control and local cost coverage have not been honoured. But despite problems of this nature, 30 or so countries bravely pursued severe adjustment policies and should be congratulated.

Constraints of the project cycle

The focal themes and sectors defined by the Commission since Lomé IV have not always matched the priorities of the ACP countries, making identification difficult and lengthening the appraisal phase, particularly of schemes with several components. The emphasis on rural development in Lomé III and the social sectors in Lomé IV has also affected duration, because these are two fields in which fruit is only borne in the long term. The growing tendency to cover operating costs during the early years of project life also hampered implementation.

There are 20-30 months between the submission of a project and the financing decision and even more between the financing decision and disbursement. The bulk of the payments made in 1993 (for project aid) was for programmes approved between 1987 and 1989. A project management overhaul was clearly required. In 1992, the Commission agreed on a new method of project cycle management, which is a guide for ACPs and other developing nations, and, in 1993, it started using it.

Limited scope for acceleration

Why not simplify the management procedures and get ACP-EU cooperation under way faster? The so-called post-Fiji study, commissioned by the ACP-EU Council of Ministers in 1991,

TABLE 4

Structural adjustment support under Lomé IV
Total results on 31 December 1993

	Country	Decisions (ECU million)			Payments	
		Structural adjustment	National indicative programme	Total	ECU million	%
1991	Benin 1	13.0	11.0	24.0	24.0	100
	Burkina Faso 1	12.5	10.0	22.5	22.0	98
	Gambia 1	2.0	2.0	4.0	4.0	100
	Mali 1	16.0	15.0	31.0	31.0	100
	Uganda	17.0	18.0	35.0	18.0	51
	PNG 1	7.0	4.0	11.0	11.0	100
	Ghana 1	9.0	11.0	20.0	20.0	100
1992	Côte-d'Ivoire 1	15.5	0.0	15.5	15.5	100
	Guyana	4.5	0.0	4.5	4.3	96
	Dom. Rep. 1	13.5	8.5	22.0	21.9	99
	Senegal	10.0	0.0	10.0	5.0	50
	Cameroon	18.5	11.0	29.5	22.0	75
	Zambia 1	32.0	9.5	41.5	41.5	100
	Jamaica	2.5	4.6	7.1	0.0	0
	Burundi	12.0	0.0	12.0	0.0	0
	Tanzania 1	30.0	0.0	30.0	29.5	98
	Togo	10.0	7.0	17.0	0.0	0
	Guinea	14.0	0.0	14.0	10.5	75
	Lesotho	8.5	0.0	8.5	8.3	98
	Mozambique	30.0	24.7	54.7	21.7	40
	São Tomé	1.5	0.0	1.5	0.0	0
	Dominica	2.0	0.0	2.0	1.0	50
	Sierra L.	12.0	8.0	20.0	2.3	11
	Zimbabwe	19.0	9.0	28.0	13.5	48
1993	Grenada	2.0	0.0	2.0	0.8	40
	Mauritania	18.0	0.0	18.0	10.0	56
	PNG 2	8.5	0.0	8.5	8.5	100
	Trinidad & Tobago	3.0	6.7	9.7	0.0	0
	Tanzania 2	55.0	0.0	55.0	32.0	58
	Mali 2	24.0	2.3	26.3	13.8	52
	Burkina Faso 2	38.0	0.0	38.0	26.0	68
	Comoros	5.5	0.0	5.5	3.5	64
	Ghana 2	29.0	0.0	29.0	29.0	100
	Benin 2	15.7	0.0	15.7	9.7	62
	Dom. Rep. 2	9.5	0.0	9.5	0.0	0
	Gambia 2	4.2	0.0	4.2	2.2	52
	Côte d'Ivoire 2	18.5	0.0	18.5	18.0	97
	Malawi	20.6	10.0	30.6	20.0	65
	Zambia 2	39.0	0.0	39.0	27.0	69
	Guinea B.	8.0	0.0	8.0	0.0	0
	Ethiopia	75.0	0.0	75.0	40.0	53
Total 31 countries		**685.5**	**172.3**	**857.8**	**567.5**	**66**

proved that it was impossible to compress some parts of the procedure without compromising transparency, fair and open competition and the sound management of EDF operations. However, the harmonisation of rules should make for speedier implementation — and the important thing is for all concerned to stick to them.

There is no point in thinking that disbursements can be made in only a month or two. Even the quick-disbursing instruments (Stabex, structural adjustment assistance, sectoral import programmes and emergency aid) are prone to extended deadlines because of checks and extra conditions. In most cases, management procedures are an inherent part of the Convention, which is a complex one in that it regulates cooperation with 70 countries.

Priority to the quality of aid

The most important thing about aid to the ACPs is its quality and its effect on the people, so the Commission concentrated on four interdependent points — the consistency of the various forms of aid, their flexibility, project management methods and project evaluation.

A marked interest in consistency on the part of the Lomé III negotiators was confirmed in the 7th EDF programming. One example of this is Stabex, which involves a framework of mutual obligations, fitting in with the national indicative programme and, where appropriate, with structural adjustment support (itself combined with indicative programme funds to help the balance of payments). Countries, such as Ethiopia, which became eligible for the structural adjustment facility after the programming phase in 1991-92, saw their national indicative programmes adjusted in the light of it. Greater synergy was encouraged between EDF grants and the EIB-managed venture capital, particularly in the case of ACP countries which gave priority to the private sector in the utilisation of Community aid. Consistency was also sought between the management of regional funds and country aid.

The aid financed by the European Commission budget has to be orchestrated with the EDF, which is fuelled by direct contributions from the Member States of the European Union. Since Lomé III, the Convention has included an Article on food aid. The cofinancing of development schemes with the NGOs — projects on tropical forests, environmental protection in the developing countries and democracy and human rights, for example — are discussed in the light of the priorities of the countries involved and the Lomé IV guidelines encouraging decentralised cooperation.

Post-conflict rehabilitation is still an outstanding example of this new approach, in which the EDF (national indicative programme, Article 225, i.e. aid for refugees and returnees, Stabex and remainders) and the Commission budget (food aid, NGOs and rehabilitation in Southern Africa) were mobilised in tandem. This aim of tighter coordination of the various forms of EU aid to the ACP nations is pragmatic and will be pursued gradually. With this in mind, the Council adopted a resolution (December) proposing that useful information be gathered by monitoring existing practices in a number of test countries.

Flexibility and the integrated approach

A number of Lomé instruments have been made more flexible since 1991-92. The most outstanding example is Sysmin, where the very specific project approach was dropped in favour of broader aims, such as the financing of essential imports (ECU 60 million for Zambia, for example). This is also the case with the structural adjustment facility, where payments are now fixed for two years and are readjustable according to circumstances.

The Commission's new method of presentation and project cycle management (the integrated approach), in use since January 1993, is an improvement when it comes to the standardisation and clarity of project dossiers. It also brings greater transparency to the dialogue on policies and considerably reduces the problems of project appraisal and monitoring. Its advantages were rapidly apparent in the first year of application and one of the spinoffs was a closer definition of the aims and identification of the indicators for project evaluation throughout implementation. But the merits of the integrated approach will only really be felt gradually, because it only applies to new schemes adopted since 1993. The benefit will not be to make periods of appraisal and the life of projects shorter, but to improve the quality and the relevance of EDF-financed schemes.

Questions on the meaning of cooperation

Since 1992, the Commission has boosted the means of project evaluation. It had the usual programme of individual project evaluation (applied to 50 or so cases last year) and the horizontal evaluation by instrument, but it then proceeded to run two major sector evaluation procedures on rural development and transport, both of which had attracted a large number of (mainly Lomé II and III) schemes, some of them in the course of implementation.

The first conclusions pointed to the fact that failure was in many cases caused by poor linkage between the project and the back-up measures. They revealed the limits of what were often overambitious multisectoral programmes, suggesting that smaller projects would be better. Evaluation often raises deeper questions about development cooperation itself, about the meaning of technical assistance and, most important in an economy battling with major financial constraints, about the authorities' role in the management of development operations. A steering committee of officials in the operational services is involved in every major evaluation.

Human resources

EDF utilisation also depends on the availability of Commission staff. Since 1992, management tasks have been both complicated and diversified by new machinery, including adjustment support, thoroughgoing reform of the Stabex type and the need to monitor the secondary aid-related flows, over and above the transfer of currency and equipment (counterpart funds, credit lines for SMEs, Stabex transit accounts etc.), forcing the Commission to make increasing calls on technical assistance officers, in addition to its regular staff.

The enlargement of ACP-EU cooperation to new areas means tighter coordination between the European Union and other funders. The Commission's resources (reorganisation, training, decentralisation etc.) are being stretched to the limit and there is a risk of aid growth losing its momentum and quality control becoming inadequate.

Conclusions

Stabex apart, EDF operations expanded satisfactorily in 1993, with more decisions to offset a falling off of payments and Lomé IV operations accelerating to offset a slowdown of Lomé III.

Experience of Lomé II and III prompted the Commission and the other partners concerned to give priority to the quality, relevance and impact of aid. The sectoral policy already appeared in Lomé III, and the idea of setting projects in a consistent macro-economic framework in Lomé IV. Greater flexibility in the utilisation of EDF instruments came with greater synergy between EDF and other aid from the Commission and the ACPs.

The pace of EDF activity still depends on the demands of sectoral distribution and the extent to which the ACPs can absorb aid, in accordance with the Convention, and all this increases the administrative load on the Commission and makes the human resources issue crucial to both the Commission and the Member States.

The mid-term review will be an opportunity to find answers to the questions outlined in this article. H.G.

Eurostat profiles

A new source of information for development cooperation

Five ACP countries have been analysed in depth in a collaborative effort between the European Union and one of its Member States. The profiles, published jointly by the EU's statistical office, Eurostat, and its German counterpart, the Statistisches Bundesamt (STBA), are designed to meet the increasing demand for statistical information about Europe's Lomé Convention partners.

The profiles are joint country/region surveys of Togo, Uganda, Zimbabwe, Namibia and Cameroon, and have been appearing in a series launched in 1990. At a press conference to mark the publication of the Togo volume, the Director-General of Eurostat, Yves Franchet, said: 'In the developing world, statistics play an increasingly important role as countries move towards more democratic, multiparty systems, making it essential for them — and the European Community side of the partnership — to monitor the impact of changing economic, financial and social policies. Our statistical information programmes have been set up to help the developing countries establish better statistical information systems, and this new series of publications is a contribution towards meeting that need.'

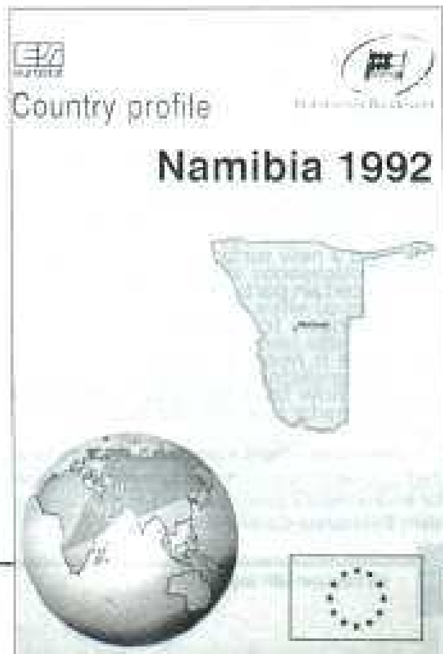
Each publication contains some 170 pages, consisting of 40% data, 30% graphics and 30% text, and comes out in separate French, English and German editions. There are chapters on population, health, education, agriculture, industry, national accounts, public finance, employment and prices, backed up by the latest available figures. What gives each report its European flavour, however, is the chapters on development aid, foreign trade, private foreign investment, foreign debt, and economic systems and structural adjustment. These are seen from an EU viewpoint and include a summary of aid commitments, with breakdowns of the Member States' multilateral and bilateral aid programmes and trade flows between the EU and the region concerned. These chapters also discuss the role of the private sector in direct foreign investment, the indebtedness of regions or countries in terms of structure, servicing and trends, and the effects of structural adjustment on their economic systems. Tables and graphs illustrate the latest trends and policies and set them in their historical context.

For 1994 and 1995, a new, regional approach has been adopted, for both philosophical and practical reasons. Geopolitical shifts and economic alignments taking place at present would, only recently, have seemed highly improbable. In the ACP network, the last 20 years have seen the emergence of integrated regional units, a trend which is being reflected in the publications programme. The new policy also enables Eurostat to cover more countries in its half-yearly joint productions with the STBA. Thus 1994 will see reports on the Caricom region in June and the Maghreb (Morocco, Algeria, Tunisia, Libya and Mauritania) in December, and in 1995 there will be profiles of the Pacific region and the CGA franc zone — thus covering the major ACP regionas in the space of two years. The reporting emphasis will be both on regional analysis and on a study of the individual countries.

Each report generally requires five or six months of reserach and writing, and the range of contributors is evidence of the collaborative spirit underlying the enterprise. DGs I and VIII of the Commission, its translation department and its publications office, all make their contribution, while the EIB and the development section of the European Parliament are consulted too. The STBA compiles the chapters which do not concern the European Union, with help from outside experts in the affairs of the region concerned. These have included the Overseas Development Institute in London, ORSTOM in Paris and the IFO Research Institute in Munich. Though some primary sources are used, most of the data is supplied by the statistical services of the OECD, the World Bank, Eurostat, the IMF and the ILO, with coordination by Eurostat.

The country/region reports alos supply valuable information on the potential for development in the territories they cover. In Mr Franchet's words, the profiles 'provide an important development tool that can be used to publicise their new economic policies, including those related to encouraging private foreign investment in areas of interest to EU investors.'

Copies of the profiles may be obtained from the Office for Official Publications of the European Communities, L-2985 Luxembourg. Further information about the reports is available from the Statistical Office of the European Communities, Unit A5: Relations with ACP and other developing countries, Jean Monnet Building, L-2920 Luxembourg.



The 'greening' of development policy

New procedures under Lomé IV

by Tim Clarke *

One of the innovations of the Lomé IV Convention compared with its predecessors is the existence of a special Title on the Environment. Although opinions differ about the relative importance to be given to the environment as compared with, for example, social or economic concerns, few would deny that an environmental analysis should be an essential element of any project appraisal process.

The basic question to be resolved is how this should be done. If you ask ten different people what they mean by 'the environment' you will probably get ten different answers. Some would say that it consists of our physical surroundings: the air we breathe, the land we cultivate, the water we drink. Others say that this is too restrictive. What about the social environment, the cultural environment, or the ecological relationship between humans and other fauna and flora? What about the global environment: carbon dioxide levels, climatic factors, the ozone layer and so on?

The first task in any environmental appraisal is to define its scope: in other words, what to include and what to exclude in the process. This is a difficult task in itself, but if you manage to do it, the next step is to try and predict potential environmental impacts. Some are relatively simple to judge. Others are much more complex.

Suppose, for example, that the project involves the rehabilitation of a road which passes through a forest. The road will need a new surface as well as realignment in certain parts. It is relatively easy for the engineer to calculate how much aggregate is needed, where it has to be quarried, how far it has to be transported and how much forest will be lost in the realignment process. The environmental impacts of all these operations can be quantified and a judgment made as to their level of acceptability or significance. It is even possible to calculate how much it would cost in monetary terms to quarry the material from elsewhere, or choose an alignment that reduces the loss of forest.

But what about the less quantifiable elements of such a project? What will be the environmental impact of an increase in the number of people travelling on the road, thus generating roadside settlements? This results in forest encroachment, with trees being cut down for fuelwood and land being cleared for food production. What about increased demand for water and fuel? What about ecological changes induced by such settlement patterns? And quite apart from the ecological factors, what monetary value should be placed on the loss of forest?

Then there is the problem of how one measures species losses, which are losses not only to the country concerned but to the biosphere as a whole. Who should pay for such losses — the project or the world community? This is an issue which is particularly difficult to resolve. Is an elephant or an ancient baobab tree worth ECU 500, ECU 10 000, ECU 100 000, or some other figure? To an African farmer, an elephant can be a major pest and a threat to life. To a trophy hunter, and a game department, it may be worth ECU 30 000. To a country that is highly reliant on tourism, it could be worth many times this amount.

How much is an elephant worth?

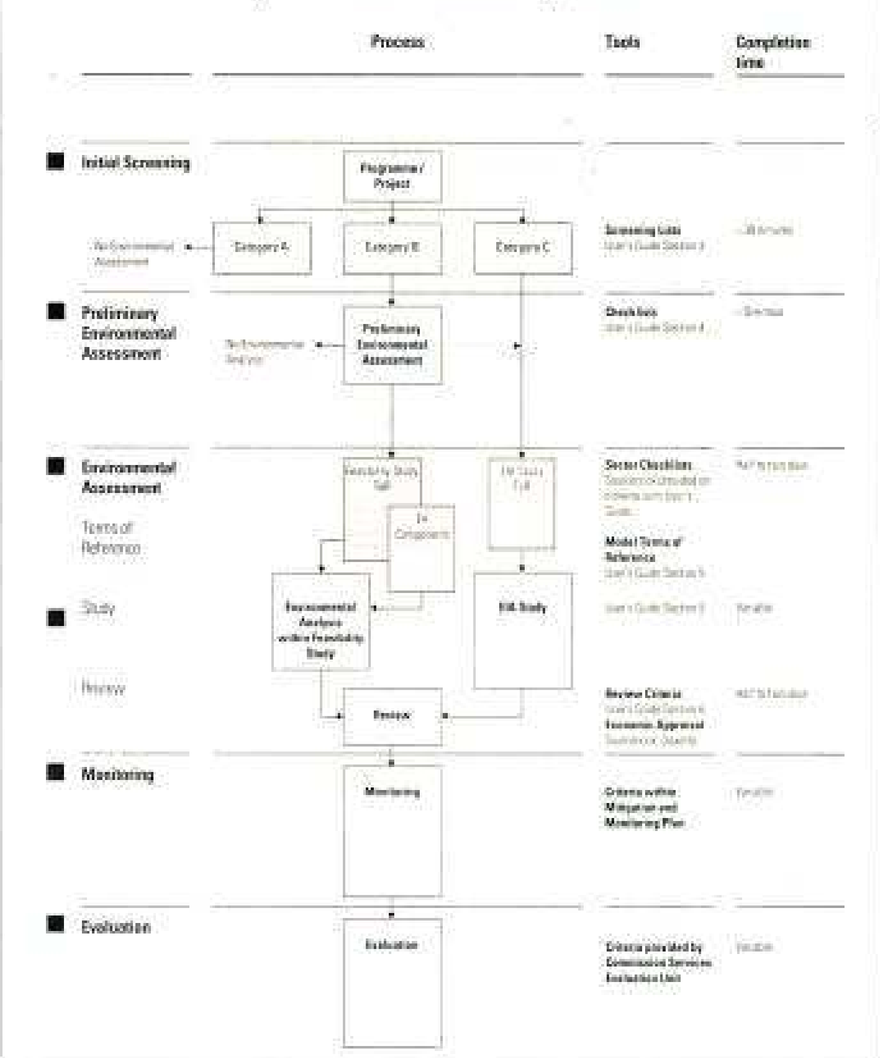
A similar difficulty arises when calculating environmental risk to human health in urban areas suffering from traffic congestion. According to recent US Department of Traffic actuarial tables, an American or European life is worth between $1m and $4m, and road design must take account of this. In ACP countries, data on the value attached to a human life for such purposes are harder to obtain, but present economic analyses do not use values anything approaching these figures.

If you cannot value a resource, how do you judge its importance? In conventional cost-benefit analyses, an attempt is made to weigh up in economic terms whether or not a development project will bring positive economic benefits. But if you cannot value the loss of a wildlife resource, or an amenity, or the reduction in air or water quality, this creates a problem. Usually, the price tag that is assigned reflects only the market value of the tradeable items; for example the timber produced as a result of the tree-felling. Cultural, social or ecological values do not enter the equation. The result, historically, has been a gross underestimate of the real value of the resource to the community, and the approval of projects which degrade the environment, sometimes irreversibly.

Opinions differ as to whether it is better to include environmental factors in the economic assessment or treat them

* The author, who is a principal administrator at the European Commission, was formerly responsible for environmental policy questions in the Development Directorate-General (DG VIII).

1B The process of environmental appraisal



This flow chart is an example of the manual's 'simple, user-friendly' design aimed at the non-specialist

independently in a self-standing appraisal. There is no 'correct' answer here and, in practice, both approaches have been used.

New tool for environmental appraisal

Article 37 of the fourth Lomé Convention sets out the requirement for the European Union and its ACP partners to design and implement cooperation instruments that are appropriate to environmental needs. In 1990, in pursuance of this obligation, the Commission initiated an appraisal of existing Lomé environmental procedures. Existing environmental assessment provisions which were taken into account during this exercise included the 1985 OECD recommendations (adopted as guidelines in 1991), the EC's own Directive which entered into force in 1987, the various rules applied by the Member States, the arrangements then in place regarding development cooperation under the Lomé Conventions, and the World Bank's Operational Directive which first came into effect in 1989 (new guidelines issued in 1991).

This review coincided with a parallel internal Commission examination of its project appraisal procedures which led to the adoption of the 'Logical Framework and the Integrated Approach'. [1]

The present version of the Environmental Manual was first published in June 1993 and it has a number of novel features. It is, for example, the first attempt both to synthesise the environmental screening procedures of the Community, OECD countries and World Bank in a single document, and to link these directly into the logical framework process. Additionally, it has a simple, user-friendly, colour-coded design, aimed at the non-specialist. The information is presented in the form of a hierarchy, from simple to detailed, and the non-specialist who wishes to obtain further information can have access to the most up-to-date reference sources in an accompanying Sourcebook (which is available on diskette).

The publication of the Manual coincided with the establishment of a number of internal Commission Environment Training Programmes. These were designed to encourage practical application of the new approach by Commission and ACP staff working in the field.

Initial feedback has so far been favourable but there is not enough field experience as yet to tell whether it really is an effective planning tool.

Looking to the future

During the next two years a number of developments are foreseen. These include the insertion of new sections in the Manual on Strategic Environment Planning, and Protected Areas Management, together with additional guidelines on environmental economics. In addition, discussions are planned with the EU Member States in order to determine how far it is possible to make the Lomé environmental procedures more consistent with those of the Member States themselves. Further developments within the OECD are also expected while, at the multilateral level, the CIDIE [2] organisations, which include most development banks and UN bodies, will be examining the issue.

When concerns about the effect of human activity on the global environment first moved on to the political agenda, it was perhaps inevitable that the initial policy response of national and international bodies would be *ad hoc*. But it has not taken long for those working in this field to recognise that environmental protection must be properly integrated into policy design in all fields and that a coherent approach from all the players is needed to ensure maximum impact. Lessons can be learnt from each other so that 'best practice' can be identified and adopted. This philosophy has been accepted by the European Commission in the implementation of its cooperation policy and, although it is too early to assess the results, the benefits should ultimately be seen in more environmentally sustainable development projects and schemes.

T.C.

[1] See issue no. 141 of The Courier, p. 56.

[2] Committee of International Development Institutions on the Environment.

COUNTRY REPORT

ETHIOPIA

Emerging from a long Dark Age

Ethiopia is an old country with old problems, but the solutions it is trying to apply to them are often bold and new. Some have never been tried in Africa before and, if they succeed, could show a possible way forward for other troubled parts of the continent.

A patchwork of races, religions, climates and landscapes, Ethiopia has one of the world's ancient cultures and echoes of its history reach us from a very distant past. It was one of the earliest homes for the monotheistic religions of the Middle East: Judaism was the first arrival, probably in Old Testament times; Ethiopia's highlands were Christian before most of Europe and its lowlands Muslim before most of Arabia. Rich archaeological remains attest to the existence of successive kingdoms which had a flourishing trade with the outside world and produced literature, music and art; in mediaeval times Abyssinia was known to Europe as a half-fabulous land of riches and power reigned over by a legendary priest-king, Prester John. Fable gave way to hard fact in the last century, when the territory now known as Ethiopia (including Eritrea), after a period of feudal anarchy, was consolidated as an empire and, under the Emperor Menelik, was the only country in Africa which stood out successfully against the European powers in the period of imperial expansion (except for Eritrea, which was occupied by Italy). Ethiopia was recognised as a sovereign state by these powers at the turn of the century, and it stepped onto the international arena in the 1920s when it joined in the first attempt at a world organisation devoted to securing peace, the League of Nations.

In modern times, unfortunately, Ethiopia has had a more unhappy reputation as a victim of foreign interference and internal oppression or as a country constantly appealing for outside help. Three thousand years of independence ended when fascist Italy attacked and seized Ethiopia in 1936, followed by a period from 1941 when it was virtually a British protectorate. Under the restored rule of Emperor Haile Selassie, a feudal pattern of landowning persisted, with a small elite of nobles and gentry living on the surplus produced by millions of peasant farmers. The aristocracy gradually lost their traditional military and administrative powers, however, to the monarch, who, under the Constitution of 1955, promulgated laws in his own name, overrode the verdicts of the courts and concentrated all executive and policy decisions in his own hands. Added to this social and political imbalance was the destabilising effect of an economic structure relying overwhelmingly on agriculture and a *laissez-faire* attitude to the development of wealth-creating industry. Discontent at the general stagnation grew among the technocratic elite, military and civilian, which the Emperor had himself created in a half-hearted drive to modernise the country and on which he had hoped to rely as a counterweight to the landed aristocracy. After a failed coup by the monarch's bodyguard in 1960, secessionist rebellions broke out on the peripheries of the country, while territorial war flared with neighbouring Somalia. In an atmosphere of frustration and disillusionment, Marxist-Leninist ideas imported through contact with radical movements in the West took hold among students and the military. The stage was set for the military and urban-based uprising which overthrew Haile Selassie in 1974.

Power was taken by a provisional administrative council of soldiers known as the Derg (meaning the Committee), which set about establishing socialism under military rule. A power struggle led in 1977 to the emergence of the communist Lt. Col. Mengistu Haile Mariam as head of state and chairman of the Derg, followed by a brutal campaign of 'red terror' in which thousands of his ideological opponents were killed or tortured. Mengistu's years in office at the head of a totalitarian junta were marked by the mass militarisation of the country, with Cuban and Soviet backing, for the purpose of putting down insurrections by certain of Ethiopia's nationalities, particularly in Eritrea, and carrying on war against Somalia over possession of territories inside Ethiopia inhabited by ethnic Somalis. The failure of political attempts to win over disaffected nationalities by reorganising the state into autonomous regions was paralleled by the Derg's inability to win support from the general population for its programme of collectivisation. Disastrous droughts and famines struck in the 1980s, killing unknown numbers of people and prompting the government to move hundreds of thousands of peasants to allegedly less vulnerable areas, mainly by force. Food aid was slow in coming as the international community was suspicious of the Derg's military dependence on, and ideological subservience to, the Soviet Union.

The country's economic collapse in the late 1980s paved the way for the Derg's military and political downfall. Government forces suffered defeats at the hands of rebels in the northern region of Eritrea in 1988 and lost Tigre, the region worst hit by the droughts, in 1989. Mengistu wasted opportunities to reach a political accommodation with the Eritreans and the Tigre People's Liberation Front (TPLF), the left-wing secessionist organisation which was gradually advancing on Addis Ababa from the north, and the TPLF joined up with other nationality-based opposition movements to form the Ethiopian People's Revolutionary Democratic Front, the EPRDF. The prime demand of the new Front was now no longer national self-determination but the removal of Mengistu and the establishment of democracy in Ethiopia as a whole.

A land with an ancient history looking ahead to a better future

In 1990 the Eritrean People's Liberation Front cut off the Ethiopian army's supply lines to Eritrea by capturing the Red Sea port of Massawa, and the government was forced to move troops south, where they were needed to defend Addis Ababa against the advancing EPRDF. To conciliate opposition groups, Mengistu invited them to join a unity party and renounced Marxism — but it was too late. The army was no longer able or willing to fight, while the collapse of communism in Eastern Europe had left the Derg with no overseas support, just as a slump in the price of Ethiopia's main export earner, coffee, was devastating the country's economy.

A new start

On 21 May 1991 Mengistu fled the country (he sought political asylum in Zimbabwe and now lives there in exile) and a week later the EPRDF finally reached Addis Ababa. Talks sponsored by the United States in that month led to the formation of an interim government in July, including the EPRDF, its ally the Oromo Liberation Front (OLF) from southern Ethiopia and two other Oromo groups. The EPRDF had already abandoned the communist ideological model (at the same time as Mengistu), and the programme for the future was for a liberal, pluralist political and economic system.

The task facing the new government was enormous. The country's economic infrastructure had been ruined by mismanagement during the imperial period, compounded by the distorting effects of the Derg's command economy and the crushing cost of attempts in both periods to hold the country's diverse regions together by military force. Prosecuting the Derg's wars had absorbed 60% of the national budget. A huge and demoralised army of doubtful loyalty was scattered throughout the country, with many of its leaders arrested. Ethiopia's foreign alliances had collapsed and it had few friends among its neighbours or in the wider world. Periodic famines had left much of the population dependent on external food aid, while negligence, deliberate concealment of the scale of the disaster, sullenly resisted collectivisation and enforced resettlement of peasants had weakened the agricultural sector's ability to cope with any future droughts. Some private-sector trade and industry had managed to struggle through the 17 years of communism but was minute in scale, hopelessly undercapitalised, uncompetitive and operating at 10% of capacity. Human rights had never been respected by any previous regime and the ordinary people were hardly involved in decisions concerning their lives. The administrative structure of the state was unmotivated, antiquated and bureaucratic. The new government had both a vision and ideas for turning it into a reality, but only minimal resources of skilled manpower and money with which to set up practical policies.

The Transitional Government

A first start was made on establishing a viable system for governing the country. In July 1991 the EPRDF called a national conference of some 20 political organisations and ethnic groups to discuss the country's political future and set up a government to oversee the transition to full democracy. The Transitional Period Charter presented to the conference by the EPRDF and duly adopted established a Transitional Government of Ethiopia (TGE) headed by the chairman of the Front, Meles Zenawi, now President. His deputy, Tamrat Layne, became Prime Minister, at the head of a Council of Ministers whose 17 seats were divided among seven different organisations. The legislative branch of government for the transitional period, which was set at two years with the possibility of a six-month extension if required, is the Council of Representatives; the Charter stipulates that this must include representatives of national liberation movements and other political organisations, as well as otherwise unspecified 'prominent individuals'. Of its 87 seats, 32 went to the EPRDF's component parts, 12 to the OLF and 15 to four other Oromo groups, with the rest shared out among some 26 other political organisations. An important function of this body was to set up a Constitutional Commission whose task was to draw up a draft constitution for the longer-term future. Elections to a National Assembly, the Charter said, would be held on the basis of this new Constitution, no later than the end of the transitional period.

These institutional arrangements have worked less well in practice than the national conference of 1991 hoped. The most obvious malfunction is that the two-year period, plus extension, expired in January this year before arrangements to hold the promised elections had been made and the TGE simply decided it would therefore remain in power until elections to the Constituent Assembly could be held; a date has now been set for these on 5 June this year, nearly six months after the agreed deadline. Parties opposed to the EPRDF have accused it of holding onto power illegally and called for the formation of a national unity government including themselves, but have been ignored.

Towards a democratic Constitution

Observers of the political scene in Addis Ababa say the delay is more probably due to organisational obstacles or simple inefficiency than anything deliberate. To begin with, creating a Constitutional Commission which represented Ethiopia's different nationalities and political parties and included a fair spread of special-interest groups (notably women and professional categories) took longer than expected, in a country where no such body had ever existed before. Then, before putting together the draft Constitution to be submitted to the Constituent Assembly once that was elected, the Government decided to seek the public's views on what should go into it and compiled a list of questions for countrywide debate about such fundamentals as the electoral system, accountability of public officials, respect for human, political and civil rights, land ownership, the right of secession and the status of languages. The public were also given an opportunity to say whether they want a constitutional monarchy, a parliamentary democracy or a presidential system, and whether Ethiopia should be a unitary state or a federation. As the Chairman of the Constitutional Commission, Dr Kifle Wedajo, put it, 'There are as many versions of democracy as there are people, so we haven't tried to define the concept of democracy' — but some components are not up for negotiation: it is felt that any Constitution must include provisions for regular elections by universal suffrage and secret ballot, a definition of the limits on government power, the inviolability of human rights and an independent judiciary. The Constitutional Commission accordingly had to consult representatives of Ethiopia's more than 80 ethnic or linguistic groups through a system of grass-roots representation which divides the population into more than 20 000 administrative units: understandably, it has found organising this, and collating the results, an uphill battle.

The Courier

Nuns at a monastery of the Orthodox Coptic Church. Christianity, Islam and Judaism were implanted early in Ethiopia

Regionalisation

A serious and basic political split emerged in the TGE's first year in power. Its leading figures are convinced that Ethiopia cannot survive as a nation-state with a single system of government from the centre. In the rest of Africa and much of the Third World, the nation-state is perceived as having failed to deliver peace, prosperity and democracy, and, in Ethiopia specifically, Eritrea's long war for independence and the history of the very liberation movements making up the TGE are seen as the best proof that the country's many different nationalities have different, sometimes competing interests which need to be accommodated in a decentralised framework.

Right from the outset, the TGE recognised Eritrea's right to decide its own future, and allowed the former province to secede last year (in the teeth of protest from many quarters, particularly opponents of the TGE operating from abroad). To promote self-determination for all Ethiopia's 'nations, nationalities and peoples', the EPRDF wrote into the Charter a guarantee of respect for each ethnic group's culture, history and language and of its right to administer its own affairs within its own defined territory, while participating in the central government as well. To achieve this in practice, the Front set up a federal system based on 12 new, self-governing regions and two chartered cities (Addis Ababa and Harar) and organised local elections for April and May 1992. However, the boundaries of the new regions were considered to favour the Tigreans, the dominant nationality in the EPRDF, and to penalise widely dispersed groups such as the Amhara, who had dominated Ethiopia under the Emperor and the Derg and were generally among those who favoured a centralised state. As a result, the ethnic conflict already raging when Mengistu fell continued into 1992, especially in Oromo territory in the south and east, and although a ceasefire was agreed with help from the United States and the Eritrean People's Liberation Front, EPRDF activists were alleged to have intimidated opposition candidates and supporters in both the local elections and the run-up to the regional elections which followed in June. In protest, the Oromo Liberation Front boycotted the regional elections, and then left the Government altogether. Other groups which refused to take part in the elections included the All Amhara People's Organisation, a mainly urban-based grouping — a sign, in that particular case, of a wider dissatisfaction among the urban educated classes at the EPRDF's lack of a policy to protect their interests and its concentration on meeting the needs and wishes of the rural peasantry. The regional elections nevertheless took place and regional governments have been set up, though the precise division of powers between them and the central government will not become clear till Ethiopia finally has its Constitution.

The EPRDF regards its settlement of the nationalities issue as the jewel in its political crown, and, if the commitments to democratic self-determination in the Charter are honoured in practice, there are hopes that the new system, with its opportunities for peaceful reconciliation of interests, will put an end to a problem of ethnic rivalry which has plagued Ethiopia for a hundred or more years. If it fails, Yugoslavia and parts of the former Soviet Union offer examples of the kinds of wars between small states or rival nationalities which pessimists fear could break out in Ethiopia. For almost the last two years, however, the Government says there has been no armed conflict between ethnic groups in the country, while the consensus view emerging from the constitutional consultation was, according to the Constitutional Commission, in favour of a federal system, not secession, so the omens for relatively peaceful political change are good. Politicians are, none the less, candid about the difficulties they face *en route* : in the words of Dr Haile Wolde Michael, a member of the Council of Representatives, 'Who knows what federalism is ? It's a new concept for us and with good luck we think we might succeed. All we have at our disposal now is good will.'

Dr Kifle Wodajo chairs the Constitutional Commission

Opposition

Progress towards democratisation in Ethiopia has released a variety of forces which were always previously suppressed. A vociferous independent press has emerged and carries a range of views opposed to those of the TGE, despite a press code which the Government has used against journalists guilty, in its view, of disseminating reports which jeopardise state security. Supporters of the fallen Derg are banned from political activity during the transitional period but some of them play an indirect political role through publications they control. Critics of the commercial press say it sensationalises in order to sell more copies ; if so, the market was soon saturated, and dozens of newspapers and magazines have folded. Student demonstrations were a regular feature of life in Addis Ababa even under Haile Selassie, who ignored them, while during the 'red terror' of the Derg student leaders, like other protesters, were savagely put down. Under the TGE, clashes between students and the security forces (which, since the disbanding of the regular army, consists essentially of the TPLF's own, Tigrean-dominated militia) led to the closing of Addis Ababa University for three months last year and the dismissal of academic staff who had criticised government policies — another sign of the rift between the educated urban elite and a government whose first concern is improving the lives of poor farmers.

Dr Fekadu Gedamu, Vice-President of the Council of Representatives

In the party political arena, lively opposition to the EPRDF, which originated in northern Ethiopia, is conducted mainly by parties representing urban interests or peoples in the south. Five parties from a coalition known as the Southern Ethiopia People's Democratic Union were expelled from the Council of Representatives in April 1993 for endorsing a resolution by exiled opposition groups in Paris condemning the arrangements for the transitional period — calling, in effect, for the dissolution of the government. Two junior ministers from the Union were expelled from the TGE at the same time. In December a conference of dissenting parties was held in Addis Ababa and passed a resolution calling on the TGE to stand down in the interests of uniting the country. The Government seems for its part inclined to tolerate but disregard the activities of urban-based politicians representing only a tiny minority of the population. On its new regionalisation policy, it maintains that it is not dividing the country but simply admitting that it has always been divided along ethnic lines and trying to make proper provision for safeguarding the interests of all nationalities, including the minorities living in areas which have been allowed to lag behind economically. And it draws a democratic lesson from the fact that protests against its policies have come out into the open : 'Transparency of political conflicts,' says the Vice-President of the Council of Representatives, Dr Fekadu Gedamu, 'is, we think, an achievement and a sign of political progress.'

Democracy and development

Democratisation and observance of human rights are, of course, linked to development cooperation by the fourth Lomé Convention, and a characteristic comment from the TGE on its attitude to these issues came from the Minister of External Economic Cooperation, Dr Abdulmejid Hussein: 'We do not have problems of principle or clashes of direction with the European Union in the democratisation area, on human rights, on good governance. All these are tenets which we ourselves aspire to. We should have a set of standards that are accepted globally — but you can, of course, vary it according to conditions in your own country.' As to whether democracy is necessarily the key to economic progress, the Minister is in no doubt about the link between them: 'In some quarters we have been under pressure to say we have gone too far with this democratisation. Within the country itself, a lot of people who have been used to a highly centralised authoritarian style are saying this is too much democracy, this is destroying the country and we need a firmer hand and that's the only way to develop: look at South Korea, Taiwan, Singapore and so on. Some even say look at China: 13% GDP growth. But many of us in the Government — thank God, the majority of us — believe that development will happen even faster, and on a firmer base, if we allow more people in on decision making; and if you make it also at the grass roots, it might not be easy but once it takes off then you are assured that, regardless of who is in power, you don't need any strong, charismatic leader. The machinery will oil itself and it will go. If we look at other countries which have done it, in Western Europe and North America, that system works and in the long term it's more resilient.'

An ongoing food crisis

Ethiopia's top development priority is feeding its population. Media pictures of starving famine-victims were all too familiar in the 1980s, and evoked an unprecedented response from the public in the affluent North, but, as President Meles Zenawi explains in an interview in this country report, the problem has not been solved: Ethiopia is still chronically short of food. Self-sufficiency can only be a dream for the moment, and, according to the President's economic adviser Neway Ghebreab, the country will have to continue relying on foreign help 'entirely'. Despite good harvests in 1992 and 1993, structural food reserves remained low and half a million tonnes of food still had to be imported in 1993. Late rains, lack of fertiliser and attacks by pests have made the situation worse this year, and for 1994 the TGE has had to appeal for one million tonnes, but the response has been slow, and the Ethiopian Relief and Rehabilitation Commission warned recently that nearly seven million people were at risk of starvation. The worst-affected areas are, as in the past, Tigray and Welo, the regions in the north where support for the EPRDF is also strongest. The budget for the present fiscal year, however, contains no provision whatever for buying food for distribution to the needy. It is arguable whether free hand-outs of food are a proper use for a national budget; it certainly contains appropriations to pay for food-for-work schemes and public works programmes. Also, as part of the economic reforms, the country's farmers have lost the subsidies they used to enjoy on purchases of fertilisers and improved seeds, so productivity is low. Mr Neway sums up the government's position: 'If we were to attempt to import food, firstly our foreign exchange would not be enough, and secondly the budgetary implications would put a big strain on us at the very moment when we are engaged in putting into effect stabilisation policies, and these are very much dependent on controlling our budgetary expenditure.'

The Minister of External Economic Cooperation, Dr Abdulmejid Hussein

Economic policy

The TGE's economic plans for the transitional period are set out in a comprehensive paper published in 1991. The policy is the mix now familiar in the developing world, of a shift from a command to a market-oriented economy combined with stabilisation and structural adjustment, and the TGE has impressed the international financial institutions by coming forward with well-formulated plans of its own rather than merely asking for a funding package with a string of policy prescriptions attached. 'These programmes are ours and we own them,' in the words of the Minister of Finance, Alemayhu Daba. Ethiopia is eligible for the IMF's Structural Adjustment Facility, World Bank Structural Adjustment Lending and EU adjustment support under Lomé IV (ECU 75 million were allocated for 1993 and 1994).

Economic reforms so far have included a deregulation of the agricultural and industrial markets by removal of price controls and, as the first step towards privatisation of government-owned enterprises, certain public undertakings, particularly state farms, have been made autonomous in terms of management and financing. They can now sell at any prices they like and the trend is for prices to fall. Capacity utilisation in industrial enterprises has risen from between 10 and 30% at the change of government to around 70 or 80% at present. The next step will be the actual transference of property ownership, for which a privatisation agency has been set up. The TGE hopes to attract foreign investment, particularly in the agro-industrial sector, and says that Ethiopian traders and merchants, too, are showing interest and have cash and security for loans. The state will, however, retain control of

Neway Ghebreab, economic adviser to the President

electricity and water supplies, telecommunications and certain large-scale engineering, metallurgical and chemical plants and industries of strategic importance. The important road transport sector will be open to private participation but remain state-regulated, and mineral resources will remain public property to be exploited, largely by the state, for the development of the economy.

There is a government-funded safety net programme comprising cash payments and retraining schemes for workers laid off because of privatisation. To discourage retrenched workers from moving to urban areas and further overloading services which are cracking under the strain, the Government's investment code includes extra incentives to encourage investment and hence job creation in remote regions, and its development strategy focuses on distributing new roads, schools and hospitals as fairly as possible between the regions. Both capital and current expenditure are planned to be directed more and more towards the countryside, and the cut in military expenditure from 60% of the national budget under the Derg to 10% now, thanks to the peace dividend, has released funds to address the major needs there, namely in education and health. Standards in both these sectors fell drastically in recent decades and the need is not just for materials and equipment but for instructors until there is a trained workforce which is self-reproducing.

Ethiopian industry relied too heavily in the past on imported inputs, for which sufficient foreign exchange was not and is not available, and the Government hopes there will be a shift towards domestically available raw materials, which are for the greater part agricultural. Industry used to be protected from foreign competition by high tariffs and quotas, but will now have to become competitive by capitalising on Ethiopia's own resources.

Finances

This fiscal year the Government is not in competition with entrepreneurs for bank loans (future borrowing will depend, says the Finance Minister, on how revenue and the external assistance programme turn out). Under the Derg, the Minister of Finance used to chair the board of the National Bank of Ethiopia, making for a clear conflict of interest between fiscal and monetary policies, but now the Bank is to become more independent in monetary affairs, which its Governor, Leikun Berhanu, believes can only benefit the economy as a whole. The Bank has had a major say in formulating and overseeing the implementation of Ethiopia's economic reforms, and is satisfied that the policies already in place will allow the private sector to play an increasingly important role in the economy. Since the change of government the national currency, the birr, has been devalued by some 150%, in two stages, against the US dollar, making it more expensive for those who need foreign exchange to acquire it through the auction system but on the other hand boosting foreign-exchange-earning exports for the benefit of all. In a competitive environment, says Mr Leikun, the Bank is conscious of the need to impose only such controls on the use of credit as are compatible with macroeconomic targets. No distinction is made between public and private entrepreneurs applying for loans, provided their projects are bankable, and successful applicants may use the borrowed money as they wish. The state's monopoly of the financial sector is about to end in any case, as the Council of Ministers has approved a law which will shortly allow for private bankers and insurance companies to set up in business in competition with the state-owned financial institutions.

It is a matter of some pride in Ethiopia that it is almost the only country in Africa which maintains a strong currency without a parallel market. Inflation has stabilised at 10%.

Enterprise and land ownership

One obstacle to the emergence of private enterprise is a lack of experience of what it means. Under the Derg only merchants working with massive profit margins were allowed to flourish, and it may be difficult for them to revise their expectations down to more realistic levels — yet they are the ones who have some capital available. The Government hopes to see a new crop of small-scale businessmen emerging, engaging in commercial farming and spin-off industrial activities such as cotton ginning and oil milling. The potential is there, says the President's economic adviser, but 'most importantly, I think, it requires to be served by an honest administration which is not corrupt. One inheritance of the command economy is a situation where government has a lot of discretionary authority, and discretionary authority, particularly in relation to the economy, leaves much scope for getting abused. We are tackling that and it's getting narrower.'

The system of state ownership of all land, inherited from the Derg and continued by the TGE, is the one feature of the economic policy which seems, on the face of it, out of place in a free market system. President Meles, in his interview, defends it as a safeguard against the peasants being bought out and migrating to the cities, but private entrepreneurs regard it as a discouragement to capital investment. The World Bank, on the other hand, points out that in many countries land tenure is essentially on a leasehold system. Whether it discourages enterprise or not depends on how much the leases cost and in how many instalments they have to be paid; these elements have not yet been made clear by the Government, and rumours abound.

Looking to the future, will political regionalisation fragment the Government's economic and fiscal policies? 'Not at all,' says Finance Minister Alemayhu Daba. 'Now people are allowed to manage their own affairs in their own regions and they have been given clear terms of reference. And the way revenue is to be collected and used by the central and


The Minister of Finance, Alemayhu Daba

regional authorities has been clearly demarcated.' And there will be no risk, he believes, of a regional government deciding to abandon the economic reforms and return to the command economy of the past. 'The general environment, not only in Ethiopia but in the world, favours the free market. The people of Ethiopia also have seen the other side of the market, the socialist planned system and regimentation. I don't think the people of Ethiopia will opt for that.'

Foreign relations

During the Cold War Ethiopia was of interest to both superpowers as a possible link in a chain of defensive alliances which each side wanted to forge against expansion by the other. Until the 1970s Ethiopia opted for a close association with the United States, for which it made a useful contribution to a containment strategy involving countries of the Middle East. At regional level, the American connection made Ethiopia anathema to the politically radicalised Arab states in its vicinity. At the same time, other, conservative Arab states which subscribed to pan-Islamism had territorial designs on Ethiopia's Muslim-inhabited lowlands and islands, leaving it with no possible ally in the Middle East but Israel. This alliance was severed after the Arab-Israeli war in 1973, in the face of Arab pressure through the Organisation of African Unity. In return, Ethiopia hoped for Arab neutrality on the questions of Eritrean secession and Soviet-backed Somalia's territorial claims on the Ogaden in southern Ethiopia, but those hopes were to be disappointed. Relations with the US then soured after the rise to power of Mengistu, who shifted the focus of Ethiopia's alliance to the Soviet Union and its satellite states and was to a large extent sustained in power with the help of supplies of Soviet armaments. After the Reagan-Gorbachev summit in 1988, however, relations with the Soviet bloc cooled, and in 1990 the Derg, its hand forced by changes in the communist world, renounced Marxism-Leninism and began to look for allies in the West. Turning his back on allies he had made among the radical Arab states, Mengistu had reinstated diplomatic relations with Israel at the end of 1989, in the hope of thereby winning US economic aid and support against the rebel movements advancing in Eritrea and Tigray. The US, on the contrary, took up friendly diplomatic relations with those movements, believing that any solution to Ethiopia's political problems must centre on them. It was eventually the US, after attempts to reconcile the Ethiopian government and the rebels had come to nothing, which invited the TPLF to enter Addis Ababa and take over power. Washington has continued to play the role of a broker under the new regime, this time between President Meles' government and the opposition.

Some of the opposition to the TGE comes from ethnic Somalis living in south-eastern Ethiopia who, like other national groups in the country, aspire to recover the autonomy which Emperor Menelik took from them a hundred years ago. When neighbouring Somalia had a functioning government, it used to support these aspirations and intermittently went to war with Ethiopia over its claim to the territories concerned. Now that Somalia has descended into chaos, it is vital to prevent the upheavals there spreading across the border into Ethiopia, and the TGE has been very active in trying to bring the warring sides in Somalia together to find a solution that will bring peace and stability to that country and remove any threat to the rest of the Horn of Africa.

Leikun Berhanu, Governor of the National Bank of Ethiopia

Where to from here?

The period just before a national election is not the best time for assessing prospects for the future, as any guess may be overturned by the electorate, but it seems safe to say that Ethiopia will continue along the political and economic lines laid down by its Transitional Government. No other force, by itself, is well-organised and disciplined enough, or has enough support across the country, to challenge the leading political role of the EPRDF through the ballot box. Devolution of power from the centre, if it succeeds, will defuse the rivalries between Ethiopia's 15 major ethnic groups — and no other solution is on offer. The TGE's economic policies, insofar as they are based on the Transitional Period Charter, have the backing of all the groups represented in the Council of Representatives (plus some which left it), which means support from the majority of the political forces in the country. As to the prospects for development, Ethiopia is one of the world's least developed countries, and the international situation as regards outside help is not what it was. But the country has a hardworking, serious population, some potential for expanding agriculture and industry, a variety of climate which should protect it from ever being hit by a drought or famine across the whole country — and, for the first time many of its people can remember, there is an atmosphere of relative peace and stability in which Ethiopians can go about their business without fear. Yet the country has lost virtually a whole generation, and it could take another generation to turn the situation round. Both Ethiopia and its foreign friends realise that there are no easy solutions. Given the difficulties bequeathed to it by its past, perhaps the wisest forecast is a cautious one: with good luck and continued determination, at least things will not get any worse.

Robert Rowe

ETHIOPIA

President Meles Zenawi

Democracy and development have to come from the grass roots

Meles Zenawi, chairman of the Ethiopian People's Revolutionary Democratic Front, was elected head of state in July 1991 at the national conference of political organisations and ethnic groups which established Ethiopia's Transitional Government. A Tigrean from the north of the country, he was one of the leaders of the armed uprising which had overthrown the Mengistu regime two months earlier. The President talked to The Courier about his government's basic thinking and its record in office.

■ *Mr President, your party came into power in Ethiopia after a long struggle and many sacrifices. Which of the lessons or philosophies of that time before 1991 are you now applying in government?*

— Confidence in the ordinary peasant; confidence in the rationality of the ordinary Ethiopian; full trust in the wisdom of the ordinary Ethiopian and basing all our actions on the desires of the ordinary man. That has been the central theme of our approach to politics and developments as a whole.

■ *How do you apply this in practice?*

— Well, the first thing that we have tried to do is to devolve power to the grass roots, the regionalisation policy. We devolved power not just to the various regions but also to the districts and the villages, and we have confidence that when power is devolved to the grass roots, on the one hand, democracy becomes meaningful to the ordinary Ethiopian and, on the other hand, the ordinary Ethiopian is empowered. And when the ordinary Ethiopian is empowered, we feel confident that the country will move in the right direction.

■ *How do the ordinary people to whom you are making this appeal react? Given the background history that they come from, are they perhaps inclined to think that anyone in authority has an ulterior motive or is not one hundred percent to be trusted?*

— That indeed is normally the case when the ordinary Ethiopian is confronted with some change. Fortunately in our case we are not strangers to the ordinary peasant. We based our struggle on the countryside and we depended on their support for survival. It is because we got their support that we were able to overcome the biggest army in black Africa. And so a relationship of trust had already been established between our movement and the people in the countryside, at least in a very large part of the country. There are some areas where our movement was not actively engaged up to almost the very last part of the war, and in those areas it takes time to overcome the natural scepticism of the peasantry. Nonetheless, because we had already established the relationship of trust earlier on in a very large part of the country, and because we had the experience in dealing with the population in the countryside, we did not find that part of our programme all that difficult. Perhaps convincing the population in the urban areas in a similar manner was slightly more complicated, in our circumstances.

■ *What made the transitional government opt for a free-market economic system? Are you being coerced into it by the international and bilateral donors and lenders?*

— In many countries where a structural adjustment programme is undertaken, it is assumed that it is imposed by the IMF and the World Bank. So far we have not done anything in terms of our economic reform programme that we are not completely comfortable with. Whether the IMF and the World Bank have given us more leeway than other countries, I do not know, but in our case so far we have not taken a single action that the World Bank suggested and we did not like. All the actions that we have taken are actions that we are completely convinced are rational and important for our economy.

■ *How did you consult the people on the economic policy to arrive at this confidence?*

— Most of the fundamentals in terms of policies affecting the countryside had already been established during the struggle. And so it did not require that much debate and discussion to convince the people in the countryside. The important change in terms of the countryside after the demise of the Derg regime is devaluation and that helps the peasants, especially those who export products. So it tallied with our approach of basing our actions on the desires and wishes of the majority of our population, which happens to be the peasants.

The problem in the urban areas is slightly different because there is the issue of retrenchment, both of government workers and of workers in state enterprises. There is the issue of privatisation, which affects employees. In this regard we have been cautious, and we are approaching it on a step-by-step basis. We concentrated on making sure that our factories and establishments operated at full capacity before we started the process of retrenchment. We are now approaching full capacity utilisation. In the meantime we hope that the economy will pick up and new job opportunities will be created, so the impact of retrenchment will be minimised. But in some instances we had to take some rather drastic actions of completely liquidating some state enterprises, including state farms. Most of the state farms that we have so far liquidated were liquidated by redistributing the land to the peasants. That again tallies with the desires of the peasants. It does not necessarily tally with those of the employees of the state farms. So we have had some resistance on the part of those retrenched employees. Perhaps that is the price that we have to pay. Nonetheless the impact has not been as bad as people had predicted. Usually when these types of programmes are implemented you do not see an immediate pick-up in terms of economic development. In our case our economy shot up by about 7.6 % in the first year of the reform, so that cushioned to a large extent the negative consequences of such reforms in the urban areas.

■ *In the urban areas, where the government's policy of encouraging the emergence of private sector business and industry will primarily apply, I suppose, businessmen and women claim that there are still too many restrictions, time-consuming procedures, money-wasting delays by the banks and the public administration. Some of them say that you encourage them in theory but in practice the government is not yet creating the right framework for them to operate in freely. What do you say to this?*

— Well, I think practice has to speak for itself. The economic reports that we — the government and our partners in development — all have indicate that there is a very sharp increase in private activity in the economy. Now it is perhaps to be expected that there should be some leftovers — after all, it is only one year and a half since we started the programme. It takes a lot of time to streamline the bureaucracy, to promulgate the necessary laws. Only three days ago we adopted a new law allowing local investors to invest in insurance and banking business. Now this is just a law, and it will take time before we have private banks and private insurance here. So there is this natural difference between desire and the capacity to implement one's wishes.

On the other hand, in the past 17 years the private sector that we had, such as it was, was based on rent-seeking activities. Now these opportunities are beginning to dwindle. Therefore I can expect some of the so-called private sector of the past 17 years to be worried about what we are trying to do now and to be quick in complaining. So there is both an inevitable and perhaps understandable need for time and, on the other hand, an understandable readiness on the part of those who are involved in rent-seeking activities to complain when they realise that the reform programmes might not encourage their previous activities — on the contrary, they might undercut the whole livelihood of a significant sector of the so-called private sector we have here. It is mainly a newly emerging sector rather than a continuation of the past.

■ *Something that sticks out like a sore thumb from the free-market economy is the system of state ownership of land which you inherited from the previous regime. Why have you perpetuated that system?*

— Let me start with the political reasons. In the past, before 1974, that is before the land reform, land to the south of Addis Ababa was owned by northern landlords. The whole population of the south in the countryside were serfs. The land reform was extremely popular in the south in 1974 and people have to differentiate between the land reform and the policy of collectivisation and so on that followed it. The later policy was very unpopular. That does not mean the land reform itself was unpopular, because it released something like 70% of our population from serfdom. These people still remember the past and they feel that if people were allowed to sell and buy land, they would soon be dispossessed and they would soon go back, in effect, to the pre-1974 situation. So anybody who wants to allow land to be sold and bought in the south must be prepared to suppress that big majority of the population. Now that might be possible for an urban-based movement. For us it is neither possible nor desirable.

Then we have the social damage. We have a pauperised peasantry. The economy in urban areas has not yet fully picked up. The moment we allowed land to be sold and bought, a very significant section of the population in rural areas

The Courier

Farmers preparing their crop for threshing
'We need to empower the peasants politically, to allow them to make their own decisions about developments'

would descend on the towns, having sold their land, and that would create an explosive social condition that we cannot in any way handle. So in effect, not allowing land to be sold and bought is serving as a sort of social security system.

And then we have the economic damage. Economically what we are suggesting is that land should not be bought and sold but they can rent it. They can hire labour, which was not possible in the past. They are free to produce whatever they want, they are free to sell it at whatever price they can fetch, they will be able to inherit land and so on. So the state ownership of land simply means that you cannot buy and sell it. Almost everything else you can do. And, because of that, the negative effects of state ownership of land or the consequences that are associated with it, like the peasants not taking proper care of their land, do not apply in our case because they can pass it on to the next generation, they can rent it. All they cannot do is sell it.

And then we need to develop large commercial farmers, private farmers. There are two options for doing that. One is dispossessing the peasants of their land : that is not the best way. The other option is breaking new land, and we have more than enough of that. So we can also satisfy our economic requirements by allowing the commercial farms to break new land and the peasants to be fully attached to their own land, because, apart from not being able to sell it, they can do everything else with that land. And so we think there is a very convincing political, social and economic reason for what we are doing.

■ *The rural population lacks a great many social facilities that other countries take for granted. I am thinking of primary education, health care, equal opportunities for men and women — I know these causes are very dear to your heart. How are you going to start doing something about it ?*

— We are going to try to do something about it by allowing the peasants to do something about it. For that we need to empower them politically, to allow them to make their own decisions about developments. Now the major asset they have is labour. They can be employed to build roads, they can contribute to the building of clinics, schools and so on. That is the primary weapon we have. That alone will not be enough. They will need technical assistance. They will need a certain amount of financial assistance. That is for us to provide to the best of our capacity. That capacity is not all that big at this stage. But for what it is worth, our focus is on the countryside. We have made it very clear in our development strategy, which we are presenting to the World Bank, that economic and social development in Ethiopia will be rural-based development. Develop the rural areas and then the urban areas will benefit from developing this huge rural sea in which these urban islands are situated.

■ *There are, of course, political interests in Ethiopia other than those represented in the transitional government. Are you afraid that the gap between the government and the opposition parties is becoming dangerously wide ?*

— In a certain sense it has always been dangerously wide with some elements of the opposition. As you can see, the type of reform we are trying to implement is in Ethiopian terms extremely radical, the devolution of power after a century of assimilation and centralisation. It is a fundamental break with the past. In these types of fundamental breaks with the past, we are bound to trample on some toes by the very fact of the reform. And sometimes these trampled toes react in an irrational manner. So there are those beneficiaries of the previous system who have not yet reconciled themselves to the facts of life as they are defined now. They know they cannot change this through the ballot box because we have got some 85 % of the population in the rural areas. They know they cannot change that through the bullet because they have already tried it and they were defeated. And in any case, be it through ballots or bullets, it is the peasants who decide in this country. And so now they are trying a third approach,that of conscripting forces in the international community and trying to utilise possible pressures from the international community to try to regain some of their lost positions. And so they start by boycotting the process and accusing us of not being all-inclusive. Now, if you boycott, by definition it will not be all-inclusive, so you are engaged in a self-fulfilling prophecy. Then they walk this tightrope between obeying the laws and engaging in criminal activity, thereby provoking a reaction from the government and then they can claim that they are being harassed, that they are being imprisoned and so on and so forth. That is the approach and it is not good for the development of a responsible opposition.

Nonetheless, I do not think it threatens either stability or the process of democratisation in this country. In terms of stability, this country will be stable so long as the rural areas are stable. If the rural areas are unstable, whatever happens in the urban areas, this country will not be stable. Now we are dead sure that the rural areas are stable and will continue to remain stable, and so it does not cause a real threat in terms of stability. In terms of democratisation, for us the critical things are the devolution of power and the building of institutions. We have developed power, which means we have made democracy relevant to the ordinary Ethiopian and that guarantees democracy in this country. One of the failures of democracy in Africa has been that it has been limited to the educated few, and the ordinary man did not differentiate between a dictator and a democrat. To all intents and purposes they were just as stupid, they were just as irrelevant, they were just as hostile to him. Now, we have devolved power. They are going to test it, to learn to appreciate it and they will not let it go. So democratisation as a whole is safe.

And we are also building institutions. For the first time in the history of Ethiopia people are now free to talk, free to express their opinion, free to criticise the government. Just a few years ago people were not even free to talk freely within their homes, just in case a child might overhear and report it. That is a major achievement as far as we are concerned.

■ *Your government allowed Eritrea to secede. What will happen if other regions want to follow Eritrea's example?*

— They will be free to do so, but I do not think it will happen.

■ *Why not?*

— Because the situation in Eritrea is slightly different from the situation in Ethiopia. In Eritrea the process started 30 years ago. There was a 30-year war which had its own consequences in terms of the opinion of the ordinary people. We took pre-emptive action in Ethiopia before things got out of control. If we had waited for a few more years, we would have had Yugoslavia — but we opened up. Now people are free to use their own language and administer their own areas, this devolution of power has released the tension that was there. Now people are talking about development. When you start talking about development, you start talking about a wider economy, a bigger market and you cannot have bigger markets by dividing up states. That, we believe, even the peasant will understand.

■ *Is the food shortage in Ethiopia now a chronic state or have you a policy for tackling that?*

— That is a chronic state. Once again, we want to have development that is rural-based, we start from the rural areas, we start by feeding ourselves, we start by feeding our urban areas, and to do that we have to start by developing the rural areas. So our total orientation in strategy for economic development is to start by developing the rural areas, meaning agriculture. The shortfall in our grain production is structural, it increases and decreases from time to time depending on the weather, but there is always a shortfall. And that shows how chronic the problem is. It requires the introduction of appropriate new technologies, the widespread use of agricultural inputs and so on, and that takes time and money. Nonetheless we believe we have the right policy and the right strategy. It is only a matter of time.

■ *One of Ethiopia's largest partners in development cooperation is the European Union. Do you find it a satisfactory partner, and, in particular, do you and the European Union agree on the priorities for development in this country?*

— On the whole, we agree on the strategy for development. The only thing I find difficult to understand, in view of the general efficiency of the European countries, is the delays that one faces in terms of dealing with the EU establishment. Every document has to be translated, I think, into nine or ten languages, every country has to make comments. So the disbursement of assistance is not as fast and flexible as it could be. Otherwise, as you say, the European Union happens to be our biggest partner in development and we are satisfied with the general conditions of that partnership. This problem is not peculiar to Ethiopia, I think, and I am sure many of the European leaders themselves feel frustrated.

Terraced land overlooking the Muger river
'We have made it very clear that economic and social development in Ethiopia will be rural-based development'

■ *You have elections coming up in June. The foreign donors and lenders want the transitional government to succeed because they are very apprehensive of the effects in Ethiopia and in the wider region, if you fail. Do you share those worries?*

— Well, I share the worries in terms of recognising what the impact of failure is going to mean. I do not necessarily share their apprehension in the sense of feeling that it is going to be a failure. I am sure it is going to be a success.

Interview by R.R.

ETHIOPIA

'To communicate takes two parties'

An interview with opposition leader Dr Beyene Petros

Three years since the fall of the Derg, democratisation and respect for human rights have made advances in Ethiopia. Though observers at home and abroad say there is still ground to be covered, a sign of progress was the holding in Addis Ababa last December of a Peace and Reconciliation Conference bringing together representatives of 48 political parties and other organisations which oppose the present government. The government rented premises to the organisers but refused an invitation to take part. Indeed, seven opposition delegates to the conference were arrested on a charge of advocating armed struggle against the government, and the government-controlled media portrayed the conference as a shambles.

The opposition has indeed found it difficult to reach consensus on the way forward, but 31 of the organisations attending the conference were able to reach agreement to set up the Council of Alternative Forces for Peace and Democracy (CAFPD), which will act as a political party in the run-up to the elections. Accusing the ruling party of aborting the democratisation process to consolidate its power, they called for the establishment of a new, broad-based government in which all political organisations, including the EPRDF, would be fairly represented, a demand which the government has ignored. The chairman of the conference and of the CAFPD is Dr Beyene Petros, leader of the Hadiya Nation Democratic Organisation, one of the many ethnic groups opposed to the EPRDF. *The Courier* asked him what united the groups in the CAFPD.

— What unites them currently is the question of democracy during the transitional period, human rights, the drafting and ratifying of the Constitution, and the social and economic issues that seriously affect the lives of millions of people in Ethiopia. In the name of structural adjustment we feel that there is a lot of damage being done in Ethiopia, and that there is carelessness in the planning and implementation of it. Once the question of democracy and human rights is out of the way, then each of these organisations will have the chance to get to their people, and it should simply be left to the people to decide who will come to power. The ground has to be prepared for free elections. That is really the central issue.

■ *The Transitional Government has announced elections for June 1994. Is that not satisfactory?*

— An election can only be based on an accepted Constitution. We challenge the manner in which the government is approaching this question of drafting and ratifying the Constitution.

My organisation was, for example, a member of the constitutional drafting commission. Now we had differences even over how the commission was put together, in that it did not include all the organisations that needed to be included. However, even with that complaint we went in and tried to influence it in its democratic content and to give it professionalism, together with the traditional wisdom which should be in it. But in the end that was not possible. Now, against the guidelines for the drafting of the Constitution, they have come up and put forward what they call the constitutional ideas to be discussed by the people. That is to bypass the basic procedure of drafting. They have this approach of putting very sensitive issues for discussion to a local community where you have ten thousand people and only a

hundred show up, and then they say: OK, now, land, would you like it to be under private ownership or government ownership? And they get them to vote. Or the rights of nationalities up to secession. And then they go back and say to the constitutional drafting committee: The people have decided, you cannot write anything else — land should be the property of the government, the government should have a broader influence in the country's economy. This again smacks of some kind of socialistic model for our economy. There are some constitutional issues that should be subjected to referendum, but this is not a referendum, it is only a select interest group which a majority of Ethiopians have avoided being part of because they don't accept the procedure.

The other problem we have is the ratification process, which will require electing the constituent assembly. We have all the proof now that the EPRDF is controlling all the countryside, the regional district administrations, as the result of the controversial or, rather, illegal June 1992 elections. With that now in place, they control the police, the courts, the administration. We don't think the election of the constituent assembly will stand any better chance than what we saw in June 1992.

I can tell you what the outcome of the constitutional process will be. Simply it will be something of EPRDF's liking. They have already established regional commissioners for election purposes, and the law which was passed by the Council of Representatives says these individuals should be acceptable to the regional administration. Now that is a single-party administration, and we have no confidence in it at all. So will this Constitution be a consensus Constitution? We say No, it excludes a lot of us, and the system is full of errors. I think it's simply another drama just to show off to the world.

■ *So what the EPRDF is doing, in your view, is creating a one-party state?*

— That's right, and that's what we want the world to know — but it is too unfashionable for the EPRDF to go and state that outright. They want to pretend that there are some fringe parties who would really not win anything, so they want us to join the game, when we will have a very poor chance of gaining anything from such an exercise.

■ *But there's one party on their side and more than 30 on yours. Are you going to be able to organise effectively as an opposition?*

— Yes, that is what we are hoping. The purpose of this Council of Alternative Forces for Peace and Democracy is to create a forum for these organisations in which we'll get to know each other, work together and also test each other on practical politics, rather than just simply carrying our individual lances and not meeting at all. So we hope, when the conditions are right, perhaps not all of the organisations will come under one umbrella, but at least the majority of them would evolve as a viable sort of Opposition.

■ *What is your view of the Government's record on human rights?*

— One can pinpoint several human rights violations. For example, the natural right of a lot of Ethiopian professionals to serve their country by practising their profession through the Civil Service is being seriously undermined, and this is being done summarily, that is, they are being dismissed from their jobs or pensioned off prematurely. They have nothing to fall back on and their families and all their dependants are living in a very dire situation.

Emblems of some of the political and cultural organisations represented on the Council of Alternative Forces for Peace and Democracy

■ *On what basis are these people retired early and dismissed?*

— The pretext is structural adjustment. The Government says: we want to improve the system or make it efficient. So they are expelling professionals and replacing them with junior, unqualified people with various allegiances, be they of party or from an ethnic point of view. And some of those dismissed cannot get employment in the nongovernment sector or international organisations either, because there is always a need for getting government clearance. A colleague of mine who used to be the Commissioner for Water Resources was expelled from his job on no substantial basis and he is a qualified engineer of more than 20 years' experience; now he cannot get any employment and himself and his family are starving. I think that would serve as a very good example of a lack of concern for human rights here.

The other one is that people get imprisoned without charge. This is even more obvious around our political movements, opposition movements. A leader of the Gedeo People's Democratic Organisation has been in prison for the last two years and he has not been charged. The whole executive committee of one organisation, the Sidama Liberation Movement, is in prison at present. There are no court warrants, and they don't appear in court. Even after the attorneys say they don't have any case against these guys they are not released. This idea of the courts and the justice system being independent of the administration is laughable.

■ *Some of the people who came here as delegates for the Conference in December were arrested on the allegation that they were guilty of incitement to ethnic violence. What is your reaction to that?*

— I don't know what the Government brings that kind of charge for. These individuals may be members of a particular political group and that organisation could be responsible but as for these individuals personally, I don't think that that kind of charge could be directly relevant to them. I think the truth is the leadership of these organisations, who may have some apprehension about such charges, did avoid coming to Ethiopia, but those who came are ordinary members who, it is perfectly well known, were acquitted of these charges. It's simply, I think, trying to dissuade such organisations from coming to Ethiopia and operating.

■ *Are your party activists able to operate freely?*

— They are harassed and even jailed, lose jobs, are demoted, in places outside of Addis. In Addis I think we are tolerated, to the extent that we stay in our small enclave and are not visible. When it comes to our movements coming out in the open for mass rallies or other big gatherings, they do their best to undermine that kind of activity by using bureaucratic, administrative measures. For example, we requested a permit to hold the peace and reconciliation conference more than a month before, inviting the Head of State to give us a blanket OK because the conference was of an international nature, involving visas, and we wanted to avoid delegates getting imprisoned and all that. We also approached Addis Ababa municipality, but both of these responsible bodies just kept quiet. So we had to go around and ask the assistance of the embassies, saying : Could you just take this matter up and tell us what the feeling of this Government is — they just don't want to communicate. The municipality only gave us a permit 48 hours before the conference. The purpose was simply for us to get frustrated and give in.

Another incident : we had a big mass rally in December in support of the conference. There again they waited until the 11th hour, so we had serious difficulty because we don't have access to the mass media, we can't announce there is a rally. The media are taxpayers' property and now they are only at the disposal of the Government.

■ *You can't get your message onto the radio and television ?*

— No, you can't, you can't even pay, let alone having access as a news item. That would involve visibility, going out and doing big things. As long as we don't do that, we are left alone in these premises and they have not bothered us here, honestly speaking. But I think their concern is any serious act that will undermine their edge, and they are very sensitive about us going to the countryside. Their belief seems to be that they have the countryside in their hands, they don't care what we do with these little *petits bourgeois* in the cities — these will not make a difference when it comes to the vote. It is that kind of calculation they seem to have in their minds. So the only place really we can be active currently is in Addis.

■ *Do you have a base in the countryside, in fact ?*

— We do have bases — we operate through our regional offices. Our frustration is that all our formal offices are closed so our movements unfortunately have been pushed into a clandestine kind of situation. They closed all our offices after the June 1992 elections. They saw the kind of challenge that could be presented.

■ *What is your forecast, frankly speaking, for the outcome of the elections in June ?*

— My organisation was in the Council of Representatives until we were illegally driven out — that's another important aspect of the undemocratic nature of this Government : as a minority organisation in a parliament we had every right to hold different views, but on the basis of that the EPRDF voted to expel us. So I think what will happen is the EPRDF will run as a single party but probably it will face-save : they will do all in their capacity to force all dominant or significantly popular organisations out of the game and have some tiny nominal organisations which they will create for this purpose, so they can say this is a multiparty contest, and they will carry the whole thing. It's going to be a one-party show and one party winning.

Also they have made it extremely difficult to register. Any organisation which wants to be a national organisation, if it wants to register in Addis, must have registrations in four other regions as well. And you need to have the signatures of so many thousand individuals from each of these regions. They know perfectly well that most of these organisations will have serious difficulties in doing that because it will be difficult or too expensive for people to associate with the Opposition — because of the risk of loss of job, demotion and all that.

■ *To organise the Conference you had to appeal to the embassies. Do you still have to rely on that sort of help for your activities now ?*

— We want to avoid that. We should be talking to our Government straight, but to communicate takes two parties.

On the other hand the President has said : Instead of running around the embassies, why don't you come out to the countryside ? We go to the countryside and the local stooge gives an instruction : You must leave this place within one hour. That has happened to a colleague of mine who was a member of the Council of Representatives, who was a Vice-Minister of Information. These young guys wielding guns tell you to leave the place within an hour, and the Government just sits and says : Now why don't you go into the countryside ? They simply want to put us in a situation which would be personally dangerous, and we are not here for some kind of martyrdom, we just want to make a serious contribution to the political transformation and our approach is not that of wielding guns or testing our might along those lines.

The essential message is that the Government is not open to opposing views or dialogue. ■

Interview by R.R.

'The only place we can be active currently is in Addis,' claims Dr Beyene at his office in the capital

ETHIOPIA

Reaping the peace dividend

Demobbed soldiers return to civilian life

Mengistu's military dictatorship maintained itself in power by force, and created the largest army in black Africa to try to put down the increasing number of ethnically and politically motivated rebellions which finally overwhelmed it. When the TGE took over, it inherited a demoralised force of 400 000 which, if left in place, might have turned into a serious threat to peace and stability. Most of the men were unwilling conscripts uprooted from their home areas, used to put down uprisings by their fellow-countrymen and dispersed all over the country. Rather than try to reorganise or reduce the existing armed services, the Government decided to dismantle them completely and start again from scratch (and on a much smaller scale). The disbanded ex-servicemen — and some 45 000 disabled war veterans — had first of all to be returned to their homes and then re-integrated into the communities with some sort of livelihood or support.

A special government department, the Commission for the Rehabilitation of Members of the Former Army and Disabled War Veterans, was set up to organise this vast process. The programme started with an order to the men to report to the military centres where they were based; there they were demobilised and taken to their home areas by the Ethiopian and International Red Cross. The Commission then reunited them with their families, and each man was given food rations for five months, in the form of food for work, while he was slotted into the appropriate part of the reintegration programme.

The start-up packages provided for men from rural areas, of whom 169 000 were settled on crop-producing land and 20 000 in coffeegrowing areas, comprised an ox and seeds bought from local suppliers and fertiliser and hand tools imported by the Ministry of Agriculture. One piece of land per man was allocated out of holdings assigned to local communities ('kebeles') and associations such as women's and youth groups by the communist regime; it was usually the most fertile land but, according to the Commissioner for Rehabilitation, Mulugeta Gebrehiwot, there was generally no resentment at this among local people, for two reasons: first, the ex-servicemen were their relations and second, there was an awareness that if the veterans were not allowed to farm they might become a threat to public order, as the only other training they had had was in fighting and killing.

Reintegrating men from urban areas was more problematic, as there were already (and still are) hundreds of thousands of unemployed people in the towns and cities. To start them off, the ex-servicemen were given seven months' subsistence rations and a small monthly allowance to cover outgoings such as rent and electricity. About 7 500 older ex-soldiers were able to retire on government-funded pension schemes, and the same number of younger ones resumed their studies, with a year's exemption from fees. Over 20 000 men who had the right qualifications found permanent skilled jobs in the public or private sectors, while others who had skills but no licence to practice were given the requisite certificates. Nearly 40 000 men found contractual work on building sites or picking coffee and other crops outside the towns; training these unskilled workers was a major achievement for the programme, as they had been spoiled for the labour market by years in the army, and the Commissioner hopes more work will be created for them as the (separate) Emergency Recovery and Reconstruction Programme progresses.

Reintegrated ex-servicemen have been encouraged to set up income-generating self-help groups and briefed on how to go about it. Nearly 600 projects, involving 12 000 ex-soldiers, are under way. The activities, which are screened and developed by government-run technical committees, include quarrying, running grinding mills, weaving and tailoring. Several Ethiopian and foreign NGOs provide help with rural development projects, such as terracing in Tigray, which rehabilitate not just the individuals concerned but the area and, by extension, the national economy. Projects of this kind were started off with a grant of three million birr from the state-owned Agricultural and Industrial Development Bank, though twice as much is needed for projects already appraised and approved. The Commissioner hopes more funds will be allocated from the government's 'safety net' programme, which was set up to help people adversely affected by economic reforms.

Very few of Ethiopia's disabled war veterans needed permanent care more complicated than what they could get at home; the majority required physical rehabilitation and/or reintegration into society. Medical care, physiotherapy and appliances were provided where needed, and three out of four men were given invalidity pensions. Vocational training in tie dyeing, silk screen work, weaving, tailoring, carpentry and metalwork was given for others in what had once been an Italian army camp in northern Ethiopia, and the Commissioner says results have exceeded all expectations. The Tigray Development Association has built workshops where men who have taken these courses can make a living from their new skills. This part of the rehabilitation programme caters primarily for disabled EPRDF fighters who took part in the struggle to overthrow Mengistu and were obviously not eligible for that regime's programmes. Commissioner Mulugeta pointed out, however, that all ethnic groups in Ethiopia suffered during the wars, so the programme as a whole is for all of them. It may not have to last much longer, in any case, he says: all the people it was set up to help have now been settled in one way or another, and the operation can probably be wound up this year.

The orphans and widows of soldiers who died under arms have not been so lucky, alas. The rehabilitation programme does not cater for them, and thousands have been reduced to begging in the streets. Their best hope for the long term is a revival in the economic situation which will bring them and other needy categories more government or private help, but that does nothing to make the struggle for survival easier in the here and now.

R.R.

ETHIOPIA

Motivating the peasant

European Union helps promote rural development

> 'We value each and every coin that comes from outside that is supposed to go to the peasant level. If the project changes the life of a peasant, we value it very highly.'
>
> Dr Teketel Forsido, Minister of Agriculture

The road out of Addis Ababa into the province of Shewa, to the north-east, takes you quite suddenly from a huge, teeming metropolis of small industry and trade into another world of emptiness and silence. Rolling hills stretch to every horizon. Dry thistles and, in the hollows, occasional cultivated patches of wheat, sorghum and teff wave in the steady breeze. Everything else near the capital has been grazed to the quick by sheep and cattle or cut down for firewood, and every rainy season torrential downpours carry more of the topsoil away for ever.

As you leave this blighted scene behind, the road rises into the highlands and twists and turns dramatically as it clings to the mountainsides above deep ravines. There start to be more signs of a living being made from the land. Agriculture is the livelihood of 85% of Ethiopia's population, and it is very clear in that landscape of farmers and herders that no policy for sustainable development will work if it caters mainly for the urban business class : it has to be geared to the peasant, and motivate him to play his part. That is, indeed, the Transitional Government's policy, and the European Union too is reorienting its resources for Ethiopia towards rural development in just such areas.

Some 90 kilometers from the capital, and hundreds of metres higher, lies the region of Bulga. Its rugged mountains were a natural defence during the Italian occupation of Ethiopia in 1936-1941 : Mussolini's armies were never able to penetrate Bulga, and for years it was a stronghold of resistance. Though it suffered badly, it remained free, but over the decades that followed the same impenetrable terrain made Bulga a prison in which the region's quarter of a million inhabitants languished in isolation from the outside world.

After years of official neglect, in 1971 a rural development association was set up to help the population gain access to schools, medical assistance and markets for their farm products by building the first road through the middle of Bulga, from Sembo to the market town of Areti. The scheme was a private initiative which won the support of the government's highway authority, and soon enough of the road had been built to enable the local people to reach a clinic. Ordinary people saw what the road could mean to them and, as well as supplying labour, began to contribute small amounts of money from their meagre earnings. Clearing and gravelling were proceeding well when, in 1974, the Marxist regime of the Derg took over and everything came to a standstill.

The Sembo-Areti road connects peasants to vital services

When Mengistu fell in 1991 and private enterprise came back into favour, one of the original promoters of the road, Gaitachew Bekele, decided with friends to revive the project as a sign by 'concerned citizens of their sense of humanitarian and national obligation to assist the underprivileged section of the rural community'. Mr Gaitachew and others like him, veterans of the wartime resistance, had time and energy to dedicate to this task, but for money and equipment they applied to the government and appealed to the international welfare organisations and donor agencies for help. The Government allocated 1m birr (ECU 160 000) for roadbuilding equipment, a figure almost matched by the European Union's contribution of 929 000 birr to pay for fuel, lubricants and workers' overtime payments through a scheme known as Shewa PADEP (short for Peasant Agricultural Development Programme). The remainder of the cost, 90 000 birr, is to be borne — when they can afford it — by the local communities who will use the road, as an incentive to them to take an interest in its success.

The 35 km, gravel-surfaced road links the highlands to the rift valley and snakes across mountains at altitudes of up to 3200 metres. About halfway along it,

Pupils for Sekoru's new school? Parents have to be convinced first

on a bluff near the village of Sekoru, stands another 1970s project halted during the Derg's time and now completed with European Union help. Sekoru is a small community of subsistence farmers most of whose children receive no schooling at all except in traditional farming skills. Even now there is no compulsory education at any level, even primary — the government says it wants to motivate peasant families into having their children educated, not force them. So its policy, as with the road, has been to involve the local community by asking them to help build and then maintain the school. Now that the stone and breezeblock structure is ready for use, the Ministry of Education will supply teaching staff, and it is up to the 150 families in Sekoru and two neighbouring villages to send their children.

The problem is that during the period of the Derg peasant communities were thoroughly demotivated by a system of education which, where it existed at all, was tightly controlled from the top down by political appointees. In Sekoru a small school put up in the early 1970s was wrecked, and parents interested in having their children educated had to send them to boarding schools in the towns. Added to this was the Derg's policy of resettling peasants far from their places of origin, with the result that many of the people now living in Sekoru are from elsewhere and are not certain whether they will stay, especially while the state's intentions regarding the ownership of land remain unclear. Recent crop failures have also made it hard for the villagers to contribute their share of the construction costs, though local people employed on the site have agreed to accept half the usual daily wage for building work; and Mr Gaitachew says that if the school charges fees no family will be able to afford them. So the building stands ready for use, with its six classrooms and houses for the teachers, but poverty — and a lingering suspicion among villagers of projects sponsored by central government — cast a cloud over the school's immediate future. The difficult job of persuading local people how much their children can gain from education now has to be done.

Some kilometres further up the main road lies another project financed partly from the European Development Fund, a sheep breeding station occupying 550 hectares at the town of Debre Berhan. Founded 30 years ago, this is the oldest established farm in the country, and conducts a programme to improve the productivity of local sheep breeds by cross-breeding with exotic imported types. By crossing Awassi rams from Israel and Hampshire rams from Kenya with local ewes, the ranch produces offspring which are twice as heavy as the local sheep, and distributes these animals to Ethiopian farmers to improve their flocks. An EU commitment to help improve the infrastructure as part of Shewa PADEP was given in the last years of the Derg but, owing to political unrest and lack of materials on the local market, the aid did not start showing results until 1992. The cost of sheep development and of upgrading the ranch is 400 000 birr (some ECU 65 000), including the purchase of 500 local ewes to add to the 2000 head of sheep already at the station. Given the size of Ethiopia's farming population, the amount of work to be done is still vast, but this is making a useful contribution to improving the lives of many peasant families.

The results achieved by a very ambitious rural development scheme on the other side of Addis Ababa have been more mixed. A programme to help peasant coffee farmers in south-western Ethiopia has been running since Lomé III and covers nearly a third of the country's main coffee production area. The aim is to meet growing domestic demand and produce larger volumes for export by expanding the area under coffee and greatly improving the yields from existing farms. Coffee production, according to the Minister of Agriculture, is not actually second or even third priority for the Government — self-sufficiency in food has to come top — but the coffee sector employs one in four of the population and therefore warrants encouragement, especially when it comes to upgrading the quality. A further incentive is that farmers are now allowed to sell their beans at auction to the highest bidder instead of at a fixed price to a government buying agency, so the price to the producers has doubled. And the devaluation of the birr has made Ethiopian coffee more attractive to foreign buyers, leading to higher export sales.

Inspecting high-grade coffee seedlings

Coffee grows wild in the provinces bordering on Sudan and Kenya and since time immemorial has been cultivated as a livelihood. However, local farmers have missed out on improved yields by neglecting or being ignorant of such techniques as pruning, mulching, fertilising and spraying, and have overlooked or not had access to disease-resistant cultivars. One success of the coffee improvement project has been to establish simple but effective nurseries for top-quality seedlings, which are then planted out with guidance from extension agents. Existing plantations, however, have remained in poor condition, and the Government and the EU have agreed that the programme will now have to place the emphasis on managerial and technical assistance. Again, it seems that 17 years of overcentralisation have discouraged farmers from acting on their own initiative and made them mistrustful of interference, however well-intentioned, in their traditional practices. Here, as elsewhere, a whole new spirit of enterprise has to be encouraged to emerge.

R.R.

ETHIOPIA

Reviving private business and industry

Small firms face the challenges of a restructured economy

'One major hindrance to economic development in the past was the restrictive policies imposed on the activities of the private sector. Without changes in the policy, efforts to realise economic recovery would be futile.'

So says the guide to 'Ethiopia's Economic Policy during the Transitional Period' which the Government issued in 1991 six months after it came to power. A look at Addis Ababa's streets today offers colourful proof of the rapid shift that has taken place in economic policy in the past three years. Advertising hoardings which during the time of the Derg bore placards proclaiming the victory of socialism are now festooned with the praises of more mundane but tangible attractions : motorbikes, shoes, refreshing drinks. In government offices and wherever representatives of the international aid donors and lenders meet, the words 'private enterprise' are on everyone's lips.

Leather working

Official pronouncements are one thing, but what is happening on the ground? The Vice-Minister for Industry, Girma Yigebru, says the Government is in favour of encouraging small and medium-sized enterprises (SMEs) because they are a good way of creating employment and encouraging technology transfer. The European Union, too, is among those who regard encouraging private-sector success as a priority for Ethiopia's economic development, with the focus very much on small businesses. In Addis Ababa there are several small firms which get, or hope to get, a helping hand from Europe as they make their contribution to Ethiopia's transformation into a free market economy. Their experiences illustrate some of the opportunities and difficulties the private sector faces.

Leather

One of the few raw materials the country produces in quantities above subsistence level requirements is hides and skins ; in fact the sector is second only to coffee as a potential export earner. Apart from supporting herders in rural areas, it provides a living for urban dwellers who process the skins into garments, shoes and bags. Ethiopia's Ministry of Trade has selected three leather goods manufacturers, one public and two private, for support as part of a Foreign Trade Development Project which it is financing jointly with the European Commission. To help the companies make their breakthrough into the export market, the project has provided technical assistance in the form of a workshop for their designers, as well as helping their representatives attend the famous international fashion fair in Germany to prospect the market there and in Belgium.

One beneficiary of this scheme is Genuine Leather Craft, a private limited company operating in what used to be an apartment in the trading district of Addis Ababa known as Mercato. Its general manager, Teshome Kebede, says that with larger premises he could employ nearly twice the present workforce of 28 — and would dearly love to expand his export sales too, from the present 20% of output to 60%. As the European Union is the world's biggest buyer of leather products, he naturally has his sights set on consumers there, and aims to compete on price and quality with other developing country producers such as India, Pakistan and China. The problem is that big retailers in, for example, Germany only place huge bulk orders, which at the moment a firm as small as Genuine Leather Craft could not fulfil, so Mr Teshome is looking instead for outlets in specialist shops with a fast turnover — and lower mark-ups. Going up-market, of course, means the quality has to be improved — so a vital need is a higher standard of training for the leather workers, and here the EU has promised to help. Another requirement for expansion is more capital. But neither it nor the other two selected firms can put up the security the banks require for a large enough loan, so instead the three manufacturers are asking the EU to stand guarantor or lend them take-off money directly, possibly from Stabex funds.

Light engineering

'It was a bonanza!' That is how another businessman described the scheme to allow Stabex funds to be made available to private entrepreneurs. Iacona Engineering is a light

Furniture making

industrial company in the suburbs of Addis Ababa which produces metal furniture for offices, hospitals, hotels, restaurants and schools. General manager Roberto Iacona says the firm employs 75 people, which makes it one of the largest SMEs in Ethiopia. He has used Stabex money to import raw materials such as steel box tubing and the EU's Centre for the Development of Industry (CDI) is using its good offices to help him make contact with European firms, as well as carrying out a study for him on the requirements for going into industrial, rather than artisanal, production and making his own components.

However, there are difficulties inherited from the pre-1991 period. Under the old regime it was impossible to raise enough capital to import new technology, so many of the processes at the factory are hand-operated. Mr Iacona now wants to expand the business so that he can export at least to the countries of the Preferential Trade Area in eastern and southern Africa, but to improve quality and increase output he needs, for example, electric-powered machines to bend metal tubing which cost $35,000 each. The legal restriction on using foreign exchange to import such machinery has gone, and dollars can be bought at auction, but, since the purchasing power of the birr was halved through devaluation in 1991, to take a bank loan in birr for this type of outlay, and at 14 to 15% interest, is beyond even a relatively successful small entrepreneur's means. The land leasehold system, in its turn, discourages borrowing to finance expansion: Iacona Engineering already occupies 6000 square metres and has plans to take over neighbouring land to put up more workshops, but Mr Iacona is unwilling to invest in fixed buildings on land which will not be his and plans instead to put up prefabricated buildings which can be dismantled and removed.

Furniture and fashion

A much smaller company which has been developed entirely with private money is the St George's Interior Decoration and Art Gallery, a luxury establishment whose owner and managing director, Saba Alene, produces furniture from local materials to designs of her own which she bases on traditional styles. Sales are largely to the diplomatic community locally, to foreign visitors and to Ethiopians living abroad, and the company provides a living for some 20 people. Mrs Saba has no problem finding outlets for her products, or for the paintings by local artists which she also exhibits, but she too says that state ownership of land and real estate makes it difficult to plan ahead. Her business premises are held on a short lease and, like other urban leaseholders, she still has no idea what it will cost to extend the lease, but cannot acquire the freehold of the building. Another constraint is the rising price of her raw material: government offices controlling the supply of wood do not have enough to meet the demand, and levy a tax on what they have, while private suppliers are prohibitively expensive. This problem will no doubt solve itself when competition among suppliers develops in the new free market climate, but surviving the transition is the immediate difficulty.

Another businesswoman in Addis Ababa is Genet Kebede, a ladies' dress designer who markets her creations through a small company she has set up called Paradise Fashions. A show of Mrs Genet's glamorous collection was seen by the department for trade promotion of the European Commission's Directorate-General for Development, which is considering funding a showing of the dresses at the Paris *prêt-à-porter* fashion fair this year. The styles incorporate Ethiopian cultural motifs and are pitched at the expatriate Ethiopian market, particularly in North America. Mrs Genet employs ten people, and on her small turnover a huge problem is the cost of travelling abroad to show her product: air tickets have to be paid for in foreign exchange and have become so dear since the devaluation of the birr that four out of five business people, she claims, have given up travelling altogether. Premises are a problem, too: last year she was engaged in buying land when the urban land leasehold proclamation was issued, and now she has no idea if she will get title to it — or a refund of the 85% of the price she had already paid when the law came out. A further catch is that the Commercial Bank refuses loans to business people who cannot produce a receipt for a paid-up lease (in any case, the proclamation does not state what leases are to cost, so none can be issued). And on the regulations governing imports, without which she cannot make her dresses, Mrs Genet says it is a case of 'today one thing, tomorrow another'. At present customs duty is a quarter of declared value, which for some entrepreneurs on slender margins is so high that they have been unable to redeem goods ordered from abroad when they arrive at the airport (to make matters worse the airport, not unreasonably, then bills them for storing the goods). At least Paradise Fashions can afford to import the materials it needs, but only because Mrs Genet's husband is an expatriate paid in foreign exchange.

Genet Kebede shows her latest designs

Coffee grading

A free market?

Ashenafi Shifferaw, the head of the Ethiopian branch of the CDI, says the number of socialist regulations which have not yet been revoked is a real obstacle to liberalising the economy: for example, public enterprises still get priority in buying supplies of raw materials and securing credit from banks. Some SMEs are so demoralised that they wonder whether the Government is setting up a free-market economy at all. On the subject of their financial difficulties, the President's Economic Adviser, Neway Ghebreab, says that there is a great deal of liquidity available for investment from the state-owned Commercial Bank. But, as Mr Ashenafi points out, the fact that even after the Derg the Bank will only accept fixed buildings or plant as collateral for a loan has discouraged anyone trying to start up in business with no fixed assets — one businesswoman who wanted to produce plastic buttons industrially was kept waiting for five years. And a manufacturer of plastic bottles imported up-to-date equipment three years ago but has still not been able to obtain foreign exchange to bring in technicians to train his workers to use it. Birr to buy the currency at auction can be borrowed privately, Mr Neway says. But high interest rates still put loans on the free market beyond the reach of many.

The lack of clarity about land and property ownership is another disincentive. In such a poor country the government has to set priorities, and is more concerned with improving conditions for the 85% of the population who live from subsistence farming than for manufacturers of inessentials living in urban areas, but entrepreneurs say it is the goods and services they supply which will get the economy moving for everybody and bring in hard currency. If the present uncertainties persist, to quote Mrs Genet: 'the middle classes will just give up.'

Coffee

Paradoxically, it was in the very export sector where stakes were highest that a more positive note was at last sounded. Coffee has traditionally accounted for more than half of Ethiopia's export earnings, and exports in the 1992/93 financial year (from July to July) were 92% up on the figure for the preceding year. One entrepreneur in the capital whose turnover has gone up fourfold since 1991 is Geoffrey Wetherill. This expatriate Englishman with 30 years' experience of life in Ethiopia has a coffee processing business, Ambessa Enterprises, where Arabica beans from the country, bought at auction, are graded, roasted and packed. The company operates two eight-hour shifts a day and expects to process at least 3000 tonnes by the end of this year for the domestic and export markets. There was a high point in the 1980s, though, when the factory worked round-the-clock and handled twice that amount. Now there is a glut on the world coffee market and, like other exporters, Mr Wetherill is having to go for improved quality to attract foreign customers, primarily in the United States, Europe (particularly Germany), Japan and Saudi Arabia. But he sees great potential for expanding sales in Ethiopia itself.

'In a world of coffee overproduction,' he says, 'we are in a country where coffee is short, despite the fact that we're producing it.' In the last 20 years the population of Ethiopia has doubled, but the amount of coffee being produced is still the same. Every household in the country drinks it; at 10 kg, say, per head, there could be a domestic market of half a million tonnes a year, far outstripping last year's exports of just under 70 000 tonnes. Mr Wetherill is not bothered about who owns the farmland where the beans are grown or the urban land on which his factory stands, provided the present holders have a guaranteed right to continue using the land; of more concern to him is improving the whole operation from its starting point. So he is looking forward to investment in the form of joint ventures with foreign companies interested in providing services to farmers setting up in business (in fact he reckons there is room for ten to fifteen thousand small agri-based industries in the country). The European Union could play a vital part, he believes, by giving more expert technical advice to farmers on pruning, picking, hulling and storing their crop, and by helping them acquire simple equipment.

Thinking along the same lines, Mr Iacona speaks for all his fellow entrepreneurs when he says he is grateful for EU aid, despite one criticism which his counterparts in many ACP countries (and some of their governments) might share: 'The procedures take too long. Businessmen want things immediately. We don't want to be assisted for the rest of our lives, but this is the moment when we can catch up and we need assistance to make us competitive, and not just in the local market. We need to be supported aggressively and with less bureaucracy to get the maximum effect.' Deregulation all round seems to be the key.

R.R.

ETHIOPIA

Freedom of the press — a contribution to the democratic process

Since the Mengistu regime was overthrown a very evident sign of liberation in Ethiopia has been a burgeoning of the press, with the private sector well to the fore. In the early days there were something like 100 newspapers fighting for readers, primarily in Addis Ababa; market forces have decimated the field since then, but there is still more choice of reading matter and points of view than ever before in the country's history.

Press freedom was officially enshrined in a law decreed in October 1992 which also bans censorship. In democratic style, it provides for right of access to news and information from government and other sources, and lays down that publishers and editors shall not have to disclose their sources. The proclamation specifically lists criticism and expressions of opinion among the purposes of the press, and to such an extent has this been taken to heart that some independent newspapers have been described as being all editorials and no news. As well as the government itself, and professional journalists, the publishers include businessmen and even officials formerly responsible for propaganda under Mengistu.

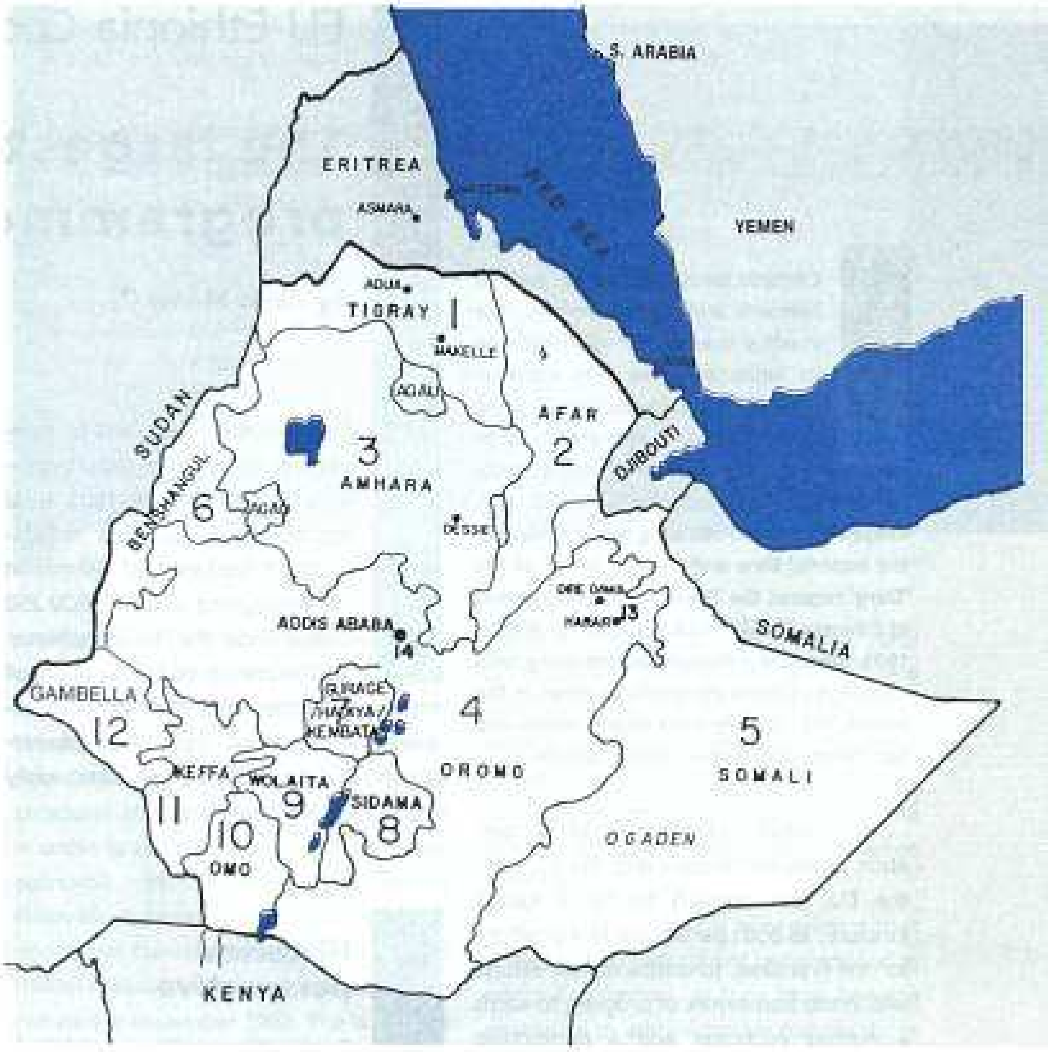
Private-sector newspapers and magazines have been very critical of the Transitional Government's policies, particularly the nationalities policy, and were almost unanimous in opposing the independence of Eritrea. Here they start treading on risky ground, however, since the press law makes it a responsibility of journalists, editors and publishers to ensure that reports are 'free from any criminal offence against the safety of the State or of the administration' and 'any criminal instigation of one nationality against another or incitement of conflict between peoples'. There must also be no 'agitation for war'. Such wide and far-reaching prohibitions are obviously a solid inducement to self-censorship. But there are also persistent reports of writers and publishers in the independent press being detained by the security forces on the basis of these clauses and warned against covering certain subjects. The editor of the Amharic-language *Ethiopis Ghazeta* was detained at the end of 1992 for reporting that there was conflict in northern Ethiopia. His articles were found to be seditious by the court and the editor was jailed for two years this March. The editor of the weekly *Eyetta* was fined for publishing a speech by an exiled opponent of the Government which the court found to be 'a declaration of war' on the Government. The central or regional government prosecutor can actually intervene in advance to prevent the dissemination of any publication which he has reason to believe contains illegal material 'which may cause serious damage' — to whom, the law does not say. Should a writer or editor decide to use a pen name, that fact has to be prominently indicated in the publication concerned.

These measures amount to a pretty effective straitjacket on any newspaper wishing to discuss many aspects of government policy — and yet there are some bold enough to do it. This is where, according to these critical voices, the authorities start applying more insidious forms of discouragement. Private publishers have very little capital and have to rely on the Government's printing press; the charge for using it has been doubled in the last year and a half. The Government says the devaluation of the birr has made imported newsprint dearer — yet it contrives to sell its own papers, produced on the same press and newsprint, at much lower prices than the independent press has to charge to make a return. As far as reporting official news is concerned, private newspapers say the Government bans them from its news conferences and does not answer questions they put to it; this, too, puts the independent press at an obvious journalistic and commercial disadvantage, which is compounded by the fact that the government press also has a monopoly of official public announcements. Even independent photographers and newspaper vendors are, it is claimed, harassed by the police.

While dissenting from the government line in the written press is fraught with difficulties, via Ethiopia's broadcast media it is impossible. The Charter setting out government policies for the transitional period until elections says that the Council of Representatives is to 'provide the mechanism to ascertain the fair and impartial application of the mass media', but regulations to bring this about have not yet been issued and radio and television are still entirely state-controlled. Opponents of the Government claim their political activities are not properly reported, and that they receive no air time to put their own case and cannot even pay for announcements to be broadcast. They can and do, of course, talk to the foreign news media.

The Government, on its side, is putting through a difficult programme of constitutional change and regional devolution which will not succeed if the country is torn apart by dissension fed by the media. Trying to suppress reports which it does not like could, however, be counterproductive. As a report on the human rights situation in Ethiopia published by the Ethiopian Human Rights Council in January puts it, 'One of the greatest services provided by the free press is that of dispelling doubts, rumours and speculation which undermine stability and confidence. It is helping the people to see the truth from different angles and contributing its share to the establishment of the democratic process. Such efforts should be encouraged by the Government instead of being stifled.'

R.R.



Ethiopia, showing self-governing regions (1-12) and chartered cities (13-14)

Profile

Area: 1.13 million km²

Population: 53m. Growth rate 3.5% p.a. Rural population 85%.

Average life expectancy: 46 years

Infant mortality: 125 per 1000 live births

Literacy rate: Estimated at between 23% and 62% (including Eritrea)

Capital: Addis Ababa (population estimated at 2.5m)

Other main towns: Harar, Dire Dawa, Makelle, Dessie

Religion: Orthodox Christian, Muslim, Animist

Languages: Amharic, Oromo, Tigre, Somali, Afar and numerous others; English widely taught

Political structure: Unitary republic with 14 regions. The Transitional Charter approved in July 1991 provides for a Council of Representatives of 87 members and a Council of Ministers. Elections for regional governments were held in June 1992. National elections are due in June 1994.

Head of State: Meles Zenawi, leader of the Ethiopian People's Revolutionary Democratic Front and President of the Transitional Government

Currency: Birr (B6.97 = ECU1, B5.13 = $1 in April 1994)

Inflation rate: (January 1994) 10%

GDP: $6.0 billion (1991)

Real GDP growth: 7.6% (1992/3 fiscal year starting on 7 July)

GNP per capita: $120 (1991)

Principal exports: Coffee (62%), hides and skins (21%), gold, vegetable products (1990; includes Eritrea)

Principal imports: Machinery (44.5%), motor vehicles (28%), crude petroleum (27.5%) (1989; includes Eritrea)

Total value of exports: $177m (1992; includes Eritrea)

Total value of imports: $1.03 billion (1992; includes Eritrea)

Public finances: 1993/4 budget:

Expenditures: 8.4bn birr, broken down as follows:

— operating expenditure B4.578bn, investment B3.847bn, or

— central government B5.3bn, regional governments B3.1bn, or

— B1.49bn administrative and general services;
B3.67bn economic services;
B1.74bn social services;
B1.57bn miscellaneous expenditure.

Receipts:

— B3.8bn from revenues, indirect taxes, import duties, government investment;

— B2.12bn from foreign cash grants, counterpart funds and technical assistance;

— B2.3bn from capital revenues: local sources, foreign loans, counterpart funds.

Sources: Transitional Government of Ethiopia; Embassy of Ethiopia, Brussels; Economist Intelligence Unit (40 Duke St, London W1A 1DW, UK); UNDP; World Bank.

Note: Eritrea became independent in May 1993; reliable statistics for Ethiopia since that date, i.e. excluding Eritrea, are in many cases not yet available.

ETHIOPIA

EU-Ethiopia Cooperation

The largest support programme in the ACP

by Heino Marius (*)

Ethiopia possesses a rich cultural heritage and a long history, the country was never colonised and its inhabitants are very independent in spirit. Over the last 30 years Ethiopia has attracted international attention mainly through social upheavals, extended warfare and prolonged droughts. Following the feudalism of the imperial time and the red terror of the 'Derg' regime, the Transitional Government of Ethiopia (TGE), which took power in May 1991, inherited a devastated economy with one of the lowest per-capita incomes in the world. The country now enjoys peace and has initiated economic reconstruction.

After two decades of cooperation between Ethiopia and the EC, now the EU, this appears to be a special juncture, as both parties are in a position, for the first time, to combine their efforts within the framework of progress towards a market economy and a democratic political system.

Ethiopia occupies a unique position in the development cooperation structure of the European Union. Taking into account all instruments of assistance, including both programmable and non-programmable resources, the country is the largest recipient of EU support, ahead of any other ACP state. Allocations of programmable aid amounted to:

— Lomé I	ECU 120 million
— Lomé II	ECU 141 million
— Lomé III	ECU 210 million
— Lomé IV	ECU 265 million (1st Financial Protocol)

The Lomé IV contribution includes ECU 225 million grant funds, out of which ECU 20 million have been earmarked for Eritrea, and ECU 40 million risk capital administered by the European Investment Bank (EIB).

Impressive non-programmable funds were designated in response to humanitarian needs and to compensate for losses in export earnings. Deliveries until 1993 total approximately ECU 600 million-worth of food aid, ECU 120 million for emergency aid and ECU 250 million under the STABEX scheme. To this are added EIB loans out of regular resources and benefits from regional programmes. Total EU disbursements in Ethiopia have to date easily exceeded ECU 1.5 billion.

Historical perspective

Cooperation between Ethiopia and the EU dates back to 1973 when, still under the reign of Emperor Haile Selassie, the then Community supported a food aid programme to alleviate a serious drought affecting the northern regions at that time. In the event the Imperial Government was accused of ignorance of the plight of the affected populations, and this was one of the factors which led to the overthrow of the old regime by a group of junior army officers, later to become known as the Derg, who set the country on a socialist path. Negotiations for accession to the First Lomé Convention were completed with the new Government, and Ethiopia has been a signatory to all further Conventions ever since.

Under Lomé I and Lomé II, collaboration focused primarily on the provision and upgrading of economic and social infrastructure to lay a foundation for the growth of the productive sectors. Major completed projects from this period include Addis Ababa water supply, Amibara irrigation, the Amarty hydropower scheme and the Ghimbi-Gambella road.

The Lomé III National Indicative Programme (NIP) was negotiated and signed in May 1986. In the aftermath of the 1984/85 famine the Government opted to give priority to agricultural development as the focal area for EC assistance. This approach corresponded with the Lomé III emphasis on food security and the move away from isolated projects towards support for policies and sectoral strategies. The resulting need for a more thorough policy dialogue led to some liberalisation in agricultural pricing and marketing, preparing the ground for a number of large rural development schemes, namely the Shewa Peasant Agricultural Development Programme (PADEP), a third phase of the Coffee Improvement Project (CIP) and the Lake Fisheries Development Project.

Confronted with steep economic decline towards the end of the 1980s, the Government, in what perhaps can be referred to as an Ethiopian version of perestroika, initiated the so-called New Economic Policy with a view to facilitating the participation of private-sector operators in the economy, while loosening the central planning doctrine. As a new feature of EC aid to Ethiopia this period saw the introduction of quick-disbursing operations through Sectoral Import Programmes in support of the productive sectors, which had the double effect of alleviating the foreign-exchange crisis facing the country while supporting selected budgetary targets through the generation of counterpart funds.

1991 witnessed a dramatic intensification of the civil war and the seizure of power by a coalition of rebel groups led by Meles Zenawi, the current President, in May of that year. Owing to these events,

* Economic Adviser, Delegation of the Commission of the European Communities, Addis Ababa.

the initial version of the National Indicative Programme for the Lomé IV First Financial Protocol signed on 23 February 1991 became obsolete. A completely revised NIP was concluded on 18 March 1992, with the Transitional Government of Ethiopia (TGE) advocating a gradual reduction of the role of the State while strengthening the market economy, as laid down in the Economic Policy for the Transitional Period adopted in November 1991. It was agreed that EC-Ethiopia cooperation would be based upon the implementation of new approaches consistent with priorities spelled out in the Lomé IV Convention, in particular the active promotion of the private sector in agriculture, industry and services. Rural development and support to small and medium-scale enterprises were identified as focal areas. The parties further agreed that Community assistance would be placed within the context of a structural adjustment programme with major objectives outlined in a Policy Framework Paper (PFP).

TABLEAU 1

Total EU Assistance to Ethiopia (1975-1993) - (ECU millions)

	1975/80 Lomé I	1981/85 Lomé II	1986/90 Lomé III	1991/93 Lomé IV	Total
National Indicative Programme	120.0	141.0	210.0	225.0	696.0
European Investment Bank	—	12.5	31.0	40.0	83.5
Structural Adjustment Support	—	—	—	75.0	75.0
STABEX	14.4	11.5	98.6	150.0	274.5
Food Aid	34.4	141.3	250.7	196.0	622.4
Emergency Aid	7.0	49.5	49.0	16.0	115.5
Rehabilitation Programmes	—	—	36.2	7.0	43.2
NGO Cofinancing	0.2	1.7	11.3	15.0	28.2
GRAND TOTAL	176.0	351.5	686.8	724.0	1 938.3

N.B.: The figures for NIP and EIB programmable resources under Lomé IV relate to the First Financial Protocol (1991-95) only. Structural Adjustment Support under Lomé IV has been disbursed during 1993 and 1994.

From rehabilitation to structural adjustment

Initial priorities for cooperation with the Transitional Government were clearly focused on rehabilitation efforts. The EC responded swiftly to the precarious nature of Ethiopia's economic situation by participating in the multi-donor Emergency Recovery and Reconstruction Project (ERRP) with a contribution of ECU 98 million out of a ECU 550 million package. Funds were allocated from existing sources including STABEX, Sectoral Import Programmes, Food Aid, Shewa PADEP and others.

The ERRP was not subject to policy conditionalities but addressed urgent short-term needs such as import requirements to revitalise the productive sectors, both public and private, the rehabilitation of war-damaged infrastructure and the restoration of facilities in the social sectors. The component allocated to the private sector has been disbursed particularly fast.

At the time the ERRP package was negotiated it was already assumed that the TGE would prepare a comprehensive structural adjustment programme to ensure medium-term donor support. In parallel with the Bretton Woods institutions, Commission Vice-President Marin pledged ECU 75 million in EU structural adjustment support to Ethiopia in order to reinforce the country's macro-economic reform process. The related Financing Agreement was recently signed and a first tranche amounting to ECU 40 million in balance of payments support was released in December 1993. The scheme is designed as a General Import Programme whereby the funds are channelled through the fortnightly foreign exchange auction system initiated in May 1993. Associated deposits in local currency will generate counterpart funds and contribute towards budgetary expenditure in the health and education sectors to offset possible negative social effects of the adjustment process.

The practicalities of the use of counterpart funds are set out in a Memorandum of Understanding (MoU) negotiated between the EU along with other major donors and the Government, allowing for the full integration of such funds as part of regular public expenditure while providing for periodic discussions on the substance and quality of the budget.

Rural development and food security

Agriculture remains by far the dominant sector of Ethiopia's economy and therefore deserves the priority attention it receives as part of EU-Ethiopia cooperation. The large rural development programmes which were launched during the final years of the Derg were designed to increase crop yields in the target areas, thus containing the country's overall food deficit and, in particular in the case of coffee, enhancing foreign exchange earnings.

However, it is now evident that these programmes cannot be completed as originally planned, as they have become entangled in administrative complications and management difficulties. In the case of Shewa PADEP, the largest rural development programme the EU is currently funding in all ACP countries, the need for a reallocation of remaining unspent resources towards small-scale irrigation, soil conservation, afforestation and micro-projects has been identified. A similar situation applies to the Coffee Improvement Project. It was agreed with the Government not to launch any new major rural development programmes unless it is assured that existing funds will be effectively disbursed.

Ethiopia is still unable to sustain its growing population through local food production. The deficit is largely made up by way of food aid imports. The EU as the biggest donor in this area contributed the equivalent of ECU 126 million in 1992 and 1993. As part of a global shift from relief to development assistance a pilot programme of structural food aid was implemented in various impoverished areas of Addis Ababa, whereby 50 000 tons of wheat were sold at subsidised prices to needy target groups. It is anticipated that the EU's food aid policy will undergo a further reorientation towards food for work or cash for work programmes in order not to stifle domestic production of foods crops.

Private sector development and trade promotion

Following recent reform efforts, namely the lifting of investment restrictions and the liberalisation of trading activities, the EU has already contributed substantially towards the revival of the private sector in Ethiopia through foreign exchange allocations using Sectoral Import Programmes and STABEX funds. This commitment will be further consolidated through the promotion of small-scale enterprises, which are to benefit from a comprehensive support programme including policy advice, credit support, export promotion and entrepreneurship development. The European Investment Bank (EIB) plans to provide a credit line for medium-sized firms through a local handling bank.

The EU is Ethiopia's most important trading partner, yet the country's trade balance with the Union has undergone a substantial deterioration in recent years. The TGE and the Commission aim to address the structural weaknesses of the country's export sector through the Foreign Trade Development Programme by actively promoting non-traditional exports with hands-on marketing operations and by boosting the participation of private operators in export trade. Beyond that, the EU will continue to sponsor Ethiopia's participation in internatonal trade events.

Under the Stabex scheme, a substantial part of foreign exchange allocations in compensation for export income losses is made available to enterprises engaged in the coffee, hides and skins, import substitution and export diversification sectors to enhance overall trade performance. For forthcoming tranches the Commission is currently looking into the possibility of integrating Stabex funds into general balance of payments support through the foreign exchange auction system.

Future plans

Although, owing to political and administrative changes, the implementation of the Lomé IV National Indicative Programme is somewhat behind schedule, a variety of project preparatory activities have been carried out. These will bear fruit in the near future and should also have implications for cooperation under the Second Financial Protocol.

To complement the TGE's policy and strategy paper on transport the EU will carry out a road sector study to put its future assistance in this field on a sound basis. To date, agreements have been reached to rehabilitate the Addis-Modjo-Awassa road and to prepare a feasibility study for the Addis-Jimma road.

At the regional level, studies will be carried out to assess the viability of the Ethiopia-Djibouti railway. This will include a comparative evaluation of road and rail traffic, an analysis of the institutional framework of the railway and the identification of emergency rehabilitation needs.

A further major infrastructure project will aim to improve the water supply and sanitation system in Addis Ababa, provided issues related to tariff structure and improvements in the management and operations of the city's Water and Sewerage Authority can be resolved.

The EU will continue to support human resources development activities in Ethiopia through the Integrated Training Programme. A new project about to start is the restoration and preservation of the historic rock-hewn churches in Lalibela in cooperation with UNESCO.

The country will also benefit from a special rehabilitation initiative for war-affected African countries, recently launched by the Council of Ministers in Brussels, to provide additional funds in support of refugees, returnees and demobilised soldiers by way of NGO-implemented programmes.

Conclusions

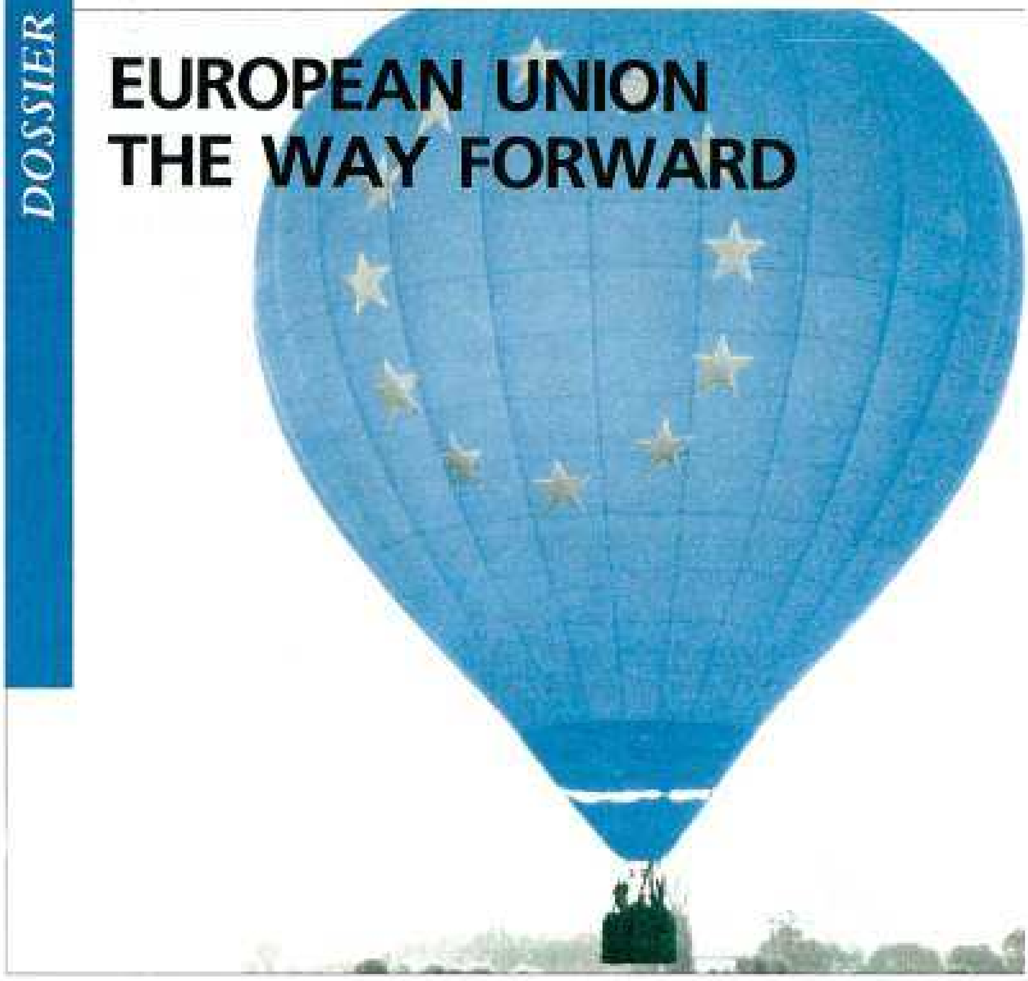
Recent achievements of EU-Ethiopia cooperation have to be seen within the framework of the transformation of the Ethiopian economy from a centralised, war-focused structure to a decentralised, market-oriented system. Although the initial success of the reform process is commendable, it appears that the time required for transition will be longer than originally anticipated. The regionalisation policy, which involves the shifting of a major share of government responsibilities to local and regional authorities, has added further complexity to the process. The question is whether the TGE can sustain the momentum of reforms by further encouraging the involvement of so far neglected groups in the development process, in particular the private sector. Initial priorities in EU-Ethiopia cooperation after May 1991 were clearly directed at rehabilitation efforts to help ensure immediate benefits from the peace dividend. However, during the time of transition, the implementation and preparation of regular projects were affected by considerable uncertainty. A recent programme review mission from the Commission in Brussels held fruitful discussions with the Ethiopian authorities on how to increase the effectiveness of assistance and how to speed up programme implementation. Meanwhile, the preparation of future programmes has gained considerable momentum.

In view of the radical changes the Ethiopian economy has been through during the recent past, cooperation between the two parties has shown considerable continuity as well as flexibility in order to take account of new priorities on both sides. The partnership, which was initially based on the principle of ideological neutrality, has grown in quantity as well as in quality over difficult years, as more and more importance was attached to policy dialogue to fulfil certain performance standards in programme design and project implementation. The Lomé IV Convention, with its enhanced emphasis on the private sector and human rights, puts the EU in a good position to support the country's new development path.

H.M.

DOSSIER

EUROPEAN UNION THE WAY FORWARD



Perceiving Europe from Europe may be difficult, as Edgar Morin suggested, but entry into force of the Treaty on European Union seemed the right moment to try to put Europe in perspective, which perhaps means establishing the state of the Union — to use a well-known American phrase — at a time when European integration no longer seems a foregone conclusion and the internationalisation of trade and industry and the shortcomings of regulations governing worldwide activities are undermining a whole system of economic and social development.

The meeting with Commission President Jacques Delors provides an overall political view of the situation.

What is the meaning and the message of European integration? Where does it lie, between the prophetic yet technical blueprint left by Europe's founding fathers and the bitter rivalries between European nations? Our introductory article, a guide to Europe from Rome to Maastricht and to the Treaty on European Union and its operational consequences, supplies an answer to this question. Europe after Maastricht must push ahead with both consolidation and the admission of new members. At the same time, Europe itself must be safe and do its bit to help keep world peace, and try to evolve a new method of economic and social development.

Economic and Monetary Union should do a great deal for the consolidation of the Community, and an article in the dossier looks at the main aspects of this undertaking, with operational consequences outlined by Alexandre Lamfalussy, President of the European Monetary Institute.

On the institutional front, the concept of citizenship of the Union, which comes on top of national citizenship and not instead of it, can be a difficult one to grasp. Francis Whyte says why the People's Europe is a challenge for 1996.

Simon Horner talks to Egon Klepsch, President of the European Parliament, about the democratic deficit in the European Union's decision-making process.

Current events naturally prompted David Spence's outline on enlargement of the Union and R.N. Clive Matthews' special look at Europe's cooperation with its neighbours in the East.

Philippe Willaert deals with the possible future of another pillar of the Treaty on Union, a common foreign and security policy.

The need for the Union both to preserve and to adapt its own system of economic, social and cultural development is reflected in an analysis of the proposals in the White Paper on growth, competitiveness and employment and the challenges and guidelines for the 21st century.

On the cultural front, a talk with João Correa, head of the European Federation of Audio-Visual Producers, looks at the idea of exempting cultural products from trade regulations and at the European creative imagination.

Lastly, Hégel Goutier investigates the views of journalists from sub-Saharan Africa, North Africa, Latin America and Eastern Europe in an article on 'Images of Europe'.

Basically, observers say that Europe has cut itself adrift, with the economic behaviour of someone of independent means and a tendency to be inward-looking in international politics and display little solidarity in social matters. But what do the Europeans themselves think? According to recent Eurobarometer opinion polls (December 1992 and June 1993), two Europeans out of five are fairly satisfied or very satisfied with the drive to unify Western Europe and 62% are aware of both their national identity and a European identity.

Dominique David

DOSSIER

From Rome to Maastricht

1957 to 1992

Europe makes its way

«I had never thought that there really was a Europe. As far as I was concerned, it was just a geographical expression. We only think of the permanent fixtures in our lives by chance. We only notice them when they change suddenly.'

Paul Valéry
(Reflections on the World Today)

In the words of Milan Kundera, the Czech writer who has been living in France since 1975, Europe is territory, power and spirit, 'culture promoted to the ranks of a supreme value'.

In the words of Paul Verlaine, Europe has come to 40 years of 'peace without victory' after a thousand years of bloodshed. And it has given proof of the originality of its method of constructing institutional and political life.

From 1000 years of bloodshed to 40 years of peace without victory

First, two remarks. Constructing the identity of Europe is a complex undertaking because uniformity and divergence exist side by side at one and the same time. And how far is it possible to make a deliberate and rapid job of constructing something which should be the result of an historical process?

Europe — some historical references

The Franks, precursors of the Middle Ages in the West, conquered Gaul in about 500 A.D. Charlemagne was crowned Emperor in Rome in 800 A.D. Between 800 and 1050, Europe was consolidated into two major blocs, the New Empire in the West and the Byzantine Empire in the East. National languages began to emerge in the 11th century and the first universities were founded in Paris and Bologna.

In 1215, Magna Carta became England's charter and the most important forerunner of the parliamentary system in Europe.

In 1453, the Ottoman Turks took Constantinople and toppled the Byzantine Empire.

From 1500 to 1789, the Renaissance and Humanism triggered a process of secularisation.

In the 19th century, Europe felt the effects of the French Revolution, independent States emerged and the industrial revolution began in England.

From 1900 to 1945, Europe's 19th century system of hegemony collapsed.

There had in fact been no Europe since 843 and the dissolution of the 50-year old Empire of Charlemagne and Louis the Pious.

With the ECSC, Jean Monnet and Robert Schuman went for practical achievements rather than large-scale Utopian projects, proposing the foundations of an economic union and the first lowering of customs barriers.

The Six decided to extend European integration to the whole economy at the Messina Conference in 1955 and the treaties setting up the common market and Euratom were signed in 1957.

In 1972, Community membership went up to nine with the accession of the United Kingdom, Ireland and Denmark.

In 1979, the European Monetary System saw the light of day, the European Currency Unit (ECU) became the unit of account and the European Parliament held its first direct elections by universal suffrage.

Jean Monnet and Robert Schuman, founding fathers of the EU

In 1981, Greece came into the Community. In 1986, Spain and Portugal joined too, bringing the number of Member States up to 12, and the Single Act came into effect.

In 1988, Jacques Delors said it was time the Twelve thought about moving to European government so the Community could have a fast, efficient decision-making process. In 1990, the idea that European integration was a foregone conclusion began to lose ground, but, on 7 February 1992, the Treaty on European Union was signed in Maastricht nonetheless.

What are the lessons of all this? The construction of Europe has never seemed irreversible and there is still no agreement as to the ultimate goal, somewhere between a nation-State — outmoded because the content of its sovereignty is dwindling — and the empires which have virtually collapsed.

The Community is a legal construction, which means that the process is long and sometimes slow. Over-ambitious advances often lead to deadlock, particularly with European society in the throes of change for so many years.

Europeans — an information society or a time for fresh enthusiasm?

In the Middle Ages, societies emerged from an agrarian revolution, with production linked to the earth and a synthetic but authoritarian view of the world. With the industrial revolution, power came to be tied to the possession of capital, backed up by a dichotomous view of the world in which rationality dominated.

An information society means controlling flows rather than capital and so the burning economic questions are eduction and training. In a post-national era, however, mass distribution of non-Western culture goes hand in hand with a metamorphosis in scientific rationality. Truth has a new status, with an open theory of knowledge which accepts that different cultures can do things in different ways, though without leading to relativism. Are we moving into an era of reawakened enthusiasm?

According to the Commission's Forward Studies Unit, the trends and tendencies in European society are as follows. The under-40s see things more in terms of alliance and coexistence than revolution and opposition. They want more responsibility and independence and they have difficulty identifying with the new operators on the social scene and deciding where they stand *vis-à-vis* the insitutions.

Passing fads seem to be taking the place of commitment. Self-fulfilment comes before duty and obligation. As every kind of service becomes a market commodity, values (including moral values) come to be assessed primarily in terms of money.

Most observers sum up the situation as one of integrated economies, a levelling of standards of living and ways of life and a sharing of common values. But they also see a structural and cyclical crisis, societies destabilised by unemployment, resurgent nationalism and apparently powerless European political leaders.

Jacques Delors' adviser Raymond Riffiet says that the whole of European history from the 18th century onwards is the result of tension between economic logic and political logic.

The burning economic questions are education and training

Politics should keep pace with economic construction

The ambiguity inherent in the fact that economic growth seems to be vital to the process of European integration has of course been a feature of the construction of Europe from the word go.

According to Dominique Walton (*La Dernière Utopie*, Flammarion, Paris, 1993), the creators of Europe made the mistake of believing that a political Europe would emerge from the common market, because the basic difference between economics and politics is that economics is based on categories of interest and politics is based on categories of values.

Jacques Delors (writing in *Esprit*, Editions du Seuil, Paris, November 1991) said that the original starting point of the construction of Europe was political, from which point of view the Community adventure was a success — although he admitted that, in late 1984, it was political considerations that forced him to adopt a purely economic strategy, which certainly strengthened what was seen to be the technocratic nature of the European integration exercise.

Can the principle of the technical *fait accompli* go on being imposed on politics?

The originality of the method

In the words of François Rachline, the economist, the originality of the political entity taking shape before our eyes has to do with its method. Instead of conquest, mergers and enforced allegiances, we have recognition, dialogue, a sharing of ideas, intertwining and a gradual mixing.

Jacques Delors (*Le Nouveau concert Européen*, Odile Jacob, Paris, 1992) described the Community's method as a gradual forging of links of positive interdependence between our countries, which therefore does not rule out differences and disputes. But what is so valuable is that, in the final analysis, the will to find positive compromises is there.

In his memoirs, Edgard Pisani, another great figure in the process of European integration in his own country and in the Community, said that the point of constant multilateral negotiation was as

Economic growth seems to be vital to the process of European intergration

In 1988, it was decided that the internal frontiers would start coming down

much to achieve a consensus as to get a particular point of view across. There was more to it than pulling off coups and gaining immediate victories and the important thing was building together with a constant eye to balance. Lastly, he said that compromises were always possible when interests were at stake, but it was often difficult to see how to reconcile opposing visions of the world.

This is particularly important because, notwithstanding a widespread but superficial view of things, breakdowns of understanding in Europe have as much to do with cultural differences as with a determination to defend short-term interests.

Unending mental bric-à-brac

The British economist John Maynard Keynes was sure that the power of vested interests was 'greatly exaggerated' in comparison with the gradual spreading of ideas.

A lot has been said about Europe's identity, its special peculiarities and its cultural differences.

Edgar Morin (*Penser l'Europe*, Gallimard, Paris, 1981) was the first to state an essential truth, namely that it is difficult to perceive Europe from Europe. This may explain why, although constant calls are being made on Europe from the outside, we Europeans ourselves often waver between complacency and masochism.

Morin says that, traditionally, Europe is a product of Judeo-Christianity, an heir of Greek thought and a producer of modern science and reasoning. More originally and relevantly, he points out that, although the universal is a powerful part of all thinking, no school of thought has ever made it the driving force of its particular culture.

Writers have been so against the idea of there being anything specifically European that it would be tempting — before actually checking — to agree with the poet René Char that our heritage was not bequeathed to us.

For example, Alain Touraine, the French sociologist, goes against the well-known thesis of Max Weber in claiming that the success of countries such as the Netherlands, Britain and the United States, as compared to the Catholic countries, had far more to do with the opening of political systems and elimination of absolute monarchy than with the Protestant ethic — although this, again, may be the sign of the inevitable North-South divide.

Europeans from North and South

The Commission's Forward Studies Unit has an historical, psycho-sociological and socio-religious analysis to put forward here.

Historically speaking, the North-South divide reflects the distinction between the Catholic and the reformed churches and, most important, the boundaries of the Roman Empire. Victor Scardigli (*Européens du Nord, Européens du Sud*, Futuribles, Paris, March 1992 — p. 35-40) suggests that the Reformation occurred in provinces where Roman influence was weak or transitory and that, as a reaction against the centralising effect of a religion which enforced a foreign language (Latin) and an aristocratic culture with pretensions to be universal, it established itself by turning to the ordinary people and using the vernacular, at least in the early days. But the North-South divide cannot be reduced to a difference of religion without knowing whether the religions shaped the culture or *vice versa*.

The industrial revolution of the 19th and 20th centuries brought in a new dimension, between the industrial Europe of the city-states (Venice, Antwerp, Genoa and Amsterdam) where attitudes have evolved towards individualism and materialism, and a poor, rural periphery where outlook has changed little. The distinction has been disappearing gradually since 1980.

The psycho-sociological approach confirms that, typically, Latin cultures go for centralisation and vertical forms of organisation and Anglo-Saxons and especially Scandinavians for horizontal organisation and decentralisation. The Germanic peoples, somewhere in-between, place greater emphasis on legal systems and official regulations, while the Anglo-Saxons are happy with implicit rules, such as those governing the world market. Many never-ending Community discussions have more to do with this than with the defence of short-term national interests.

The religious divide is apparent in various areas. In social policy, for example, contractual negotiations between employers and employees satisfy the Protestants, but the absence of legal constraints bothers the Catholics.

The Catholics, who are used to formal legal frameworks, are disappointed that there is no European constitution, but Anglo-Saxon flexibility prevails nonetheless.

Freedom and autonomy of the market look to the Catholics like over-permissiveness with no social corrective. But Protestants fear Roman-type centralisation, as well as the abstractness of the concepts left by Europe's founding fathers and the levelling down to the standards of the 'backward countries in the South.'

But the fact that the fears on one side can be seen as matching those on the other may well be a sign that the business of building Europe is being carried out in a properly balanced way.

All these different approaches are probably the reason why each country reacted in its own particular way to the Treaty on European Union, whose underlying logic is basically the internal market and economic and later political integration.

TABLE 1

The institutions of the Union — responsibility shared

	EUROPEAN COMMUNITY	COMMON FOREIGN & SECURITY POLICY	INTERNAL & LEGAL AFFAIRS
EUROPEAN COUNCIL	– urges the European Union to develop & lays down general policy guidelines EMU: – reaches a conclusion on the main lines of economic policy	– lays down principles & general guidelines	– stimulates & guides
EUROPEAN PARLIAMENT	– shares legislative powers (co-decision, cooperation) – helps produce budget & controls Community spending – has the right to ask the Commission to present a proposal – invests & monitors the Commission EMU: – is informed of multilateral surveillance of economic policies & monetary policy of Central European Bank	– is consulted on the choice & main aspects of the CFSP – is kept informed of trends in the CFSP – can ask questions & make recommendations	– is informed of work under way – is consulted on main aspects of work on internal and legal affairs – can ask questions & make recommendations to the Council
COUNCIL OF THE EUROPEAN UNION	– is Community legislative body & represents the interests of the Member States – takes decisions after hearing the opinion of/in conjunction with the European Parliament – is helped by COREPER (Committee of Permanent Representatives of the Member States) EMU: – lays down major economic policy guidelines – determines external ECU exchange policy – coordinates Member States' economic policies – determines excessive deficits and makes recommendations to the Member States	– takes decisions required to define and implement CFSP – defines common positions when it believes this is necessary – decides when questions are to be the subject of Community action – Member States obtain information and consult each other on all matters in the Council	– adopts common positions – adopts joint measures – draws up conventions which it recommends to the Member States for adoption
EUROPEAN COMMISSION	– has the right of initiative (directives, regulations, decisions etc.) – ensures respect of the treaties and texts taken in application of them – is responsible for carrying out Community policies EMU: – sends economic policy recommendations to the Council – monitors the changing budgetary situation and public debt in the Member States	– can raise any question on the CFSP and make proposals to the Council	– has right of initiative in areas 1-6 of Article K1, Title VI (Treaty of Maastricht)
COURT OF JUSTICE (Court of first instance)	– checks on legality of the acts of the Community institutions & ensures that Member States abide by Community law	– not competent	– only competent to interpret provisions of conventions and settle any dispute arising from them, if this competence is granted by the conventions
COURT OF AUDITORS	– tells Council & Parliament whether accounts are reliable and operations legal etc. – audits the budget year after closure – helps Council & Parliament monitor budget implementation	– competent if the CFSP-related spending is covered by the Community budget	
ECONOMIC AND SOCIAL COMMITTEE	– may be consulted on certain fields – may be asked for opinion by Council or Commission – may issue opinions on own initiative		
COMMITTEE OF THE REGIONS	– is consulted on certain fields – may be asked for opinion by Council or Commission – may issue opinions on own initiative		

The criteria for convergence

Before moving on to stage three of EMU, let us see how successful each Member State has been in achieving a high degree of sustainable economic convergence. The criteria here are:
— the rate of inflation, which must not be more than 1.5% above the average rate recorded in the three countries of the Community in which prices have increased the least;
— a public debt of not more than 60% of GDP and a public deficit of no more than 3% of GDP;
— the exchange rate, which must stay within the usual margins of fluctuation provided by the EMS exchange machinery for at least two years, without devaluation of the currency in relation to the currency of another Member State;
— long-term interest rates, which may not be more than two points above the average for the three countries with the lowest rates of inflation.
The decision to move a country on to the final phase of EMU will be based on an appraisal using the above criteria and on trends reflected by these indicators and any exceptional circumstances which do not meet one of the criteria of convergence but do justify specific economic results.

TABLE 2

Who's ready for Maastricht?

	Inflation*	Budget deficit**	Public debt***	Long term interest rates****
Belgium	2.8 (¹)	6.7	137.6	7.1 (¹)
Denmark	1.1 (¹)	−3.5	80.4	6.7 (¹)
Germany	4.6	−4.8	51.4 (¹)	6.4 (¹)
France	2.2 (¹)	−6.0	58.2 (¹)	6.4 (¹)
Greece	14.3	−12.9	110.2	20.3
United Kingdom	3.2 (¹)	−8.6	51.9 (¹)	7.0 (¹)
Ireland	2.0 (¹)	−3.4	95.6	7.6 (¹)
Italy	4.5	−10.3	115.0	10.3
Luxembourg	4.0	+0.1 (¹)	8.8 (¹)	6.8 (¹)
Netherlands	2.0 (¹)	−3.9	83.4	6.2 (¹)
Portugal	6.3	−6.4	64.6	10.5
Spain	4.7	−6.3	53.4 (¹)	9.2
EC	3.2	−3.0	60.0	8.8

* Estimate for 1993 (%) ** Estimate for 1993 (% of GDP)
*** Estimate for 1993 (% of GDP) **** (%)
¹ Date in line with Maastricht norms.
Source: International Monetary Fund, IKB Deutsche Industriebank, Courier International.

European Union — how and what?

In 1988, it was decided that the internal frontiers would start coming down in 1993 as part of the move towards the internal market, with recommendations for tighter integration in economic and monetary policy to go with it.

Suppressing frontiers also means devising a common policy for the Community's external borders, covering such things as immigration, the right of asylum, policies on visas, the police, justice, consumer protection and so on. This, and a central bank and a single currency, by the turn of the century, are all part of the internal market — as, of course, is the principle of subsidiarity, whereby the Community only takes up matters which cannot be handled at a lower (national or local) level.

The idea is that this economic integration should lead to political integration. Some people believe in it, but others only bring it into the limelight so they can counter it better — which is nothing new in the history of European integration!

Clearly, the events in Eastern Europe make a political Union essential. We need a common foreign policy and, ultimately, we need a common defence system, a breakthough for a Europe with a Treaty which is only a political and institutional framework.

So the rationale of the market, the institutional balance of subsidiarity and the political need for Europe to exist as such clashed and/or joined forces in Maastricht.

The European Union came into being on 1 November 1994, and stands on three pillars (this is based on the complete and very clear lay-out of the special issue of *7 Jours, Europe*, the weekly bulletin of the European Commission's representative office in France, (March 1994):

— the traditional powers of the European Community, Economic and Monetary Union, the Social Protocol (signed by 11of the Member States);

— foreign policy and common security;

— internal affairs and justice.

More power goes to two of the institutions — the Council (the summit of the 12 Heads of State and Government and the President of the Commission) and the European Parliament.

The main changes cater for the need for greater democratisation and the principle of subsidiarity.

Unfortunately, this makes for complex procedures, which have had to change in areas where the Community has new/greater powers and where new legal procedures allow for co-decision by the European Parliament. Economic and Monetary Union has its own procedures too, while common security and foreign policy, and internal and legal affairs, are handled in a more intergovernmental way. Last but not least, the European Union has given new rights to the citizens of all the Member States and new social policy ambitions to the citizens of 11 of them.

The logic of the market

The Treaty of Maastricht provides for the three-stage creation of Economic and Monetary Union. On the economic side, typically, policies are to be tightly coordinated and, on the monetary side, there is to be a single currency, a Central European Bank and a single monetary and exchange-rate policy.

The completion of the first phase of EMU, comprising total liberalisation of capital movements and completion of the single market with a view to levelling the Member States' performances, was set for the end of 1993.

Phase two — a drive for greater convergence of economic and monetary policies, the creation of a European Monetary Institute (EMI) to boost cooperation between national central banks and the coordination of monetary policies — should have started on 1 January 1994.

Phase three, due to start on 1 January 1997 or 1999, should bring:

— a single currency, the ECU, managed by the European Central Bank; the only one authorised to issue banknotes in the Member States;

— coordination of economic policies;

— a single monetary policy, formulated and run by the Central European Bank, which is to replace the European Monetary Institute;

— an external ECU exchange policy, run by the Council of the European Union.

The European System of Central Banks, whose primary purpose is to ensure price stability, comprises the European Central Bank and the national central banks.

When it comes to internal and legal affairs, the abolition of checks at the internal frontiers between the Member States, as laid down by the Single European Act and confirmed by the Treaty of Maastricht, means that controls on the Union's external borders must be tightened and cooperation between the Member States' police forces stepped up to guarantee the safety of the European people, the right of refuge and the defence of human rights.

One thing which this new area of internal and legal affairs, with its own special procedure, enables the Twelve to develop is a policy of asylum and, of course, there are to be other policies too, as follows:

— regulation of and checks on the right to cross the Member States' external borders;

— an immigration policy covering nationals of third countries;

— a campaign against drug addiction and international fraud;

— legal cooperation on civil and criminal matters;

— customs cooperation;

— police cooperation to prevent and combat terrorism, drug trafficking and other serious forms of international crime (with the creation of a European police office, EUROPOL).

The Ioannina compromise

This compromise, reached on 27 March this year, put an end to a lengthy debate on voting rules and decision-making in the future Europe of the Sixteen.

For the record, decisions to be taken by a qualified majority in the Council of Ministers can be blocked by a 30% vote against and the number of votes allocated to each Member State depends on the country's size.

In the Union of Twelve, a 30% block represents 23 votes, but this will rise to 27 votes when the membership reaches 16.

The British and the Spanish wanted to make it easier to hold up decisions by the Sixteen by keeping the blocking minority at 23.

Under the compromise, 27 votes will be needed to stop a decision in the Sixteen, but discussions will have to be continued for a «reasonable» period if Member States accounting for 23-26 votes are against.

The members of Parliament's Foreign Affairs Committee have critised the idea, claiming that it could bring the operation of the Union to a halt.

The Commission implicitly regrets the vagueness of the notion of a 'reasonable' period and has said that, under the treaties, it and the Member States are entitled to call for a vote at any time and it will use this possibility after what it believes to be a 'reasonable' period, which it intends to assess on a case-by-case basis. So there is a possibility of endless discussions being stopped and impasse avoided.

Lastly, an intergovernmental conference is to discuss the reform of the European institutions in 1996.

Institutional balance

The Treaty on European Union sets out to make the institutions more democratic, gives the Community new and stronger powers and broadens the rights of the citizen.

— *Enhanced institutional democratisation*

The European Parliament has new powers which entitle it to co-decide on European legislation with the Council of Ministers in some cases. It can also give its opinion on the appointment of members of the European Commission by the Member States' Governments.

The co-decision procedure with the Council applies in various areas — freedom of movement for workers, the internal market, research, the environment, consumption, trans-European networks, education, public health and culture.

Similarly, with the extensions of the assent procedure, Parliament now has more power to approve or reject the Council's decisions. Its role as a representative of the people has also been enhanced, in particular via the appointment of an Ombudsman or mediator for the citizens of the Union.

The work of the Commission — which is already politically accountable, since it is appointed by 12 democratically invested Heads of State and Government — is monitored by the European Parliament, which can remove it with a motion of censure. Its democratic investiture will now be a twofold process, once through the Member States' Governments and once through the European Parliament, which is elected by direct universal suffrage. The Treaty provides that the 12 Governments will, first, announce their candidate for President of the Commission jointly and after consulting the European Parliament, and, second, in consultation with that person, their candidates for the Commission. The names are then submitted, *en bloc*, to the European Parliament and, if Parliament votes them through, these people are then appointed to the Commission by the Member States' Governments.

A new Committee of the Regions, comprising representatives of local and regional authorities in the Member States, has been set up and the Commission and the Council have to consult it on anything related to the policies on economic and social cohesion, trans-European networks, public health, education and culture. It can issue opinions on all other policies on its own initiative.

Greater involvement by the national parliaments is also planned. In particular, the Member States now have to put the Commission's proposals to their respective parliaments for information or discussion.

Lastly, the Treaty includes the principle of subsidiarity, whereby things should only be undertaken in common if they can be handled more efficiently this way and nothing is settled at Community level which can be decided or run more efficiently at national or regional level. It also makes clear that decisions have to be taken as close to the people as possible.

— New/stronger powers for the Community

The Community has new powers in matters of culture, industry, trans-European energy, transport and telecommunications networks, the development of the European dimension of education through encouragement for student-teacher mobility, consumer protection, public health, development cooperation (see box) and the visa policy.

Its powers in the matter of, for example, economic and social cohesion, have been enhanced, with the idea of ironing out the differences in levels of development in the various regions and making up the delay in the most under-privileged regions, rural areas included. The same goes for research and the development of technology, the environment, social policy and vocational training.

— More rights for the citizen

The people will be more involved in the life of the Community, both because the European Parliament and the local authorities (via the Committee of the Regions) are now to do more and because they have new rights — the right to vote and stand for election (in local government and European polls) in other Member States, the right of petition, the right of appeal to a mediator and diplomatic and consular protection from other Member States.

Lastly, citizenship of the Union has been instituted, for the Maastricht Treaty states that anyone with the nationality of a Member State is a citizen of the Union. There is of course no question of doing away with the different nationalities here, for, as the Treaty makes clear, the Union has to respect the national identity of the Member States. What it amounts to is that Europeans are citizens of Europe as well as being citizens of their own countries.

Political necessity — common foreign and security policy

The common foreign and security policy (CFSP) is a more ambitious extension of the European cooperation policy which took shape informally, at intergovernmental level, in 1970 and was enshrined in the Single Act.

It forms a single institutional framework for the Union's external relations and comprises the European Council, Parliament, the Council and the Commission.

The Treaty also provides, ultimately, for a defence policy, possibly leading to joint defence when the time is right. Decisions will still have to be unanimous, however, and the Western European Union [1] will devise and implement both decisions and action.

Post-Maastricht

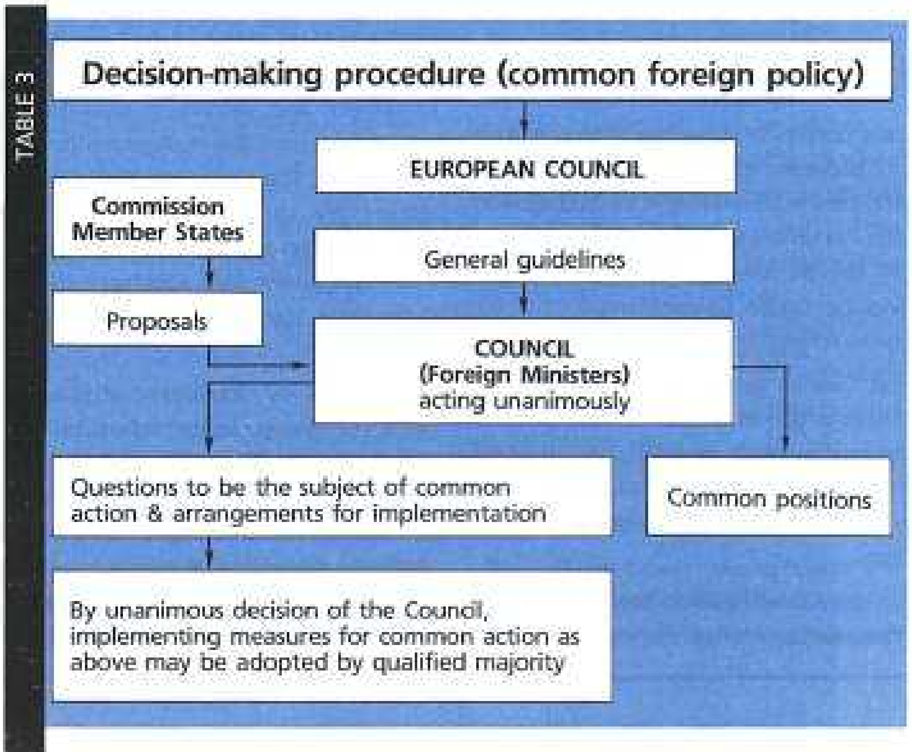
At the top of the agenda come reconciling an enhanced Community process, management of what has already been achieved and implementation of the new provisions with the enlargement of the Community. But how far do we go? Some say that there is a risk of the Community turning into a free trade area. Without going that far, it is certainly clear that enlargement means overhauling the Community insitutions. The Ioannina compromise (see box) on voting rules in the future Europe of the Sixteen is one illustration of this.

Europe should also be giving thought to its own security and helping keep peace in the world, near and far.

Lastly, what socio-economic model does Europe need in a phase of internationalisation of activity and inadequate regulation worldwide?

There will be no Europessimism if we remember that 'United we stand, divided we fall.' And let us not forget what Marshall Lyautey said when his gardener told him that cedars of Lebanon took a hundred years to grow. 'Then go and plant it this afternoon!'

D.D.



[1] The WEU, to which nine of the Member States belong (Denmark, Ireland and Greece are not members), is a political and military alliance which became operative in 1955. Under Maastricht, the WEU should develop as a means of strengthening the European pillar of the Atlantic Alliance (NATO), which, the Treaty maintains, is the essential forum for consultation between the allies and the place where they agree on policies related to their security and defence commitments.

DOSSIER

Economic and Monetary Union

Major features of the Maastricht Treaty*

Economic and Monetary Union, a political objective of the European Community for more than 20 years, is now comprehensively laid down in the Treaty on European Union (the 'Maastricht Treaty') which entered into force on 1 November 1993.

Economic and Monetary Union will enable the European Union to reap in full the benefits of the Internal Market. It ought to be possible to trade as easily between Marseille and Copenhagen as between Chicago and New Orleans. A single currency will eliminate the present costs of converting one currency into another. The uncertainty which investors feel about future exchange rate changes possibly wiping out any profits made on an international investment project will be eliminated; cross-border investment will thus be encouraged. Moreover, the ecu — as the single currency — will be one of the most widely used international currencies because it will be the currency of the biggest market in the world and it will be stable.

This article sets out the main features of the arrangements for Economic and Monetary Union as laid down in the Treaty of Maastricht.

Monetary policy

From the beginning, there has been agreement that in the final stage of Economic and Monetary Union the participating countries will have a single monetary policy and a single currency — the ecu. This will require a new institution — the European Central Bank (ECB) — which will form, together with the central banks of the Member States, the European System of Central Banks (ESCB). The primary objective of the ESCB will be to maintain price stability. Without prejudice to this objective, it will support the general economic policies in the Community. The ECB and the central banks of the Member States will not take instructions from governments of Member States or from Community institutions.

The *central banks of the Member States* are an integral part of the ESCB and act in accordance with the guidelines and instructions of the ECB. To the extent deemed possible and appropriate, the ECB shall have recourse to the central banks of the Member States to carry out the operations which are necessary to implement the monetary policy of the Community.

The *decision-making bodies* of the ECB are the Governing Council and the Executive Board. The monetary policy of the Community will be formulated by the Governing Council, which is composed of the 12 Governors of the central banks of the Member States and of the members of the Executive Board. The Executive Board, consisting of the President of the ECB, the Vice-President and four other members, implements monetary policy and gives the necessary instructions to the national central banks. The term of office is eight years (non-renewable) for the members of the Executive Board and at least five years for the Governors.

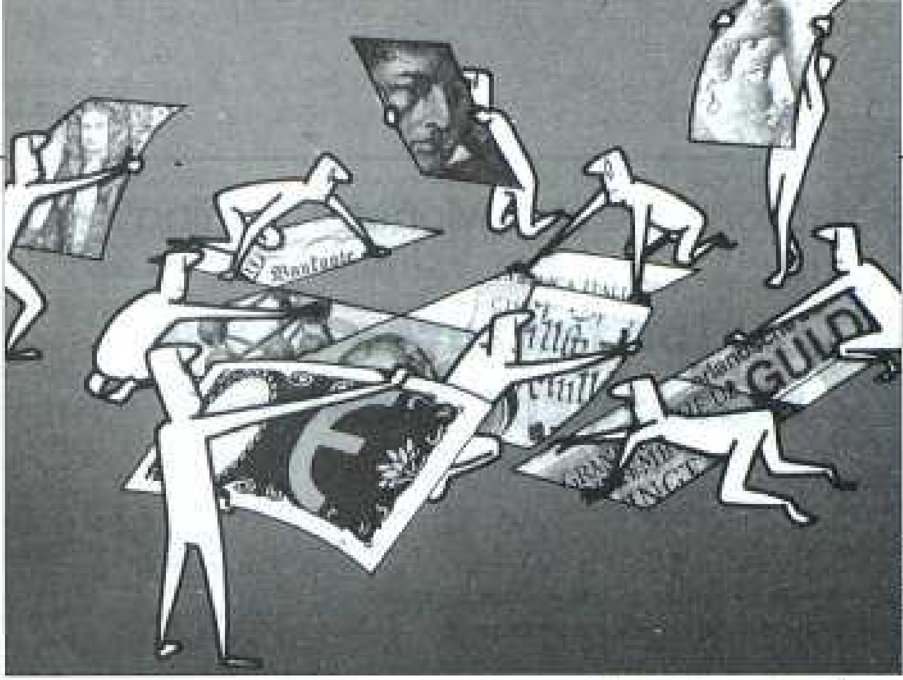
The ESCB will carry out open market and credit operations at its own discretion in order to pursue *monetary policy*. It may also impose minimum reserve requirements on credit institutions within limits to be specified by the Council of Ministers. The ESCB's role in prudential supervision will be limited: it shall contribute to the smooth conduct of such policies and may offer advise on the scope and implementation of the relevant legislation. The ESCB Statutes include an enabling clause for more direct involvement in prudential supervision, but any such transfer of powers to the ECB requires a unanimous decision of the Council of Ministers.

Great care has been taken to strike an appropriate institutional balance with respect to responsibility for *exchange rate policy* in Stage Three. A distinction has been made between, on the one hand, formal agreements on an exchange rate system for the ecu vis-à-vis non-Community currencies, and on the other hand — insofar as a formal exchange rate system does not exist — general guidelines for the exchange rate policy. In both cases, ultimate responsibility lies with the 'political' authorities of the Community, in particular the Council of Ministers. However, in both cases the ECB is protected against undue interference in its monetary policy by appropriate references to the objective of price stability.

As regards inter-institutional cooperation and democratic accountability, the President of the Council of Ministers and a member of the Commission may participate, without voting rights, in meetings of the Governing Council of the ECB. The President of the Council may submit a motion for deliberation to the Governing Council. Correspondingly, the President of the ECB will participate in Council meetings when matters of relevance to the ECB are discussed. The ECB will have to be consulted regarding any proposed legislation within its field of competence. It will be required to make an annual report to the other institutions of the European Union, and the members of the Executive Board may be asked to appear before the Committee of the European Parliament.

The *financial provisions* stipulate that the capital of the ECB is held by the national central banks in proportion to the size of the population of individual countries and their economic importance. The key is a weighted average of a country's share in population and GDP. The external foreign reserves of the national central banks are pooled at the ECB within certain

* Article provided by the CEC Directorate-General for Economic and Financial Affairs.



Building a single currency for the European Union

limits. The sum of the seigniorage income of the ESCB as a whole is allocated to the national central banks according to the same key. The new Treaty does not affect national practices with respect to the distribution of profits of the national central banks.

Economic policies

In contrast to monetary policy, Member States retain ultimate responsibility for economic policies. They are, however, required to conduct economic policies with a view to contributing to the achievement of the objectives of the European Union, and to regard them as a matter of common concern. *Economic policies are coordinated* at the Union level. For this purpose, the European Council (which comprises the Heads of State and Government) discusses a conclusion on broad guidelines for the economic policies of the Member States and the Union proposed by the European Commission and the Council of Ministers, before these guidelines are formally adopted by the Council of Ministers in the form of a recommendation. The economic policies of the Member States are monitored regularly against this background. Where economic policies are not consistent with the guidelines, the Council may address a specific recommendation to the Member State in question.

While each Member State remains responsible for its budgetary policy, the Maastricht Treaty reflects a long and thorough debate about safeguards against unsound budgetary policies. Member States' *budgetary policies* are constrained by three rules:

— any extension of credit from the ECB or national central banks to public authorities is prohibited; likewise, any privileged access of public authorities to the financial institutions is banned;

— neither the European Union nor any Member State is liable for the commitments of any Member State(s) (no bail-out);

— excessive government deficits shall be avoided in the final stage.

It is up to the Council of Ministers to decide after an overall assessment whether an excessive deficit exists. This decision is based on a recommendation from the European Commission, whose task is to monitor government finances with a view to identifying gross errors. The Commission in particular examines compliance with budgetary discipline on the basis of two criteria:

— whether the government deficit exceeds 3% of GDP and, if so, whether the ratio has not declined and has not come close to 3% or, alternatively, whether the excess over 3% is only exceptional and temporary;

— whether gross government debt exceeds 60% of GDP and, if so, whether the debt ratio is not diminishing sufficiently and not approaching 60% at a satisfactory pace.

In its report to the Council on a Member State which fails to pass this test, the Commission will also take into account all other relevant factors, including the size of the deficit relative to public investment and the medium-term economic situation and budgetary position of the Member State in question. When the Council has decided that an excessive deficit exists, it will address a recommendation to the Member State concerned, which may be made public after a certain time in the event of non-compliance. As the next step, which may only be taken in the final stage of Economic and Monetary Union, the Council may prescribe measures for the reduction of the deficit. In the event of non-compliance, it may impose or intensify one or more sanctions: it may require the Member State concerned to publish additional information before issuing bonds and securities; it may invite the European Investment Bank to reconsider its lending policy towards the Member State concerned; it may require the Member State concerned to make a non- interest-bearing deposit with the Community; or it may impose fines.

The mutual balance of payments assistance which is still available in the second stage will no longer be relevant for fully participating Member States, nor will it be available to them from the beginning of Stage Three. For the third stage, the Maastricht Treaty provides for a new *financial assistance* facility for Member States which are threatened or affected by severe difficulties caused by exceptional occurrences beyond their control. A decision by the Council of Ministers to grant such assistance requires unanimity except in the case of natural disasters, where the Council acts by qualified majority.

Capital movements

The Maastricht Treaty establishes the principle that all restrictions on payments and on the movement of capital between Member States and between Member States and third countries shall be prohibited. Restrictions vis-à-vis third countries may only be imposed in well-defined cases where unrestricted capital movements would invalidate measures taken in other policy areas (direct investment, establishment, provision of financial services, admission of securities to capital markets), where capital movements would cause or threaten to cause serious difficulties for the operation of Economic and Monetary Union, or in the context of economic sanctions.

Transition

The process towards full Economic and Monetary Union is divided into *three stages*. The first stage included all measures taken prior to the institutional and legal reforms imposed by the Maastricht Treaty (in particular the liberalisation of capital movements). The rationale behind the second stage is to prepare the Member States of the European Union for their participation in the common monetary policy. This requires, apart from far-reaching institutional changes, a high degree of convergence of their economies. The third stage starts on the day when the exchange rates of the national currencies are irrevocably fixed and competence for monetary policy is transferred to the ESCB; the ecu will become a currency in its own right on that day and will be introduced as the single currency rapidly afterwards.

The second stage of Economic and Monetary Union began on 1 January 1994, when the *European Monetary Institute* (EMI) was created. The basic tasks of the EMI, which has a President who is not a Governor of a national central bank, are to strengthen the coordination of national monetary policies, to facilitate the use of the ecu and oversee its development, and to prepare Stage Three. It may make recommendations to national central banks on the conduct of their monetary policies; it may make such recommendations public, acting unanimously. It shall also, by the end of 1996, specify the regulatory, organizational and logistical framework necessary for the ECB to perform its tasks from the first day of Stage Three. The EMI may hold and manage foreign exchange reserves as an agent for national central banks, and will be endowed with its own financial resources.

The provisions on the coordination of economic policies, including the setting of guidelines, have been applicable since November 1993, when the Maastricht Treaty entered into force.

From the beginning of *Stage Two*, the principle of freedom of capital movements applies (Portugal and Greece may maintain existing restrictions for another 2 years); central bank credits to public authorities and privileged access to financial institutions are prohibited; the no bail-out rule applies; budget deficits are monitored and the Council of Ministers may decide that an excessive deficit exists and address recommendations to the Member State in question. However, the unconditional ban on excessive deficits and the possibility of imposing sanctions will only apply from the start of Stage Three.

A further important instrument in the preparation of the national economies for the third stage are the so-called Convergence Programmes. According to the Treaty, before the start of the second stage Member States were supposed, if necessary, to adopt multi-annual programmes intended to ensure the lasting convergence necessary for the achievement of Economic and Monetary Union. Almost all Member States have done so, and the programmes, which are updated if necessary, allow the progress of individual countries to be monitored with a view to their full participation in the third stage.

During Stage Two, Member States will, as appropriate, have to start the process leading to the independence of their national central banks, so that their national legislation is compatible with the Statute of the ESCB when the ECB is established.

Having considered before the end of 1996 the state of convergence of the Member States, and provided a majority of Member States passes a convergence test, the Council consisting on this occasion of Heads of State or of Government) will decide by qualified majority vote whether it is appropriate for the European Union to move to the final stage of Economic and Monetary Union and will, if so, set a date for the beginning of *Stage Three*. A country's convergence is examined in particular by reference to four criteria: a rate of inflation close to those of the three best performers, sustainability of government financial position, successful participation in the narrow band of the EMS for at least two years, and long-term interest rates close to those of the best performers in terms of price stability

Member States not ready economically to participate from the start will be exempted from the provisions on monetary policy and on sanctions with respect to excessive deficits. Specific rules will apply to the UK should that Member State exercise its right to abstain from Economic and Monetary Union at the beginning of Stage Three. For Denmark, which has exercised its right to request an exemption, the provisions on a derogation will apply. The UK and Denmark — should neither participate from the start — will not be included among the majority of Member States when it is decided before the end of 1996 whether a majority passes the convergence test.

All central banks, including those not in involved applying the common monetary policy, will be members of the ESCB from the start of Stage Three. Likewise, all Governors will be members of the General Council of the ECB, which will be its third decision-making body and whose task will essentially be to contribute to the ESCB's tasks other than monetary policy in the strict sense.

If there is no decision at an earlier date, then 1 January 1999 will automatically become the starting date of the final stage. At this point in time, whichever Member States meet the convergence criteria (decided by qualified majority voting) will move forward to the final stage.

The ecu, single currency of the Union

The Maastricht Treaty stipulates that the irrevocable fixing of exchange rates shall lead to the introduction of a single currency, the ecu. The present basket ecu has already become a major currency on the financial markets and has been stable vis-à-vis the strongest national currencies for a long time. Its stability will increase further in parallel with the achievement of greater convergence in the run-up to Economic and Monetary Union. In order to add institutional strength, the Maastricht Treaty stipulates that the present currency composition of the ecu basket will not be changed. This will enable the present basket ecu to change into the final ecu of Stage Three without any disruption. At the start of Stage Three, the Council of Ministers will adopt the final conversion rates between their currencies and the rates at which the ecu will be substituted for these currencies.

The chosen conversion rate for the ecu will by itself not alter the value of the ecu against individual currencies; in practical terms, this means that the prevailing market rates on the last day of the existence of the basket ecu will be the irrevocably fixed rate of the Stage Three ecu. The ecu will become a currency in its own right. National currencies may still circulate for some while after the start of Stage Three. However, the Maastricht Treaty requires the European Union to adopt the requisite measures for the introduction of the ecu as the single currency rapidly after that date. The ecu of Stage Three will be the currency of those Member States which participate fully in the single monetary policy.

DOSSIER

The European Monetary Institute

The tasks ahead

by Alexandre Lamfalussy

The European Monetary Institute (EMI) was set up under the Maastricht Treaty with the task of contributing 'to the realisation of the conditions necessary for the transition to the third stage of economic and monetary union'. This is the stage at which the establishment of a European currency and a European Central Bank (ECB) is envisaged. Once Stage Three is reached, the plan is for the EMI to be wound down, with its functions effectively being taken over by the new Central Bank.

Alexandre Lamfalussy, who was appointed in October 1993 to head the European Monetary Institute (EMI), has had a long and distinguished career in the financial sector, both private and public. He studied economics at Louvain and Oxford before going to work in a Belgian bank. In 1976, he took up a post with the Bank for International Settlements in Basel, where he rose to the position of Director-General.

Below, we reproduce an abridged version of a speech delivered by Mr Lamfalussy in March to a group of German bankers. In it, he sets out the role of the EMI and discusses how he sees it working — alongside national central banks — towards the goal of European Monetary Union.

Alexandre Lamfalussy, President of the European Monetary Institute

Right from its beginnings, the process of economic integration in Europe has been the subject of fluctuating and sharply contrasting assessments, more or less in line with the 'stop-go' development which has marked the process itself. Although European integration has clearly been on a rising trend, euphoria has tended to alternate with phases of 'Europessimism'.

There is no area to which this general observation applies more than that of monetary integration. Just look at the events of the past three years. Some time during the early 1990s, financial market participants apparently acquired the conviction that the then prevailing exchange rate pattern would survive until Stage Three. This strangely optimistic belief was radically revised as a result of the successive ERM [1] crises that occurred between September 1992 and August 1993. The dominant view then became that, with the 'collapse' of the ERM (which was an exaggeration, even without the benefit of hindsight), the process of monetary integration might as well be written off for good. I am curious to see what the next development will be : what interpretation will be given to the return of several currencies to the narrow band that was abandoned last August ?

It was in this unsettled environment that the European Monetary Institute came into being. No wonder that views on its importance and its prospects vary considerably. Some regard its establishment as a non-event. Others look upon it as being (almost) equivalent to the creation of a genuine European monetary authority. The main point I am trying to make is that these extreme views are mistaken. Just as the pre-1992 euphoria was mistaken, so too is the idea that European Monetary Union (EMU) can be cast into the dustbin of history.

In all fairness, however, I have to acknowledge that the prevailing uncertainty concerning the EMI cannot simply be attributed to shifts in public opinion. It also has to do with the genuine difficulty of defining Stage Two in the process leading to monetary union and, therefore, the role of the Institute itself, which is the institutional embodiment of this Stage. Moreover, a number of the articles of the EMI's Statute reflect political compromises, and such compromises naturally invite divergent interpretations.

Some of these problems surfaced quite early on and are evident even to the casual reader of the Maastricht Treaty. The

[1] The European Exchange Rate Mechanism.

crux of the matter is that, during this stage of transition to monetary union, responsibility for the design and conduct of monetary policy remains vested unequivocally in the national monetary authorities. At the same time, one of the primary tasks of the EMI is to 'strengthen the coordination of the monetary policies of the Member States'. Is it possible to coordinate independent monetary policies without encroaching on the exclusive preserve of national monetary authorities? I shall give my own answer to this question, but let me first deal with the other major mandate of the EMI, namely that of preparing Stage Three and, more specifically, the setting up of the European System of Central Banks (ESCB).

This mandate has not received much public attention. This is regrettable, but understandable. Institution-building is not a glamorous subject. Admittedly, ensuring the non-inflationary convergence of our economies, and therefore creating the conditions for the political decision to move to monetary union, is a daunting task, which logically precedes all others. But once a decision is taken to freeze exchange rates, we must be absolutely sure that an institutional framework can be put in place which will allow the single monetary policy to operate satisfactorily, as well as enable the ESCB to function normally in all other fields of competence.

The Maastricht Treaty, of course, sets out the Statute of the future ESCB but, as regards the *modus operandi* of the single monetary policy, this Statute, quite rightly, only states general principles. These include, for example, the principle of open markets with free competition, the ban on central bank financing of public deficits and the possible decentralisation of the execution of the ECSB's operations, so that recourse can be had to national central banks 'to the extent deemed possible and appropriate'. Defining the precise way in which the single monetary policy should operate is one of the major tasks of the EMI.

The preparatory work will be labour and meeting-intensive. It will have to involve not only stock-taking — in other words, identifying institutional differences between different countries — but also decisions on matters that, behind the veil of technicalities, have a bearing on national traditions, may favour or hurt very specific interests, and imply strategic options. There is a wide range of areas to be covered if we want to create the regulatory, organisational and logistical framework necessary for the ESCB to perform its tasks in Stage Three of EMU. I do not want to start listing all these areas, but let me draw your attention to just one of the key fields where work is already in progress: the strategy and operating techniques of the single monetary policy.

When I speak of decisions on strategy, I do *not* mean any possible questioning of the final objective of monetary policy. That matter has been settled by the Treaty, which assigns to the ESCB the primary objective of maintaining price stability. But how is this to be achieved? By setting an immediate target? If so, what target? If that target is to be a monetary aggregate, which monetary aggregate? Alternatively, can one dispense with an explicit intermediate target and aim directly at price stability? On this assumption, can one not use monetary aggregates at least as information variables? Whatever agreement we reach on the intermediate target, the European Central Bank will still need a well-defined operational target, such as the level of short-term interest rates, as well as agreed instruments and procedures for reaching it. Regarding the instruments, for example, it will be necessary to consider the pros and cons of compulsory reserves, their remuneration, the range of institutions to which they should apply, and so forth.

The final answer to some of these questions will have to be given closer to the time of entering Stage Three. Take the example of an intermediate monetary supply target. The use of such a target has a number of attractive advantages. It is easy to explain to the public at large, for whom the quantity theory of money is one of the rare macroeconomic propositions that appears to be in line with common sense. This is especially the case for those who have been through the experience of hyperinflation. It also protects the monetary authorities from the usual laxist temptations associated with purely *ad hoc* assessments of current economic conditions. It shelters them, to some extent, from political pressure on their decision-making process. If they reach the target, even if only in the medium-term, their credibility is enhanced. These are weighty arguments. But the usability of a money supply target hinges critically on two conditions. Firstly, there should be a sufficiently stable relationship, at least in the medium term, between prices (which are the final target) and the targeted money supply. Secondly, central banks should be able to control the medium term path of the money supply measure that has been targeted.

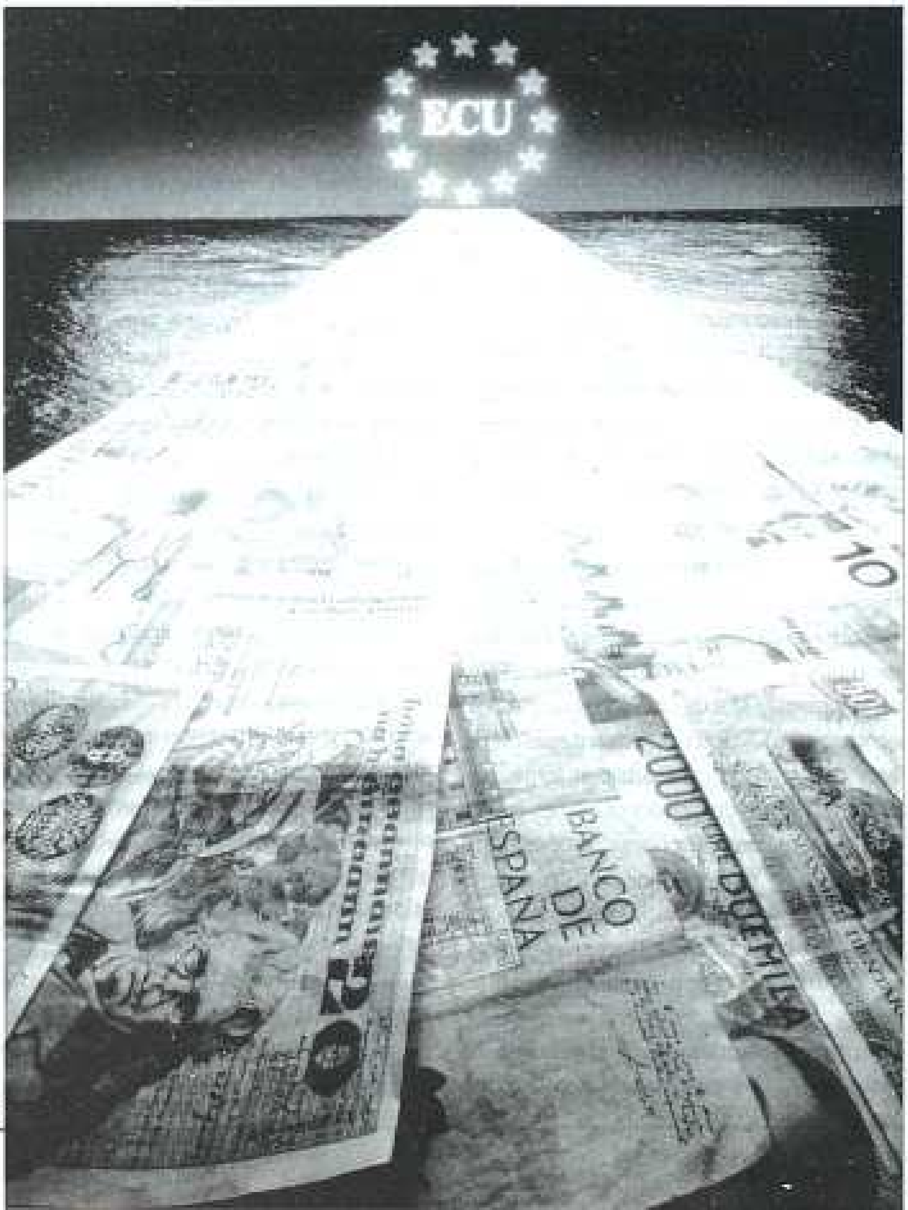
So far, these conditions have been met in Germany and in some other European countries — not perfectly, but to a degree considered sufficient by the monetary authorities for continuing to use an explicit money supply target. In other countries — the UK is the main example in Europe, but there are also Canada and the USA — at least one of these conditions, and sometimes both, have broken down.

Whether or not these conditions will obtain in Europe at the time a single monetary policy is implemented is a matter for conjecture. We can and should try to understand the reasons why they have held in some countries but not in others. What, for instance, is the role of deregulation and of financial innovation? But at the end of the day, the answer will be provided by facts, not by theorising. It will depend on the evolution of the instruments, the operating techniques and the structures of the markets themselves. But this does not mean that we should just wait and see. Whatever final decision is reached on intermediate targeting, considerable preparatory work has to be carried out in the months and years ahead. The stock-taking of how the different national money markets function, and whether these differences matter for the future, has only just begun. Statistics have to be harmonised. A lot of work can be done on operational targeting, the use of reserve requirements and in the harmonisation of money market instruments. This last-mentioned is something that will need to be done, irrespective of the choice of intermediate targets.

Last but not least, we shall have to reach agreement on more explicitly normative matters: what are the desirable changes, with a view to monetary union, in the structure and operations of the individual money and capital markets? This will not simply be an academic exercise. To reiterate, it is the evolution of markets that will, in the end, determine the usability of intermediate targeting. But this evolution is not just the outcome of spontaneous decisions taken by market participants. Many of the initiatives will be a response to legislative, regulatory or deregulatory decisions taken by the various national authorities both in the process of implementing the single financial market and in preparation for Stage Three. To a certain extent, but to an extent that will not be easy to identify, such decisions by the authorities will not be without relevance for the usability or otherwise of money supply targeting by the European Central Bank. But we should have no illusions: in a financially integrated, strongly innovative world, the European authorities will not enjoy a great deal of freedom in their endeavours to constrain market developments and practices. This suggests good prospects for lively debate within the EMI Council.

Some of you may wonder whether all this difficult, time-consuming and expensive preparatory work is really worthwhile. Are we going to reach monetary union in the foreseeable future? My own answer to this question is an unequivocal 'yes'. I do not know how many countries we will begin with. I do not know whether it will be the outcome of a peaceful and gradual convergence (to which the EMI should make its own contribution) or be triggered by a crisis (which it should try to avoid). But I do believe that it will happen sooner rather than later. This belief does not stem simply from my respect for the timetable of the Maastricht Treaty, although I would caution against underestimating the political and institutional dynamics set in motion by the Treaty. It reflects just as much my conviction that the facts of the integration of the 'real' economy in Europe, combined with the development of a single financial market, will compel us to embark on monetary union.

'...the facts of the integration of the social economy in Europe, combined with the development of a single financial market, will compel us to embark on monetary union'



The argument can be summed up in a few propositions which I shall put to you simply at the risk of sounding dogmatic:

— The integration of our countries' 'real' economies has not only reached the point of no return, it continues to progress. The single market is a reality. Its preservation is becoming a matter of vital interest for the majority of Europeans.

— Major misalignments of real exchange rates among the member countries would not only significantly reduce the benefits for Europe of the single market; it could also lead to socially and, therefore, politically unacceptable developments, putting the single market itself at risk.

— Floating currencies have in the past afforded no protection against exchange rate misalignments — rather the contrary;

— 'Intermediate' arrangements of the ERM type may provide a shelter against such misalignments, at least for a time — observe the relative stability of real exchange rates among some (but by no means all) of the European countries;

— But however valuable they are for limited periods, such arrangements do not offer a foolproof, lasting solution: with free capital mobility, they can be derailed by speculative pressures responding to real, perceived or anticipated policy failures or actions.

— In the long run, only monetary union provides an appropriately stable framework for the functioning of the single market — it being understood, of course, that the stability of nominal exchange rate relationships within the Union will only be tolerable for countries which have achieved a reasonable degree of convergence among themselves, and

'In the long run, only monetary union provides an appropriately stable framework for the functioning of the single market'

which accept a very high degree of economic (and political) union, complementary to the monetary union itself.

To say the least, the realisation of all this will not be easy, but I cannot see any alternative if we want to preserve the single market, let alone to reap its benefits.

I shall now return to the other basic remit of the EMI, namely that of strengthening the coordination of Member States' policies in the period leading up to Stage Three, while the responsibility for setting and conducting these policies remains firmly in the hands of the national central banks. I do not share the view that this mandate amounts to 'squaring the circle' for the fundamental reason that the Treaty explicitly defines the aim of the coordination in terms of 'ensuring price stability'. This qualification has a two-fold importance. On the one hand, successful coordination defined in this way would pave the way for meeting what is probably the most important single convergence criterion laid down by the Treaty for embarking on Stage Three. On the other hand, it should also be regarded as a more general and permanent mandate given to the central banks for the conduct of their monetary policies — almost irrespective, if I may say so, of the pace of progress towards, and the time of implementation of, monetary union.

The mandate given to the central banks to ensure price stability did not find its way into the Treaty solely because of German insistence. The firmness of the German view played a major role but could not have carried the day had there not, prior to the Treaty negotiations, been a massive conversion to the cause of price stability (a sort of 'cultural revolution') in almost all western countries, and notably in Europe. This conversion was born of the realisation that, ultimately, inflation erodes our economies' growth potential or, more positively, that price stability is one of the main prerequisites of lasting growth. It is, therefore, no accident that inflation rates in a number of European countries have for several years now been running at less than 3% and have been on a declining trend even in those countries whose currencies have depreciated. Inflation has decelerated not simply as a result of a hardline currency policy, but because of a weakening of forces responsible for home-made inflation. These facts, even more than any formal provision of the Treaty, should help to lay to rest concerns among the German public about their neighbours' inflationary proclivities and, for the more distant future, about swapping the Deutsche Mark for a European currency. In a growing number of countries, those proclivities belong to the past and there will be no swap unless the European currency is as strong as, and possibly stronger than, the D-Mark.

While the anti-inflation role assigned to monetary policies provides a firm framework within which the EMI can perform its coordinating activity, such coordination will also be helped by the work carried out in our committees and working parties, and importantly, in the EMI Council itself. Given the acceptance of the common objective of price stability, and the visibly successful pursuit of this objective, the door is gradually opening to a process of learning from each other — something that could hardly be envisaged if there were a doctrinal dividing line between Union central banks on the final objective of monetary policy. But since such a rift no longer exists, the debate will focus not so much on *what* to achieve as on *how* to achieve it. And with the diversity of experience in money markets, operating techniques, linkages between the money and bond markets, financial innovation, the transmission mechanism whereby monetary impulses pass to the real economy, and not least in budgetary policies and the working of the real economy, opportunities arise for a genuine exchange of views. Germany as a whole, and the Bundesbank in particular, have deservedly earned the respect of their European partners (and of the wider world) for a long period of success in a stability-oriented monetary policy. The decision to establish the EMI in Frankfurt is a tribute to this success. But one should not be surprised to discover that other European countries have learned something in the process.

To conclude, the task of the EMI is not going to be an easy one, but it can be done. 'External' circumstances may arise over which the Council members and myself have no control. If such circumstances are not to derail our efforts, we shall need the wisdom of our countries' political leaders and some luck as well. There are areas — and I have tried to point to some of them here — in which the responsibility for success or failure will rest on our shoulders. But, in any event, we will need the help of the public at large and of the financial community in particular. Much of our work has to be carried out within the traditional confines of central banking discretion, which I intend to respect scrupulously. But we shall be dealing with matters of great complexity and, moreover, in a fast-evolving financial and economic environment. I know only too well that there is no substitute for keeping in touch with the realities of the market place. ■ A.L.

DOSSIER

Is there a 'democracy deficit'?

The Courier surveys the scene with the help of Egon Klepsch, President of the European Parliament

There is a growing view that, despite all the progress that has been made towards closer European Union, democracy has, somehow or other, been left behind. Not surprisingly, the European Parliament is one of the central participants in this contentious debate and The Courier, therefore, sought the views of its President, Egon Klepsch. As an introduction to this keynote interview, we review briefly the background to the current concerns about the EU's democratic credentials.

When, in 1951, the political leaders of six European nations (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) put their signatures to the European Coal and Steel Community Treaty, they knew they were embarking on an exciting new experiment in inter-state relations. Initially, it was one which involved the pooling of sovereignty in only two areas (coal and steel) but it was clear that the founders saw this as just the first step. Indeed, the preamble to the ECSC Treaty spoke of establishing the 'basis for a broader and deeper community among peoples long divided by bloody conflicts.'

In 1957, the goal of 'deepening' cooperation was given a big boost with the creation of the European Economic Community (EEC). This had the immediate task of establishing a customs union, as well as common policies in specified areas (notably agriculture, transport and competition), but in referring to 'an ever closer union' of the peoples of Europe, it also anticipated further developments. Subsequent treaties have extended the scope of the Communities' activities, culminating most recently in the Treaty on European Union (the Maastricht Treaty), which added two new 'pillars' to the system in the form of a common foreign and security policy (CFSP) and a coordinated approach in the field of justice and internal affairs.

As for 'widening', the original six members have been joined by six more (Denmark, Greece, Ireland, Portugal, Spain and the UK) with four applicants (Austria, Finland, Norway and Sweden) on the threshold and several others knocking at the door.

The countries of western Europe have moved a long way down the path towards 'closer union' but the journey has not always been a smooth one. The 'sovereignty' concept may be becoming outdated in an increasingly interdependent world but it still exerts a powerful influence on some leaders. For them, sovereignty 'shared' equals the loss of capacity for independent action and even if options for acting independently have diminished in practice, it is not always easy for them to acknowledge this.

Evidence of the conflict between the imperative of working together and the desire to maintain one's traditional prerogatives is clear for all to see in the institutional structures of the European Union. One would need to be wearing some very heavily rose-tinted spectacles to describe them as either logical or coherent. All that one can say is that they reflect the innumerable compromises hammered out by the national ministers over the past four decades, and as such, they reveal the baseline (or lowest common denominator?) of what is politically acceptable at the present time.

The basic rule for the enactment of common rules under the Community system is that 'the Commission proposes and the Council disposes'. This is a neat little saying, but nowadays it is unduly simplistic. In fact, the procedures have become ever more complex with each treaty amendment. The Commission's power of initiation, for example, does not extend to the two new Maastricht 'pillars'. These are kept firmly in the hands of the Member States operating on an intergovernmental basis through the Council of Ministers. Most key decisions are still made by the Council whose members are ministers in their national governments. A further complication arises from the fact that this body has a variety of voting systems — unanimity is needed in some areas, a qualified majority (based on weighted votes) in others, while some minor matters are settled by simple majority. And then there is the European Parliament — directly elected since 1979 and anxious to expand its powers. This institution already has considerable authority over the budget and it may dismiss the Commission but until recently, its other functions were mainly consultative. Now it has the right to block some (but not all) measures with its recently acquired right of 'co-decision' and the Maastricht Treaty appears to open up new possibilities in this area.

As the Community, and now the Union has expanded into new fields of competence, concern has arisen in many quarters about the democratic credentials of the institutional system that has developed alongside. There are two aspects in particular, which exercise the proponents of greater democracy. These are the exclusive power of the non-elected Commission to take initiatives in the economic sphere and the vesting of legislative competence in a body — the Council — which meets in secret and is largely unaccountable (although individual ministers may have to answer to their national Parliaments). The powers have been transferred to a European level, so the argument goes, but the democratic controls have not and the result is what is popularly (and somewhat ungrammatically) known as a 'democratic deficit'. It is suggested that much of the mistrust of 'Europe' among the Union's own populations is based on the fact that they feel progressively excluded from participation in the system.

From the 'democracy' standpoint, the key European player in the system must obviously be the European Parliament. In the interview which follows, President Egon Klepsch explains where the Parliament stands on the issue of the 'democracy deficit' and outlines the areas where he hopes to see Europe's elected chamber make further progress in the coming years.

Egon Klepsch, President of the European Parliament

President Klepsch: Parliament must make full use of Maastricht Treaty opportunities

■ *President Klepsch. There is a widely-held view that the European Union suffers from a 'democracy deficit'. Do you agree with this?*

— This is a statement that has been made over the years although the background has changed. Over the last two decades, the Parliament has worked to increase its responsibilities and to enhance its ability to influence and structure the policy of the Community. But I think it is true to say that the big step forward came with the Treaty of Maastricht. Of course, we are still seeking additional competences and powers, but I think the immediate aim must be to consolidate our position by making use of the opportunities afforded by the Maastricht Treaty to the fullest extent possible.

In my opinion there are a lot of things to be tackled in this area. For example, the Treaty on European Union sets out a new relationship between the Commission and the Parliament. By a majority vote of its membership, the Parliament could, in the past, dismiss the Commission as a whole. Indeed, it was the only body that could do this. But now, it also has a role at the appointment stage. It must confirm the choice both of the Commission President and of the other Commission members. This changes the situation, giving us a structure more like the government in a normal country. For if you are responsible for their inauguration, as well as being able to dismiss them, then the nature of the relationship is much clearer.

This year the Parliament will have to exercise this responsibility for the first time, with the appointment of the new Commission which is due to take office on 7 January 1995. The matter will probably be discussed at the Corfu Summit of Heads of Government in June this year and we will be using the opportunity to set out our position regarding the composition of the Commisson and the programme which we want to see being put forward.

■ *Regarding the future, you say that you have to consolidate Maastricht, but there will be a further intergovernmental conference in 1996 which is expected to focus on the institutional workings of the European Union. So, looking further ahead, what do you think are likely to be the Parliament's goals?*

— We think we need a further step forward at the 1996 conference. The first point is that the Parliament should participate in its preparation. The current chairman of the Council has promised he will propose that the Parliament be included, both in preparing the work of the conference, and as a participant in the proceedings.

But speaking about using the Maastricht Treaty to the fullest, there are some particular points which I think should be underlined. Take the power of co-decision whereby the Parliament's view can prevail in situation where there is no unanimity in the Council of Ministers. Previously, this was limited to internal market questions and certain multi-annual programmes. But there are other decisions which the Council can make by majority vote and following Maastricht, it is now possible to extend the power of co-decision without any further treaty changes. We are ready to fight for this.

A second issue involves our position regarding international agreements. We are already responsible for ratifying treaties relating to the enlargement of the Union, and association agreements with third countries. But now we have the task of ratifying all treaties which have financial, economic or political keypoints. We are ready to use our powers in these new fields as well.

Thirdly, we have to inaugurate certain new Community structures: the ombudsman system, for example, which will give people the chance to complain and seek help if they feel that they are being subject to undue pressure from bureaucratic measures. The ombudsman is chosen by, and responsible only to the Parliament. There are also the proposed committees of inquiry which will give us the chance to control the methods and activities of the European bureaucracy — not just in the Commission but in the Council as well. Then there is the question of establishing close links with the new Committee of the Regions, as well deepening cooperation with the Economic and Social Committee. But perhaps the most important thing of all for us is to work more closely with the national parliaments — because this could gives us some genuine opportunities to control the workings of the Council.

There must be no going back

■ *One of the points which you have just mentioned is the Parliament's role in ratifying treaties. We have a difficult situation at the moment over the proposal to increase the blocking minority in the Council to take account of the enlargement of the European Union (see box p. 47). What is your position on this?*

— The position of the Parliament in this case is very clear. We are not ready to go back in the institutional structure of the Community. This means that the qualified minority of 23 votes must be changed and a 27 vote minimum must be introduced. If we don't do this, we reduce the cohesion of the Community and we reduce its transparency and democracy. The Parliament will not ratify a development which goes in this direction.

In practice, we will also have to fight to ensure that inter-institutional agreements [1] are observed. The Treaty of Maastricht is quite clear but it has some complicated rules and procedures. To make it work, we are going to have some difficult discussions because the bureaucracy doesn't necessarily like to understand the changes which the Treaty brings in terms of democracy and transparency. We have already reached agreements about budgetary development over the coming years, about the ombudsman, about subsidiarity, and about transparency and democracy and we are negotiating about committees of inquiry. We are also asking for an inter-institutional agreement on procedures relating to the three pillars of the European Union; that is to say the common foreign and security policy, justice and home affairs, and the economic and monetary union. These three areas are obviously of great interest to us. We shall have to work hard on this and, if it is not possible to reach an agreement, it may be necessary for us to ask the European Court of Justice to give an interpretation of some articles of the Treaty.

■ *Among existing Member States, there appear to be starkly different views about where the European Union should be heading. The UK Government, in particular, seems now to be arguing for a 'Europe des patries', while others still support a 'closer union' leading to some kind of federal or confederal arrangement. How can the gulf between such apparently irreconcilable positions be bridged?*

— I will speak frankly about this question. All governments have to comply with the treaties that we have already made together. Some of the ideas which have been put forward recently involve a backward step away from the 'acquis communautaire' [2]. The Parliament is strictly against such a development. We want to move forward towards better and closer relations, based on the principle of subsidiarity. I should stress that we are not interested in creating a centralised state. The European Union is *sui generis* — a unique system in which democratic structures are necessary and we have to confront the undemocratic attitudes which are still to be found in some quarters.

And may I say that the European Parliament is much better placed than the Council when it comes to finding common solutions. The Council tries to add together the interests of the 12 Member States. Our aim, on the other hand, is to find the *common* interest and we have been very successful in this regard. Take, for example, the decision about the composition and structure of the Parliament itself, where the Council accepted what the Parliament had put forward. If the Council itself had tried to come up with a solution, it would have found it very difficult indeed. You see today, in the discussions about the future structure of the Council after enlargement, or about the Common Agricultural Policy, that the Parliament does better than the Ministers, in finding a coherent approach.

■ *What is the current situation regarding the French threat to block the increase in the Parliament's membership if you fail to sign a lease for the new accomodation in Strasbourg?*

— The problem is not with the French Government but with France's National Assembly. However, I think it is a peripheral question. The issue of where the Parliament should hold its plenary sessions has already been decided and I think that this particular question should be resolved by the end of this month. [3]

■ *Does the lack of a common system for elections to the European Parliament undermine its democratic legitimacy?*

Regarding this issue, we have tried on occasion to find a way of integrating the British system with the continental approach based on proportional representation. I think we have been very creative in this regard but the basic problem is the majority tradition in the United Kingdom. On the continent, we have a lot of experience of working in coalition governments and respecting the results of the proportional system.

What we are trying to do is find a combination between the proportional and majority constituency system such as exists in Germany, or now in Italy. But I must acknowledge that the time is not right for achieving unanimity on this question. ■

Introduction & interview by Simon Horner

[1] Agreements negotiated between the main institutions of the Community — Parliament, Commission and Council.

[2] This refers to the body of principles and rules already in place.

[3] At the time of going to press, it appeared that President Klepsch's prediction had been proved correct. Shortly after this interview, the Bureau of the Parliament voted in favour of leasing the (yet to be built) accommodation in Strasbourg, which will include a new debating chamber and more than a thousand offices. The contract was signed shortly afterwards by Mr Klepsch and by the Mayor of Strasbourg.

DOSSIER

The challenge for 1996 A people's Europe

by Francis Whyte *

The term 'a people's Europe' crept surreptitiously into circulation in a report in 1973, and since then has become a focal theme in discussions of the future of European integration, as we look forward to the review of the Maastricht Treaty.

The expression 'a people's Europe' first appeared in a report on the European identity 21 years ago. In 1974, the European Council took it up, but it took another 10 years for it to set up a committee to identify schemes to enable the Community to meet the people's expectations by adopting measures which would strenghten and promote its identity and image both with its own citizens and throughout the world.

It produced two reports, one identifying practical ways of ensuring freedom of movement and right of residence within the Community and the other investigating a new political, social and cultural dimension for the Community. It made practical suggestions, including new mobility opportunities for young people, cultural promotion operations, health protection schemes and so on.

Symbolic measures

Symbolic measures, relating to such things as the European passport, the use of the flag and the European anthem, were adopted in 1985, progress was made with the mutual recognition of educational qualifications and education programmes were launched (COMETT for cooperation between universities, businesses and research centres and ERASMUS for student mobility and collaboration between universities in different Member States).

However, it was not until 1992 and the signing of the Maastricht Treaty on European Union that citizenship of the Union was instituted and the Community was recognised as competent in matters of education, culture and health.

The people's Europe is in fact both a more practical and a more abstract thing than its history would suggest.

It is more practical because what distinguishes the European Community from all other forms of international organisation is its Court of Justice, whose case law makes very clear that the Community is a 'new legal order' whose subjects are not just the States, but their nationals too. So all citizens of the Member States are subject to European law. It is also more of a practical thing because, since 1979, the European Parliament has been directly elected by all the citizens of the Member States.

A matter for specialists

It is more abstract because Europe is still a matter for specialists. Few people know how the Community works, what new rights it has brought them and how to use them. And it is more abstract, again, because the only one of the four great freedoms of movement (of individuals, services, capital and goods) of the internal market which has not been fully secured is movement of individuals.

In a European Community based on a single common market for all Member States, it is reasonable that European citizenship should be reflected first in economic and social rights. Significantly, the Commission's social policy since the end of the 1980s has been expressed in terms of fundamental social rights in the Community.

From fundamental social rights to civil and community rights is but a short step, which is the view expressed by, in particular, the Economic and Social Committee (the Community body of representatives of employers, employees and various other interests) since 1988, when Commission President Jacques Delors asked it to give thought to the possible content of a Community charter of fundamental social rights and to give a clear message about the future of the Community and the basic values it will be promoting.

In its reply, in the form of an opinion adopted by a substantial majority in February 1989, the ESC took that step and brought 'all the citizens' into the ambit of fundamental social rights. The social charter which the European Council adopted 10 months later confined itself to the basic social rights of workers, which is why the ESC returned to the attack in September 1992 with a virtually unanimous (only five abstentions) own-initiative opinion on a people's Europe.

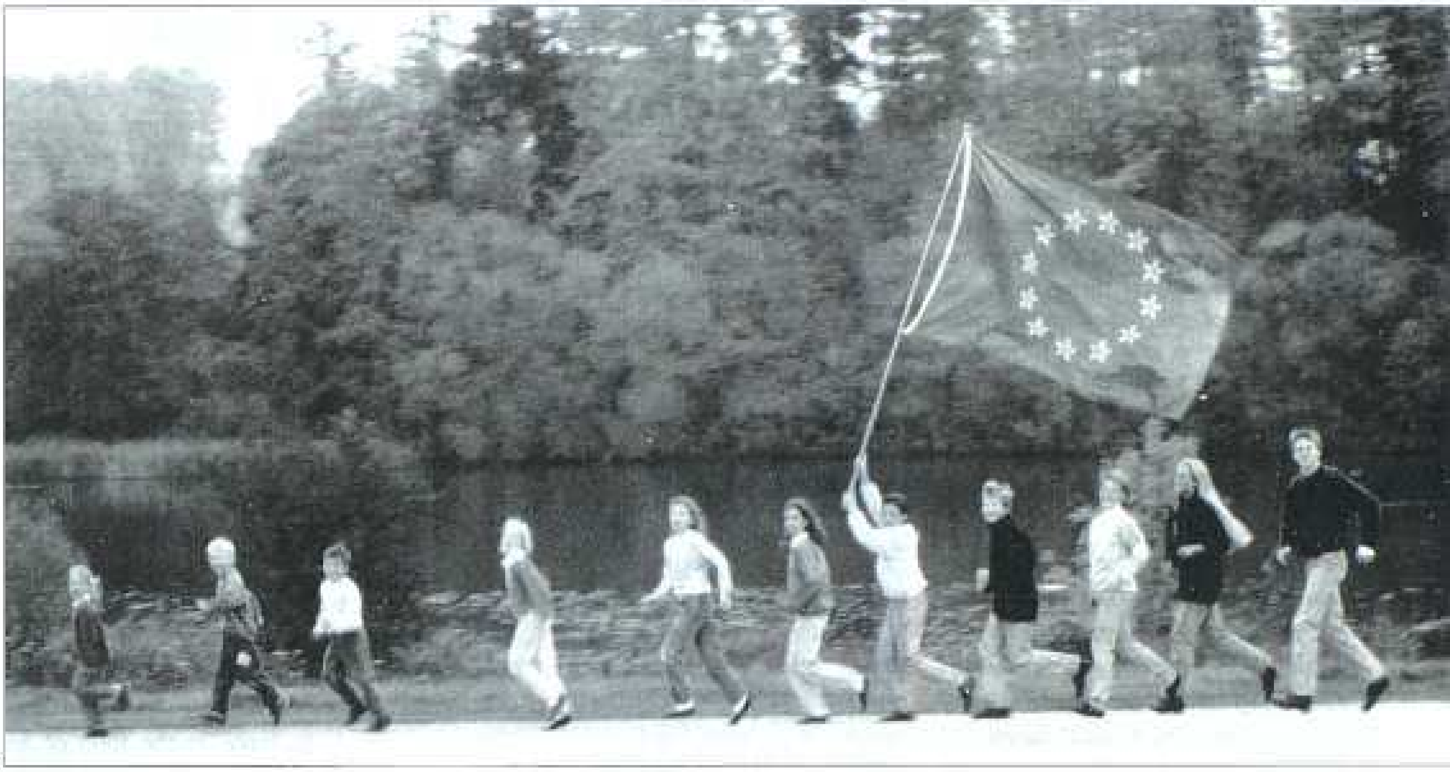
With its sights set firmly on 1996, the year of the Maastricht Treaty revision, the ESC put forward a series of points which it wanted to see included in the body of the future treaty. It started by saying that the meaning of 'a people's Europe' was still vague and, at best, only partially defined.

The referenda on the Treaty of Maastricht highlighted all the differences between the promoters of the European Community — basically the political classes and socio-professional organisations — and the people in general.

The citizen as witness

In a bid to size these differences up and help iron them out, the ESC set up a meeting of 60 or so 'citizen-witnesses' and top officials from the institutions of the European Community in

* EU Economic and Social Committee (Press Division).



European youngsters rally round the Flag of the Union of which they are now citizens and enjoy fundamental social and civic rights

September 1993. It was a real dialogue, chaired by journalists accredited to the Community.

What did the citizens say?

They said that a people's Europe would be a Europe of free movement and no discrimination. [1]

They said that freedom of movement for individuals was fundamental to the success of all other policies and that it had to apply to everyone, regardless of income, third country nationals included, if it was to work properly. It was a basis to which other rights — related to equal opportunity and precluding any kind of discrimination — could be added. [2]

They said that there was more to being a citizen than having the right to vote, for it involved being able to influence and halt policies affecting matters of everyday life, be it housing, food or work (for people lucky enough to have work). [3]

They said that European citizenship should be threefold — legal citizenship, social citizenship (i.e. equal rights) and political citizenship. [4]

In a speech before the citizens themselves took the floor, Jacques Delors had foreseen declarations of this kind and made his position very clear. The basis of citizenship and a feeling of belonging, he said, was the European social model. A federal concept of Europe alone would allow us to join forces, really strengthen the nation and get the ordinary citizen involved, because everyone knew exactly what had to be done. That was the course we had to take, with those who wanted to join us and mindful of the fact that our historical responsibility was to make united Europe a home for all. If we did that, the people would see more clearly. They would know what they had to do and how to affect the course of events. Their feeling of belonging would grow without detriment to their legitimate national patriotism.

The invisible Community

Potentially, as we have seen, there is already a people's Europe in the European Parliament, the Court of Justice and even the Economic and Social Committee. The European Community is in fact far from being an abstract entity, for although the Community institutions seem remote, their directives are transposed into the national laws of the Member States, with Community action penetrating and merging into the law of all the countries to the point where it is no longer visible to the people to whom that law applies.

But we are not all lawyers. And to get the full benefit of citizenship of the Union, it is as well to belong to an association or a union or a political party... and to be solvent. Alone and with no resources, the man in the street cannot really derive much benefit from his new rights — primarily of movement from one Member State to another — at the present time.

So, clearly, the fate of a people's Europe depends on how far the people can get organised at European level — which of course does not stop the national governments and Community institutions from doing all they can to see that the more passive amongst us realise that they personally belong to a European Union. That is the challenge for the Maastricht Treaty review in 1996. F.W.

[1] Abdou Menehi, EC Migrants' Forum.
[2] Tony Venables, European Citizens' Action Service.
[3] Vivian Woodell, CECOP.
[4] Raymond Van Ermen, European Environmental Bureau.

DOSSIER

Towards enlargement of the European Union

by David Spence*

The Maastricht Treaty finally entered into force on 1 November 1993, but the European Union is again on the move and in two major ways; enlargement is firmly on the agenda and an intergovernmental conference (IGC) in 1996 will review the effectiveness of the Treaty on European Union (TEU). Importantly, the IGC will clearly go beyond its original brief and be obliged to deal with the consequences of the European Union's mooted further expansion. So, widening and deepening the European Union, as so often before, will be closely linked in the coming months.

As regards widening, there are still formal applications on the table from Cyprus, Malta and Turkey. Negotiations for admission were completed in March 1994 with Norway, Sweden, Austria and Finland after just one year, the formal process having begun at a meeting of foreign ministers on 1 February 1993. Membership will be implemented, in principle, in 1995. Now many states in Central and Eastern Europe (CCEE) have also announced their intention to apply for membership. Indeed, European Council meetings over the last two years have stressed the Union's willingness to contemplate admitting them when the time is right, and the 'stability pact' on which the European Council reported at Brussels on 10/11 December 1993 is to focus 'on those countries of Central and Eastern Europe which have the prospect of becoming members of the European Union and vis-à-vis which the Union has greater opportunities to exert its influence more effectively, particularly the six CCEE and the three Baltic countries'.

This confirmed the decision taken at the Edinburgh, Lisbon and Copenhagen summits in 1992 and 1993 to extend membership to these countries in due course.

But if enlargement seems a foregone conclusion, it is still worth asking 'why enlargement?' and 'why now?'. The answers are complex and they point to a major shift in world affairs. Europe is at a turning point brought about in 1989, when the Berlin Wall fell and the fate of the former Soviet bloc was sealed. The collapse of the Soviet Union spelled the end of the bipolar system and of division in Europe. It has meant a new era in international relations, with states formerly under Soviet influence or with traditions of political neutrality seeing a major obstacle to their claim to be a part of the European mainstream removed.

German unification was one immediate manifestation of this new era in international relations. Freed from the constraints of Soviet hegemony, the two Germanys came together after decades of artificial separation and the new Germany rapidly became a symbol for the potential unification of the whole of Europe and a catalyst for further Community enlargement. Indeed, through German unification one enlargement of the Community has already taken place. The former German Democratic Republic (GDR) was integrated into the German Federal Republic in October 1990, thereby becoming an integral part of the European Community. There was not, of course, a formal accession of the GDR, but the Community was enlarged by the nearly 17 million citizens of the five new German Länder (Spence 1991).

Of course, entry in the short term is envisaged only for the four EFTA countries, but with the CCEE, the Baltic States and the Mediterranean countries of Turkey, Cyprus and Malta, there are at least 12 countries waiting in the wings. Their reasoning is simple. The end of European division has reawakened a sense of cultural solidarity throughout Europe and there is a strong political and economic attraction in being part of the Union. This is quite simply because it makes sense to be part of the decision-making in economic and political affairs which anyway sets the framework from which these countries cannot escape - European states are increasingly interdependent in the 1990s.

But there is a political dilemma about enlargement. It concerns the basic issue of further European integration, or 'deepening', as the Euro-jargon has it. The Member States of the European Union have to reach a view on membership for those countries where it may be politically desirable and where there is a clear sense of European identity. But, for some of these potential candidates, there are problems with regard to implementation of all the achievements of European integration. For the Union there is a twofold risk involved. There is the potential for a multi-speed Europe on the one hand, but on the other there is the likelihood that the advantages of enlargement might be counterbalanced by economic costs and hurdles to further integration. This article examines some of the issues involved and draws some conclusions of relevance to regional and local interests.

Challenging issues for potential candidates

The European Union is undeniably known as 'Europe'. But Prague and Vienna are clearly as much part of Europe as Berlin, Paris and London. Where does Europe

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The author is currently responsible for information policy in the applicant countries to the European Union. He was previously secretary of the European Commission's Task Force for German Unification.

end? How many states will the European Union of 2010 comprise? The maps of the European Economic Area are certainly not the whole story. The treaties are very clear on the legal prerequisites for membership. Article 237 of the Treaty of Rome and Article O of the Maastricht Treaty specify three conditions. Acceptable candidates must be European, democratic and have a clean record on human rights. But entrance requirements are not only issues of principle. Negotiations with the EFTA applicants took place on the basis of the Treaty of European Union (Maastricht), including the vital pillar of the Common Foreign and Security Policy (CFSP), and included a full review of the 'acquis communautaire' - the body of primary and secondary legislation making up the Union's legal and policy framework. The latter is the basic economic preconditon for membership, but it needs to be stressed that making the 'acquis communautaire' work relies on a market economy, a well co-ordinated legal system and a properly functioning civil service capable of implementing and supervising Union legislation.

Union decision-making is a complex process. Running the presidency, for example, makes high demands on the civil service of the country holding it and the sensitive question needs to be asked about how some of the potential member states could manage the demands effectively (Wallace and Michalski 1992). The Commission's report to the European Council in Copenhagen in June 1993 listed the following considerations for an applicant country (Commission 3/92):

— the capacity of the country concerned to assume the obligations of membership (the 'acquis communautaire');

— the stability of institutions in the candidate country guaranteeing democracy, the rule of law, human rights and respect for minorities;

— the existence of a functioning market economy;

— the candidate's endorsement of the objectives of political, economic and monetary union;

— its capacity to cope with competitive pressure and market forces within the Union;

— the Union's capacity to absorb new members while maintaining the momentum of European integration.

The four EFTA applicants fulfilled these criteria and have now successfully negotiated for membership. The package of transitional measures and derogations from the 'acquis' was completed in early March. The next hurdle is referenda in the applicant countries and formal ratification, not only by the European Parliament, but by Member State and applicant state parliaments. The Single European Act gave the European Parliament the right to sanction the process of enlargement by allowing it to 'assent' to membership, a right reiterated and further defined in the Treaty on European Union, which states in Article O that:

'Any European State may apply to become a Member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

'The conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails shall be the subject of an agreement between the Member States and the applicant state. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.'

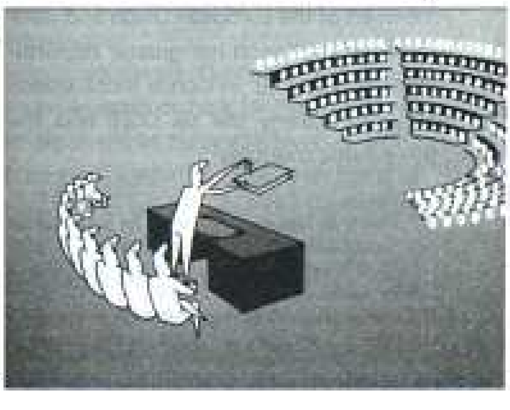
Thus European parliamentarians have had a right of close scrutiny of representatives of the Council and the Commission over the past months and senior politicians from the applicant countries have also addressed European Parliament committees. Since enlargement involves amendments to the treaty, primary legislation is needed, so the parliaments of the member states join the parliaments of the applicant states in the search for formal endorsement. From the perspectve of the Union it was decided early on in the process that new applicants would enter as a group rather than at different points in time. Otherwise, a series of separate ratifications would be necessary. That would run the risk of complications with legislative timetables in each Member State and the potential for embarrassing delays for procedural reasons applicable to one or more of the applicant states. It also made sense to streamline the process of scrutiny required for national parliaments to assent to the legislative changes involved. Further entry is thus also likely to be by waves.

Why EFTA first?

The EFTA states had a head start in the enlargement process, since much of the important economic integration has been achieved in the complex negotiations leading to the creation of the European Economic Area (EEA). The EFTA countries can be integrated more easily into the Union than the Central and Eastern Europeans, since much of the 'acquis communautaire' was incorporated into national law by Sweden, Finland, Norway and Austria when the EEA came into force on 1 January 1994. The EEA was, of course, originally due to begin on 1 January 1993 and was to include all the EFTA states. Full membership became a viable option in the middle of negotiations on the EEA, though Iceland and Liechtenstein did not express their intention to extend the EEA arrangements and become full members of the Union. As for Switzerland, on 6 December 1992, just as the Commission was preparing its opinion on the formal application for membership, the Swiss voted against ratification of the European Economic Area, thus postponing consideration of full membership as well.

The origins of the Community's opening towards EFTA lie in the mid-1980s

'The Single European Act gave the European Parliament the right to sanction the process of enlargement by allowing it to assent to membership'



when discussions began on how the benefits of the Community's internal market could be shared. In the beginning the idea was to set up a European Economic Area incorporating EFTA and the EC and creating one market for the whole of Western Europe. The EFTA states were not to be required to accept the supranational aspects of full integration into the Community, thus allowing them to remain formally outside a Community perceived as part of the Western bloc. But as change swept through Eastern Europe and the previously neutral EFTA states of Austria, Finland and Sweden began to review their overall position in Europe's new international relations, EFTA countries' participation in the EEA rapidly came to be seen as the antechamber to full membership that history had previously denied.

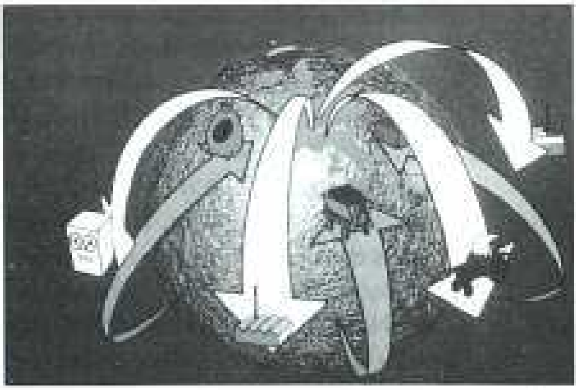
Membership of the Community would have been conceivable earlier for Norway and Iceland. As NATO members, they had never resisted international alliances, as had the other EFTA states. But Norway's bid in 1972 to become a member of the Community failed when a referendum pronounced against entry, and Iceland always considered full membership as incompatible with its interests. The neutrality of Austria, Sweden, Finland and Switzerland largely explains their refusal to be part of the European Community. They could not reconcile neutrality with the longterm political implications of European integration and the perception of the Community as part of the Western side in the bipolar world. Their concept of neutrality may now be redefined. Their overall foreign policy stance will certainly be reviewed as they become full participants in the European Union's Common Foreign and Security Policy (CFSP).

The most important reason for the EFTA countries to envisage membership is that the 1980s saw the Community become the largest trading bloc in the world. The EFTA economies are dependent on it as a market and as a source of imports. The Community's role in the area of the four freedoms, including the vital area of production standards, means there is an economic and political cost in not participating in the decision-making process by which those standards are set. The Norwegian Prime Minister put the point tellingly in a statement to the Norwegian Parliament on 16 December 1992, when she said:

'In order to regain control of many of the forces that shape our daily lives, we must be able to make democratic decisions that truly enable us to meet our challenges. It is no longer possible... to tell Norwegian voters that we can carry out all our tasks by means of decisions in Norway alone. If we cut ourselves off from fora where important decisions are made, we are in reality restricting our own freedom of action... Unless we ourselves decide otherwise, the EC may in a few years' time comprise all of Europe except for Norway, Iceland, certain countries in the Balkans and Russia.'

Overview of the negotiations

In practice, the process of enlargement involves the European Council requesting an initial 'avis' or 'opinion' on individual applications from the Commission. Once the Commission has expressed a favourable opinion and its view has been endorsed by the Council, formal negotiations with the applicant country are then conducted by the Presidency of the Council. The Commission provides technical support through preparatory and exploratory talks to identify and attempt to resolve contentious points. In the case of the enlargement negotiations concerning the EFTA applicants, there were 29 areas of the 'acquis' to be covered. Most of these areas were covered in talks between officials of the Commission Task Force for Enlargement and their counterparts from ministries in the applicant countries. The sensitive areas of negotiation concern parts of the 'acquis communautaire' which the applicants may not wish to apply immediately. Exemptions are not automatic and the discussions on such points were complex. The Community's view was that membership must be on the basis of acceptance of the whole 'acquis' of the Union - the Treaties of Paris and Rome, the Single European Act and the Treaty of Union, with all the legal acts of secondary legislation and European Court decisions in existence. Where amen-



'The 1980s saw the Community become the largest trading bloc in the world'

dments or transitory arrangements were called for by the applicants, the Commission proposed to the Council a 'common position'. Member States deliberated on the basis of these proposals, sometimes accepting, sometimes further amending the proposed common position, which the Presidency then defended in direct negotiations at ambassadorial level and subsequently with ministers from the applicant countries.

The economic problems posed by enlargement included important budgetary effects of membership, problematic policy areas such as state aids for the isolated farming communities in outlying areas of Finland, Sweden and Norway or the adjustments to be made to the regimes of the Common Agricultural Policy. Negotiations were also necessary on potential exemptions where the applicant states felt unable to fulfil immediately the criteria of the 'acquis communautaire', in areas such as secondary homes and Alpine transit for the Austrians, fisheries and energy policy for the Norwegians, state monopolies in alcohol for all the Nordic applicants and a host of areas where standards were simply out of line (and often higher in the applicant states), such as in the environmental field. The significant issue of access to the structural funds for Arctic areas was a bone of contention right up until the close of negotiations, when a new 'objective 6' was introduced to accommodate the legitimate concerns of the Nordic countries where it is essential to keep vast tracks of land occupied, despite the sparseness of existing agricultural communities in those areas.

As for politically problematic areas, neutrality was always believed to be a potential stumbling block. Sweden, Finland, Austria and Switzerland have long traditions of neutrality and many commentators have seen an incompatibility between neutrality and the Treaty of Union's move to a Common Foreign and Security Policy, leading possibly to a common defence system. However, various declarations by the EFTA governments cleared this potential problem away. For example, in his letter of 25 November 1992 to John Major as President of the European Council, Swedish Prime Minister Carl Bildt declared :

'Sweden shares the political objectives of the European Community, as laid down in the Maastricht Treaty ('les finalités politiques'). This implies, of course, that we are prepared to conduct membership negociations on the basis of the Treaty on European Union.'

The implication is that the Union's Common Foreign and Security Policy is not seen as a hindrance to Swedish membership. The Austrian government's aides memoire before the Lisbon and Edinburgh Councils similarly confirmed 'unconditional commitment to the Treaty on European Union'.

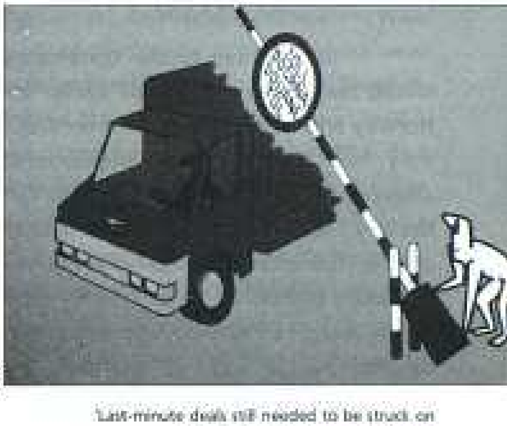
The enlargement negotiations finished in March 1994 with the cliff-hanging style with which observers of European politics are familiar. The deadline had been set at 28 February, since there had to be time for the European Parliament to review arrangements and give its assent before the end of the parliamentary term in late Spring. The subsequent European elections meant waiting for new committees to be set up in the new Parliament beginning work in September. It was essential, if the deadline of entry in January 1995 were not to lose all credibility, for enough time to be left for applicants and Member States to go through their own ratification procedures. Entry in 1995 was important to allow the new members full participation in the deliberations of the intergovernmental conference planned for 1996. By 1 March it had become clear that meeting this deadline was not easy. Norway's negotiations were postponed for a week after an all-night negotiating session failed to resolve the fisheries question. Meanwhile, negotiations proceeded with a 'stopped clock' for the other candidates. Last minute deals still needed to be struck on heavy lorry transit through Austria (a ten-year phase-in period as the Austrians wished or three to six years as the Union was insisting ?), the size and timing (five-year phase-in ?) of Swedish contributions to the EU budget and Arctic agriculture for Finland (100%, as the Finns argued, or 85% of total agricultural area, as the Union argued, to be eligible for EU aid ?). Even when all these issues were settled, the timetable for Economic and Monetary Union and the size of the blocking minority for qualified majority voting in the Council remained vital issues on which it took EU governments time to reach a common position.

But these negotiations about the details of policy masked the fact that, in sum, the EFTA states present major advantages for the Union. Not only does the EU become the largest political and economic bloc in the world. The EFTA countries will boost Union GDP considerably, provide an important contribution to Union finances and bring about a logical integration of the West European aid effort in Eastern Europe and in the developing world.

Since the ability of the EFTA countries easily to meet the legal, political and economic criteria for membership meant that there was little threat posed to the deepening of the Union, there was no reason to lose time in shifting those applicants who could manage it from the EEA antechamber into full membership of the Union. This could be done, it was hoped, without what most Member States feared might prove the cost of widening, namely dilution of the 'acquis' and an obstacle to further deepening.

Deepening before widening

All these issues show that for states in the early stages of a market economy, and for poor states, the demands of membership could prove hard to meet. This is part of the reasoning behind taking enlargement as a series of phases, with states entering the Union only once the criteria are met. Hence the start made with the EFTA countries, which, as stressed above, were able, through the EEA, to meet most of the criteria for membership in the short term. 'Deepening' the Community is the jargon term for the expansion of Community competence to areas hitherto the exclusive domain of the individual Member States and improving the decision-making process by redefining the rights and duties of the European institutions. There have been two previous enlargement waves. The UK, Ireland and Denmark entered in 1973 after the Hague Summit had confirmed the acceptance by Member States of the principle of the Community's own resources and after the Community had introduced European Political Cooperation based on the Davignon report of 1971. The next wave was the Southern European states of Greece (1981) and Spain and Portugal (1986). Before Spain and Portugal entered, Member



'Last-minute deals still needed to be struck on heavy lorry transit through Austria'

States agreed on the Single European Act. This introduced far-reaching changes to the Community's decision making process and added a string of new competences to Community business. In addition, foreign policy coordination, known as European Political Cooperation, then became part of the treaty-based functions of the Twelve. The Single European Act also anchored the aim of the completion of the single market by 1992 and ensured that the Community institutions had the administrative means to match their aim by providing for the majority decision-making mechanisms in the Council needed to break the deadlock on so many of the Commission's existing policy proposals. This was a major qualitative advance in European integration. It ended the long period of 'Euro-sclerosis' and 'Euro-pessimism' which had characterised the 1970s.

Changing geopolitics and the drive for enlargement have now once again led to a need to review the Community's internal workings. The Treaty of European Union signed in Maastricht resulted from the resetting of the European agenda brought about by German unification. It added more far-reaching changes to the Community's law-making capacity. The most significant is often thought to be economic and monetary union by 1999, but the importance of the intergovernmental arrangements for justice and home affairs and for common foreign and security policy should not be underestimated, nor should the many new areas of competence and the considerable shifts in policy-making from unanimity in Council decision-making to qualified majority voting.

Many supported the need for intergovernmental conferences on economic and political union as a way of reinforcing the Community and thus ensuring shared power over international economic forces, avoidance of German economic predominance after re-unification and a roof for the integration of the whole continent. The Treaty of Union represents the institutional adaptation this implies. The new Union now clearly exercises a considerable power of attraction over non-member states. But for the existing Member States the issue remains how to bring about the enlargement of the Community all feel is desirable while conserving the advantages of European integration. Preventing the potential costs of widening from outweighing the benefits brought by new members will probably mean more discussions about deepening. Thus, as with previous enlargements, the Community has embarked on a process of strengthening the integration process before it takes on new members. The Treaty of European Union represents another deepening of the Community. The next intergovernmental conference in 1996 will continue the process.

There are, however, some who believed that widening should not take place before the 1996 conference has settled more operational guidelines for the European Union. It is true that the four applicant states tried to secure for themselves exemptions applicable to existing Member States — for example that applying to second homes in Denmark. Part of the negotiation process was to find ways round such issues, where the Union's position was not, in principle, to extend existing exemptions, for fear of weakening the 'acquis' and making more likely the emergence of a Europe *à la carte*, with Member States choosing from a menu those policies which suited them. Now, the role of the applicant countries in the 1996 conference will be crucial to the shaping of the political identity of the new Europe. Some believe that the wisdom of the mature democracies of the EFTA group will contribute to the achievement of a sound system for an enlarged Europe. Federalists argue that there is a risk in diluting the supranational aspects of the Community by taking on demanding new members, who may wish, in the name of national traditions, to preserve their independence. Such arguments will be at the heart of the political debate in the next two years.

Maintaining momentum in a changing Europe

The changes in Europe and the prospect of enlargement have led to a new assessment of the purpose of integration and posed some of the fundamental questions raised as long ago as the 1940s when federalists debated with nationalists about the kind of Europe that should be created. Federalism, subsidiarity, transparency, democratic legitimacy and the limits of the integration process are all back on the agenda for debate at the same time as the Community prepares for enlargement and as the stakes become more complicated than ever before. The aim will be not to hold up the process of further integration in Europe. But are there alternatives to full membership which

TABLE 1

Area

	Surface area (1000 hectares)	Utilised agricultural land (1000 hectares)
Impact of enlargement on European Union		
EU 12	236 310	128 075
4 applicants	119 490	10 534
(Austria)	(8 390)	(3 519)
(Finland)	(33 710)	(2 647)
(Norway)	(32 390)	(1 010)
(Sweden)	(45 000)	(3 358)
EU 16	355 800	138 609
International comparison		
EU 16	355 800	138 609
USA	937 260	431 298
Japan	37 780	5 243
ex-USSR	2 240 220	598 820

Source: *Eurostat (1991 figures)*

TABLE 2

Population

	Population (in thousands)
Impact of enlargement on European Union	
EU 12	344 942
4 applicants	25 674
(Austria)	(7 834)
(Finland)	(4 999)
(Norway)	(4 250)
(Sweden)	(8 591)
EU 16	370 616
International comparison	
EU 16	370 616
USA	252 688
Japan	123 921
ex-USSR	286 340

Source: *Eurostat (1991 figures)*

might prove an answer to the fears of the federalists?

There is an expansive logic to the European Community: a logic symbolised by the various forms of association or pre-membership relations other states in Europe now maintain with the Union. There are four categories. First, there are partnership agreements with some countries of the former Soviet Union. These are flanked by technical assistance programmes under the so-called TACIS arrangements (Technical Assistance to the Commonwealth of Independent States), aimed at making a Western European contribution to their economic development, but avoiding the question of membership of the Union. Second, there are the essentially economic association agreements with Turkey, Malta and Cyprus, each of which has made an application for full membership, but where the Commission's opinion has been that the time is not ripe. Then, there is the inside track of the EEA - it is conceivable that some EFTA applicants will not complete the ratification process; opinion polls suggest the conclusion is far from foregone, despite recent gradual swings in public opinion, including in hitherto hesitant Norway. For such an eventuality, both EFTA and the EEA could remain in place. There would then be potential for associate countries to join EFTA and the EEA if immediate membership proved unlikely (Baldwin CEPR 1992). Finally, there are the Europe Agreements with Poland, Hungary, the Czech and Slovak republics, Bulgaria and Romania. These are also called association agreements but go much further in the area of political links. As the Lisbon European Council concluded in June 1992, cooperation through these Agreements is the first stage in a process intended to lead to Union enlargement: 'Cooperation will be focused systematically on assisting them in their efforts to prepare for the accession to the Union which they seek' (Commission 3/92).

Meanwhile, the vital aim is to make the Agreements work (CEPR No 11, 1992). In the medium term the shape of the enlarged Union is thus easily discernible. Now that the current negotiations with the EFTA applicants are concluded, and providing the final agreements are ratified, Austria, Finland, Norway and Sweden will enter by 1995. By then, or soon thereafter, the question of Malta and Cyprus will arise. Both have formally applied for membership. There is little dissent about the 'European-ness' of Malta and Cyprus. But there are fundamental questions posed with regard to their size and the implications for the management of Union business. In the case of Cyprus, there are clear political difficulties arising from the division of the island. The vital question is compliance with the 'acquis communautaire' - hardly feasible in a country where freedom of movement of goods and persons is restricted.

Turkey is also a candidate, but Turkish membership is a more complex issue. The differences Turkey, as an Islamic culture, would bring into the Union are vast. Many would welcome the diversity. But there is no doubt that the process of adaptation would not be simple. Add to this the Turkish level of economic development, difficulties associated with the application of the 'acquis communautaire', some of the principles outlined above in Article O of Maastricht and the political differences with Greece, and it becomes clear that early Turkish membership, however desirable, might be fraught with difficulties. Successive European Councils have, of course, stressed the desirability of strengthened economic and political relations with Turkey. To quote the Lisbon European Council of June 1992: 'With regard to Turkey the European Council underlines that the Turkish role in the present European political situation is of the greatest importance and that there is every reason to intensify cooperation and develop relations in line with the prospect laid down in the Association Agreement of 1964, including a political dialogue at the highest level' (Commission 3/92).

After EFTA the next major enlargement wave is therefore likely to include the states of Central Europe - the Czech and Slovak republics, Poland and Hungary - the so-called Visegrad states - and thereafter the two other Europe Agreement countries of Bulgaria and Romania. Meanwhile, the Baltic States and such countries as Slovenia, with which talks about Europe Agreement negotiations are under way, will make their voices increasingly heard. With the defining line of 'Europe' in most people's minds likely to run along the Ural mountain range, the size of a resulting European Union could be vast. The question is whether it would be unwieldy too.

The immediate problem about the next phases of enlargement is the timescale within which it is to occur. The applicant countries (and those which have indicated that they will be applicants in the near future) have no time to lose. Given the criteria for membership outlined above, various alternatives to full membership have been canvassed. They include maintaining the EEA as an antechamber to the Union, with prospective member states able to move into the EEA, having progressed through an association agreement. The EEA may well prove a sensible option for those applicants in respect of which full acceptance of Union rigours would be counterproductive - both for the Union and for the country concerned. Likewise, the Europe agreements are already intended to be a stepping stone to full membership. They may prove an acceptable alternative to full membership in the medium term.

The question is whether such alternative scenarios as a multi-speed Europe or a Europe of concentric circles are potentially dangerous for the integration process. Within the Union, Member States and applicants choosing from a menu the dishes they can most easily digest would detract from the aims of European integration set by the original six. It could prove tempting to take the benefits of integration without sharing in the costs. This is why the debate about enlargement goes hand in hand with a debate about the future of the Union itself. The European Union and its aspiring applicants may need to consider some structural alternatives if such dangers are to be avoided. This is a theme explored in a European Parliament Report by the German MEP Klaus Hänsch (Hänsch 1992).

Problems and prospects

The Union now has before it the deadline of 1996 set by Maastricht for a further review of the need for institutional reform in the light of the post-

Among the implications of enlargement, 'a major issue is how to guarantee the efficient conduct of business'

Maastricht experience. The points will also be set in 1996 for the future shape of an enlarged Union. On the agenda are a series of implications of enlargement relevant to the internal development of the Union. A major issue is how to guarantee the efficient conduct of business. A Europe of 16, then, 22 or more members will mean some hard thinking about the efficiency of the Commission, the Council and the Parliament. Some will argue, for example, that there is no intrinsic need for each Member State to have a Commissioner. After all, the Commission represents the European interest and not that of the Member States. As for the appointment of the Commission President, Maastricht already provides for Member State agreement on the proposal for President and subsequent endorsement by the European Parliament. The Parliament may wish to take matters even further and consider a system of appointment of the whole Commission by Parliament itself after consultation with the Council. This would require rethinking the question of national balance, looking at the implications of the current political majority in Parliament, the removal of states' right to a Commissioner and limits on the number of Commissioners. These would be far-reaching measures, but they are being discussed in the European Parliament and in academic circles. At a political level, the UK has already argued that the number of Commissioners will have to be reduced if managerial efficiency is to be increased. (Major 1993). For the EFTA enlargement, the number of Commissioners increases by four.

The European Parliament will be affected not only by developments in relation to the Commission but by changes potentially necessary in its own organisation. The Edinburgh Council already decided to change the balance of membership starting with the European elections in June 1994. Thus, the total number of MEPs will increase from 518 to 567. The enlarged Germany, for example, will receive a further 18 members, converting the 18 East German observer seats into full parliamentary seats. More member states means more seats : 639 seats are required to do justice to an enlarged Union incorporating the EFTA candidates. Further enlargement will pose the question of how to maintain efficiency in such a dramatically enlarged parliament.

As for the Council of Ministers, with 12 members, the Presidency and the Commission, a 'tour de table' with a hypothetical 10 minutes for each speaker already takes 2 hours 20 minutes and the question of working languages and interpreting costs also raises many thorny issues. No less problematic is the operation of the Presidency of the Council. The Presidency is currently held by each Member State for six months every six years. Four additional members would lower the frequency to once every eight years. Should Member States share presidencies? What are the implications for the European civil services - the Council Secretariat and the Commission? Would their roles need redefining?

The implications of an enlarged European Union thus need thorough consideration. Member States need to start soon to consider the implications of 16 and, potentially, far more members. The danger lies in discussion looking to the outside world like a list of empty long-term promises. Open debate, welcome as it is, can easily create expectations which political reality may have to dispel. There is a need for a clear distinction between political rhetoric and technical reality. While expressing readiness to help countries prepare for future membership, the European Union must avoid the danger of dilution of the goals and effectiveness of the Union. This means a hard-nosed calculation of the current benefits of integration and the generation of potential new benefits. The benefits may well generate destructive conflict at the same time.

Above all, decision-makers will need to avoid increased tensions within the Union. There have already been bitter rows about access to Union funding for the rich, successful EFTA countries. The same problems are magnified considerably with any of the next potential applicants. The policy implications of the next round of enlargement are potentially enormous. Finance, social policy, the common agricultural policy and the common foreign and security policy are obvious potential sources of stress. Even the definition of subsidiarity is not without problems. There is thus a series of implications for the internal policies of the Union, but there are also many possible international disputes present in the countries on the potential applicant list. The risks of differences within the Union thus not only arise in the domestic political field but extend to the 'high politics' of foreign policy, defence and strategic considerations.

If accession by stages or affiliate status forms part of the answer, as Commissioner Andriessen once argued, new thinking about alternatives to full membership may be needed. In the long term, Member States and the European Union institutions will clearly have to consider how much diversity they can tolerate and which policies they can leave to other international organisations or see remaining at the national or sub-national level in the framework of 'subsidiarity' (Wallace 1992). The dangers for the Union are many. It would be sad if the process of integration and the construction of a supranational Europe risked dilution because of governmental overload and the impossibility of reconciling the ideal of closer union with the practicality of a wider yet more efficient Europe.

D.S.

DOSSIER

PHARE-TACIS: EU cooperation with its Eastern neighbours

by R.N. Clive Matthews*

PHARE and TACIS, the European Union's aid programmes for the Central and Eastern European countries and the New Independent States, are the Union's own contribution to the general efforts of the Western and other industrialised countries, the IMF and the World Bank, to support the reforms in Central and Eastern Europe and the republics of the former Soviet Union.

The crucial question posed by the collapse of the former systems in Central and Eastern Europe and the Soviet Union is how best to provide efficient and effective assistance to these countries, which need to reform nearly every aspect of their economic, social and political life from scratch. The task is momentous and all sorts of difficulties have emerged which could not have been envisaged when the old order collapsed.

The problem has also been exacerbated by the fact that, as the old structures, policies and managers disappeared, the former trading markets also disintegrated, frequently disclosing outmoded and uncompetitive industries with little entrepreneurial initiative and no incentives, let alone capital, for new investment. Moreover, the general recession affecting the rest of the world has taken root in these newly independent countries, which already have severe economic problems.

The European Union itself has recently revised its two programmes to take account of changing circumstances and to enable them to respond to quickly changing needs. However, the two programmes cannot be easily separated from the overall background of the European Union's relations with the countries in question.

As far as the Central and Eastern Europe countries are concerned, future membership of the Union is their ultimate goal, which the Edinburgh and Copenhagen summits first implicitly and then more explicitly accepted in December 1992 and June 1993. The mechanism for attaining membership is long and complex. The first step is a Trade and Cooperation Agreement which offers bilateral cooperation on a wide range of economic, commercial, scientific, technical and cultural subjects. The second step, when the economic and social development of the partner country has reached the appropriate level, is the Europe Agreement which is the precursor to accession.

So far, Europe Agreements have been signed with Poland, Hungary, the Czech Republic, the Slovak Republic, Bulgaria and Romania, and the first two countries have ratified them. The Agreements are designed to bring the two sides in each case towards closer partnership and establish special links to promote their growing interdependence, leading up to full membership of the European Union for the associated countries.

As well as securing much deeper political dialogue and cultural cooperation, the Agreements provide for the progressive introduction of a free trade area, free movement of workers, freedom of establishment of firms, freedom to provide cross-border services and free movement of capital.

As a result of these developments, PHARE has had to move rapidly from emergency assistance (food aid, humanitarian aid, and priority import programmes) in 1989-1990, through the provision of technical assistance for economic and social restructuring (still exclusively the case in seven out of the eleven countries concerned) towards the provision of specific pre-accession assistance (for harmonisation of key legislation, technical norms, etc., pre-investment financing, provision of seed capital, transfer of business and specific technical skills) for countries which sign Europe Agreements; this new type of assistance is geared to facilitating accession by ensuring that barriers to trade and investment are increasingly minimised.

The countries of the former Soviet Union are in a very different situation from those of the Central and Eastern European countries. Neither their past history nor their geographical location makes them natural candidates for European Union membership and they themselves see their future more in some new relationship with each other than with any group of 'outsiders', however welcoming. Thus, neither the level of funding nor the overall aims of TACIS are similar to those of PHARE, even if the operational methods and the interest areas tend to resemble each other. The very scale of the problems facing the NIS is such that a serious attempt to solve them, say at the level of that for Central and Eastern Europe, would result in the bankruptcy of the donors. TACIS serves as a catalyst for the NIS authorities: it cannot hope to tackle the problems but it can help marshal the NIS's own resources and willingness to do so.

PHARE

PHARE was set up by the European Community in 1989 to support the reforms in Poland and Hungary initially and was extended in 1990 to Bulgaria, former Czechoslovakia, former GDR (aid ceased on reunification), Romania and former Yugoslavia (aid to Yugoslavia was suspended in 1991 but Slovenia was admitted as a beneficiary in 1992). Albania, Estonia, Latvia and Lithuania were admitted to the Programme with effect from the beginning of 1992.

Eligibility for assistance under PHARE is conditional on the commitment of a given country to consolidate its

* Barrister, author of books on EU assistance to Eastern and Central Europe.

democracy and to progress towards a market economy, a commitment which must be clearly demonstrated through appropriate action.

PHARE receives a specific allocation of funds under the annual Community budget. The total budget for operations was ECU 500 million for 1990, 785 million for 1991, 1015 million for 1992 and 1005 million for 1993, amounting to a total amount granted of ECU 3.295 million at the end of 1993. A further 835 million is planned for 1994.

PHARE takes the form of a technical assistance and training programme designed to support the process of economic and social reform in Central and Eastern European countries.

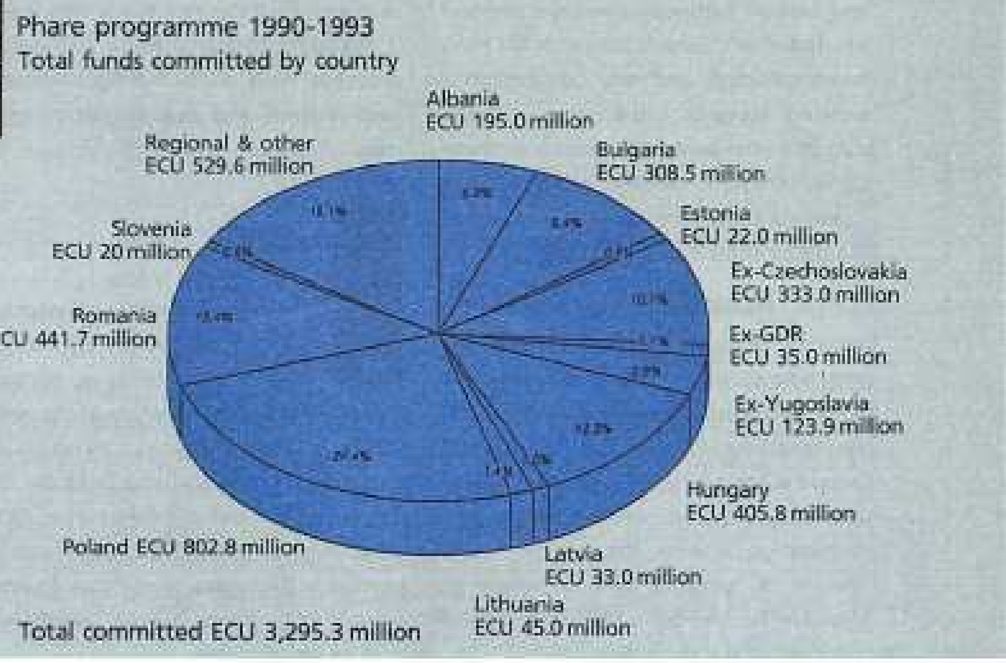
As its fundamental means of achieving its objectives, PHARE funds the transfer of Western know-how to Central and Eastern European countries in a wide variety of forms in certain key areas crucial to creating the conditions for a market-oriented economy.

However, successful economic restructuring also depends on changing attitudes and nurturing democratic structures and philosophy. To this end, PHARE is helping to develop civil rights in the Central and Eastern European countries through Democracy Programmes which aim to ensure the survival of pluralist libertarian values in a world of rapid and often disheartening change, given rising levels of unemployment. PHARE's activities range from helping to create civil rights groups, organisations to protect women and minority interests, effective trades unions, employer/employee associations and environmental lobby groups to activities which promote the independence of lawyers, the free expression of journalists and the ability of MPs to represent their constitutents properly.

While the European Commission sets the broad objectives for funding under PHARE, taking account of the across -the-board needs of the Central and Eastern European countries, each beneficiary country itself plays a major role in choosing what the funding should be spent on in view of its own particular priorities and economic situation.

Although the Central and Eastern European countries share many

Figure 1



common problems, they also differ widely as to their specific needs. Some are more advanced in certain areas than others and are already engaging in highly sophisticated programmes. Others still need rapid, urgent assistance of a more basic sort.

For instance, when PHARE was set up in 1989, Hungary already had an appreciable Western trained managerial class and distinct free-enterprise social tendencies. Czechoslovakia had a highly educated technical workforce and the longest tradition of a liberal democracy. Poland, while keen and politically more liberal, was seriously under-resourced and possessed a large and underdeveloped agricultural sector; exposure to the free market in Bulgaria and Romania was very limited, so that a serious effort of education and information is still needed. Also, the lack of adequate health care in Bulgaria and Romania, and of adequate food supplies in Romania, meant that, initially, PHARE had to concentrate on providing urgent humanitarian aid to these two countries, rather than more sophisticated programmes.

Equally, the move towards economic reform and privatisation has progressed at different speeds. Some countries are still at the early stages while others, notably Hungary, Poland and the Czech Republic, are well advanced.

PHARE has attempted to gear its programmes in each country to take account of these differences. However, it has been recognised that still more tailoring is needed to enable an increasingly diversified approach to be applied to each beneficiary country, so that PHARE can respond more accurately to the changing needs and existing progress of each country, according to the stage of reform reached.

PHARE has also introduced multi-annual indicative programming, instead of the former annual indicative programming procedure, so as to achieve greater coherence between the various programmes and greater continuity from year to year, as well as more effective integration of PHARE assistance in the medium to long-term reform strategies of the beneficiary countries.

The beneficiary government sets its priorities in close collaboration with the EC Commission, following discussions with key authorities in the country. Once funding is allocated for a particular programme, the relevant authority assumes its management, selecting individual projects, arranging tenders and supervising implementation, frequently with the help of a project management unit made up of local experts, with Western experts if needed and with some supervision from the local Commission Delegation.

Therefore, while the Commission in Brussels coordinates the overall PHARE programme, most of the groundwork and the implementation is done in the Central and Eastern European countries themselves. However, there is still room for more decentralisation and the Commission is working towards transferring increased control to the beneficiary countries themselves. Measures are also being taken to accelerate procedures generally as well as the disbursement of assistance.

PHARE not only functions at the individual national level but has developed programmes of a transnational/regional dimension involving several countries or all the countries of Central and Eastern Europe in areas where it is felt that swifter and better progress can be made by joint cooperation between the countries themselves in a particular field or where an objective has to be achieved in several countries at the same time.

TEMPUS (Trans European Mobility Programme for University Students), ACE (Community Action for Cooperation in the field of Economics) and SIGMA (Support for Improvement in Governance and Management) are some of the best known examples of these regional initiatives. Regional programmes have also been set up to deal with a broad range of other issues such as transport, telecommunications, computer communications, industrial property, environment, energy, nuclear safety, standards, customs cooperation and statistical cooperation. These programmes frequently complement programmes in the same fields of interest already running at the individual country level and, for the period 1993-1995, PHARE is intending to complement national approaches with an increasing number of such regional and cross-border programmes.

TACIS

TACIS — Technical Assistance to the Commonwealth of Independent States — is a technical assistance programme set up at the end of 1990 to transfer Western know how to the then Soviet Union and adapted from 1992 for the 12 new independent states. At the beginning of 1994, TACIS was also extended to Mongolia, given that country's close links with the former Soviet Union and its similar needs.

Checking emergency food aid deliveries in Moscow

TACIS is designed to set the conditions for encouraging private investment with a view to building up a democratic society and a market economy. The assistance granted takes the form of policy advice, institution building, design of legal and regulatory frameworks and training. When the Programme was set up, the priorities eligible for funding were far narrower in scope than those of PHARE, although these are beginning to broaden and some of the initiatives generated under PHARE are now being adapted by TACIS to cater for similar needs in the NIS.

TACIS has taken much longer to get off the ground than PHARE and has posed considerably more problems. Although funding for 1991 was agreed at the end of 1990, given the political problems in the former Soviet Union, the Programme was severely delayed. At the beginning of 1991, the handling of the problems in the Baltic States made diplomatic relations with Moscow difficult. The attempted coup in August and the political repercussions that followed further delayed the Programme. By the time that the 1991 Programme finally got off the ground in the late autumn, it became clear that the 1992 Programme would have to be negotiated with a large number of new independent states, busy with their own political reorganisation.

Drawing up priorities in this climate has taken time, with so many changes in the political make-up and in key personnel, let alone the problem of identifying needs. Setting up appropriate organisational structures to help run the Programme has also proved difficult, given that the dissolution of the Union necessitated decentralisation of the existing Commission counterparts in Moscow. Furthermore, TACIS has simply been unable to operate in some of the new states, due to political disruptions and, in certain cases, civil unrest.

As a result of all this, unlike PHARE, far more of the day-to-day management of TACIS has been conducted from Brussels, with the Commission itself handling much of the tendering and contracting of services and monitoring of project implementation. While steps are being taken to decentralise the process in favour of more involvement by the appropriate structures in the NIS, this is likely to take some time. This heavy Brussels involvement in the detailed running of the Programme has inevitably resulted in slower and bureaucratic procedures, exacerbated by the Commission's problem of understaffing and the lack of trained personnel for this new task.

The TACIS Programme was allocated ECU 400 million in 1991, ECU 450 million in 1992 and ECU 510 million in 1993. ECU 460 million has been committed for TACIS for 1994, with an additional ECU 10 million for democracy initiatives to support NGOs in areas such as health, housing and agriculture. So far, Russia has received the largest share of aid — 60%, with Ukraine receiving 15% and Kazakhstan 5%. However, symptomatic of the problems which have been encountered by the TACIS Programme is the fact that actual commitments and payments have been slow and things only began to improve in 1993, when the Commission took steps to speed up the rate of disbursement with ECU 345 million worth of contracts signed, compared to only ECU 5.3 million in 1991 and 203 million in 1992.

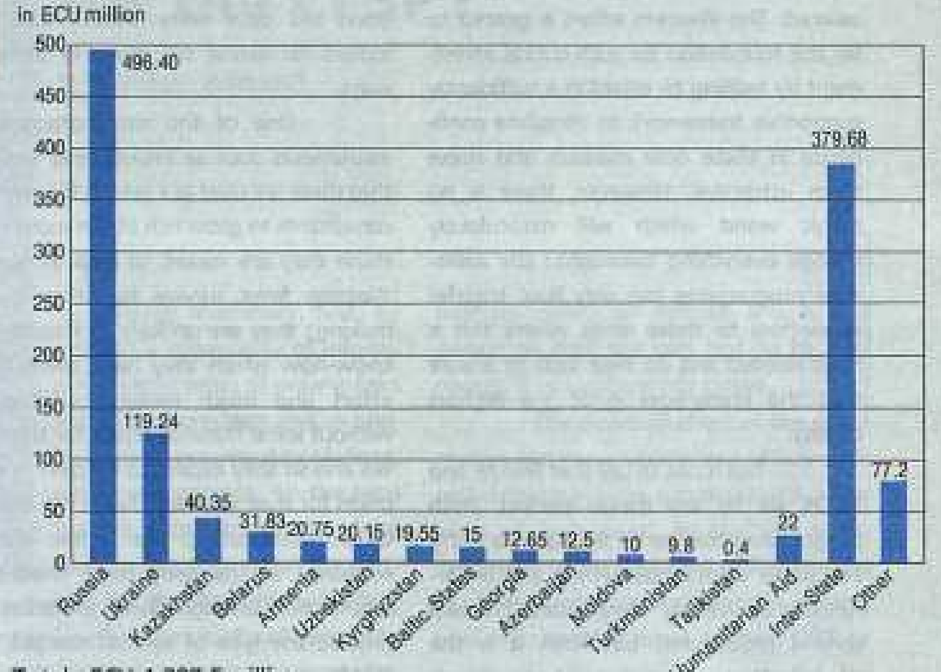
A multiannual method of programming has now been introduced, concentrating on fewer sectors and more carefully targeted geographic areas so as to ensure the earlier and swifter implementation of projects and to gear assistance more closely to the mid-term economic goals of the beneficiary countries. This system of programming should also enable commitments to be spread more evenly over the year.

Building on the priority areas set for 1991 and 1992 and on experience gained, TACIS is concentrating on certain areas crucial for the reform process in the NIS for the period 1993-1995: human resource development (public administration, social protection, policy advice, management training, statistics and customs); enterprise restructuring and development (financial services, privatisation, SMEs, conversion of defence-related industries); infrastructural networks (transport, energy, telecommunications); nuclear safety; agriculture, food production, processing and distribution. TACIS is also increasing emphasis on horizontal themes, in particular as regards the integration of the social dimension into reform, the promotion of democracy and a pluralistic society, the promotion of equal opportunities and the integration of environmental concerns.

Regional/inter-state programmes have also been set up under TACIS and these are receiving increased attention; their share of the TACIS budget will increase to some 32% during 1994. These programmes take the form of joint facilities for implementing similar actions in parallel in several states and of regional actions to address a problem common to two or more states. They aim to support governments, notably on economic restructuring, on improvements to infrastructure and their operation and on the development of economic sectors of importance to a particular region. So far, regional actions have concentrated mainly on cooperation on nuclear safety, education under TEMPUS, regional/crossborder transport and telecommunications networks and crossborder cooperation on environmental issues.

Figure 2

Tacis programme: 1991-1993
Total breakdown by country



Total: ECU 1,287.5 million

Other EU assistance

As well as PHARE and TACIS, the European Union grants assistance to the Central and Eastern European countries in various other forms; of particular note are the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

The EIB, based in Luxembourg and owned by the Community Member States, finances large-scale capital investment projects in infrastructure, industry, agro-industry, agriculture, energy and tourism. The EIB was authorised to commence loans to the Central and Eastern European countries in 1989, and by the end of 1993 the EIB had lent over ECU 2 billion. A further ECU 3 billion will be available for the 1994-1996 period.

The EBRD, based in London, was launched to provide finance specifically for the Central and Eastern European countries and for the former Soviet Union. The European Union institutions with the Member States constitute the major shareholder, contributing 51% of its capital. The EBRD aims to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives. It grants or guarantees loans primarily to private firms but also to state-run firms undergoing privatisation or managed according to the principles of free competition and may acquire or finance acquisitions of holdings in such firms.

Conclusion

The European Union and the industrialised countries cannot, on their own, meet the financing and investment needs required to bring about the economic transformation of Central and Eastern Europe and the NIS. This is also dependent on the inward flow of investment funds and know-how from private investors in the West.

However, these private investors will not risk these new markets until they think that political and economic stability is assured. The Western effort is geared to lay the foundation for such critical investment by helping to establish a sufficiently supportive framework to stimulate confidence in these new markets and make them attractive. However, there is no magic wand which will miraculously change everything overnight; the assistance programmes can only help transfer know-how to those areas where this is most needed and do their best to ensure that the know-how is of the highest quality.

This is not to say that PHARE and TACIS are by any means perfect. Both programmes had to be set up in a hurry and suffer from understaffing and underfunding as well as complicated financial control procedures, but then it is the Western European taxpayers' money and they are entitled to know that this is being spent wisely.

Moreover, this is a joint effort — the West does not, and should not be expected to have all the answers. Nor does it have limitless barrels of money, particularly given the recession in the European Community, the current level of unemployment and the existence of some regions which are poorer than certain countries in the East. Economic transformation also depends on the determination of the people of the Central and Eastern European countries and the NIS themselves. Memories are short and, now that the euphoria has died down and it is clear that a very hard road lies ahead, there is almost a nostalgia about the old order. But the good old days were equally bad and indeed far worse for many in different ways.

One of the main criticisms of instruments such as PHARE and TACIS is that these are used as a vehicle for Western consultants to grow rich at the expense of those they are meant to help. However, Western firms survive by being profit-making; they are unlikely to transfer the know-how which they have spent time, effort and much money building up without some material return for themselves and so they expect to be paid market prices for their services. That is the essence of entrepreneurship and a free market economy. In the early days, there was simply not enough local expertise to provide the type of services needed, but PHARE and TACIS are now making attempts to ensure greater participation of local firms and experts in contracts, where they have the requisite skills.

It is true too that funding is sometimes inadequate or late and that some important projects are postponed or abandoned while unworkable or inappropriate projects are selected. Attempts are made to ensure that the experts used are the best but there are sometimes failures. When these problems occur, both sides need to coordinate to ensure that they can be avoided in the future.

Sales of butter from the EU in Moscow

Certainly, the EC Commission has learnt much during the short period since PHARE and TACIS were set up, often the hard way. Substantial efforts are now being made to improve the targeting of funding and tailor this to individual countries' needs. The bureaucratic and laboured procedures are also being speeded up and efforts are being made to transfer much more control to the beneficiary countries themselves, although, in the case of TACIS, the nature of the problems in some of the NIS is likely to impede this transfer for some time to come.

However, what is needed is much more partnership from both sides and, essentially, this is what PHARE and TACIS are all about: new markets for Westerners in exchange for know-how and capital for Easterners which they can use to compete on Western markets on their own or with Westerners.

As far as the Central and Eastern countries are concerned, this concept of partnership has already taken firm root, and has in fact altered the original philosophy underlying the PHARE Programme, which was to help the Central and Eastern European countries through their transition to market economies. A formal basis of partnership has now been established between the European Community and certain Central and Eastern European countries through the so-called 'Europe Agreements' which are the precursor to full membership of the European Community and, for those countries, PHARE assistance is now being increasingly geared to funding activities to prepare these countries for accession.

But while the Europe Agreements make the horizon look clearer for the Central and Eastern European countries, it is still a very distant horizon and both sides will have to negotiate many hurdles and pitfalls before it can be reached. For many of the NIS, the path to success threatens to be much more difficult than for the countries of Central and Eastern Europe. PHARE and TACIS, although necessarily limited in their impact, are intended at least to ease the burden a little and to create the basis for a firm partnership between East and West, which is so crucial to our future common security.

R.N.C.M.

DOSSIER

What future for the CFSP?

by Philippe Willaert*

There have been many bids to bring diplomacy and defence into the construction of Europe and these attempts, some timid, some bold, light the way from an essentially economic undertaking towards a political Union in which the common foreign and security policy will loom large.

There was already a hint of a political vocation in the European Coal and Steel Community (ECSC) Treaty, whose very subject matter made it tantamount to a European security treaty at the time. The collapse of the European Defence Community in 1953 took the designs for a political Community with it and, in 1961-62, the Fouchet plan failed too. Some people had felt that the Defence Community went too far, others that the Fouchet plan did not go far enough and the net result was that no-one went anywhere.

The idea was floated again when European political cooperation saw the light of day in 1970 (following the first Davignon report). This was gradually developed and was set down officially in the Single European Act in 1987. Major political upheavals in Europe of course ended with a new political thrust forward being announced loud and clear at the Dublin summit in June 1990, [1] but it would be wrong to underestimate the vital part played by the unofficial cooperation which has grown up alongside European Community action proper over the past 20 years — although that cooperation has gradually revealed its limitations.

External policy cooperation was chosen as the basis for the political integration of the European Communities. The idea was to phase in the political cooperation machinery, first, by creating a community of information with a series of organic links and agreed practices and second, by building a community of views, aimed at consensus, on the basis of that information. The third step, to be taken when the partners felt that the time was right, was to turn that community of views into common measures and common declarations — i.e. common action. [2]

However, the rules were such that external policy cooperation was designed to react rather than to anticipate. Its limited field of action and its separation from the European Communities *per se* prevented it from having a major impact on international crises. A qualitative leap forward was needed after the Berlin Wall came down to provide the right institutional framework for the new political ambitions of the Community and its Member States. For two decades, this cooperation contrived to be a modest driving force in external relations — particularly as compared to the trade policy and the associations and cooperation which the EC was able to develop under the Treaty of Rome — until the Treaty of Maastricht replaced it and set up the common foreign and security policy (CFSP). The decline in the individual capacities of even the biggest States, the practical need for joint consultation and the realisation that economic and monetary integration could not be increased for ever without a firmer move towards political union all helped arouse the awareness that the gap had to be narrowed, if not completely closed.

The snowball effect of the single market and the establishment of Economic and Monetary Union, combined with a few years of high-speed, far-reaching transformation of the continent of Europe and its effect on international relations, made it vital and urgent to have a proper CFSP to boost the Community's potential for external action.

The Treaty on European Union, which was signed in Maastricht in February 1992 and took effect on 1 November 1993, turned the Community into a political entity and set up a European Union. The basis is the European Communities ('the European Economic Community' became the 'European Community'), supplemented by the policies and cooperation making up the CFSP and cooperation in home affairs and justice — the three 'pillars' of the European Union. Alongside this vertical 'pillar' structure, the Treaty also has common provisions, focusing on consistency and a single institutional framework (the European Council and the Community institutions — Parliament, the Council and the Commission), and the whole enterprise is geared to maintaining Community achievements — the *acquis communautaire*.

The European Union is an increasingly political entity and the substance of the European Communities which form the hard core will not make it any easier to present that entity to partners in third countries. The CFSP is the expression of a shared aspiration. It is not yet rid of all the weaknesses of European political cooperation, but Maastricht is a step forward, as Article 1 of the Treaty itself makes clear.

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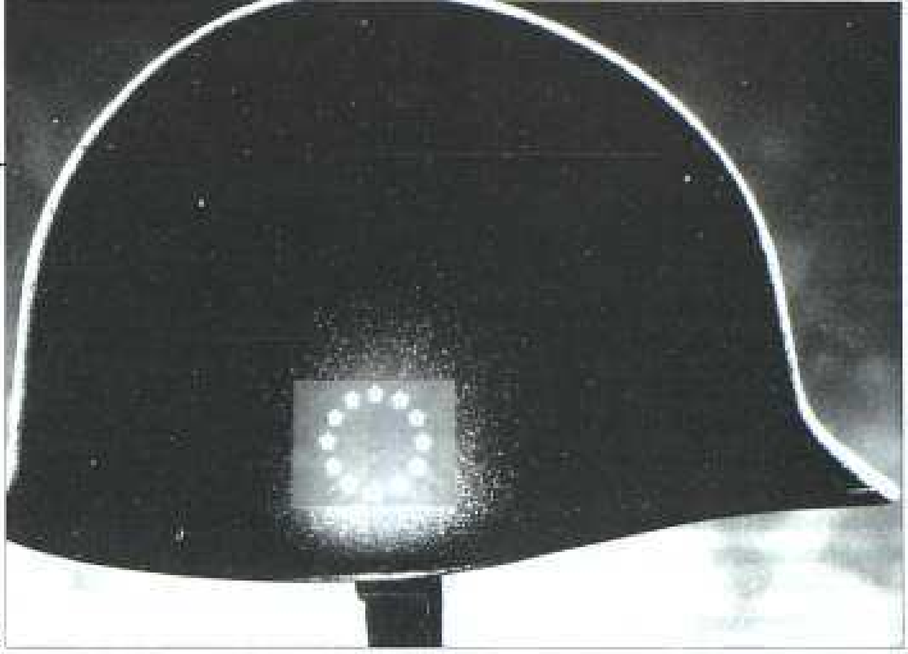
* Principal administrator in the Directorate-General for External Political Relations.

[1] The conclusions of the Dublin Summit were that the European Council was determined to ensure dynamic, continuing development for the Community at a time when Europe and the whole world were facing a major challenge. The Council agreed to step up the process and transform all relations between Member States into a European Union, endowed with the requisite means (25 & 26 June 1990, Europe documents, No 1632/1633, 29 June 1990).

[2] Philippe de Schoutheete de Tervarent, La coopération politique européenne, Brussels, 1980, p. 45; v. Simon J. Nuttal, European Political Cooperation, Oxford University Press, New York, 1992.

Clearly, it takes more than a dash of the pen to justify a common policy, but the Treaty on European Union lays down rules which should encourage its gradual development. As the text indeed says, the Treaty undeniably constitutes progress along the path to political Union.



The CFSP has a military instrument at its disposal — the Western European Union (WEU)

The main thrust of the CFSP

The European Council in Brussels on 29 October 1993 pointed the way by stressing the main lines in a first report on the implementation of the CFSP adopted when the Treaty on European Union came into force. They are as follows.

Foreign policy must be active rather than reactive

With greater potential for analysis, the aims of the Union in essential fields can be planned and systematically appraised and the means made available to achieve them. Reaction must be kept fast and consistent by ensuring a consensus beforehand. Prevention is better than cure, it is said, and it would be wise to go for preventive diplomacy rather than crisis management.

The Union must ensure unity and consistency in its external action

It will take a global approach to all the Union's external action — i.e. to all the policies of the Community and those based on Titles V and VI of the Treaty on European Union — to ensure unity and consistency.

In pursuing its external aims, the Union will often be led to combine diplomatic action with commercial and development policy action and with cooperation in home affairs and justice. It will exploit its full foreign relations potential in a consistent approach embracing diplomacy, security (CFSP contribution), the economy, trade and development (Community contribution). This approach, which comes from Article C of the Treaty on European Union and has been confirmed by the European Council, makes CFSP action part of a general Union effort and is usually backed up by Community support measures.

So any Union action on a potential dispute could combine an economic cooperation agreement, political dialogue, good offices, a development cooperation scheme or financial support. CFSP action can also generate action by the Union as a whole. The opposite — a Community policy backed up by external Union support measures — is also possible.

Under the Treaty, the Union's external action has to be consistent and the Council and the Commission are responsible for making it so.

A single institutional framework (the CFSP bodies and decision-making)

The Union's single institutional framework is an innovation and a contrast with the previous approach and, despite the difficulties inherent in the pillar structure, represents a great stride forward in the decompartmentalisation of political cooperation and Community action.

The Community institutions perform their duties in all areas of Union activity, although procedures and competences vary from one area to another.

Decision-making especially is a unified process, in which the general affairs Council and the European Council have a central role to play.

The European Council agrees on the political guidelines in all fields of Union activity and special guidelines are needed for CFSP operations.

The Council of Foreign Ministers of the Union, which does the groundwork for the European Council, is the body which takes the decisions, particularly for the CFSP, and it plays a major part in CFSP action, since it decides on the principle, lays down the content and fixes any changes here. It also takes all decisions required to define and ensure the implementation of the common policy.

Its decisions are generally unanimous, but only a majority is required for matters of procedure. The Council may also decide that some joint measures should be voted through by a qualified majority, but this possibility, which does not extend to defence issues, has not been used so far.

The Presidency of the Council has its own responsibilities, i.e. representing and handling the everyday running of the CFSP with the help of the Secretariat-General of the Council and in association with the Commission.

The groundwork is done by the Committee of Permanent Representatives (COREPER) and the Political Committee. COREPER, which is familiar with all the dossiers, prepares the Council's discussions and carries out its mandates. The Political Committee, comprising the political heads of the Member States and the Commission, monitors the international situation and helps define the CFSP, in particular by issuing opinions for the Council.

Alongside these two committees, which are very close to the Ministers, work in specialised fields is prepared by groups of experts (from the Member States and the Commission) handling particular subjects or geographical areas. Some political cooperation groups are gradually being merged with corresponding Council groups, while others maintain their independence, but they will all now become Council groups and be available to COREPER and the Political Committee, according to their particular skills.

The Secretariat-General of the Council assists the Council with all duties incumbent upon it under the Treaty — this includes the CFSP. It gives particular help to the President of the Council and the preparatory bodies. A declaration attached to the Final Act of the intergovernmental conference at Maastricht said that the Secretariat and the Commission should collaborate under the CFSP.

With its full involvement in all CFSP activity, the Commission must help design and implement that policy, from the political evaluation through to the diplomatic stages. So it is fully associated with the work of the Presidency, which represents the Union for the CFSP and implements common action.

One important innovation in the Maastricht Treaty is that the Commission has a right of initiative in foreign and security policy, so it is a full partner with the Member States and can make proposals on all the Union's external relations in accordance with its CFSP and Community responsibilities.

It ensures that the Union is consistent in its external action, i.e. in all its external relations, security, economic affairs and development policies. In development, it is specifically responsible for promoting coordination between Community and national policies. Consistency in the policy towards the developing countries, for example, comes into play at various levels — between the development policy instruments, between the development policy of the Union and the Member States, between the Union's development policy and its other external policies and with the Union's internal policies. Lastly, of course, Union action has to be internationally consistent.

The Commission is the guardian of the Treaties and must, as such, ensure that Community responsibilities and procedures are adhered to and make for greater efficiency by seeking opportunities for synergy between Union policies and national policies.

Lastly, delegations in third countries and international organisations have a major responsibility *vis-à-vis* the CFSP in that they cooperate with the Member States' missions to ensure that the policy is properly respected and implemented.

The European Parliament exercises a monitoring function. The Presidency and the Commission have to supply it with regular information on developments in the CFSP and the Presidency now also has to consult Parliament on the main aspects and basic choices of the CFSP, in particular when common action is being decided on. Dialogue between Parliament and the Council-Commission will have to be stepped up here.

The pre-Maastricht arrangements included ways of informing Parliament about European political cooperation, but the Presidency and the Commission now have new commitments on top of that and they have more contact with Parliament, in particular during plenary sittings and in the Committee on Foreign Affairs, which the member of the Commission responsible for external political relations attends regularly.

The CFSP covers all areas of foreign and security policy. There are five basic objectives and two ways of achieving them.

These objectives, which reflect the reasonable policy aims of a State committed to the rule of law, are to:

— safeguard shared values and common interests and the Union's independence;

— improve all forms of common and national security (i.e. global security in all its aspects);

— keep the peace and improve international security, in accordance with international law (UN and CSCE);

— promote international cooperation (also a Community objective);

— strengthen democracy and human rights (also a Community objective).

The five objectives of the Union (Article B) and those of the Community should be added to these to ensure unity and consistency in external action. One of the aims of the Union is to maintain and develop the Community's achievements and another is to assert its identity, through the CFSP, on the international scene.

The two ways of achieving the objectives (i.e. the instruments of the CFSP) are through:

— systematic political cooperation (mutual information, consultation, and convergence of national action) on all foreign and security policy matters of general interest and a common position whenever the Council feels this is required. The only restriction on this vast field of CFSP application is that cooperation does not include areas of specific interest to each Member State. The CFSP does not cover the Member States' foreign policies (there is no single foreign policy in the Union), but the national foreign policies have to be in line with the common policy);

— joint action in areas in which the Member States share major interests. The finding that such interests exist constitutes justification for joint action — that is the only criterion. Not all action under the CFSP entails taking joint action.

The Council may confine its involvement in this systematic cooperation to the coordination of national foreign and security policy activities, in which case it must attempt to ensure their convergence.

This is enough in most cases. The European Council has agreed on five joint operations so far — support for parliamentary elections in Russia, backing for the peace process in the Middle East, the Stability Pact plan in Central Europe, the delivery of aid in Bosnia and support for the democratic transition in South Africa.

In principle, common action has to be substantial and of considerable political importance (often with Community support schemes) and may involve devising a long-term political strategy. The importance of such action is confirmed by the fact that it is the European Council which lays down the guidelines for it. The Treaty on European Union also allows for one-off, short-term joint action (a sign of the flexibility of the Treaty) to help at election time. But the joint action being taken in South Africa and with the Stability Pact is intended to develop further.

The Treaty makes for tighter discipline between the Member States

Union decisions bind the Member States

This means Union decisions in the form of common positions — i.e. national policies must be in line with common positions. The constraint is even stronger with joint action, which binds the Member States when they take up positions and embark on action of their own.

The Member States are committed to providing information and ensuring systematic consultation in areas of general interest, to mobilising the resources required for joint action and to cooperating in international organisations. Direct involvement by the European Council, which lays down the general guidelines for joint action, increases the weight of these decisions and commits the highest political authorities in the Union. The Council has said that decisions which formally commit the Member States have to be worded very precisely, which is why joint action decisions are set out officially (i.e. the Council decides and lays down the main components of the joint action, which can then be published in the Official Journal).

General duty to support and abstain

The Member States undertake to provide active and unreserved support for Union policy. The Community principles of loyal cooperation and mutual solidarity are included in the CFSP and they also apply in third countries and international bodies.

Cooperation in international bodies

The Member States have to coordinate their action in international organisations and conferences. This commitment to cooperation applies across the board, for the Treaty on European Union demands a systematic drive to make the various national actions converge.

The Commission is fully associated with this work and also has to take part in the international coordination.

In the case of international organisations or conferences in which not all Member States are involved, those which are involved must defend the common positions. They must also inform the other Member States about any question of common interest beforehand (systematic cooperation). They are bound by any decision to take joint action.

Member States which are permanent members of the UN Security Council have special obligations. The Treaty recognises their special quality, but they have to defend the interests of the Union and undertake to defend its policies in that Council.

The Union has to ensure unity in the presentation and conduct of its external action

The Union must speak with one voice on the international stage, a basic principle, laid down by the European Council, which goes far beyond mere representation. The first concern here is the substance of the policy — which is why tighter discipline is called for among the Member States. The political will to put the principle into practice will emerge when Member States come up with similar analyses of the interest and the extent of external challenges.

The principle is also good grounds for systematising the already well established diplomatic coordination practice of 12 + 1 in international circles.

The 'S' in CFSP — the common security policy

When it comes to application of the CFSP, a major innovation is that the Treaty disposes of the taboos about security. Defence had not been mentioned since the unsuccessful bid for a European Defence Community in 1954.

The Maastricht system reflects a determination to create a real European political identity on the international scene

The concept of security is global. It is not confined to the proliferation of weapons of mass destruction, for the environment, development, drugs and energy are related to security too. The military aspects of security have been far less important since the cold war ended.

The CFSP covers all aspects of security, including military aspects, whereas the Single Act limited European political cooperation to the political and economic aspects of security.

Defence, which is part of the CFSP and of the political purpose of the Union, is approached in three ways.

First, the CFSP has a military instrument, the Western European Union (WEU), which is an integral part of the development of the European Union and the European pillar of NATO. The Treaty gives the CFSP the scope of the WEU (which is to be enhanced). So close collaboration between the Union and the WEU is of fundamental importance to the development of a CFSP. The Union can ask the WEU to devise and implement defence-related decisions, i.e. usually in situations involving military personnel and possibly other means, such as logistical support for humanitarian relief, military observers to support Union policy, peace keeping or the monitoring of sanctions. The WEU, a separate, relatively independent organisation, has its own decision-making procedures, but will draw up and implement Union decisions. It will formulate a common European defence policy as part of a much wider security policy which remains the prerogative of the Union. It will develop its operational role and bring joint positions into matters of common interest in the course of the NATO consultation process.

This WEU activity must fit in with the policy of the Union. Information and consultation will ensure that action is consistent.

The links between the EU and the WEU, and the latter's operational potential, are being shaped gradually. There are plans to ensure practical cooperation between the Presidencies and Secretariats-General of the two organisations and to involve the Commission and synchronise the meetings.

Second, a common defence policy has to be defined gradually. At this stage, the CFSP work is to identify common security interests.

Last, the possibility of a common defence system has yet to be negotiated. A potential common defence system is one of the basic aims of the Union (Article B). The next occasion on which the Treaty's sights can be adjusted to its aim (of an ever-closer Union) is in 1996, when defence provisions will be on the table. The Twelve have not made a commitment to mutual security as it appears in the WEU and NATO Treaties.

The policy is extended into international organisations too, particularly the UN, the CSCE and the Council of Europe. Security cooperation has been set up with NATO, whose own tasks have been redefined, and the Treaty on European Union establishes the principle of compatibility of the CFSP and NATO's security policy.

The next stage

What we have to do now is apply the Treaty of European Union and fill any gaps where this is possible without revision. The first six months after ratification of the Treaty were a period of running in. Maastricht's targets are very ambitious ones and, despite all the work, the achievements are still small ; the Treaty itself only fulfils half the hopes invested in the 1991-92 negotiations which were supposed to move the Union closer to political unity.

It is too early to see how far the CFSP will be realised. The Treaty has an as yet unexploited potential — and already noticeable shortcomings. The emphasis between now and the next intergovernmental conference in 1996 must be on gradually defining the European Union's foreign and security policy, designing ways of implementing it and deciding how the present instruments can be practically improved to make them more effective.

Conclusion

The new aspects of the Treaty — the single institutional framework of the European Union, extension of the CFSP's field of action to cover all security matters and the notion of joint action included in the global action of the Union — do not meet the ambitious targets currently set for the CFSP. Forward momentum, the resources for completing the task and the policy's power of integration will all depend on the European Community pillar of the Union.

The CFSP can be a means of boosting the drive for political integration once economic integration is complete.

It will of course take time to build a CFSP. What we have done so far, above all, is develop a consistent approach and clarify new ideas.

The fate of the CFSP depends to a very great extent on how far the Member States can define their common interests and act in the light of them. The Commission helps promote the policy, but it is still handicapped by three major shortcomings — a poor level of common analysis, unreliable political will and limited means of action. And the old intergovernmental method makes for a loss of collective efficiency.

A lot should be done to deal with these shortcomings in 1994. If there is to be a CFSP, then we need respect for universally accepted discipline and a system of systematic political and strategic analysis of the common interests of the Union, which will ensure that the Member States, the Commission, the Secretariat-General of the Council and the WEU are all thinking along the same lines.

The Union's decision-making process has to be geared to the results of this analysis and European decision-makers have to be given the benefit of all the expertise available on given areas of foreign and security policy.

In conclusion, ambiguities abound and the approach has serious limitations in these sensitive areas, but the Maastricht system features a will to create a real European political identity on the international scene and it is evident in a mixed structure, the CFSP, which reflects the Community spirit and cooperation between States.

The Treaty is only a first step. It has set political dynamics in motion. And the Treaty itself can change because it includes a clause on a special CFSP review in 1996.

These dual — political and legal — dynamics are not without their uncertainties. An imperfect machine cannot be a substitute for political will. Can the Union come up with a consistent response to the many pressing expectations it arouses and the increasing tension it creates, and can it do so in time ? That is the question.

Let us hope that the Member States will create an ever-closer Union between the peoples of Europe, step up their practical solidarity and broaden their shared experience, so that the CFSP can come into being and enable a united Europe to promote its values and help ensure peace and security in the world.

P.W.

DOSSIER

The European Union's development cooperation policy*

The Courier asked Commission Vice-President Manuel Marin about the consequences of the European Union for the developing countries, with a particular focus on the new institutional rules laid down in the Maastricht Treaty. Here is his reply.

First of all, there is a strictly political principle here which I should like to emphasise, and emphasise strongly, and it is that the forward march of the European Union must never lead it to cut Europe off or distance it from the developing countries.

Let us now move on to the Union's economic effect on the developing nations. I shall be very brief.

To put the highly sophisticated arguments of my economists in elementary terms, I can sum up the whole issue in a syllogism. The European Union should be conducive to better internal growth. Better internal growth should lead to greater demand for imported products. So the European Union will bring great benefits to the developing countries which export such products. That is probably exactly what will happen in the long run, but what our partners want to know is: when and how is it going to happen and, most important, for whose benefit? That is the question.

This brings me to the third part of my reply, on the institutional and operational side of European Union cooperation. The Union's job is not just mechanically to trigger growth in the developing world (to be no move than a market, to make myself clear). Above all, it is to be active in working through its institutions to bring a deliberate, active policy into play to help ease the weakest nations into a market position which will give them the resources they need for their economic and human development.

How can the Union do this?

In development cooperation, Maastricht gives us the sort of scope we never had under the Treaty of Rome. One conclusion we came to when thinking about the implementation of the new Treaty — and indeed described in detail in the paper on cooperation policy in the year 2000 — was that much of the inefficiency of international development aid was caused by the funders' piecemeal efforts and their failure to act together.

The result is that the Community's drive to run a properly coordinated cooperation policy now suffers from three handicaps — a coordination gap between national and Community development cooperation policies, inconsistency between the cooperation policies and other aspects of the Community integration process and a lack of European assertion and motivation in international circles and *vis-à-vis* other funders.

All this is detrimental to the ACPs, for it deprives them of the potentially mass benefits of a consistent policy on the part of the Community and the Member States. Don't forget that 42% of developing country assistance in the world today comes from the 12 Member States. Title XVII of the Treaty of Maastricht enshrined development cooperation as a Community policy, so the Community now has a proper legal basis on which to propose and lay down coherent lines along which both it and the Member States can develop their cooperation activities independently, but in harmony.

The Maastricht Treaty in fact gives official recognition to a policy which has already existed for more than 30 years. Part three of Title XVII sets cooperation among the Community policies to ensure that the Commission and the Member States coordinate their approach to sustainable economic and social development, to the gradual integration of the developing countries into the world economy and to poverty alleviation. It also forces the Community to take account of these aims in other policies when the developing nations may be affected.

The advantages of a Community policy of this sort could be tighter coordination and greater compatibility with other Community policies, better integration of the various development policy instruments and greater political effectiveness (featuring greater Community weight in international circles). Lastly, it could make for more efficient political dialogue with the developing nations by boosting the finances enough to encourage donor coordination.

The advent of the Treaty on the European Union coincides with the need to adjust the Community's development policy, particularly (for reasons of chronology) in the light of the mid-term review of Lomé IV. Manuel Marin's views on this are clear.

The basic idea is that the Lomé Convention will survive only if it can adapt its structures and *modus operandi* to the changes in the world over the past few years.

So there are three fundamental aims, namely to:

— assert the principle of democracy, the rule of law and the proper management of public affairs;

— adjust the instruments of dialogue between the Community and the ACP countries, which must become real partners in discussion;

— make the instruments and administrative procedures of the Convention more efficient. ■

* See interview with Manuel Marin in No 137 of The Courier (January-February 1993) and article on the Community's development policy in No 141 (September-October 1993).

DOSSIER

Growth, competitiveness, employment

The challenges and ways forward into the 21st century

The European Council held in Copenhagen in June 1993 called on the Commission to produce a white paper on medium-term strategy for growth, competitiveness and employment, a decision which emerged from the debate by Heads of State and Government following Commission President Jacques Delors' report on the shortcomings of the European economies.

Much of the White Paper was supplied by the Member States themselves, but it was also guided by the discussions now under way between the governments and the employers' organisations and trade unions in our various countries.

The crisis has been analysed in detail in Europe and the rest of the world. Economists have managed to agree on some things, for example, that the increasing exposure of the world's economies to poorly regulated international trade made unpredictable by unstable exchange rates causes priority to be given to competitiveness. Indeed, there was a positive correlation between unemployment and technological progress in the OECD between 1974 and 1980. Competitiveness leads to ongoing cost reduction, particularly on the wage front, making exclusion and unemployment the only variables of adjustment (50 million Europeans are below the bread line), which keeps profitability up but saps actual demand. And when a majority of countries or trans-national economic operators take the same course, growth stops.

Nations-States are therefore no longer the right place for macro-economic regulation and, to echo Keynes, the sum of individual behaviour does not produce the optimum collective result. The same could well be said of the sum of national behaviour too. Back in 1705, Bernard de Mandeville's Fable of the Bees showed that the sum of private vice did not equal public virtue and, since his time, economic theory and games theory have proved that individual interests may very soon come into conflict with the collective interest — an idea developed, in particular, in the paradox of the two prisoners described by Merrill M. Flood in 1951 (Nicolas Falleta, *The Book of Paradoxes*, Paris, Belfond, 1986, p. 198) and the end of Stanley Kubrick's film *Spartacus*, in which the interdependence of the slaves heightens their resistance within a bloc of which they are both a part and the whole. Mathematical theory has already shown that a whole is different from the sum of its parts. The same goes for the Twelve... or the Sixteen.

On this subject, one project which caught the eye of Jacques Delors shortly before the White Paper appeared was the European New Deal, as proposed by Edmond Malinvaud (a teacher at the College de France) and 12 other European economists.

What exactly did they say? That the coexistence of unsatisfied needs and unused resources pointed to a breakdown in the economic machinery and that this was causing far more unemployment than had ever been created by technological progress, which made only a secondary and partial contribution.

What did they suggest? That, when it came to monetary policy, what was needed was a short-term interest rate slash and a campaign against competitive devaluation, plus a massive cut in unskilled labour costs and the launching of collective investment programmes to cope with a situation in which inadequate investment existed alongside complaints of surplus savings. Practically speaking, the idea was to invest ECU 250 billion (4% of European GDP) over four years.

And what did they expect? That growth would go to 3% p.a., employment rise by 1% p.a., unemployment drop by 0.5% p.a. and pay and prices remain static.

The 1992 objective: A tangible reality

— Nine million jobs created between 1986 and 1990;
— One half of a percentage point extra growth each year;
— A 3% saving on the costs of international transport;
— Investment up by one third between 1985 and 1990;
— Three times more company mergers and acquisitions in the Community over the period in question;
— Twice the number of European companies involved in mergers and acquisitions in the rest of the world;
— A doubling of trade in the Community in sectors previously regarded as sheltered from competition;
— 70 million customs documents done away with.

Nations-states are no longer the right place for macro-economic regulation

Facts and figures from the White Paper

Growth and Employment

The European economy's potential rate of growth has shrunk from around 4% to around 2.5% a year.
Between 1970 and 1973, the Community's gross domestic product (GDP) grew by 4.8% a year. This added around 0.3% a year to total employment, precisely in line with the 0.3% a year growth in labour supply. So unemployment remained stable at an average of 2.6 a year.
Between 1974 and 1985, growth dropped to 2% a year adding 0.5% a year to employment. But the labour force grew at 0.7% a year. So unemployment rose from 3% in 1974 to 10.8% in 1985.
Between 1986 and 1990, the growth rate was 3.2% a year, employment rose by 1.6% and unemployment was reduced from 10.8% in 1985 to 8.3% in 1990.
The Community needs to create almost five million jobs by 2000 just to prevent unemployment from rising. Another 10 million are needed to halve unemployment (to 5-6%).
To achieve this, employment must show a steady rate of increase of 2% (recent best performance is 1.6%) a year from 1995 once the present recession is past.
Europe's employment rate — the proportion of its working age population in work — is the lowest of any industrialised part of the world. In the past two decades it has fallen from slightly above to slightly below 60%. The US was at the same level as the Community in 1970 but its employment rate has now grown to 70%.
Between 1970 and 1992, the Community's economy grew by 81% but its employment expanded by a very modest 9%. In the same period the US economy grew by 70%, yet its employment leaped by 49%. In Japan, the economy grew by 173% and employment by 25%.
The equivalent figures for Member States are: Spain 103% and 0.3%; Germany 70% and 11%; France 77% and 6%; Italy 85% and 18%; UK 51% and 3%.
On present trends, unemployment in the Community cannot be expected to stabilise before the end of 1994 when more than 18 million people could be out of work.

Competitiveness

One mark of the Community's declining competitiveness is the change in its trade performance. In the early 1980s its exports were 140% of imports; in 1992, they were barely 105%.
Two thirds of the Community's industry (i.e. the production of goods and services) lost market shares between 1986 and 1991.
This deterioration largely took place on high value-added markets such as office automation, information technology and electronics. Those markets where its position improved were markets experiencing slow growth, such as railway equipment and cotton, textile and sowing machinery.
Labour productivity is more than 10% higher in the US and 40% higher in Japan than in Europe.

Youth Unemployment

In the Community 42% of school-leavers leave the education system with a secondary qualification. In the US the proportion is 75% and in Japan 90%. The proportion of young people in any age bracket who are in higher education in the Community is, on average, 30%, compared to 70% in the US and 50% in Japan.

Unemployment rates among young people under the age of 25 are double those of adults. But the problem is much worse in the south of the Community and in France and Ireland where between 20 and 30% of the young are without jobs, compared to less than 10% in Germany and Luxembourg.

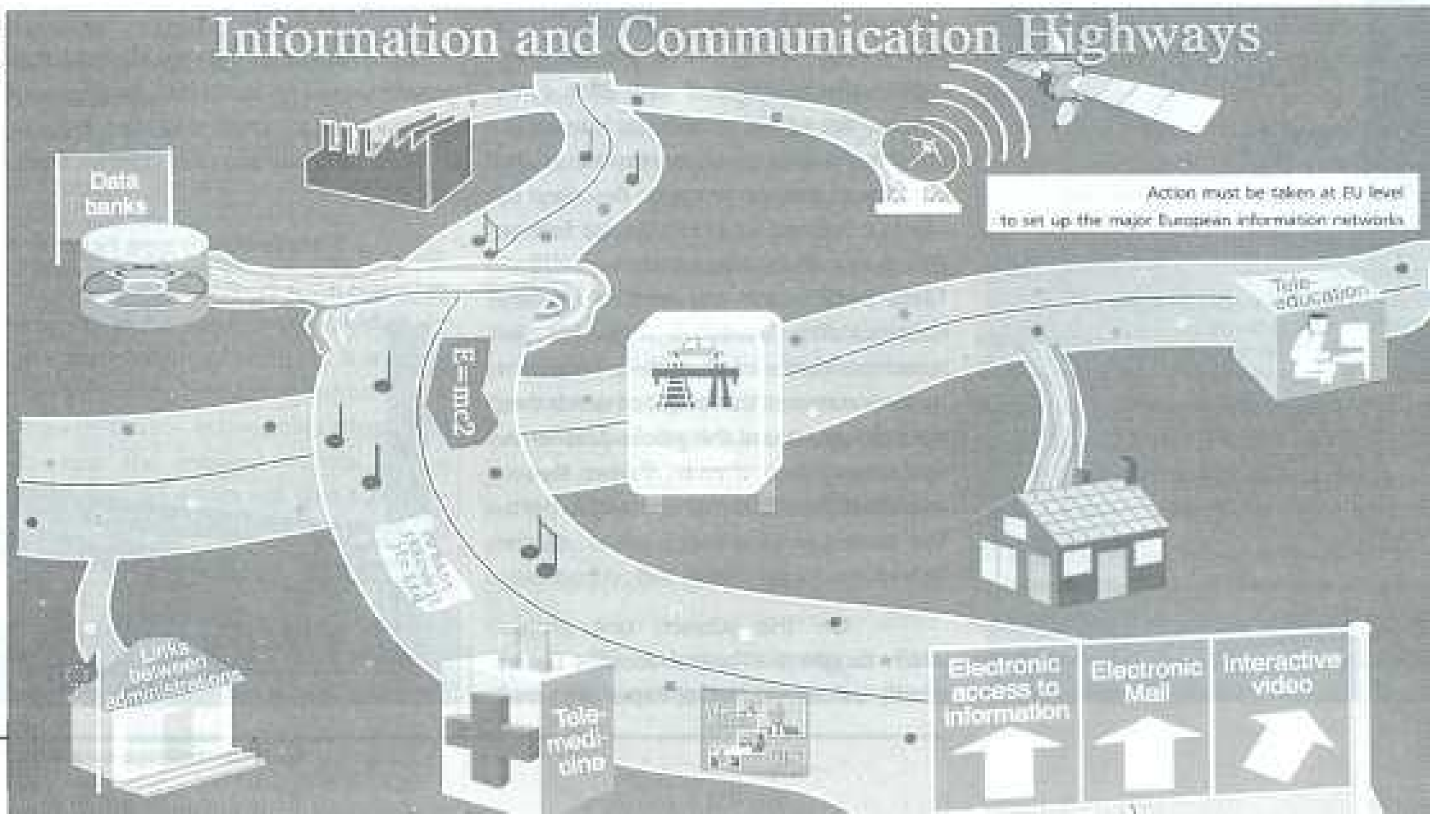
Unemployment is also worse among women — in 1993 the rate averaged 12% compared with 9% for men.

Over half the unemployed have been without work for more than a year, and in the south young people account for 50% of the long-term unemployed. In the North, it is more concentrated among middle-aged unskilled workers and youth unemployment accounts for only 15-25% of the total.

Statutory Charges on Labour

Taxes and obligatory social security contributions on labour rose from 34 to 40% of GDP between 1970 and 1991. During the same period they were stable in the US at just under 30% and, after rising steeply, were 31% in Japan in 1991.

Charges directly imposed on labour are 23.5% of GDP, and have increased twice as rapidly as in the US since 1970. The range among member states is wide: from 16.7% in the UK to 29.7% in the Netherlands. Tax and social security costs account for an average 40% of overall labour costs in the Community, compared to 20% in Japan and 30% in the US.



Why the White Paper? Jacques Delors replies

The preface to the French edition (Paris, Ramsay, 1994) said that the history of the White Paper was worth repeating, so let us look back a few months, to the spring of 1993, and see what the President of the Commission reported: economic recession, with 17 million unemployed, half of them on the dole queue for more than a year, and one European school-leaver out of five waiting for work for more than two years.

Why did Jacques Delors decide to focus thought and action on employment? Clearly because unemployment saps the confidence of nations and without that confidence no collective project will ever work. Unemployment dwarfs other problems, making many of them look ridiculous, almost indecent, alongside. It poses questions about the validity of the European model of society — founded, in a spirit of solidarity and cohesion, on our social security systems — and it calls for collective answers, because here, undeniably, unity is strength.

Jacques Delors presented his analysis of the strengths and weaknesses of the European economy to the European summit in Copenhagen in June of last year. It took five hours to discuss. The Council was anxious to move on from diagnosis to treatment and the White Paper on growth, competitiveness and employment was adopted six months later, at the next meeting of the 12 Heads of State and Government in Brussels in December.

One basic question underlying the White Paper is whether Europe has a specific malaise of its own. Jacques Delors' very direct answer is that the main shortcoming, in his eyes, is fragmentation and inconsistency. He maintains that the European economies are like orchestras which have brilliant soloists but cannot play in time and need something to cement them together into an ensemble, which is why the White Paper stresses trans-European networks and the information society. He suggests breaking the habit of easy answers and, in particular, putting an end to the idea of bringing everything down to monetary and budget policy, with employment policy no more than a variable of adjustment and seen only as a supplementary means of righting the balance.

He points out that European inflation took off again in 1988, when 8% of the working population was on the dole queue — which demolishes conventional theories about the link between unemployment and inflation — and suggests transferring the increasingly large amounts being ploughed into unemployment benefits (ECU 200 billion in 1993) to 'employability', i.e. to boosting the individual's potential for playing a useful part in society through work.

The conclusion is that today's economic policy must always do more than just keep up steam, for the rails of tomorrow's growth have yet to be laid. The economic machine needs an injection of new ideas for, as the century comes to a close, our societies have more to fear from a want of discussion, cooperation, will and political imagination than any other form of shortage.

Changes in the décor

In geopolitical terms

— New competitors have emerged and have shown their ability to incorporate the latest forms of technical progress.

— The end of communism has opened up new potential for economic growth: 120 million people in neighbouring countries with a standard of living well below our own. But we have not been able to harness this for a new drive forward.

In demographic terms

— The ageing of the population and the transformaton of family structures.

In tecnological terms

— The new industrial revolution is well under way and is causing rapid and far-reaching changes in technologies, jobs and skills.

— The economy is becoming increasingly knowledge-based, manufacturing activities are being farmed out, services are taking the lion's share, and the possession and transmission of information is becoming crucial to success.

In financial terms

— The interdependence of markets resulting from the freedom of capital movements together with new technology is an inescapable fact of life for all economic and financial operators.

Economic policy has to do more than just keep up steam, for the rails of tomorrow's growth have yet to be laid

The information society

— The dawning of a multimedia world (sound — text — image) represents a radical change comparable with the first industrial revolution.

— Tomorrow's world is already with us: by the end of the century there will be 10 times as many TV channels and three time the number of subscribers to cable networks. In the USA it is estimated that six million people are already involved in teleworking.

— The USA has already taken the lead: 200 of its biggest companies already use information highways.

— At the heart of the development model for the 21st century, this issue is a crucial aspect in the survival or decline of Europe.

— It can provide an answer to the new needs of European societies: communication networks within companies: widespread teleworking; widespread access to scientific and leisure databases; development of preventive health care and home medicine for the elderly.

The issues set out in the White Paper[1]

Is unemployment an affliction peculiar to Europe? The USA created 29 million jobs between 1970 and 1990, and Japan created 12 million and Europe 8.8 million in 1985-1990, but, in 1991-1993, half of them were lost. Europe's problem, in outline, is 16 million unemployed, which is 10.5% — one in 10 — of the working population.

Is there any need to mention that one out of every two unemployed has been on the dole queue for more than a year and one out of four for more than two years and that, overall, unemployment is a fact of life for a quarter of the under-25s?

European unemployment can be summed up in three terms, each one a paradox — productivity, competitiveness and wage costs.

On the productivity front, Europe's performance per hour of work is high, but that does not create many jobs. Compared to the situation in the USA and Japan, our technological efficiency is out of step with our productive development potential. Our work productivity momentum is obviously at variance with our sluggish rate of growth.

Why is this? Because economic policies have been designed without any reference to employment policies. Social policies have been pushed into second place and now the social sector is getting its own back. Europe's problem is that business performance is confined to reducing the denominator of productivity without touching the numerator of production.

The EU must set up vast information networks

The paradox of competitiveness is this. Although, between 1987 and 1990, the internal market created jobs, they stopped, so was it all an illusion? Certainly not, but it did not produce the fruit it might have done, particularly as far as the SMIs were concerned, because the maturing process took longer than expected and action was delayed as a result.

The third paradox lies in wage costs. The usual complaint is that they are too high, but over the past three years both the size of and the increase in the wage bill have been a small part of business results. What we have, in fact, is a structural problem. The total cost of unskilled pay is too high in comparison with skilled pay, so the demand for skilled labour is high, while the supply is mainly of unskilled jobs.

So all the prospecting for new deposits of work is held up by the cost of unskilled labour and by the fact that menial tasks are looked down on in the North and end up being done by informal labour in the South.

Strategy

The White Paper recommends tackling structural problems — cyclical, structural and technological unemployment — rather than going for a short-term, neo-Keynesian recovery. How? Through an open economy, because controlled interdependence alone can bring about a positive sum game for all, and through a decentralised economy, because a market economy is intrinsically decentralising.

The White Paper proposes a method and recommends courses of action. The method is based on notions of

Priorities for action on jobs

— Lifelong education and training.

— Greater flexibility in businesses, both internally and externally.

— Greater expectations from decentralization and initiative.

— Reduction in the relative cost of lowqualified work.

— Thorough overhaul of employment policies.

— Efforts to meet new needs.

[1] This section owes a great deal to a lecture by Jérôme Vignon, head of the Forward Studies Unit at the European Commission.

cooperation, decentralisation and social dialogue.

There is no miracle cure — neither protectionism, nor a runaway economy, nor a general cut in hours, nor job sharing on a national scale, nor swingeing pay cuts, nor an axe through social protection to bring us down into line with our competitors in the developing world — none of these is the answer.

The way to move forward into the 21st century starts with the idea that the European Union ought to be able to create 15 million jobs by the end of the 20th.

A healthy economy should make it possible to think about economic and monetary convergence in macro-economic terms. Stable monetary policies geared to low inflation would lower interest rates again and make investment more attractive. And pay trends in all income brackets should be consistent with the aims of monetary stability and cost containment.

The economy should be open, because controlled independence is the only thing that can ensure a positive sum game for all.

A decentralised economy based on new technology will lead us towards a proper information society.

A more competitive economy will make it possible to get the very most out of the internal market, especially by speeding up the establishment of trans-European infrastructure networks and putting more into research and cooperation.

Lastly, the White Paper confirms the need for solidarity in the economy.

It suggests serving employment by investing in life-long education and training, knowledge and knowhow. The labour market has to have internal and external flexibility — external flexibility so that more of the jobless can meet the actual requirements of firms, and internal flexibility so these firms can optimise their management of human resources.

Optimum operation of the job market also means large-scale decentralisation in employment catchment areas. The success which some Member States have had in doing this shows that it is important to involve both sides of industry in the process. Similarly, it will take decentralisation at the level of individual firms before a change in working hours is an asset to the competitive position.

It is particularly important to reduce the relative cost of unskilled labour because of the close links with long-term unemployment. In eight of the 12 countries of the Union, tax and social costs are relatively heavier on low wages, one of the worst structural causes of unemployment and informal labour in the Community. A 30-40% cut in the social security contributions focused at the bottom end of the wage scale would boost employment by 2%.

A complete overhaul of the employment policy ought to level out the inconsistencies in the structure of unemployment spending. Currently about two thirds of the money the State spends on the unemployed are channelled into assistance and the other third into active schemes. The White Paper proposes a total rethink to head off long-term unemployment with a training policy geared to providing proper qualifications, with job opportunities, over several months.

Thought has to be given to catering for new and as yet un-met needs arising from a changing way of life, changing family structures, the increase in the number of working women and the new aspirations of our senior citizens — some of whom are very senior indeed — and from the need to repair damage to the environment and rehabilitate the most underprivileged areas of our towns and cities.

A new approach to the corresponding services would be to stimulate both supply and demand in such a way as to shape a continuum of possibilities between supply protected by public subsides and competitive supply, thus pointing the way to a new social economy.

Going beyond the action of the individual Member States, there will be a fresh boost for Community action proper, along five lines, involving:

— making the most of the internal market;

— supporting SMEs;

— pursuing social dialogue;

— setting up vast European infrastructure networks (ECU 400 billion needs to be invested over 15 years);

— laying the foundations of the information society (ECU 67 billion required between 1994 and 1997). ■ D.D.

Sources of new jobs: Examples

The scope for job creation depends largely on the existing structures and services in each country, lifestyles, and tax rules.

However, several estimates agree that some three million new jobs could be created in the Community, covering local services, improvements in the quality of life and environmental protection.

Local services

— Home help for the elderly and handicapped, health care, meal preparation and housework;

— Minding pre-school-age children and schoolchildren before and after school, including taking them to and from school;

— Assistance to young people facing difficulties, comprising help with schoolwork, provision of leisure facilities, especially sports, and support for the most disadvantaged;

— Security in blocks of flats;

— Local shops kept in business in rural areas, and also in outlying suburban areas.

Audiovisual
Provision of leisure and cultural facilities
Improvements in the quality of life

— Renovation of rundown areas and old housing with a view to increasing comfort (installation of bathrooms and noise insulation) and safety;

— Development of local public transport services, which should be made more comfortable, more frequent, accessible (to the handicapped) and safe, and the provision of new services such as shared taxis in rural areas.

Environmental protection

— Maintenance of natural areas and public areas (local waste recycling);

— Water purification and the cleaning-up of polluted areas;

— Monitoring of quality standards;

— Energy-saving equipment, particularly in housing.

DOSSIER

The GATT exception for cultural products and the European creative imagination

The GATT negotiators spent some time on the question of making an exception to the rules for cultural products and the Courier decided to discuss the idea with João Correa, the maker of a number of feature films and, since 1984, Secretary-General of FERA (the European Federation of Audiovisual Film Makers).

■ *Can you tell us whether any agreement has been reached on the idea of exempting audiovisual products from the rules of GATT?*

— Audiovisual productions in general are fully covered by the GATT trade rules at the moment, obviously, which is to say that they are going to be subject to commercial-type regulations at some stage, like it or not. A kind of non-agreement has been sold as a victory for the idea of exempting cultural products, but it is not a victory at all and I am not sure what we should be sorry about. We aren't anti-American, obviously. Most European film-makers, very successful ones, often work for the Americans and the Americans adapt many of our European works. So there is no question of any segregation as far as we are concerned. We even think that many American film-makers and writers who are unable or unwilling to be part of the system are faced with just as big a problem as we are here in Europe — I mean, how to express themselves without the backing of a mighty machine which in fact doesn't even make a profit. I should say that it does make a profit overall, but not with every single film. In fact, very few films manage to be major box-office successes. But one big one, a company success, will pay for a whole series of films. And all this machinery forces people to make a particular type of film and take a particular global view of the workings of society. But we, as intellectuals, believe in free expression. Films cost a lot, of course. They aren't supposed to be boring, that goes without saying, and they aren't the same as books or paintings, but they are an opportunity to convey what a unit or a region or a nation thinks and how people live and feel. The problem with GATT at the moment is that the US is making comparisons between different industrial structures so as to try to save its second biggest export industry. It is accusing us of being protectionist and wanting to preserve an exception which is merely the right to express ourselves in sound and pictures. But as we see it, it is the US which is trying to preserve something entirely unacceptable, i.e. a world monopoly on pictures.

'There is a problem with the European identity, but the only alternative is nationalism and all the havoc it has been causing'

■ *Economic and cultural arguments apart, the European press has often put 'serious' films on one side and cinema spectaculars on the other. Which do you think is more important?*

— First of all, let us never forget that Europe invented the cinema and, until not so long ago, 10 years maybe, it made films which were great films. This business of big films versus little films is all wrong. Until the period between the two world wars, the greatest films were European, but, by now, obviously, our national film industries have been run down by the system in which they have had to survive. At one point, survival was easier if you made films which were just subsidised and paid less and less heed to the audience. But our federation is fairly clear on this. It wants nothing to do with decisions about what each producer is going to make, of course, but it is clear that we do not like the way things have gone. We have analysed why the vast majority of our films are small ones. All these small films prove is that the resources put into them were virtually non-existent. And this led to producers, or would-be producers, taking on young, relatively malleable film makers, all making their first films, largely if not completely subsidised by the State, failing to make the grade and having the film end up in the cellar under one of our ministries here in Europe.

That does not stop us from giving our support to new films when they come out, even if they are experimental, provided that the producer manages to get financial backing from someone else as well as the State.

One particularly difficult problem here since the late 1970s, or thereabouts, is the disappearance of national distributors, who were snapped up by the American distribution network for which Europe was only a second market at that stage. In fact, the Americans are very careful and they did it initially with due respect for the continent and the cinema being produced in the various countries. In the early stages, up until the end of the 1970s, all the film makers you have heard of today — Scola, Bertolucci, Malle, Costa-Gavras and Truffaut, for example — were financed indirectly by the Americans, to the point where Truffaut became one of the models for all American producers, with just one film in English. So we won't swallow the idea of our present decline being due to lack of talent. It isn't. It is a complete lack of organisation, particularly in distribution. Our cinema audiences have fallen off badly and the main cause is a total ignorance of European films. They don't know what the European cinema is any more.

■ *Going beyond the cinema itself, some people are calling for audiovisual quotas, aren't they? Where does your Federation stand on this?*

— The reason why we spend so much time talking about the cinema is that it has such an enormous impact on American marketing. It is through the cinema and by the cinema that they get their particular brand of expansion across. You could go so far as to say that these days the Americans are prepared to inject vast sums into the film industry and get them back from video and television. There is a whole well-thought-out rationale here based on the film industry being the only one to create real myths. So myths are something which the industry is interested in, and not just the picture industry itself either, for the whole of the marketing sector is involved too. And that is why we say that what we Europeans need to do is go out and win back our European audiences. We think it would be reasonable to say that 30-35% of the people who don't even go to the cinema any more would be happy to turn out to see films that were different from those the Americans are forcing on us at the moment.

The second thing is television quotas. I have to say that, intellectually speaking, no producer is in favour of quotas. We are more interested in freedom and openness. The Community's frontier-free TV directive doesn't reflect what we asked the Commission for at the time. We wanted political support. The quota system was the Commission's idea. At that stage, Britain and Denmark were blocking our proposal for a European production fund, as was Germany, which wanted to see aid for distribution rather than production.

At that stage, distribution was not really a major concern for us and the Federation and I fought hard for the production fund. Now, though, we are in sackcloth and ashes, because we did overlook the whole question of getting to the audience. We made films and we thought that just making them meant that all the rest would follow suit. But it doesn't. If the films don't get distributed, the rest does not follow suit. The current question of quotas is all tied up with the fact that there is no valid alternative on offer and, obviously, we are not opting for quotas lightly. The quotas are there to give us a period of transition, until we can start competing for the market freely, including the American market, until the end of the 1990s.

■ *The European Commission is producing a green paper on audiovisual productions. What do you expect out of it?*

— We expect a reaction. We think that the good thing about GATT is that it managed to get a discussion about the audiovisual sector going in such a way as to make it impossible for any European government to deny its economic dimension or technological importance. What we are hoping for now is that, politically, they will agree that it would be reasonable to treat this industry the same way as others. It's very odd, isn't it? Today, almost no government can create jobs by investing in the usual sectors of technology any longer. In fact investment does almost the opposite. Whenever you give money to an industry, that industry restructures, buys new machinery and puts people on the dole queue. But, since the 1980s, we have had one sector, the audiovisual industry, which has been steadily growing by nearly 5% a year. That's fantastic. And who is reaping the benefits? The American industry, by and large! We now know that there is an enormous profit potential which clearly doesn't cover all the costs in the first year. Nowadays the costs of a film can be recouped over 20 or 30 or 40 years, with no problems. But no-one in the picture industry is used to this sort of thinking. Make a stock of films now and you can capitalise on it pretty well for ever. So can we afford to look at the picture industry now in the same simplistic way people looked at iron and steel or the aircraft industry years ago? You know as well as I do that there was no aircraft industry at the end of the 1950s. There were big American planes and virtually nothing else, but then, at some stage, there came the political will to have an aircraft industry in Europe and now it has almost 46% of the world market. The audiovisual industry doesn't even have 2%.

■ *You just said that the film industry is the most wonderful, myth-creating industry and that the European creative imagination must at all costs be preserved. What is that creative imagination, in your view?*

— The history of European culture and world culture proves that cultural developments are shaped by cultural mix and cultural exchange.

Look at what Europe has achieved despite all the misfortunes and the disastrous times it has been through. Italy under the Borgias was terrible, but it was still a period when the most marvellous things were created, whereas Orson Welles said that the only thing a peaceful country like Switzerland managed to invent was the cuckoo clock. I felt very European when I was in Switzerland, in Lausanne, recently, having lunch with a friend of mine, a Spanish producer. The waitress brought our avocados and then she came almost running back to the table, saying she was sorry she had forgotten the ketchup. Well, we declined the ketchup and she smiled and said: 'Are you European, then?' I've experienced that sort of thing before — not just with ketchup, of course — and it goes to show that there is a series of values which we share. If you were to take the 350 million inhabitants of

Europe and move them somewhere else, they would still feel European when they came back.

There is a problem with the European identity, but the only alternative is nationalism and all the havoc it has been causing. Nationalism is something you have to be very careful about. That is not to say that you respect other places so much that you can't feel that you belong in the place where you were born. All European values ever since the Middle Ages have come from Greek civilisation.

That is all we have managed to do with a Community which in the first instance was based on steel. Of course, Europe often comes in for criticism for all sorts of reasons, many of them contradictory.

■ *Leaving Europessimism, perhaps even Euromasochism, aside, we may not really know what makes us European, but people on the outside do, particularly the Africans. Which brings me to another question — how do you see the future of the film industry in the ACP Group, especially the African film industry?*

— I think that Europe has to put up a fight to defend its film industry. The cinema is rather like the writing industry. A large number of great writers doesn't make for a large amount of profitability. We are very concerned with saving ourselves, but, at the same time, I am rather proud that our Federation has always been concerned about other film industries too, particularly the African ones.

And what about the green paper on audiovisual production? Well, we suggest reserving about 35% of the showings in all cinemas here in Europe for ourselves. Now we have sold culture to the Americans, why not sell the industry to our national governments?

We have done a lot of talking to cinema managers. In many cases they are businessmen, but they love films, they know what they are talking about and they relate to the audiences, and they all think that there is room for European films in their cinemas, for 20-30% of their audiences. So what we want is for all cinemas interested to be able to slot into a system where they get free credit to renovate their premises, just as they would in any other industry, in return for agreeing to screen a certain percentage of European films. And we should like some of this European reserved space of 30% or 35% earmarked for non-national films — which would mean getting various recognised film festivals to award a cinema access seal of approval to non-national European films.

We have no wish to cut out, say, independent American films. And the same goes for African and ACP films, for which we hope to see priority investments in production. ■

Interview by Dominique David

The Parthenon, Athens

'Since the Middle Ages, all European values have come from Greek civilisation'

DOSSIER

Images of Europe

Cocteau very wittily said that mirrors would (sometimes) do well to think before reflecting our images. This made us wonder what image of the European Union was reflected by those permanent mirrors of the Community institutions, its accredited journalists. Most of these representatives of the press are from the industrialised world, but the developing countries are well accounted for too and it is to their journalists we turned for what they see as their readers', listeners' and viewers' images of Europe. The resulting kaleidoscope has no claim to being scientific. It is just a reflection in a sometimes faithful, sometimes capricious device called a mirror — which almost never tells us that we are the fairest of them all! We talked to two journalists from African ACPs, one French-speaking and one English-speaking, and three from other regions which, like the ACPs, receive European Union aid, the Maghreb, Latin America and the countries of Central and Eastern Europe.

African mirrors

Ousmane Kaba, a Senegalese journalist, covers the European institutions for Radio Télévision Tiers-Monde, Africa and Le Soleil and his broadcasts and articles reach most of the French-speaking countries of Africa. The most telling image of the European Union which he has found puts the Lomé Convention firmly centre stage.

For the man in the street, the Union is Lomé, first and foremost, and Lomé is aid and money from Europe. Politicians too are concerned with this aid, but they also worry about technical considerations, such as how much the country gets from the European Development Fund (EDF), eligibility for Stabex and Sysmin and trends in the financial machinery of cooperation. But theirs is a very superficial picture, for although officials are aware of the EDF, very few of them really know how to go about getting its help.

It would be reasonable to think that African businessmen interested in the idea of cooperation were *au fait* with the machinery of the EDF and the European Investment Bank (EIB), if only because of the loans. But they are appallingly badly informed, Ousmane Kaba says, after seeing the industrial fairs which the Commission has been running in Western Africa since 1974 and Central Africa since 1985. Many of them ask people supposedly in the know — particularly journalists — to help them get loans and other financial assistance from the Convention. They see the Union as a project-financing institution and the important thing is finding the middle-man to get their project to Brussels. They often have no idea that they should be going to the local Union delegation office.

There are two reasons for this. Government officials, themselves ill-informed, may be parsimonious about supplying details or they may be deliberately withholding information as if it were something private. In many cases, the problem starts with the ACP Embassies to the Communities in Burssels, which are responsible for keeping their governments informed. Ousmane Kaba claims that, in the run up to the Lomé Convention, the European negotiators are always baffled to find representatives of countries involved in ACP cooperation since Yaoundé still asking questions about such basics as national indicative programmes (the ACP-Commission guidelines for the utilisation of Community aid over the period of the Convention) and the procedure for actu-

For the average citizen of an African country, the EU is Lomé, first and foremost, and Lomé is aid from Europe

ally obtaining the sums allocated. Proof of this, he says, can be found in the considerable amounts which the EDF does not pay out, not because projects are in short supply, but because the applications are misguided or fanciful.

Most people in the region believe that the Commission is the Union's only institution, so its image is grossly inflated compared to those of the other Community organisations. Of course Commission delegates are the ones they hear on local radio, see on television with the President or a Minister and encounter at cocktail parties. Those who have heard of the European Parliament, for example, have no idea that it is a Community institution and many people have either never heard of the Convention's business service body, the Centre for the Development of Industry (CDI), or do not realise they can have access to it.

The idea of inaccessibility apparently also extends to the Community's image in the ACP countries, hence the desperate search for a go-between to present projects in Brussels. The impression is that the man in the street cannot approach the Commission delegate easily. This, according to Ousmane Kaba, is partly due to the fact that most Commission delegations have little to do with the local press, as their members are very wary of treading on the authorities' toes. A computer specialist or an expert attending, say, a Commission-organised industrial forum has to have a Commission mission order to get in. And people from the host country will only be allowed in if they are to present a 'technical' dossier. They would never manage if they wanted to discuss human rights, which actually figure in the Convention.

Opposition politicians and the best-informed human rights champions have seen the European Parliament as an open institution ever since its committees, particularly the Committee on Development, have been listening to what they have to say. They also have more and more opportunity to put their points of view across to the ACP-EU Joint Assembly, which combines representatives of ACP members of parliament and MEPs.

After Lomé aid and the larger-than-life image of the Commission, the third thing which people in the African countries described by Ousmane Kaba apparently associate with the European Union is the common market. Their idea of the institutional developments in the Union is more than vague and Brussels-based journalists find it extremely difficult to get their editors to accept articles on the subject, which are likely to be labelled complex and of no interest to the reader. Here again, look at the way ACP Ambassadors in Brussels behave. After the Dublin summit, with enlargement of the Union on the agenda, some made no effort to consider what the implications would be for their countres (although other parts of the world were quick to send experts to Brussels to monitor enlargement of the market). And when the dice were cast, a number then complained that Europe had forgotten them. The most striking example was the devaluation of the CFA franc, the subject of conjecture since 1979 yet an apparent surprise to the whole of the ACP political set-up. Economists had never tired of pointing out that the money market and the constraints of the European Monetary System would not allow France to continue trailing this appendage to the French franc for long.

There is a similar kind of timidity and fatalism over the future of the sugar protocol and the banana protocol, at a time when third countries, the Member States of the Union and the Commission have been haggling over every detail of Community imports of these products.

The fatalism of some of the leaders is reflected in the unequivocal interpretation which the general public puts on cooperation, which it sees as just magnanimity or even charity from one partner, the Union, to the other partner, the ACPs, without any idea that the Union might also expect some return in terms of a share in a market, even an ailing one. Kaba relates what an ACP negotiator said during the bargaining before Lomé IV was signed: 'There is no way we cannot sign, because the hand that receives is behind the hand that gives.'

In the French-speaking ACPs, the average man in the street knows that the European Union comprises a number of countries, but he still sees France as being a leader and, when the Commission makes a generous gesture towards the ACPs, he tends to think France has arranged it. Germany is in second place, for bilateral German aid has the reputation of being substantial in quantity and, most important, effective in the field. Bilateral aid tends to be preferred, in any case. In third place is Belgium, predominant in its former colonies. The effects of the Berlin conference which carved up Africa in Berlin in 1884 are still being felt in ACP-EU relations, our journalist maintains. The other Member States are perceived through a kind of haze, although one of them, Italy, which has gone in for bilateral cooperation on sustainable village projects in Western Africa over the past few years, is beginning to stand out more clearly. Other Italian operations, particularly in Mali and Burkina Faso, include inexpensive rural radio schemes whereby villagers can communicate with people around them, in their own language — an asset with the institutional media working in French and therefore reaching only 10-15% of the population. A European Union communications policy involving national languages and media close to the people would be a great help here.

Lastly, the most positive image of the European Union in these French-speaking countries of Africa is one of unity. They all think that the example of already strong countries joining forces to become even stronger is a fine one and regret that, with political will lacking, their own countries fail to combine their weaknesses to become a little less weak. This is the angle which Ousmane Kaba often stresses in order to get the green light from his editors. And it is no coincidence that ECOWAS turned WAMU, its financial institution, into a regional economic body.

View of the EU from the English-speaking ACPs of Africa

The image of the European Union reflected by the English-speaking ACPs of Africa, which is even more jumbled and blurred than the previous one, comes to us from our second mirror, Berhane Cahsai, an Eritrean journalist who has been covering Community events for Africa Magazine, New African, Nord Sud Magazine etc. for several years now. His picture of the Union is one of a distant nebula about which neither local press nor government leaders provide any serious information. When working as an adviser to the CDI, Cahsai also made the disappointing finding that many promoters were unaware that the institution even existed, because, he maintains, politicians and diplomats accredited to the EU failed to provide the relevant information. The move to democracy in various countries has brought a spate of new newspapers, but they are usually short-lived and too badly organised to play their proper part *vis-à-vis* the economic operators (industrialists, tradesmen and farmers) and the public at large.

Berhane Cahsai says that people in English-speaking Africa no longer believe in the official speeches on ACP-EU cooperation and those who apply for Lomé aid are only being 'pragmatic'. They do not think the aid is efficient either.

He is pessimistic about the work of Brussels-based journalists. The local papers lack professional resources and the foreign newspapers he writes for are too expensive. The readership is ridiculously small. And the audio-visual media have not always got things up to date either.

The general public despairs, with the painful feeling that the rest of the world has forgotten Africa and Europe's only interest is the other Europe. Some even think that Lomé is coming to the end of the road.

The view from the Maghreb — economically closer, politically apart

Fathi B'chir, a Tunisian self-employed journalist who writes for, *inter alia*, Marchés Tropicaux, Agence Tunisienne de Presse and the European agency specialising in Community news, believes that his audience is as well informed about Europe as the citizens of the Union themselves. This is because the Maghreb and Europe are in an economic continuum and European professional organisations have already integrated North Africa into their production area — numerous textiles and clothing firms have moved there, for example — and there is a keener interest in economic relations with the European Union. Politically, people have kept their distance. More and more object to European policy and are particularly bitter about the Gulf War, although they were enthusiastic about Europe's attitude to the Middle East only a short time ago. The image of the European Union is not negative. It is tarnished with despondency. People are disappointed that the European Union is, they think, lining up with American policy, despite its economic strength, or suggesting no alternatives for Bosnia or anywhere else. In this respect, however, Fathi B'chir says that the image in the Maghreb is more flattering than the image in Europe.

The prize for the best-known Member State again goes to France, but, thanks to its drive as a business partner, Belgium is beginning to break through, as is Spain, with its investments in food and agriculture, a key sector of the North African economy. Portugal too is fairly well known. But that is the end of it. The more northerly parts of the Community are uncharted territory.

Libya apart, the Maghreb sees Europe as a trade outlet and a tourist and intellectual booster, although with some variations. What the Europeans took as a quaint application by Morocco to join the European Union, the Moroccans saw as their country's way of forcing their European partners into a debate on relations between the Maghreb and the Union. Progressive Algerians think that some

Is aid being diverted to Eastern Europe?

Member States are too easy on extremists who sometimes take refuge there, while the extremists condemn the progressives for enjoying Europe's friendship.

One subject of particular interest to the man in the street and much emphasised by journalists is the European Union and GATT. There is a real fear that the Union will increasingly abandon its privileged trade relations with the Maghreb. The reform of the common agricultural policy has cut a swathe through the preferences of this part of the world and North Africans fear that a combination of the Single Market, the Treaty of Maastricht and GATT will put paid to them altogether.

The next big thing after trade relations is immigration. There is a query over the situation of even properly registered North Africans in the Union, whose movement is already restricted — something which the Commission has in fact condemned. Also in the public eye are the Community's policies for the Middle East and Bosnia.

There is little interest in enlargement for the time being. One or two people think it can only lead Europe to drift towards more distant areas, without realising that these places could also be an outlet for agricultural produce such as tomatoes and olive oil, Fathi B'chir says.

For all its peoples, the big threat to the Maghreb is that European Union aid will be diverted to the countries of Eastern Europe, although worries on this score are waning now Europe has proved that it does not intend to abandon the region and economists have demonstrated that the markets in Eastern Europe were not the great attraction it was once feared. Fathi B'chir says that the real threat to Maghreb-Europe trade is in fact China, but people are not yet aware of the fact and it is essential to put them in the picture — although without too much waving of the red flag, which would encourage more protectionism.

In the Maghreb too, unity is seen as the European Union's greatest asset and everyone dreams of their own region building as tightly-knit a unit one day.

The view from Latin America — Beauty and the Beast

Claudia Camarena, a Mexican, works for Televisa News, whose programmes are broadcast by most Latin American TV channels, for Mexico's Radio Universidad and for BRT, Belgium's Flemish radio and TV station. She says that, in comparison with other areas which she visits and reports on regularly, Latin America is fairly well informed about the European Union, although the degree to which this is so varies from one section of the population to another and from one country and one region of the sub-continent to another. The old idea that there is not just one Latin America applies even more to attitudes to the European Union. Ms Camarena says that there is a difference between the five southern countries (Argentine, Chile, Paraguay, Uruguay and Brazil), where the European Union is both the leading customer and the leading supplier, and Mexico, Central America, northern South America and the Andean countries, where the United States dominates. The general public in this region sees the negative side — subsidies for the Union's farmers, which they feel distort the market and penalise Latin American producers : in short, an image of Europe as the 'big bad wolf' which eats up all the world markets. In Chile, for example, everyone has his own idea about the duties and quota reductions applied to imports of apples and fish into the Union, grumbling about 'European protectionism' all day long. People in heavily industrialised Brazil react in much the same way on industrial products, but blame the USA and Japan as well as the Union.

Central America is the region which has derived most from cooperation with Europe in terms of *per capita* development aid. At the time of the East-West confrontation, it saw the European Union as the third avenue, praising it highly for its political clear-sightedness and its speedy appraisal of the regional conflict as one which stemmed from a lack of development rather than from any Soviet attempt to attack the soft underbelly of its global rival. So Europe's image was a glittering one. But cracks have subsequently appeared. With peace restored in most places, the Central American countries felt that development aid was no longer what they wanted and that their real need was for markets to develop their industries and move towards integrated development. The banana import quota issue drove a large section of public opinion into the anti-Union camp, which claimed that Europe was protectionist.

Mexico, now part of NAFTA, alongside the USA and Canada, keeps a watchful eye on the process of European integration, which has enabled countries in the southern part of the continent to take great strides towards the level of development of those further north. NAFTA is not a union, but Mexico would like to see it develop along EU lines, with things like Europe's structural funds for regions which are lagging behind in their development or faced with particular problems. All this probably makes Mexico an exception. The middle and lower classes and customers in taxis and hairdressers, who tune into popular radio stations, regularly hear broadcasts on the European Union and Mexico has a more subtle image of the Union, one of creation in progess, than other countries. The members of MERCOSUR, the southern South American common market, are also looking to the example of the European Union.

There are considerable differences among the Andean countries. Bolivia, the poorest country of the sub-continent, gets development aid from the European Union. Colombia, which is fairly developed, is in a similar situation to Chile as far as trade relations are concerned, but it enjoys industrial and agricultural cooperation with the Union, alongside Peru, Ecuador and Bolivia, and gets helps with its anti-drug campaign. The man in the street sees the European Union as the institution which backs his country in the campaign against narcotics. But Colombia, Venezuela and Ecuador are also involved in the banana dispute which is causing so much bad feeling about the Union. The Peruvians make a lot of the political attitudes towards them and portray the Union as a scold, grumbling about everything — the Fujimori coup d'état, human rights violations etc. — and behaving as the supreme judge.

In most countries in Latin America, news about the European Union does not just come from the press. A great deal of information comes through regular lectures and conferences set up by the universities, many of which have Institutes of European Studies dedicated to the European Union.

Contrary to expectations, perhaps, Spain is not in the forefront of the Latin American picture of Europe and its links with Latin America are thought to have loosened since it joined the Union. However, all the southern countries have had strong ties with other European countries in the past (there are more descendants of Italians than of Spaniards in Argentina) and they feel that their beloved 'Mother Europe' has neglected them for, *inter alia*, the countries of Eastern Europe. Politically, people in the region have the impression that the EU has got closer to the American standpoint since the end of the Cold War. But it is not an attitude which they necessarily condemn, except in relation to Cuba, where they would have preferred to see a more comprehensive approach. There is more to it than condemning the American blockade, which they interpret as no more than defending European economic interests.

Central Europe — a tepid reunion

Jacek Safuta has been The Polish Press Agency's accredited journalist to Brussels for two years now and he also works for Polish radio and television. We thought it would be useful to find out how the countries of Central and Eastern Europe are reacting to traditional EU partners' complaints that they are now cornering aid which others used to have. Poland, the first country to come out of the Eastern bloc and embark on cooperation with the European Union, is perhaps the best example. The Poles do not even understand what is going on, Jacek Safuta maintains, and the over-riding feeling is one of disappointment. In 1989, they thought that they could join the EU quickly and have the difference in standard of living ironed out by massive amounts of aid from a West grateful for the overthrowing of the Soviet bloc. They see EU aid almost as a debt. They may admit that Europe has one or two obligations towards its former colonies in Africa, but countries in other parts of the world just have to manage. So the aid they do receive is deemed to be totally inadequate. The PHARE programme of EU aid to Central and Eastern Europe was much appreciated in the early days, but now it comes in for more and more criticism. There are accusations of red tape delaying payments excessively and of priority being given to paying Western European consultants. The long-awaited EU-Poland association agreement was ratified too late, they claim, and they do not like their trade deficit with Europe either, despite the surge in Polish exports.

The Union is seen as a private club for rich men, an efficient association which furthers their interests and which it would be unwise not to join. Indeed, there is a feeling that membership should be taken out as soon as possible, to escape the effects of EU 'protectionism'. An oft-quoted 'example' of this is the EU's cattle controls, which are designed to ward off an epidemic of foot and mouth disease which has apparently broken out in Poland. However, it is the Polish farmers, 30% of the population, who are most unenthusiastic about immediate accession to the EU. They believe that the country needs to stick to its values and consolidate for a good 10 years before coming face to face with other partners in a strictly regulated organisation.

Although the Poles feel concerned by EU decisions, Jacek Safuta maintains that they are not very interested in news of the Union, unless their country is directly involved. He has no probems with articles he writes for the Agency, but the press in general seems keener on stories which either concern the country closely or which have a sensational quality — something which is quite untypical of Poland.

The Union is seen as a private club for rich men

This is the image which all the journalists reflected, to one degree or another. Perhaps there is always a self-portrait behind an image of someone else.

Hégel Goutier

CLOSE-UP

Impressions of the Dominican Republic

Former EC Commission trainees describe their experiences

In August 1993, a group of 16 former trainees from the external relations and development directorates-general of the Commission visited the Dominican Republic. Their goal was to learn more about the realitities of the European Union's development cooperation with this ACP country. During their two-week stay, they undertook a busy schedule which included visits to a number of EU-sponsored projects and discussions with a broad cross-section of local people including government officials, entrepreneurs, farmers and students. In this vivid account of their trip, Martin Buis and Bod van Dillen recount their experiences. They also give us some of the impressions formed by the trainees about life in the Dominican Republic and about the development process which is currently under way.

Santo Domingo Airport was hot, the atmosphere humid. We were welcomed with a cool drink by officials of the National Authorising Officer, our official host, and a representative of the Commission Delegation. An air-conditioned government bus brought us to the first of our air-conditioned hotels, some twenty kilometres along the Avenida de las Americas, in Santo Domingo.

We spent about a week in Santo Domingo. It was here that we had extensive discussions with the officials of the Commission Delegation and representatives of the ministries of health, agriculture and education. A Spanish expatriate working for the Education Ministry explained to us, for example, the country's difficulties in the area of primary education. He was happy about the European Union's assistance in providing teaching materials and was very proud of the newly established faculty of artificial intelligence at the Santo Domingo University. One of the main problems he listed was the unwillingness of teachers to work in the countryside, because of the relatively low wages and the bad living conditions. He also said that 95% of children went to school, which seemed a very high figure judging from the number of children playing or selling all kinds of things on the streets. He briefed us on the Union's financial support for a ten-year plan which would raise government education expenditure from an estimated 1.4% of GDP in 1989 to 3.5% by the year 2000.

At the Agriculture Ministry we discussed recent subsidised rice exports. We wondered whether this had been a wise thing to do, given the existing poverty and malnourishment of children, especially in the countryside. We gained the impression that a better distribution of arable land would lead to increased production and more equitable income distribution.

95% of children are said to attend school but this figure may be an optimistic estimate

The problem of clear land-ownership titles and the new banana import regime were explained to us in great detail during our visit to two banana plantations, where we talked with local producers and the general manager of the export company 'Fyffes'. The Dominican producers felt mistreated because, as non-traditional ACP producers, they could not benefit to the same extent from the favourable trade conditions offered to all other ACP banana producers. Only some of them owned their land, a necessary precondition for getting a loan from a bank.

The representative of the Ministry of Health invited us to visit one of the modern and well-equipped hospitals but instead we went to see a Rural Health Centre. We were struck by the small supply of medicines available and it was explained to us that it was difficult to reach people living in remote areas, because of a lack of mopeds.

It would be wise not to fall ill in the Dominican Republic. There is, for example, only one doctor per thousand inhabitants. Total health expenditure in 1990 was $263 million, which is only 3.7% of GDP or $37 per capita.

The EU supports the country's health and education sectors. Financial assistance is channeled through a counterpart fund generated by the sale of oil. A sectoral import support programme, as a form of balance-of-payments support, was also set up to meet the need for a first quick disbursement of funds after the signing of the Lomé Convention.

On our way to Barahona, we stopped for a visit to the oil refinery at San Cristobal. We were informed about safety measures by a local staff member who had recently completed a course in psychology.

Members of the group visiting the San Cristobal oil refinery

He emphasised the need for the workers to feel happy and comfortable, since 95% of accidents were due to carelessness caused by lack of concentration. We thought this might be true, but wondered about the absence of a disaster relief plan, especially since the refinery is located in an urban area.

Water project

One of the projects financed by counterpart funds that appealed to us most was the small-scale drinking water supply provided for some 150 households near the city of Azua. This is a very useful scheme, given that about 40% of the Dominican population lacks access to clean drinking water. We were concerned, however, about the working conditions of those engaged in construction — including a number of young people who were painting the interior of the water tank.

Our trip continued via Barahona to Pedernales, a small city close to the Haitian border. We enjoyed the beautiful, but barren, landscape, the virtually untouched beaches and the warm sea. Near Pedernales we visited a hydro-electricity and irrigation project. It was very impressive to see the irrigation canals, which had been recently completed. The 9.2 kilowatt hydro-electric station had not yet been built, but the proposal was explained to us in detail and looked promising on paper. It can only be hoped that the electricity generated is used for the benefit of the region. The national network is known to suffer from 'leaks'.

Travelling by government-licensed bus and being accompanied by government officials had at least two advantages. First, we were able to travel throughout the country unhindered. Second, and more important, our guides managed to obtain permission from the local authorities to cross the border and visit a Haitian village. We were struck by the absolute poverty. People were hanging around, children were begging for pesos, an almost naked woman was washing some clothes in a brook. In one way or another, we all felt deeply moved. It was perhaps surprising that the Haitians allowed us to take pictures during the performance of a traditional voodoo-dance.

Moving up north to the Lago Enriquillio, we stopped and visited the Las Salinas mining plant, which has been chosen for Sysmin intervention. We were told that the government-run installation has the potential to satisfy the world demand for both salt and chalk. However, due to poor management, lack of efficiency and equipment shortages, average production is apparently less than 10% of potential output. Profits had not been reinvested since, according to the spokesman, the authorities had never shown any interest in maximising (export) production. Turning the plant around seems likely to be a formidable task.

We also visited one of the seventeen so-called 'zonas francas', which are enclosed business parks. The companies involved pay low taxes and can therefore fully exploit the export possibilities of the Caribbean Basin Initiative, as well as the Lomé trade preferences. The majority of these 'fiscal paradises' are privately run, but they are set up with help from the government, with a view to creating jobs. We were shown a video, made to persuade American companies to move to the free zone, which mentioned local salaries of just 66 cents (US) an hour, with only 11 days' annual leave. A large majority of the workforce are women. The spokesman, a well-dressed businessman, explained the 'Cuban threat' to us : Cuba is closer to the United States, and if the Cuban regime changes, they will probably end up establishing similar business parks there.

Columbus commemorated

We travelled further up north, via Santiago — the second largest town — to the north coast, where we visited a very interesting project at the archeological site of La Isabela, the place where Columbus reputedly first set foot in the 'New World'. The aims of this project are to transfer the local population to a newly built village nearby, to dig up the remains of the first Spanish settlement and to open a museum to display these remains. The new village, as well as the almost completed museum, looked neat,

Billboard at the entrance to the Azua water supply project

Election campaigning begins early in the Dominican Republic. This is a loudspeaker van outside an oppsition party office

but there appeared to be little local participation.

The country's largest foreign exchange earner nowadays is tourism. A second international airport has been opened near Puerto Plata and a third one is planned near Barahona. The number of hotel rooms has increased tremendously in the last couple of years. Following the Americans, the Europeans too have now discovered this beautiful island and its low prices. We spent two days in a luxury tourist resort in Sosua, under far better conditions than the country's first tourist did back in 1492! It was something of a culture shock after what had gone before and we felt out of place. From a development point of view, we wondered what spin-off tourism provides for the local population. Amorous relationships between local people and overseas visitors are, of course, not unknown. As young and single males, we were naturally assumed to be interested in this as well. That is how we found ourselves being escorted to a bar 'just around the corner' and ending up some 30 minutes later in a shabby brothel in the backstreets of Santo Domingo, politely refusing the services tendered. Not surprisingly, AIDS is spreading rapidly across the island of Hispaniola.

We spent the last two days of our trip in Santo Domingo, visiting the restored 'old city'. It was from here that Diego Columbus (Christopher's son) ruled the island and the other 'New World' settlements in the region. We did not visit what must undoubtedly be regarded as Mr Balaguer's most prestigious landmark, the so-called 'El Faro a Colon' — a momentous tomb for Columbus' physical remains, which is also a museum and a lighthouse. The cost of constructing this edifice came to some $40 million — which we thought was perhaps a little too much to commemorate someone who, after all, did initiate the extermination of the indigenous population and usher in centuries of foreign domination. The lighthouse is said to be the most powerful light in the western hemisphere and it projects a cross in the sky — that is, if Santo Domingo's electricity system does not suffer from one of its notorious powercuts.

From the outset, we were interested in finding the answer to two basic questions. Why did the Dominican Republic accede to the Lomé Convention, and was its membership (to date) a success?

Links with Spain

Part of the answer to the first question lies in the Spanish entry into the Community in 1986. Spain has traditional links with this Caribbean country and obviously has an interest getting a share of the business opportunities generated under the EDF. There was also the fact of the EC's relationship with Haiti, which also joined the ACP group in 1991. As the difficulties encountered in enforcing the UN embargo against Haiti have subsequently shown, the two countries' destinies are closely linked.

The second question is the more difficult one to answer. Although we visited all the projects currently being undertaken, it was not easy to gauge their overall effect on the country's economic and social development. However, the local staff responsible tried very hard to explain the details to us, to answer our questions and to influence our judgment in a positive way.

From what we saw, it seems clear that the Dominican Republic has considerable potential and the Dominicans seem eager to get things done. On the other hand, it was not always easy to determine what, if any, were the government priorities. It has been suggested that the country's political system is unduly bureaucratic and, on occasion, corrupt, but we were also told that the people are not, in general, unhappy with the economic stabilisation policies pursued by the country's 86-year old president, Joaquin Balaguer. They are apparently sceptical about whether the main opposition leader, Pena Gomez, can do any better. This year promises new elections, which will hopefully take place in a free and fair atmosphere.

Looking back now, five months after our return, we feel that our study trip was sucessful in giving us the opportunity to learn more about this ACP state. For some of us, it was our first visit ever to a developing counry; our first chance to witness the realities of the Lomé Convention in action.

Our overall impression is a balanced one. Strenuous efforts are being made to develop the country, but a lot still has to be done. There seems no doubt that financial assistance from the international donor community is essential but what about the contribution of the rich people of the country itself? We were told that, if forced to pay high taxes, the rich would simply follow the path already taken by almost one million of their (generally poor) compatriots, by emigrating to the USA. In this context, we wondered what we could say to our critical friends in Europe when asked to defend the external assistance provided to the Dominican Republic.

M.B. & B.v.D.

Protecting the rich or helping the poor?

Social clauses in trade

In the end, the social clause did not make it to the official signing ceremony of the GATT agreements in Marrakesh on 15 April. Its detractors, particularly the fast-growing developing nations of South East Asia and Latin America, only had to put up with a brief mention of social rights in the chairman's speech. But they heard the gunfire and, in managing to duck it, they probably won only a battle, not the war. The USA, the European Parliament, the Commission, the unions and the champions of human rights in developed and developing countries alike want the social clause, if for different reasons, and with different commitments, and they intend returning to the attack. The social clause will be on the agenda of the World Trade Organisation (WTO) which is taking over from GATT on 1 January next year.

For weeks, in fact ever since Bill Clinton's January meeting with Jacques Delors, President of the Commission, and Mr Papandreou, Prime Minister of Greece and President of the European Council, the United States had been pressing for the social clause to be included in GATT at the closing session in Marakesh on 12-15 April, something they hoped would be more than just an official ceremony. And despite a few jarring notes, by and large Europe agreed with the Americans. But the underlying motivation on either side of the Atlantic was more than superficially different.

The public hearing which the European Parliament's Committee on External Economic Relations held in Brussels on 29 March confirmed Parliament's intention of adding a dose of social medicine to GATT or the charter of the future World Trade Organisation. But it also revealed that the various supporters of the new provision were far from being in step. The organisers of the hearing, which was open even to questions from the general public, very creditably gave the floor to people of every opinion; representatives of Parliament and the Commission, representatives of South East Asia and Brazil, American officials, delegates of international organisations such as theILO, employers' organisations, unions and NGOs. The USA pushed the interests of American workers, while the European Parliament stressed the unique social character of the proposal in its Sainjon report (so named after the rapporteur) for workers in countries which practised social dumping.

This report was apparently written with the didactic aim of explaining Parliament's position to the developing nations and heading off any witch hunt on a charge of protectionism. This went for form as well as content, for, after the official introduction, with the usual list of 'whereases', much 'considering' and the inevitable 'requests' to the Commission, the body of the report is almost journalistic in style, sometimes going so far as a set of questions and answers. There is the usual indictment of the over-exploitation of workers in many developing countries and, implicitly, of the social dumping that goes with it, to the detriment of countries with good welfare systems and high wages. The picture, in outline, is this:

The Europeans, used as they are to seeing the European economy as a counterweight to American influence in the North Atlantic, have been taken by surprise by recession, unemployment and losing their competitive position to Japan and the new industrialised nations in South East Asia (and, to a lesser extent, Latin America, led by Mexico and Brazil), particularly when it comes to new technology and labour-intensive industries such as textiles, clothing, leather goods, toys and assembly.

A new international division of labour has come about, with, typically, more and more industrial production delocating to (some of) the developing countries and production becoming increasingly internationalised because of the liberalisation of trade and capital movements, together with a shift in competition between the multinationals. This is encouraging new types of industrial practice, such as flexible specialisation, which keeps firms near their suppliers and customers as a way of cutting production costs and leads to a focus on national and regional markets.

As things stand, Europe, the USA and Japan form a world economic triangle, with the combined trade in the three units worth almost $1500 billion p.a. and the trade between them upwards of $1500 billion p.a. But delocation has brought in one or two outsiders to spoil the fun. More than 50% of the European Union's textile products now go to the countries of Central and Eastern Europe for processing and European firms see themselves as prime victims of social dumping. The USA may be leading the social clause crusade, but the initiative came from the countries of Europe. The President of the European Commission was the first to call for social norms in the GATT agreements a year ago and he was joined soon after by French President François Mitterrand and Prime Minister Edouard Balladur. In the USA, it was the anti-NAFTA (North American Free Trade Association) faction which originally pointed to social dumping in Mexico in a bid to sink the agreement.

The long history of social clauses

Social clauses in international trade are something we have all heard about but never seen. Ever since the International Labour Organisation (ILO) was set up in 1919, the question of fair labour standards has been up for discussion. The need for a set of social norms, along with fair competition, was mooted in the allied negotiations before the end of World War II and there was some thought of enshrining the maintenance of reasonable labour standards in international trade in the Havana Charter, the forerunner of GATT, as early as 1948. But when GATT itself was set up, it studiously ignored the problem, being anxious to safeguard comparative advantages (capital and brainpower for some and plentiful labour and raw materials for others), although it did prescribe import restrictions where work was done by prisoners. Parliament's report emphasises that the European Union has never applied this clause, but suggests that the time has come to do so in the case of the People's Republic of China, which is in the throes of economic revolution and stands accused of using what is virtually slave labour on a grand scale. Parliament in fact heard statements by an Amnesty International representative and a former inmate of one of the detention camps purporting to be industrial enterprises, in which millions of people are alleged to work. Since China is not a member of GATT, it could be forced to adhere strictly to the slave labour provision, the report maintains, if it wanted to join.

Social dumping — not really dumping at all

Typically, MEPs deplore the way the term social dumping is lumped together with the anti-competitive practice of dumping as defined and penalised by international regulations — an emanation of protectionism fuelled by a fear of the new economic dragons which are putting spokes in the wheels of European and American firms on all the world markets. The term 'social dumping' reflects a difference in labour costs in different parts of the world and does not, on the face of it, go against the theory of comparative advantages — unless it crosses the boundary into over-exploitation of workers to the point where it is morally reprehensible.

What we need to do now is draw the line beyond which that moral objection comes into play rather than make an all-out attack on social dumping. The ILO's international labour code already points the way with its bans on child labour and forced labour and its conventions on fair pay, the right of association and the right to collective bargaining, and the whole undertaking should be made easier by the fact that virtually all the countries accused have actually signed these conventions. But words are one thing, deeds are another. The head of the ILO told Parliament's hearing the deplorable fact that 200 million children around the world were working in poor conditions — 11% of children in Asia (in absolute terms, 44 000 000 in India alone), 20% in Africa and as much as 26% in some parts of Latin America in 1992. There are also many others working in relatively decent conditions. The head of UNICEF's European operations took the opportunity of pointing out some home truths to those normally found wagging the finger — the USA, for example, where 5.5 million 12-17 year-olds have jobs and where breaches of the child labour regulations increased by 250% between 1983 and 1990 — and deplored the situation in various Eastern European countries where hundreds of thousands of children had been squeezed out by economic liberalisation and thrown into the streets, where they were willing to work even for criminal organisations.

Parliament's proposal sets out to be more flexible than the ILO provisions by, say, accepting child labour within reasonable limits, for such things as helping with harvesting, but it prohibits long, exhausting work in places like carpet factories and the far worse case of parents selling their children into slavery to pay off their debts, as sometimes occurs in India.

Textile plant in the Philippines — The social clause will be high on the agenda of the future World Trade Organisation

And while its object is not to bring wages in developing countries up to the level of those in the developed world, it does plead for consultation between employers and employees.

Those in the anti-social clause faction were not short of arguments either. All maintained that they did not practise the kinds of forced labour so abhorrent to Parliament — the Brazilian Ambassador did reluctantly admit to a faint possibility of unorthodox practices in the far reaches of Amazonia, but said that the country was so big and surveillance so difficult that the Government could not possibly be held responsible — and then put up a defence that was often more in the nature of an attack on protectionism by the rich. The extent of forced labour in the world was limited, they said, and accounted for a negligible percentage of international output. Non-tariff barriers in the shape of social clauses would have an adverse effect on consumption and public opinion, and social aims could be attained only through basic development. This is what had happened in the West over a very long period and it would be only fair to give the developing countries the same chance. The rich countries had the advantage of possessing capital, the poor had only their labour and raw materials. The poor countries were expected to pay their labour forces very well, so why, in the name of fair trading, were the industrialised countries not expected to fix the constantly tumbling prices of Third World raw materials at a proper level? The representatives of the new dragons said their piece on the delicate subject of child labour too, claiming that a lack of social security made child labour essential as a way of keeping children and their old or handicapped parents alive. They objected to a single moral standpoint being taken and suggested concentrating on proven infringements, something in fact already covered by various international regulations, including the European Commission's anti-dumping rules.

GATT or ILO?

Several international accords — the rubber agreement of 1979, the tin agreement of 1981 and the sugar agreement of 1987 — already include social clauses and some western firms have set an example too. For instance, Migros del Monte, a Swiss cooperative, has an agreement (and the right to check that it is enforced) whereby its pineapple supplier in the Philippines has to provide social benefits for his workers. Levi's, which was invited to Parliament's hearing, is another, much-quoted example. This company, which manufactures clothing, one of the sectors most open to criticism, requires its subcontractors to adhere to very stringent specifications on child labour and forced labour, with the help of the local trade unions, and it has in fact withdrawn its business from China.

But this is just the tree hiding the forest. If MEPs are anything to go by, there can be no progress until there is a social code in the generalised system of preferences (GSP) and GATT. The Community GSP, which was started in 1971 and had a 10-year revision in 1992, should be ready this year. The Commission could go for the stick or the carrot — either a negative clause, eliminating or reducing the preference margins, or an incentive or positive clause to reward good behaviour with more preferences, an extension of the margins or other forms of aid for training children, health, the rehabilitation of political prisoners or the creation of free unions, all of which are likely to improve social criteria. MEPs are leaning more towards the carrot. In addition to the possible GSP measures, they feel that the social demands of international trade should be managed by GATT rather than the ILO, which is the developing countries' candidate, because the ILO has no means of coercion. How GATT or the organisation that takes over from it adopts the social clause is not a matter for enforcement, but for negotiation by all parties, and the resultant commitments will be controlled by a more powerful ILO.

The countries against introducing the social clause into international trade know the battle is a tough one and are willing to make sacrifices, but they are in favour of the ILO, and UNICEF when children's interests are at stake, rather than GATT.

But the ILO has sent the ball into touch. It is willing to join the debate, but refuses to be associated with restrictions on trade or the equalisation of social costs, which would be in contradiction with the dual principles on which it is founded — the beneficial effects of liberalising trade on development and cooperation rather than coercion. Its officials maintain that the right to sanction has to be left to an external 'secular arm', GATT of course. The ILO, along with the countries being accused, recognises that social dumping is virtually impossible to identify unless it involves flagrant abuse and that the way to encourage the developing countries to accept a social charter is by positive measures. It might well draw up a convention recognising GATT's role in this respect.

Unexpected alliances

A representative of UNICE, the European Union industrialists' union, claims social clauses are a pipe dream designed to protect employment 'here and elsewhere' at one and the same time. And he wonders what guarantee there is that sanctions will not be applied for protectionist reasons under media and public opinion pressure on the politicians. His opinion is by no means shared by all the members of his organisation and certainly not by those who are feeling the full force of competition from South East Asia. However, those who are shifting part of their production are setting themselves up as the heralds of total deregulation. And UNICE is not the only organisation with a fault line running through it — there are many others, starting with the European Union. Although France soon slid into the lead on opposing social dumping, the free-market United Kingdom casts a very jaundiced eye on super-authoritarian regulation and the poorer countries of the Union, such as Portugal, are unhappy about accepting too strict a definition of child labour, which has not entirely disappeared from their territories — which is perhaps why the European Commission is taking its time over adopting a position on it. Jacques Delors, the President of the Commission, has always said he wanted to see social dumping fought, but the members are still not unanimous. Sir Leon Brittan, the Commissioner responsible for external trade, claims to be in favour of social clauses, but was very measured in his choice of words when he spoke to MEPs, and a top official in charge of applying the Community GSP was even more unforthcoming, in fact adding fuel to the opposition's fire by saying that all trade restrictions were incompatible with greater social progress and wondering what point there was in taking children out of factories to throw them on the streets — to the point where several MEPs urged the Commission to make its position clear.

The discussion on social clauses also provoked a number of unexpected alliances, with trade unions, human rights champions and ultra-protectionist lobbies all standing shoulder to shoulder.

But as the debate went on consensus seemed to emerge on one thing, and that is that, whatever international body makes itself responsible for introducing social clauses in international trade, decisions cannot be taken unilaterally and those accused must be warned in advance and given time to put their own point of view across before any penalties are exacted. That body is likely to be the WTO. For the rest, Parliament's public hearing was not supposed to be a round of negotiations, but a forum for all the parties concerned. But one party was conspicuously missing. The ACPs.

Hégel Goutier

Taino art in Paris*

This is the first Taino art event in Europe and the world's biggest exhibition so far of pieces by this Indian people, which was the first to face the onslaught of the Spanish invasion of the Americas.

The Taino, a division of the Arawak people (Taino means 'noble and careful' in Arawak), were the first civilisation with which Christopher Columbus came into contact when he reached America. Columbus was the first to recognise their wit and finesse, but, in 1992, the fifth centenary celebrations of the navigator's arrival contrived to eradicate all trace of them.

This outstanding exhibition is the fruit of the passion of two men who have been fascinated by Taino art for years and spent hours patiently tracing rare pieces through museums, galleries and public sales. Two years ago, the amateur, Jacques Chirac (the mayor of Paris), decided to get the professional, Jacques Kerchache, one of the rare Taino art experts, to make his dream come true and Kerchache, keen to present the quintessence of what he considers exceptional works of art, sifted through records of thousands of pieces. With artistic merit as his main criterion, he selected fewer than 100 of the very best of them.

All masterpieces... are born free and equal

Kerchache is an aesthete, refuses to consider himself as an anthropologist and thereby rejects the idea of primitive art as a category to which the creations of some civilisations are relegated. Instead, he uses a term which means something like 'primal art' and indeed considers André Malraux' idea of primordial art to be even nearer the mark. The art historian in charge of an exhibition on any period has to be able to separate the chaff from the wheat and pick out the — inevitably rare — masterpieces, those works whose plastic, aesthetic and human qualities are such that they transcend their historical framework and reach a universal plane. Jacques Kerchache believes that neither artistic choice nor art classification is neutral. One of his life's great campaigns was to force the Louvre to open a 'primal art' collection and to censure what claimed to be the world's leading museum for ignoring three quarters of mankind. In a manifesto published with the anthropologist Leiris, he proclaimed that the masterpieces of the world are born free and equal — and masterpieces are no strangers to him, because he started out as a specialist in Greek, Renaissance, Quattrocento and XVIIIth century art before he moved on. A petition, backed by a galaxy of art historians and intellectuals, was sent to the Louvre, forcing it to do an about-turn and declare the Museum of Art of Africa and Oceania its eighth department.

If comments in the French and foreign press are anything to go by, Jacques Kerchache has backed a winner, for the public is talking about this exhibition in terms of aesthetic quality, sensitivity and sensuality rather than anthropology. The beauty of the tripointed carvings, the stone fertility symbols representing the spirits (*zemi* — Arawak gods) of the land, has amazed everyone. They are unique, Kerchache believes. 'The lines are taken almost to exploding point and then fall delicately away,' he says. He likens them to Manzu carvings and the elongated shapes of Bacon, while others have seen aesthetic links with Brancusi and Giacometti.

Zemi carvings may be male or female, emphasising one or two of the points accordingly, or they may be in the shape of funeral urns or reliquaries or skulls in sophisticated pieces made of a variety of materials — stone, woven cotton and shells and beads, cut and polished, each one more intricately carved than the next.

Equally magnificent are the (*duhos*, thrones) fashioned in rotproof wood and decorated with animals whose eyes and jaws are picked out in carved shell and gold — that gold which aroused the greed of the conquistadors and brought the downfall of the Taino. It was on the *duhos* that the chiefs or the *butios* (priests) sat to commune with the gods. They built up the state of ecstasy required actually to communicate with the spirits in a long ceremony of preparation and inhalation of *cohoba*, a hallucinogenic powder, which was served on special platters and transferred to double-holed inhalers with special spoons. Inhalation was preceded by purification — vomiting induced with a long spatula.

Taino art, as Jacques Kerchache presents it, is a culture of love and death, Eros and Thanatos, and vibrant with contrasting sensitivities. It is unlike Amerindian or any other art. It is unique.

This exhibition is both an artistic delight and a tribute to an exterminated people whose memory has been erased.

This carved Taino funeral urn is both anthropologically interesting and aesthetically fine

* The Taino carving exhibition was at the Musée du Petit Palais until 29 May.

The meeting of Taino and Western civilisation was a disaster. The Taino population of the Caribbean in 1492 has been put at between one and three million souls (three million according to Las Casas, who put the population of Haïti-Quisqueya-Bohio alone at one million). But the exact figure does not matter. Of the one, two or three million Taino in the islands of the Caribbean, particularly the Greater Antilles, i.e. Cuba, Quisqueya (Haiti and the Dominican Republic), Jamaica and Puerto Rico, only 10 000 were still alive 10 years later and only 200 still survived 50 years after that. They were massacred, they were ground down by hard labour in the gold mines, hunger and imported disease and they were pushed to the brink and to suicide. Collective suicide was common.

Taino civilisation was wiped out in less than half a century and very few of its achievements survive, so we are lucky indeed to have this exhibition of 85 uniquely beautiful pieces.

'Anacaona, *Reine d'Ayti*' by Simil (Haiti)
Queen Anacaona, the poetess, is still revered in the Caribbean

Tribute to virtue

Christopher Columbus' first landfall in the New World in October 1492 was on the little island of San Salvador. After a short stop in Cuba, he set up camp on the island which the Arawak Indians called Haïti, Quisqueya or Bohio (high land, great land, peopled land) on 6 December and he claimed it officially, by planting his cross, on 12 December. He had come ashore in the north west part of the island, in the Marien chieftainry, and there he was honoured by Chief Guacanagaric, who helped him when the Santa Maria ran aground and gave him presents, including land on which to build his first fort. A few weeks later, the Spanish attacked the Indians and were put to flight, but the 17 ships and the army of well-equipped infantrymen and trained dogs which Columbus brought out on his second voyage sounded the knell for the Arawak.

Slavery became an institution. The conquerors used all sorts of weapons. Chief Caonabo was treacherously attacked by Ojeda when he was invited to sign the peace treaty.

Ovando, Columbus' successor, took the Chief and the poetess Anacaona hostage at a 'friendly' reception purportedly held to thank them for an Indian feast in honour of foreigners. Queen Anacaona was hanged and her courtiers massacred. Columbus had described the Arawak as 'fine, noble-hearted people, full of kindness and without shyness,' who liked religious ceremonies and verse reading sessions (*areytos*) by poets (*sambas*).

Politically speaking, the Taino civilisation was highly structured, both within and between the islands, which formed a kind of federation. Quisqueya-Haïti was divided into five chieftainries and the chiefs consulted each other constantly, particularly with a view to protecting their land from outside attacks, in the event by Caribs, a relatively small tribe which lived mainly in the south of the Lesser Antilles and on the continent and in fact gave its name to the whole group of islands.

The Arawak have bequeathed us one or two words — potato, samba and maize, for example — and so many other things that we are only now beginning to be aware of. Sexual equality, as embodied by the lovely Anacaona, who lives on in the memory of the island and is still celebrated by painters, musicians, writers and more, is perhaps just one of them. The Taino are with us to stay.

H.G.

Integrated pest management in the Caribbean

by Don Walmsley

The answer to farmers' pest problems seemed to have been found in the late 1940s and early 1950s when synthetic pesticides became available in vast quantities in the industrialised countries of the world. In time these came into general use in the Third World countries. Not only were farmers there introduced to the new technologies through government extension services; they were also enthusiastically encouraged to adopt these practices by the representatives of the agro-chemical manufacturing companies — for obvious reasons. Generally, farmers who could afford to buy them were impressed by their obvious effectiveness in wiping out the pests and thus reducing crop losses.

Unfortunately, as is now well known, this happy state of affairs did not last for very long. Soon insect pests developed resistance to the chemicals with subsequent resurgence. The situation was made worse since often the chemicals used not only destroyed the target pest but also its natural enemies, thus upsetting the ecological balance in a negative way. The immediate answer to this was to apply heavier doses and develop new active ingredients. However, it soon became clear that this cyclic approach could not be maintained successfully on an ongoing basis. A new strategy was needed.

Thus, in the 1960s other concepts were developed whereby a total eradication of the target pests was not expected but rather that they be kept at acceptable levels through a set of management practices which might, or might not, include the use of chemical pesticides. This type of approach became known first as integrated pest control (IPC) and later, as the concept developed, as integrated pest management or IPM.

Technical centre for Agriculture and Rural cooperation (CTA),
"De Rietkampen",
Galvanistraat 9,
6716 AE Ede

Postal address
P.O.B. 380,
6700 AJ Wageningen,
The Netherlands

Tel. (0) 8380 60400 – Telex 30169

The Caribbean situation

Farmers in the Caribbean region, in common with those in other developing countries, have been using chemical pesticides in ever increasing quantities and, variety of products. They became familiar with the application techniques and were encouraged in their efforts by the agro-chemical suppliers and government agencies. Many governments, in their desire to assist agricultural development, introduced subsidy schemes for agricultural inputs. These often included pesticides, thus exacerbating the potential for their over-use.

In more recent times there has been the realisation that apart from the more costly inputs, there were other prices to pay for the indiscriminate use of these potentially dangerous agro-chemicals. These include the health hazard, not only to the farmers themselves but also to the general population, and the deterioration of the environment. There are also economic considerations which cannot be ignored. Several Caribbean producers and exporters of fresh fruits and vegetables have found out to their cost that consumers in importing countries are not willing to tolerate chemical residues in their foodstuffs and have a very strict monitoring system. Also there are likely to be losses in the newly developing eco-tourism business if potential visitors have doubts about the quality of the local food and environment. Many of the Caribbean countries depend heavily on agricultural exports and tourism in their economy so in this context perhaps the proper question should be: can the Caribbean countries afford not to reduce pesticide use and adopt the more environmentally friendly IPM approach?

Major pest problems

Among the most serious pests in the Caribbean are the sweet potato whitefly, (*Bemisia tabaci*) and *Thrips palmi*. These two pests are usually found together and any strategy for their control has to deal with them as a complex. Both are mainly pests of annual vegetable crops, both are virus vectors, and both are believed to have assumed their present pest status as a result of the insecticide regimes currently practised.

Thrips palmi was first recorded in the Caribbean in 1985. It has been estimated that its establishment on solanaceous and curcubitaceous crops has contributed to trade reductions of over 90% in both Guadeloupe and Trinidad. In addition, local markets can only offer smaller, deformed and scarred fruit.

During the mid-1980s a new strain of the sweet potato whitefly (sometimes referred to as silverleaf whitefly) invaded the Caribbean and is now devastating important root and vegetable crops. The diseases associated with whitefly which predominate in the Caribbean are caused by geminiviruses. Whiteflies and the diseases they transmit cause epidemics resulting in annual losses costing millions of dollars.

Another cause of great concern is the citrus tristeza virus (CTV). It was introduced with its vector, the brown citrus aphid (*Toxoptera citricidus*), from South Africa into South America in the early part of the century, causing havoc to the citrus industry in much of Argentina, Brazil and Uruguay over the period between 1930 and 1960. More recently, outbreaks in Venezuela in the early 1980s have devastated the industry there. Since then the vector has been spreading steadily northwards and has been found in Central America, reaching Nicaragua by the middle of 1993 — its arrival in Belize is considered imminent. CTV has already been widely distributed in the Caribbean through movement of budding, grafting and planting material. Trees with sweet orange rootstocks are not severely affected but fruit on sour orange stocks is very susceptible and these are still the most common in the Caribbean. Spread is currently low because of the low transmission efficiency of the endemic vector species and there is a preponderance of the mild strain of the virus. This situation will change dramatically if no action is taken before the inevitable arrival of *Toxoptera citricidus.*

Also of much concern to citrus growers in the region is the damage done by various citrus root weevils — for example, in the Dominican Republic *Diaprepes abbreviatus* is considered a major pest.

The seminar on IPM held in the Dominican Republic

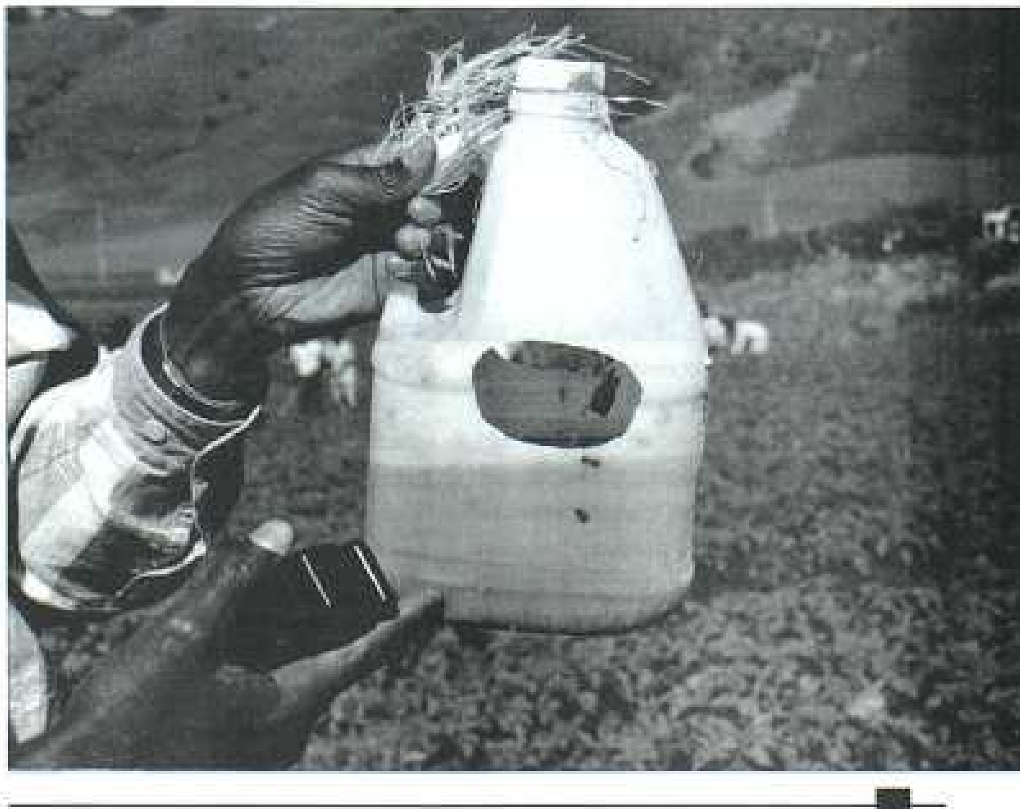
It was within this scenario that for the recent (November 1993) CTA/CARDI ninth annual Caribbean seminar the topic chosen was IPM : A Comprehensive Strategy for the Caribbean Farmer. The meeting was held in Santo Domingo, the capital of the Dominican Republic, one of the most recent countries to attain membership of the ACP-EU grouping. The seminar was jointly organised by CTA, the Caribbean Agricultural Research and Development Institute (CARDI), the Secretaría de Estado de Agricultura and its Departmento de Investigaciones Agropecuarias (SEA/DIA), the Fundación de Desarrollo Agropecuario Inc. (FDA), the Junta Agroempresarial Dominicana Inc. (JAD), and the local office of the Instituto Interamericano de Cooperación para la Agricultura (IICA).

The theme was particularly appropriate for the Dominican Republic since the once thriving tomato industry has recently suffered severe losses as a result of whitefly infestation, and the citrus industry is severely affected by root weevils and under threat from CTV and its vector, *Toxoptera citricidus.* Indeed, the subject of the meeting was considered of such importance there that the Secretary for Agriculture, Victor Hugo Hernández, not only formally opened the seminar but also participated in the closing session.

The technical papers presented by scientists — from the region and other parts of the world — revealed that one of the main constraints introducing the IPM approach was the difficulty in persuading farmers of its value and long-term effectiveness. They were used to applying pesticides and seeing their obvious and immediate results. Therefore one of the main tasks would be to educate farmers as to the advantages of reducing pesticide use and adopting the more sustainable management practices now advocated.

In this respect, it was suggested at the meeting that a successful model which could be adapted to dealing with serious pest problems in the Caribbean was that developed under a FAO programme on rice in south-east Asia. In that part of the world problems arose because the new, improved rice variety which had been planted over very large areas was found to be susceptible to the rice brown planthopper, previously only reported to be a pest of rice grown in temperate countries. The pest quickly developed resistance to insecticides and its other characteristics, along with the destruction of its natural enemies, led to outbreaks of epidemic proportions. Research into the whole pest complex and ecology of the system eventually came up with the recommendation that the use of pesticides should be

The Secretary of Agriculture, Victor Hugo Hernández, expressed his satisfaction that this important topic was being discussed in the Dominican Republic



A home-made pheromone trap has proven very effective discontinued. The problem now was to get this message across to the extension agencies and, most importantly, the farmers. A massive IPM programme was mounted to sensitise farmers to the role of natural enemies in pest regulation. This was based on 'IPM Farmers Field Schools', which is a new methodology entailing a continuing close collaboration between researchers, extension workers and farmers. The method involves elements of in-field training and hands-on experience. Eventually, farmers can decide what action to take themselves without having to seek advice from others. Part of the strategy is that farmers train other farmers. Three basic principles followed by the farmers are: grow a healthy crop; conserve beneficial organisms such as pest predators and parasites; and observe fields regularly to determine the management actions necessary to produce a profitable crop.

Seminar participants on a field visit to the Valle de Constanza observed IPM on a farmer's field

The components of an appropriate pest management regime could include: resistant plant varieties; biological control (predators, parasites, pathogens, 'biopesticides'); crop sanitation (burning residues, closed season); mechanical methods (colour traps, mulches); cultural practices (crop rotation, cropping mix, overhead irrigation); pheromone technology; judicious use of selective, less deleterious chemicals (including natural products and insect growth regulators) along with efficient spray application techniques; plant quarantine.

Research on most if not all of these elements was reported from several countries in the Caribbean but seldom had it been possible to offer farmers a complete package of IPM practices tailored to their own particular circumstances. Some examples of the use of such components are discussed below.

Farmers in Barbados have become more selective in their use of insecticides and now also include insect growth regulators. In Trinidad a range of indigenous natural enemies of *Thrips palmi* have been recorded, including predatory mites, anthocorid bugs and fungi, and research is now aimed at mass production of these for field application. A promising fungus species for control of both whitefly and *T. palmi* was found to be *Paecilomyces fumosoroseus*. This pathogen, which also infects diamond-back moth, is being field-tested in aqueous and oil-based formulations. In the hope of containing whitefly and associated viral diseases, the Dominican Republic has enacted laws and regulations to enforce a closed season and to regulate planting of whitefly host crops in selected regions. Other components of alternate management strategies to conventional pesticide use tried there include intercropping vegetables with sorghum, use of neem extracts and insect growth regulators, and resistant tomato varieties. In Honduras, several types of control methods (mechanical, cultural and chemical) for geminiviruses in tomato and chile peppers have been investigated. The most effective were protected nurseries, optimal cultivation practices, and efficient insecticides. In the Dominican Republic the fungus *Beauveria bassiana* and the insect *Tetrastichus haitiensis* are being mass-produced for use in the fight against the citrus root weevil, *Diaprepes abbreviatus*.

In response to the threat to the citrus industry posed by the severe strains of tristeza along with its very efficient transmission by *T. citricidus*, most countries (including Trinidad, Belize, Martinique and Guadeloupe) are changing the susceptible sour orange rootstock used in their citrus nurseries to more resistant varieties (which should also be tolerant to other major diseases) and persuading farmers to plant them as a matter of urgency. The budwood used must be certified free of transmittable diseases. Eradication of trees with severe CTV strains is another important but unpopular measure. Cross protection techniques using mild strains of CTV are also being considered. More stringent quarantine controls are being put into effect.

Field excursion

On the field excursion, seminar participants were able to see at first hand the way in which farmers in the Dominican Republic were adopting IPM technology. By using these measures, vegetable farmers in the Valle de Constanza have been able to reduce the number of spray applications, for example, from 9-12 to 3-5 for a cabbage crop, and from 10-12 to 4-5 for tomato; sweet potato spraying has been cut out altogether from a previous 2-3 sprays per crop. It is implicit in this that some monitoring mechanism of the pest population be established in order to give guidelines on when it would be necessary to apply chemical pesticides. Here, farmers were using pheromone and colour traps to assist in the monitoring process. However, the difficulty of getting over to farmers that the chemicals they were using posed a health hazard was clearly demonstrated; farmers were spraying without safety equipment and children were playing nearby!

It was interesting to note that a pesticide manufacturer was actively assisting in this programme — the attitude being that in the future only pesticides compatible with the IPM concept would be acceptable.

Seminar recommendations

The participants devided into four working groups to discuss: IPM for vegetable crops; IPM for citrus; IPM for small-scale farmers in mixed systems; institutional methods to promote IPM. The main conclusions and recommendations may be summarised as follows:

■ *Policy-makers in the region should be made aware of the concept and importance of IPM to agricultural development consistent with a healthy and stable environment.*

■ *Noting that the International Pest Management Working Group intends to launch a Latin American and Caribbean sub-group at its 1994 meeting in Costa Rica, steps should be taken to have the recommendations arising from this present meeting placed before the sub-group for endorsement. Also steps should be taken to establish a Caribbean chapter of the sub-group with its own newsletter.*

For citrus, the status of proposals for international and regional cooperation (FAO and IACNET) needs to be clarified. The conclusions of this meeting will be presented at a CTV workshop in Mexico at which international cooperation and funding will be considered. It is essential that a system of regional cooperation in transfer of information, budwood and technology be established. The offer of safe citrus germplasm transfer to the region through Martinique by the French Inter-ministerial Fund for Regional Cooperation, with approval from the International Board for Plant Genetic Resources, was noted.

■ *There is an urgent need for the education/training of farmers and extension workers to bring about a change in attitude and to give them the required knowledge in the appropriate use of recognised IPM components in local farming systems. This would involve working with farmers and farmer organisations using successful models developed elsewhere and adapted to Caribbean conditions.*

■ *A group should be set up with responsibility for producing hand-outs/factsheets on the several approaches recognised at the meeting for the control of Bemisia, thrips, tristeza and Diaprepes. These should be addressed to farmers, extension workers and researchers and be made available in the three main languages of the Caribbean — Spanish, English and French. The support of CTA, CABI etc. for this exercise should be sought.*

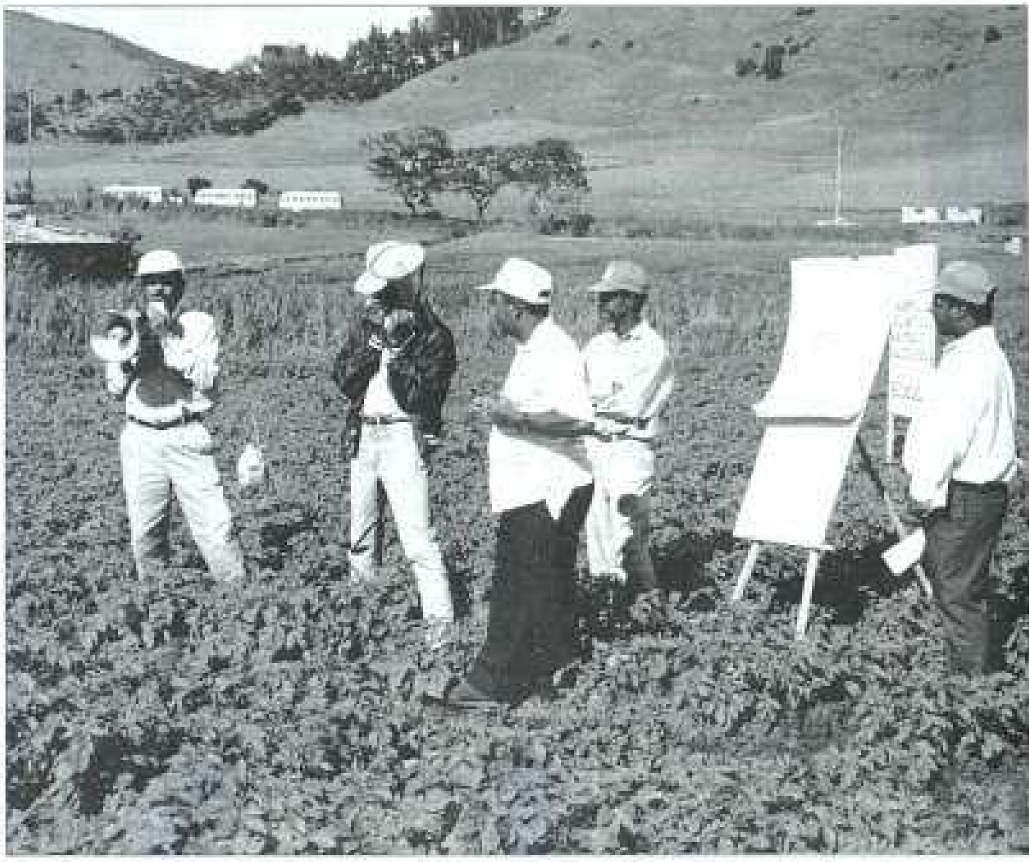
■ *A study of economic losses incurred in the region due to pest damage is needed along with the establishment of economic thresholds.*

■ *An inventory of the regional physical and human resources available for IPM should be developed along with a database on all aspects of IPM.*

■ *Plant quarantine should be strengthened (possibly with the assistance of FAO).*

■ *Increased control of pesticide use should be implemented through updating legislation and regulations at the national level.*

Describing the IPM programme for local farmers



■ *Coordination of research activities is needed among universities, government institutions and other research organisations. Networks for research and information should be established with links to international groups.*

■ *Although there is a need for support from the international donor group, it is very important that budgetary support is provided at the national and regional levels.*

D.W.

Acknowledgements

The author is indebted for background material to papers read at the seminar by T J Perfect and J C van Lenteren.

BOOKS

Ramses 94 — Synthèse annuelle de l'actualité mondiale

(Annual summary of world news) — Under the direction of Thierry de Montbrial and Pierre Jacquet — Published by Dunod for the Institut français des relations internationales (IFRI), 6 rue Ferrus, 75014 Paris — 484 pages — 196 FF — 1993.

The latest Ramses, which is even larger than usual, is in three sections, dealing with crises and international politics, the international economy (recession and transitions) and sub-Saharan Africa. It includes a chronological list of events for the year (August 1992 to August 1993), a statistical annex, a list of tables, charts, maps and insets, a 16-map annex outlining the state of the world, a subject index, an index of proper names by subject, an index of proper names and a list of subjects covered in previous editions. So here we have a resumé of the facts and problems of the planet and how they should be interpreted as well as an outline of the political, economic and social interactions which they generate. The result is an even more important work than previous editions of Ramses.

Part one highlights the problems of an 'unfindable Europe', although, as it was published in autumn 1993, it obviously cannot include subsequent positive developments. It also assesses the chances of 'a fresh start' in the USA and describes changes in 'a multi-focused Asia'. Part two looks at three countries in the throes of change — Russia, China and India.

Part three, an appraisal of the development, problems and challenges of sub-Saharan Africa and its position in the world today, is of particular interest to us here. But we should first consider the discussion of the recent changes in China, highlighted by Thierry de Montbrial in his introduction. China, he says 'has embarked upon a dizzy process of development and kept the country together. Its success is partly due to the spirit of the Chinese people (the people are a decisive element in all new industrialised countries) and the positive effect of the diaspora (a country in ruins recovers all the better if there is a prosperous diaspora to invest in it), of course, but the hand of history also has something to do with it. Over the centuries, the Chinese have realised that they have every interest in living together (the exceptions being Tibet and Chinese Turkistan). There will be hitches, if only because of the inequalities of development, but China, nonetheless, is once again becoming a leading figure on the international stage.'

Things are very different in sub-Saharan Africa, although the authors contrive to point to the handicaps and challenges facing the continent without giving way to deep pessimism. Enough books reviewed in this column have dealt with the subject for it not to need lengthy discussion now. But this book, which is to be recommended, was published too early to include the devaluation of the CFA franc, an idea which was in the air but failed to materialise until January this year, when all but one of the 14 countries in the franc zone devalued by 50%, while neighbouring Nigeria revalued the naira by 100%. The French-speaking countries have new and unavoidable difficulties to cope with, particularly their budget deficits — which, in 1993, were twice what they were in 1992, and equal to 2.5 times the total amount of official aid. It will take stringency and a great deal of aid from the international institutions and all those concerned about the future of Africa to make a success of devaluation and cushion its effects on some of the world's poorest people.

Alain Lacroix

L'économie de l'Afrique

Philippe Hugon — L'économie de l'Afrique (The African economy) — Editions la Découverte, 9bis, rue Abel-Hovelacque, 75013 Paris — Collection « Repères » — 127 pages — Bfrs 311 — 1993

Philippe Hugon, who taught for 10 years in Africa, is a professor of economics at the University of Parix X-Nanterre and currently runs its development economics research centre (CERED-LAREA). This handy little book is in three parts, covering the macro-economic crisis, socio-economic rationale and economic policies and paths.

The work is somewhat academic in composition, approach and style, it says nothing new about what has caused the problems in sub-Saharan Africa and it tends to overlook the management shortcomings, human weaknesses, under-administration and domestic conflicts. But it does highlight one or two basic, up-to-date figures — for example, GDP in the whole of sub-Saharan Africa (South Africa included) was $238 billion in 1990, comparable to the figures achieved in the Netherlands or Mexico. It is also worth remembering that 35 of the 45 countries have populations of less than 10 million and 15 are landlocked.

Population is another basic factor to be borne in mind. Sub-Saharan Africa (South Africa included) had 210 million people in 1960 and, according to UN forecasts, numbers are expected to have increased to 690 million by the year 2000 and 1340 million by 2025, although the UN does say that this last figure cannot be relied upon, in particular because of the uncertainties caused by AIDS. However, the annual growth rate is close to 3% and currently 20% of the population are under five and 45% under 15. The figures quoted here are for 1990, when Africa (South Africa excluded) represented about 10% of the world population, 2% of its GDP, 1.7% of its exports and less than 1% of all value added in industry.

The author is right to say that Africa has remained an economy where people live without contributing to the production of extra goods and services and that the process of accumulation has never really got under way there. What a pity that this book came out before the devaluation of the CFA franc and does not therefore comment on this major event.

A.L.

WORKS RECEIVED

Afrique-Asie : Performances agricoles comparatives
Africa-Asia : agricultural performances compared

Under the direction of Gilbert Etienne, Michel Griffon & Patrick Guillaumont — Revue française d'économie — ISBN 2-910199-00-2, Paris, 1993, FF 180

The agricultural performances of the low-income countries of Asia have been far better than those of the countries of sub-Saharan Africa over the past 15 years. This book looks at the size of the gap and how policy differences have affected it and outlines what Asia can teach Africa about economic policy and agricultural development.

L'Impôt, l'Etat et l'Ajustement
Tax, the State and Adjustment

By Nadir Akesbi, Actes Editions, Economie & Développement collection, Institut Agronomique et Vétérinaire Hassan II, ISBN 9981-801-00-3, Rabat (Morocco), 1993, DH 120.00

Discussion and analysis of tax in the structural adjustment policies of the developing countries, with the economic and social implications.

La razzia des criquets au Sahel
Locust raid on the Sahel

Dossier from the Institut Panos, translated from the English by Léna Senghor and Renaud de la Brosse, L'Harmattan, ISBN 2-7384-2371-X, Paris 1993

A report on the shortcomings and mis-estimations of the locust control campaign in the Sahel, suggesting new approaches to data control and data sharing and highlighting the importance of preventing swarms rather than protecting crops.

Publications from the Institut du Sahel, Bamako (Mali)

La protection des végétaux dans le Sahel (Journée d'études sur)
Protecting plant life in the Sahel (Seminar on)

ACDI, Séminaires et Colloques, John Libbey Eurotext, ISSN 1019-5734, Paris, 1993

Apprenons à protéger nos champs et nos récoltes
Protecting our fields and harvests

By Ba Daoulé Diallo, Ilboudo Paul Taryam, Ndiaye Alioue Badara & Sidibé Brahima, UNSO, John Libbey Eurotext, ISSN 1019-5734, Paris, 1993

La lutte intégrée contre les ennemis des cultures vivrières dans le Sahel (Deuxième séminaire sur)
Integrated campaign against the enemies of food crops in the Sahel (Second seminar on)

INSAH, Séminaires et Colloques, John Libbey Eurotext, ISSN 1019-5734, Paris 1992

Publications from the FAO (UN Food and Agriculture Organisation), Viale delle Terme di Caracalla, 00100 Rome, Italy

Manuel de formation pour l'insémination artificielle chez les ovins et les caprins
Sheep and goat artificial insemination training handbook

By G. Baril, P. Chemineau, Y. Cognie, Y. Guérin, B. Lebœuf, P. Orgeur & J.-C. Vallet, Station de la Physiologie de la Production, Institut National de la Recherche Agronomique (INRA), Nouzilly, 37390, Monnaie, France, ISSN 1014-1197, Etude FAO Production et santé animales, 83, Rome, 1993

Physiologie de la reproduction des bovins trypanotolérants — Synthèse des connaissances actuelles
Physiology of trypano-tolerant cattle — Summary of current knowledge

Continued on inside back cover

THE CONVENTION AT WORK

EUROPEAN DEVELOPMENT FUND

Following, where required, favourable opinions from the EDF Committee, the Commission has decided to provide grants and special loans from the 5th, 6th and 7th EDFs to finance the following operations (grants unless otherwise stated):

ECONOMIC AND SOCIAL INFRASTRUCTURE

Cape Verde: ECU 1.29 million to render viable a zone designated for industrial use in Praia.
Madagascar: ECU 16.4 million to rehabilitate 12 provincial airports.
Madagascar: ECU 1.9 million, in the form of equipment and technical assistance, to support the revival of agriculture and fishing in the extreme south of the island.
Fiji: ECU 10.24 million for the building of two bridges together with related road and structural works at Ba and Sigatoka.
Papua New Guinea: ECU 20 million for improvements to the Ramu highway linking Pompuquato to the Gogol River.
Solomon Islands: ECU 6 million for road building and the construction of quays in Malaita Province.
All ACPs: ECU 30 million for multi-annual microproject programmes with an economic or social impact.

TRADE PROMOTION/ STRUCTURAL ADJUSTMENT

Central African Republic: ECU 10 million from the structural adjustment facility to support a general import programme.

ENTERPRISE

Member States of the West African Monetary Union (WAMU): ECU 512 000 for the West African Development Bank to support the promotion and financing of the private sector in the countries in question.

EDUCATION

Niger: ECU 3.15 million for a professional and technical training programme for entrepreneurs and trained workers in the formal and informal sectors.
Zimbabwe and SADC Member States: ECU 9.1 million towards a training and education programme aimed at reinforcing the personnel of the University of Zimbabwe's Veterinary Science Faculty and of the public and private veterinary services in the region.
SADC: ECU 8 million towards a regional training project for the management of fauna in the Southern African Development Community.
All ACPs: ECU 9.65 million for a programme to support training in statistics (COMSTAT).

ENVIRONMENT

Papua New Guinea: ECU 1.6 million for training of mining teams in environmental protection.

MISCELLANEOUS

Ethiopia, Kenya, Tanzania and Uganda: ECU 1.95 million to support a five-year programme aimed at improving cereal cultivation and for research in agropathology.
Countries of East Africa: ECU 1.95 million towards the second phase of a research and training programme designed to improve livestock.
Solomon Islands: ECU 1.5 million towards phase II of an artisanal fisheries project.
All ACPs and OCTs: ECU 40 million (global engagement) for financing of technical cooperation, trade promotion and tourism.

EUROPEAN INVESTMENT BANK

Loans

Côte d'Ivoire: ECU 4.2 million to finance the drilling of a confirmation oil well close to the Bélier oil field some 15 km off Grand-Bassam. The drilling will be undertaken by Petroci (the Côte d'Ivoire national oil company).
Lesotho: ECU 20 million, consisting of a direct loan of ECU 5m to the Lesotho Highlands Development Authority (LHDA) and a risk capital loan of ECU 15m to the Government of Lesotho, towards the reconstruction of the Muela hydroelectric power station. This forms an integral part of a 30-year project and should allow for the export of water to South Africa as well as providing Lesotho itself with an independent source of renewable energy.

MISCELLANEOUS

Support for structural adjustment in Ethiopia stepped up

During the recent meeting in Paris of the World Bank's consultative group on Ethiopia's reform programme, donors declared themselves ready to provide $1.1 billion in 1994-1995 in support of the programme. They also recognised that supplementary aid might be needed to tackle the food shortages in the country.

At the meeting, the representative of the European Commission reported that Ethiopia has a financial allocation of ECU 265m for the first five-year period of Lomé IV and that the EU has contributed ECU 75m to the structural adjustment programme. He added that the promptness with which support was given was in line with the wish expressed by the World Bank in its document. The Commission, he said, was currently examining the possibility of providing Ethiopia with aid for rapid disbursement from Stabex resources.

EUROPEAN UNION

New member of the European Commission appointed

The former Spanish Foreign Minister Marcelino Oreja Aguirre has been appointed a member of the Commission of the European Communities.

The announcement was made at a meeting of the Permanent Representatives of the Member States in Brussels on 27 April. Mr Oreja, who has also served as Secretary-General of the Council of Europe and held a seat in the European Parliament, succeeds the outgoing Spanish Commissioner Abel Matutes, who is retiring after eight years in the post to contest the forthcoming European elections. The new Commissioner will take over his predecessor's responsibilities for Transport and Energy.

Report on cooperation with the development NGOs

The Commission recently published its annual report (for 1992) on its cooperation with European nongovernmental development organisations in areas of interest to developing countries.

Established 18 years ago, cooperation between the NGOs and the European Union is a practical manifestation of the Union's involvement in the solidarity of Europe's citizens with the least-favoured peoples of the Third World. In 1992, the amount provided under this heading reached ECU 634m, 32% more than in 1991 (ECU 480m) and 99% more than in 1990 (ECU 318.5m).

Most of the funds were directed towards development activities in developing countries (ECU 98m), informing the European public about development problems (ECU 11.4m), food aid (ECU 255.7m) and emergency aid (ECU 110.3m). It has been possible, however, thanks to the opening of new budget lines, to diversify activities as well as to increase the resources available.

In this context, 1992 saw the allocation of ECU 39.3m for refugees and displaced persons, ECU 4.5m for NGOs involved in supporting the democratic process and economic cooperation in Chile, ECU 4.2m for the campaign against drugs, ECU 80m for the victims of apartheid, ECU 11.5m for the people of the frontline states of Southern Africa (aimed at counteracting the destabilisation activities of South Africa in these countries), ECU 17m for NGOs working in the West Bank and Gaza Strip, ECU 1.5m for NGOs involved in Vietnam and ECU 0.5m for those engaged in work in Cambodia.

As is indicated in the introduction to the report, this diversification underlines the capacity of NGOs to be involved in a wide range of areas, and in particular, in situations where the EU's official cooperation programmes are sometimes unable to function. This is not to mention the important role NGOs play in following up humanitarian actions financed by the EU as regards reconstruction/rehabilitation and the promotion of democracy and human rights.

Human rights, democracy and development

The Commission has approved a report on the implementation during 1993 of the resolution on human rights, democracy and development which was adopted by the Council and the Member States at a meeting on 28 November 1991.

The Report emphasises the interdependence between development on the one hand and respect for human rights and fundamental freedoms, together with democracy, on the other. It describes the positive actions supported by the Commission in favour of developing countries as well as the measures taken by the EU and its Member States in cases where there have been serious human rights violations and/or an interruption of the democratic process.

It is reported that 143 operations were either financed or co-financed by the Community during the year in question, representing a financial commitment of ECU 39.2m. The breakdown was as follows:

ACP	38.6%
Asia/Mediterranean	6.1%
Latin America	51.7%
Other developing countries	3.6%

The report also contains:

— a restatement of the criteria applied by the Commission in implementing positive actions;

— a succinct description of the actions concerned;

— a description of the measures taken by the EU and its Member States following serious human rights violations or an interruption of the democratic process;

— the guidelines that the Commission would like to adopt as regards possible future initiatives in this area.

Equal rights for immigrants

Some ten million immigrants will shortly have the right to live and move freely within the territory of the European Union. This was the message delivered by *Pádraig Flynn*, the European Commissioner with responsibility for social affairs and immigration, when he recently presented a plan for the integration of immigrants. Mr Flynn believes that all foreign nationals who are legally settled in any of the Member States should be treated in the same way as citizens of the EU, thereby conferring on them the same rights.

In a statement to the press, Mr Flynn underlined the fact that the plan was an example of the political progress made possible by the Maastricht Treaty, which gives competence to the EU in the fields of immigration, justice and police cooperation. Confirming the intention of the Commission to work on the basis that there is only one category of citizen, and to extend the same rights to all, Mr Flynn also recognised that a gradual approach would have to be adopted when it came to immigration questions.

Resolution of banana dispute with Latin American countries

On 29 March, the Commissioner for Agriculture and Rural Development, *René Steichen*, announced an agreement with four of the five countries involved in the GATT panel on bananas (Columbia, Costa Rica, Nicaragua and Venezuela).

In his announcement, Mr Steichen said that he was satisfied with the agreement as it resolves a long-running dispute with these countries. At the same time, it ensures that the objectives of the Community's regime for bananas — namely, protection of ACP banana producer interests and of Community producer and consumer interests, as well as respect for the Community's international obligations — will continue to be maintained.

The agreement involves an increase in the tariff quota to 2.1m tonnes in 1994 and to 2.2m tonnes in 1995. A share of this quota will be allocated to each of the countries in question on the basis of their past exports to the EC and the national authorities will be entitled to export licences for 70% of these exports. The in-quota tariff will be reduced from ECU 100 per tonne to ECU 75 per tonne on the full tariff quota.

It has therefore been agreed that Columbia, Costa Rica, Nicaragua, Venezuela and the EC will not seek the adoption of the GATT panel report. Furthermore, the four countries concerned will not initiate GATT dispute settlement procedures against the EU's regime for the duration of this agreement (which is valid until 31 December 2002).

Future relations with South Africa

The Commission foresees the establishment of future relations between the EU and South Africa falling into two phases: a package of initial measures to be presented to the incoming South African Government following the election, which should include an immediate offer to negotiate an interim agreement, and then an offer to begin negotiations on a more comprehensive, longer-term agreement. With this in mind, the Commission has decided to submit to the Council a proposal for drawing up a first package of measures to meet the immediate needs of South Africa and without prejudice to a longer-term global arrangement to be put in place at a later stage.

For the initial package, the measures currently proposed are as follows:

Better market access: South Africa already has most favoured nation (MFN) status but the Commission is proposing to grant the benefits of the Generalised System of Preferences (GSP) on top of this.

Regional economic cooperation: In order to encourage intra-regional trade in Southern Africa, it might be useful to explore the possibilities and conditions for 'origin cumulation' within the region in order to stimulate the use of inputs from neighbouring countries.

Investment promotion: To encourage investment in South Africa, it would be useful to offer the benefits of the European Community Investment Partners (ECIP) financial instrument. This enables grants and loans to be made to small firms and public organisations in both the EU and the eligible countries, for joint ventures. It would also be advisable to extend the Business Cooperation Network (BCNET) to South Africa and finally, the EIB will be consulted as to whether, and on what terms, it could consider expanding its activities to South Africa.

Other areas of cooperation: In a number of areas, including education and training, industry, telecommunications, and science and technology, closer cooperation between the EU and South Africa is both feasible and desirable.

Development cooperation (special programme): The election of the new South African Government will, for the first time, enable a proper dialogue on future development assistance to take place. This will cover both the areas for assistance and the channels for implementation.

Lifting of sanctions: In parallel with a decision to that effect to be taken by the United Nations, the Commission proposes the lifting of those sanctions that remain in force, namely the ban on arms exports and imports and the refusal to cooperate in the military sphere.

To embody these measures, the Commission proposes that an interim agreement with the new South African Government, once it has been elected, be concluded without delay. Such an agreement should serve as a legal basis for future cooperation between the EU and South Africa. The agreement, while including financial provisions relating to the EU budget, will entail, among other things, a solid human rights clause designed to underline the fact that respect for democracy and human rights constitutes a fundamental element of future relations between the parties.

The new relationship between the EU and South Africa should be tied in with the development of a political dialogue to be strengthened further in the longer term. At the initial stage, this dialogue should focus on support for democracy, the rule of law and respect for human rights, and the promotion of social justice, as well as on working together to combat poverty and all forms of racial, political, religious and cultural discrimination. The dialogue should also include the regional dimension.

Joint EU embassy building in Nigeria

Ten Member States of the European Union, and the European Commission, are going to have their missions to Nigeria housed in a joint embassy building, Europa House, in the new capital, Abuja.

This will be the outcome of a Memorandum of Understanding (MOU) signed by ministers from the ten participating Member States and the Commissioner responsible for external political relations, *Hans van den Broek*, at a meeting held alongside the General Affairs Council in Luxembourg on 19 April. (The United Kingdom has already established an embassy in Abuja, and Luxembourg does not have a mission to Nigeria.)

The legal basis for the Memorandum is Article J.6 of the Treaty on European Union, and the move is a consequence of the decision by the Nigerian Government to transfer its seat from Lagos to Abuja.

The next step in the process will be the launching of a competition for the design of the embassy building among 15 architects from the Member States with proven experience in designing for tropical climates. An independent panel of representatives of the Member States will judge the entries and rank them in order of merit.

As a precursor to the permanent joint embassy in Abuja, the same Member States and the Commission already operate a provisional arrangement of a similar nature which was inaugurated on 28 October 1992 (see issue No 137 of the Courier, page 14). This was a 'first' in the history of the Community and probably also in diplomatic history.

COMMON FOREIGN AND SECURITY POLICY

The European Union has, within the framework of its Common Foreign and Security Policy (CFSP), recently issued the following statements on events of international interest:

Statement on Sudan 21 February 1994

The European Union remains deeply concerned at the suffering being inflicted on the Sudanese people by the continuing civil war and the ever worsening human rights situation in Sudan. The Union therefore condemns the current bombings by the Sudanese air force, which are harming the civilian population and causing a mass exodus to neighbouring countries. Consequently, the EU would urge the parties to implement an immediate ceasefire as the first step towards a negotiated overall settlement.

Such military action against a population already sorely tried by the conflict in Southern Sudan is unacceptable, particularly since it constitutes an inadmissible obstacle to humanitarian aid. The EU has frequently impressed on all parties to the conflict the negative effects of their military activities and the fact that they are therefore primarily responsible for the fate of the Sudanese people. The Union stressed the major effort which the international community, including the EU, has been making for a long time to assist those sections of the population which are victims of the violence.

The EU remains prepared to hold a frank dialogue with the Sudanese authorities on all the political and humanitarian concerns of the international community. It also intends to continue its talks with the factions in the south of the country in the interests of peace.

The EU strongly urges the Sudanese Government and all parties involved to make a serious effort to achieve a negotiated solution to the conflict between them. In this connection, it is fully backing the diplomatic efforts being made under the aegis of the IGADD by the four Heads of State in the region.

Statement on Namibia 22 February 1994

The European Union warmly congratulates the government and the people of Namibia on the occasion of the reintegration of the enclave of Walvis Bay into Namibia, thereby achieving its territorial integrity through peaceful negotiation and dialogue. The international community has long supported the integration of Walvis Bay into Namibia and the European Union is delighted to witness this historic event.

Statement on Togo 28 February 1994

The European Union welcomes the maturity shown by the Togolese people in accomplishing their civic duty by participating in large numbers in the parliamentary elections on 6 and 20 February 1994.

It notes that the elections have enabled the Togolese people to express their will democratically, despite difficult institutional and political conditions, and calls upon the main parties involved to abide strictly by the results of the vote.

Statement on Nigeria and Cameroon 3 March 1994

The European Union expresses its grave concern at the skirmishes taking place in the border region between Nigeria and Cameroon. It strongly believes that there is only one way of resolving disputes, namely through peaceful settlement.

To this end, the European Union urges the Governments of Nigeria and Cameroon to seek a solution to the dispute, through arbitration or mediation of any regional or international organisation, and consequently to refrain from any military action which might aggravate the situation.

Recent information indicates that there is concentration of troops on one side of the frontier line and therefore the European Union requests their immediate withdrawal.

Statement on Somalia 4 March 1994

The European Union has welcomed the adoption by the United Nations Security Council of Resolution 897 and reaffirms its full support for the work of the United Nations in furtherance of its revised mandate to encourage the process of political reconciliation, rehabilitation and reconstruction in Somalia which could otherwise be jeopardised.

The European Union continues to follow closely the situation in Somalia. Of particular concern is the increasing banditry and violence throughout the country which threatens the efforts of the organisations and personnel engaged in relief operations. The European Union supports the efforts by the Somalis to reorganise the Somali police as an important element in restoring order.

The European Union believes that the Somali people bear the ultimate responsibility for setting up viable national political institutions. In this regard, the European Union welcomes the ongoing consultations and contacts among Somali clans and factions aimed at reaching a political settlement acceptable to all the parties concerned. Progress on political reconciliation is essential if the risk of renewed armed confrontation and further human suffering is to be avoided.

In addition, the European Union commends and supports the regional organisations and countries in their efforts to expedite dialogue and negotiations among Somali leaders on the future of their country.

The European Union is ready to contribute actively to the rehabilitation and reconstruction process, in accordance with the Addis Ababa Declaration, where prospects for reconciliation and security conditions make possible effective international assistance for economic and social recovery.

Statement on Liberia 22 March 1994

The European Union welcomes the establishment, on 7 March, of the Council of State. It expresses its strong wish to see the transitional government quickly established and functioning and looks forward to the implementation of other elements in the Cotonou Agreement.

The European Union welcomes such substantial progress on the road to peace and stability and underlines its strong wish that the disarmament and demobilisation process be carried out in a genuine and timely fashion, paving the way to the electoral consultation aimed at founding the new democratic and peaceful Liberia which would enable the European Union to continue its support.

Statement on Togo 23 March 1994

The European Union notes with satisfaction the announcement of the results of the parliamentary elections in Togo, which strictly respects the votes cast and democratic rules. The time has come for the people of Togo to commit themselves to national reconciliation and respect for the institutions, development and economic revival of their country.

The European Union expresses the wish that the next stages in the reinstatement of Togo's democratic institutions will take place peacefully and it calls on the principal participants to continue in this way with the meeting of the elected National Assembly and the establishment of a Government representing the choice of the Togolese people.

Statement on Burundi 25 March 1994

The European Union notes that the situation is deteriorating in Bujumbura, where repeated confrontations between civilian militias and the forces of order are causing many victims, especially among the unarmed and innocent people of the two ethnic groups. The European Union condemns this violence which, sustained by extremist elements among those in power and among the members of the opposition and the forces of order, is endangering the institutions of law and order in Burundi, so patiently and courageously set up by the democratic forces of the country.

The European Union appeals urgently to all members of Burundi society to end this violence and make every effort to achieve the necessary national reconciliation and the preservation of the safety of all Burundi's people under democratic law.

Statement on South Africa 7 April 1994

The European Union is deeply concerned by the continuing bloodshed in South Africa. It urges all South Africans to refrain from violence and to work together for a peaceful transition to the new South Africa. It strongly hopes that the summit of 8 April will produce a solution enabling all parties to participate in elections later in the month.

As previously announced, the European Union is firmly committed to assisting the transition to democracy and remains ready to help South Africa's economic reconstruction and development after the elections.

Statement on Rwanda and Burundi 12 April 1994

The European Union is deeply concerned to learn of the tragedy which has led to the death in Kigali of the Heads of State of Rwanda and Burundi together with members of their entourage. It wants an international commission of inquiry to investigate fully the causes of the destruction of the presidential aircraft and urges all Rwandese authorities to safeguard the achievements of the Arusha Agreement.

The European Union is also deeply saddened by the deaths of a number of Belgian citizens in Rwanda, both civilian and military. It strongly condemns these appalling assassinations and hopes that justice will be done as quickly as possible.

The European Union appeals in the strongest terms for the lives of Rwandese and foreign nationals to be protected as they work together within Rwanda to safeguard its internal peace and its prosperity.

Statement on Rwanda 18 April 1994

The European Union notes with dismay that the widespread violence and atrocities are continuing and extending in Rwanda, where very many lives have been lost since 6 April.

The violence and the resulting chaos prompted the forced evacuation of virtually all nationals of the international community present in Rwanda. As a result of the solidarity shown by Member States, it was possible to rescue those nationals in a satisfactory manner.

The European Union repeats its pressing call for Rwandese lives to be protected and urgently appeals to the opposing forces to bring the violence to an end and to resume negotiations on the basis of the principles of the Arusha Agreement.

It wishes to see appropriate humanitarian action organised in response to the human tragedy unfolding in the region and undertakes to play its part in such action.

GENERAL INFORMATION

DAC Annual Report

The annual report of the OECD's Development Assistance Committee (DAC) for 1993, entitled 'Development Cooperation: Aid in Transition', has recently been published.

In the first part of the report, given over to a global analysis, the director of the DAC sees the new international context as a source of hope but also one which poses significant new threats. On the one hand, the end of the East-West conflict and the democratisation that is under way in many Third World countries offer an opportunity to rationalise the criteria for development assistance and, in particular, to limit the scope of purely political motivations. On the other hand, the proliferation of conflicts and the growing problems associated with refugees, population movements and peace-keeping operations threaten to divert attention away from long-term development objectives towards more immediate crises requiring aid operations. All this is taking place at a time when economic recession in the industrialised countries is making it increasingly difficult to mobilise aid for development purposes.

According to the DAC, in the face of the current global challenges, the donor countries should introduce new priorities into their aid policies.

The first of these should be to increase the resources allocated for development purposes. While one might not perhaps expect ODA (Official Development Assistance) to rise, it ought to be possible to rely on growth in private capital flows such as has been seen in Asia and certain Latin American countries. At the same time, it needs to be recognised that a number of developing countries, notably in sub-Saharan Africa, remain dependent on ODA, given the continuing absence of growth and economic stability. An increase in the resources of developing countries could be achieved by giving priority to their exports, by developing their private sectors and by persuading them to reduce their military spending.

A second priority should be to look again at the way in which aid is allocated and used. It should be shared out between the East and the South in such a way as to avoid one losing out at the expense of the other, and a distinction should be drawn between those countries that are in a position to attract private investment and those that are wholly dependent on aid. In any case, there should be an emphasis on human development and participation while at the same time avoiding the situation whereby the countries in question find themselves ever-more dependent on aid.

Improvement of aid efficiency should be the third priority. Faced with increasing demands for assistance without an increase in the resources allocated for development, donor countries need to make an effort in such areas as technology transfer and the untying of aid. There also need to be improvements in respect of parliamentary accountability in the donor countries, and in information to the public, with a view to broadening understanding about the aims and achievements of development policy. As far as recipient countries are concerned, making institutions more democratic and improving the management of public affairs are prerequisites for more efficient aid.

Following this general analysis, the report looks at the major challenges associated with development — population growth, urbanisation, migration, drug-abuse, AIDS and political, ethnic and regional conflicts. It then goes on to review development priorities region by region, in which context it underlines the need for two complementary approaches: a thematic one, which is needed to tackle the growing number of transnational problems, and a regional one, which must take account of regional specificities and focus on establishing suitable priorities at this lower level.

The second part of the report gives an account of the development policies currently pursued by the DAC member countries and provides figures on financial transfers, debt levels, ODA volumes and the way in which the aid is divided up. The third section takes the form of a statistical annex containing all the basic facts and figures that are available on development assistance.

20th NGO General Assembly looks at the role of NGOs in conflict situations

The annual General Assembly of the European development NGOs, which is organised by the NGO Liaison Committee, was held in Brussels from 7 to 9 April. The Committee, which is the body that represents the NGOs before the European Commission, consists of members of national organisations from all the countries of the EU. Its main functions are to ensure ongoing consultation and cooperation between the Commission and the NGOs which receive EU funds to cofinance various operations. The role of the Liaison Committee as the political 'spokesperson' for more than 700 NGOs is increasing in importance.

The 20th Assembly, whose central feature was the presentation of the Liaison Committee's activity report and its programme for 1994, highlighted the growing focus on emergency aid at the expense of long-term development assistance. There was also an emphasis on the need for NGOs to maintain their identity and autonomy and to avoid becoming merely the instruments of government policy.

The Assembly was followed by a conference on 'Conflict, Development and Military Intervention' which focused on the experiences, role and position of development NGOs in these areas. The theme reflected current concerns and attracted a good attendance from interested parties. It has become necessary for NGOs clearly to define the scope and limits of possible action that they can undertake in countries suffering from internal conflicts, the frequency of such conflicts having increased since the end of the Cold War.

After a general presentation of the problem, a closer look at four specific cases (Somalia, Haiti, Cambodia and the former Yugoslavia) and more detailed discussion by the participants, a number of principles and proposals were set out by the conference. These will form the basis of future representations by the Liaison Committee to the European Parliament, the Commission and the Council of the EU, and can be summarised as follows:

— Much greater efforts must be made to prevent conflicts breaking out, and NGOs should put pressure on governments to take positions and act before a crisis blows up. In order to do this, sufficient financial resources must be made available to provide for the implementation of a systematic policy aimed at both conflict prevention and the stabilisation of countries that have suffered wars. More generally, it is stressed that although conflicts exacerbate the problems of under-development, development nevertheless remains the best way of combating the causes of conflict.

— When a conflict does break out, international military action should only be considered as a last resort (this is not the same as taking such action 'at the last minute') where the population is under threat. The forces intervening must be given a mandate and objectives that are clearly defined and they must remain impartial from the humanitarian standpoint.

— In certain cases, NGOs may have to have recourse to military protection in order to carry out their work, but they must always make sure that their functions and those of the military remain distinct from each other.

— Military intervention should not be limited to preventing war but should also contribute to achieving peace and to re-establishing a process of sustainable development.

— Due to their strong links in the field and their profound knowledge of the people concerned, the NGOs have a particular experience which must be brought into play at all stages in the prevention, tackling or resolution of conflicts.

— Finally, the NGOs take the view that an effort must be made by the 'West' in the area of international arms control. They seek, in particular, a prohibition on the production, trade and use of anti-personnel mines as well as the establishment of an international fund, managed by the United Nations, for demining operations and the destruction of mines. The resources for this purpose should come from those states where the mines are manufactured.

HUMANITARIAN AID

Aid decisions

The Commission has recently taken the following decisions to provide humanitarian aid (including emergency and food aid):

ACP countries

Burundi: ECU 13.5 million as the second tranche of a wider aid package for the refugee camps.

Burundi: ECU 14 million as a contribution to the aid programmes carried out by humanitarian organisations to help victims of the conflict.

Liberia: ECU 995 000 in food aid for populations that have fled to the Gbarnga region as a result of the recent fighting south-east of Buchanan.

Liberia: ECU 1 million for a supplementary food programme for 125 000 people living in the counties of Bong and Grand Bassa and in the Upper Marghibi region.

Madagascar: ECU 670 000 for basic essentials and medicines for people affected by the floods and other damage caused by the cyclones which struck the east coast of the country.

Mauritania: ECU 400 000, of which ECU 300 000 is for the transport of essential goods and medicines from Nouakchott to the south-east of the country where 60 000 Tuareg refugees are currently living. The remaining ECU 100 000 is for medical/nutritional assistance to very young children in Nouakchott itself.

Mozambique: ECU 860 000 in the form of medicines and basic materials for a number of health centres which have recently become accessible for the delivery of humanitarian assistance.

Rwanda: ECU 500 000 for victims of the latest wave of interethnic violence.

Somalia: ECU 1 051 million for four medical projects to bring hospitals back into use, produce artifical limbs (including associated retraining of the disabled) and provide vaccinations, as well as to cover the costs of transporting personnel and medicines from Djibouti to various destinations in the north of the country.

Sudan: ECU 17 million as a contribution to a global humanitarian aid scheme for victims of the conflict, with particular emphasis on people in the south of the country.

Sudan: ECU 490 000 for three months' worth of medical/nutritional aid for displaced people in the Mundi and Marindi regions.

Haiti: ECU 850 000: ECU 500 000 for the purchase of fuel and ECU 350 000 for an urgent vaccination programme against measles.

Mayotte: ECU 500 000 for initial help to the population affected by the earthquake which has struck both the south and the north of the island.

Non-ACP countries

Bolivia: ECU 410 000 for the purification and deepening of wells providing drinking water, as part of measures to combat the cholera epidemic in the province of Cordillera.

Peru: ECU 500 000 to provide basic essentials for victims of the floods in a huge area of the country covering the cities of Lima, El Callao, Pucallpa and Cuzco.

Mexico: ECU 360 000 in the form of food and medical aid, and basic equipment, to help Guatemalans who fled the civil war in the El Quiche district of their own country resettle.

Ex-Yugoslavia: ECU 24.15 million to cover the food needs (from March to June) of refugees, displaced persons and other disadvantaged groups in Croatia.

Azerbaijan: ECU 850 000 in the form of basic essentials for the functioning of hospitals, to help the people of Nagorny Karabakh, following the upsurge of fighting between Armenians and Azeris.

The Caucasus region: ECU 9.5 million for refugees and displaced people, notably in Georgia, in the form of bulk food supplies and family food parcels.

Ukraine and Belarus: ECU 1.3 million to help victims of the Chernobyl nuclear accident, through the supply to hospitals in Kiev and Minsk of the equipment needed for the detection and treatment of thyroid cancers, from which some 400 children currently suffer.

Afghanistan: ECU 1.985 million, in addition to the aid previously granted in January, in the form of medical and nutritional assistance to dispossessed people in the capital and to refugees on the recently closed Pakistan frontier.

Palestine (the Occupied Territories): ECU 2.3 million to purchase 8500 tonnes of flour for Palestinians suffering from a shortage of basic foodstuffs in the aftermath of the Hebron massacre.

Cambodia: ECU 1 million to continue demining activities in the Angkor region for a further six months.

Philippines: ECU 200 000 for the provision of food aid and other basic essentials to the victims of four cyclones which struck during December and January.

PARTNERSHIP

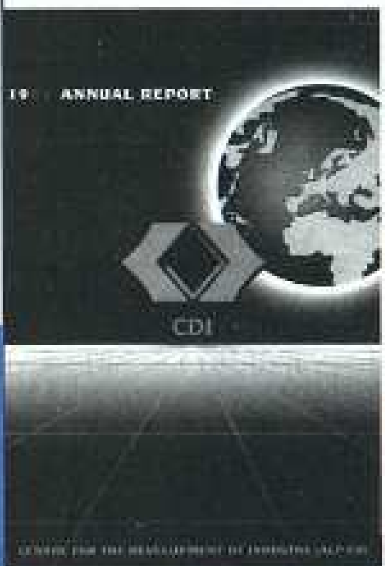
Information Bulletin from the Centre for the Development of Industry

CDI

The CDI Annual Report 1993 is out

Results and perspectives

By Mr. Paul Frix, Director of the CDI



The activities of the CDI, which had already significantly improved in 1991 and 1992 were further enhanced in 1993 despite the persistance of the unfavourable environment in many ACP countries, particularly in Africa.

The situation in this part of the world remained volatile with a few countries lilke Ghana, Madagascar, Mauritius and Uganda improving their economic performance and attractiveness to investors while others faced serious difficulties such as the CFA Franc area where the expectation of impending devaluation of the CFA Franc slowed down certain activities.

Despite its tremendous potential, Africa is suffering from high indebtedness equivalent to its GNP. In addition, there is a shortage of risk capital and experienced entrepreneurs coupled with poor regional integration. In this context, structural adjustment is painful with limited success. As a result, the continent is not taking advantage of the strong increase in foreign direct investment registered in other regions of the developing world such as Asia and Latin America. The situation in the Caribbean and Pacific regions, despite certain disparities in their situation and potential, is generally much better for the development of indigenous and external investment.

Results

As in 1992, the operational budget of the CDI has been used at a rate of almost 100% in spite of an extraordinary budget increase of ECU 1 mio being made available from Lomé III reliquats (see figures p. 6).

In addition to its own resources a further ECU 1.4 mio was mobilised by the CDI in the form of co-finance provided by European co-operating agencies. The bulk of these funds came from CFD (France), ICEP (Portugal) together with the Belgian and German co-operations.

Mr Paul Frix, Director of the CDI

The growing confidence shown by such bilateral European donors has also led to a significant co-operation agreement with the Italian government and to signature of agreements with new regions.

During 1993, the CDI has continued to develop its policy of triple concentration as follows:

a) countries which implement coherent policies for the development of their private industrial sector, especially when they have decided to allocate to this purpose significant

Contents

resources from their National Indicative Programme of the European Development Fund;

b) **sectors** with high potential including agro-food, fish processing, animal feed, textile and garments, building materials and non-metal minerals;

c) **specific projects** with a high development potential which then receive repeated and significant support until the intended start-up or rehabilitation has been achieved.

The decentralisation and impact of the CDI's activities in Europe and also the ACP countries is now becoming very effective as a means to extend its activities as well as its resources.

In Europe, CDI is organising national networks of experts and institutions willing to work with the CDI, to mobilise the local potential for partnerships in ACP countries. In Germany and Spain, co-ordination committees have been set up to monitor the activities of a CDI expert whose task is to inform enterprises of the role of the CDI and its various forms of assistance, helping them to introduce their requests or offers of partnership. This scheme is to be extended soon to Italy, the Netherlands, Belgium and Portugal.

In the ACP countries, CDI is continuing to strengthen its network of local antennae and correspondents giving them, where appropriate, the support of regional consultants to help in the identification and preparation of projects.

Processing on the spot non-traditional vegetables with a high value added grown by local farmers, LECOFRUIT, a Madagascan company which has received CDI assistance on several occasions, began exporting its products in 1993.

However, the main step forward has been in the development and creation in certain ACP countries of the CDI's Management Advisory and Technical Support companies (MATS), which are set up in collaboration with financial institutions.

The first MATS company was created in Burundi in December 1993 and will start its activities in the first half of 1994 under a CDI management contract (see Partnership nr. 12). The second company is to be set up in Trinidad and Tobago and will work in close complementarity with the Businesss Advisory Service of the International Finance Corporation and the local financial and development institutions.

Further requests for setting up MATS companies have been received from Cameroon, Côte d'Ivoire and Zimbabwe. CDI will also provide its technical and financial support to the restructuring and strengthening of existing organisations such as CEPEPE in Benin and SONEPI in Senegal.

Mr. Erik Derycke, President of the Council of Ministers for Cooperation of the European Union, and Mr P. Frix, Director of the CDI, at the closing session of the Symposium on the prospects for Euro-ACP industrial cooperation.

In addition to setting up MATS companies with financial institutions, the CDI has also increased its co-operation with bilateral agencies including CFD and CDC, as well as with EIB.

During the year, the CDI had eleven projects in the pipeline with EIB, out of which four have already been agreed for financing for a global amount of ECU 9.5 mio. This illustrates the growing co-operation between CDI and EIB.

Setting up MATS companies in ACP countries will also create the conditions for the better local utilisation of lines of credit from EIB devoted to risk capital for SMEs, which are distributed through local finance institutions.

The main bilateral European Development Finance Institutions (EDFIs) co-operating with the CDI are CFD (France), Banco di Fomento (Portugal) and CDC (UK).

With the Commission, the CDI has participated actively in various promotional activities like the organisation of the Industrial Forum for Central Africa (FICAC) in Yaoundé. It has also been associated in preparation and complementing parts of the Commission's programmes in countries such as Santo Domingo, Jamaica and Ethiopia.

Among other initiatives or promotional activities carried out by CDI one should mention :

1) participation with the Champagne Ardenne region in the EURAMIDE programme to assist selected African emigrants willing to return to their countries of origin to create their own enterprise (see p. 10);

2) the preparation and publishing of nine new guides for entrepreneurs including a guide for purchasing new and second-hand equipment and an investment guide for Zimbabwe (see p. 8);

3) organisation of five professional workshops including fish processing in East Africa, non-metal minerals in the Caribbean, production of animal feed in West Africa, workshop for Mauritanian industrialists in Barcelona and Lorient as a follow-up of the Nouadhibou meeting in December 1992;

4) organisation at the request of the Belgian Presidency of the Community, of an important colloquium on the future developments of industrial co-operation between the European Union and the ACP countries. This meeting brought together over 200 key representatives of the private European and ACP business circles and the main institutions involved in industrial development including EIB, CFD and CDC.

CDI technical assistance enabled HODGES MINERALS LTD, a Jamaican non-metal minerals company, to step up production by 40% in 1993 without changing its existing machinery and without its operating costs rising to any significant extent.

Organisation

The increase in performance by CDI staff has greatly been assisted by the implementation of a project management system to provide timely and accurate reporting on all phases of our operations from the receipt of a letter of request to the final payment for work carried out to assist the promoter.

Similar improvements have taken place in the Administration of the Centre, with the introduction of a new computer system producing new reports, allowing better control and follow up of budgets and accounting. In addition, new staff regulations have been prepared.

During 1994, there will be a greater emphasis placed upon the evaluation of the effects of our interventions upon the projects that it assists. An internal facility will be established for the ex-post evaluation of its activities. This will be complemented by a separate overall evaluation of the Centre itself. This independent review is important from time to time to ensure that the CDI is organised as effectively as possible to meet its goals.

Interventions

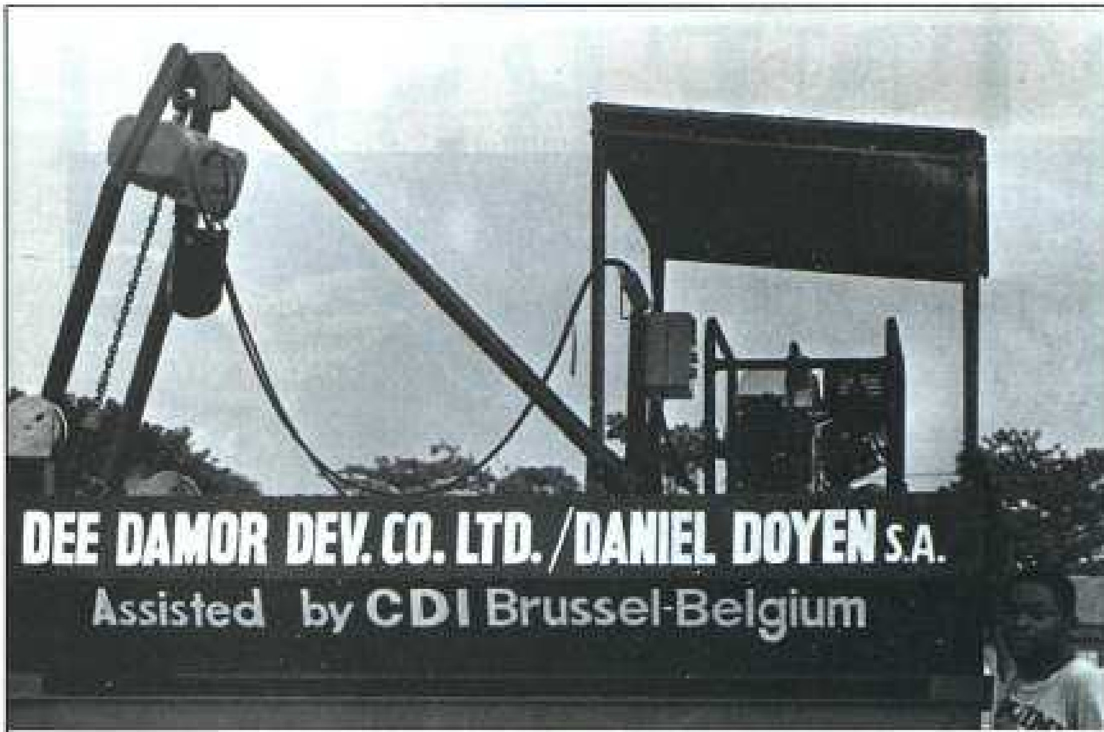
A description of the promotional activities of the CDI as well as the direct assistance given to enterprises is given in detail in the annual report.

To summarise, during the year 612 acceptable requests were received of which 229 were approved for assistance by CDI. One hundred and fifty four enterprises received assistance in the form of 192 interventions. Sixty-two of the enterprises were new projects while the remainder were either expanding or diversifying (42) or needing rehabilitation (50). The majority (84%) of the projects were in private hands and 65% of the enterprises involved European partners.

The average cost of interventions was ECU 39.000, covered by the CDI (45%), co-financing institutions (21%) and by the promoters (34%).

An analysis of interventions by region shows that they were carried out in Africa (74%), the Caribbean (18%) and the Pacific (6%). This level of activity in Africa will at least be maintained as the needs are more acute and the environment more difficult than in either the Caribbean or the Pacific Regions.

The CDI hopes that these considerations will lead to a necessary increase in its means of operations through its own budget as



The CDI cofinanced the production of this model of the dredgers manufactured in Nigeria by DEE DAMOR, following a transfer of technology carried out with the Centre's assistance by a European partner specializing in light-dredging equipment. The model allowed the performances of this dredger to be demonstrated at several trade fairs in Nigeria in 1993.

well as through the national indicative programmes and possible new facilities envisaged for the development of the private sector. This point of vue should deserve to be taken into account during the negotiation of the second Financial Protocol of Lomé IV.

This, together with a simplification of the superstructure governing the Centre, are important to allow it to meet in an adequate way the needs of European and ACP entrepreneurs and in order to lead to an efficient complementarity with the Commission and the EIB.

Perspectives

Although CDI substantially increased its capacity of interventions by + 60%, it is far from being able to meet the needs and priority now being given in the majority of ACP countries to the development of an efficient private sector.

In vue of the negotiation of the second financial protocol of Lomé IV, this implies strengthening the resources of CDI combined with an effective decentralisation of its activities in ACP countries. In this respect, CDI must increase the process of setting up and providing solid support for Management Advisory and Technical Services Companies. The implementation of local, flexible and politically independent structures managed by the Centre is a crucial step in its transformation and the development of its global activities to a level matching the needs of the ACP countries.

During 1994 CDI will :

- ***decentralise,*** *with a more rationalised antennae network screening and selecting from the increasing flow of requests. It will develop more Management and Technical Services Companies in the service of enterprises.*
- ***develop closer links*** *with financial and development institutions like the European Commission, EIB and other regional and local institutions.*
- ***focus on sectors*** *already selected for more regional professional workshops such as leather in East and South-ern Africa, wood products in Central Africa and the Pacific and processing tropical fruits in Africa.*
- ***establish an internal facility*** *for ex-post evaluation of its interventions and for the overall evaluation of the Centre itself.*

In addition, in the future, a considerable new impulse could be given to the role and activities of the Centre in the framework of its decentralisation process, if it were allowed to include South Africa as an additional source of partnership, technology and finance to be mobilised in favour of ACP industrial development.

New step forward are therefore ready to be taken by the CDI. The results of the last three years, during which the response to ACP/EU needs for partnership initiatives has greatly increased - both in quantity and quality - will first have to be consolidated. This better response has resulted from the progressive improvement in working methods and in the increase in human resources.

It now remains to ensure the continuity in the improvement of this high quality of service to its clients in an environment in which many countries are facing unprecedented difficulties.

Coherence, simplification and rationalisation of its superstructure, improved co-ordination with the Commission, EIB and other agencies and financial institutions as well as accelerated decentralisation, will certainly be the keys to lasting success for the CDI.

Paul FRIX

Director of the CDI

Expanding the Centre's operational role

In Partnership No. 11, the CDI published an interview with Mr. Erik Derycke, President of the Council of Ministers for Cooperation of the European Union, in which he expressed a European viewpoint on the prospects for the CDI within the framework of the negotiations on the second protocol under Lomé IV. This time, Partnership publishes the mesage of the Secretary General of the ACP Group of States, Dr Ghebray Berhane, as an introduction to the CDI Annual Report.

In looking back at what the Centre for the Development of Industry (CDI) has accomplished over the last three years, it is remarkable to note that so much progress was achieved in such a short time.

The Centre has had, since 1990, a new Executive Board, a new Directorate, a substantially overhauled staff, new structures and procedures, new premises ... to cite only the most obvious. And yet, it has succeeded during that same period, in synchronizing all these factors and integrating them into a robust and well-oiled machine. Notwithstanding the natural teething problems, the Centre has achieved the "tour de force" of carrying out a fundamental restructuring process without delaying, let alone sacrificing, its operational activities as well as its statutory obligations.

Having witnessed the internal restructuring and functional reorganisation from inception, the ACP Group is confident that the CDI is now well-equipped and sufficiently motivated to pursue vigorously the attainment of its objectives.

The CDI is one of the most successful instruments of ACP-EU cooperation, and its role has grown significantly over the years. It is a source of great satisfaction for the ACP Group to register that CDI's operational budget continues to be fully used up - to such an extent that it has begun to seek and obtain additional resources from outside the EDF and the EIB. The cooperation agreements which the Centre has concluded with European national and regional authorities as well as with some Development Finance Institutions (CDC, CDF, Banco di Fomento, etc...) all point in the right direction. Such initiatives must indeed, be supported and encouraged by the ACP-EU organs because ACP countries are demonstrating convincingly that they are capable of generating a growing number of acceptable requests for intervention, despite the so-called "unfavourable environment".

Strengthening the resources

In this regard, CDI followed in 1993, as it had done in 1992, a very selective approach in determining the areas of its intervention, whether it concerns countries, sectors or projects. But, unless its financial and technical capabilities are significantly enhanced, the gap between the number of simple requests and acceptable requests (those which meet CDI's minimum criteria) on the one hand, and the number of acceptable requests and approved requests on the other hand, will continue to widen. It is already a matter of concern for the ACP Group that, despite increasing its intervention capacity by something like 60%, CDI is said to be far from being able to meet the needs of ACP States.

Under these circumstances, the ACP Group will endorse CDI's call for greater access to EU funds and assist it in developing its relations with Development Finance institutions in Europe and in the ACP countries so that it can increase its operational involvement.

The mid-term review of the Lomé IV Convention should provide the ACP Group and the EU with the opportunity to consider some of the major structural issues which may require any adjustment or clarification.

Dr. Ghebray Berhane, Secretary General, ACP Group of States

Without wanting to prejudge the outcome of that exercise, it is safe to say that the negotiations concerning the CDI will be limited in scope and that they could be handled in a smooth and non-adversarial manner.

It is therefore with a sense of pride for the work already accomplished and great expectations for the tasks ahead that the ACP Group in general and the General Secretariat in particular renew their confidence in, and pledge their support to, the CDI.

Dr. Ghebray Berhane,
Secretary General,
ACP Group of States

CDI 1993 In

Budget and Staff

Total CDI budget for 1993	13,061,896 ECU
Voluntary contributions by institutions cooperating with the CDI	1,438,619 ECU
Total number of staff	58
Total professional staff	32
Of which: operational professional staff	24

Requests

Project identification missions	21
Fora and seminars arranged by the CDI	10
Requests received in 1993	612
Steering Comittee approved (including activities)	229

Projects

Projects supported in 1993 (at least one active intervention) : total	154
Projects for which the first intervention began in 1993	103
Percentage of entirely private projects	83.8%
Percentage of projects with EU partnership	64.9%
European partners in projects	100

Interventions

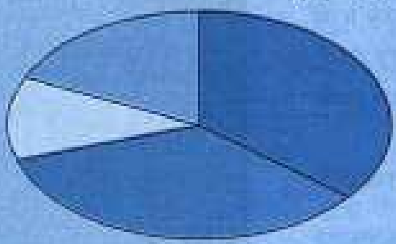
Average number of interventions per project since introduced at the CDI	1.92
Average value of interventions in 1993	39,058 ECU

Other core activities

Professional meetings	5
ACP companies involved	102
EU companies involved	76
Thematic seminars	2
Technical and thematic publications	9

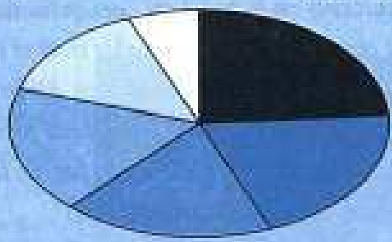
Figures

Sectoral breakdown of projects



- Agro-industry 36%
- Building-wood-metal 34%
- Other sectors 18%
- Clothing 12%

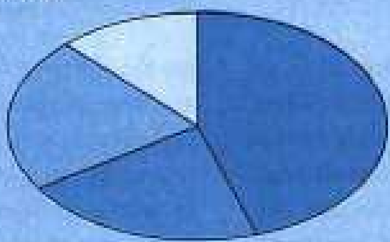
Geographical breakdown of projects



- West Africa 24%
- Southern Africa 20%
- East Africa 18%
- Caribbean 18%
- Central Africa 14%
- Pacific 6%

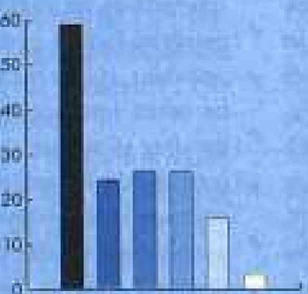
Financing of the interventions

- CDI 45%
- Institutions 21%
- ACP promoters 22%
- EU partners 12%



Breakdown according to type of projects

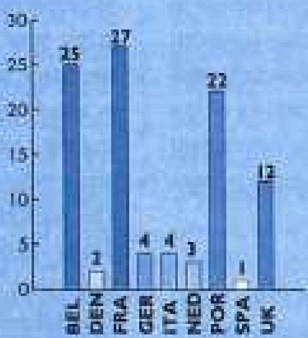
Number of projects



- Creation : 59
- Rehabilitation : 24
- Consolidation : 26
- Expansion : 26
- Diversification : 16
- Pilote and demonstration : 3

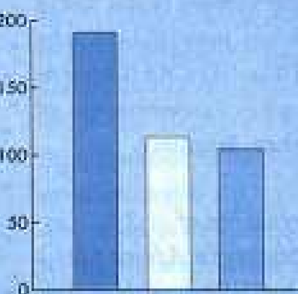
Geographical breakdown of European partners

Number of partners



Interventions in 1993

Number of interventions



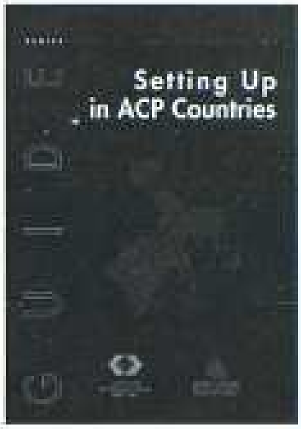
- Total interventions in 1993 : 190
- Interventions commenced in 1993 : 113
- Interventions completed in 1993 : 104

Tools for entrepreneurs

The CDI is publishing a series of practical guides for ACP or European entrepreneurs interested in industrial partnerships in the developing countries. These guides, designed by specialized consultants or technicians, are intended as everyday service tools for managers, who will find that they constitute a valuable store of information to help them in their preliminary studies on their projects. They are drawn up in a simple and practical form, analysing real cases and providing check lists and standard formats for project studies.

Eight guides have been published so far, in three different series : "Contracts and partnerships", "Technologies" and "Tax and business".

These practical guides (published in English and French) are reserved for promoters wishing to develop activities in the sectors concerned, but anyone else interested can obtain them from the CDI at the price of 20 ECU each.



• "Technologies" series

Briquettings of vegetable residues (2)

Fuel briquettes of vegetable waste obtained through a compression process are an excellent way of combating deforestation whilst making good use of agricultural and agro-industrial waste. This technical guide reviews the key factors in compression projects and gives a list of manufacturers of suitable equipment. A questionnaire enables businessmen to evaluate themselves the potentials and viability of this sort of production. Joint publication by the CDI and the CRA (Centre de recherches agronomiques of Gembloux, Belgium).

Valorization of phosphates in Africa (2)

Phosphate is a raw material playing an essential role in the development of agro-industrial sectors. This guide in two volumes gives a list of the possibilities offered by the phosphate resources available in many ACP countries.

Volume I : Phosphate fertilizer production

This volume is devoted to the production of simple fertilizers, particularly suitable for the exploitation of small-scale deposits and requiring only a relatively low level of investment.

Volume II : Phosphoric acid production

This volume deals with the more sophisticated production of phosphoric acid, a product with a high value added notably used in the chemical industry.

Soap production (2)

This guide details the major options and key parameters in soap-manufacturing projects. The advantage of this industrial activity is that it calls for only a fairly modest initial investment and a relatively simple technology.

Paint production (3)

The manufacture of paint, a product for which there is a guaranteed and constantly growing demand in the ACP countries, requires a simple technology which European companies are prepared to transfer. The aim of this guide is to help ACP entrepreneurs evaluate the different technologies available in relation to their technical and financial resources. In particular, it includes a specimen feasibility study on a paint production unit.

• "Contracts and Partnerships" series

Purchasing industrial equipment (1)

Purchasing capital goods or a modest industrial plant is not always an easy business for entrepreneurs in ACP countries, who rarely have all the necessary facilities. This guide is aimed above all at simplifying their task by detailing each stage before, during and after the purchase of equipment. Joint publication by the CDI and BIVAC International/Bureau Veritas.

Setting up in ACP countries (1)

This guide is intended more particularly for companies in the European Union who are considering setting up in an ACP country. Presented in the form of detailed check lists, it will enable businessmen who are interested to identify and avoid the obstacles which could hinder their plans to set up abroad. It also provides an outline analysis of the comparative advantages of target countries. Joint publication by the CDI and Inparco Consult, Belgium.

• "Tax and Business" series

Zimbabwe (4)

This guide offers essential basic information on Zimbabwe to potential foreign investors. In particular, it lists the factors to be taken into account when deciding to acquire an existing company or to start up a new structure in this country. Joint publication by the CDI and Deloitte Touche Tohmatsu International.

(1) Available in English and French.
(2) Available in French, English edition in course of preparation.
(3) Available in English, French edition in course of preparation.
(4) Available only in English. ■

Leather garments for Europe

Ethiopia is seeking to develop exports of leather articles. But if it is to succeed the country must pass the quality test. Three local companies have decided to work together on this, and visited Europe together where they secured their first orders.

In terms of the number of head of cattle, Ethiopia is in first place on the African continent, whilst the sale of hides constitutes the country's second most important source of foreign exchange, just after coffee. A policy for greater local valorization of hides and skins has been introduced, resulting in a 36% increase in export earnings in eight years.

It is within this strategic perspective that the Ethiopian Ministry of Industrial Affairs, supported by the European Commission, has introduced a programme aimed at stimulating Ethiopian exports of leather garments. Three pioneer companies have distinguished themselves by creating a common promotion and marketing structure, the GTK Group.

In 1993, the Commission financed a first fact-finding mission by the GTK Group to the Igedo trade fair in Düsseldorf, Germany, a major event in the clothing industry's diary. At the time, the goal was to make initial contacts with European buyers, so as to be able to assess the potential. In the second stage, the Commission subsidized a trip to Ethiopia by a designer and a technician to help the GTK Group in the creation of collections which could be marketed in Europe.

Firm orders

This year, still within the context of the same programme, the CDI provided the GTK Group with support in setting up a demonstration stand (in the company of two other companies as observers) at the Igedo fair on March 6th and 8th last and then in Brussels (Belgium) on March 17th and 18th. It proved to be a fruitful initiative leading to the first firm orders being signed. In addition, with CDI financing, the GTK Group also took advantage of this trip to visit European companies supplying modern equipment (sewing and ironing machines) or garment manufacturing accessories, in Germany and Italy. Their visit to Italy was cofinanced by the Italian foreign trade institute (ICE), an organization which has signed a cooperation agreement with the CDI. Mrs Acquha Dodet Malenge, coordinator of the leather sector at the CDI, welcomes this step-by-step approach. *"In Africa"*, she remarks, *"there is a tendency to talk about products first of all and only afterwards about markets. With this operation, the talk was firstly about markets. The level of quality necessary to penetrate the European market was clearly identified, which has encouraged the companies to strive for progress. The CDI will continue with its efforts to help Ethiopian companies participate in European fairs, whilst developing technical assistance missions on the spot to support their expansion and modernization programmes".* ■

CDI's assistance helped several Ethiopian producers to present their leather garments to European buyers and register first orders.

T a n n e r y   i n   M a l i

Assistance from CDI, EIB and Spain

For years now, the Spanish tanning company Curtidos Corderroura (CC), which manufactures leather for footwear, has been purchasing most of its raw materials from Mali. It has recently decided to set up a new production unit, "Tanneries de l'Afrique de l'Ouest" in Dialakorobougou, in a joint venture with the Mali company "Afrique Etoile". Through this investment, Mali will now be able to export finished products with a higher value added. Starting in 1994, the factory will provide 150 jobs, and 250 as from 1995. Upstream, the project represents a major outlet for 1,500 stock-farmers: its processing capacity will be 7,500 hides a day.

The total investment amounts to 1.5 million ECU, of which two-fifths provided by the promoters. Two European finance institutions, the EIB (European Investment Bank) and the COFIDES (Spanish development bank), have contributed in the form of a loan representing a quarter of the total investment, with the balance coming from the BMCD (Mali development bank).

The success of the project, which involves some extremely modern equipment, will depend on a substantial transfer of technology. The CDI, in cooperation with two Spanish institutions, ICEX and COPA (Catalonia), will provide the promoters with technical assistance in starting up the factory and in staff training. ■

Unemployed in France, entrepreneurs in Africa

With the backing of the CDI, the ILAF (Institut français de logistique, d'audit et de formation) is organizing training for unemployed executives wishing to set up projects in Africa. Advantage for African countries : in this way, they will have the benefit of competent and motivated managers. An original formula which could shortly be extended to other countries and other executives.

"Management problems are one of the main reasons for business failures in Africa", underlines Dr Hamed Sow, CDI Geographical Officer for West Africa and coordinator of the pilot programme. This shows how important it is to have competent executives to ensure really efficient companies. The objective that the CDI set itself in cofinancing this pilot experiment was to bring out this "new category of entrepreneurs".

For a year, the ILAF provided 15 unemployed executives wishing to set up a business in Africa with theoretical and practical training. For the Centre, this is an "upstream" form of intervention departing from the beaten track. This type of support has several advantages, explains Dr H. Sow. Firstly, the candidates are of a high level and have acquired substantial experience in French companies. When they go to an ACP country to set up a business, they therefore already have established links with European partners in their sector. By intervening straight away from the project design stage, the CDI can be sure of the quality and motivation of the entrepreneur.

This pilot project, christened EURAMIDE, is spread out over several stages. First stage : rigorous selection of unemployed executives, carried out with the help of the French national employment agency. 15 trainees were chosen from a hundred or so applicants. They then followed courses for 10 months in the creation and management of companies in African countries. After this, they were given two months' practical training in companies chosen for their links with the company creation projects. At the end of this phase, each of the executives presented a preliminary feasibility study on his project. 13 projects were accepted at this stage.

Trainees and staff members of the ILAF. In the foreground, third from the left, is Mr. P. Schal, Director of the ILAF. On his left is Mr. Schickel, Regional Director of the Employment Department, and behind him is Mr. H. Sow, of the CDI.

The six projects

Central Africa : manufacture of baked clay bricks and production of animal and poultry feed. Benin : company producing tiles and paving stones. Gabon : chicken-smoking unit. Mali : manufacture of baked clay bricks. Togo : workshop manufacturing top-quality clothing for European and American markets.

ILAF : advanced training

ILAF is a public limited liability company with a capital of 255,000 ECU. In 1992, it had a turnover of more than 3 million ECU (95% in the field of training). The company employs 55 permanent staff members and over 40 consultants. The institute has a reputation in France for having carried out complex training operations for the long-term unemployed or even for prisoners... The ILAF has persuaded the French departmental directorate for employment and the European Social Fund to make a financial contribution towards the EURAMIDE project. To develop this initiative, the ILAF is envisaging teaming up with other training institutes in Europe (Belgium, United Kingdom, etc.) but also in ACP countries (Benin, Congo, etc.).

Field study

The CDI allocated a total budget of 100,000 ECU to finance missions to Africa by six trainees selected for the quality of their dossiers.

Out in the field, the trainees, supported by technical experts generally from the company where the executives have been receiving their training, are given the task of carrying out the feasibility study proper.

To set up the project, the trainee can rely on the local CDI antenna and on a financial contribution, in some cases, from local agents of the Caisse française de développement.

This experiment has been arousing the interest of different ACP and European circles. Various possibilities are opening up for the future : additional subsidies could be requested from the European Development Fund, and the programme could be made available to executives who are not unemployed. Finally, other training institutes in France and Belgium have shown a desire to join in the programme, within the context of European enlargement... ■

Information :
CDI : Dr Hamed Sow
Tel. : + 32 2 679 18 24
Fax : + 32 2 675 26 03
ILAF : Mr Pierre Schal
Tel. : + 33 26 47 20 71
Fax : + 33 26 49 03 26

Fact-finding mission by the CDI

Mr S. Sharma, CDI Deputy Director, visiting the Overseas company, a Benin enterprise producing spirits and perfumes which has received CDI assistance.

During the second half of February 1994, Mr Surendra Sharma, Deputy Director of the CDI, carried out two missions to Nigeria and Benin. In Nigeria, where he was accompanied by Mr Georges Tarepo, CDI Geographical Officer for this country, Mr Sharma attended working meetings at the highest level with Nigerian political and economic representatives : Federal Ministry of Industry, National Planning Commission, National Industrial Development Bank (NIDB), New Nigeria Development Company (NNDC) and the Raw Material Research and Development Council. He also talked to several heads of private companies. In addition, a meeting was held with representatives of the European Commission (DG VIII) in Nigeria, focused on the possibility of setting up a local Management Advisory and Technical Service Company (MATS) which could play an extremely useful role in the largest country in Africa.

In Benin, where he was accompanied by Mr Hamed Sow, CDI Geographical Officer for this country, the Centre's Deputy Director met several ministerial officials (Industry and SMEs, Commerce & Tourism, Planning, Foreign Affairs), together with delegates from the European Union and the UNDP. The purpose of this meeting was twofold : to evaluate CDI interventions in this country so as to assess their impact, and to examine the priorities with the Benin authorities as regards the promotion of small and medium-sized enterprises. Following a visit to four local companies, Mr Sharma had a working meeting with the local CDI antenna, the CEPEPE, which is shortly to become the MATS for Benin. ■

Investment opportunities in Mozambique

The ICEP (Investimentos, Comercio e Turismo de Portugal) and the IDIL (Instituto Nacional de Desenvalvimento da Industria Local), the CDI antenna in Mozambique, sponsored and cofinanced with the CDI a study allowing the identification of some forty Mozambique companies offering opportunities to European investors in the form of privatization or partnerships. This study, published by the ICEP, is to be presented in different EU countries, and the first meeting took place in Espinho, Portugal, on April 30th last, attended by around 350 representatives of Portuguese companies and institutions.

The CDI delegation comprised Mr F. Matos Rosa, in charge of European Relations, and Mr Jorge Borges, Geographical Officer for Mozambique. The meeting was opened by the Portuguese Minister for Trade, Mr Faria de Oliveira, by the representative of the Minister for Industry of Mozambique and by the Chairman of the ICEP, Mr Athayde Marques. The presentation of investment opportunities was made by Mr Matos Rosa of the CDI, Mr A. Sumburane, Director of the IPC (Investment Promotion Centre of Mozambique), Mr A Bichinho, Director of the IDIL, and Mrs P. Valente, adviser to the ICEP. The European Investment Bank (EIB), which has a representative for Mozambique based in Portugal, also joined in the event. The main Portuguese finance institutions, particularly those having signed a cooperation agreement with the CDI (BFE, BPA) were on the spot to provide the Portuguese entrepreneurs with whatever help they needed. During the seminar, discussions were held on the advisability of launching new initiatives in Mozambique, especially in collaboration with the AIP (Associação Industrial Portuguese) the SPELM (Sociedad de Promoção Empresarial Luso-mozambicana) and NORDIP (venture capital company). ■

EU NETWORK

■ **Portugal.** Review of CDI/ICEP/FCE cooperation so far ; the FCE (Fundo para a cooperaçao economica) is a fund set up by the Portuguese government for the purpose of assisting Portuguese companies wishing to invest in developing countries. In 1992, the FCE signed a cooperation agreement with the CDI and the ICEP (Investimentos, Comercio e turismo de Portugal) aimed at providing consultancy and technical assistance services for projects launched in ACP countries. The first two years of this cooperation enabled a total of some 1.5 million ECU to be mobilized in favour of 13 projects developed in four Portuguese-speaking African countries, mainly in the form of technical assistance and training. The CDI's contribution represented 27% of the total, with the ICEP/FCE providing 33% and the balance being financed by the Portuguese companies concerned.

Training assistance from the CDI and the ICEP at the GUINEGRAFICA printing works, a joint venture between a Guinea-Bissau company and a Portuguese partner, enabled the staff to master the most modern production techniques.

ACP NETWORK

■ **Namibia.** The CDI organized a professional meeting for the fisheries sector in Namibia from April 25th to 27th 1994. The core question at the working meetings, held in the port of Walvis Bay, was how to promote exports of hake to the European Union. Hake is a species that is already well known and appreciated by European consumers; it offers good export prospects for Namibia, which has completely reorganized its fisheries sector since it joined the Lomé Convention. Prior to the event, the CDI had selected 13 Namibian fishing companies to meet the representatives of some ten European enterprises operating in this sector. We shall come back to the results of this professional meeting in greater detail in a future edition of Partnership.

■ **Senegal.** An important mission took Mr P. Frix, Director of the CDI, and Mr H. Sow, CDI Geographical Officer for West Africa, to Senegal from April 26th to 30th last. There they were granted an audience by Mr Abdou Diouf, President of the Republic, in the presence of the Ministers for Industry, Mining and Energy, Employment and Vocational Training, Transport and Tourism, together with the Chairman of SONEPI. The delegation also met the Minister for Economic and Financial Affairs and Planning, the delegate from the Commission of the European Union, the Director of the CFD and the Belgian Ambassador to Senegal. A working session was also organized with the Deputy Director of the ICS (Industries chimiques sénégalaises).

President Diouf thanked the CDI for its efforts in his country and encouraged it to continue along this path. The meeting provided an opportunity to take stock of the Centre's cooperation in Senegal and the future prospects for the CDI.

■ **West Africa.** A seminar took place in Abidjan (Côte-d'Ivoire) from February 28th to March 2nd last on the subject of "Supporting the development of the private sector in West Africa". This meeting, which brought together representatives of Chambers of Commerce and Industry and economic operators in the countries of West Africa, received assistance from the European Commission and the CDI, represented by its Director, Mr Paul Frix.

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Responsible editor: Mr Paul Frix, Director of the CDI,
Avenue Herrmann Debroux 52, B-1160 Brussels, Belgium
Tel.: + 32 2 679 18 11 • Fax: + 32 2 675 26 03
Coordination: Mr K. Mbay, CDI Communication Officer
Editing and production: European Service Network - Brussels
Tel.: + 32 2 646 40 20

DIARY

■ **Dominican Republic.** On June 27th and 28th next, the CDI is organizing a professional meeting in the Dominican Republic for European and Caribbean companies in the marble and granite sector. The objective is for partnership agreements to be concluded, mainly in the technical and marketing fields. Information : at the CDI, Mr G. Tatepo.

IN BRIEF

■ **Executive Board.** At its meeting on April 18th 1994, the CDI Joint Executive Board elected a new Chairman. He is Mr Yves Salmon (France), succeeding Mr Alberto Leitão (Portugal) who has just completed his term of office as an Administrator.

Operational Summary

No. 80 — May 1994

(position as at 9 May 1994)

EEC-MEDITERRANEAN
EEC-ACP
EEC-ALA
DEVELOPING COUNTRIES

EEC-financed development schemes

The following information is aimed at showing the state of progress of EEC development schemes prior to their implementation. It is set out as follows:

Geographical breakdown

The summary is divided into three groups of countries, corresponding to the main aspects of Community development policy:

— the ACP countries (Africa, the Caribbean and the Pacific), which signed the multilateral conventions of Lomé I (28 February 1975), Lomé II (31 October 1979), Lomé III (8 December 1984) and Lomé IV (15 December 1989), plus the OCT (overseas countries and territories) of certain member states of the EEC, which get the same type of aid as the ACP countries;

— the Mediterranean countries (Maghreb and Mashraq), which signed cooperation agreements with the EEC since 1976 and 1977;

— the ALA developing countries of Asia and Latin America, beneficiaries since 1976 of annual aid programmes.

The information within each of these groups is given by recipient country (in alphabetical order).

Note

As the information provided is subject to modification in line with the development aims and priorities of the beneficiary country, or with the conditions laid down by the authorities empowered to take financial decisions, the EEC is in no way bound by this summary, which is for information only.

Information given

The following details will usually be given for each development scheme:

— the title of the project;

— the administrative body responsible for it;

— the estimated sum involved (prior to financing decision) or the amount actually provided (post financing decision);

— a brief description of projects envisaged (construction work, supplies of equipment, technical assistance, etc.);

— any methods of implementation (international invitations to tender, for example);

— the stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation).

Main abbreviations

Resp. Auth.: Responsible Authority

Int. tender: International invitation to tender

Acc. tender: Invitation to tender (accelerated procedure)

Restr. tender: Restricted invitation to tender

TA: Technical assistance

EDF: European Development Fund

mECU: Million European currency units

Correspondence about this operational summary can be sent directly to::

Mr. Franco Cupini
Directorate-General for Development
Commission of the European Communities
G 12 4-14
200, rue de la Loi
B-1049 Brussels

Please cover only one subject at a time.

DESCRIPTION SECTOR CODE

A1	**Planning and public administration**
A1A	Administrative buildings
A1B	Economic planning and policy
A1C	Assistance to the normal operations of government not falling under a different category
A1D	Police and fire protection
A1E	Collection and publication of statistics of all kinds, information and documentation
A1F	Economic surveys, pre-investment studies
A1G	Cartography, mapping, aerial photography
A1H	Demography and manpower studies
A2	**Development of public utilities**
A2A	Power production and distribution
A2Ai	Electricity
A2B	Water supply
A2C	Communications
A2D	Transport and navigation
A2E	Meteorology
A2F	Peaceful uses of atomic energy (non-power)
A3	**Agriculture, fishing and forestry**
A3A	Agricultural production
A3B	Service to agriculture
A3C	Forestry
A3D	Fishing and hunting
A3E	Conservation and extension
A3F	Agricultural storage
A3G	Agricultural construction
A3H	Home economics and nutrition
A3I	Land and soil surveys
A4	**Industry, mining and construction**
A4A	Extractive industries
A4Ai	Petroleum and natural gas
A4B	Manufacturing
A4C	Engineering and construction
A4D	Cottage industry and handicraft
A4E	Productivity, including management, automation, accountancy, business, finance and investment
A4F	Non-agricultural storage and warehousing
A4G	Research in industrial technology
A5	**Trade, banking, tourism and other services**
A5A	Agricultural development banks
A5B	Industrial development banks
A5C	Tourism, hotels and other tourist facilities
A5D	Export promotion
A5E	Trade, commerce and distribution
A5F	Co-operatives (except agriculture and housing)
A5G	Publishing, journalism, cinema, photography
A5H	Other insurance and banking
A5I	Archaeological conservation, game reserves
A6	**Education**
A6A	Primary and secondary education
A6B	University and higher technical institutes
A6Bi	Medical
A6C	Teacher training
A6Ci	Agricultural training
A6D	Vocational and technical training
A6E	Educational administration
A6F	Pure or general research
A6G	Scientific documentation
A6H	Research in the field of education or training
A6I	Subsidiary services
A6J	Colloquia, seminars, lectures, etc.
A7	**Health**
A7A	Hospitals and clinics
A7B	Maternal and child care
A7C	Family planning and population-related research
A7D	Other medical and dental services
A7E	Public health administration
A7F	Medical insurance programmes
A8	**Social infrastructure and social welfare**
A8A	Housing, urban and rural
A8B	Community development and facilities
A8C	Environmental sanitation
A8D	Labour
A8E	Social welfare, social security and other social schemes
A8F	Environmental protection
A8G	Flood control
A8H	Land settlement
A8I	Cultural activities
A9	**Multisector**
A9A	River development
A9B	Regional development projects
A10	**Unspecified**

ACP STATES

New projects are printed in italics and offset by a bar in margin at left

Projects under way are marked with an asterisk and with words or phrases in italics

ANGOLA

Rehabilitation national roads in the South-West region: Namibe-Serra da Leba section. Resp. Auth.: Ministry of Construction. 18.5 mECU. Road rehabilitation by int. tender (conditional). Supply of equipment and T.A. Project on appraisal. 6th and 7th EDF.
EDF ANG A2d

Health project «After urgency». 15 mECU. T.A. to the Ministry of Health, supply of medecines, health projects in Luanda, fight against AIDS. Works, supplies, T.A. and training. Project in execution. 93. 7th EDF.
EDF ANG 7007 A7

ANTIGUA AND BARBUDA

Livestock development. Phase II. Resp. Auth.: Ministry of Agriculture. 0.130 mECU. Supply of equipment. Project on appraisal. 7th EDF.
EDF AB 5003 (7001) A3a

BELIZE

Community Development Programme. Resp. Auth.: Ministry for Social Services. 0.150 mECU. Project preparation study. Short-list done. Project on appraisal. 6th EDF.
EDF BEL 6002 A6b

BENIN

Fish breeding. Applied research and popularization actions. Resp. Auth.: MDRAC. Estimated cost 2 mECU. Project on appraisal. 6th EDF.
EDF BEN 6009 A3d

Structural Adjustment Programme — General Import Programme — II 1993-1994. 15.700 mECU. Projet in execution. 7th EDF.
EDF BEN 7200 A1c

Construction works, Lot 1b Parakou-Djougou road. Km 65.000 – Km 136.634. Resp. Auth.: Ministère des Travaux Publics et des Transports. 16 mECU. Works, supervision, geotechnical control, follow-up and evaluation. Works by int. tender. Project in execution. 7th EDF.
EDF BEN 7004 A2d

Beroubouay — Malanville road rehabilitation. Resp. Auth.: Ministère des Travaux Publics et des Transports. 29 mECU. Works, by int. tender. T.A. Project in execution. 7th EDF.
EDF BEN 6022/7001 A2d

Decentralized cooperation programme. 1.950 mECU. To strengthen role, means of action and organization of the representative partners in the civil society. Support to the management of urban communal administrations in Zou and Cotonou, ★ support to the associative sector. ***Project in execution.*** 7th EDF
EDF BEN 5018 (7) A8b

Rehabilitation of the Cotonou-Hilacondji Road. *Resp. Auth.: Ministère des Travaux Publics et des Transports. Estimated cost 17 mECU. Rehabilitation works over 93 km. Works by int. tender. Supervision, geotechnical control, follow-up, evaluation. Project on appraisal. 7th EDF.*
EDF BEN 6017 A2d

BOTSWANA

Wildlife Conservation in Northern Botswana. Resp. Auth.: Department of Wildlife and National Parks. (DWNP). 6.800 mECU. New tracks, construction of administrative office quarters and accommodation. Supply of equipment (earthmoving — tractors — 4 × 4 pick-ups). T.A. and training. Project on appraisal. 6th EDF.
EDF BT 6026 A3e, A5i

Wildlife conservation and utilization in Central and Southern Botswana. Resp. Auth.: DWNP. Estimated cost 6.4 mECU. Construction of buildings and staff houses, supply of equipments, T.A. and training. Project in execution. 7th EDF.
EDF BT 6001/7001 A3e,A5i

BURKINA FASO

Douna Plain development. Resp. Auth.: Ministère de l'Agriculture et de l'Elevage. 2.050 mECU. EDF 2 mECU, local 0.050 mECU. Works, supplies, T.A. Project on appraisal. 7th EDF.
EDF BK 6005/7002 A3a

Tougan — Ouahigouya — Mali border road. Resp. Auth.: Ministère des Travaux Publics. Modern earthroad. Supervision: short-list to be done. Estimated cost 18.5 m ECU. Project on appraisal. 6th and 7th EDF.
EDF BK 7004 A2d

Support programme to S.M.E's. Resp. Auth.: Ministère de l'Industrie, du Commerce et des Mines. 10.500 mECU. Investments, agencies, T.A. and training, line of credit. Projet in execution. 7th EDF.
EDF BK 7006 A4,A5

Support to the Structural Adjustment Programme. General Import Programme. 93-95. Hard currency allowance to import ACP and EC goods, with negative list. 38 mECU. T.A. for starting and follow-up. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF BK 7200 A1c

Sectoral Adjustment Programme — Agricultural — Livestock. 9.6 mECU. Works for production, supply of equipments, T.A., training. Project in execution. 7th EDF.
EDF BK 7008 A3a

Sectoral Adjustment Programme — Agricultural — Cereals. Estimated cost 12.500 mECU. Support for institutional reform, works, supply of equipments, T.A., lines of credit. Project on appraisal. 7th EDF.
EDF BK 7009 A3a

Sectoral Adjustment Programme — Agricultural — Environment. Estimated cost 1.950 mECU. Soil map and inventory, soil management and T.A. Project on appraisal. 7th EDF.
EDF BK 7010 A3a

Project to place solar equipments in the Provinces of Sourou, Yatenga and Passoré. Resp. Auth.: Ministère de l'Eau. 2 mECU. Water supplies, works, wells. T.A. Project in execution. 7th EDF.
EDF BK 6001 A3a

Institutional Support to develop the Bagré region (610 ha). EDF part 2 mECU for T.A. Project in execution. 7th EDF.
EDF BK 7011 A3a

Support project for fight against AIDS and STD's. Resp. Auth.: Ministère de la Santé. Estimated cost 1.6 mECU. Rehabilitation works, supply of equipments, training. Project on appraisal. 7th EDF.
EDF BK 7013 A7b,c

BURUNDI

Ruvubu Game Development. Resp. Auth.: Ministère de l'Aménagement, du Tourisme et de l'Environnement. 4 mECU. Supervision and management. Elimination of conflictual sources between the game and population. Make the game accessible to the tourism. Works, supplies, T.A., training and awareness-raising. Project on appraisal. 7th EDF.
EDF BU 6029 A5i

Support project for micro-enterprises. 10 m ECU. Support to prepare technical dossiers, management follow-up. T.A., training. Project on appraisal. 7th EDF.
EDF BU 7004 A4, A5

Global plan on urgent humanitarian aid to the burundese refugees in Rwanda, Tanzania and Zaire. 18.3 mECU Project in execution. 7th EDF
EDF BU 7RPR 277 A8

CAMEROON

Support to the health services. Resp. Auth.: Ministère de la Santé Publique. 8.5 mECU. Works, supplies of medicines by int. tender, T.A. by restr. tender after prequalification. Project in execution. 6th and 7th EDF.
EDF CM 6030 (7004) A7e

Road maintenance programme. Resp. Auth.: Ministère des Travaux Publics. 22.5 mECU. Maintenance in 3 regions: Tikar plain, Ayos-Bertoua, Yaundé. Project in execution. 7th EDF.
EDF CM 6031 (7005) A2d

Integrated rural development programme in the North-East and North-West Benoué regions. Resp. Auth.: Ministère du Plan et de l'Aménagement du Territoire. Estimated cost 13.350 mECU. Works, equipments, T.A., training. Project on appraisal. 7th EDF.
EDF CM 6002/7001 A3a

Development of the Mandara Mounts region. Resp. Auth.: Mission de Développement Intégré des Monts Mandara (MIDIMA). 9 mECU. Works, supply of equipments, T.A. evaluation, studies. Project in execution. 7th EDF.
EDF CM 6026 A3a

'Bertoua-Garoua-Boulai' Rehabilitation Road - Feasability study. 1.5 mECU. Project in execution. 7th EDF
EDF CM 7002 A2d

General Import Programme. *Hard currency allowance to import ACP and EC goods with negative list. 20.200 mECU. Project on appraisal. Date foreseen for financing April 94. 7th EDF.*
EDF CM 7200/001 A1c

CAPE VERDE

Development of an industrial zone in Praia. Resp. Auth.: Ministères des Infrastructures et transports. 1.290 mECU. Roads, electricity and telephone network ★ and sanitation. Work supervision. ***Date financing March 94.*** 7th EDF.
EDF CV 7002 A2,A8

Support to the start-up of the Praia's technical school. *Resp. Auth.: Ministère de l'Education. Direction Générale de l'Enseignement. Estimated cost 0.980 mECU. T.A., supply of equipments, scholar-ships. Project on appraisal. 7th EDF.*
EDF CV 6001/003 A6d

CENTRAL AFRICAN REPUBLIC

North Region development programme. Phase II. Resp. Auth.: Ministère de l'Economie, du Plan, des Statistiques et de la Coopération Internationale — Ministère des Eaux, Forêts, Chasse, Pêche et Tourisme (M.E.F.C.P.T.). 14.6 mECU. Works, supplies and T.A. Works by direct labour, supplies by int. tender, T.A. by restr. tender after prequalification. Project in execution. 7th EDF.
EDF CA 6002/7002 A3a

Support to the Structural Adjustment. General Import Programme. *Hard currency allowance to import ACP and EC goods with negative list. 10 mECU. T.A. foreseen. Project on appraisal. 7th EDF.*
CA 7200 A1c

COMOROS

Seed, support and market-garden development. Resp. Auth.: Ministère de l'Agriculture. Total estimated cost 5.650 mECU. EDF 5.5 mECU, local 0.150 mECU. Production of improved vegetable material. Rural development actions, infrastructures, training teams. Works, supplies and T.A. Project on appraisal. 7th EDF.
EDF COM 5002(7001) A3a

Micro-projects. Estimated total cost 3.4 mECU. EDF 2.5 mECU, local 0.4 mECU, local communities 0.5 mECU. Warehouses, rural hydraulic and electrification, health, education, works, supplies, T.A. Project on appraisal. 7th EDF.
EDF COM 7102 A3a

Support to the Structural Adjustment Programme. General Import Programme. 93-95. Hard currency allowance to import ACP and EC goods, with negative list. 5.500 mECU. T.A. for starting and follow-up. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF COM 7200 A1c

Sea-access to the Moheli island. Resp. Auth.: Ministère de l'Equipement — Direction Générale des Travaux Publics. 3.250 mECU. Works, by int. tender. T.A. for further investigations, tender dossier and works supervision. Project on appraisal. 7th EDF.
EDF COM 6006/7003 A2d

CHAD

Cotton rural roads maintenance. Resp. Auth.: Ministère des Travaux Publics. 7 mECU. Rehabilitation works and supervision. Project in execution. 7th EDF.
EDF CD 7004 A2d

Rural hydraulics programme in the concentration zone. Resp. Auth.: Ministère des Mines, Energie, Ressources en Eau. Estimated total cost 8.509 mECU. EDF part 8.300 mECU. Drillings, wells, hand-pumps, solar pump, T.A. Works, supplies and T.A., follow-up, works supervision. Project in execution. 7th EDF.
EDF CD 7003 A2b

Support to the Structural Adjustment. General Import Programme. *Hard currency allowance to import ACP and EC goods with negative list. T.A. foreseen. 15.200 mECU. Project on appraisal. Date foreseen for financing May 94. 7th EDF.*
EDF CD 7200/001 A1c

CONGO

Support to the private sector and S.M.E.'s promotion. Resp. Auth.: National Authorizing officer, Ministère for SME, EEC delegation, Associations. 10 mECU. Lines of credit, development, promotion, viability of micro — small and medium enterprises. T.A., supplies and line of credit. Project in execution. 6th and 7th EDF.
EDF COB 6006/7001 A4, A5

Support to the anticipated general elections. 0.200 mECU. Contribution for the printing of ballot papers. Imprimerie Nationale and Imprimerie des Armées. Project on appraisal. 7th EDF.
EDF COB 7004 A1c

Support to the Health Development National Programme. Resp. Auth.: Ministère de la Santé. 10 mECU. Construction and rehabilitation works, T.A., training, supply of equipments and medicines. Project in execution. 7th EDF.
EDF COB 7006 A7

Market-gardening around Brazzaville. *Resp. Auth.: Ministère de l'Agriculture, des Eaux et Forêts, de l'Elevage et de ★ l'Environnement. Agricongo. 3.400 mECU. Works by acc. tender, supply of agricultural inputs, training, evaluation, line of credit. Cofinancing with France. Project on appraisal. 5th, 6th and 7th EDF.*
EDF COB 7001 A3a

COTE D'IVOIRE

Health sector support programme. 11.2 mECU. Strengthening basic care, correcting balances between regions and support to decentralization. Project in execution. 7th EDF.
EDF IVC 6011 (7001) A7

Support programme to coastal cities. 28.5 mECU. Social and economic infrastructure, planning and management of ★ municipalities. ***Project in execution.*** 7th EDF.
EDF IVC 7002 A8a, b

Wholesale market in Bouake. 10 mECU. Market construction and installation and starting. Works and T.A. Project in execution. 7th EDF.
EDF IVC 6009(7) A5c

Support to the Structural Adjustment Programme. Phase II. *18.5 mECU. Projet in execution.* 7th EDF.
EDF IVC 7200 A1c

Support to the Planning Directorate in the Ministère de l'Agriculture. 0.700 mECU. T.A., equipments, training. Project on appraisal. 7th EDF.
EDF IVC 7010 A3b

Support programme to the 'pineapple market'. *Estimated cost 7.780 mECU. EDF 6.100 mECU, O.C.A.B. (Organisation Centrale des Producteurs – Exportateurs d'Ananas et des Bananes). 1.680 mECU. Works, supplies, T.A., training, studies, line of credit. Project on appraisal. 7th EDF.*
EDF IVC 6016 A3a

Support to the Structural Adjustment Programme. Phase III. *28.800 mECU. Hard currency allowance to import ACP and EC goods, with negative list. T.A. foreseen. Project on appraisal. Date foreseen for financing April 94. 7th EDF.*
EDF 7200/002 A1c

DJIBOUTI

Fight against desertification and development of livestock husbandry in Western-Djibouti. Resp. Auth.: Ministère de l'Agriculture et du Développement Rural. 1.665 mECU. Supply of equipment, studies, T.A. Project on appraisal. 7th EDF.
EDF DI 6008 A3a

Health training programme. Resp. Auth.: Ministère de la Santé Publique et des Affaires Sociales. 0.750 mECU. T.A., scholar-ships, seminars, training. Project on appraisal. 7th EDF.
EDF DI 7101/002 A7e

DOMINICAN REPUBLIC

Integrated rural development project in the NOROESTE (PROLINO). Resp. Auth.: Ministry of Agriculture. EDF 23.61 mECU. Building of earth-dams, infrastructure, supply of equipment, T.A. and lines of credit. Project in execution. 7th EDF.
EDF DO 7006 A3a

Integrated programme to develop primary education at local level. Resp. Auth.: Secretaria de Estado de Educación, Bellas Artes y Cultos (SEEBAC). Total cost 8 mECU. EDF 7 mECU, local 1 mECU. Buildings, equipment, T.A. Works by direct labour or acc. proc., the equipment will be purchased locally. T.A.: short-list done. Project in execution. 7th EDF.
EDF DO 7007 A6a

Integrated health programme in the south-east. Resp. Auth.: Secretaria de Estado de Salud Pública y Asistencia Social (SESPAS). Total cost 9.8 mECU. EDF 8.8 mECU, local 1 mECU. Physical health infrastructure by direct labour or acc. proc., health materials and equipment by int. tender, training, health education, T.A. Project in execution. 7th EDF.
EDF DO 7008 A7a,b,c,e

Geological and mining development programme. 23 mECU. Studies, programmes managements, works, T.A. and evaluation. Project in execution. 7th EDF.
EDF DO SYS 9999 A4a,e

Hydroelectric project «Los Toros». Construction of an hydroelectric power station. Civil works, supply of electromechanical and hydromechanical equipment. Capacity 9.2 Mw. Annual output 57.27 Gwh. Estimated cost 25.4 mECU. Project on appraisal. 7th EDF.
EDF DO 7005 A2ai

EQUATORIAL GUINEA

Essential goods import programme. Resp. Auth.: Presidency of the Republic. Estimated cost 1.5 mECU. Hard currency

allowance to import essential goods. Project on appraisal. 5th and 6th EDF.
EDF EG 0000 A1c

Conservation and rational utilisation of the forest ecosystems. Resp. Auth.: Ministry of Agriculture, Livestock farming, Fisheries and Forests. Directorate General for Forests. 5.070 mECU. Land Classification and Use Master Plan — National System of Conservation Units — Forest Training and Research Centre. T.A. and supply of equipment. Project on appraisal. 6th EDF.
EDF EG 6001 A3c, e, i

Rural development programme in the South-East. Resp. Auth.: Ministère de l'Agriculture. 4.500 mECU. Works, supplies and T.A. Project in execution. 7th EDF.
EDF EG 6005 (7001) A3a

ERITREA

Small Scale irrigation in the Western Lowlands of Eritrea. Resp. Auth.: Department of Agriculture. Estimated cost 1.690 mECU. Rehabilitation works, supply of drinking water, agricultural inputs. T.A. Project in execution. 7th EDF.
EDF ERY 7255 A3a

Rehabilitation Programme. *3.7 mECU. NGO projects for health, veterinary services, water supply and demobilization of soldiers. Project on appraisal. Date foreseen for financing April 94. 7th EDF.*
EDF ERY 7255 A7,A8

ETHIOPIA

AFAR Rural Development. To improve living conditions. Human health facilities, better animal disease control programmes, microprojects programmes, T.A. Projet en exécution. 7th EDF.
EDF ET 7004 A3a

Structural Adjustment Support Programme. General Import Programme. Hard currency allowance to the Central Bank. 75 mECU. T.A. for counterpart funds, social policy and G.I.P. follow-up. Project in execution. 7th EDF.
EDF ET 7200 A1c

Strengthening of water supply and sanitation in Addis Ababa. Resp. Auth.: Addis Ababa Water Supply and Sewerage Authority. Estimated cost 1.990 mECU. Supply of metering and control equipment. T.A. and consultancies. Project on appraisal. 7th EDF.
EDF ET 5006/7 A2b,A8c

Rehabilitation of the Addis-Ababa – Modjo – Awasa Road. *Resp. Auth.: Ethiopian Road Authority. Estimated cost 40 mECU. Works and supervision. Project on appraisal. 7th EDF.*
EDF ET 7005 A2d

FIJI

Construction of 2 bridges (Sigatoka, Ba). Resp. Auth.: Public Works Dept. 10.6 mECU. EDF 10.240 mECU, local 0.360 mECU. Bridge reconstruction after cyclone Kina. Study to revise drawings: short-list ★ done. ***Project in execution.*** 7th EDF.
EDF FIJ 7001 A2d

Vunidawa and Korovou bridges construction. Resp. Auth.: Public Works Dept. 1.135 mECU. Drawings and construction of Korovou bridge, deck construction for Vunidawa bridge. Project in execution. 7th EDF.
EDF FIJ 7002 A2d

GABON

Support for rehabilitation of the national health system. Resp. Auth.: Ministère de la Santé Publique et de la Population. 11 mECU. Supply of equipments, essential medicines, T.A. and training, evaluation. Project in execution. 7th EDF.
EDF GA 7002 A7

Mining development programme and diversification. Resp. Auth.: Ministère des Mines, de l'Energie et des Ressources Hydrauliques. Estimated cost 14 mECU. Works by direct labour and int. tenders, équipments by int. tender, T.A., follow-up and evaluation. Project on appraisal. Date foreseen for financing April 94. 7th EDF.
EDF/SYS/GA 9999 A4a

Support to the Structural Adjustment. *Estimated cost 13.2 mECU. Project on appraisal. Date foreseen for financing May 94. 7th EDF.*
EDF GA 7200 A1c

GAMBIA

Rural Development Programme. Resp. Auth.: Ministry of Finance and Economic Affairs. 14.5 mECU. Rehabilitation of water schemes, supply of road equipment and materials, T.A. and supervision. Project in execution. 6th EDF.
EDF GM 6004 A3a

Structural Adjustment Support Programme – General Import Programme 1993. 4.200 mECU. Hard currency allowance. Projet in execution. 7th EDF.
EDF GM 7200/001 A1c

GHANA

Structural Adjustment Programme. General Import Programme. 1993. Hard currency allowance to import ACP and EEC goods. There is a negative list of items not eligible (military-luxury and environmentally hazardous products). 29 mECU. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF GH 7200 A1c

Human resources development programme. 5 mECU. Supply of equipments. T.A. and evaluation. Project on appraisal. 7th EDF.
EDF GH 7003 A6

Small and Medium Enterprises Development Programme. Assistance in the preparation of business development plans. Financial contribution to the Ghana Venture Capital Fund. 4.8 mECU. Projet in execution. 7th EDF.
EDF GH 7004 A5b,e

GRENADA

Microprojects programme. Resp. Auth.: Ministry of Labour, Social Service, Community Development. 0.220 mECU. Water supply, road improvements, repairs and extension of schools, medical and community centre and sports grounds. Project on appraisal. 7th EDF.
EDF GRD 7102

GUINEA

Agricultural Programme in «Guinée Maritime» (PAGM) II. Resp. Auth.: Ministère de l'Agriculture et des Ressources Animales. 15 mECU. Infrastructural works, supply of agricultural inputs, equipments, T.A. and training. Project in execution. 7th EDF.
EDF GUI 6001(1) A3a

Development of the secondary towns. Resp. Auth.: Ministère de l'Aménagement du Territoire. Estimated cost 7 mECU. Buildings, market, railway stations, roads, T.A. and training, management, work supervision, supply of equipments. Project on appraisal. 7th EDF.
EDF GUI 7008 A8a,b

GUINEA BISSAU

Rural development programme. 23.8 mECU. Improvement of food and fisheries production, line of credit, microprojects, T.A. and training. Project in execution. 6th EDF.
EDF GUB 6001 A3a

Project for the rehabilitation of social and economic infrastructures. Resp. Auth.: Ministry of Public Works. 11 mECU. Road rehabilitation, schools, health centres, urban roads, markets, water and sanitation. Construction of secondary bridges, access roads, supply of a ferry. Works, supplies and T.A. Project in execution. 6th and 7th EDF.
EDF GUB 6013 (PRI) A7, A8

Farim bridge construction. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 11 mECU. Bridge over Cacheu river. Works and supervision. Project on appraisal. 7th EDF.
EDF GUB 7006 A2d

Cultural actions promotion programme. Resp. Auth.: Secrétariat d'Etat à la Culture et à l'Information and EEC Delegation in Bissau. 1.650 mECU. Safeguard of the cultural heritage, training, manifestations, studies. Projet in execution. 7th EDF.
EDF GUB 7008 A5g,i

General Import Programme. 8 mECU. Hard currency allowance, T.A. foreseen. Project in execution. 7th EDF.
EDF GUB 7200 A1c

GUYANA

Sea defence programme. Resp. Auth.: Hydraulic Division. 12 mECU. Rehabilitation of 11 km of sea defences, procurement of materials and equipment, T.A. and training. Project in execution. 7th EDF.
EDF GUA 6003 (7001) A8g

Immediate action programme for the Demerara Harbour Bridge. Resp. Auth.: Ministry of Finance. 8 mECU. Works, supplies, T.A. and training. Project in execution. 7th EDF.
EDF GUA 6011 (7002) A2d

New Amsterdam water supply. Resp. Auth.: Ministry of Finance. 4.5 mECU. Construction of the ring main system, reservoir, supplies T.A. and training. Project in execution. 7th EDF.
EDF GUA 6012 (7003) A2b

JAMAICA

Credit scheme for micro and small enterprises. Resp. Auth.: Planning Institute of Jamaica. Implementation by Apex Institution and Coordination and Monitoring Unit. 7 mECU. Line of credit, T.A. and evaluation. Project on appraisal. Date foreseen for financing 1st half 94. 5th, 6th and

7th EDF.
EDF JM 5020 A4,A5

Water Supply, sewerage, institutional strenghtening programme. Resp. Auth.: National Water Commission (NWC). Estimated cost 18 mECU. Works, supplies and T.A. Project on appraisal. 7th EDF.
EDF JM 7005 A8a,b,c

KENYA

Revival and Development of the Swahili Culture. Resp. Auth.: Ministry of Home Affairs and National Heritage. National Museums of Kenya (N.M.K.). 1.990 mECU. Safeguarding, acquisition and restoration, supply of equipment, T.A. Project in execution. 7th EDF.
EDF KE 7004 A5i

LESOTHO

Structural Adjustment Programme. Phase II. *Hard currency allowance to import ACP and EC goods with negative list. Estimated cost 8 mECU. T.A. foreseen. Project on appraisal. 7th EDF.*
EDF LSO 7200/001 A1c

LIBERIA

Rehabilitation Programme. Resp. Auth.: EC aid coordination office in Monrovia. 25 mECU. Essential repairs to water and power supply systems, restauration of basic health and school facilities, distribution of seeds and tools, improved access to isolated regions, assisting the re-integration of ex-combatants and returning refugees. Implementation by local NGOs and ★ European NGOs. ***Project in execution.*** 6th and 7th EDF.
EDF LBR 7001 A1c

MADAGASCAR

Kamolandy bridge reconstruction. Resp. Auth.: Ministère des Travaux Publics. 1.540 mECU. Submersible-type bridge. Project on appraisal. 6th EDF.
EDF MAG 6027 A2d

Renovation of provincial airports. Cofinancing with France. EDF 16.4 mECU. ★ Works, equipment and supervision. ***Project in execution.*** 6th EDF.
EDF MAG 6016 A2d

Improvement of the agriculture and fishing in the Far South. Resp. Auth.: Ministère d'Etat, du Développement Rural. 1.900 mECU. Works, supplies, study, T.A. ★ and evaluation. ***Date financing April 94.*** 7th EDF.
EDF MAG 7003 A3a

Road infrastructure rehabilitation. Resp. Auth.: Ministère des Travaux Publics. Estimation 70.850 mECU. Rehabilitation works, supervision. Project on appraisal. 6th and 7th EDF.
EDF MAG 7004 A2d

MALAWI

Aid for refugees. Resp. Auth.: Food Aid Coordination Unit in the Office of the President and Cabinet (OPC). 3.740 mECU. The programme concerns basic needs for refugees from Mozambique. Roads, wells, drinking water, health, education. Management by UNHCR, Red Cross, MSF, Concern Universal. Project in execution. 7th EDF.
EDF MAI 7255 A6, 7, 8

AIDS prevention programme Phase II. Resp. Auth.: Ministry of Health. 1.200 mECU. Supply of information material, laboratory equipment, T.A. and training. Project in execution. 7th EDF
EDF MAI 7001 A7

Structural Adjustment Facility (SAF) — General Import Programme. Resp. Auth.: Reserve Bank of Malawi. 30.6 mECU. Hard currency allowance to import ACP and EC goods, with negative list. T.A. for management and audit purposes. Project in execution. 7th EDF.
EDF MAI 7200 A1c

Limbe-Thyolo-Muloza Road. *Works, construction by int. tender (conditional). Works and supervision. Project on appraisal. 6th and 7th EDF.*
EDF MAI 6021 A2d

MALI

Fight against erosion around the road Bandiagara-Dourou. Dogon region. Estimated cost 0.900 mECU. Resp. Auth.: Commandant du Cercle de Bandiagara. Works by direct labour, T.A. by Association Française des Volontaires du Progrès (AFVP). Project on appraisal. 7th EDF.
EDF MLI 6001/003/7 A3i

Support to develop rural credit. Resp. Auth.: Banque Nationale de Développement Agricole. BNDA. EDF part 1.910 mECU. T.A. and line of credit, training. Project on appraisal. 7th EDF.
EDF MLI 6001/002 A5a

Fight against silting up and development of forest resources in the Northern regions. Resp. Auth.: Ministère de l'Environnement – Direction Nationale des Eaux et Forêts. 6.810 mECU. Infrastructural works, forest and trees, supplies, follow-up and training. Project in execution. 7th EDF.
EDF MLI 6001/001 A3a

Strenghtening of hydraulic village infractructures in the Bankass and Koro Cercles in the 5th region. Resp. Auth.: Ministère des Mines, de l'Energie et de l'Hydraulique. Direction Nationale de l'Hydraulique et de l'Energie (DNHE). 1.989 mECU. Drilling works by acc. tender. Supply and installation of hand pumps. T.A. and follow up. Project in execution. 7th EDF.
EDF MLI 6005/001 A2b

Development of secondary towns in the 4th and 5th regions. Resp. Auth.: Ministère de l'Administration Territorial et de la Décentralisation. 5 mECU. Water supply in 3 towns, sewage works, markets, schools, waste collect systems in 6 towns. Works by acc. tenders. Supply of equipments and T.A. Project in execution. 7th EDF.
EDF MLI 7008 A2b

Programme for the reception of 70 solar pumps. Resp. Auth.: DNHE. 2.9 mECU. Works by acc. tenders. Supply of equipments and T.A. Project in execution. 7th EDF.
EDF MLI 7011 A2b

Better use of surfacing waters in the 5th region. Consolidation. *Resp. Auth.: Gouvernorat de Mopti. Estimated cost 5.750 mECU. EDF 5 mECU, local 0.750 mECU. Works, irrigation, supply of pumps, inputs, T.A., follow-up and evaluation, training, research. Project on appraisal. 7th EDF.*
EDF MLI 6005/002 A3a

Reconstruction of primary schools in the North (Gao region). *Estimated cost 1.934 mECU. Reconstruction of ±21 schools (±126 class-rooms), water points, supply of equipments. Works by direct labour, coordination and supervision by volunteers organization. Project on appraisal. 7th EDF.*
EDF MLI 7013 A6a

MAURITANIA

Second Road Programme. Resp. Auth.: Ministère des Travaux Publics. 7.350 mECU. Supply of equipment and materials by int. tender. Studies, auditing, T.A. and training. Date foreseen for financing 1st half 94. 7th EDF.
EDF MAU 6004-7004 A2d

Support to the management of the Kaedi Municipality. Resp. Auth.: Ministère du Plan. Estimated cost 0.850 mECU. Works and T.A. by the NGO AFRICA 70. Project on appraisal. 7th EDF.
EDF MAU 6007/001 A1c

National measures to support the Solar Regional Programme. *Estimated cost 2.520 mECU. Infrastructural works (tanks, wells, pipes) and sensibilization, training and follow-up for the recipient communities, works and T.A. Project on appraisal. 7th EDF.*
EDF MAU 6116/001 A2a,ai,b

MAURITIUS

West Coast Irrigation Project. Resp. Auth.: Irrigation Authority. 7 mECU. Improvement of the water intake structures at Magenta dam. Rehabilitation of the Magenta canal. Works and supply of equipments by int. tender. Project in execution. 7th EDF.
EDF MAS 6013 A3c

Mauritius Institute of Public Administration and Management (MIPAM). Estimated cost 1.204 mECU. Supply of equipment and T.A. Project on appraisal. 7th EDF.
EDF MAS 7101/001 A6a

Human resources Centre in Rodrigues. Estimated cost 0.800 mECU. Works, supply of equipment, T.A. and training. Project on appraisal. 7th EDF.
EDF MAS 7101/002 A6e

Support to the Industrial and Vocational Training Board. IVTB. Estimated cost 2.500 mECU. Rehabilitation works, supply of equipments, T.A. and training. Project on appraisal. 6th EDF.
EDF MAS 6101/001 A6b,d

MOZAMBIQUE

Training for railway staff. Phase II. T.A. for the regional School at Inhambane and the provincial centres of railway training. 20 mECU. T.A. and supply of equipment. Project on appraisal. 7th EDF.
EDF MOZ-REG 6409 A2d, A6d

Support for road rehabilitation and water supply. Resp. Auth.: Ministère de la Construction et de l'Eau. Direction Nationale des Routes et des Ponts (DNEP) and Direction Nationale de l'Eau (DNA). 10 mECU. Works and supplies. T.A. Project in execution. 7th EDF
EDF MOZ 7005 A2d

Rehabilitation project for the reinstatement of refugees and returned people in the rural sector. 12 mECU.

Project in execution. 7th EDF
EDF MOZ 7012 A3a

Roads rehabilitation programme in the Zambezia and Sofala provinces. Resp. Auth.: Ministère de la Construction et de l'Eau. Estimated cost 30 mECU. Roads and bridges rehabilitation. Works and supervision. Project in execution. 7th EDF
EDF MOZ 7005/001 A2d

NAMIBIA

Support programme for the mining sector. Resp. Auth.: Ministry of Mines and Energy. Day-to-day administration by the Industrial Development Corporation. 40 mECU. Mine development, expansion, drillings, tiling plant, recuperations, small scale mining. Works and supplies by int. tender. T.A. and training. Project in execution. 7th EDF.
EDF NAM SYS 9999 A4a

Institutional support for the Ministry of Agriculture, Water and Rural Development. Resp. Auth.: Ministry of Agriculture, Water and Rural Development. 1.3 mECU. T.A. for agricultural planning and marketing and production economics. Project on appraisal. 7th EDF.
EDF NAM 7003 A1c

Namibia Integrated Health Programme. Resp. Auth.: Ministry of Health and Social Services. 13.500 mECU. Infrastructures, equipment, training and T.A. Project on appraisal. Date foreseen for financing 2nd half 94. 7th EDF.
EDF NAM 7007 A7

Upgrading and rehabilitation of primary school physical facilities in rural areas. Resp. Auth.: Ministry of Education and Culture. 1.800 mECU. Construction, equipements, T.A. for supervision, evaluation. Project in execution. 7th EDF.
EDF NAM 7008 A6a

Expansion of NBC transmitter network and production facilities for educational broadcasting. Resp. Auth.: Namibian Broadcasting Corporation. Estimated total cost 5.7 mECU. EDF 5 mECU, local 0.700 mECU. Works, supply of equipments, technical training and technical consultances. Project on appraisal. 7th EDF.
EDF NAM 7005 A6i

Rural Development Support Programme for the Northern Communal Areas. Resp. Auth.: Ministry of Agriculture, Water and Rural Development. 7.7 mECU. Strengthening of the agricultural extension service, training of extension officiers and establishment of a rural credit system. Supply of office equipment, vehicles, agricultural inputs, T.A., training, evaluation. ★ *Project in execution.* 7th EDF.
EDF NAM 7011 A3a

NIGER

Sectoral Import Programme for medical supplies and inputs for the productive system. Resp. Auth.: Ministère de Finances et du Plan. 23 m ECU. Hard currency allowance to finance imports. T.A. Project in execution. 7th EDF
EDF NIR 7002 A1c

Small-scale irrigation in the South Zinder. Resp. Auth.: Ministère de l'Agriculture et de l'Elevage. 1.750 mECU. Works, supplies, training. Project on appraisal. 7th EDF.
EDF NIR 7009 A3c

Vocational and technical training project (NIGETECH). Resp. Auth.: Ministère de Finances et du Plan. 3.8 mECU. Seminars, scolar-ships, trainer training, T.A. Project on appraisal. 7th EDF. Date foreseen for financing March 94.
EDF NIR 7101 A6d

Road infrastructures and telecommunications. Rehabilitation of Tillabery-Ayorou (Tender launched), Farie-Tera and Say-Tapoa roads. For telecommunications: hearth station in Arlit and administrative centre in Niamey. Works and supervision. Project on appraisal. 7th EDF
EDF NIR 7005 A2d, c

Integrated development programme in the sheep-farming zone. (Azaouak, Tadress and Nord-Dakoro). Resp. Auth.: Ministères de l'Hydraulique et de l'Environnement, de l'Agriculture et de l'Elevage, de la Santé Publique et de l'Éducation Nationale. 18 mECU. Rehabilitation works, wells, drillings, supply of equipment, T.A. training, evaluation and follow-up. Project on appraisal. Date foreseen for financing April 94. 7th EDF
EDF NIR 7012 A3a

Support to the Structural Adjustment Programme. General Import Programme. *Hard currency allowance to import ACP and EC goods with negative list. 20 mECU. T.A. foreseen. Project on appraisal. Date foreseen for financing April 94. 7th EDF.*
EDF NIR 7200 A1c

NIGERIA

Katsina Arid Zone Programme. Resp. Auth.: Governor of Katsina State. 25 mECU. Soils and forests protection, livestock, increase agricultural productivity, irrigation, rural and social infrastructure, management and coordination, training. T.A.: restr. tender after prequalification. Project in execution. 7th EDF
EDF UNI 7005 A3a

Urgent assistance for the News Agency of Nigeria (N.A.N.) Resp. Auth.: N.A.N. 1.300 mECU. Repair-reconstruction of N.A.N. communication building, procurement — installation of new telecommunication equipments. Works, supplies and T.A. Project in execution. 7th EDF.
EDF UNI 7007 A5g

NITEL Maintenance training programme. Resp. Auth.: Nigerian Telecommunications. 10.5 mECU. Rehabilitation works, supply of equipment, T.A. and training. Project in execution. 7th EDF.
EDF UNI 7008 (6004) A2c

PAPUA NEW GUINEA

Third Structural Adjustment Programme. General Import Programme. 8.5 m ECU. Same as 2nd programme. Project in execution. 7th EDF
EDF PNG 7201 A1c

Human resources development programme. Resp. Auth.: National Dept. of Education (NDOE) and Commission for Higher Education (CHE). 15 mECU. Works: building renovation, university construction, rehabilitation works, works supervision, scholarships, training. Works for the university by int. tender. ★ *Project in execution.* 7th EDF.
EDF PNG 6008/7001 A6a,b

Ramu road improvement. Resp. Auth.: Department of works. Estimated cost 20 mECU. Upgrading of 73 Km of the Ramu highway (Pompuquato bridge to Usino junction) from the present gravel pavement to a bituminous sealed pavement and associated bridge works. Works and supervision. Design study: short-list done. ★ ***Date financing March 94.*** 6th EDF.
EDF PNG 6017 A2d

Environmental Monitoring of Mining. Resp. Auth.: Dept. of the Environment and Conservation. EDF 1.6 mECU. T.A. for 30 man/months and technical consultancies. Training. ★ ***Project in execution.*** 7th EDF
EDF PNG 7001 A4a

RWANDA

Drinking water supply in the Bugesera East. Resp. Auth.: Ministère de Travaux Publics. 9.920 mECU. Pumps, treatment, tanks, renovation existing network. Works, supplies and supervision. Works: int. tender already launched. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF RW 6007 (7002) A2b

ST. KITTS AND NEVIS

Development of Social Infrastructure – Phase II. Resp. Auth.: Ministry of Education and Ministry of Works, Communications and Public Utilities. 0.872 mECU. Construction and supply of furnitures for primary schools, supply of equipments, T.A. for supervision of works. Project on appraisal. 5th and 6th EDF.
EDF SCN 6001 A6a

SAO TOME & PRINCIPE

Sectoral Import Programme for Structural Adjustment Support. Resp. auth.: Secrétariat d'Etat à la Coopération — Délégation de la Commission à Libreville et Antenne de la Commission à Sao Tomé. 1.5 mECU. Medical supplies, school equipment, foods and T.A. Project in execution. 7th EDF.
EDF STP 7200 A1c

Improvement of the port. 0.450 mECU. Works and supervision. Projet in execution. 7th EDF.
EDF STP-REG 6202/001 A2d

SENEGAL

St-Louis regional development programme. 22.5 mECU. Jobs creation, lines of credit, T.A. to the S.M.E's, training, studies. Health centres, clinics, medical equipments and consumables, training, information. T.A. to the Direction Régionale in St-Louis and to the Service des Grandes Endémies in Podor. Drainage network, sanitation. Environmental protection with wind-breaks. T.A. Study of a water-engineering scheme in Podor. Works by acc. tender. Supplies by int. tender. T.A. by restr. tender. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF SE 6002/7002 A3a

Support to the national programme to fight AIDS. Phase II. Resp. Auth.: Comité National de Lutte contre le sida. CNLS. 1.700 mECU. Works, rehabilitation, supply of equipment, T.A., management, training. Project in execution. 7th EDF.
EDF SE 7003 A7

Support to the economic development of the Ziguinchor region. 1.990 mECU. Line of credit for SME's and support to the artisanal fishery. Supply of equipments, T.A. Project on appraisal. 7th EDF.
EDF SE 5024/7001 A3a

Support to the Structural Adjustment Programme. General Import Programme. *Hard currency allowance to import ACP and EC goods with negative list. Estimated cost 16 mECU. T.A. foreseen. Project on appraisal. Date foreseen for financing May 94. 7th EDF.*
EDF SE 7200/001 A1c

SIERRA LEONE

Agricultural Sector Support Programme. Resp. Auth.: Ministry of Agriculture. 14.3 mECU. Construction of stores, rehabilitation of feeder roads, vehicles, agricultural inputs, materials, T.A. for project management, training. Project in execution. 7th EDF.
EDF SL 7001 A3a

Electricity Sector rehabilitation project. Resp. Auth.: National Power Authority. Estimated total cost 52 mECU. EDF 12.5 mECU, E.I.B. 15.5 mECU, World Bank 17.5 mECU, local 3 mECU, Japan 6 mECU. EDF part: rehabilitation of the distribution network. Works, supply of equipments and T.A. for supervision. Project in execution. 6th EDF.
EDF SL 6005 A2ai

Rural water supply and sanitation. Estimated cost 7 mECU. Wells rehabilitation, water points, equipments and T.A. Project in execution. 7th EDF.
EDF SL 5001/7 A2b, A8c

SOLOMON ISLANDS

Rural fishing entreprises project – Phase II. Total cost estimated 1.630 mECU. EDF 1.5 mECU, local 0.130 mECU. Construction works, fishing and office equipments and T.A. for project coordinator.
★ ***Project in execution.*** 7th EDF.
EDF SOL 6010/001 A3a

Cyclone Nina Rehabilitation Programme. Resp. Auth.: Ministres of Transport, Work, and utilities, Agriculture, National Resources and Education and Human Resources development and the EC delegation. 1 mECU. Rehabilitation of roads and public schools. Projet in execution. 7th EDF.
EDF SOL 7002 A8g

Malaita rural infrastructure programme. Resp. Auth.: Malaita Provincial Government (MPG). 6 mECU. Roads and wharves, supply of equipments and T.A.
★ ***Project in execution.*** 7th EDF
EDF SOL 5013 (7) A2d

SOMALIA

Rehabilitation programme. 38 mECU.
★ ***Project in execution.*** 6th EDF
EDF SO 6029

SWAZILAND

Technical Cooperation programme. Resp. Auth.: Government of Swaziland (N.A.O.) 1.860 mECU. T.A. 12 person-years to selected agencies in the public and parastatal sectors. Project on appraisal. 7th EDF.
EDF SW 7001 A1f

Science and Mathematics Advice and Regional Training (SMART). Resp. Auth.: The University of Swaziland – Training Dept. 0.720 mECU. Supply of equipment and materials by int. tender. Project on appraisal. 7th EDF
EDF SW 6101/7 A6b

TANZANIA

Port development, Zanzibar and Pemba ports, phase II. Resp. Auth.: Ministry of Works. Zanzibar. Estimated total cost 13.4 mECU. EDF 10 mECU, Italy 3.4 mECU. Procurement and rehabilitation of cargo handling equipment. Rehabilitation of transit sheds, construction of passenger terminal with RO-RO facilities. Study: design of passenger terminal with RO-RO facilities for Zanzibar port. Short-list done. Project on appraisal. 7th EDF.
EDF TA 6009 A2d

Structural Adjustment Support Programme – General Import Programme, Phase II. Resp. Auth.: Central Bank of Tanzania. 55 mECU. Import of goods in the context of Tanzania's open general licence system, subject to a negative list. T.A. Project in execution. 7th EDF.
EDF TA 7200 A1c

Support for Aids Control in Tanzania. Resp. Auth.: Ministry of Health. 3 mECU. To strengthen health and other support services. Supply of equipment and T.A. Project on appraisal. 7th EDF.
EDF TA 08000/000 (7001) A7c

Serengeti Conservation and Development project. Resp. Auth.: Ministry of Tourism, Nat. Resources and Envir. 9 mECU. Road and water supply rehabilitation, supply of equipments, studies and T.A. Projet in execution. 7th EDF.
EDF TA 7002 A3a

Mwanza-Nyanguge Road Rehabilitation. Resp. Auth.: Ministry of Transports and Communications. Estimated cost 35 mECU. Rehabilitation of 62 Km of trunk roads (Nyanguge-Mwanza and Mwanza airport) and rehabilitation of Mwanza sewerage system (main works). Design study ongoing. Project on appraisal. 7th EDF.
EDF TA 6021 A2d

Training and Training Institutions support project. Training materials, equipments, training, University Twinning. T.A. Projet in execution. 7.1 mECU. 7th EDF.
EDF TA 6001 A6b

Support to Ministry of Finance, Zanzibar. Estimated cost 1.300 mECU. Equipments and T.A. Project on appraisal. 7th EDF.
EDF TA 7007 A1c

Support Unit to N.A.O. Estimated cost 2 mECU. Equipments and T.A. Project on appraisal. 7th EDF.
EDF TA 7008 A1c

Mwanza Water Supply. Phase II. Resp. Auth.: Ministry of Water energy and minerals. Estimated cost 11.100 mECU. Works, pumping equipments, studies and supervision. Short-list done. Project on appraisal. 7th EDF.
EDF TA 5005(7) A2b

Iringa Water Supply. Resp. Auth.: Ministry of water, energy and minerals. Estimated cost 9.100 mECU. Pumping, Treatment, storage and distribution. Works, equipments, design and supervision. Short-list done. Project on appraisal. 7th EDF.
EDF TA 7009 A2

TOGO

General Import Programme. Hard currency allowance to import ACP and E.C. goods. T.A. for management and implementation. 17 mECU. Project in execution. 7th EDF.
EDF TO 7200 A1c

TONGA

Vava'u Airport Development Project. Resp. Auth.: Ministry of Civil Aviation 2.130 mECU. Works, supply of equipment and training. Works by direct labour, supplies by int. tender. Project on appraisal. 5th and 6th EDF.
EDF TG 5003-6001 A2d

TRINIDAD AND TOBAGO

Support to the Structural Adjustment Programme. General Import Programme. Hard currency allowance to purchase EEC and ACP goods with negative list. T.A. for six months for GIP implementation and the use of counterpart funds. 9.7 mECU. Project on appraisal. Date foreseen for financing 1st half 94. 6th and 7th EDF.
EDF TR 7200 A1c

Rural Electrification. Resp. Auth.: Trinidad and Tobago Electricity Commission. 2 mECU. Connection of isolated rural comunities to electricity supply network. Works, supply of equipments and T.A.
★ ***Project in execution.*** 7th EDF
EDF TR 5014 A2ai

Road rehabilitation. Resp. Auth.: Ministry of Works. 16 mECU. Rehabilitation of several road segments in Western Trinidad. Works by int. tender. Supervision. Project in execution. 7th EDF
EDF TR 6003 A2d

Small business development programme. Resp. Auth.: Small Business Dev. Corp. SBDC. 2 mECU. Supply of line of credit, training and supervision and evaluation. Project on appraisal. 7th EDF
EDF TR 5016 A5e

Training project for young farmers (AYTRAP). *Assistance for the young farmers to create rural enterprises. Estimated cost 7.300 mECU. EDF 5 mECU, local 2.300 mECU. Line of credit, T.A. and monitoring. Project on appraisal. 6th and 7th EDF.*
EDF TR 7002 A3a

UGANDA

Structural Adjustment Support Programme General Import Programme, Phase II. 30.250 mECU. Hard currency allowance to import ACP and EC goods. There is negative list of items not eligible (military-luxury items). Project on appraisal. Identification study: short list done. 7th EDF.
EDF UG 7200 A1c

Human resources development programme. Resp. Auth.: Ministry of Finance and Economic Department. 12.8 mECU. Infrastructural rehabilitation, equipments, T.A. and training. Project in execution. 7th EDF.
EDF UG 7001 A6b, c, d

Smallholder Tea Development Programme. (STDP). Resp. Auth.: Uganda Tea Growers Corporation (UTGC). 20 mECU. Increase in the production and quality, management improvements, infrastructure development, institutional and

financial sustainability, environment conservation and regional development. Works, supply of equipments, T.A. and training. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF UG 6002/7002 A3a

Uganda health project. Phase III of the Rural health Programme, West Nile Health Programme and the Uganda Blood Transfusion Service Project Phase II. Infrastructure rehabilitation equipment (vehicles, furnishings, offices), medical supplies and tests, in service training and T.A. and management. 20 mECU. Project in execution. 7th EDF.
EDF UG 6012/7003 A7

Institutional Support. Resp. Auth.: National Authorizing Officer. 1.5 mECU. Reinforce the capacity of the NAO office. T.A., training and supply of equipments. Project in execution. 7th EDF.
EDF UG 6023/7004 A1c

Support to the Constituent Assembly elections. Resp. Auth.: Constitutional Commissioner. 1.950 mECU. Supply of equipments with the exception of vehicles. Project in execution. 7th EDF
EDF UG 7003 A1c

Support to the Uganda Investment Authority. Resp. Auth.: Ministry of Finance. 1.950 mECU. Supply of equipments and T.A. Project on appraisal. 7th EDF.
EDF UG 7005 A5e

Road maintenance programme in the South West. Resp. Auth.: Ministry of Works. 20 mECU. Works, supplies and supervision. Project on appraisal. 7th EDF
EDF UG 7004 A2d

VANUATU

Rural primary school rehabilitation. Resp. Auth.: Ministry of Education. 3.600 mECU. Rehabilitation of 36 schools and 5 maintenance workshops. Works, T.A., ★ training and evaluation. ***Project in execution.*** 7th EDF
EDF VA 7005 A6a

Rural access roads project. Resp. Auth.: Public Work Department. EDF 2.305 mECU. Works, supplies and T.A. for design and supervision and P.W.O. manage- ★ ment. ***Project in execution.*** 7th EDF
EDF VA 6009/001 A2d

ZAIRE

Temporary assistance programme for health care (P.A.T.S.). Rehabilitation programme. *Estimated cost 18.500 mECU. To ensure that the health-care services that are still operating survive. Implementation by NGOs and local organizations. Project on appraisal. Date foreseen for financing April 94. 7th EDF.*
EDF ZR 6029 A7a,b

ZAMBIA

SYSMIN III – General import. Resp. Auth.: Bank of Zambia. 60 mECU. Project in execution. 7th EDF.
EDF ZA 9999 - SYS A1c

Zambian Centre for accountancy studies. Phase II. EDF 6.8 m ECU. T.A., supplies and Works. Projet in execution. 7th EDF.
EDF ZA 6001/7001 A6a

Social Sector Support Programme. Resp. Auth.: Ministries of Health, Education, Water Affairs and Local Governments. 12 mECU. Rehabilitation works and health infrastructures, water supply, education. Supply of drugs and equipments, and T.A. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF ZA 7003 A7,A8

Reorganisation and restructuring of the Department of National Parks and Wildlife Services. Resp. Auth.: Department of National Parks and Wildlife services. Estimated cost 5 mECU. Works, supplies and T.A. Project on appraisal. 7th EDF.
EDF ZA 7002 A3c,d

Assistance to Angolan and Zairean ★ **Refugees.** 1.2 mECU. ***Project in execution.*** 7th EDF
EDF ZA A8

ZIMBABWE

OMAY Kanyati and Gatshe Gatshe land use and health programme. Resp. Auth.: A.D.A. 4.6 mECU. Raising the standard of living of rural populations. Conservation and improved utilisation of the Wild Life resource, support to agriculture and improvement of social infrastructure. Road network, water, sanitation, building of a district hospital, equipment and supplies. Project on appraisal. 7th EDF.
EDF ZIM 6004/7002 A3a

Structural Adjustment Programme. Resp. Auth.: Ministry of Finance, Economic Planning and Development. 32 mECU. General Import Programme and T.A. Project in execution. 7th EDF.
EDF ZIM 7200/001 A1c

Support to the Faculty of Veterinary Science of the University of Zimbabwe. Resp. Auth.: Faculty of Veterinary. 9.1 mECU. Supply of vehicles and equipments. T.A., University link, fellow-scholarships. For Zimbabwe and SADC region. Project on appraisal. Date foreseen for financing March 94. 7th EDF.
EDF ZIM 5004/7001 A6b

Mashonoland East Fruit and Vegetable Project. Phase II. Resp. Auth.: Agricultural Development Authority. 3.300 mECU. Provision of transport, construction of houses and assembly markets. Supply of equipments and T.A. Project in execution. 7th EDF.
EDF ZIM 5012/7003 A3a

Wildlife Veterinary Project. Resp. Auth.: Department of National Parks and Wildlife Management. EDF 1.500 mECU. Increase of wildlife population, particularly of endangered species: black and white rhino — tourism development, works, supplies, T.A., training and evaluation. Project on appraisal. 7th EDF
EDF ZIM 6018 A5c, A8f

Overseas Countries and Territories (OCT)

NETHERLANDS ANTILLES

Curaçao – Business Development Scheme, phase 2. Estimated total cost 5.366 mECU. EDF 4 mECU. Development of international competitiveness in the export sector. Management training strategy. Project on appraisal. 7th EDF.
EDF NEA 6013/001 A5d,e

NEW CALEDONIA

Construction of a vocational training centre for apprentices. Estimated total cost 2.95 mECU. EDF part 0.830 mECU. Works by acc. tender. Project on appraisal. 7th EDF.
EDF NC 7002 A6d

Construction of section 5 of the Koné-Tiwaka road. Resp. Auth.: Direction de l'Aménagement de la Province Nord. EDF 3.950 mECU. Project in execution. 7th EDF
EDF NC 7002 A2d

FRENCH POLYNESIA

Pearl Oyster programme. Resp. Auth.: EVAAM. 1.150 mECU. Supply of research equipment and training. T.A. and researches. Projet in execution. 7th EDF
EDF POF 6006 A3d

FRENCH SOUTHERN AND ANTARCTIC TERRITORIES

Rehabilitation of the «Vie commune» building in the Kerguelen Islands. Lasting improvement of the daily life quality for scientists, researchers, technicians, meteorologists on duty. Works, supplies. Estimated total cost 0.900 mECU. EDF 0.600 mECU, France 0.300 mECU. Project on appraisal. 6th and 7th EDF.
EDF TAA/6001/001 A6f

TURKS AND CAICOS ISLANDS

Water and sewerage in Providenciales. *Resp. Auth.: Ministry of works. 3.600 mECU. Water supply works and pipes. T.A. Project on appraisal. 7th EDF.*
EDF TC 7001 A8b,c

WALLIS AND FUTUNA

Holo-Fakatoi Road in Wallis (RT2). EDF 0.600 mECU. Bitumen road. Project on appraisal. 7th EDF
EDF WF 7001 A2d

Normalisation works in the territorial road nº 1 (RTI) in Wallis. 1.125 ★ mECU. Rehabilitation works. ***Date financing April 94.*** 7th EDF
EDF WF 7002 A2d

Construction of the territorial road nº 1 in Futuna. 0.840 mECU. Works and rehabilitations. Project on appraisal. 7th EDF.
EDF WF 7003 A2d

Purchase of public works equipments. Resp. Auth.: Service des Travaux ★ Publics du Territoire. 0.500 mECU. ***Date financing April 94.*** 7th EDF
EDF WF 7004 A2

Regional Projects

MEMBERS COUNTRIES OF UMOA (UNION MONETAIRE OUEST AFRICAINE)

Assistance to the BOAD (Banque Ouest Africaine de Développement) for the support programme for promotion and financing the private sector in the member countries of UMOA. 0.512 mECU. Study, T.A. and

★ training. *Project in execution.* 7th EDF.
EDF REG 7106 A5

WEST AFRICA

Post harvest improvement study in West Africa. Resp. Auth.: I.S.R.A.: Institut Sénégalais de Recherche Agricole. 2.8 mECU. Project in execution. 7th EDF.
EDF REG 7111 A3a

BENIN — BURKINA — NIGER

Regional project for the management of the 'W' national park and adjoining game reserves. Estimated total cost 10 200 mECU. To establish three management units and 10 bridges and 20 observation posts with their equipment. Building and rehabilitation of administrative, technical and social buildings, tracks and bridges. T.A., training and studies. Project on appraisal 6th EDF.
EDF REG 6122 A5i, A8f

CENTRAL AFRICA AND UDEAC

Regional Centre Bananas and Plantains (C.R.B.P.). Resp. Auth.: C.R.B.P. Strengthening of infrastructures and management. 2 mECU. In Nyombé. Project in execution. 7th EDF
EDF REG 6217 A3a

Inter-states transit in Central African Countries (T.I.P.A.C.). 5.5 mECU. To set up a regional scheme for transit transport. T.A. and training. Project in execution. 7th EDF.
EDF REG 7202 A2d

EAST AFRICAN COUNTRIES

Statistical training centre for Eastern Africa in Tanzania. Resp. Auth.: Secretariat of the centre. 5 mECU. Widening of capacity. Construction of class-rooms, offices and housing. Project on appraisal. 5th EDF.
EDF REG 5311 (7) A6b

Strenghtening Economic and Policy Research in NARS in Eastern Africa (NARS: National Agricultural Systems). Technical and logistic support for building-up strong socio-economic programmes in NARS in Eastern Africa. Estimated cost 1.200 mECU. Project on appraisal. 7th EDF.
EDF REG 7306 A3c

PALOP COUNTRIES – ANGOLA – MOZAMBIQUE – GUINEA BISSAU – SAO TOMÉ & PRINCIPE – CAPE VERDE

Support to improve educational systems. 4.450 mECU. Trainers training, production of pedagogical equipment, T.A. Project in execution. 7th EDF.
EDF REG 7901-001 A6b

Regional training for Middle Staff Statisticians. 3.5 mECU. Training of 900 middle staff statisticians in the five countries. Building-up a modular training system, training for trainees, workshops-newsletter. T.A. Project on appraisal. 7th EDF.
EDF REG 7901-002 A6b,j

Regional Centre for Health Development. 3.480 mECU. Strenghtening of public health systems in the 5 countries and better management of 385 sanitary districts. Training programmes, trainers training, T.A. for starting. Projet in execution. 7th EDF.
EDF REG 7901-003 A6bi

Regional Training Centre for public administration and enterprise management. 7 mECU. Supply of equipments
★ and T.A. *Project in execution.* 7th EDF
EDF REG 7901-004 A6b, e

COTE D'IVOIRE – ETHIOPIA – MALI

PAN African Rinder – Pest Campaign. Phase III. To improve financial autonomy of the livestock services, improving the vaccination programmes, supporting farmers associations and privatisation of certain profession in the livestock sectors. estimated cost 15.600 mECU. Project on appraisal. 7th EDF.
EDF REG 5007/003 A3a

MEMBER COUNTRIES OF C.O.I. – INDIAN OCEAN COMMISSION COMORES – MADAGASCAR – MAURITIUS – SEYCHELLES

Support for environmental programmes in C.O.I. countries. Resp. Auth.: Mauritius Regional Authorising Officer. 11 mECU. T.A. for the regional coordinating unit – for national coordinating units – for surveys on the coastal area and on the protection of plant biodiversity. Supply of equipment by int. tender, training. Project in execution. 7th EDF.
EDF REG 6511/7 A8f

Regional programme to develop tourism in C.O.I. countries. Resp. Auth.: C.O.I. – Comité Permanent du Tourisme – C.P.T. 6.239 mECU. T.A. for setting-up the training programmes, sale, promotion and marketing, back-up operations to assist management, transfer of know-how and intra-regional solidarity, specific studies. Supplies and training. Project in execution. 6th and 7th EDF.
EDF REG 6944/7 A5c

Integral automatisation of telecommunications in the Indian Ocean. Resp. Auth.: C.O.I. 3.3 mECU. Project in execution. 7th EDF
EDF REG 5512 (7) A2c

BURUNDI — RWANDA — TANZANIA — UGANDA — ZAIRE — KENYA

Northern Corridor-Rwanda. Rehabilitation of the road Kigali-Butare-Burundi border. Resp. Auth.: Ministère des Travaux Publics. Estimated cost 8 mECU. Project on appraisal. 6th EDF.
EDF REG 6310 (RW....) A2d

MEMBER COUNTRIES OF ECOWAS

Improvement of postharvest utilisation of artisanal fish catches. Resp. Auth.: Sierra Leone National Authorizing Officer as Regional Auth. Off. Technical Secretariat in Abidjan. 8 mECU. Interventions in 16 countries. Project in execution. 7th EDF.
EDF REG 6126 (001) A3a

MEMBER COUNTRIES OF P.T.A.

Regional integration in East and Southern Africa. Assistance to PTA Secretariat. (Preferential Trade Area). *Short and long-term. T.A., studies, training. Estimated cost 1.500 mECU. Project on appraisal. 7th EDF.*
EDF REG 7316 *A1b*

PACIFIC ACP STATES

Human resources development in energy sector. 4.400 mECU. T.A. to improve management, technical performance and regulation of conventional power supplies and petroleum import. Project in execution. 6th EDF.
EDF REG 5705/001 A2a,i

Pacific Tourism Development programme, Phase III. To assist Pacific ACP countries and OCT to develop their tourism sector. 11.530 mECU. Tourism marketing and promotion of the Pacific destination. Planning and policy capacities, research and statistics, manpower. Projet in execution. 7th EDF.
EDF REG 7701 A5c

Senior Public Sector Management Programme. Resp. Auth.: Forum Secretariat, Institute of Social and Administrative Studies (ISAS) of the University of the South Pacific (USP). 1.855 mECU. Training programmes, seminars, T.A. and evaluation. Projet in execution. 7th EDF
EDF REG 7703 A6j

Integrated Regional Programme for management and Control of Fishery. Resp. Auth.: South Pacific Commission. 4.650 mECU. Supply of equipment and T.A. Project in execution.
EDF REG 6709/001 A3a

South Pacific Regional Tuna resources assessment and monitoring project. Resp. Auth.: South Pacific Commission 5 mECU. Supply of equipment, T.A., evaluation, training. Project in execution. 7th EDF.
EDF REG 6709/002 A3a

Assistance to the Pacific Plant Protection Service. Resp. Auth.: South Pacific Commission. 2.950 mECU. Supply of
★ equipments, T.A. and training. *Project in execution.* 6th EDF.
EDF REG 5719/6 A3a

ANGOLA — MOZAMBIQUE

Training in the port and maritime fields. Training by experts and consultants. T.A., training and equipment. 0.950 m ECU. Project in execution. 7th EDF
EDF REG 7403 A6b

SADC

SADC Regional Customs Training Programme. Long-term. T.A. to the Botswana, Lesotho, Namibian and Swaziland customs services. Training and equipment. 1.9 mECU. Project on appraisal. 7th EDF.
EDF REG 5412/7 A1b

SADC Language Training Programme. Resp. Auth.: Institute of Languages in Maputo as Regional Project Coordinator (RPC). 2 mECU. English language training and Portuguese language training. Monitoring-evaluation. Project on appraisal. 7th EDF.
EDF REG 6415/6430/6433/7 A6

Regional training programme for food security. Resp. Auth.: Food Security Technical and Administrative Unit (FSTAU) in Harare. 5 mECU. Training and T.A. Supply of equipment by int. tender. Project on appraisal. 7th EDF.
EDF REG 6420/7 A6ci

Southern African Foot and Mouth Disease Control Project. Resp. Auth.: Botswana as coordinator. 10 mECU. Works, supplies: vaccines, drugs, T.A. and training. Line of credit. Project in execution. 7th EDF
EDF REG 5406/001 A3a

S.I.M.S.E.C. – Sadc Initiative for Mathematics and Science Education Cooperation. To establish a professional unit, called SIMSEC Unit for information exchange, teacher training curriculum development, staff development, research cooperation and support for teachers' organisations. Project on appraisal. Estimated cost 5 mECU. Date foreseen for financing 1st half 94. 7th EDF.
EDF REG 6428 A6b

Development of the mining sector. Resp. Auth.: SADC Secretariat. 1.5 mECU. Preparation of the EEC-Southern Africa Mining forum (FOMIN). Preparation and promotion. T.A., monitoring and evaluation. Project in execution. 7th EDF
EDF REG 6444(7) A4

Wildlife Management Training Project. Resp. Auth.: SADC Sector for Inland Fisheries, Forestry and Wildlife. 8 mECU. Staff training, equipment and teaching materials, long-term T.A., evaluation. Project on appraisal. Date foreseen for financing March 94. 7th EDF.
EDF REG 6408/002 A3e, A6b, A8f

SADC — MOZAMBIQUE

Beira port dredging contract. Resp. Auth.: Ministry of Construction and Water. 15 mECU. Dredging for two years of the access channel to the port of Beira. Works: 2 years, 4 million m^3/year. Supervision and training. Project on appraisal. Date foreseen for financing 1st half 94. 7th EDF.
EDF REG 7401 A2d

BENIN — COTE D'IVOIRE — GHANA — GUINEA — GUINEA BISSAU — TOGO

Regional programme to increase awareness in western coastal African countries of natural resources protection. Resp. Auth.: Ministère de l'Environnement-Togo. Estimated cost 10 mECU. Priorities: fight against bush fires and deforestation and for soil protection. Project on appraisal. 6th EDF
EDF REG 6113 A3e

EASTERN AND SOUTHERN AFRICAN COUNTRIES

Support to the Eastern and Southern African Mineral Resources Development Centre (ESAMRDC). Resp. Auth.: ESAMRDC – Dar es Salaam – Tanzania 4.950 mECU. T.A., consultancies – databases, training, supply of equipment. Project in execution. 7th EDF.
EDF REG 7407 A4-A7

ANGOLA, CAPE VERDE, ETHIOPIA, GHANA, GUINEA BISSAU, KENYA, MOZAMBIQUE, SIERRA LEONE, UGANDA, ZAMBIA, ZIMBABWE

Return and Reintegration of qualified african nationals. Phase II. Resp. ★ Auth.: I.O.M. Geneva 11.700 mECU. *Project in execution.* 7th EDF
EDF REG 6018/001 A8d, e

ACP COUNTRIES

Programme for fighting AIDS. Funding of regional actions. 20 mECU. Support for regional structures, improvement of information, funding of research and training actions. Supplies, T.A. and training. Project in execution. 7th EDF.
EDF REG 8000 A7

Trade promotion. Trade development project. ACP-EC. To improve commercial performances. Estimated cost 7,200 mECU. T.A. actions, in twenty ACP countries on a preliminary period of two years. ★ Project on appraisal. ***Date foreseen for financing May 94.*** 7th EDF.
EDF REG 70001/010 A5d, e

ACP COUNTRIES AND REGIONS

Programme of Community Support for Statistical Training (COMSTAT) 9.650 mECU. Production of reliable and up-to-date statistics by increasing the number of qualified statisticians working in national statistical systems. Project on appraisal. Date foreseen for financing March 94. 7th EDF
EDF REG 70.004/005 A1e, A6e

MEDITERRANEAN COUNTRIES

ALGERIA

Structural Adjustment Support Programme. Sectoral Import Programme for building materials to finish 100,000 social houses. 70 mECU, hard currency allowance to cover CIF imports. Management by Crédit Populaire d'Algérie (C.P.A.). Special accounts in the Central Bank, Banque d'Algérie (B.A.). Purchase by a positive list (electrical equipment — spare parts). Project on appraisal. Date foreseen for financing 1st half 94.
SEM AL 688-92 A1c

Support to the algerian rural sector. 30 mECU. Project in execution.
SEM AL A3a

CYPRUS

Mapping and property valuation. Resp. Auth.: Dept. of Land and Surveys (DLS). 0.800 mECU. Supply of equipments ★ and T.A. ***Project in execution.***
SEM CY 1309/93 A1g

EGYPT

Channel Maintenance Project (CMP). Resp. Auth.: Ministry of Public Works and Water Resources (MPWR). 40 mECU. Integrated weed control, irrigation, biological control, institutional support, training, T.A. for general management, procurement and contracting, planning, monitoring and supervision, works, supplies and training. Project in execution.
SEM EGT 881/92 A3c

Public Enterprise Reform and Privatisation Programme. Privatisations, restructuring operations, addressing policy and managerial issues (employment and labour issues, public sector indebtedness, financing of the restructuring operations, use of privatisation proceeds). Training action programme, Project Management. Estimated EEC contribution 43 mECU. Project in execution.
SEM EGT 506/93 A1b

Nile Valley regional programme — Phase 2. 5 mECU. Project in execution.
SEM EGT A3a

JORDAN

Ground water investigation in the Hammad and Sirhan basins. Resp. Auth.: Ministry of Water and Irrigation, Water Authority. 4 mECU. Initial studies, drilling exploration, surveys and analysis. Project on appraisal.
SEM JO 589/90 A2a, A9a

Structural adjustment. Support programme. Hard currency allowance with negative list. 60 mECU. T.A. for follow-up and evaluation. Project in execution.
SEM JO 440/92 A1e

Water sector intervention. 11.715 mECU. Project in execution.
SEM JO A2a

Family Planning strengthening. 1.100 mECU. Project in execution.
SEM JO A1h

Improving Teacher Education. Resp. Auth.: Universities of Jordan and National Centre for Educational Research and Development (NCERD). EEC contribution 3.900 mECU. T.A., fellowship, and equip- ★ ments. ***Project in execution.***
SEM JO 1283/93 A6b

MALTA

Protection of Malta's coastline against oil pollution. Resp. Auth.: Oil Pollution Executive 2.4 mECU. Supply of specialized equipment, training and T.A. ★ Project in execution. ***Int. tender foreseen in May 94.***
SEM MAT A8f

Strengthening educational and economic relations with the Community. 1.7 mECU. Scholarships and traineeships, establishment of a Euro-Information Centre, integrated marketing programmes and tourism promotion. Different T.A. and purchase of equipment. Project in execution.
SEM MAT 91/431 A5c, d

MOROCCO

Structural Adjustment Programme Support. General Import Programme. Hard currency allowance to the Central Bank – Bank AL-Maghrib, to import EC goods. With negative list. 80 mECU. Project in execution.
SEM MOR 334/93 A1c

Rural development in the Central Haouz and Tassaut Aval. Resp. Auth.: Office régional de Mise en Valeur Agricole de Haouz. ORMVAH. EEC contribution 21.5 mECU. Irrigation works, tracks, T.A. and training. Works and supplies by int. tenders. Project in execution.
SEM MOR 1088/93 A3a

Drinking water supply and sanitation in the small center. 16 mECU. Project in execution.
SEM MOR A2b

TUNISIA

Date-palm trees in the Rejim-Maatoug region. Resp. Auth.: Office de Mise en Valeur de Rejim-Maatoug. EEC contribution 15 mECU. Italy 7 mECU. Drilling works by int. tender. Drilling equipment— Italy. Electrical equipment: Italy. Irrigation equipment: int. tender. T.A. Italy Project in execution.
SEM TUN A3a

Support for the Structural Adjustment Programme. General Import Programme. Hard currency allowance. T.A. for follow-up and evaluation. EEC contribution 40 mECU. Project in execution.
SEM TUN 000/92 A1v

Water and soil conservation. Resp. Auth.: Ministère de l'Agriculture — Direction de la Conservation des Eaux et des Sols. EEC contribution 45 mECU. Works by acc. tenders or direct labour. Supplies by int. tender. T.A.: ORSTOM (F) funded by France. Project in execution.
SEM TUN 000/92 A3c

Building of two vocational centres. 8 mECU. Project in execution.
SEM TUN A6d

T.A. Programme to promote quality. Resp. Auth.: INNORPI – Institut National de Normalisation et du Régistre de la Propriété Industrielle. ECC contribution 5 mECU. T.A., ★ training, supply of equipment. ***Date financing April 94.***
SEM TUN 1-94 A4e

Rural development project in Séjnane. Phase II Resp. Auth.: ODESYPANO (Ministry of Agriculture's North-West Agroforestry Development Board). EEC contribution 5 mECU. Work by direct labour, supply of equipments, T.A. and studies, ★ training. ***Project in execution.***
SEM TUN 1286/93 A3a

TURKEY

Vocational training programmes for tourism and mining. EEC contribution 5.4 mECU. Seminars, staff, trainers, supply of equipment, studies. Project in execution.
SEM TU A5c, A4a, A6d

Programme to broaden relations between EEC and Turkey. EEC contribution 3.6 mECU. Scholarships, supply of equipment for the Universities of Ankara and Marmara. Training centre and language laboratory in Marmara. Establishment of a Euro-Turkish 'Business Council'. Project in execution.
SEM TU A6b

WEST BANK AND GAZA OCCUPIED TERRITORIES

Exceptional Aid for the benefit of the Palestinian population of the Occupied Territories. 60 mECU. To counteract the negative consequences of the Gulf war. Grants to extend credit and to create revolving funds, supplies of equipment and other materials and contributions to operating costs, technical assistance and training. Project in execution.
SEM OT 91 E A5a, A8a, b, c

Assistance to the Palestinian population of the West Bank of the Jordan and of the Gaza strip. EEC contribution 15 mECU. Health, education, production, environment, water, research and T.A. Project in execution.
SEM OT 93 A3,A6,A7,A8

Assistance to the Palestinian population of the West Bank of the Jordan and of the Gaza Strip. EEC Contribution 20 mECU. Asssistance to the educational sector and T.A. Project in execution.
SEM OT 93/Ex A6b

Sanitation and drainage in Rafaj. 15 mECU. Project in execution.
SEM OT A8c

Assistance to the housing programme of the Palestinian Housing ★ **Council.** 10 mECU. Works and T.A. ***Project in execution.***
SEM DT 94/01 A8a

Assistance to private credit institutions. 8 mECU. Lines of credit to Economic Dev. Group (EDG), Arab Technical Dev. corp. (RDC), Agricultural Dev. and Credit Company (ADCC), United Agricul-★ tural Foundation (UAC) and T.A. ***Project in execution.***
SEM OT 94/02 A5b

Construction and equipping schools and classrooms. Resp. Auth.: UNRWA. 10 mECU. Works by acc. tender and T.A. ★ ***Project in execution.***
SEM OT 94/03 A6a

Establishment of industrial park. 10 mECU. Construction and equipment of ★ industrial parks. T.A. ***Project in execution.***
SEM OT 94/04 A4

T.A. for the implementation of the development for the Occupied Territories. 5 mECU. Ad-hoc T.A. for different ★ sectors. ***Project in execution.***
SEM OT 94/05 A1b

Rehabilitation programme for Palestinian ex-detainees. *10 mECU. To reintegrate into Palestinian economy and society 12,000 ex-detainees. Education, training, job conselling, vocational rehabilitation, medical assistance, business start-up training and follow-up, family support, wage subsidies. Project on appraisal. Date foreseen for financing May 94.*
SEM OT 94/06 A6,7,8

ENTREPRENEURS OF EUROPEAN AND MIDDLE EAST SMEs

Europe-Middle East Partenariat – Programme – Phase II. *EEC contribution 1,400 mECU. Search for potential partners in the European Union. Sectors: construction, infrastructures, sub-contracting, clothing, electro-mechanics, electronics – tourist facilities and food and drinks, for companies located in Egypt, Israël, Jordan, occupied Territories, Lebanon, Syria. Implementing Agency: German-Arab Chamber of Commerce (GACC) – Cairo. Project on appraisal. Date foreseen for financing May 94.*
SEM REG 251/94 A5c,d,e

EURO-MAGHREB COMMUNICATIONS S.A.R.L. PARIS

Euro-Maghreb training programme in communications. EEC contribution 1,400 mECU. Seminars, scholarships for young professionals from Maghreb countries. Project on appraisal.
SEM REG 687.92 A5g

A.L.A. developing countries ASIA and LATIN AMERICA

BANGLADESH

Coastal Embankment Rehabilitation Project (CERP). EEC contribution 15 mECU. Flood protection, forestry, agricultural development. Works, supplies and T.A. Project on appraisal. Date foreseen for financing 1st half 94.
ALA BD 9320 A3a

Bangladesh rural advancement Committee (BRAC). EEC contribution 8,150 mECU. Project on appraisal.
ALA BD 9307 A3a

BOLIVIA

Flood protection for the town of Montero. Resp. Auth.: CORDECRUZ and SEARPI. Total estimated cost 15.670 mECU. EEC contribution 12.500 mECU, SEARPI 0.674 mECU, CORDECRUZ 2.5 mECU. (SEARPI: personnel, logistics, ancillary services, maintenance of works – CORDECRUZ: works - direct labour, logistics, operating costs). Studies, monitoring, training programmes, defence works. Works by acc. proc. supplies by int. tender. Project in execution.
BO 9235 A8g

Promotion and assistance for small private companies. *EEC contribution 8.795 mECU. T.A. and credit management. Short-list to be done. Project in execution.*
ALA BO 9339 A5e

BRAZIL

Disadvantaged childhood in the urban 'milieu'. *EEC contribution 8 mECU. T.A. and micro-projects. Short-list to be done. Project on appraisal.*
ALA BRA 94107 A8e

CHILI

Integrated development programme in the South. *EEC contribution 5.500 mECU. T.A. and supplies. Short-list to be done. Project in execution.*
ALA CHI 9358 A3a

CHINA (P.R.)

Gansu provincial irrigation experiment and training centre. Resp. Auth.: Water and Electricity Bureau of Lanzhou Municipality. EEC contribution 1.700 mECU. Supply of sprinkler irrigation systems by int. tender. Specialized T.A.: agronomist and engineers, training specialists. Project in execution.
ALA CHN 9313 A3a

Quinghai livestock development project. EC contribution 3,200 mECU. T.A., equipments, vehicles, training. Project in execution.
ALA CHN 93 44 A3a

COLOMBIA

Drinking water – Sanitation – Pacific Coast. 7.5 mECU. Water conduits and sewers in 57 villages. Supplies: int. tender to be launched. Project in execution.
ALA CO 9239 A7c

COSTA RICA

Rural Integrated Development Programme in OSA-GOLFITO (Consolidation). EEC contribution 5.500 mECU. Supply of equipments, infrastructures, line of credit and T.A. Project in execution..
ALA COS 93/19 A3a

ECUADOR

Support to develop woman peasants and families in the Chimborazo Province. Resp. Auth.: Ministerio de agricultura y ganaderia (MAG). EEC contribution 3.562 mECU. T.A., supply of vehicles and office equipments training, studies, line of credit. Projet in execution.
ALA EQ 9317 A3a

Relaunching the production and improving the quality of cocoa. EEC contribution 2.870 mECU. T.A. and equipment. ***Project in execution.*** ★
ALA EQ 93/50 A3a

Management and control of charge and demand of the electricity. (CO-GECEL). *EEC contribution 0.400 mECU. Energy cooperation programme for Cuenca and Ambato cities. Project on appraisal.*
ALA EQ 93130 A2ai

EL SALVADOR

Health and basic health programme in the western region. EEC participation 10 mECU. Drinking water, sanitation, health centres, infrastructures, training. T.A. Projet in execution.
ALA SAL 9330 A7c

Sonsonate Hospital Rehabilitation. EEC participation 7 mECU. Infrastructures, supply of equipment, T.A. and training. Projet in execution.
ALA SAL 9331 A7a

Job creation, training and line of credit for the informal sector. EEC participation 4 mECU. Training programmes (vocational) for wood, building, electricity, mechanics, taylor, secretary, T.A. and line of credit. ***Project in execution.*** ★
ALA SAL 93/5 A6d

Support to the rural reform – Usulatan – Phase II. *EEC contribution 10 mECU. T.A. and supplies. Short-list to be done. Project in execution.*
ALA SAL 9347 A3a

Regional programme for european importer visitors. *EEC contribution 0.800 mECU. T.A. and mission organization. Short-list to be done. Project on appraisal.*
ALA SAL 9418 A5d

Export strengthening to the European Union. *EEC contribution 0.500 mECU. T.A. in the trade promotion. Project on appraisal.*
ALA SAL 9424 A5d

GUATEMALA

Rural development programme in the Quiche Department. Resp. Auth.: Ministero de Desarollo (MINDES). 17.500 mECU. Support to the agricultural production and environment production. Support to the micro-industry. Works, supply of equipment, line of credit, T.A. Projet in execution.
ALA GUA 9322 A3a

Development aid to the indigenous populations in Central America. *EEC contribution 7.500 mECU. T.A. and supply of equipments. Project in execution.*
ALA GUA 9355 A3a

Programme to help children in the street in Guatemala City. *EEC contribution 2 mECU. T.A. and training. Short-list to be done. Project on appraisal.*
ALA GUA 94109 A8e

INDIA

Sector Support for Primary Education. Resp. Auth.: Ministry of Human Resources Development. EEC contribution 150 mECU. Support to the sectoral programme and T.A. for follow-up and education. Project in execution.
ALA IN 9314 A6a

INDONESIA

Palawija Seed Production and Marketing. Resp. Auth.: Directorate General of Food Crops Agriculture, Ministry of Agriculture. EEC Contribution 9.7 mECU. Improvement of production and marketing of certified Palawija Seed Crops. Seed processing equipment by Int. tender foreseen in 94. Project in execution.
ALA IND 8621 A3a

EC-Indonesian Forest Sector Support Programme. Resp. Auth.: Directorate General for Forest Inventory and Land Use Planning – Ministry of Forestry. EEC contribution 25.882 mECU. Forest Inventory and monitoring. T.A. for detailed forest survey and mapping, training. Integrated Radio Communication Systems: T.A. for installation and training. Short-lists done. Project on appraisal.
ALA IND 9242 A3c

EC-Indonesian Forest Programme: Forest Fire Prevention and control in South Sumatra. Resp. Auth.: Directorate General for Forest Inventory and Land Use Planning Ministry of Forestry. EEC contribution 4.050 mECU. T.A. for establishment of fire prevention analysis and procedures, 3 pilot projects for fire management units and equipment. Short-list done. Project on appraisal.
ALA IND 9212 A3c

LAOS

Thakek water supply project. Resp. Auth.: Nam Papa Lao (NPL). EC contribution 3.5 mECU. Buildings, equipment and T.A. for supervision. Project in execution.
ALA LA 9329 A2b

MERCO SUR

EC-Merco Sur cooperation programme and T.A. for the agricultural sector. EEC participation 11.200 mECU. Institutional and technical support in the phyto-pharmaceutical and veterinary sectors. T.A., supplies, training and popularisation. Project in execution.
ALA REG 9316 A3a

Support to the administrative secretariat. *EEC contribution 0.420 mECU. T.A. and training. Short-list to be done. Project on appraisal.*
ALA REG 9426 A1c

MEXICO

Multi annual programmes for business meetings. EEC-Mexico. EEC contribution 5.930 mECU. Business meetings in Europe and Fora in Mexico. T.A. and follow-up. Project on appraisal. Date foreseen for financing April 94.
ALA MEX 94/02 A5d, e

NICARAGUA

TROPISEC — Development of small rural production in the dry tropical zone. EC contribution 7 mECU works, supplies and T.A. Project in execution.
ALA NI 9354 A3a

Consolidation of the 'Low-State' and promotion of the economy. *EEC contribution 18 mECU. T.A.: short-lists to be done. Project in execution.*
ALA NI 9356 A1b

PAKISTAN

Rural Electrification in Punjab. Resp. Auth.: WAPDA Project Management Unit. EEC contribution 21 mECU. Electrification of 540 villages. Equipment by int. tenders, T.A. and training. Project in execution.
ALA PK 9211 A2ai

Institute for Educational Development (IED). EEC contribution 5.4 mECU. Training and university cooperation. Management by Aga Khan Foundation-Karachi and Aga Khan University. Project in execution.
ALA PK 9208 A6a, b

PANAMA

Kuna Yala Project. *EEC Contribution 0.560 mECU. Sustainable development for and by indigenous communities of Kuna Yala. T.A. and training. Project on appraisal.*
ALA PAN 93140 A3a

ENERFRIP – Energetic improvement in the 'cold' chain. *EEC contribution 0.400 mECU. T.A. and supply of equipment. Short-list to be done. Project on appraisal.*
ALA PAN 93183 A2a

PERU

Support for disadvantaged rural populations in the RENOM and INKA regions. EEC contribution 10 mECU. Microprojects, reafforestation, road infrastructure rehabilitation, improvement of production and marketing, educational and health programmes. T.A. and training. Project in execution.
ALA PE 9244 A3a

Support to the export promotion. *EEC contribution 3.774 mECU. T.A. Short-list to be done. Project in execution.*
ALA PE 9357 A5d

Development programme of the Colca valley. *EEC contribution 5 mECU. T.A. and supply of equipments. Short-list to be done. Project on appraisal.*
ALA PE 9433 A3a

PHILIPPINES

Rural integrated development programme in the Aurore zone. EEC contribution 13 mECU. Works, supply of equipments and T.A. Project on appraisal.
ALA PHI 9326 A3a

Tropical forests protection in Palawan. EEC contribution 17 mECU. Works, supplies and T.A. Project in execution.
ALA PHI 9337 A3a

COSTA RICA — HONDURAS — NICARAGUA

Action programme for adolescent women and young unmarried mothers. 4 mECU. T.A., coordination, management, follow-up. Supply of equipment. Project in execution.
ALA REG 9246 A8e

THAILAND

European Community Business Information Centre ECBIC Phase I. 2.204 mECU. Supply of equipment, materials, T.A. ★ monitoring and evaluation. ***Date financing March 94.***
ALA THA 93/761 A5e

VENEZUELA

Rural development pilot project in the Cojedes State. EEC participation 5.275 mECU. Improvement of the agricultural products and farmer's organisations. T.A., supply of equipments, line of credits. Project in execution.
ALA VE 9346 A3a

Biosphere reserve upper Orinoco-Casiquiare. 6.396 mECU. Development plan, management, Cortography, inventory, T.A. and equipment T.A.: short-list to be done. Project in execution.
ALA VEN 93/09 A3a

Support to the establishment of the National Centre for Energy and Environment. *EEC contribution 1 mECU. T.A., local services, training, seminars. Short-list to be done. Project on appraisal.*
ALA VE 9415 A2a,A8f

VIETNAM

T.A. programme for transition to market economy. EC contribution 16 mECU. Project in execution.
ALA VIE 9336 A1b

ASEAN

EG-ASEAN patents and trademarks programme. Resp. Auth.: EPO — European Patent Office. EEC contribution 6.5 mECU. T.A. and training. Project in execution.
ALA/ASN/REG 9223 A4g

AL-INVEST

Framework programme for industrial cooperation and investment promotion. To facilitate trade and the transfer of technology, know-how and european financing for the benefit of both sides. EEC contribution 9.100 mECU. Project in execution.
ALA REG 9309 A1e,f,A5

AL-FA

AL-FA (Latin America – Academic Training). Community Latin America university exchange programme. EEC contribution 32 mECU. Post graduate exchanges, ★ students exchanges and T.A. ***Date financing March 94.***
ALA 94/03 A6b

DELEGATIONS OF THE COMMISSION

In ACP countries

Angola
Rua Rainha Jinga, 6
Luanda C.P. 2669
Tel. 393038 — 391277 — 391339
Telex 3397 DELCEE AN
Fax (244 2) 392531

Barbados
James Fort Building
Hincks Street, Bridgetown
Tel. 427-4362/ 429-7103
Telex 2327 DELEGFED WB
BRIDGETOWN
Fax (1-809) 4278687

Benin
Avenue Roume, Bâtiment administratif
B.P. 910, Cotonou
Tel. 31 26 84/31 26 17
Telex 5257 DELEGFED — COTONOU
Fax (229) 315 328

Botswana
P.O. Box 1253 - 68 North Ring Road
Gaborone, Botswana
Tel. (267) 314 455/6/7
Telex BD 2403 DECEC
Fax (267) 313 626

Burkina Faso
B.P. 352
Ouagadougou
Tel. 307 385/307 386 - 308 650
Telex 5242 DELCOMEU — BF
Fax (226) 30 89 66

Burundi
Avenue du 13 Octobre
B.P. 103, Bujumbura
Tel. 3426/3892
Telex FED BDI 5031 — BUJUMBURA
Fax (257-22) 4612

Cameroon
QUARTIER BASTOS
B.P. 847, Yaoundé
Tel. (237) 20 13 87-20 33 67
Telex DELEFED 8298 KN
Fax (237) 202149

Cape-Verde
Achada de Santo Antonio
C.P. 122-Praia
Tel. (238) 61 55 71/72/73
Telex 6071 DELCE CV
Fax (238) 61 55 70

Central African Republic
Rue de Flandre
B.P. 1298 Bangui
Tel. 61 30 53/61 01 13
Telex 5231 RC DELCOMEU — BANGUI
Fax (236) 616535

Chad
Concession Caisse Coton. Route de Farcha
B.P. 552, N'Djamena
Tel. 51 59 77/51 22 76
Telex 5245 KD
Fax (235) 51 21 05

Comoros
Boulevard de la Corniche
B.P. 559 — Moroni
Tel. (269) 73 23 06 — 73 31 91
Fax (269) 73 24 94

Congo
Av. Lyautey
near Hotel Meridien
B.P. 2149, Brazzaville
Tel. 83 38 78/83 37 00
Telex DELEGFED 5257
Fax (242) 83 60 74

Côte d'Ivoire
Immeuble 'AZUR' Bd. Crozet, 18
B.P. 1821, Abidjan 01
Tel. 21 24 28 — 21 09 28
Telex 23729 DELCEE — ABIDJAN
Fax (225) 214089

Djibouti
Plateau du Serpent, Boulevard du Maréchal Joffre
B.P. 2477 Djibouti
Tel. 35 26 15
Telex 5894 DELCOM DJ
Fax (253) 350 036

Dominican Republic
Calle Rafael Augusto
Sanchez 21
Ensanche Naco
Santo Domingo
Tel. (809) 540 58 37-540 60 74
Fax (809) 567 58 51
Telex 4757 EUROCOM SD DR

Equatorial Guinea
Apartado 779 — Malabo
Tel. 2944
Telex DELFED 5402 EG

Ethiopia
Off Bole Road
P.O. Box 5570, Addis Ababa
Tel. 251-1-61 25 11
Telex 21738 DELEGEUR — ET
Fax (251-1) 61 28 77

Gabon
Quartier Batterie IV
Lotissement des Cocotiers
B.P. 321, Libreville
Tel. 73 22 50
Telex DELEGFED 5511 GO — LIBREVILLE
Fax (241) 736554

Gambia
10 Cameron Street
P.O. Box 512, Banjul
Tel. 227777 — 226769 — 226860
Telex 2233 DELCOM GV — BANJUL
Fax (220) 226219

Ghana
The Round House — Cantonments Road,
K.I.A.-Accra
P.O. Box 9505
Tel. (233-21) 774 201/2-774 236-774 094
Telex 2069 DELCOM — GH
Fax (233-21) 774154

Guinea Bissau
Bairro da Penha, C.P. 359,
Bissau 1113
Tel. (245) 25 10 71/25 10 27/
251469/251471-72
Telex 264 DELCOM BI
Fax (245) 25 10 44

Guinea
Commission
Central Mail Department
(Diplomatic Bag Section — B 1/123)
Rue de la Loi 200, 1049 Bruxelles
Telex via Embassy Fed. Rep. of Germany 22479
Tel. (224) 41 49 42
Fax (224) 41874

Guyana
72 High Street, Kingston
P.O. Box 10847, Georgetown
Tel. 64 004-65 424-63 963
Telex 2258 DELEG GY — GEORGETOWN
Fax (592-2) 62615

Haiti
Delmas 60 - Impasse brave n. 1
(par Rue Mercier-Laham
B.P. 15.588 Petion-Ville
Port-au-Prince - Haiti - W.I.
Tel.: (509) 57-5485, 57-3491, 57-3575, 57-1644
Fax (509) 57-4244

Jamaica
8 Olivier Road, Kingston 8
P.O. Box 463 Constant Spring, Kingston 8
Tel. (1-809) 9246333-7
Telex 2391 DELEGEC JA
Fax (1-809) 9246339

Kenya
"Union Insurance House" 2nd and 3rd floors

Bagati Road
P.O. Box 45119, Nairobi
Tel. (254-2) 713020/21-712860-712905/06
Telex 22483 DELEUR — KE
Fax (254-2) 716481

Lesotho
P.O. Box MS 518
Maseru, 100, Lesotho
Tel. 313 726
Fax 266 — 310193

Liberia
34 Payne Avenue, Sinkor
P.O. Box 10 3049, Monrovia
Tel. 26 22 78
Telex 44358 DELEGFED LI — MONROVIA
Fax (231) 262266

Madagascar
Immeuble Ny Havana — 67 hectares
B.P. 746, Antananarivo
Tel. 242 16
Telex 22327 DELFED MG — ANTANANARIVO
Fax (261-2) 32169

Malawi
Europe House
P.O. Box 30102, Capital City
Lilongwe 3
Tel. 78 31 99-78 31 24-78 27 43
Telex 44260 DELEGEUR MI — LILONGWE
Fax (265) 78 35 34

Mali
Rue Guégau — Badalabougou
B.P. 115 Bamako
Tel. 22 23 56/22 20 65
Telex 2526 DELEGFED — BAMAKO
Fax (223) 223670

Mauritania
Ilôt V, Lot 24
B.P. 213, Nouakchott
Tel. 527 24/527 32
Telex 5549 DELEG MTN — NOUAKCHOTT
Fax (222-2) 53524

Mauritius
61/63 route Floreal Vacoas
P.O. Box 10 Vacoas
Tel. 686 50 61/686 50 62/686 50 63
Telex 4282 DELCEC IW VACOAS
Fax (230-686) 6318

Mozambique
C.P. 1306 — MAPUTO
1214 Avenida do Zimbabwe — MAPUTO
Tel. 1-49 02 66 — 1-49 17 16 — 1-49 02 71
1-49 07 20
Telex 6-146 CCE MO
Fax (258-1) 491866

Namibia
Sanlam Building
4th floor
Independence Avenue
Windhoek
Tel.: 264-61-220099
Fax 35135
Telex 419 COMEU WK

Niger
B.P. 10388, Niamey
Tel. 73 23 60/73 27 73/73 48 32
Telex 5267 NI DELEGFED — NIAMEY
Fax (227) 732322

Nigeria
4, Idowu Taylor St, Victoria Island
PM Bag 12767, Lagos
Tel. 61 78 52/61 08 57
Telex 21868 DELCOMING LAGOS — NIGERIA
Fax (234-1) 617248
Abuja
Tel 09/5233144/46
Telex 0905/91484
Fax 09-5233147

Pacific (Fiji, Samoa, Tonga, Tuvalu and Vanuatu)
Dominion House, 3rd Floor
Private Mail Bag, GPO, Suva, Fiji
Tel. 31 36 33
Telex 2311 DELECOM FJ — SUVA
Fax (679) 300 370

Papua New Guinea
The Lodge, 3rd floor, Bampton Street
P.O. Box 76
Port Moresby
Tel. (675) 21 35 44-21 35 04-21 37 18
Telex NE 22307 DELEUR — PORT MORESBY
Fax (675) 217 850

Rwanda
Avenue Député Kamuzinzi, 14
B.P. 515, Kigali
Tel. 755 86/755 89/725 36
Telex 22515 DECCE RWMCI
Fax 250 — 74313

Senegal
12, Avenue Albert Sarraut, Dakar
Tel. 23 13 34 - 23 47 77 -
23 79 75
Telex 21665 DELEGSE SG
Fax (221) 217885

Sierra Leone
Wesley House
4 George Street
P.O. Box 1399, Freetown
Tel. (232-22) 223 975-223 025
Telex 3203 DELFED SL — FREETOWN
Fax (232-22) 225212

Solomon Islands
2nd floor City Centre Building
Solomon Islands
P.O. Box 844 — Honiara
Tel. 22 765
Telex 66370 — DELEGSI
Fax (677) 23318

Somalia
Via Makka Al Mukarram, nº Z-A6/17
P.O. Box 943, Mogadishu
Tel. 21 118/21 049/811 18
Telex 628 EURCOM — SO
Fax (2521) — 21118 — 21049 — 81118

Sudan
3rd Floor — The Arab Authority for Agricultural Investment and Development Building
Army Road, Khartoum
P.O. Box 2363
Tel. 75054-75148-75393
Telex 23096 DELSU SD

Suriname
Dr S. Redmondstraat 239
P.O. Box 484, Paramaribo
Tel. 4993 22 - 499349 - 492185
Telex 192 DELEGFED SN
Fax (597)493076

Swaziland
Dhlan'ubeka Building, 3rd floor
Cr. Walker and Tin Streets
P.O. Box A.36
Mbabane, Swaziland
Tel. 42908/42018
Telex 2133 WD
DELEGFED MBABANE
Fax (268) 46729

Tanzania
Extelcoms House, 9th Floor
Samora Avenue
P.O. Box 9514, Dar es Salaam
Tel. 46459/60/61/62
Telex 41353 DELCOMEUR —
DAR ES SALAAM
Fax (255-51) 46724

Togo
Avenue Nicolas Grunitzky
B.P. 1657, Lomé
Tel. 21 36 62/21 08 32
Telex 5267 DELFED-TG
Fax (228) 211300

Trinidad and Tobago
The Mutual Centre
16, Queen's Park West
P.O. Box 1144, Port of Spain
Trinidad W.I
Tel. 62-2 6628/62-2 0591
Telex 22421 DELFED WG
Fax (809) 622-6355

Uganda
Uganda Commercial Bank Building,
Plot 12
Kampala Road, 5th Floor
P.O. Box 5244, Kampala
Tel. 233 303/ 233.304
Telex 61139 DELEUR — UG — KAMPALA
Fax (256-41) 233708

Zaire
71, Av des Trois Z
B.P 2000, Kinshasa
By satellite: tel. 00871 1546221
Telex 00 581 154.62.21
Fax 00871 1546221

Zambia
P.O.Box 34871
Plot 4899
Los Angeles Boulevard
Lusaka
Tel. 25 09 06-25 07 11 -25 11 40
Telex 40440 DECEC ZA — LUSAKA
Fax (260-1) 250906

Zimbabwe
P.O. Box 4252
NCR House (10th Floor)
65 Samora Machel Ave.
Harare
Tel. 470.71.20/39/40/43
Telex 24511 ZW HARARE — ZIMBABWE
Fax (263-4) 725360

In the OCT

Netherlands Antilles
Scharlooweg 37
P.O. Box 822, Willemstad
Curaçao
Tel. (599.9) 618488
Fax (599.9) 618423

Aruba
L.G. Smith Blvd. 50, (P.O. Box 409)
Oranjestad
Tel. 297-8-34131
Fax 297-8-34575

In the Mediterranean Countries

Algeria
36, Rue Arezki Abri
Hydra-16035 Alger
Tel. 59 08 22 — 59 09 25 — 59 09 42
Telex 66067 EURAL DZ — ALGERIE
Fax (213-2) 593947

Cyprus
Irish Tower Court, 8th Floor
242 Agapinor Street, Corner of Makarios Avenue,PO Box 3480
Nicosia 137, Cyprus
Tel. (357-2) 36 92 02
Telex (605) 4960 ECDELCY
Fax (357-2) 36 89 26

Egypt
6, Ibn Zanki St.-Zamalek
Tel. (20-2) 340 83 88 — 341 93 93 — 340 11 84 — 340 74 09
Telex 94258 EUROP UN ZAMALEK
Fax 3400385

Israel
The Tower, 3 Daniel Frisch St.
TEL AVIV 64731
Tel. (972-3) 696.41.66
Telex 3421 08 DELEG — IL
Fax (972-3) 695 1983

Jordan
Al Jahez St. 15, Shmeisani, Amman
P.O. Box 926 794
Tel. 66 81 91/66 81 92 Amman
Telex 22 260 DELEUR JO AMMAN
JORDAN
Fax (962-6) 686 746

Lebanon
Immeuble Duraffourd, Avenue de Paris, Beirut
B.P. 11-4008, Beirut
Tel. 3630 30/31/32
Telex DELEUR 23307

Malta
Villa 'The Vines', 51
Ta'Xbiex Sea Front, Ta'Xbiex-Malta
Tel.: (356) 34 48 91-93-95, 345111
Telex: (356) 910 EC MLA
Fax (356) 34 48 97

Morocco
2 bis rue de Meknès-Rabat
B.P. 1302, Rabat
Tel. 7612 17/7612 46/7612 48
Telex 32620-(M)
Fax (212-7) 761156

Syria
73 rue Rachid
P.O. Box 11269, Damascus
Tel. (963-11) 327640-641
Telex 412919 DELCOM SY
Fax (963 11) 320683

Tunisia
Avenue Jugurtha 21
B.P. 143, Cité el Mahrajene, 1082 Tunis
Tel. 78 86 00
Telex 14399 — TUNIS
Fax (216-1) 788201

In A.L.A. countries

Argentina
Plaza Hotel, Florida 1005, Buenos Aires

Tel.: (54-1) 312 60 01/09
Telex: 22488 PLAZA AR
Telefax: (54-1) 313 29 12

Bangladesh
Plot 7, Road 84
Gulshan — Dhaka
Tel. 88 47 30-31-32
Telex 642501, CECO BJ
Fax (88.02) 88 31 18

Brazil
Q.I. 7 — Bloc A — Lago Sul — Brasilia (D.F.) Brasil
Tel. (55.61) 248.31.22
Telex.: (038) 61.25.17/61.36.48 DCCE BRE
Fax.: (55-61) 248.07.00

Chile
Avenida Américo Vespucio SUR 1835, Casila 10093,
Santiago (9) Chile
Tel.: (56) 22.28.24.84
Telex: (034) 34.03.44 COMEUR CK
Fax (56) 22.28.26.71

China
15 Dong Zhi Men Wai Dajie
Sanlitun, 100600 Beijing
Tel.: (86-1) 532 44 43
Telex: (085) 222 690 ECDEL CN
Fax (86-1) 532 43 42

Colombia
Calle 97 nº 22-44
94046 — 14 Bogota 8
Tel. (57-1) 236 90 40/256 48 28/256 84 77
Fax (57-1) 610 00 59

Costa Rica (HQ of the Delegation for Central America)
Centro Calon — Apartado 836
1007 San José
Tel. 332755
Telex 3482 CCE AC
Fax (506) 210893

India (HQ of the Delegation in South Asia)
65 Golf Links
New Delhi 110003
Tel. 462 92 37/38
Telex 61315 EUR-IN
Fax 462 92 06

Indonesia (HQ of the Delegation for Brunei, Singapore and the ASEAN Secretariat)
Wisma Dharmala Sakti Building, 16th floor
J.l. Jendral Sudirman 32
P.O. Box 55 JKPDS Jakarta 10 220
Tel. 570 60 76/68
Telex 62 043 COMEUR IA
Fax (62-21) 570 6075

Korea
ICON Building
33-12 Changchoong-dong 1-ga
Choong-Ku
Seoul 100-691 - Korea

Mexico
Paseo de la Reforma 1675,
Lomas de Chapultepec C.P.
11000 Mexico D.F.
Tel. (52-5) 540.33.45 to 47 — 202.86.22
Telex: (022) 176 35.28 DCCEME
Fax (52-5) 540.65.64

Pakistan
No 9 Street n. 88
G-6/3, Islamabad
P.O. Box 1608
Tel. 82 18 28-82 24 15-82 30 26
Telex 54044 COMEU PK
Fax (92) 822604

Peru
B.P. 180 792, LIMA 18
Manuel Gonzales Olaechea 247
San Isidro, Lima 27
Tel. (5114) 41 58 27/32-403097
Telex 21085 PE-COMEU
Telefax (51-14) 41 80 17

Philippines
Salustiana D. Ty Tower,
7th Floor 104,
Paseo de Roxas corner
Perea Street – Legaspi Village – Makati
Metro Manila
Tel. (63-2) 8126421-30
Telex 22534 COMEUR PH
Fax (63-2) 812 66 86 - 812 66 87

Thailand (HQ of the Delegation in Indochina, Thailand, Malaysia)
Kian Gwan House 11 — 19th floor
140/1 Wireless Road
Bangkok 10 330
Tel. 255 91 00
Telex 82764 COMEUBK TH
Fax (66 2) 2559114

Uruguay
Edificio Artigas (1º Piso) — Calle Rinçon 487 — Montevideo
Tel.: (598) 2.96.37.44/96.37.45/96.31.66/96.31.80
Telex: 23925 CCEUR UY
Fax (598) 2-95.36.53

Venezuela
Calle Orinoco - Las Mercedes
Apartado 768076, Las Americas 1061 A
Caracas
Tel. 91 51 33
Telex 27298 COMEU
Fax (582) 993 55 73

OFFICES OF THE COMMISSION

In ACP countries

Antigua & Barbuda
Alpha Building 2nd floor
Redcliffe Street
St. John's, Antigua W.I.,
P.O. Box 1392
Tel. and fax (1-809) 4622970

Bahamas
Frederick House, 2nd floor, Frederick St.
P.O. Box N-3246, Nassau
Tel. (32)55850
Telex DELEGEC NS 310

Belize
1 Eyre Street
P.O. Box 907
Belize City, Belize
Tel. (501-2) 72785 and fax
Telex 106 CEC BZ

Grenada
Archibald Avenue
P.O. Box 5, St George's, Grenada, West Indies
Tel. (1809) 440 4958 — 440 3561
Telex 3431 CWBUR GA
(Attn. EEC Delegation)
Fax (1809) 4404151

São Tomé & Principe
B.P. 132 — Sao Tomé
Tel. (239 12) 21780-21375
Telex 224 Delegfed ST
Fax (239-12) 22683

Seychelles
P.O. Box 530 — Victoria, Mahé
Tel. (248) 32 39 40
Fax (248) 323890

Tonga
Malle Taha
Taufa'ahau Road, private mailbag nº 5-CPO
Nuku Alofa
Tel. 23820
Telex 66207 (DELCEC TS)
Fax 23869

Vanuatu
Orient Investment Building, Ground Floor,
Kumul Highway
P.O. Box 422, Port-Vila
Tel. (678) 22501
Fax (678) 23282

Western Samoa
PO Box 3023,
Loane Viliamu Building, 4th floor, Apia
Fax (685)24622

In the OCT

New Caledonia
21 Rue Anatole France
B.P. 1100 Noumea
Tel. (687) 27 70 02
Fax (687) 28 87 07

Commission of the European Communities Representation Office in Turkey

15, Kuleli Sokak
Gazi Osman Paşa, Ankara
Tel. 137 68 40-1-2-3
Telex 44320 ATBE TR
Fax (90-312) 437 79 40

Commission of the European Communities Programme Coordination Office. South African Republic

207, Infotech Building
1090 Arcadia Street
Hatfield-Pretoria 0083
Tel.: (012) 436 590
Fax (012) 436 594

By Benoît Sauveroche & Hans-Gherardt Wagner, Projet PNUF/FAO/RAF/88/100, PMB 10, Banjul, Gambia, ISSN 1014-1197, Etude FAO Production et santé animales, 112, Rome, 1993

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By Norman W. Hudson, Silsoe AgriculturalAssociates, Ampthill, Bedford, UK, ISSN 1020-0649, Bulletin pédologique de la FAO, 64, Rome, 1993

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World clothing fibre consumption survey, 1992 (covers 1987, 1988 and 1989 and, for the developed countries, 1990)

By the Products and International Trade Division of the FAO's Department of Economic and Social Policies, ISBN 92-5-003363-X, Rome 1993

Europe des Hommes

Maurice Duverger — Paris — Editions Odile Jacob — 1994

Maurice Duverger, Professor Emeritus of the Sorbonne, MEP and writer for Le Monde, Corriere della Sera, La Repubblica and El Pais, brings his political expertise to bear on what he calls the 'incomplete metamorphosis' of Europe.

The six tightly packed chapters of Europe des Hommes contain his political, historical and legal analysis of the construction of Europe and what is at stake, with particular reference to the up-to-the-minute question of the reform of the European institutions, in this instance related to the enlargement procedure.

Looking at theory, he suggests neo-federalism of the sort which would calm the perennial conflict between cooperation and integration. He highlights the preliminary draft constitution voted through in Strasbourg on 10 February 1994, whereby the European and the Member States' Parliaments are to lay down the guidelines for the Union's Constitution. This, he says, is bound to lead to a radical change in the Union's constituent power, which is 'currently absurd because it is wielded by diplomatic relations between States which are foreign to each other although in fact closely bound by a legal order.'

On the democratic quality of the Community, he is severe, maintaining that Europe would no longer be classified as a democracy if it was an individual State. This is because of the weakness of the European Parliament's powers and the non-separation of the powers of the Council and the Commission, a situation which is aggravated by the existence of a third governing body, the European Council. 'Any transfer of competences to the Brussels and Strasbourg authorities,' Maurice Duverger says, 'takes those competences out of the national systems in which they are exercised democratically and puts them into an international system where the powers of decision and democratic control are weak.'

Tactically speaking, he links the reform of the institutions in 1996 to the present enlargement proceedings. With the reform, he points out, there will still have to be unanimous agreement from a Council made up of national governments which 'know that the Community of the Six worked well, the Nine mediocrely and the Twelve badly and that the Sixteen will be ineffectual and any more than that worse... By putting off until 1996 reforms which it knows to be vital before enlargement and impossible after, the Council has implicitly recognised that it is now powerless in this field.'

But with the enlargement procedure, the European Parliament has an extraordinary opportunity to co-decide in the fundamental area of constituent power. No more Member States can be admitted without an absolute majority in favour in the House. 'There is nothing to stop Parliament from making its agreement dependent on institutional reform...'

In conclusion, Maurice Duverger says that, despite its problems, the European Union is in fashion in the late 20th century.

'Russia is trying to reconstitute the USSR in a Community of Independent States (CIS). In November 1993 the USA set up the North American Free Trade Area (NAFTA) with Canada and Mexico. A few months later, the world economic forum at Davos planned to set up a Middle East Free Trade Area (MEFTA) in the countries of the greater Middle East while South East Asia is planning something similar with Japan, South Korea and Taiwan, gradually bringing in China as its economic development progresses. The last three organisations would be free trade areas rather than real communities, but of course they may well develop along the lines of real communities too, following the already manifest ebbing of the free-market trend.' Dominique David

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Caribbean –
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Address:

**Postal address
(mail only)**
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**The Courier office
address (visitors)**
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Editor
Dominique **David**

Deputy Editor
Lucien **Pagni**

Assistant editors
Roger **De Backer**
Augustin **Oyowe**
Simon **Horner**
Robert **Rowe**

Associate assistant editor
Hégel **Goutier**

Secretariat:
Katya **Heyen** (295-26-31)

Fax: 299-30-02

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