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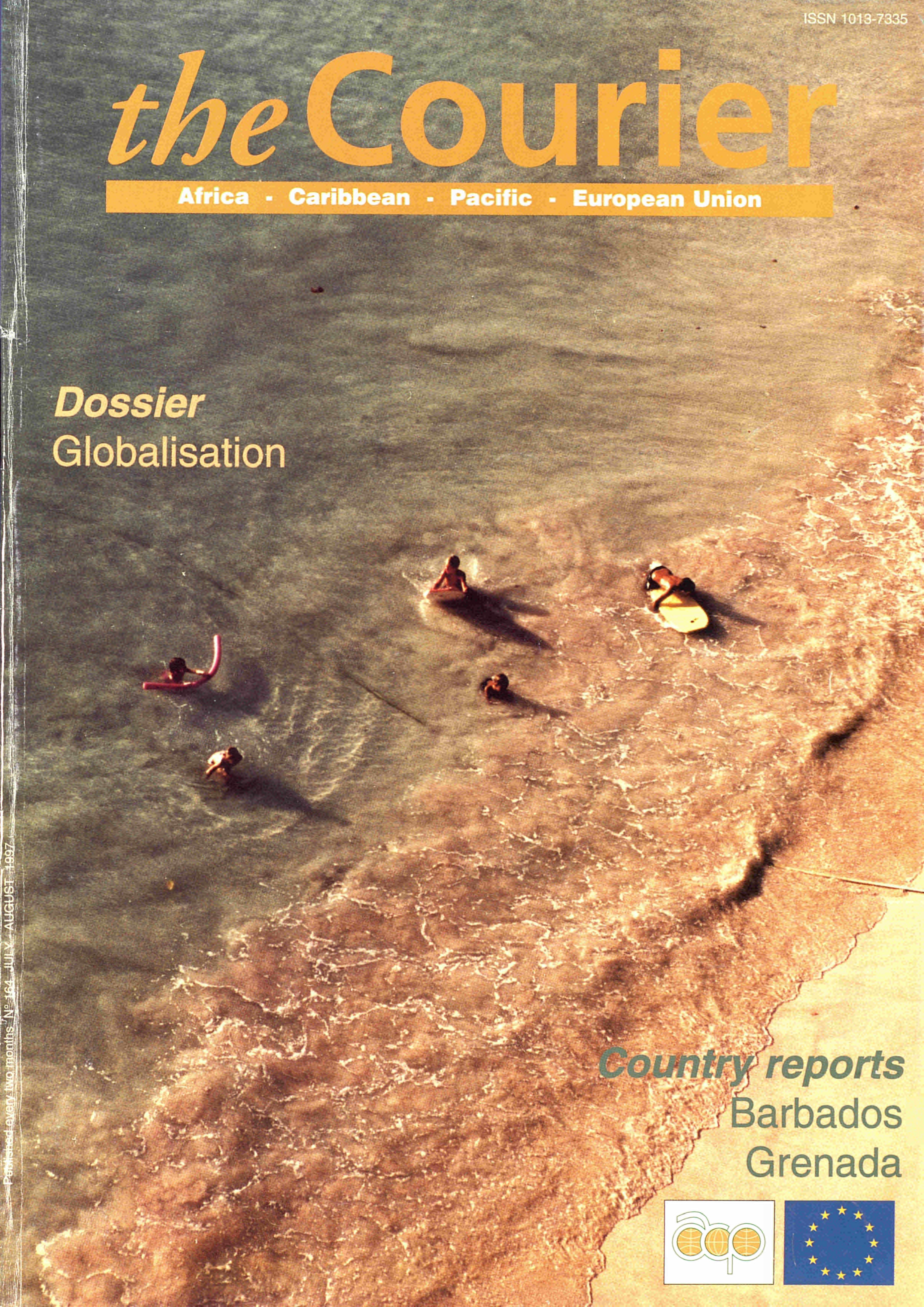

Dossier
Globalisation

Country reports
Barbados
Grenada

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DOSSIER

Globalisation

The pace of change in the world seems to have accelerated sharply over the last few years - certainly since the end of the Cold War. Communications have become more rapid, working patterns are changing, markets for goods and services have been transformed and money can be moved freely and instantaneously from one country to another. 'Globalisation' is the catch-all word usec nowadays to describe what is happening. We examine what this term actually means and consider the practical implications of the globalisation process. What do people and countries need to do to keep pace with events? More importantly, will there be long-term benefits for all or could some societies (notably in the developing countries) lose out?

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COUNTRY REPORTS

Barbados and Grenada

There is an old English nursery rhyme which claims that 'little girls are made of sugar, and spice and all things nice'. Well Barbados has the sugar and Grenada has the spice, and they have lots of other things that are nice - which is why they attract so many tourists. At the same time, both countries face a number of challenges, not least because of the globalisation that is featured in our Dossier. We look at how Barbados, with its tradition of high quality education, and Grenada, with its continuing dependence on agriculture, are planning for development in the 21st century.

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Cover page
Image of Barbados – fun on the beach

Inside front cover
Painting by a local artist displayed in the PomMarine Hotel run by the Hospitality Institute of the Barbados Community College (top).

The Carenage in St George's, the capital of Grenada (bottom)

The ACP-EU Courier

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South Africa: Lomé IV's 86th member

'ACP States welcome South Africa wholeheartedly', commented Fiji's Prime Minister *Sitiveni Rabuka*, who is current President of the ACP Council of Ministers. He was speaking at a ceremony in Luxembourg on April 24, where South Africa formally joined the Lomé club. The country will not benefit from all the provisions of the Convention, notably its core trade and aid articles. But in the words of European Development Commissioner, *João de Deus Pinheiro*, its membership of the ACP group will give a 'new strength and dynamism' to ACP-EU relations.

The two principal 'gains' for South Africa in its 'qualified' membership' of Lomé IV are eligibility to tender for projects in all ACP states financed under the Eighth European Development Fund, and the extension of cumulation of origin. The latter means that South African inputs can be used in ACP products without these losing their preference in the EU market. This will benefit both South African producers and manufacturers in neighbouring states in the region.

'Although our qualified accession to Lomé does not include any substantial trade benefits for South Africa, it is another noteworthy step on the road towards our integration into the ACP family and the world community,' commented South African Agriculture Minister, *Derek Hanekom*. The symbolism was echoed by Commissioner Pinheiro: 'This is an event of historical significance,' he said. '22 years after the signing of the first Lomé Convention, it finally includes all of sub-Saharan Africa'. The Commissioner continued: 'To illustrate its attachment to a peaceful, multinational and multicultural society, the new South Africa presents itself as a "rainbow country". It strikes me that these same values of tolerance, peace and multiculturalism lie at the core of our commitments under Lomé'.

The Commissioner emphasised the 'important opportunities for cooperation and integration with the other ACP states' arising out of South Africa's eligibility to tender for EDF projects and the cumulation of origin provisions. However, the arrangement falls short of what South Africa's negotiators initially envisaged – which was the full extension of the Convention's non-reciprocal trade preferences to their country.

In addition, the precise operation of the new rules of origin still needs to be put down on paper. Speaking about this mechanism, Minister Hanekom observed that the potential benefits to his region were considerable. 'It can become an important instrument to encourage greater cross-border cooperation and promote integration.' He noted, however, that the system was only accessible on an *ad-hoc* basis. 'It is this *ad-hoc* nature which needs to be clarified, since it is at present confusing and investor-unfriendly.' South Africa's Ambassador to the EU, *Eltie Links*, added that his country was also seeking access to contracts under the Seventh EDF. The Ambassador indicated that these two outstanding issues should be resolved within the following two months.

Institutions

Membership of the Lomé Convention means that the country will participate in meetings of the Convention's institutions. These are the ACP-EU Council of Ministers (the decision-making body), the Committee of Ambassadors (which monitors the day-to-day working of the cooperation system and has certain powers delegated by the Council of Ministers) and the twice-yearly Joint Assembly (which brings together elected representatives from ACP states and the European Parliament).

Not included in the new protocol is South Africa's access to the EU market – which is still being negotiated. Separate agreements are also being drawn up for wines and spirits, where South Africa is expected to fall into line with the EU's denomination rules, and for fisheries (at Spain's request). 'A lot of people are dependent on fisheries in South Africa', said Ambassador Links, who went on to indicate that his country would be looking at the more sophisticated joint-venture type fishing agreements the EU has concluded with other third countries. Preliminary fisheries talks were due to begin in May. A science and technology agreement has previously been signed.

South Africa's aid package falls outside the Eighth EDF. The European Council of Ministers, in a separate decision, has already ear-

Lomé Convention provisions

Applicable to South Africa

Technical, cultural and social cooperation
Regional cooperation
Eligibility for tenders for the Eighth European Development Fund (but excluding the preferential ACP treatment)
Industrial development
Investment promotion and protection
Participation in the institutions of the Conventions (Joint ACP-EU Council of Ministers, the Committee of Ambassadors and the Joint Assembly)

Not applicable to South Africa

The general trade arrangements
The special protocols on bananas, rum, beef and veal, sugar, and coal and steel products
STABEX (System for Stabilisation of Export Earnings for Agricultural Products)
SYSMIN (System for Stabilisation of Export Earnings for Mining Products)
Structural adjustment support
EDF resources (except in the case of refugee assistance)

Vivant Univers

Fertile farmland in South Africa.
South African negotiators are unhappy about European proposals that would exclude an estimated 39% of their country's agricultural production from the proposed trade agreement.

marked up to ECU 500m for the period 1996-1999, while a maximum of ECU 300m in EIB loans is available up to October 1999. Support for South Africa from the European Community Investment Partners (ECIP), which is used to promote joint ventures between South African and European companies, was also subject to a separate agreement signed in 1994.

Free trade?

Trade remains the most thorny issue between the two sides, with discussions continuing on a proposed agreement in this area. Having adopted its negotiating mandate, the EU presented proposals for a free-trade area (FTA) in March 1996. Following a series of negotiations, South Africa issued a formal response in January 1997. The talks are still ongoing but both sides now hope that agreement can be reached by the end of 1997.

The main differences are over market access. South Africa would like more access to the EU for its agricultural produce than is currently on offer, and is worried about the extent to which it will have to open its industrial markets to European goods. Under World Trade Organisation (WTO) rules, a free trade area must cover 'substantially all trade'. The European proposals foresee the establishment of an FTA within a maximum of ten years (12 years for a few highly sensitive products). Asymmetry would apply for both agricultural and industrial goods, meaning that the EU would remove market barriers more speedily than South Africa, for certain products.

The South African view is that what Europe is offering would not promote the country's development. They are particularly unhappy about the fact that an estimated 39% of the country's agricultural production would be excluded from the agreement. The EU reply is that this represents less than 4% of total EU imports from South Africa, and that no exclusions have been sought in the industrial sector. Ambassador Links was hoping, however, that there was still room to manoeuvre in the area of trade preferences.

Another element contributing to the delay is the fear among the BNLS states (Botswana, Namibia, Lesotho and Swaziland) – who are members alongside South Africa of the Southern African Customs Union (SACU) – that they will suffer revenue losses if an FTA is concluded. The SACU agreement provides for free movement of goods between its member states, as well as a common external tariff. In practice, South Africa determines the tariff, administers the collection of excise duties and distributes the revenue from the common pool to the BLNS countries. SACU has already acknowledged that its system of financing is inefficient and the EU has indicated a willingness to help the smaller SACU nations implement fiscal reforms, if requested.

Developing country?

There are a number of reasons for the EU's decision to seek a separate trade arrangement rather than extending the full system of preferences set out in the Lomé Convention, as South Africa requested at the outset. In the first place, the country is already ranked among the upper middle-income nations alongside Malaysia, Brazil and the Czech Republic, with a *per capita* income of $3040 in 1994. Second, it was felt that South Africa's complete integration into Lomé IV would undermine the effects of the Convention's special trade provisions, and have an adverse impact on the current ACP membership. In 1995, South Africa's exports to the EU were equivalent to more than a third of those of all ACP countries combined. A third aspect was the difficulties that might be encountered with the Geneva-based WTO. In one European Commission document, the point was made that some controversy already existed over the compatibility of the Lomé Convention with the WTO rules. The text continued: 'The decision to grant South Africa non-reciprocal Lomé trade preferences would inevitably be challenged by (other) members of the WTO, including non-ACP developing countries and nations whose economies are in transition.'

The separate agreement proposed by the EU and currently under discussion has a wide scope, with provisions on trade in agricultural and industrial products, the right of establishment, the right to provide services, free movement of capital and the free settlement of transactions in convertible currencies.

Derek Hanekom indicated that South Africa would be taking a very active part in the discussions on the future of ACP-EU cooperation after the year 2000. He already put forward some ideas on this subject at the Luxembourg meeting. He said: 'There is greater emphasis on trade, globalisation and much talk of reciprocal free-trade agreements. There are calls for an increased contribution by the private sector and for a rethink of the role of Government – even of development and assistance in its traditional form. In all of this, the challenge which lies ahead in the reshaping of Lomé is a great one for all of us.' Mr Hanekom added: 'Europe, as a major player in global trade, should play a leading role in ensuring that the developing countries obtain their fair share of the benefits of globalisation. Their economic development cannot be allowed to be stunted by narrow sectoral interests – which seek to block market access in the areas where economies may have comparative and competitive advantages.' D.P.

Informal meeting of ACP-EU ministers

Towards regionalised cooperation?

On the initiative of the Dutch Presidency, ACP and EU development ministers met in Maastricht on 18 and 19 April 1997 to discuss the future of the Lomé Convention, which expires in 2000. This informal meeting – whose co-chairmen were *Jan Pronk*, Dutch Cooperation Minister, *Sitiveni Rabuka*, Prime Minister of Fiji and current President of the ACP Council of Ministers, and *João de Deus Pinheiro*, European Commissioner responsible for relations with the ACP countries – dealt with some of the key issues underlying any post-Lomé settlement. The ministers concentrated their attention on four topics: the general framework of EU-ACP cooperation, technical and financial issues, trade and economic aspects, and the institutional and political dimension of cooperation. At the end of the meeting, a joint agenda was drawn up with a view to ongoing discussion about the future of ACP-EU cooperation and to ensure better targeting of the issues.

Having been in existence for 25 years, the basic principles governing the Lomé Convention and its achievements will be upheld. These include the principle of effective partnership and the contractual form of cooperation with multi-sectoral objectives. Such is the first conclusion that can be drawn from the shared conviction of the Lomé partners. The Convention obviously must be adapted. This is necessary to take account of the many lessons learned from its functioning since the last full 'renewal' in 1989 and in recognition of the major changes across the world over the past decade. But the ACP countries' fears about a possible break-up of the current system appear not to have any foundation. In substance, this was the line taken by Commissioner Pinheiro in his statement, when he vigorously rejected any suggestion that the EU had abandoned its partners in Africa, the Caribbean and the Pacific. He declared: 'our approach is based on the conviction that EU-ACP relations need to be revitalised'.

The discussions were an opportunity to stress the importance of intensifying economic and financial cooperation between the EU and the ACP countries. However, the diverse nature of the ACP countries has been all too clear, to judge from the concerns expressed by the delegates from the various countries. These revealed the continuing lack of a common ACP position on the four points that were examined in Maastricht.

The framework of cooperation

Referring in particular to the unique nature of the cooperation, which is based on partnership and contract, the conference expressed some satisfaction at the achievements of Lomé IV. Some ministers suggested that economic growth – and, in certain cases, democratic reform – had indeed been due to cooperation within the Lomé framework. There was also criticism, however. A number of speakers felt that the results had been disappointing: the limited impact being attributed, in particular, to the complex nature of the agreement and the weakness of institutional structures in recipient countries. Conflicts and natural disasters in the various ACP regions were also highlighted as having hindered the success of cooperation, together with the alleged inconsistency of European policy.

The conference observed that cooperation is not sufficiently mature to bring about regional integration and that future cooperation should concentrate more on poverty alleviation, good governance, democratisation, solidarity

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On the platform: Ministers Pronk and Rabuka, and Mr R. Vermaas of the Dutch Foreign Ministry.

and sustainable development. Emphasis was also repeatedly placed on the role of cooperation in promoting investment, the private sector and the development of skills in the ACP countries. Some ministers stressed the importance of incorporating the recommendations of the major UN conferences into the debate about the priorities of ACP-EU cooperation. Suggestions here included a reduction in the debt of certain ACP countries and the granting of macro-economic aid.

Opinion was divided as to how much geographical differentiation there should be within any new Convention. ACP ministers called for the current framework to be broadly maintained. Their fear is that disrupting the system could prove harmful and possibly even lead to its break-up – severely damaging solidarity amongst the ACP countries and undermining their negotiating position. On the other hand, other speakers supported the idea of differentiation as a way of modernising cooperation, allowing it to be better adapted to the needs of individual states. This would be one way, it was felt, of concentrating more on poverty alleviation in low and middle-income countries. Proponents of differentiation also recommended the adoption of criteria – such as respect for human rights and democratisation – to be used as factors in determining the allocation of cooperation funds.

In a discussion on the possibility of expanding the ACP group to include other developing countries, concerns were expressed by a number of the Convention's current signatories. The main worries were that available resources might be reduced in relative terms and that there would be more competition for trade quotas. Some ministers rejected any expansion out of hand, whilst others thought it should be linked to a parallel increase in resources.

European policy was analysed and dissected in minute detail by the ACP representatives. One recommendation was that European Development Fund budgeting should be reviewed. In this context, the ACP countries called on the EU to 'go beyond mere declarations of intent'. In the light of the forthcoming expansion of the Union, participants demanded guarantees that a consistent EU aid policy would be on the agenda.

Thomas Dorn/The Courier

Undressed wood leaving an ACP port for Europe. *One of the ACP countries' concerns is the reduction of their share in world trade.*

Economic and trade cooperation

The changes resulting from the establishment of the WTO, the costs that flow from this, and the approach to be adopted in rendering the Lomé Convention compatible with the WTO system, were at the centre of the discussions. A number of ACP representatives voiced concern about the reduction of the ACP countries' share of world trade, despite the system of preferences. Others took a different view, arguing that the preference system had worked well and had achieved an increase in trade volumes – even if the relative ACP share of world trade had diminished. Various obstacles to the optimum use of the Lomé preference system were cited. These included non-tariff barriers, weak infrastructures, limited competitiveness, the fact that economies were heavily reliant on raw materials, and the impact of new rules brought in at European level without prior consultation with the ACPs. Some delegates highlighted the fact that the EU had signed a number of trade agreements with other countries, thereby undermining preferences granted to the ACP states.

A number of those present focused their remarks on the need to adapt the Lomé Convention to the commitments that had been made within the WTO framework – which includes the key principles of reciprocity and non-discrimination. Stress was laid on the importance of allowing a transition period – whose duration should depend on the level of development of the countries concerned. Given the potential impact of the new rules, some speakers wanted to explore the possibility of enhancing macro-economic assistance. The ACP countries asked that special attention be given to the social aspects in the economic restructuring process.

Another area which, it was felt, required particular attention in any new cooperation system was consolidation of supply. It was felt in this context, that more technical assistance should be devoted to enhancing the private sector's capabilities and promoting investment. This has been described by many as the 'key' to sustainable development and self-sufficiency, and speakers felt that a lead should be provided in this area by the international financial institutions which are directly involved in investment and private sector issues. One suggestion made was that an agreement should be concluded in the context of the Lomé Convention dealing with ACP-EU investments, the aim being to reduce the risks for investors. Other delegates recommended the drawing-up of a code of conduct for international investors and, above all, the creation of an EU-ACP investment agency. Emphasis was also put on the need to tackle the flight of capital and to give active support to SMEs through micro-loan schemes.

In general terms, the conference considered the significance, for the EU, of adopting a more consistent strategy *vis-à-vis* the ACP countries. Several speakers cited barriers to trade in agricultural produce as a major obstacle to the development of ACP exports. There was little support for a proposal that the geographical frameworks for cooperation between the EU and third countries should be based on the various regional economic blocs already in place. The ACP countries feared that such an approach might undermine the integrity and homogeneity of their group, and the wider ACP-EU partnership. Finally, the ACPs drew attention to debt reduction as a possible aspect of cooperation, and confirmed that development aid is still an essential complement to trade instruments.

Financial and technical cooperation

The conference expressed a clear preference for a simplified Convention comprising fewer instruments and more transparent procedures. One of the major problems identified was that of delays in the decision-making process. Speakers were particularly critical of what they saw as the lack of transparency in procedures and management. The recommendation that emerged from this was that ACP observers should be allowed to attend EDF Committee meetings. It was felt that this should help to improve the transparency of the decision-making process. ACP and EU representatives were unanimous in expressing their dissatisfaction with the current arrangements.

Several contributors called for a transition from project aid to programme aid. The aim would be to improve and simplify the current complex procedures but, more importantly, to boost aid absorption. Some speakers said that an evolution of this kind should be linked to a degree of conditionality (democratisation or good governance). On the issue of conditionality, a number of ministers called for the criteria to be set out clearly, and some expressed the view that the criteria currently being applied were disproportionate. By contrast, there were others who believed that the emphasis of aid, in the current context of structural adjustment, should be much more on poverty alleviation.

Political and institutional dimension

All representatives agreed on the importance of stepping up political dialogue. Currently, political cooperation was dogged by a number of problems. ACP speakers pointed, in particular, to the frequent unavailability of their European counterparts. On joint committees, political representation on the EU side was extremely low, though they acknowledged that the same was true of the ACP side in the Joint Assembly. Of even more concern was the reluctance of their partners to discuss all subjects – debt reduction was cited as an example in this context.

According to some speakers, new items need to be added to the ACP-EU political agenda. Various recommendations were made with a view to making consultation structures more flexible through the creation of representative contact groups at regional or sub-regional level. It was also proposed that use be made of the mechanism provided for in Article 366(a) of the Convention for emergency consultation on other subjects. The ongoing situation in Zaire, whose seat was unoccupied throughout the meeting, is undoubtedly a case in point. Five issues were earmarked for greater consultation between ACP and EU representatives:

– regular EU-ACP consultation prior to certain international meetings (such as those of the United Nations);

– the prevention of conflicts – peace and stability being essential conditions for development and thus indissociably linked to EU-ACP cooperation;

– the debt problem and technology transfer;

– a code of conduct for European undertakings and the relocation of industries;

– effective participation by the ACP countries in the policy decision-making process and the allocation of financial cooperation resources.

The ministers unanimously agreed that political cooperation must continue to be a component of common policy *vis-à-vis* the ACP countries as a whole. Political partnership, particularly in the area of preventing and tackling conflicts, must – in order to be effective and tangible – be more closely adapted to the actual circumstances. These vary from region to region. Such a partnership could, for example, contribute to the endorsement of regional interlocutors who themselves play a part in enhancing regional stability. This renewed political partnership should, therefore, be based on regional frameworks (Africa, the Caribbean or the Pacific, for issues of interest to the region as a whole), while avoiding duplication with a possible wider Europe-Africa summit and with sub-regional meetings that take place in Africa.

The EU-OAU and EU-SADC dialogues are illustrations of this phenomenon, involving, in particular, the setting up of conflict-prevention arrangements. However, it was felt that other regions in Africa should also be involved. Article 30-3 of the Lomé Convention, which was added in 1995, makes it possible to set up geographical frameworks for political dialogue at the request of the partners. The possibility of consultation using the troika formula was also referred to. The conference stressed the important role of the Committee of Ambassadors and recommended the creation of expert groups. Whilst calling for greater involvement on the part of civil society, the idea of setting up a political consultation mechanism at regional-group level was not unanimously accepted.

Although, overall, the ACP ministers tended to support the maintenance of the Lomé *status quo*, it should be noted in conclusion that certain EU ministers favoured adapting the Convention to take account of recent changes. The main elements they identified were economic globalisation, selective regionalisation of aid, and the promotion of human rights and good governance. M.F

What future for 'green gold'?

Two sweethearts were walking hand in hand under Dominica's enchanting star spangled sky. The girl turned to the boy and said, 'I'm tired of you telling me you love me. Please say something more. The boy whispered: 'You are my banana'. 'And you are my green gold', the girl replied. (Story recounted by *Thomas Letang*, General Secretary of the Dominica Civil Service Association).


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Anecdotes about the significance of bananas to the pockets and lives of Windward islanders lyrically rolled off tongues during a recent visit by European parliamentarians to three of the islands, Dominica, St Vincent and St Lucia. The MEPs; *Glenys Kinnock, Terry Wynn,* and *David Thomas* (all UK members of the Socialist Group), were gathering ammunition to lobby in the European institutions against the World Trade Organisation's (WTO) recent ruling on bananas – which threatens to jeopardise the whole industry. The trip also provided invaluable information on the current state of the industry – useful for the longer term reflexion on the future shape of the EU's trade and aid arrangements with the region. The Lomé Convention will expire at the turn of the century, and the common market arrangements in bananas are due to run out in 2002. What will happen to preferential access after that is unclear.

Banana growing began in this region in the 1950s in response to the frequent devastation wrought by hurricanes. 'There is no other part of the world which is as dependent on the banana', pointed out Mrs Kinnock. 'It puts bread and sugar on the table'. On average, Windward Island bananas account for around 17% of these small nations' GDPs. This contrasts strongly with the dependency levels of the WTO complainant countries. (US – nil, Mexico – 0.02%, Ecuador – 5.22%, Honduras – 9.62% and Guatemala – under 1%). 'Dominica is the banana. The banana is life,' commented *Peter Carbon*, the country's Agriculture Minister.

The trip was organised against the backdrop of the World Trade Organisation (WTO) ruling which has condemned aspects of the EU's banana regime – notably the licensing system which maintains a market and price for the higher cost Windwards product in the European Union. The delegation from Europe also included Brussels Ambassador of the Organisation of Eastern Caribbean States (OECS), *Edwin Laurent*, the London-based Chief Executive Officer of the Windward Island Banana Exporting and Development Company (WIBDECO), *Bernard Cornibert* and NGO representatives (including from Oxfam). Meetings were held with Prime Ministers and Vice Premiers, other politicians, farm organisations, farmers and NGOs. Although the party spent just a day and a night in each of the three islands (as well as in Guadeloupe, a French Overseas Department where farmers share the same concerns), the European members of the delegation agreed that a dismantling of the licensing system could play havoc with the Windwards banana industry and people's lives. In each island, they heard strong pleas from all sides for an appeal against the WTO decision. And coining an Americanism, *Terry Wynn* concluded: 'The WTO ruling just ain't right.'

In addition to worries over the impact of the world trade body's 'judgment', the industry faces other difficulties. The current low prices are barely enough to cover production costs. At the time of writing, Windward bananas were fetching around UK£585 (ECU 823) a tonne. This compared with about £667 (ECU 938) for bananas from other ACP producers such as Cameroon and Côte d'Ivoire, and £707 (ECU 994) for the dollar-zone product. Quality is inconsistent and there are problems in trying to diversify out of the fruit while production has recently been affected by a lack of rainfall. Since 1994, 8000 of the original 25 000 workforce have been laid off and in Grenada, the industry is now a pale shadow of its former self (see the Country Report on Grenada in this issue).

Supermarket sales

On the positive side, the visiting delegation learned how efforts by both governments and farmers to cut costs and produce high quality fruit were beginning to reap some rewards, notably in improved quality scores (see table). A handful of 'certified' growers are now selling direct to chains such as *Sainsbury's* and *Marks and Spencer* in the United Kingdom. The customers are at the upper end of the market – with prices to match. The sight of 'small' bananas destined for the British supermarket shelves being carefully wrapped in cellophane is a familar one in Dominica. *Dr John Ferguson*, the EU's banana coordinator for the Windwards (whose office adjoins the EC delegation in Bridgetown, Barbados) told us that the EU had, so far, pledged ECU 150 million, mainly from Stabex funds, to restructure the industry and encourage diversification. 'The target', he said, 'is a leaner and meaner' core industry by the year 2002.

Quality table

Improved quality scores in percentages (source: WIBDECO)

	March 97	March 96
Dominica	81	82
St Lucia	84	74
St. Vincent	81	76
Windward Islands	83	78

The overall percentage score is based on 'percentage units within specifications ' (PUWS) such as length of fingers of fruit, scars, bruising etc.

Despite some encouraging developments, Mrs Kinnock remained concerned about the social costs. 'What about the fate of the woman banana farmer on the hillside', she asked, 'the single head of household with six children to feed, clothe and send to school'. She likened the downsizing of the industry to that of the British coal sector during the 1980s.

Dependency

In Dominica, bananas account for between 60% and 80% of foreign exchange. A feature of the island – a kind of vertical Garden of Eden – is the small scale of the farms, which seem to cling to hillsides. The trees bend over the roads under the weight of their fruit. 80% of farms are below five acres, 16% are between five and ten acres and just 4% are larger than this. 36% of the country's entire workforce is employed in the industry.

Garnier Didier, Chairman of the Dominica Banana Marketing Corporation (DBMC), emphasised that the banana was one of the few agricultural products that could withstand the vagaries of the local climate – producing a return within nine months of planting. But while they may recover more speedily than other crops from the destructive effects of tropical storms, it still takes time. In 1994, Dominica exported 73 976 tonnes. In the following year, the island was struck by Hurricane Marilyn and 90% of the industry was wiped out. By 1996, exports had recovered to just over half their pre-hurricane levels (39 515 tonnes). Meanwhile, prices have also gone down – from 85 Eastern Caribbean cents per pound in 1996, to just 67 cents this year. Lack of rainfall and irrigation exacerbate the sector's long term problems. Without subsidies to make good hurricane damage, said Mr Garnier, 'the Windwards Islands banana industry would falter and perish'. Quality remained a problem with 75% of the island's bananas still being sold wholesale during 1996 – at between EC$17 and EC$29 less per box than the price available from the supermarkets. Under EU provisions, Dominica can export 71 000 tonnes duty free to the EC market.

Chairman of the Farmer's Association of St. Vincent and the Grenadines, *Lesline Bess*, told the visiting group that 'farmers are suffering psychological problems because of the uncertainty in the industry, and the adverse news we are hearing in the WTO which might affect us'. Under the quota system, this island nation can export 82 000 tonnes a year to the EU. 'At the moment the market is not delivering the price we feel we need to manage on', said Mrs Bess. She also felt that more could be done on the marketing front to promote the sweeter tasting, smaller Windwards fruit. She even suggested a slogan: *'Taste the difference – a perfect fruit'*.

St Lucia, like the other islands visited, has been suffering from water shortages and needs improved irrigation. St Lucia earns between EC$2m and EC$3m a week from bananas, and has an annual EU quota of 127 000 tonnes.

WTO ruling

The plea was repeatedly made to the European visitors for the EU to appeal the recent WTO ruling. The message was that, otherwise, the attempts of governments and donors to transform the banana industry by improving quality, giving it a chance to compete in 2002, could be scuppered.

The panel set up to examine the EU's banana market organisation was requested on April 11, 1996 by the USA, Ecuador, Guatemala, Honduras and Mexico. Its ruling does not attack the duty-free preferences under Lomé's Protocol 5, which are covered by a WTO waiver. This allows up to 875 700 tonnes of ACP bananas to enter the EU duty free each year. There is also a quota of 2.553 million tonnes allowing dollar zone bananas to enter at a reduced tariff of ECU 100 per tonne. Any additional quantities imported are subject to a much higher tariff. The WTO, however, condemned the licensing system, which provides an incentive for companies to import the higher cost ACP fruit. 'If the quota system under attack in the WTO is abolished, it will be very difficult for the Windward Islands to maintain their share of the market on trade preferences alone,' remarked *George Gwyer* who is Head of the EC Delegation for Barbados and the Eastern Caribbean.

Under the licensing system, 30% of the dollar zone quota of 2.553 million tonnes is allocated to companies which also trade in EC and traditional ACP bananas. Hence, a sort of 'partnership scheme' has been set up which effectively assists companies involved in the ACP banana trade, thereby ensuring that traditional ACP exports (and 'Community' production from the French DOMs) continue to be sold in the EU. The system also provides for 'hurricane licences' if the ACPs are unable to meet their quota from their own production. These allow the companies involved in the trade to fill the duty-free quota with bananas bought elsewhere – thus allowing marketing and shipping links to be preserved. In May, the WTO ruled that the EU system violated the world trade rules in several ways. These included the fact that the distribution of licenses for dollar zone bananas to EU companies and ripening firms was taking business away from American enterprises. In a statement, US Trade Representative, *Charlene Barshefsky*, remarked: 'This final report sets an important precedent for all US exporters of services and agricultural goods. I am gratified that the WTO has denounced a variety of egregious non-tariff barriers that impede US exports.'

Bernard Cornibert, London-based representative of WIBDECO argued that the licensing system was crucial to the economic survival of the islands' growers. 'It provides an incentive for companies to continue importing ACP bananas by ensuring them a guaranteed income.' The idea is that companies which trade in the ACP product, which may have to be sold at $10 a box to deliver an adequate return to growers, are also able to trade in dollar bananas (costing say $5 a box). The extra profit earned on the cheaper fruit helps to offset to poorer market returns from the ACP product. As Mr Cornibert frankly acknowledged: 'In an open field, who would want to buy ACP bananas? All the companies are in the business for profit'.

A number of politicians in both Europe and the Windward Islands have questioned the motives behind the United States' involvement in the WTO panel. Mrs Kinnock implied the possibility of 'sleaze', noting that Chiquita, the large US banana trading company, had allegedly given funds to the Democrats' election campaign. *Charles Saverin*, Leader of the Dominica Freedom Party, wondered what lay behind a US stance which would have such a dramatic impact on the livelihood of microstates in the Caribbean. And he asked pointedly: 'Why doesn't the US liberalise the market in wheat, rice and textiles'.

Martin Dihm, trade counsellor at the European Union's delegation covering the Eastern Caribbean, said that an appeal against the ruling was being considered. It could be lodged as early as mid-June, although this was dependent on receiving the required mandate from the EC Council of Ministers. This is certainly the desired course of action amongst decision-makers in the region. 'An end to the common market arrangements would lead to extensive dislocation in the industry and our country', said *Vaughan Lewis* who is former Prime Minister of St Lucia. 'We are already losing industries to NAFTA. Small economies cannot sustain this kind of excessive pressure. And no aid can provide a substitute for the weekly income that comes from bananas.'

If there is an appeal, and it fails, warned John Ferguson, 'the chief beneficiaries will be the mischief makers and criminals – the drugs and arms traffickers, and money launderers'. His fears were echoed by *Richard Thomas*, the British High Commissioner in the Eastern Caribbean. 'What will happen to these fragile economies if they cannot earn a living. There is a great risk of economic and social instability, which the very small governments of the states are not well-equipped to handle'.

Criticism was also voiced at the way the panel had given its ruling. Mr Laurent remarked on the lack of ACP participation and consultation. No developing country was represented on the panel, which was chaired by Hong Kong with members from Australia and Switzerland.

Diversification

The problem of finding alternatives to the banana industry

Lesline Bess, who chairs the Banana Growers Association of St Vincent and the Grenadines, discusses the future with Glenys Kinnock.

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in the Eastern Caribbean were examined first hand by the delegation. Informatics and other service industries, and even tourism, cannot be set up overnight to fill the breach. Meanwhile, the market for possible replacement crops, such as mangoes, pineapples and citrus fruits, is becoming ever-more competitive as global trade barriers crumble. *Rupert Gajadhar* of the St Lucia Banana Growers Association gave a practical example of the difficulties, citing what happened when local farmers decided to turn to tomatoes. 'Within a few weeks, the market was flooded and the price had dropped to just one EC dollar a pound.' Mr Gajadhar himself is experimenting with small-scale honey production.

More tourism investment is planned by the Windward Island governments. Vaughan Lewis spoke of plans to double St Lucia's tourist capacity by the year 2000 and of schemes to encourage links between tourism and agriculture – where food from St Lucian farmers is sold directly to the hoteliers. Higher tourist receipts in Dominica and St Vincent are being held back, however, by limited airport facilities. Neither country has the capacity to take long-haul jets from Europe, although there are plans in Dominica to construct a larger airport. This limitation is also a hindrance to agricultural diversification, a point which was underlined in St Vincent where the delegation visited the somewhat untypical *'Hadley's Blooms'*, with its rows and rows of well-watered tropical flowers. After much investment in flowers, which he is successfully exporting to the USA, Mr Hadley has found that there is still money to be made in bananas. He pointed out that 80% of the tropical flower market in Europe is taken by the Dutch, who grow in greenhouses. This effectively rules out competition from the Caribbean since it can cost as much as US$2 to transport a single anthurium to Europe. The dilemma was summed up by Edwin Laurent, speaking to an audience in St Vincent, when he said: 'Bananas are one of the few tropical products in which there is still money to be made'.


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Growing flowers – a possible alternative?

'Leaner and meaner'

Patrice Pillet, rural development counsellor at the EU delegation in Barbados explained the objectives behind the restructuring programme drawn up by the EU and other donors with the island governments. (The EU component is funded largely from Stabex). There are two key components – diversification, and restructuring the banana industry. On the latter aspect, the WIBDECO Chairman, *Arnhim Eustace*, acknowledged to the visitors that trade liberalisation was a reality that had to be faced. 'But we have the capacity to adjust', he insisted, 'and to make the industry more competitive.' John Ferguson noted that the banana industry had five years (to the end of 2002 when the common market arrangements expire) to rebuild and become competitive. But 'five years is tight', he said, implying that they were in a race against time. Mr Ferguson is involved in the implementation of the so-called 'Castries Accord' signed by Windward Island governments and donors in November 1996. This outlines the areas where donor aid should be concentrated and the commitments expected from the governments of the region. The meeting in Castries followed on from the publication of the 'Cargill Report' – a study commissioned by the EC in 1995 which concluded that there would still be a market for Windward Island bananas, even in liberalised conditions.

The accord contains the broad outlines for restructuring the industry. The objectives, as set out in the text, are:

– the emergence of an efficient industry able to compete in liberalised world markets by avoiding *inter alia* the accumulation of further indebtedness;

– enhanced banana quality by ensuring that grower prices reflect market signals;

– a debt reduction and management strategy for the Banana Growers Associations, and;

– socio-economic studies in each country to identify programmes to facilitate the transition to new economic activities for those displaced from banana production.

The agreement was signed by the governments of Dominica, St Lucia, and St Vincent and the Grenadines, as well as by WIBDECO, the UNDP, the Caribbean Development Bank, the British Development Division in the Caribbean and the European Commission.

In each island, a four-person team of technical advisers has been appointed to assist the restructuring. These are the general manager, whose job includes improving the professionalism of the banana boards, a financial adviser, and two technicans to deal with pre- and post-harvest matters. In addition, legal and procurement specialists are foreseen.

The EC's Stabex funds (which are a great deal more significant in financial terms than the Lomé national indicative programmes) are directed above all at securing improvements in banana productivity and quality. To sum up, the aims are to develop a core of internationally competitive farmers, encourage crop diversification, provide alternative jobs and sources of income, promote environmentally-friendly alternatives for rural communities and ensure that there is a social 'safety net' for those adversely affected by banana reforms.

It remains to be seen whether all the aspects of this ambitious programme can be completed in the limited time that remains. The fate of Mrs Kinnock's 'woman banana farmer on the hillside' is still uncertain. D.P.

COUNTRY REPORT

Barbados

'Adaptability' is the watchword

'TTSL is a Barbados-based offshore company which develops software. At present, the company counts many overseas programmers amongst its staff, but is actively looking in the major markets for qualified Barbadian and Caribbean nationals to work at its state-of-the-art facility'.

(Advertisement which appeared in 'Caribbean Week' in early April).

The 'situations vacant' column of a newspaper may not be the first place you would think to look when you are trying to gather a lot of information about a country in a short space of time. Yet employment opportunities that appear in the local press can give you quite a few useful economic pointers. Are there a lot of jobs listed or are they outnumbered by the birth announcements? Are they mainly posts in the public sector or the private sector? And what kinds of skills are being sought?

The above notice caught our eye because it says something significant about the economy of Barbados. There cannot be many ACP countries where computer businesses are recruiting local software programmers. Nor was it the only advertisement of its kind. On the same page, the local Web server, Caribsurf (owned by Cable and Wireless), was proudly proclaiming its commitment to provide free Internet access to all primary and secondary schools in the country. The aim, it said, was to ensure that Barbadian children had access to the same kinds of technological advantage as their American, Canadian and British counterparts. This is clearly no ordinary developing nation – although the politicians insist that it still is 'developing', at least in some respects.

Geographically, Barbados is an outpost – as much Atlantic as Caribbean – situated 150 km to the east of the main Windward island chain. It is a single, relatively densely populated island (population 260 000) with an economy founded on sugar and a well-entrenched democratic tradition. Barbadians are proud of the fact that their Parliament is one of the oldest in the world, dating back to 1639. The continuity is impressive, even if the original House of Assembly was far from representative. For a long time, it was dominated by the white, slave-owning 'plantocracy'. Slavery was abolished in 1834 but universal suffrage did not come until more than a century later (in 1951). Barbados gained its independence from Britain in 1966, following two failed attempts at federation with other islands in the Caribbean region.

Sugar brought wealth to the early planters and it still plays an important part in the economy but, as the above-mentioned advertisements show, Barbados has not allowed itself to become stuck in an economic groove. Widespread diversification may not be realistic, given the size of the population and limited land area, but the country has proved adaptable to changing economic circumstances with new sectors opening up as traditional activities stagnate or decline. This adaptability could prove crucial over the next few years, with sugar facing its greatest ever challenge – global liberalisation.

Why should Barbados have succeeded where so many others have failed (or at least, have yet to achieve)? Far from the world's main markets and too small to engineer a home-grown economic 'miracle', it is not so long ago that the island was virtually a sugar monoculture. Traditionally, many Barbadians emigrated, notably to the UK or Canada, to seek better jobs and secure incomes. The single-word answer to this question proferred by most people on the island is 'education'. Since independence, successive governments have spent a great deal on all forms of human resource development and this investment has delivered a rich crop in terms of economic advancement and social well-being. (This subject is featured in more detail in a later article).


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Statue of Bussa, leader of Barbados' last slave uprising in 1816.

Education may be the cornerstone but Barbados has some other attributes in its favour. One of the most important is the stability of its democratic political system (which admittedly, is bolstered by having a highly literate electorate). This makes it an attractive place for foreign investors. The pleasant sub-tropical climate and gleaming white sand beaches also deserve a mention since without these, tourism could not have taken off the way it has.

Tourism

Today, tourism is, in fact, the single most important economic sector. The island attracts more than 400 000 stayover visitors annually and an even larger number of cruise passengers. *Luther Miller*, who is Director of the Barbados Tourism Authority explained to us that his country was a 'mature' destination, having been in the hospitality business much longer than most of its Caribbean neighbours. The adjective' mature' is sometimes used to describe the stage in the economic cycle of a sector or firm just before decline sets in, but Mr Miller is certainly not looking at it in this way. Again, adaptability is the key.

Tourism professionals in Barbados are well aware that the market is constantly evolving and that their 'product' must evolve with it. In particular, visitors' expectations in terms of quality and service are higher than they used to be (this is a worldwide phenomenon) and new investments, both material and human, are needed to keep pace with this. A lot of effort has recently gone into upgrading hotel facilities in the south-west.

Seen as operating at the 'top' of the market, Barbados has some very exclusive facilities for rich holidaymakers and business visitors including luxury hotels, well-maintained golf courses and high-quality facilities for yachting and diving. It also caters, however, for the 'middle' of the range with lower priced (although certainly not cheap) package options.

When Mr Miller told us that 'one Brit is worth two Americans', it certainly wasn't a comment on the personal merits of the respective nationalities. He was referring candidly to the fact that tourists from the UK and elsewhere in Europe had a bigger economic impact for the obvious reason that they spent longer in the country. The British market is particularly lucrative, thanks to effective marketing over many years, and it provides roughly the same number of visitors as the much larger, and closer USA. Barbados is perhaps unique in the Caribbean in being able to sustain a scheduled daily jumbo jet arrival from Europe (London) and is one of the few destinations where Concorde has landed with 'payloads' of tourists paying top prices for their tickets. The package market is catered for by regular charter flights.

Wearing his other 'hat' as a tourism development specialist with the Caribbean Tourism Organisation (CTO), Luther Miller spoke about the efforts being made to market the wider region. Surely, we suggested, the Caribbean countries were competing for the same trade. Did this not undermine the prospects for regional collaboration? Not so, replied our interviewee, arguing that the tourist market is now global and that the 'real competition' comes from areas such as the Far-East and Hawaii. If a holidaymaker can be induced to visit one Caribbean destination – and has a good experience – he may become 'hooked' on the region and come back in future years to visit other islands. Barbados itself attracts a lot of repeat visitors. The CTO, which has received EU support in the past, runs promotional campaigns in the main markets of North America and Europe, organises conferences and workshops on tourism-related themes, and offers technical assistance and consultancy services.

High quality tourist facilities.
Catamaran in the harbour at Bridgetown.

Agriculture

Barring drastic climate change or global economic collapse, the future of tourism in Barbados appears secure, but the same cannot be said for the country's once-dominant sugar industry. The sugar plantations are still the main feature of the rolling rural landscape, and the sector continues to provide jobs for some 4500 people in growing and processing. There was also a bumper harvest in 1995. Despite this, there is a widespread feeling that the business is on a life-support machine, kept alive by highly preferential access to the European market and occasional subsidy injections. Agriculture Minister, *Rawle Eastmond* is under no illusions about the challenge. 'Our costs are spectacularly high compared with other countries', he admitted 'and many farmers are deeply in debt.' Meanwhile, those who do not owe the banks large sums find difficulty obtaining new loans for investment, not least because of the uncertainty over whether the Lomé protection will be extended. *Dr Attlee Brathwaite,* who is Executive Chairman of the state-owned Barbados Agricultural Management Company (BAMC) expressed similar views, adding that it was difficult to attract younger Barbadians into the industry, despite a local unemployment rate of 16%. Both men believe, however, that the situation can be turned round by a combination of cost-cutting and diversification. A number of steps have already been taken to improve efficiency, with more mechanisation planned (a lot of the cane is still cut by hand). 'It used to take 42 people to produce one tonne of sugar,' said Dr Brathwaite. 'Our aim is to get that figure down to 15.' The island's sugar processing factories are also badly in need of investment and ambitious modernisation plans have been drawn up.

For the longer term, the Minister believes that the solution probably lies in producing higher quality sugars that cater for more specialised markets. Presumably, this entails lower production volumes over time, with land increasingly being turned over to other agricultural uses, particularly in areas where the terrain makes mechanical harvesting difficult. Indeed, this has already started to happen and Mr Eastmond reported that production of other crops (cabbages, okras, sweet potatoes, yams and peppers), as well as live-

Sugar cane being harvested mechanically – but a lot of cane is still cut by hand.

stock, had 'increased dramatically'. The molasses derived from sugar are used in making rum, another major export product under pressure as a result of global market changes (see the article on rum later in this Report).

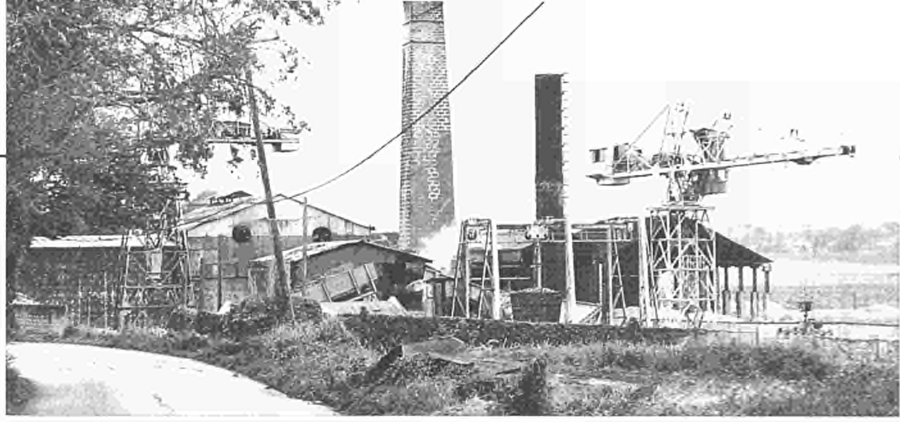
The BAMC is the spider at the centre of the sugar industry web and although the government is the sole shareholder, the company is reported to have been run efficiently. Sadly, the same cannot be said of its sister agency, the Barbados Agriculture Development and Marketing Corporation (BADMC). This succeeded in accumulating huge debts to private lenders, the government, and the farmers who supplied it. The authorities were reluctant to offer any more bail-outs and a restructuring plan attracted fierce opposition from the trade union concerned. A number of people we spoke to suggested that old-style labour relations problems sometimes impeded economic progress in the country. The response to this would doubtless be that Barbados still has high unemployment, low pay for people at the bottom end of the scale, and significant pockets of poverty, and that real progress involves bringing these groups on board. Concepts such as restructuring and downsizing, they would argue, simply add to the problem.

Other sectors

Other fields of primary production include a healthy fishing sector and even some onshore oil extraction – currently running at 1250 barrels per day. It is secondary and tertiary activities, however, that have given the economy a better overall balance. The industrial base is not particularly extensive. There is some manufacturing of consumer items and furniture and quite a large cement factory that caters for the market both locally and in nearby islands. But the industrial trends are interesting, mirroring to some extent, what has happened in many parts of the developed world. In the immediate post-independence period, there was significant growth in garment manufacturing. Then, as prosperity (and wages) increased, this production moved on to cheaper locations. Taking advantage of its educated workforce, the island was then able to exploit new opportunities in the emerging hi-tech industries. Initially, the focus was on data processing but now it is increasingly in the higher value software programming. Once again, adaptability has reaped rewards. One current constraint is the high cost of telecommunications services which form a significant part of the industry's costs. With the price of such services tumbling in the industrialised world, as new providers enter the market, Barbados risks losing its competitive edge. An overseas company holds a monopoly in local telecom service provision which is not due to expire until 2012.

The country has also dipped its toe into the finance sector with measures to encourage the development of the local securities exchange and attract offshore investments.

It is widely recognised that Barbados needs to work with other countries in the region if it is to exploit the full potential of the global markets. Attempts at political integration have not got very far but there is increasing functional cooperation within the Caribbean Community (Caricom) and other regional bodies. One agency working directly to boost the region's overseas trade is the Caribbean Export Development Agency. Its mission is 'to increase exports from the Caribbean by providing a conducive business environment, in-plant technical assistance, information on new markets and business opportunities, and assistance in promoting products overseas and developing exporting skills.' The Agency's Executive Director, *Earle Baccus,* told *The Courier* how they were working to help local companies meet the ISO 9000 and ISO 14000 standards. These are product quality criteria that are rapidly gaining international acceptance and compliance with them is thus seen as essential for a successful export operation. The Agency offers selected training on these standards.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The Bulkeley Sugar Factory run by the Barbados Agricultural Management Company. *New investment is badly needed.*

Mr Baccus also indicated he would like to see speedier progress towards the completion of the Caricom single market. Obstacles to trade within the region add to the local companies' costs and clearly make it even more difficult for them to capture markets further afield.

In economic terms, Barbados is one of the most successful members of the ACP Group. With its commitment to human resource development, the country has managed to close the gap with the industrialised world and deliver prosperity to the bulk of its population. But not every sector can face the future with complete confidence and there are still social problems to be overcome. Even successful businesses cannot afford complacency. Unlike cricketers, who can lay down their bats and take a rest when the match is over, businesses are involved in a contest that never ends. And as the barriers come down across the world, the field is becoming more and more crowded. From what *The Courier* saw in Barbados, this truth is widely recognised. There may be some uncomfortable moments ahead, but the adaptability which has brought them this far should stand them in good stead.

S.H.

Prime Minister Owen Arthur

Barbadians have a burning desire to succeed

The Right Honourable Owen Arthur, who led his Barbados Labour Party to victory at the last general election in 1994, is an economist by training. When *The Courier* spoke to him in April, the emphasis was firmly on economic issues as we discussed the reasons that lie behind the financial success of Barbados, the challenges of globalisation and the process of Caribbean integration.

■ *This is one of the most prosperous countries in the Caribbean. Is it still accurate to describe Barbados as a developing country?*

– We show features of both the developed and the developing world. There is an intriguing sense in which we are not yet a developed country although we have managed to put behind us most of the abject aspects of poverty that one associates with developing countries. If we must have a classification, I suppose we are an upper-middle class developing country. We still have significant pockets of poverty and are particularly vulnerable as a small society. Unemployment is too high for us to regard ourselves as having attained the level of being developed.

■ *Nonetheless, the performance of Barbados has been impressive. To what would you attribute this success?*

– The decisive factor has been our people: the quality of our human resources and our longstanding willingness to invest in education and training – which is now bearing fruit. It means we have been able to venture into areas of economic activity that require high skills. In short, the people of Barbados want to succeed and that desire burns so strongly that it is probably our most important asset.

I would also mention, however, the consistency of our management policies. There has always been general agreement on the development path we should be taking. The strategy has been sound and, with only one or two exceptions, we have not strayed


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from this. We have found a niche in the international economy that fits in well with our resource endowment. And, from time to time, we have been ready to redefine our position in keeping with changes in international demand.

■ *Redefining your position presumably means being ready to adapt to the challenge of global liberalisation. You yourself warned last year about the danger of 'being caught in a no-man's land, unable to compete effectively in the international markets and not daring to hope that preferences would be extended'. With the preferences under threat, what future is there for your sugar industry?*

– Let me deal with it broadly. Barbados has put itself in a position where the preferences figure less and less as a factor in our economic prosperity. Particularly over the last ten years, the country's development has been underwritten by sectors that have had to compete in the international arena, without the benefit of market protection. That reinforces my view that Barbados can make it in the new age – in which the loss of preferences may occur. Sugar has diminished as a factor in the Barbados economy, and its long-term future will depend less on preferences and more on the measures that we take to restructure the industry – to make it modern and competitive. We are now doing a lot of things that should have been done long ago to bring it out of the plantation ethos. It has been overburdened with hierarchical management and unsustainable business practices that really were out of line with modern realities.

■ *So you think that, with the right reforms, you will be able to compete in a genuinely free global market in sugar?*

– I am not sure we will ever be able to reduce our production costs to reach the world market price, but I do believe we could get them down to the kind of levels seen in the EU under the Common Agricultural Policy – even with reduced subsidies. In fact, our aim is to try to do that.

■ *But that presupposes continuing protection for European sugar producers. Surely the EU is subject to the same global pressures against protectionism?*

– The EU is committed to reducing domestic price support and that will obviously be reflected in the amount we receive for our sugar. But I still feel that with the correct industrial ethos, our industry could be competitive. I am not just talking about growing cane to produce sugar. I favour maximising the benefit of all the other potential products that can be derived from sugar cane.

■ *This leads us rather neatly into the subject of your international relations. Starting with the EU, what would you like to see in the post-Lomé relationship?*

– I read the Green Paper with great interest. Barbados has been involved in consultations within the Caribbean through the heads of government special committee on international negotiations. This has the job of defining a Caribbean position – and I would like to place my comments in the context of what we, as government heads, have agreed.

We certainly would like to see the ACP retained as a group for negotiating purposes. It is the only arrangement of its kind where developing countries have been able to unite around common positions. From that standpoint alone, it should remain in place. So I would like to see a post-Lome IV arrangement so structured as to allow Europe to maintain a broad framework for implementing development policy. Perhaps it will include a strengthened regional approach, but it must offer sufficient modalities and forms of cooperation to allow each country or group of countries an appropriate niche within the framework. Let me illustrate this point. Some states may still need the benefit of preferences. Barbados, on the other hand, might find it desirable to concentrate on decentralised cooperation involving the private sector, rather than focusing on trade *per se*. Cooperation instruments could be developed to allow us to become a 'beachhead' for European investment in Latin America and the broader hemisphere.

I feel it is within our capacity to evolve different forms of cooperation to cater for the diverse needs of the ACP countries. I recognise there will be some tough discussions. I know there are powerful voices calling for the 'regionalisation' of the relationship, while others want a specific focus on the poorest of the poor. But these are short-sighted approaches. The old relationship with Europe may be somewhat outdated but we need to replace it with a new one that is investment-driven and focuses on the private sector.

■ *You mentioned a common Caribbean position for the post-Lomé talks. There has been a lot of talk about regional integration in this part of world, but one has the impression that nothing very concrete has been achieved.*

– Before I deal with this question, I should elaborate on the evolving Caribbean position in international negotiations. The position we have reached is simultaneously to negotiate in defining a new relationship with the EU, and to take part in the process leading to the Free Trade Area of the Americas (FTAA). It is a unique situation. We have to be careful in what we say or do in our relationship with the proposed FTAA. This is because there is a Lomé provision that requires us to give to the EU any concessions granted to other developed societies. So if we were to agree to reciprocal trade arrangements with the USA or Canada, we would have to confer some of these benefits on European countries as well. We do not regard it, however, as a matter of choosing between the Europeans and the North Americans. We must view our participation in these trading systems as a way of facilitating our integration into the global economy – and we want to have structured relationships with both blocs.

– Turning to the question of regional integration, hitherto in the Caribbean, this has been trade-focused, involving the dismantling of duties and quotas, and the creation of a common external tariff. But inter-regional trade involves, at best, about 10% of Caribbean production, so that process can only take us so far. That is why we convened a special meeting last year to discuss a single market, giving the whole process a much broader economic focus. The emphasis is now on trying to achieve convergence of economic policies, hopefully with a view to establishing a common currency within Caricom. We are also looking at developing capital markets. The aim here is to support the evolution of Caribbean enterprises that are properly capitalised and have the critical mass to compete effectively.

Perhaps the most significant field of possible integration is in our international economic relations. All Caribbean countries are export-driven so, to be effective, our integration strategy has to be outward looking. We need to develop a genuine export culture in the region and maximise the benefits that can flow from our economic links with the rest of the world. That explains the importance of the machinery we are setting up to facilitate our participation in the post-Lomé negotiations.

■ *I notice you focus on the economic aspects and don't mention political integration. Why is it that the Caricom countries, which appear to have so much in common, find it so difficult to come together politically?*

– I think you should recognise that the Caribbean has made tremendous progress in economic integration, and also in functional cooperation, with common services in areas like education and health. But at present there is no movement – in the sense of parties coming together – to push for greater political integration. I think we had our fingers burned by our first experience of Federation, and a resolve seems to have grown out of this to be more circumspect in how we approach the subject. This explains why 'Time for Action', a report for Caricom prepared by the Ramphal Commission, did not recommend political integration. Having said this, some day it will become a reality in the Caribbean.

■ *I am not necessarily suggesting a full federal system at this stage. But why not give the Caricom Secretariat some autonomy to create and maintain a level playing field, backed by an independent court. Would this not help you to achieve the economic goals you elaborated earlier?*

– That is the situation one would hope for, but it will take a lot of work to get there. There are efforts underway to develop a Caribbean Court of Appeal, and recently, the Caricom Treaty was revised to change the structure of decision-making and facilitate the devolution of more authority to the Secretariat. The Secretariat has also been involved in drafting legislation, for adoption by its member states, to give effect to the policies that we adopt at the heads of government meetings. But it must be acknowledged that Caricom does not have its own independent legislative identity. I believe that the Caribbean will eventually achieve some form of political union. But before that happens, there will have to be a conscious decision by the politicians to work for political unity – and there is no consensus at present about how to approach that goal.

■ *Turning to your relations with the USA, why have you had a problem in signing a 'shiprider'* *agreement with them? Also, what are you hoping will come out of the forthcoming summit between President Clinton and Caribbean leaders?*

– The international traffic in narcotics is a multi-faceted phenomenon and our position is that the fight against this menace must also be multi-faceted. It's not just a question of drug shipments. There is also money-laundering, gun-running, the corruption of public officials and so on. We recognise the need to cooperate with the USA – and other countries – to stop the traffickers. But if we are to offer a credible response, we must address all aspects of the problem.

So what we have sought is a broad-based approach, rather than one which simply institutes a system of American interdiction measures. This would include maritime actions, but would also allow for agreements to combat money-laundering and gun-running, as well as for intelligence-sharing and the provision of technical assistance. We were also concerned, of course, that there had to be reciprocity. In our judgment, the agreement as originally proposed did not contain this.

Finally, there was a delicate issue relating to our efforts to develop as an exporter of services. To enter an agreement giving people the right to board Barbadian-flag vessels on the high seas would have made a nonsense of our ship registry.

As for the meeting between President Clinton and the Caribbean leaders, essentially, we are aiming to put in place a new partnership. A lot of American policy has hitherto been driven by Cold War concerns, the Caribbean being seen potentially as a dangerous hotbed of communists. Now the Cold War is over, we have an opportunity to build a genuine partnership – with the countries of the region evolving as stable, prosperous democracies in which good governance is an automatic feature and social justice is high on the agenda. In preparation for the meeting, we have tried to draw up a set of principles which would govern our new partnership and to draft a mutually satisfactory plan of action. The latter covers two broad areas – trade and economic development, and matters pertaining to justice, security and drugs. There is, of course, a linkage between these two areas.

We want to structure our relations on the basis of partnership and a commitment to our future development, recognising our status as small societies. And we have to master a problem which doesn't exist in Europe. The EU is basically a set-up where no one country can predominate. In this hemisphere, where the USA is keen to see economic integration, you have a number of very small countries dealing with the largest economy in the world. How to achieve integration which is satisfactory to all the parties is a unique challenge. We are arguing that small societies have special circumstances and needs that should be acknowledged and accommodated.

■ *Turning to domestic issues, in some countries, it is felt that putting value added tax on food is tantamount to committing electoral suicide. Yet you did this when you introduced a VAT system at the beginning of the year.*

– May I say that Barbados has always had taxes on food. There was a 21% stamp duty on imported food.

■ *But there were no taxes on locally-produced food*

– I'll come to that. As a society, Barbados has always been committed to high quality services provided by the state. Here, education up to university level and health care are both free, and we have a broad welfare safety net. All this must be paid for. The 15% VAT rate is a lot lower than the old consumption tax figure of 21%. So, in restructuring the system, we recognised we would have to broaden the base. Our initial estimates suggested we could not exclude food and maintain the 15% rate. Now that the tax is operating, we will see if this the case.

■ *So you could decide to remove VAT on food?*

– There is a possibility on some foods. In addition, when VAT was being set up, we looked at how best we could shield the poorest people from the impact of higher food prices. Pensions and welfare payments were increased and other direct tax measures are proposed.

I am conscious of the political risk. Nobody likes to impose taxes. But I have a responsibility to give the country a tax base that is sufficiently broad, and simple to administer. Every time you make an exception, you have to increase the tax rate on everything else. If you look at the UK, where food is not subject to VAT, the standard rate is 17.5%. In Trinidad and Tobago, there is no tax on food either – but a person wishing to send a child to university has to pay the fees.

I have given a commitment to keep the tax under review and if we really can afford it, we will make changes. We receive a lot of conflicting suggestions as to what should be exempted. Some say all local food products, others say unprocessed items, others still say basic foodstuffs consumed by the poor.

■ *Isn't there a danger, if you exempt only local food, that you will be accused of protectionism?*

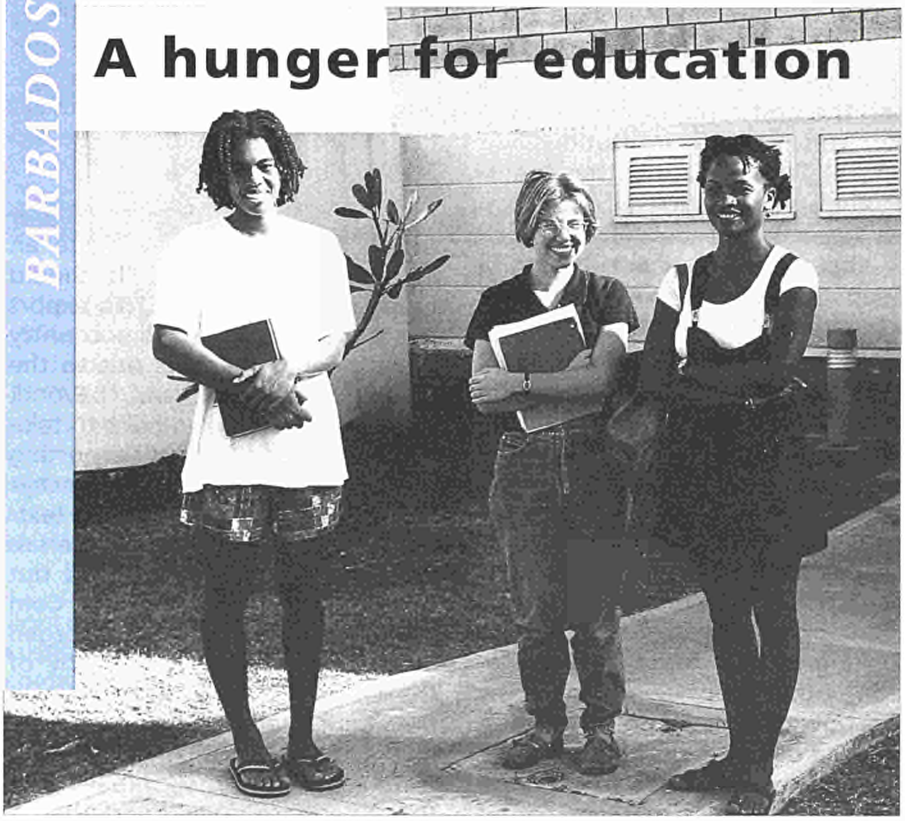
– That is something we need to look at. But we have only just set up the system and I don't think we want to start fiddling with it immediately. We shall see how it goes for a while and then look at what we can afford to do.

■ *With a constitutional review under way, do you see Barbados becoming a republic in the near future?*

– I am not going to comment since this is something that will have to come to me as Chairman of the Cabinet. I need to be very circumspect about the issue. What I would say is that it is an important question and the Constitution should therefore provide for the possibility of a referendum to decide the matter. ■

Interview by S.H.

A hunger for education



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Undergraduates at the University of the West Indies.

Shortly after the present Barbados Labour Party (BLP) administration took office, a debate was launched about the payment of fees for students attending the University of the West Indies (UWI). This regional institution has three main campuses in the Caribbean, one of which is situated at Cave Hill on the edge of Bridgetown. And the outcome of the fee debate was instructive – reinforcing the reputation of Barbados as a country which places a particular value on education.

At present, the basic arrangement is that participating governments pay 85% of the tuition costs for their nationals while students must find the remaining 15%. (The proportions are likely to move to 80:20 in the near future). Barbados, however, had a policy of meeting the full cost for its students, thereby facilitating access to higher education for people from poorer backgrounds. The debate took place because, like governments everywhere, the new administration was keen to find ways of reining in public expenditure. Indeed, the IMF was reportedly eager that Barbados should move to a system of partial cost recovery. But it soon emerged that Barbadians broadly supported the existing arrangement. As *Sir Keith Hunte*, the Principal and Pro Vice Chancellor at the Cave Hill campus explained to *The Courier*, 'many in Barbados felt that the quality of life and human development had benefited substantially from this policy.' Elsewhere in the Caribbean region, loan schemes have been set up to enable students to pay their share of the fees.

It remains to be seen whether Barbados' policy can be sustained in the longer term, given increased pressures on public funds (notably in the health sector). But in the words of *Norma Holder*, the Principal of the Barbados Community College, 'Barbadians have a hunger for education' and they seem willing to pay the taxes that must be levied to satisfy that hunger.

It is difficult to find fault with this island nation's longstanding commitment to human resource development. There are many factors which contribute to economic success including natural resources, stable government and entrepreneurial spirit, but development experts increasingly highlight the crucial role of education. And it cannot be a coincidence that Barbados tops the list of ACP countries in the UN's Human Development Index, outstripping a number of EU Member States in the process. Education is one of the two largest items in the state budget. Significantly, the other is health, with the government committed to a policy of comprehensive health care provision 'free at the point of delivery'.

Education is compulsory in Barbados from the ages of 5 to 16. Primary schooling has been provided to all Barbadians since the beginning of this century and, as a result, literacy levels approach 100%. Universal secondary provision was achieved some two decades ago, and there is now an impressive range of opportunities for tertiary education ranging from degree and postgraduate studies with a strong academic focus to technical and vocational courses. Continuing education is available for adults who wish to improve their skills and there are part-time and evening options for people in work.

It is, of course, not enough merely to offer lots of places in schools and on courses. Quality is also important – and the evidence suggests that Barbados gains high marks in this area as well. Barbadian professionals are to be found working in many Caribbean nations as well as further afield, and there have even been reports of expatriates in Europe sending their children back to the island to take advantage of the 'superior' schooling available there.

Moving with the times

One of the aspects which attracts people to the Barbados education system is the attachment to so-called 'traditional values'. At primary and secondary levels, there is an emphasis on teaching the basics of literacy and numeracy. School uniforms are worn and discipline is seen as important. But this is not to say that the country is educationally 'behind the times'. *Mia Mottley*, the country's young and dynamic Minister of Education, is brimming with new ideas. Far from seeing a contradiction between traditional methods and modern educational theory, she implies that the two can complement each other. In a disciplined environment, with a good grounding in the basics, it is perhaps easier to focus on preparing a child for life.

Ms Mottley explained how the system had been evolving recently in line with the philosophy of 'child-centred learning'. Previously, age was the key factor determining the passage from primary to secondary school with children obliged to take an exam at the age of 10 or 11. As the Minister put it, 'youngsters tended to be herded through the system' and some fell by the wayside as a result. Stressing that 'law should not be used as an instrument of oppression', she said that the rules had been changed to allow the transition at any stage between the ages of 8 and 12 – depending on the aptitudes of the individual pupil.

This issue of equity in educational provision – in other words, getting the best out of every child and not simply focusing on the academically bright – is debated in many education systems. In least-developed countries, where resources are scarce, it may be a stark choice between broad-based primary schooling and higher education for a much smaller number. Barbados is fortunate in not facing this dilemma, but Mia Mottley is clearly concerned to ensure that the country's schools cater for all their pupils. One existing strength, she argued, was that the government secondary schools had the best reputation (there are also some private institutions). As a result, there were better opportunities for people from less-favoured backgrounds. It was ability that counted – not having a deep pocket to pay expensive school fees. On the other hand, Ms Mottley pointed out that the exam system, operated by the Caribbean Examinations Council, catered in particular for the 40% who were academically-oriented. She continued; 'people with literacy problems may well be intelligent and creative, and we need to find ways of assessing them and bringing them on board' – which implies looking at new forms of certification. Other steps being taken by the government to prevent pupils slipping out of the educational net include the establishment of a diagnostic and remedial policy unit

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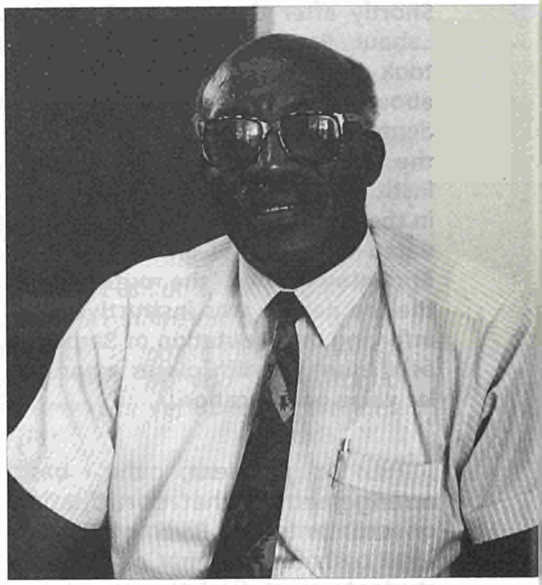


The Courier

Working to keep Barbados at the top of the education league.
From left to right, Norma Holder (Principal of the Community College), Mia Mottley (Education Minister) and Sir Keith Hunte (UWI Principal, Cave Hill campus).

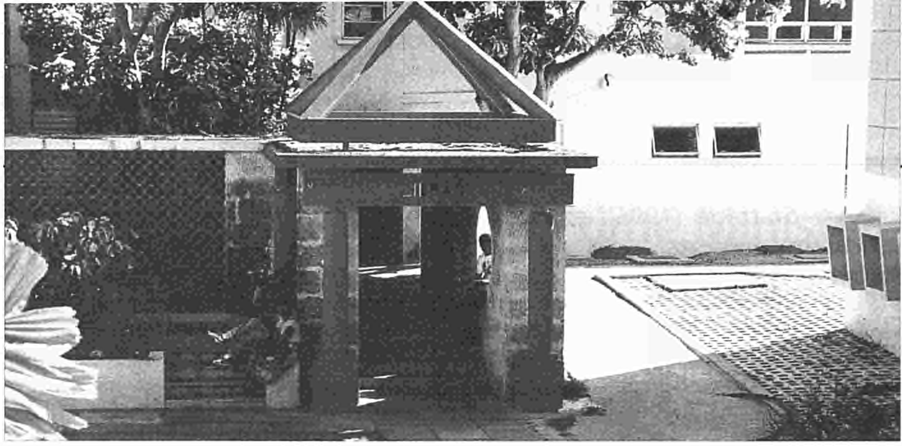
to provide support to schools, and the testing of all children for speech and hearing impediments.

The authorities recognise that education has to adapt to take account of the rapidly changing global environment. The Minister underlined her commitment to provide a computer for every four people in the country's primary schools, with a one in ten ratio proposed for the secondary system. In the modern world, said Ms Mottley, 'we need people who are adaptable and retrainable'.

Towards the end of our discussion, Mia Mottley made an interesting suggestion. 'It should be possible', she stated, 'to export our education skills.' The country already sends teachers out to the Eastern Caribbean and beyond, but the Minister would like to take it several steps further, exporting the country's expertise in teacher training, and even producing textbooks and audiovisual materials for sale abroad. She pointed out that, since the collapse of the Cold War, ethnic divisions had emerged as a common feature in many of the world's trouble spots. 'We in the Caribbean have learned to deal with ethnic diversity. We were forced to do so initially, but the experience is valid nonetheless and it is something which can be passed on to the rest of the world.' Ms Mottley believes this could benefit both Barbados (through export income) and the customers of its educational products (in development terms).

Tertiary education

Barbados and the wider Caribbean region are fortunate in having a regional university which offers a wide range of degree courses and postgraduate opportunities. The University of the West



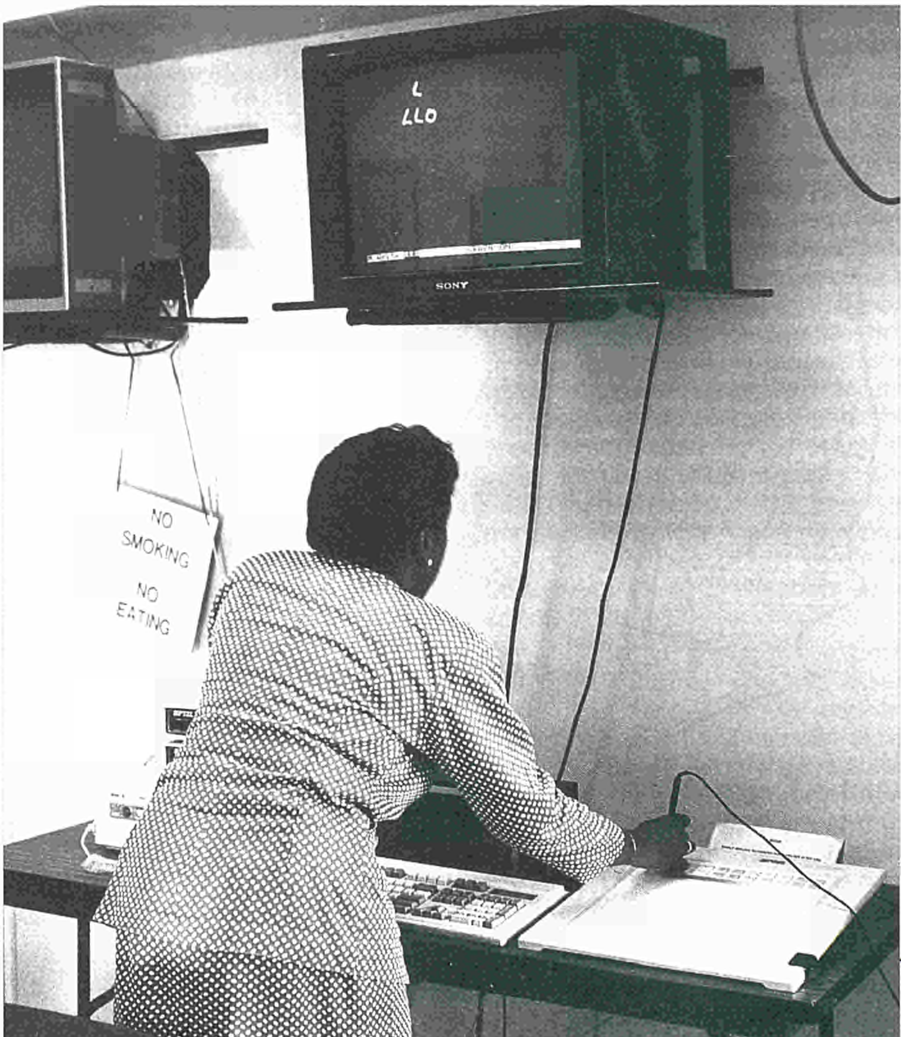
The Courier

The UWI library.

Indies (UWI) was set up in the early 1960s, initially on a single campus in Jamaica. Today, it has some 17 000 students, three main campuses (including Cave Hill in Barbados) and a range of facilities designed to improve educational access for the inhabitants of the smaller islands.

When *The Courier* met the Principal, Sir Keith Hunte, our discussion centred on the Barbadian commitment to education – and on the pioneering distance learning methods adopted by the University which are continuously being developed as new information technologies become available. Sir Keith explained how each of the University's three campuses offered programmes in arts, humanities, natural and computer sciences and education programmes. The Cave Hill site is also home to the university's law faculty and has a law library which the Principal said was 'a key resource for the entire region'. The campus has some 3000 students (mainly Barbadian) and about 70% of its costs are covered by the Barbados government.

The Courier was also given an opportunity to view some of the distance learning facilities on offer at the UWI. Various methods are employed, including self-study packages (incorporating audio and video cassettes and written materials) and interactive classes which allow students in different locations to be linked up with a teacher at the Cave Hill centre. The University has plans to upgrade its technology and go fully digital, making use of the World Wide Web and electronic mail. It is also moving to expand the scope of the courses available so that students will be able to take a full degree using the distance learning mode.



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Althea Goodridge of the distance learning centre demonstrates how interactive classes are run – complete with an electronic 'blackboard'.

A further 3000 students attend the Barbados Community College which offers a range of higher education courses in both academic and vocational disciplines. This institution, which is also government-funded, was set up in 1968 with an original intake of 340. College Principal Norma Holder explained how they were adapting to modern needs with more emphasis on catering to the demands of businesses and on keeping pace with new information technologies.

The close relationship between the College and the business needs of Barbados is reflected in the kind of teaching on offer. For examples tourism-related studies are available in the Hospitality Institute (featured later in this Report). Catering for visitors from overseas is also one of the objectives underpinning the Language Centre's activities. *Sylvia Hackett* who is the Director of the Centre, informed us about the courses available covering seven foreign languages (including Chinese and Japanese) and English as a foreign language. Special programmes are also arranged for local businesses which generate income for the College. The Centre recently organised a course for exchange operators from the local telephone company (BARTEL).

Barbados also boasts a polytechnic trade school which offers teaching in areas such as carpentry and plumbing, and a teacher training college. Remembering that this a nation of just over a quarter of a million inhabitants, it all adds up to an impressive higher education system.

S.H.

Profile

General Information

Area: 430 km²

Population: 260 000

Population density: 605 per km²

Population growth: 0.4%

Capital: Bridgetown

Language: English

Currency: Barbados dollar B$, pegged at a rate of B$2 = US$1. (ECU 1 = B$ 2.31)

Politics

System of government: Constitutional democracy modelled on the Westminster system. There is a bicameral Parliament consisting of a House of Assembly with 28 members elected from single member constituencies and a 21-member Senate. 12 Senators are appointed on the advice of the Prime Minister, two on the advice of the leader of the opposition and seven directly by the Governor-General.

Head of State: Queen Elizabeth II represented by a Governor-General. The current Governor-General is Sir Clifford Straughn Husbands.

Prime Minister: Owen Seymour Arthur.

Political parties: Barbados Labour Party (BLP), Democratic Labour Party (DLP), National Democratic Party (NDP).

Party representation in the House of Assembly: BLP 19 (49% of vote), DLP 8 (39%), NDP 1 (12%).

Economy

(1996 figures unless otherwise stated)

Annual GDP per capita: approx US$ 11 000

GDP growth rate: 4.5% in 1996. The projected rate for 1997 is 3.8%

Unemployment rate: 16%

Balance of trade (1996): exports - B$ 527m, imports - B$ 1540m, deficit B$ 1013m

Current account balance (including 'invisible' earnings from tourism, finance sector activities etc.): surplus of US$ 125m (B$ 250m)

Main exports (1995): sugar (B$ 58m), electrical components (B$ 56m), chemicals (B$45m), other food/beverages (B$ 45m), rum (B$ 20m). Figures for January-November 1996 revealed an increase in sugar exports to B$ 69m. There was also a big jump in exports of other food and beverages (B$ 90m).

Main imports: Food, cars, consumer goods, fuel and construction materials.

Social indicators

Life expectancy at birth: 75.7 years.

Infant mortality: 9 per thousand live births

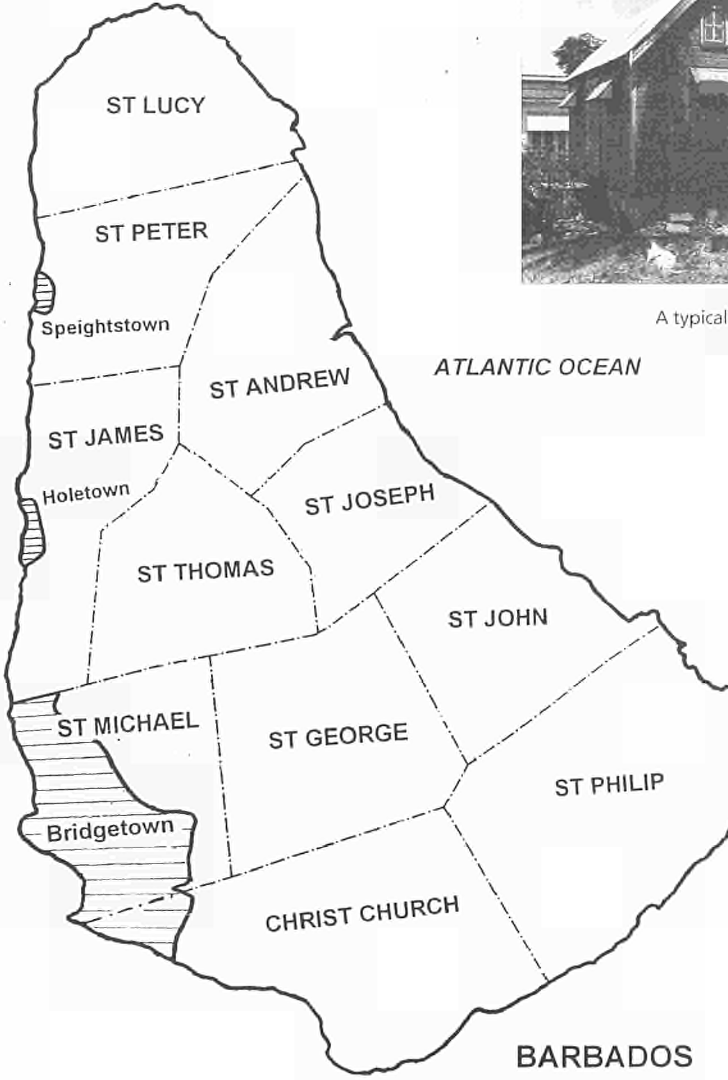
Adult literacy: 97.1%

Enrolment in education (all levels from ages 6 to 23): 78%

Human Development Index rating: 0.907 (25th out of 175)

Sources: Economic Intelligence Unit, 1997 UNDP Human Development Report, Central Bank of Barbados Economic and Financial Statistics.

A typical 'chattel house'.



For the location of Barbados in the Caribbean, see the map on page 16 of the 'Blue Pages' at the end of this issue.

Billie Miller, Deputy Prime Minister and Minister of Foreign Affairs

Championing the rights of small island states

If you didn't know what *Billie Antoinette Miller* did for a living, then after a few moments conversation with her, you might well plump for barrister or politician. In fact she is both. The Deputy Prime Minister of Barbados is more than just articulate. She sets out her views with persuasive eloquence while avoiding circumlocution, and somehow manages to combine bluntness and elegance in a single, well-formed sentence. And she insists on her 'right as a citizen' to say what she believes. One celebrated recent example of this, on the subject of the monarchy, sparked-off a lively discussion on the island.

The Courier also felt obliged to ask Ms Miller for her views about Barbados' constitutional status, but the main focus of our meeting was her country's foreign policy: What would happen to the link with the EU after Lomé IV expires? Where did Barbados fit in a world of large trading blocs? What were the key issues in the relationship with the USA? How did the government view Cuba?

The Deputy Prime Minister felt that the Lomé Conventions had served a useful purpose. She stressed, however, that 'whatever we craft in the future will be quite different.' Barbados was already beginning to feel the impact of globalisation and 'we understand what doing business will look like in the early 21st century.' She emphasised that the country was reviewing all of its trading relationships - as part of a wider ACP strategy, and a more narrow regional Caribbean approach. The NAFTA system (which links Canada, Mexico and the USA) did not figure high on her list of priorities but the longer term goal of a Free Trade Area of the Americas (FTAA) would be crucial.

The Courier

The decision to steer clear of NAFTA, Ms Miller said, was heavily influenced by the fact that the system was 'choked with bureacracy'. She used similar language to describe the Lomé procedures, arguing in both cases that this made life unnecessarily difficult. Small countries, she pointed out, often lacked the human resources to master the complicated paperwork.

'Destiny in the Americas'

Referring to Caricom, and the wider Association of Caribbean States, the Minister spoke of the need for further links with Mercosur (South America). 'Our destiny clearly lies in the Americas,' she stated. 'We are beginning to see the build-up of linkages and the breakdown of barriers of ethnicity and language.' This process, she said, could be seen in the local supermarkets, where it was now possible to purchase goods made in Columbia, Peru, Venezuela and Brazil.

A lot of Barbados' exports still go to Europe and we asked about the danger of the country 'falling between two stools' or at least, between two large trading blocs. In reply, the Minister was anxious to underline the continuing importance of the link with the EU. The days of preferential trading might be numbered but the European market - notably in tourism - remained highly significant. Reciprocity, said Ms Miller, would become the cornerstone of the world trading system and the task for Barbados was to 'carve out niches within the massive trading blocs already established.' She was confident that they could succeed thanks to the efforts of successive governments in developing 'highly honed skills. We are unrepentant,' she continued, 'about the massive investment we have made in the social sectors such as health and education - which we have always seen as productive sectors.' She cited the example of Barbados' successful informatics industry. 'New technology is coming to us quite easily because we live in a country where education is free, universal and mandatory up to the secondary level.'

For the Minister, 'sustainability is important because we are in a situation where markets change, it would appear sometimes, almost overnight. Something is in vogue today, it's not tomorrow. The change that the new technology drives is so rapid that it can be dizzying and you can't keep up with it. So we are looking at all these things and trying to carve out a space for ourselves.'

Billie Miller is keen to have closer ties with other 'developed developing' island states, citing countries such as Malta, Cyprus and even Singapore. She argued: 'The small state point cannot be overstressed. At the first ministerial meeting of the WTO in Singapore in December last year, it became shockingly clear to people how easy it would be for small countries like ours to slip through the cracks.'

'Soft underbelly'

Our conversation then turned to US-Barbados relations and the specific issue of drug interdiction. At the time of the interview, the government was still holding out on a 'shiprider' agreement which would give American law enforcement officers defined powers to operate in Barbadian waters. What were the difficulties involved in dealing with the world's sole remaining superpower - which is one thousand times larger than Barbados in terms of population?

The Deputy Prime Minister observed that while people recognised the geopolitical importance of the Caribbean islands in wartime, they tended to forget this point when peace was restored. 'I believe they need to think again. This archipelago is the soft underbelly of the Americas and the natural link between north and south.' On the drugs question, she set out Barbados' key objections to a simple 'shiprider' agreement. A number of other Caribbean countries had signed non-reciprocal accords allowing US coastguards to enter local territorial waters in hot pursuit of vessels suspected of carrying drugs. 'This lack of reciprocity has been anathema to us'. She pointed out that Barbados was different from other Caribbean nations in terms of hot pursuit. 'If you are in a place like Nevis, by the time you have picked up the telephone to speak to somebody, the ship you are chasing could be in Antigua, St Kitts or Anguilla. That is not the case with us. The closest island is 99 miles away and you can't see it, even on a clear day.'

'Then there is the fact that we have a fledgling ships registry which is doing very well. You are talking about an arrangement where any Barbados-registered ship anywhere in the world could be stopped. I would find it very difficult, as the Minister responsible for international transport, to recommend signing an agreement, shiprider or otherwise, which would literally write off that business.'

Billie Miller said that the government was therefore seeking a wider counter-narcotics agreement, rather than an exclusively maritime one. The drugs industry, she said, was associated with gunrunning as well and Barbados had seen an increase in gun crimes over the years. Measures were required to tackle this. There was also a problem over deportees; nationals who had long since settled in the USA but had turned to crime. Such people were sent back to their countries of origin in the Caribbean - including Barbados - often without proper notice or documentation. The Minister wryly recounted the story of a deportee called 'deadbolt man' who had acquired his nickname having discovered a way to disarm deadbolt locks. 'He learned those skills in a US prison', said Ms Miller pointedly. To tackle the problem overall, the agreement needed to be 'the whole package' she insisted and not just 'shiprider'.

Relations with the USA not surprisingly resurfaced when we moved on to discuss Barbados' attitude to Cuba. Ms Miller was even-handed in her criticisms of the hemisphere's two arch-rivals. Or as she put it, 'Cuba must "pull its finger out" when it comes to the human rights position in their country and the Americans must "pull their finger out" on this whole question of embargos.'

'Trees in the wind'

This prompted us to ask about the Helms Burton Act of the United States which penalises third country enterprises doing business with Cuba. Billie Miller was forthright in her reply: 'Here in Barbados - and I think the same goes for the wider Caribbean - we found the legislation to be quite offensive. I don't think the USA fully understands the sensitivities of Caribbean countries that have so recently come out of colonialism.' She spoke of other 'straws in the wind - some of them are larger than trees!' - which had caused concern. These included the aforementioned shiprider argument with its perceived threat to national sovereignty and the banana dispute. Then there was the proposal by an American legislator that would involve Caribbean nations reverting to some kind of neo-colonialism. A similar idea had apparently been floated in the United Kingdom. 'When you put all of those things together,' she concluded, 'it looks as if Big Brother is really not behaving very well.'

It may have sounded like a heresy, but we wondered whether Caribbean countries might have been more comfortable in the old bipolar world than in one with just a single superpower. The Minister concurred but her reasoning was economic rather than political. 'In the old bipolar world, we were protected. We had all the preferential markets and special arrangements you could want. We were coddled and perhaps it wasn't so good for us. We are now having to learn very quickly how to paddle our own canoes in the international markets. As the Prime Minister often says, we have to find new ways of doing old things - and also new ways of doing new things.'

'No ties that bind'

Towards the end of our discussion, we raised the thorny question of the Barbados Constitution. Ms Miller reiterated the view she had expressed earlier at a hearing of the Constitutional Commission in Barbados that 'the monarchy is an anachronism'. Her own preference is for a non-executive presidential system. As she put it: 'There are no ties that bind any more. I reared a young nephew who today is a man of 24. His generation just has no concept of a Queen of Barbados.' Ms Miller stressed that Barbados would remain a member of the Commonwealth, and that the Queen and members of her family will still be welcome here - as they are everywhere else.'

The Minister was irritated that people only remembered what she said about the monarchy at the Commission hearing. 'I spoke of other things as well. For instance, I would like to see our Parliament become unicameral. I argued for equality for women under the Constitution. I also very much favour a Caribbean Court of Appeal.

Billie Miller's justifies her preference for a single parliamentary chamber on the grounds that the present system 'is full of excessive and very expensive duplication.' Every matter that comes before the lower house is debated by the Senate as well. She also mentioned the 'ridiculous' situation where ministers in the upper house could not participate in debates over their own legislation in the House of Assembly. St Vincent, she noted, had a unicameral system which 'worked very well.'

Regarding the gender bias in the Constitution, the Minister referred particularly to the fact that children of Barbadian women are treated differently from children of Barbadian men for citizenship purposes. Ms Miller has long been active in the field of women's rights and she has published numerous articles on health, educational and legal issues of particular importance to women.

S.H.

Rum fights to avoid the knock-out punch

When the World Trade Organisation Conference convened in Singapore in December, the rum manufacturers of Barbados were blissfully ignorant of the immediate threat to their existence that would emerge from the margins of the meeting. Most Caribbean exporters of 'traditional' products are uncomfortably aware of the WTO 'time-bomb' which appears likely to sweep away their preferential access in Europe and the USA. But the assumption has tended to be that the day of reckoning was still some years away.

In Singapore, trade negotiators from the USA and the EU agreed in principle on the elimination of all duties on so-called 'white spirits'' (rum, gin and vodka) by the year 2000, with the first of four phased reductions planned for 1 July 1997. The arrangement was widely recognised as part of a *quid pro quo* - a concession to Europe in return for the phasing out of obstacles to trade in information technology products, where the Americans lead the field. The two sides set a deadline of March 15 for concluding the negotiations.

The potentially devastating consequences of this accord for rum producers in Barbados (and other Caribbean ACP nations) were not fully recognised in the region until the end of January. Barbados currently ships about 30 million litres of rum to the EU annually, benefiting from preferential treatment under the Lomé Rum Protocol. It also exports duty-free to the USA under the Caribbean Basin Initiative (CBI). In planning to remove all their levies on imported rum, the Europeans and Americans would effectively have been dismantling this system of special treatment and, within their own markets, exposing the Caribbean industry to the full rigours of international competition.

To learn more about how this story developed, and about the challenge facing producers in Barbados, we spoke to *Patrick Mayers* who is the head of the country's Rum Committee. We met him at his office in the West Indies Rum Distillery on the outskirts of Bridgetown. Mr Mayers said he coped reasonably well with jet-lag - which is a good thing because, since the full details of the Singapore 'side-agreement' had become known in January, he had criss-crossed the Atlantic several times in his efforts to mitigate the likely impact of the US-EU accord. He admitted that there had been 'some hectic lobbying in Brussels' - and expressed relative satisfaction at the outcome.

Rum imports in the USA and EU will now be subject to a special system which meet some of the concerns of the Caribbean industry. The details are complicated, but in broad terms, a distinction has been drawn between higher value 'branded' rum and cheaper bulk rum. Most of Barbados' production falls into the latter category. As originally proposed, duties and quotas applying to more expensive rum will be progressively eliminated - but over six years rather than just three. Duties on the bulk product will be retained although at lower levels in the USA.

Mr Mayers said he was reasonably confident about the future for the higher quality Barbadian rum which should be able to compete on quality in global markets. 'The challenge now is to convert more of the bulk commodity product (which is used in blending) into branded rum.'

The rum episode offered a wider lesson to the Caribbean nations who were initially caught out by what happened in Singapore. There were complaints that the US and EU failed to give them sufficient time to analyse and discuss the proposals and this has led to calls for an 'early warning system'. Having said this, once the scale of the threat became known, the reaction was speedy and surprisingly effective. Considering its limited economic weight in the global economy, the Caribbean region does remarkably well when it comes to defending its interests.

The big question now concerns the post-Lomé IV arrangements. Unlike the CBI, the Lomé Convention has a limited duration, and given the importance of the European market, Patrick Mayers is unhappy about the uncertainty. The rum industry is not simply standing still, but is actively trying to prepare for the stiffer competition that lies ahead. To do this, it needs to invest but, as our interviewee pointed out: 'What banker will lend for investment when no-one knows what will happen in three years time?' The Caribbean negotiators in Brussels did succeed in extracting a joint 'statement' from the Council and Commission in which the two EC institutions recognised the likely impact of the EU-US agreement on ACP rum exports. They confirmed 'that this will be taken fully into account in any future negotiations and arrangements related to the rum sector' - hardly a cast-iron guarantee but better than nothing.

Despite the long-term trend towards liberalisation, Patrick Mayers believes that there is a case for special provisions (essentially protectionist) for small island states. 'We are dramatically improving our efficiency, but will it be enough?' he asked, pointing out that Brazil's rum production 'dwarfed' that of the Caribbean. The region's rum had only a very small share of the American market, and he felt that a broadly free-trade world ought to be able to live with some exceptions, especially where the survival of small countries was at stake.

S.H.

David Thompson, Leader of the Opposition

'Trickle-down policies have failed in most societies'

After many years in power, the Democratic Labour Party lost to their traditional rivals, the Barbados Labour Party, at a General Election in September 1994. The DLP leader, David Thompson, had to fight the campaign against a difficult backdrop. The country had gone through a period of belt-tightening following an economic downturn. The administration of Erskine Sandiford, in which he served as Finance Minister, had suffered a number of defections. And, to cap it all, the government had just fallen in a vote of no-confidence in the House of Assembly. Two and a half years after the DLP's defeat, the politicians are beginning to sharpen their arguments for the next poll. With this in mind, we began by asking Mr Thompson how the DLP programme differed from that of the BLP government.

– I would say the government has essentially been coasting on the policies which the DLP put in place between 1991 and 1994. In 1991, we implemented a stabilisation programme with IMF support. Over the following three years, we had a kind of internal structural adjustment programme, carried out without access to international funds. This included elements of privatisation, some labour and capital market reforms, greater exchange control flexibility, rationalisation of statutory corporations, a major overhaul of the sugar industry, reforms in tourism and the upgrading of products in the financial services sector. It also encompassed reforms in direct taxation and planning for changes in the indirect tax system. With one or two small exceptions, the government has just continued with this approach.

Before the election, we were starting to see the light at the end of the tunnel. We were able to restore some of the benefits withdrawn during the stabilisation period and to put in place a framework, including a prices and incomes policy, which has been the basis for our growth since then. We said the economy would grow by 4%. Various officials poured cold water on this projection – but it happened.

One area where there is a difference, is in our approach to the post-adjustment wealth sharing. The government believes essentially that once the economy attains its goals – the macroeconomic fundamentals are in place, foreign reserves are adequate, growth is satisfactory, unemployment is in decline and so on – the spin-off benefits will result in a better quality of life for those at the bottom.

■ *The so-called 'trickle down' effect?*

– Yes. We don't believe in that theory. Over the years, 'trickle down' policies have failed in most societies. Today, Barbados enjoys a high overall standard of living. But this is because there has been basic state intervention to ensure a minimum standard for all citizens. We believe that vulnerable groups in society need to be targeted, and that a modern Barbados must bring along those who are on the margins. There is now evidence that those in the upper tiers, who have benefited most from growth, are beginning to throw their weight around. They want to exclude the majority from participating in many activities. But this goes against the grain of Barbados culture.

■ *You have talked about successful economic adjustment. But in a rapidly changing world, there are always new challenges emerging. What impact will global liberalisation have on Barbados?*

– Before I answer this, I should mention that we were helped in getting through a painful adjustment process by the fact that we had a national consensus about the exchange rate. This was a kind of rallying point for the citizens. The government was committed to maintaining the exchange rate and this lent coherence to the process of improving the macro-economic fundamentals.

Turning to your question, trade reform is clearly something we have to look at. And I think we have to accelerate the pace of reform within Caricom before we can sensibly start talking to other trading blocs or map out the future. The first wave of reform, covering goods, is well under way, and it has already had a significant effect. But in my view, the completion of the process, with the full implementation of Caricom's common external tariff, will have quite a severe impact on some of our local industries. I am thinking here of areas like soft drinks, tee-shirts, and the pork and chicken industries which have been built up by Barbadians. The government is going to have to look at its franchise legislation, because that is one of the restricted areas.

The second phase, involving services, will be even more wrenching. We have an offshore sector and providers from outside will want greater access, offering services here in competition with Barbadians. And because the leading policy makers in society are mainly service providers – insurance salesmen, lawyers, doctors and so on, in my view, trade reform will lead to some real tensions. Having said this, it is fortunate that we have not been forced into positions by the need for access to World Bank funds. That might have tied us to measures that were inimical to the interests of our manufacturing sector. We have been able to take a more tentative approach, implementing reforms over time and monitoring their outcome. So I believe Barbados can withstand the impact of trade reform.

■ *Doesn't your commitment to a fixed exchange rate pose risks for industry and tourism? One of the classic ways of regaining competitiveness when things start going wrong is to allow the currency to depreciate.*

– It depends what market you are in. In tourism, Barbados tends to focus on the upper end of the market. Costs matter of course, but it is not as price sensitive as all-inclusive tourism, being based more on quality. We get a lot of repeat visitors who are not necessarily looking at life solely from the point of view of price.

As for the sugar industry, it is clear this would have benefited from devaluation. But we have been able to undertake reforms without it and have been reasonably successful. Sugar may not be financially viable but it is economically viable in the broader sense. It is an important source of foreign exchange, creates employment in the rural areas, and is good for the country from an ecological standpoint. So we need to look at what is good for Barbados, focusing on those products and services which, coupled with a fixed exchange rate strategy, can provide our way in the world. There are a lot of unique characteristics about our country – our ability to deliver social services, our commitment to education and the trainability of our workforce for example – that suggest to me that classical prescriptions are not always the right ones.

■ *What is your view on the introduction of Value Added Tax and, in particular, the decision to apply the full 15% rate to food. This appears to have provoked some discontent.*

– I am very unhappy about it. In 1992-93, when we sat down and planned the introduction of VAT, it was against the background of an economy which was not on the path of sustainable growth. The tax was being introduced to assist our export-led strategy. The IMF suggested that Barbados could be the first country in the world to introduce VAT at a single rate applying to all sectors.

■ *The IMF really suggested that?*

– Yes, it was in their report. It was felt that with our level of education and the high quality of our civil service, we should be able to do this without the kinds of problem that other countries might experience. When the new government came in, it spent two years fiddling with the system and ended up introducing basically the same kind of VAT that we had been planning. But circumstances have changed. In 1997, I would not conceive of introducing a 15% VAT rate on food. Indeed, we should be looking at lower or zero rates for goods such as medical supplies, baby products and infants' clothing – as well as locally produced and some imported foods that provide basic nourishment for pensioners and vulnerable groups. The government increased pensions by a paltry amount and said this would offset the impact of the VAT. But the new tax has had a devastating effect on Barbadians.

Of course, many people suspect the government introduced VAT in this way so that, as the election approached, they could then remove it on certain items and claim the credit for cutting taxes. But you need to understand that VAT is being levied on goods which never had any taxes on them before. Locally-produced food was not subject to tax, other than the levies on the inputs used in producing it.

The second point is that on other food products, VAT was initially applied on top of other taxes. This happened with goods in stock which had already been subject to the taxes which VAT was supposed to replace. And it looks as if that stock may have taken longer to work down than originally anticipated. The introduction of VAT is perhaps the starkest example of incompetence by an administration which came to office on the pledge that its skills in economic management – having an economist as Prime Minister – would be better than its predecessors.

■ *Where does the DLP stand on the 'shiprider' issue and the right of US drug interdiction vessels to operate in Barbadian waters?*

– As I understand it, there is no agreement in place at the moment. As a party, we have never been happy about the USA's role in the Caribbean. We live in a world with just one superpower. That does not mean, however, that we should be willing to lie supine, waiting to be defiled by any large nation. So we support the government's efforts to look systematically at the many security issues that are relevant to the relationship between Barbados and the US.

■ *Is there scope for further expansion of offshore finance activities?*

– Yes. I think Barbados could do a lot more to diversify its offshore sector. We do most of our business in Canada but we should be looking more at Europe and elsewhere. This entails more tax treaties, more bilateral investment agreements and designing products which will be attractive to European offshore investors. Of course, there is a lot of competition but I do think that Barbados's focus has perhaps been unduly 'Canada-centric'. When you go to Europe or the USA to promote the Barbadian offshore product, you always feel as if you are starting from scratch.

Linked to this, we in Barbados have to be extremely careful about our financial relationships. We talked about the 'shiprider' issue and the USA's concern about the transshipment of drugs. But there is even greater concern about money laundering activities based in Europe, Russia and elsewhere. Small countries like Barbados, with limited resources, find it very difficult to monitor where the money is coming from. We don't have the resources of the FBI or Interpol.

Barbados faces some significant environmental challenges, notably as regards water and land use. What are your views on these?

– These are two major areas of concern. Taking water first, we have suffered some severe droughts. The effects have been seen in grass fires that have spread to buildings, while households have had their water supply curtailed and irrigation has been affected. This is one of the constraints to development that all future governments will have to face. Projects like golf courses and hotels need a lot of water. A great deal is lost through leakage so we will need a major programme to upgrade the network of pipes.

On the land issue I am concerned about the government's decision to apply less rigid controls. This was a requirement of a recent loan from the Inter-American Development Bank, but it essentially means that the decision–makers no longer control the levers of land use policy. The most serious worry, however, has been highlighted in the representations made to the Constitutional Commission, namely the transfer of large tracts of land to non-Barbadians. This has driven up land prices in many areas and, if we are not careful, it could lead to heightened tensions. We live in a society where most people have no economic relationship with the land (in the sense of ownership) other than their house plot. You find clusters of perhaps ten to fifteen acres of land with 50 or 60 houses and 200-300 inhabitants. The land all around them, which may have sugar cane or some other crop on it, belongs to somebody else.

Now, with a new cycle of development, which includes the construction of luxury homes, we risk taking the alienation a stage further. Barbadians are often unable to find house plots. Yet someone who may never have been to the island can have access to a house and land. This inevitably raises the temperature. There are ways of accommodating both kinds of development but I think it is significant that the government focuses more energy on satisfying the minority than on meeting the needs of the majority.

Barbados is currently undertaking a constitutional review. What are your views on the status of the Queen as Head of State, and the role of the Judicial Committee of the Privy Council in London as the country's final court of appeal?

– I don't think many people in Barbados have a strong attachment to the monarchy. Even in the UK, this attachment is declining quite rapidly. I believe Parliament should have resolved this issue a long time ago. Indeed, I blame myself and my parliamentary colleagues for not having dealt with the matter sooner. But it is one of those issues that has never been seen as very important – there were always bigger questions on the agenda. At the end of the day, I think there will be support for a change which maintains the basic structure of government but with different players who have a more direct relationship with Barbados.

In other words, replacing the monarchy with a non-executive Presidency?

– Yes, that would probably best reflect the arrangements we now have. On the question of Privy Council appeals, there is less agreement. Some people find it remarkable that five law lords living in England, and coming from diverse backgrounds ranging from South Africa to Scotland, could decide that it is inhumane to keep someone on death row for more than five years – while our own judicial system has not reached this conclusion. There are those who conclude from this that it may be better to have people involved in the judicial process who are less likely to be embroiled in the controversies of the day. The Privy Council's view on the treatment of prisoners sentenced to death was not unreasonable and those who support the system have a valid argument. On the other side, there are those those who say we have enough qualified judges in the Caribbean to make that kind of decision ourselves. There is also the point that we should start to create our own jurisprudence in the Caribbean and offer opportunities for mobility for our judicial officers. And of course, there is the example of other Caribbean countries that have good judicial systems without the Privy Council at the apex. The DLP view is that we should establish a Caribbean Court of Appeal, but our reasons are perhaps rather different from those of the current Attorney-General. From the government side, one gets the impression that support for such a court stems from the feeling that it might be more pliable or ruthless in its approach. That kind of reasoning worries those of us who prefer to look at these issues in a more detached way.

What are your views on the relationship between Barbados and the EU, and where do you stand in the debate over what should replace the Lomé Convention?

– I think Barbados has had a very poor record in drawing down the resources available under the Convention. A number of projects have languished for many years. So I think we need to intensify cooperation at that level and try to access resources more quickly. As for other areas, there is clearly a threat to the banana industry in the region and we will need to mobilise resources to help our Eastern Caribbean neighbours diversify their economies.

Isn't there a similar threat to sugar?

– Yes, there is. But I mentioned bananas first because the problem is more immediate. The future of preferential treatment for bananas is very much in doubt. It is a pity that many of the countries that rely so heavily on this crop haven't been able to do more to diversify their economies. But it is never too late, and we believe we all have a major responsibility to our Caribbean brothers and sisters. As for sugar, Barbados obviously has to rely on preferential quotas for the survival of the sector. Without these, we would be in a very different situation. The question of the fixed exchange rate would resurface and the sugar sector reform would have to be much more thoroughgoing and severe. I believe that access to preferential markets is vital for Barbados, and that this issue will be central to us in the post-Lomé negotiations between the EC and ACP countries.

Interview by S.H.

BARBADOS

Keeping the island green

The fact that the environment has moved up the political agenda in Barbados is largely a reflection of the nation's economic success. Consumer societies use a lot of resources, generating waste in the process, and the problems can be particularly acute for small, relatively densely-populated countries.

In Barbados, water and waste disposal issues tend to top the list of ecological concerns although traffic congestion is also a worry. Recent water shortages have been blamed on a number of factors, including dry weather (which may or may not be due to climate change), leaks from the distribution system and excessive domestic consumption. Some critics point an accusing finger at the tourist industry and, more particularly, at the island's golf courses, which use prodigious amounts of water.

The government's efforts to tackle the problem were explained to us by *Liz Thompson*, the Minister for Health and the Environment. Noting that 'the average Barbadian uses more water than the average American', she said that an effort was being made to raise public consciousness about the need for conservation. Practical measures included a scheme to provide free water-saving shower heads to domestic consumers. As for wastage from the mains (up to 60% of water pumped is lost through leaks), a programme was now being drawn up to refurbish the pipe network. Meanwhile, policies had been put in place to increase the amount of 'secondary' and 'tertiary' water available – which is not intended for drinking, but is suitable for irrigation and other purposes. Thus, new commercial buildings must have rainfall collection tanks, while two major sewage projects are in progress involving treatment of waste water. This could help solve the problem of the guzzling golf courses, without depriving Barbados of a valuable tourist resource. Finally, the minister indicated that sea-water desalination might offer a long-term solution, although this is an expensive process.

The waste disposal issue raised a stink when Barbados was forced to look for a new landfill site, the existing one being almost full. The place chosen was in the scenic Scotland district in the north, and nearby residents raised strong objections. Local people are always apt to complain in these circumstances – the 'Nimby' (not in my back yard) principle appears to be universal – but their arguments were strengthened by the way the old landfill had been run.

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The existing landfill site - now almost full - whose management has been criticised.

Not only was it unsightly, but people living close by reported health problems, attributed, rightly or wrongly, to the rubbish tip. As Prime Minister *Owen Arthur* himself acknowledged to The Courier, the site was 'so poorly managed that it had become a scourge on the surrounding people'. He gave a commitment that new waste dumps would be operated in accordance with the 'highest possible standards'.

It is not possible to eliminate the garbage altogether in a consumption-oriented world, but the authorities recognise a lot more can be done to cut down on the amount that has to be dumped. There are plans for a solid waste integrated management system, with tax incentives for businesses involved in recycling. Other aspects of the programme include an animal rendering plant to process offal and a national composting facility for organic waste. Last year, the government introduced an environmental tax on imported and locally-produced goods as well as a levy on landfill dumping. The revenue from these will be used for the running of refuse sites and general environmental improvements. *Martin Cox*, who is the Permanent Secretary for Economic Affairs, also informed us that domestic consumers may be asked to sort their rubbish to facilitate the recycling effort.

The most visible negative effect of increasing car ownership is seen in the regular traffic jams at peak hours on the roads in and around Bridgetown. Atmospheric pollution from exhausts is not serious, since the absolute number of vehicles is small (certainly compared to the cities of Europe or North America), but traffic gridlock is economically wasteful and unpleasant for both drivers and pedestrians. So far, the policy has been to build new roads, particularly to ease the pressure on the capital. Relief routes tend to fill up quickly though, and they need a lot of space which is problem on a small island where land is at a premium. Thoughts are now turning to ways of persuading people to use their cars less. Barbados already has an extensive bus network and Liz Thompson spoke of the possibility of reintroducing coastal ferries. She also referred to Bermuda's policy of limiting the number of cars by law although the government has no concrete plans at present to introduce a similar measure.

Keeping Barbados green and pleasant is clearly an economic imperative given the importance of the tourist industry. But it is the political dimension which requires decision-makers to make difficult choices. Voters want the environment in which they live to be protected, but they also want to enjoy the benefits of development – which may include a daily bath, the opportunity to purchase packaged convenience foods in the supermarket or going for a spin in the car. Policies which make these activities more difficult or expensive may be ecologically sound, but they won't necessarily be popular.

S.H.

Barbados-EU cooperation

Building on success

by George D. Gwyer*

Barbados is a success story among ACP countries. As a sugar-producing island economy with a significant tourism industry, it has something in common with Mauritius and Fiji. Barbados enjoys a high rating on the UN human development index, putting it ahead of some of the Member States of the EU. Much of this island nation's success as a developing country may be attributed to its early recognition of the importance of education. Public spending on health and education continues to be a hallmark of successive Government policies. Tourism has thrived due to thoughtful promotion of the country's natural resource base (sea, sun, and sand) allied to a tradition of political stability, prudent economic management, and absence of crime. The Government has proved adept in utilising its hotels and tourism plant in the slack season to host regional and international conferences, of which the United Nations Small Islands Developing States conference in 1994, and the Caribbean Tourism Conference (CTC-20) held in 1996, were among the most significant.

Nonetheless, Barbados faces important challenges and questions as it formulates its growth strategy for the next decade. Unemployment, though declining, is still around 16%. Labour costs are quite high and so is the cost of living. The Prime Minister acknowledged recently that there are still pockets of poverty in the country. The sugar cane industry, which provides jobs and export earnings from sugar and rum, while conserving the land and adding to the aesthetic attributes of the countryside, is dependent on the special market arrangements in Europe under the sugar and rum protocols of the Lomé Convention. Tourism growth has posed questions relating to land and water use and conservation.

It is against this background that assistance from the European Development Fund can be viewed. In the past, attempts have been made to encourage smallholder producers to expand livestock and fruit production to help meet domestic (and tourist) market requirements. Investments have been made in encouraging local fishermen at Oistins on the south coast (a jetty, slipway, market, and refrigeration) and a new project with similar objectives is now being implemented on the east coast at Skeete's Bay and Consett Bay.

But it is investment in people that may have the most impact in helping Barbados meet its longer term development goals. EC support has been given to the Barbados Community College and the UWI university campus at Cave Hill. A hotel training school was opened this year at PomMarine. European language training, to facilitate tourism and Barbados' important role within Cariforum and the Association of Caribbean States, is planned under the Eighth EDF national indicative programme. Postgraduate training in economics, statistics, financial and project management will help to strengthen the ongoing public sector reform programme. In line with the Regional Plan of Action adopted in Barbados in May 1996, a forensic laboratory will be cofinanced using EDF funds in support of the Government's continuing fight against drugs trafficking and abuse, while NGOs and community organisations will be supported to combat AIDs and drugs.

A recent EC-financed study is helping to identify areas in which Barbados can compete in industry, broadly defined. There are now 35 companies operating in the informatics sector, of which 14 are foreign owned, earning some ECU 25m annually. Nearly 3000 people are working in informatics (some of them foreigners). There has been a shift away from pure data entry to software development and related computer applications, requiring higher levels of skills. Sustaining this activity requires low cost access to telecommunications.

There appears to be scope for EC assistance in the further development of financial markets, stimulating the expansion of the stock market, and facilitating equity investment through the creation of a venture capital fund. The European Investment Bank has already committed ECU 5m to the Caribbean Financial Services Corporation. Linked to these activities is the encouragement of small and medium enterprises to enter regional and international export markets, in which the EC supported Caribbean Export Development Agency, with its regional headquarters in Barbados, is playing an important role, complemented by efforts at national level like those of the Barbados Investment Development Corporation.

Student hall of residence at the UWI Cave Hill campus, built with assitance from the European Union.

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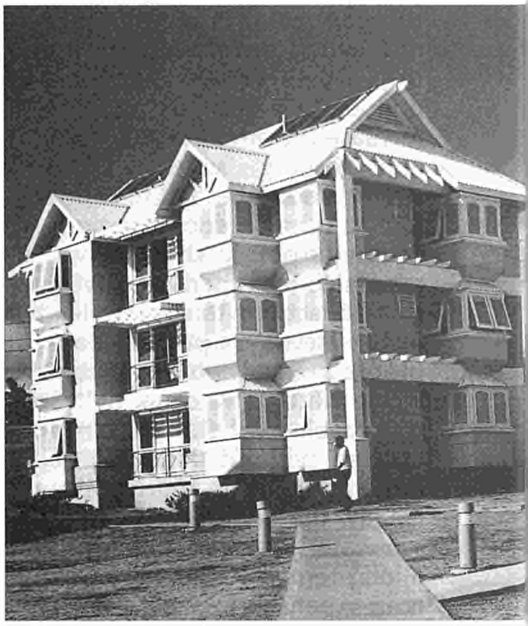

* Head of EC Delegation, Barbados and the Eastern Caribbean

Since 1976, financial resources allocated by the European Community to projects, programmes and operations in Barbados total more than ECU 60m. Two-thirds of this amount has been provided through the European Investment Bank (EIB) in the form of subsidised loans or risk capital.

The EIB has financed – with the Barbados Port Authority – the installation of container-handling facilities at Bridgetown Port. Two other sectors, energy and the environment, have benefited from EIB support, for the upgrading of the generating capacity and distribution network of the Barbados Light and Power Company, and the ongoing major sewerage project executed by the Barbados Water Authority on the island's south coast. The EIB has also made an ECU 25m contribution to the Caribbean Development Bank's Special Development Fund, and with other donors, is being asked to consider a financial contribution to the expansion of Grantley Adams international airport.

Preferential access to the EC market for sugar and rum, at prices much higher than world levels, has constituted over the years for Barbados the most important benefit of the Lomé Convention. But as the Green Paper debate on future relations between the EU and the ACP countries draws to a close, and as Barbados continues to enjoy the benefits of sound economic management resulting in higher per capita incomes, Prime Minister Owen Arthur has adopted a realistic tone:

'In the past the Caribbean has been able either to postpone adjustment or to mitigate the adverse effects of external economic and political change because it has been able to access resources and concessions on the strength of special security and geopolitical considerations, and traditional linkages with former colonial partners... These factors no longer carry their traditional weight... a deliberate economic transition will have to be made. The period over which this transition has to be made is finite, is known, and is very short.'

Whatever new relationship emerges between the ACP countries and the European Union at the start of the new millennium, one can be confident that Barbados will continue to avail of the arrangements sensibly and to the benefit of the social and economic development of its people.

G.D.G.

BARBADOS

Behind the facade

The PomMarine looks and feels like a hotel. Standing just inside the entrance, you observe a customer checking out at reception. A swimming pool in the inner courtyard beckons invitingly. Over to the right, staff in the restaurant are laying the tables for lunch. The barman is polishing glasses. And someone from housekeeping trundles past with a trolley-load of fresh linen. These are all sights you might expect to see mid-morning in any smoothly-run hotel establishment.

In fact, what you are witnessing is just a facade: a very real facade admittedly for the guest settling his bill is genuine and there will soon be paying customers sitting down to a meal in the well-appointed dining room. But you need to look behind the scenes to get an inkling of why the PomMarine was really built. Why, for example, is there a duplicate reception desk tucked away out of public view in the administrative section? How is one to explain the corridor of classrooms on the upper floor? And what are these two women doing stocking the shelves of a large room with academic textbooks? Needless to say, *The Courier* did not need to engage in any detective work to solve the 'mystery'. It was all explained to us by *Bernice Critchlow-Earle*, the Director of the Hospitality Institute which is attached to the Barbados Community College. The PomMarine is their sparkling


Bedroom at the PomMarine.

The Courier

new facility, designed to give hands-on experience, as well as traditional teaching, to students who have chosen to specialise in one or other aspect of the hospitality 'industry'.

If you want to maintain a high quality tourism product – and this is economically crucial for Barbados – you need to have well trained staff. The Institute offers all the key facilities to cater for that need. Mrs Critchlow-Earle told us what lay behind the decision to build the 20-room PomMarine, which opened with a fanfare of publicity in February this year. The Community College had been teaching marketing as an academic subject, she said, but the feedback from the hospitality sector revealed certain deficiencies. 'The hotels were having to train new recruits in the practicalities and what they wanted was for employees to be functional as quickly as possible.'

EC support

With this in mind, the government decided to create an all-purpose facility. Support came from the European Commission, which provided funds under the Lomé III National Indicative Programme. The total cost of the project was about B$15 million, with the EU contributing just over half of the total.

During a guided tour, we were briefed by Mrs Critchlow-Earle on the nuts and bolts of the operation, and on its underlying educational philosophy. The Institute has more than 500 students taking a variety of courses. These include about 150 in full time study and 90 on day-release. The remainder are part-time, evening students, many of whom have obtained sponsorship from their employers.

Obviously, the hotel is income-generating and the eventual aim is that this aspect should be self-sustaining. The Director stressed that close attention would be paid to efficient business practices and good financial control – and on 'inculcating these principles' in the students. She stressed, however, that the profit-motive would not be allowed to take precedence over the educational purpose of the Institute. 'If, for example, we get a request to do a wedding for 350 guests when we have just done one, we may decline it in favour of a black-tie dinner for fifty. This is to ensure our students get the broadest possible experience.'

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Reception, kitchen and laundry.
Learning the practicalities of running a hotel.

Occupancy rates at the hotel have risen sharply each month since the opening and were expected to reach 85% by June. Guests pay perhaps 20% less than they would in a normal hotel of similar standing. Of course, they are 'guinea-pigs' in a sense, but the obvious attention that goes into ensuring that the product is 'the real thing' suggests they are likely to be getting a good deal.

For Mrs Critchlow-Earle, it is vital that 'students feel they are coming to work rather than going to school.' They have to adapt to shift patterns – rising early or working late – and generally get used to the discipline of employment. This is on top of their regular, class-based lessons. They are also sent out to do internships with various tourism-related companies including hotels, airlines, travel agencies and car hire firms. The Director is keen to emphasise the good working relationship that exists between the Institute and the local private sector.

The trainees, it was stressed, are not immediately exposed to the general public when they begin practical instruction. Every revenue-generating area in the Institute has a duplicate 'laboratory' – hence the mock front desk mentioned earlier to which one should add the practice bar and the training kitchen.

Other college departments have had an input into the project. The Fine Arts Division, for example, contributed to the decor, artwork and design of staff uniforms. The Accountancy and Computer departments supplied financial and informatics expertise while the Commerce department gave advice on the business aspects. Finally, the paintings which adorn the public areas and bedrooms all came from local artists.

In a country already deeply committed to human resource development, the PomMarine stands out as an educational flagship. It has still to prove itself, but it is evident that the enthusiastic Mrs Critchlow-Earle relishes the challenge. As she put it: 'We are now at the cutting edge'. S.H.

COUNTRY REPORT

Grenada

Preparing for rougher waters

Looking seaward on Bathway Beach in north-east Grenada, there is a thin strip of placid water protected from the pounding of the Atlantic waves by a narrow reef. It is safe, you are told, to bathe in the area close to shore but, beyond the natural breakwater, treacherous currents could sweep you away. The scene seems to offer a metaphor for Grenada's economy in recent decades – floating along gently in a quiet lagoon, protected from the breakers of the global economic system by a series of special trading arrangements with the added buoyancy of external aid. Today, the dynamite is being laid on the reef of protection and before the fuse is ignited, Grenada must learn to become a much stronger swimmer.

The country has a population of about 100 000, more than 90% of whom live on the Island of Grenada itself. The other inhabited islands are Carriacou (population 8000) and Petite Martinique (600). The traditional basis of the economy is agriculture (featured in a later article) and, until recently, three very different products – bananas, cocoa and nutmeg – have generated most of the export income. A wide variety of other crops are grown, mainly for local consumption. Large numbers of smallholders are engaged in cultivation and it is in the rural areas where the greatest development challenges are to be found.

Farmers have always had to contend with natural hazards, but living off the land can become very precarious indeed when you add the problem of low cost competition and uncertain world prices. You may not find here, the absolute poverty of parts of Africa or Asia, but there are a lot of poor people in the countryside who are struggling to make ends meet.

Disciples of the liberal economic model would argue that if Grenada cannot earn enough money (and crucially, foreign exchange) from farming, then it should specialise in something else. For anyone who has actually visited the country, this is a difficult proposition to accept. The areas close to the coast tend to be dry but the rest of the main island is enveloped in varied and luxuriant vegetation. This land, you can't help feeling, was made to deliver up its fruits. The free market argument also presupposes that there is something else available and, in this respect, the options for Grenada appear limited.

Economic bright spots

The economic story is not all doom and gloom, however. Tourism (also covered later in a separate article) has increased steadily in importance over the years and the authorities believe there is scope for a lot more growth. There have been impressive advances in the fisheries sector, notably with Japanese assistance, and this now ranks alongside nutmeg and cocoa in the export earnings league (bananas having declined sharply). The government has taken steps to encourage offshore finance operations. And while larger-scale manufacturing is hardly feasible, more value-added processing of local crops, such as the recently-established nutmeg oil plant, could help to secure the future of the core agriculture sector. The key concept here – which is invoked so often in small developing countries that it has almost become a cliché – is 'niche markets'. It may be an overused term but it nonetheless represents a valid strategy, indeed perhaps the only realistic one for survival in the shark-infested waters of the global economy. Even niche markets can be highly competitive, however, as Grenada has discovered with its nutmeg, and efforts are being made to sharpen up business attitudes and introduce a more entrepreneurial approach to commercial operations. Another central plank of government policy is the establishment of what it calls 'linkages' between agriculture and tourism. This is a commonsense approach aimed, among other things, at ensuring that more of the money spent by tourists actually stays in the country benefiting the wider population. For this to succeed, local growers, processors and craftsmen have to ensure that their products fit in, as far as possible, with the requirements of the local hospitality industry. From a slightly different angle, the 'linkages' idea also involves expanding the portfolio of tourist options (thereby making Grenada more competitive in the market for leisure travellers) by

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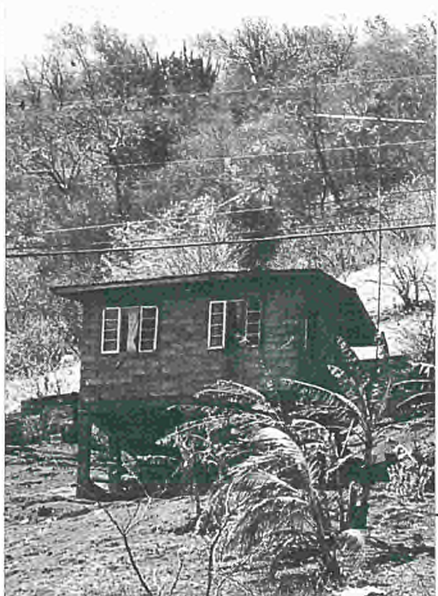
The greatest development challenges are to be found in rural areas.



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setting up new attractions linked to local production. It is already possible to tour a rum distillery and spice processing operation, and new projects based on this concept are being set up (some with EU funding).

Looking at the wider economic indicators, Grenada has enjoyed steady, but less than spectacular growth, for all but one of the last seven years. Unemployment is clearly the most serious problem. In 1994, the jobless total reached almost 27% and although this had fallen to 17.5% by 1996, it still represents a lot of idle hands. Alarmingly, youth unemployment (in the 15-19 age range) is more than 50%. On the trade side, Grenada is heavily in the red, with goods imports (fuel, equipment, consumer durables etc.) far outstripping exports. Thanks mainly to tourism, there is far less of an imbalance in the current account figures, although these too, regularly show a deficit.

A sound infrastructure is important to the success of both productive activity and tourism. In some respects, Grenada is relatively-well endowed. The airport has a full-length runway and the telecommunications links are in good shape, though expensive. The country's roads, which suffer from erosion after rains (partly on account of deforestation) are not all in good condition. However, *The Courier* saw some major rehabilitation works under way during its recent visit.

Water supply can be a problem, with lower than expected rainfall in recent years, but the main difficulty is not so much dry weather as losses in the distribution network. *Alphonsus Daniel*, who is head of operations at the National Water and Sewerage Authority (NAWASA) told us about the efforts being made to deal with leaking mains and introduce metering. But the most important aspect, he felt, was to change consumer attitudes. If all Grenadians had a 'conservation reflex' when it came to using water, this would greatly ease the pressure on the system. The EC has already been involved in projects to boost water supplies and the sector will be the main focus of the next National Indicative Programme under the Lomé Convention.

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Fish now rank alongside nutmeg and cocoa in the export earnings league.

Fiscal policy proves taxing

Big public sector projects are not possible without financial resources and although Grenada generates enough revenue internally to cover its recurrent spending, it has tended to rely on external donors for much of its capital investment. With global development assistance in decline, and increasing talk about focusing ODA on the least developed countries, 'middle ranking' states like Grenada must be worried about the quantity of future aid flows. This makes it all the more important to establish an efficient and stable domestic fiscal policy. In recent years, the tax system has gone through a number of major evolutions (which critics might prefer to call convulsions).

The shifting sands of the Grenada tax regime over the past decade were explained frankly to us by *Senator Patrick Bubb*, Minister of State and Deputy National Authorising Officer for the EDF. First, there was the complete abolition of income tax in 1986, a decision which drew criticism from the World Bank. Value Added Tax was introduced to fill the gap in the national coffers, but this proved so unpopular and difficult to collect that it had to be downgraded to a consumption tax (easier to collect but less watertight). Meanwhile, a levy on the incomes of the very highest earners was reinstated. 'Now,' said the Senator, 'a property tax based on revenue is about to kick-in'. The problem in the past, we were told, was that revenue collection had been 'haphazard' and there had been significant losses through smuggling and other forms of tax evasion. Measures had since been initiated to improve the machinery of collection. Senator Bubb indicated that the key objective was 'to broaden the tax base in order to keep rates as low as possible.'

The reluctance of taxpayers to part with their hard-earned cash is by no means unique to this island nation – but it has certainly made life more difficult for the authorities. At present, indirect taxes (the General Consumption Tax, Common External Tariff and Customs Service Charge) generate about 60% of revenue.

A desire to streamline the operation of the state also underpins the government's policy towards public enterprises. Bodies such as the post office, airport, port, television company and hospital are to be reorganised along commercial lines. 50% of the shares in the Grenada Bank of Commerce have already been sold and a proportion of the telephone company (Grentel) will be placed on the market. The previous administration sold off the National Commercial Bank and a controlling interest in the electricity company (Grenelec).

In the field of education, the indicators are broadly favourable, by developing country standards, with universal provision up to age 15. The weakest link in the educational chain is at tertiary level. The T.A. Marryshow Community College in St. George's caters for about 800 students and there are a limited number of other options including an outpost of the University of the West Indies and a

Road rehabilitation in progress.

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private 'university' college'. But for many disciplines and post-graduate study, Grenadians have to go abroad. This raises the cost considerably and reduces access for people with limited resources. As a result, the country faces a number of skills shortfalls – reflected in the fact that more than 400 work permits were issued during 1996. These were mainly to people with professional, managerial and technical skills.

Politics past and present

The English-speaking Caribbean islands have a long history of stable and democratic politics. Grenada of course, is the notable exception, having been through a left-wing takeover in 1979, an even more left-wing coup in 1983 and an American 'invasion' shortly after that which led to the restoration of democracy. One should perhaps not dwell too much on events long past, but the traumas of that period occasionally still have an effect on contemporary politics. 14 people involved in the 1983 coup are serving life sentences in the local prison for murdering the country's former leader, Maurice Bishop and a number of his associates. Old controversies resurfaced recently when the Confederation of Churches of Grenada recommended the release of two of the prisoners who were reported to be suffering serious health problems. Public opinion is said to be firmly against such a move.

Perhaps more significantly, the political background to the events of 1983 inevitably sprung to mind when Grenada's Prime Minister, *Keith Mitchell*, decided to consolidate relations with Cuba. His visit to the Caribbean's largest island nation in April, to sign a cooperation agreement with the Castro Government, gained a lot of media attention, especially in the United States.

Of course, there was a time when such a move would have been interpreted as a clear signal. During the Cold War, the assumption on both sides was that you were either 'for us' or 'against us'. The Prime Minister insists that this is an outdated attitude and that his country's interests are best served by being friendly with everyone (see the interview which follows). Outside the Caribbean basin, most people would probably agree, but the enmity between Washington and Havana remains very real. And Grenada, remember, has a special resonance for Americans having been snatched from the jaws of Marxism by the marines just a decade and half ago. The Prime Minister of Dominica or St Lucia could probably have undertaken a similar trip to Cuba without CNN even noticing. It is hardly suprising that there has been a lot of speculation among Grenadians about the possible effects of the Cuba agreement on their country's relations with the world's sole remaining superpower.

Linguistic lesson

Those of you who read the March-April issue of *The Courier* (no. 162) may recall mention of the pronunciation pitfalls for the uninitiated in Antigua (Anteega) and Barbuda (Barbyuda). Well *Grenada* (Grenayda) also offers some linguistic challenges, aside from the name of the actual country – with which most people are presumably familiar. For *Carriacou*, the problem is not how to pronounce it but where to put the emphasis. Imagine a Scotsman transporting livestock (carry a coo) and you will be about right. *Petite Martinique* is easy, even to non-French speakers but no one seems to know if it is a lady or a gentleman (Petit Martinique is an equally common spelling). We have opted arbitrarily to treat this island as a member of the fairer sex. And if you hear a reference to Lake Antwine, don't worry if you can't find it on the map. A lot of the place names are in French – reflecting the colonial history of the island prior to 1783 – but they are not always pronounced the French way. What you need to look for is *Lake Antoine*.

Having said this, the St George's administration already has well-established links with Washington which many would argue are mutually beneficial, notably in the fight against drug trafficking. Unlike some of the larger English-speaking Caribbean nations, Grenada made little fuss about signing up to a maritime counter-drug operations ('shiprider') agreement with the USA. Among other things, this gives American law enforcement officers the right of 'hot pursuit' in Grenadian territorial waters when chasing vessels suspected of carrying drugs.

In fact, at the time of *The Courier*'s visit, the most burning political controversy in Grenada was a direct result of the close links established with the US in the fight against the narcotics trade. The government's decision to build a base from which to operate aganst drug traffickers on the tiny island of Petite Martinique – with financial support from the Americans – is said to have outraged the local inhabitants. They claim their way of life is threatened, and their fears are understandable given that this is a community of just 600 souls. On the other hand, the drug business is evil for the misery that it spreads, and potentially destabilising to the small – and even the larger – countries of the region. The opposition parties have united against the decision to build the base specifically on Petite Martinique and suggest another uninhabited island should be chosen instead (see the interview later in this report with opposition leader *George Brizan*). The government does not believe this is a viable option.

In general, politics in Grenada are a fairly rough and tumble business and the language used in describing one's opponents, or criticising their policies, appears intemperate to outsiders. The country has a surprisingly large number of functioning political parties, given its modest size, but in reality, personalities are more important than ideologies.

The period from 1979 to 1983 may not yet be forgotten, but it belongs to a past era when people everywhere believed that the economic – and hence the political – options were a great deal broader. Today, perhaps ironically in a world where democracy prevails as never before, it is more a question of finding what one *can* do rather than deciding what one *should* do. One can only hope that the people of this attractive Caribbean country discover the right niches to bring new prosperity in the 21st century. S.H.

Dr Keith Mitchell, Prime Minister

Seeking 'the best road to economic success'

If you were looking to summarise the Grenada Prime Minister's political philosophy, the phrase 'pragmatism over ideology' might be appropriate. Dr Keith Mitchell, who leads the New National Party (NNP) government, firmly believes that his small country can find a place for itself in the 'global village', and he is prepared to explore a wide range of options to achieve his goals. The Courier spoke to Dr Mitchell on the morning after his return from Cuba, where he had just signed a cooperation agreement with the government of Fidel Castro. We asked him about this initiative, its impact on relations with the USA, and a wide range of other subjects – beginning with Grenada's economic prospects.

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■ *Grenada has an economy based on a limited range of products and services. To what extent do you think wide-scale diversification is realistic and what sectors do you think are likely to be key to the country's future prosperity.*

– I think you are right in suggesting that widespread diversification may not be feasible. That is why we are focusing on specific areas. We believe that agricultural diversification should entail looking at how we utilise what we actually produce at the moment. First, we need to enhance the production mechanism to improve the cost effectiveness of the sector. Then we must look at the marketing aspects. The preferential treatment we have traditionally enjoyed won't be available for much longer. We have to accept that as a fact, although we are asking for help in easing the pain during the period of transformation.

So what we must do is use our resources to make secondary products which can win niche markets in a world of increasing trade liberalisation. Take the example of cocoa. A great many processed products can be derived from this resource. New technologies are now available and we need to be able to make use of them. If we succeed, then farmers will be more secure in the knowledge that they will get a return on their crop. The same is true of bananas and nutmeg. We are fortunate, compared with Dominica, St. Vincent and St. Lucia, in not being so reliant on bananas. We should, of course, try to sell what we can on the international markets, but with the right equipment and technology, there are other value-added possibilities like banana chips and banana flour. As for nutmeg, there are a number of by-products which have succeeded on the international markets. So this is the direction we need to take.

We would like our friends to help us with the required technology. Indeed, we see this as an important element in any post-Lomé arrangements – helping us to sustain and develop our economic activity rather than simply subsidising us to produce things which may no longer have a market.

Tourism is another important area which offers rich opportunities for Grenada. We must look closely at what we are doing here. We operate at the upper end of the market and to do that more successfully, we need to enhance our product and provide the right infrastructure, including the critical transport services. We must also offer the concessions necessary to attract outside investors. And there is a lot more to be done in marrying our agricultural and tourism products. We should be asking what kinds of things the tourists will want to buy when they are here in Grenada and making efforts to produce these items ourselves on a serious scale.

And there are other service sectors with a lot of potential: financial services, for instance, though we have to ensure, of course, that this is organised properly. We must avoid the pitfalls that some other countries have encountered, and perhaps can learn from their mistakes. Then there is informatics, which is growing tremendously, and which we should be able to tap into. I firmly believe that there are opportunities for our small country to carve out a place for itself in the global village, and achieve economic success in the future.

■ *You said you would be looking for help in easing the pain caused by the loss of trade preferences. What form would you like this help to take?*

– As I mentioned, I think the most important thing will be technical support. We need help in analysing the best ways of exploiting our major products. What are the products we should be concentrating on, bearing in mind the state of the international market, our production capacities, our terrain, the kind of farmers we have and so on? Having decided that, we will be seeking technical back-up and resources to achieve the actual production.

While this is happening, we clearly have to provide some help for the farmers. I don't think this should be for a long time but we have to provide them with a buffer for the time being. We also need to show them clearly where we want them to go and what their role will be in the future. Clearly, the market aspect is going to be critical. There is no point producing something if you don't know if there will be a market for it.

■ *You mentioned seeking out niche markets, the importance of new technologies and the possibility of expanding into financial services. All of these imply high skills. In this context, what would you say are Grenada's main educational challenges?*

– This is the critical factor. I think our educational transformation has to take priority. We need to modernise the curriculum and adapt it more closely to the country's needs. We must give a great deal more priority to our tourism educational programme. And we should look at training for agricultural activity and small business enterprises. People must be given the chance to create opportunities for themselves and become more independent – and education must be geared towards this.

Then, of course, there is whole field of science and technology. People need to be prepared for the revolution that is taking place – and this is where we need a lot of help. It is something that can't be done overnight and it takes resources. We have a university medical school here which is just embarking on a bachelor degree programme. But scholarships are also going to become increasingly important – extending the opportunity for Grenadians to get specialist training abroad which meets specific development needs back home. In simple terms, if we are to achieve all the economic goals I have already mentioned, we will have to model the education system accordingly.

Again, this is an area where we hope our friends will help out, whether they are from the left, the right or the centre. In fact, I don't think these labels mean a great deal nowadays. They are a thing of the past. What matters is finding the best road to economic success.

■ *That leads us quite neatly into the next two, linked questions. The first is about your relationship with the USA. The second concerns your newly-forged link with Cuba. If we can start with the Americans, there has been controversy over your decision to build a police base on Petite Martinique with US support. This is linked to the broader question of whether your sovereignty is being eroded by allowing American law enforcement agencies access to your waters (the so-called 'shiprider' agreement).*

– The world today is very different from that of 1979 when we had a revolution in Grenada. We have to recognise that the success of individual countries depends largely on their ability to create special relationships with people that can help them. Now, America has been a traditional friend of Grenada. We have a major problem confronting us both – which is the scourge of drugs and the violence which is associated with it. Our country does not have the resources to tackle this problem. With all the challenges that I mentioned earlier – from diversifying agriculture to getting our people educated – we need every penny. Most of the drugs are consumed in America and Europe, so they have a vital interest in stopping the traffic. It seems to me that it is only sensible to accept their help. I know that some of my colleagues have difficulties over the sovereignty issue – and I understand this. They have a right to express their views. But it isn't really a question of sovereignty. If we don't like what is happening, the shiprider agreement gives us the opportunity to call for changes. Ultimately, we could even cancel it.

Put simply, we don't have the resources to patrol the waters – our friends do. The only people who ought to be complaining are the drug traffickers. They are the ones who control the waters right now.

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Processing the ginger crop.
'We are fortunate, compared with Dominica, St. Vincent and St. Lucia, in not being so reliant on bananas.'

It is unfortunate that some people have tried to make a political issue out of this. I think anyone who is serious about leading this country should think carefully about this. They shouldn't say things today, which they would find it difficult to support tomorrow in a different political context.

As for the base on Petite Martinique, we have taken a firm stance. We know there has been a lot of drug activity around that area. We are putting security and customs officers into places that have never had them before. In other words, we are protecting our children and the future of our country – which is the morally right thing to do. People should recognise that you cannot have a free-for-all in one area while the rest of country is obliged to operate within a proper legal framework.

I know there have been protests, but hard decisions sometimes have to be taken. That is what leaders are put there for. And it is the right decision, which I am completely comfortable with.

■ *Can we now turn to Cuba? You have just returned from Havana having signed an agreement with the Castro government. What does this agreement cover?*

– A number of areas. For example, the Cuban government has agreed to help us with health care services. Whatever else you say about them, I think we have to acknowledge that they have been able to develop an enviable health system. And if you have any fairness at all, you would stand in admiration of that country's educational achievements. So we want to piggyback on Cuba's successes in these areas and they have agreed to help us. They are also assisting with agricultural diversification. With all the problems they face externally, they have been forced to fall back on their own resources more than most countries. As a result, they are masters of utilising what they have locally in terms of machinery, equipment and human resources.

Then we will be working with them in trade matters. They are prepared to buy a number of our natural products and we will be making purchases from them. For example, they produce steel and cement and they are offering these materials to us on soft terms for the construction of a national stadium. We should also see this in a wider regional context. We are both members of the Association of Caribbean States (which I currently chair) and are keen to strengthen economic cooperation among the member countries. Take the area of transport, for instance. Tourism in the region would get a big boost if we could improve transport links within the Caribbean. Traditionally, we have all concentrated on attracting as many tourists as possible from Europe and North America. But we have given very little thought to the enormous potential for our own people to visit each other's countries. So there will be a bigger thrust in that direction. I think we are going to see a revolution in transport services among the ACS countries which will be good for all our economies.

The Cubans are also moving rapidly to develop their own tourism product. They obviously plan to focus mainly on mass tourism – which we are not involved in – but they have some upmarket projects as well. And I was really impressed with what I saw there – the discipline, organisation and commitment.

■ *Has there been any reaction to your visit, negative or otherwise, from the United States?*

– No, not at all. I have been asked that at every interview. The first question CNN put to me was whether we feared any reprisals. And I said no. The reason is that I have not taken an anti-US position on any issue. I have simply taken a positive approach to economic and social cooperation with Cuba – which is an integral member of the Caribbean community and the ACS. This has nothing to do with geostrategic or security questions. Cuba has traditionally played a positive role in helping us in areas like health care and education. And we shouldn't forget that they are the people who helped initiate our single most important infrastructure project, the airport. I would reiterate that we are living in a different world today. I don't see how anyone could have problems with me going on this particular trip.

■ *You mention your chairmanship of the ACS, of which Cuba is a member. There are a lot of different regional bodies covering the Caribbean. What are your own views on regional integration?*

– I don't think we have a choice. Most people recognise that the faster we move in this direction, the better it will be for us. Looking at integration efforts in the past, I believe what happened is that we tried to do it from the top down. It cannot work that way. By integrating our efforts functionally in fields like transport, agriculture and health care, we provide the basis for a natural process towards political integration. If we try to do the latter without first cooperating closely in the economic and social areas, then prejudices come to the surface and people feel insecure. This undermines the ideal of Caribbean integration which, I believe, is a noble one.

■ *And what is the final goal – integration within the English-speaking Caribbean, or something wider covering countries like Haiti, the Dominican Republic and ultimately perhaps Cuba as well?*

– I think we will eventually achieve the wider integration you mention, but it has to start with those of us who already have very close ties. If you start to broaden without deepening first, you are going to complicate matters and make the achievement of the final objective more difficult.

■ *Finally, how do you view your current relationship with the European Union and, perhaps more importantly, what would you like to see replacing the Fourth Lomé Convention after the year 2000.*

– I would characterise the relationship as excellent. From where I sit, I can honestly say that the EU has been one of the fundamental pillars of our economic programme since I came into government. As you know, there is not a lot of grant support available nowadays, and what the EU provides is vital for this country. We certainly hope that the support will continue. It won't necessarily be in the form it has traditionally taken but I hope we don't see any serious reduction. And there are a number of areas we need to concentrate on like social development, supporting trade links, developing our understanding of the opportunities in the international markets, and poverty reduction.

One specific area I would mention is supporting micro-enterprises. We have a programme at present which amounts almost to a revolution. People are very happy that they can come forward, borrow a little money and start their own businesses. I think empowering people to develop their own activities and initiatives, supporting them with soft loans and helping them with training, is a successful approach.

We also need to look at efficiency in the delivery of programmes. This requires a concentrated effort on the part of the EU. Too often in the past, European aid to ACPs has not been utilised because the countries involved lack the necessary human capital. We therefore need to concentrate much more on human resource issues and the effective use of the monies that are available.

■ *And do you think the ACP group should be maintained?*

– There is no doubt in my mind that this is necessary. The ACP group is diverse, and different areas have different needs, but I believe it is in our interest to maintain the group overall. ■

Interview by S.H.

Agriculture: uncertain times

As you drive around, one of the things which strikes you very quickly about Grenada is the diversity of the vegetation. Most Caribbean islands can offer a similarly lush display in gardens and on unexploited land - it is, after all, a natural characteristic of the sub-tropics - but this southernmost of the Windward Isles is unusual in the amount of variety to be found in its cultivated areas. You don't see cane fields stretching to the horizon as in Barbados or Trinidad. Nor are the hills submerged in banana plantations as in Dominica or parts of Jamaica. In fact, Grenada grows both sugar (for the local rum industry) and bananas but these are just two of a wide range of agricultural products farmed for local consumption and export. Indeed, the country's 'Economic and Social Review' for 1995 listed no fewer than 46 cash crops, ranging from avocados to yams, that were marketed during that year. The effect is to create a landscape that is particularly pleasing to the eye.

This may be fine from an aesthetic point of view, but does it put enough money into the pockets of the farmers (many of them smallholders) to guarantee them a reasonable standard of living? And by extension, how far can the country as a whole rely on farming in the future to deliver the export earnings that are so vital for development?

Historically, agriculture has been the bedrock of the local economy, and although tourism is now equally, if not more, important in financial terms, 20% of Grenadians continue to rely on the land for their livelihood, while the sector generates about half of the country's export income. Farmers have always been vulnerable to external forces, be it depressed prices, crop and animal diseases, or the vagaries of the weather - and in this context, the aforementioned diversity is clearly an advantage, allowing growers to spread the risk. If one crop is doing badly, then there are other possibilities available to turn to. On the other hand, this type of farming does not lend itself to the kind of economies of scale which are needed to thrive in a global free trade system.

In export terms, only three of the products listed in the Review have traditionally been significant - nutmeg (with its by-product, mace), cocoa and bananas. Unfortunately, all three have faced problems in recent years.

World leader in nutmeg

Grenada is a world leader in nutmeg production. In 1993, there was a collapse in the world price which led to a big drop in income, with large amounts of nutmeg left unsold. The slump occurred following the collapse of a minimum price agreement with the world's other main producer, Indonesia. A subsequent informal agreement saw prices bounce back, but the industry remains acutely aware of its vulnerability *vis-a-vis* its lower cost, South-East Asian competitor. One response to this has been the construction of a nutmeg oil distillation plant. The factory can process defective nutmeg which would not otherwise be saleable abroad, thereby improving the overall efficiency of the sub-sector. In 1996, the first year of production, US$ 56 000-worth of nutmeg oil was exported.

Income from the island's second main export crop, cocoa, has also been affected by fluctuating international prices. On top of this, yields have fallen due to an infestation of the pink mealy bug (which has hit a number of other crops as well). Grenadian cocoa, however, has a good reputation as a high quality product, and it is normally able to command premium prices when sold overseas. The island has its own chocolate manufacturing operation.

Future of bananas in doubt

Nutmeg and cocoa may have their problems, but the general assumption is that they can survive assuming the right steps are taken to improve efficiency and competitiveness. It is far from certain that the same can be said of bananas. Exports were recently

Two of Grenada's traditional export crops. Bananas surrounded by nutmeg.

The Courier

Product diversity allows farmers to spread their risk.
Here, a grower inspects his paw-paw crop.

suspended due to low quality, and earnings in 1996 were sharply down on the previous year. Given that the growers rely on the protocol preferences accorded under the Lomé Convention, which are under threat (see the article on bananas in the ACP section of this issue), the future looks unpromising. The question that must be answered is whether banana productivity can be sufficiently improved to allow Grenada to compete in a free market - or at least one which is greatly liberalised - over the next few years. Some experts doubt whether this is technically feasible and wonder if it is worth expending the effort. Perhaps diversification into other more promising crops would represent a more efficient use of resources. The government, however, remains officially committed to retaining banana production and again, is looking at local processing as a way of adding value.

There is significant state intervention in the nutmeg, cocoa and banana sub-sectors. Marketing is in the hands of three separate boards which set the prices to be paid to the growers. Through this mechanism, it has been possible to subsidise farmers during lean years, the boards being in receipt of financial top-ups (including, notably, Stabex transfers), when losses are incurred.

In addition to the three 'traditional' agricultural exports, Grenada sells a number of other farm products overseas. Earnings from these fluctuate from year to year and, in 1995, amounted to approximately US$ 1.4 million. The figure could be much higher were it not for controls imposed by neighbouring states on the export of certain items in an effort to prevent the spread of the pink mealy bug.

Looking to the future

On the face of it, Grenada is in a much better position than its banana-dependent neighbours in the Windward Isles. As we have seen, the farming sector is more diversified and includes a number of smaller-scale 'specialist' crops like spices which are particularly suited to niche marketing overseas. As for the non-traditional produce (the most important items here are grapefruit, avocados, peas/beans, mangoes and oranges), the scale of operations precludes bulk exporting to distant foreign markets, but there may be scope to enhance sales within the region and to cater for expanded tourism at home. After all, tourist dollars used to buy local produce are just as good as those earned shipping bananas or cocoa to the North.

Despite the obvious potential, uncertain times lie ahead for the agriculture sector in Grenada. Across the world, farmers are increasingly being exposed to the chill wind of competition - and the comforting blanket of state and preferential protection is beginning to unravel. Small countries, where low-cost, mass production is rarely an option, are particularly vulnerable and must learn to be imaginative and adaptable. They may even have to question their most deeply-entrenched habits of crop production, if they are to secure their place in the sun. S.H.

Grenada: primary product export trends (in EC$ million)

	1992	1993	1994	1995	1996	1997*
Bananas	7.75	4.88	5.70	4.93	1.48	0.27
Cocoa	7.06	8.40	7.95	8.95	7.00	6.60
Nutmeg	6.20	7.07	12.12	9.44	11.27	12.00
Mace	1.62	1.64	1.81	1.64	2.08	2.25
Fish	5.24	6.49	8.36	9.79	8.54	9.33

* Projection
Source: Grenada Annual Economic and Social Review

GRENADA

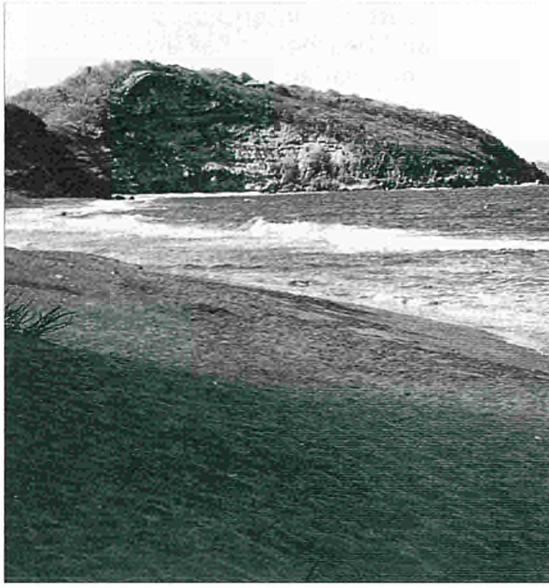
Tourism: a natural competitive edge

In Grenada, as elsewhere in the Caribbean, tourism is now a staple ingredient in the economic recipe. It is all to do with comparative advantage. Traditional farm exports face an ongoing struggle against lower cost producers in other parts of the world. Industrial development is constrained because of the country's isolation from the main markets and the difficulty in achieving economies of scale. But thanks to the blessings of nature, Grenada has the essential elements to compete in the leisure travel sector - which happens to be one of the fastest growing areas of the global economy.

Sunny skies, balmy beaches and verdant vegetation may be key assets but it takes a lot more to ensure they yield a return in tourist dollars. Among other things, you need a properly maintained infrastructure, trained staff and effective marketing. It helps if your country is perceived as safe and stable. And care is needed to ensure that tourism development does not undermine or destroy the natural endowments that attracted the tourists in the first place.

Most of the holidaymakers who visit Grenada only spend a few hours there. These are passengers that dock in the picturesque setting of St George's harbour. In 1996, almost 400 vessels paid a call, bringing with them more than a quarter of a million trippers (mainly from the USA). From a financial standpoint, the individual cruiseship visitors are small beer. Each spends, on average, just EC$50 (ECU 16), mainly on souvenirs and light refreshments. They usually eat on board their ship, served with food that has probably been purchased in Miami. Throughout the Caribbean one hears the complaint that cruise operators buy few supplies locally. Despite this, their overall economic impact is not insignificant, thanks to the sheer numbers involved. The shops in the capital do a brisk trade when a liner is in and there is also the income from port charges. And while numbers fluctuate to some extent according to the season, it is, broadly speaking, a steady business bringing in manageable numbers of people regularly all year round.

Another potentially beneficial aspect, which is more difficult to quantify, is the role of the cruise trade in advertising the island to potential longer-stay visitors. If, every year, 250 000 people or more get a taste of Grenada, and they like it, a proportion will be induced to come back for the full 'three course meal'. This year's cruise visitor could be next year's hotel guest.



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Deserted beach at Levera in the north-west of Grenada

The most important segment of the tourist market in terms of dollars spent and jobs created is the one that caters for 'stayover' visitors. Grenada attracted more than 100 000 of these in 1996. Tourist accommodation is concentrated in the south-west corner of the island and includes a number of high quality beach hotels. The emphasis is heavily on the top of the range with luxury facilities and haute cuisine targeted at higher spending holidaymakers. Although the main products are sun, sea and sand, the country is also keen to stress its diversity. This point was put to us by *Leo Garbutt*, the owner of the exclusive Calabash Hotel and President of the country's Hotel Association. 'Grenada', he argued, 'has a competitive advantage because of its very rich and varied portfolio.' He cited in particular, the opportunities available for water sports enthusiasts (there are some excellent diving sites) and for nature lovers.

There is no doubt that Grenada's stunning natural environment offers scope for attracting visitors with an interest in the ecology. In addition to a rocky

Tourism in Grenada - selected indicators

		% change on 1995
Stayover visitors	108 231	+ 0.2
(USA)	(30 380)	+ 1.2
(UK)	(19 583)	+ 6.0
(Germany)	(7 004)	+ 14.2
(Canada)	(4 205)	+ 7.3
Total spent	US$ 54.4m	+ 7.3
Average spending per visitor	US$ 504	+ 3.0
Cruiseships	392	- 11.3
Number of passengers	266 982	+ 6.8
Total spent	US$ 4.9m	+ 6.8
Average spending per passenger	US$ 19	-

coastline interspersed with bays and beaches, it has areas of pleasantly varied agricultural landscape and a rugged interior dominated by forested mountains. The Grand Etang National Park and Forest Reserve, located in the central mountain range, is just 14 km from the capital. It offers a magnificent setting for the more active visitor, with a variety of walking trails, including a path right round the Grand Etang itself (a lake formed out of a volcanic crater). In the far north-east, but no more than an hour and a half away from the tourist hotels, is the Levera National Park with its visitors' centre, mangrove swamp and bird sanctuary. This region is home to iguana and land crabs, while turtles lay their eggs on the nearby white sand beaches between April and June.

Other options on the tourist itinerary include museums and historical sites, a visit to a spice factory, cocoa plantation or rum distillery, and perhaps a day trip, by air, to the sister islands of Carriacou and Petite Martinique.

Overall, Grenada currently offers an attractive tourist product but there seems to be a consensus that it could be developed further. Indeed, there is a view that this may be an economic imperative given doubts over the future of traditional agricultural exports and the limited range of other economic options. Leo Garbutt believes that tourism will become Grenada's biggest industry by the turn of the century, if it hasn't already done so, and sees it as offering new hope to young, well-educated Grenadians who are often forced to seek employment abroad. Like others we spoke to, he viewed the business in a broader context, offering linkages to local farmers, food processors and other industries.

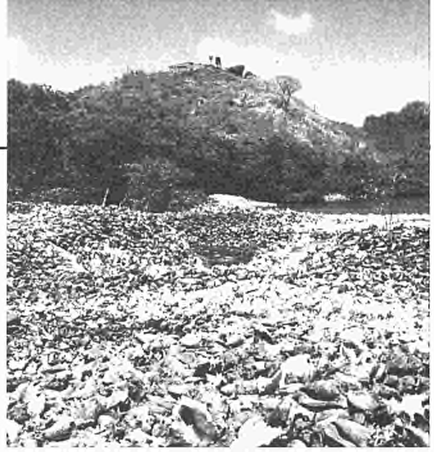
Tourist accommodation targeted at higher spending visitors

The Courier

On the infrastructure side, the Cuban-built airport at Point Salines can handle long-haul aircraft, which is a competitive plus, but the road network is of variable quality. A lot could also be done to expand the range of tourist attractions. The government has recognised this and there are plans to invest in more facilities in the Levera National Park, and in refurbishing two of the string of forts above St George's that were built during the colonial period. The fort project, to which the EU is lending support, offers some exciting possibilities. We were shown round the now derelict Fort St Matthew by local consultant, *Lennox Archibald*, who explained the ambitious proposal for complete refurbishment of the site and buildings. The plans include a museum and a restaurant with terrace offering stunning views of the capital. With imagination, this could become one of the top heritage sites in the Caribbean and a 'must' for both cruise passengers and stayover visitors. Another, smaller scale and unusual tourist development on the drawing board is the rehabilitatation of a site on the south coast where local fishermen dump their conch shells. This is also being backed by the EU. Over the years, these large shells have accumulated in their thousands on the shoreline and the fishermen have used them to fashion salt water ponds where surplus live fish can be stored if there is no market for them at the time they are caught. The plan is to clean up the area, provide a stall for refreshments and lay paths across the mounds of shells for visitors. There must be few places in the world where a waste dump forms the focal point for a tourist attraction!

The Courier

Part of the derelict Fort St. Matthew - due to be transformed into a major heritage site.



The Courier

The Woburn conch shell site on the south coast
Making a tourist attraction out of a dumping site.

The push to boost visitor numbers also implies more marketing abroad and new hotel construction (which means attracting foreign investors). The coup, and subsequent American intervention in the early 1980s are long past but perception often lags behind reality. Those responsible for 'selling' Grenada as a suitable place to invest in tourism may have to work just a little harder than their counterparts in neighbouring islands.

Finally, while no-one suggests that Grenada is currently overwhelmed by visitors, there are those who worry about the long-term ecological impact of tourism. Indeed, a recent proposal to build a hotel and golf course in the Mount Hartman area gained official approval in the face of opposition from local farmers and environmentalists. The government response is that such developments bring economic benefits but they also stress that environmental issues and successful tourism must go hand in hand. Grenada's landscape and natural assets are among its top selling points and no-one wants to see the slow death of the goose that lays the golden eggs. Reassurance, if it is needed, can be found in the rule that prevents high-rise developments springing up. This states that no new building may be higher than a fully-grown coconut palm.

S.H.

'It is dangerous to adhere slavishly to ideological positions' says opposition leader, George Brizan

George Brizan, who leads the opposition National Democratic Congress, was Prime Minister of Grenada for a short period in 1995 following the retirement of Nicholas Brathwaite. The NDC was defeated in the election held in June of that year. In a country which, not so long ago, was a battleground of competing ideologies, one might have expected to find a clear divide between the main parties on economic issues. But as in other countries, the distinctions seem to have become blurred. This does not prevent robust political debate – some commentators feel it may be a little too robust at times. We interviewed George Brizan in April, and began by asking about his party's strategy for boosting the domestic economy.

– We want to consolidate and stimulate agriculture, continue our agro-industrial programme based on the availability of local raw materials, and develop linkages between these two areas and tourism. We aim to attract more foreign investment in the tourist sector, as we succeeded in doing when we were in office. There should also be new linkages between handicrafts and tourism. And we would seek to expand our fish exports further. On the revenue side, we would consolidate the fiscal system to ensure a more even distribution between direct and indirect taxation.

■ *Fiscal policies have fluctuated somewhat in recent years. Income tax was abolished and though now partly reinstated for high earners, it raises little revenue. VAT was introduced and then abandoned in favour of a general consumption tax. Does a more 'balanced' view mean more income tax?*

– No, not at all.

■ *So what form of direct tax are you talking about?*

– Well you have to examine corporation tax and also look at how the property tax is functioning. Our policy is not to tax agricultural land. But the key thing is the relationship between GDP and revenue. Production has suffered over the past two years because the rural economy has collapsed. And as I said, part of our strategy is to resuscitate the rural economy.

■ *You talk about stimulating traditional economic activities. Can you be sure there will be markets for these products in an era of global free trade?*


The Courier

– Let me give you an example of our strategy. With the help of the EU, Grenada set up a nutmeg oil distillation plant a few years ago. This is the kind of low volume, high value product we are talking about. The present position is that nutmeg oil production for the next three to six months has already been sold out. So we are not talking in generalities here. The key is knowing exactly what items you can produce for which a market exists. It is clear we cannot rely wholly on agro-industries but there is room for considerable expansion in this area. As for bananas, the problem is one of global liberalisation. We speak of this as if it were some god that we have to worship. Who says so? I favour free trade, but I think it must be qualified. Adam Smith and others who devised the theory argued it would bring benefits all round. They never contemplated the possibility that there might be losers as well. Even today, how one deals with the victims of the free trade model is a question rarely addressed.

■ *Even if one accepts the intellectual argument, don't you have a practical problem in that you lack international political clout. On bananas, for instance, the Windward Islands have a combined population of less than half a million.*

– The EU is also keen to protect the special arrangements for ACP countries under the Lomé Convention.

■ *Yes, it says that, but its members still signed up to the WTO.*

– We signed too! All we are saying is that it should not be a question of extremes.

■ *But to maintain the preferences, you need to convince the EU not to lower its barriers on competing products from elsewhere. Is that realistic?*

– The GATT has something called 'special and differential treatment' and I argue that this should be invoked in favour of countries that are likely to be seriously damaged by unqualified free trade. I should also point out that developed states have their own ways of protecting their domestic agriculture which make one wonder how genuine their commitment to free trade really is. A recent IMF study revealed that OECD nations spent the equivalent of US$340 billion on farm subsidies. In both Japan and the US, local rice producers are shielded by a raft of measures calculated to be the equivalent of a 60% tariff at the border. The point I am making is, why are we being asked to accept free trade lock, stock and barrel when developed countries do not accept it. In terms of liberalisation, the references to agriculture in the last GATT round were simply tokenism.

■ *Turning now to tourism, isn't there a concern that small island countries in the sun could end up prostituting their culture by allowing themselves to be overwhelmed with visitors?*

– It depends on how the product is developed. You have to have a plan which takes account of the need to protect your cultural heritage. Another factor is the kind of tourist you are seeking and I believe Grenada should continue targeting the upper end of the market. Finally, you need to establish what is the optimum number of stayover visitors relative to the size of the population.

■ *And presumably you haven't reached that optimum yet?*

– No. We are far away from that. Once a system of linkages between tourism and other sectors is in place, the result will be balanced growth across the whole economy. We don't want it to be skewed, with tourism leaving the others behind. This is the kind of thing we tried to fine tune when we were in power. For example, I set up a system whereby we called in the hoteliers and chefs, and the marketing boards, to determine what food was needed every week. And we mandated the boards to provide what was required. That is the kind of practical approach that is needed.

■ *Isn't it somewhat interventionist?*

– Yes, but it is the way you have to do it. You can't leave everything to chance. And as I mentioned earlier, developed countries also intervene heavily in agricultural markets.

■ *Can I ask you about the government's decision to build a coastguard base on Petite Martinique? This has caused a lot of controversy*

– The opposition parties have agreed on a joint resolution condemning the plan. Let me explain our concerns. First, there is the huge volume of equipment that has been sent to the island – to build what they say will be a one-storey building with sleeping quarters for 12 people. There is some inconsistency here. Second, we see it as an unwelcome intrusion into the life and culture of a small, indigenous population. The people of Petite Martinique have been crime-free for the last 150 years. It is one of the rare examples of a close to perfect society. The world community resolved in Rio that such populations should be protected. The people of the island want consultation with the Grenada and US authorities and we support them in this. But it has to be genuine – not simply government officials going and delivering speeches about what they plan to do. Failure to consult smacks of dictatorship. Third, the government says they are building the facility because drug runners are 'hiding behind the children'. This suggests they have evidence of drug operators in Petite Martinique. If this is so, then they should arrest them.

■ *The government argues that Petite Martinique is a stopping-off point for traffickers because of its geographical position and relative isolation – and thus is a suitable place to operate from in trying to stop the trade.*

– This is not the only isolated island, so that argument doesn't stand up. There are many other islands, often uninhabited, which would be much more suitable. We are saying, choose another location in the area that may be even more appropriate.

I should stress our total opposition to the drug business. We support the efforts of the Caricom countries, assisted by the USA and the EU, to stamp out the trade. When we were in office, we set up a task force on drugs and crime which brought together the churches, trade unions, retired policemen, senior police officers, farmers' organisations and youth groups.

But we should also ask ourselves how serious the government really is about this. They are the ones, after all, who passed a law in 1996 encouraging foreigners to set up offshore banks in Grenada. We all know that such banks are a magnet for drug money. That strikes me as contradictory.

■ *Those who favour offshore finance activity argue it is one of the few diversification opportunities available for small island economies. I presume, from what you say, that you are not enthusiastic about this kind of development here?*

– I am not enthusiastic because it is used to launder dirty money in massive doses. It has corrupted politicians and various agencies, including ones involved in law enforcement. In 1989, the UK Government sent an expert to Montserrat to investigate claims of money-laundering. He found overwhelming evidence that this was happening. The US Internal Revenue Service has brought hundreds of criminal cases involving dirty money in the Caribbean. So where is the consistency. If you really want to fight the drug problem, you cannot ignore the institutions that launder the proceeds.

■ *My final question concerns ideology. Throughout the world, left-right distinctions seem to be becoming blurred. Where does your party stand vis-à-vis the government?*

– We don't hold any ideological position. We work on policies and programmes and principles.

■ *So you both accept the basic free market model?*

– Yes. But I am not slavishly committed to the doctrine just because it is fashionable. These things go in phases. Keynes came up with his theory in favour of state intervention and a lot of countries latched on to it. Then there was a backlash. In the developing world, many took the view that one should control the commanding heights of the economy. That approach was later shown to be imperfect. Now we are going back to free markets and free trade. What I am saying is that it is dangerous to adhere uncritically to ideological positions. Doctrines are there to guide you, but you should be ready to adapt them in order to promote growth and welfare – which is the main objective. ■

Interview by S.H.

An artist's obligation to the future

'Why do you paint?' Oliver Benoit smiles when I pose the question. I expect him to answer with words like 'inspiration', 'self-expression'; perhaps even 'money', but he talks first about history.

'Very little', he says, 'is known about the lifestyle of the Carib Indians who used to inhabit Grenada. What is known comes largely from their art. And no culture lasts forever. When we are gone, the art that we leave behind will inform those that come after us.'

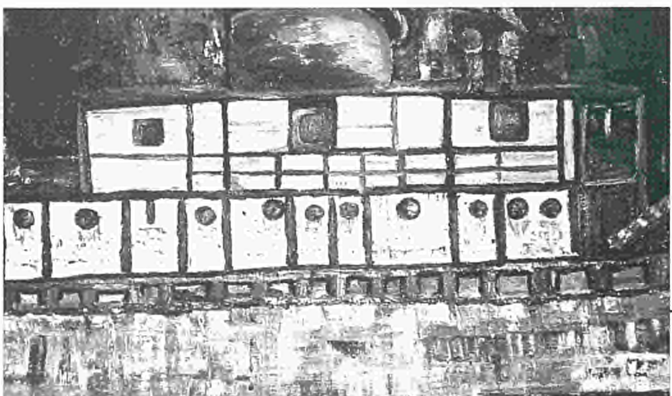
Oliver is a leading light in Grenada's small but dynamic artistic community. As chairman of the local Arts Council, he is striving to raise the profile of Grenadian art both at home and abroad. His own reputation as a painter in the impressionist style is also growing. During the day, he holds down a responsible job as chief agricultural planner for the government.

Discharging an obligation to the future may be one reason why this youthful-looking forty-year old paints, but he also talks about the need to reveal his feelings; to deliver a message about his view of the world. He is described in a local tourist brochure as someone who 'expresses beauty while at the same time expressing the struggle of his people.'

And what about the mighty dollar? Isn't Grenada, with its steady stream of high-spending visitors, a good spot to cash in? The island's setting appears ideal: the picturesque architecture of St. George's, the lush mountainous scenery, the indented coastline punctuated by shimmering white beaches and deep blue waters. Around every bend in the road, it seems, there is a picture waiting to be painted.

Oliver does not dismiss, out of hand, this kind of art, which concentrates on scenic views and cosy portrayals of a human idyll. He himself occasionally paints impressionist landscapes to cater for the 'exclusive souvenir' market. But there has to be more to art than this. He explains in his measured tones, and with no hint of highbrow arrogance, his own commitment to more 'serious' painting, in which he strives to express what is inside him. The medium he now prefers is abstract expressionism. And he wryly acknowledges that this kind of work 'is not so appreciated here, although it has had a good reception abroad.'

An example of Oliver Benoit's art.



The Courier

Oliver takes me to visit his fellow artist, Canadian-born Richard Buchanan, who runs a fine-arts gallery at Grand Anse in the south-west of the island. Most of the pictures on sale here are unlike those you find in the exclusive hotel shops. There is, for example, a striking work by the country's most renowned artist, Canute Caliste, which harks back to the island's troubles in the early 1980s. Caliste, now in his eighties, is self-taught, and many of his paintings - in the naïve style - portray the life and legends of his native Carriacou. Other thought-provoking works with an identifiable Grenadian flavour jostle for space with more abstract pieces.

Plea for a national museum of art

We sit down to talk about how art is faring in Grenada and the discussion quickly turns to resources. The two artists are not looking for massive injections of public funds - this is a developing country after all, with major economic and social challenges to overcome (it is perhaps too easy to forget this as one contemplates paradise from the air-conditioned comfort of a well-appointed hotel). But they offer some persuasive economic arguments for investing in cultural infrastructure. Oliver Benoit particularly regrets that Grenada has no national museum of art. A permanent site for exhibiting local creative talent would, he believes, significantly enhance the island's tourist product. The government is strongly committed to developing tourism, so perhaps his plea will not fall on deaf ears. One possibility would be to allocate exhibition space in the derelict forts above St. George's, which are due to be transformed into a major tourist site (with assistance from the EU).

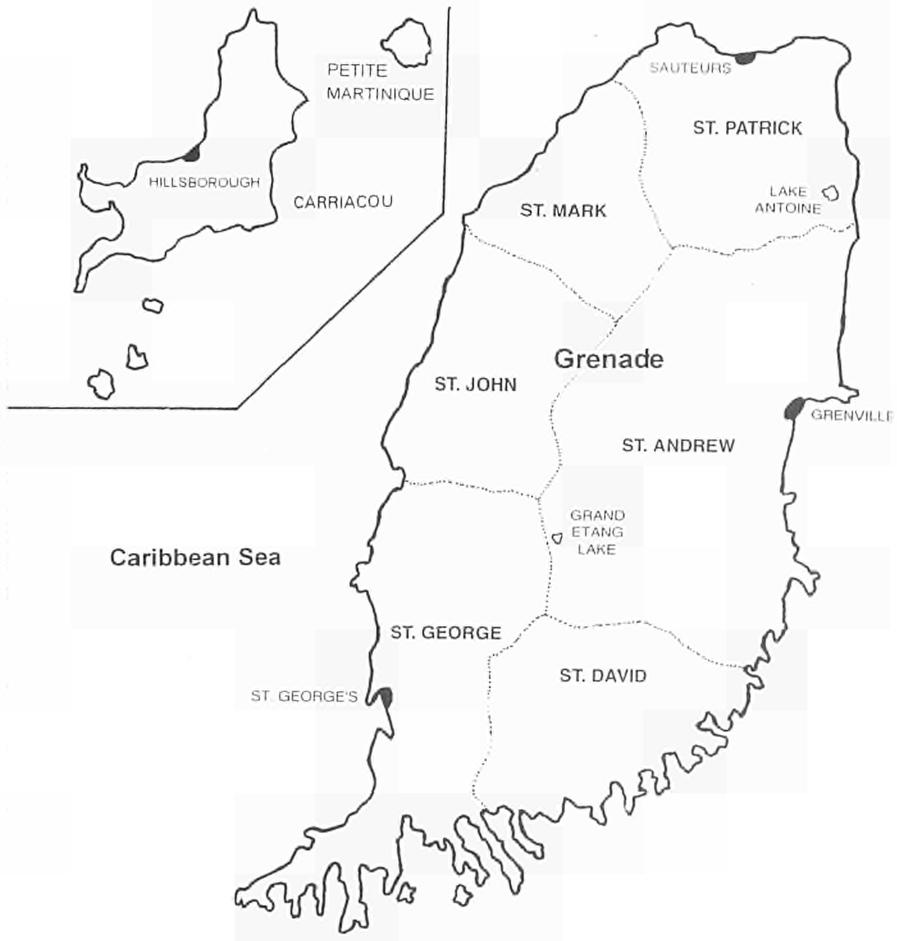
The Arts Council, Oliver explains, organises a display of local works every February and although funds are limited, it purchases a number of the paintings on show to build up a stock - anticipating the day when they can be viewed by the public all year round. It is also trying to improve the country's standing internationally. In 1996, paintings by Grenada-based artists were exhibited in Barbados before going on to the 'Third Biennial' in the Dominican Republic. Earlier this year saw the first exhibition of Grenadian work at the Organisation of American States (OAS) building in Washington D.C. And one of Canute Caliste's pictures was displayed at a recent OAS meeting in Peru.

Both our interviewees emphasise their desire to see art education available to Grenadians in a more structured form. For Oliver, the presence in Grenada of expatriate professional artists has been helpful in providing inspiration for those who are interested in taking up a paintbrush. But he would also like more art workshops to be organised with tutors.

Richard mentions the possibility of introducing art into the secondary school curriculum. 'Training', he acknowledges, 'is not essential to become a good artist. Canute Caliste is living proof of this. 'But', he concludes, 'it might help to release the great untapped potential that we have here in Grenada.'

S.H

Profile



For the location of Grenada in the Caribbean, see the map on page XVI of the Blue Pages at the end of this issue.

General Information

Area: 344 km^2

Population: 98 600 (48% under 20 years of age)

Population growth: 0.6% (1990-95)

Population density: 287 per km^2

Capital: St George's

Language: English

Currency: Eastern Caribbean dollar (EC$), pegged at a rate of EC$2.70 = US$1. (ECU 1 = EC$ 3.12)

Politics

System of government: Constitutional democracy modelled on the Westminster system. There is a bicameral Parliament consisting of a House of Representatives with 15 members elected from single member constituencies and a 13-member Senate.

Head of State: Queen Elizabeth II represented by a Governor-General. The current Governor-General is Sir Daniel Williams.

Prime Minister: Dr Keith Mitchell.

Political parties: New National Party (NNP), National Democratic Congress (NDC), Grenada United Labour Party (GULP), Democratic Labour Party (DLP), Maurice Bishop Patriotic Movement ((MBPM), The National Party (TNP).

Party representation in the House of Representatives: NNP 9, NDC 4, GULP 1, DLP 1.

Economy (1996 figures)

GDP: EC$ 664.85m

Annual GDP per capita: US$ 2500

GDP growth rate: 3.1%

Unemployment rate: 17.5%

Inflation rate: 3.2%

Balance of trade: (Estimates for 1996). Imports EC$ 367m, Exports EC$ 65m, Deficit EC$ 302m. The balance of payments figures are more favourable due to 'invisible' earnings (notably tourism) but the overall deficit is still substantial.

Main exports: nutmeg, fish, cocoa, flour, paper products, clothing, mace, bananas.

Social indicators

Infant mortality: 14.3 per thousand

Human Development Index rating: 0.843 (54th out of 175).

Education: 3500 infants attend nursery schools. Universal education for children aged 5 to 15 (23 500 pupils). 7300 students in secondary education.

Sources: Economic Intelligence Unit, 1997 UNDP Human Development Report, Grenada Annual Social and Economic Review (1996 draft).

GRENADA

Grenada-EU cooperation

Focus on infrastructure and tourism

by George D. Gwyer*

In many ways, Grenada's development opportunities and challenges reflect those of the Windward Islands as a whole. Blessed with mountainous scenery, tropical forests, clear coral waters, and magnificient sandy beaches, coupled with a friendly and courteous people, Grenada has all the natural assets for attracting tourists from Europe and North America. The history of the French and British periods provides monuments of the past to diversify the range of attractions for tourists. A large airport built by Cuba in the early 1980s facilitates tourist arrivals.

But Grenada faces a number of economic constraints in common with other small island economies: high per capita administrative costs; a narrow fiscal base; environmentally fragile natural resources; small scale farming subject to international price fluctuations; significant unemployment accompanied by shortages of key skills and emigration; high international transport and trade costs. These basic economic constraints, linked to a period of political turbulence in the early 1980s, have limited Grenada's economic performance in relation to its neighbouring Windward Islanders.

The growth strategy dilemma has been compounded by macro-economic imbalances stemming from periods of political instability. These imbalances have been partly addressed by a home grown structural adjustment programme in the early 1990s which was supported by the EC.

EC support at this time helped to improve fiscal performance and the renewal of dialogue with the Bretton Woods institutions, while mitigating to some extent the adverse social effects of increasing unemployment and reduced spending on health and education.

Dealing with economic stress

Social indicators suggest that Grenada managed to maintain relatively high average standards of living and levels of health and education, even in times of macro-economic difficulty, but that pockets of poverty still exist. Budget constraints have limited the extent of public service provision, so that consumers have always paid part of the cost of health and education services.

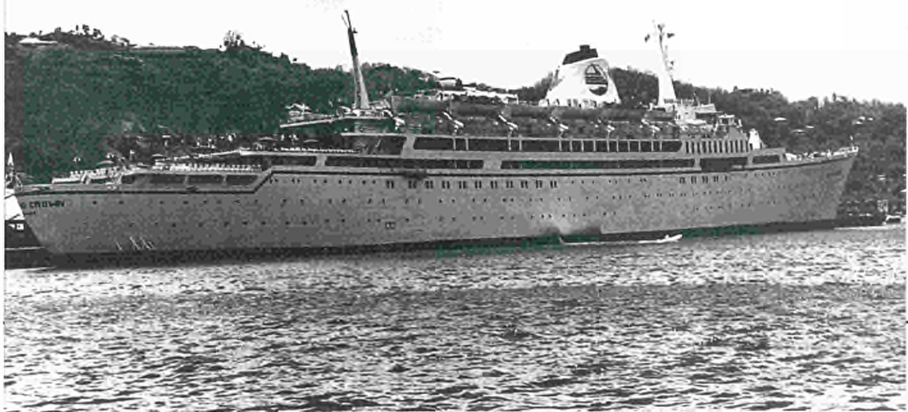
The onus has always been on the traditional extended family to provide its own immediate social safety net in times of economic stress. As most of the population has access to land and/or the sea, basic food needs can be met. Such needs may be supplemented by remittances from family members working abroad.

Clearly, tourism growth alone does not provide a sufficient basis for a development strategy. There is a marked seasonality of tourist arrivals associated with the northern winters. How can tourism-led growth contribute to the needs of Grenada's population for jobs, education and social services? Unemployment stands at 17% and is particularly acute in rural areas. How can the rural-urban drift be stemmed? How can agriculture, which is in decline, be resuscitated to complement the market opportunities provided by tourists?

Traditional agricultural exports of bananas, cocoa, and spices (particularly nutmeg and mace) face market constraints. In recent years, banana exports have dwindled due to the difficulties of controlling leaf spot in the rugged terrain. Spices face competition from Indonesia. Cocoa plantations attacked by the pink mealy bug, could perhaps be rehabilitated, but young people no longer regard farming as a particularly satisfying career. Exports of fruit and vegetables to regional markets have been banned because of fears of spreading the pink mealy bug.

Are there ways in which tourism can help to sustain agriculture? The cruise ships that bring tourists to the natural harbour of St George's stock up with food in Miami. Grenada's food import bill continues to grow, as consumer tastes shift towards international diets. Clearly, there is scope for providing from local resources a greater proportion of the food and drink consumed by visitors. But the spice farms themselves are an attraction to tourists and can

The cruise ships that bring tourists to the natural harbour of St George's stock up with food in Miami.



The Courier

* Head of EC Delegation, Barbados and the Eastern Caribbean

Part of the Peggy's Whim water system and the NAWASA (National Water and Sewage Authority) workers who keep the system running.

be made part of tourist circuits, along with nature trails and visits to eco-tourist sites.

It is against this background that EC development assistance to Grenada can be viewed. There have been two principal thrusts. On the one hand, support has been given to improvements in basic infrastructure: notably with roads and water supply. On the other, assistance has helped to diversify Grenada's tourism product, to attract more tourists, and to help multiply the benefits of tourism in the rural economy.

Successive National Indicative Programmes (more than ECU 30m has been committed through the NIPs) have helped to improve the road network, the supply and distribution of water, tourism and education. In rural areas, a number of microprojects have improved the quality of life in village communities, for example through the renovation of health centres and the provision of multi-purpose hard court areas. For many years, the EC has been involved in the rehabilitation of the Eastern main road linking St George's with Grenville and Sauteurs, a road of significance for trade and tourism. Another project has rehabilitated 25 farm roads stretching over 40 km in total throughout the different parishes of the country. This improved access permits farmers to reach their fields more easily and obtain higher returns from their produce by getting it to market with less spoilage.

Stabex funds arising from losses in export earnings from nutmeg, mace, bananas and cocoa have been used to support rehabilitation programmes in rural areas, in combating pests and diseases, and for adding value through crop processing. The nutmeg oil distillery project at Marli in St Patrick's and the Laura Spice and Herb garden in St David's are good examples of the linkages that can be made between tourism and agriculture.

Grenada has been actively promoted as a tourist destination in Europe: the Grenada Tourism Board has opened an office in Germany, while Grenadians have been trained in tourism promotion and marketing, including participation in tourism fairs in Europe. A tourism product enhancement project has provided improvements to Levera National Park and is rehabilitating some of Grenada's important natural and historical attractions, such as Fort Frederick and Fort Matthew, the Annandale Falls, the Conch shell area at Woburn and the old Church in Grenville. Funding under the project is also supporting the creation of artificial reefs on the west coast to provide more quality diving sites. Grenada's sister isle of Carriacou has not been overlooked. The main jetty at Hillsborough has been improved to encourage more trade and tourist ships to visit the island, while the local museum has been renovated.

NGOs have received finance to help combat AIDs, provide for the elderly, and impart skills to unemployed youth. New programmes for discouraging drug abuse are currently being worked out under the 8th EDF.

As part of a major OECS (Organisation of Eastern Caribbean States) tertiary education programme, a learning resource centre has been built and equipped at the T.A. Marryshow Community College. This includes a library, study rooms, computer facilities and a language laboratory.

The Peggy's Whim water supply project has improved the supply of water to the people of St Patrick's and parts of St Mark's and St Andrew's. Further assistance to water supply under the 8th EDF NIP will concentrate on improvements to the water supply system in the drier south, in collaboration with the French and British bilateral aid programmes.

All of these project contributions have been valuable, but the challenge remains for Grenada of working out more comprehensive sectoral policies in parallel with the restoration of growth in the economy, and to try and ensure that the benefits of tourism are distributed widely for the social and economic development of all the people of Grenada.

G.D.G.

Adding spice to the tourist recipe

The smell hits you as soon as you enter. It is a pleasant sensation with cloves predominant, a hint of ginger and the tantalising whiff of other unknown but exotic plants. Grenada is also known as 'the Isle of Spice' and here in the Laura spice factory we learn how an EU-supported project is helping the country live up to its alternative name.

The factory, and the adjoining garden, which are run by the Minor Spices Cooperative Marketing Society, offer an interesting commercial mix – on the one hand, a production venture which processes and packages locally grown spices and on the other, a tourist attraction. Visitors – up to four hundred a day at the height of the season – are encouraged to take guided tours round the attractively laid-out herb and spice garden and learn more about the island's many plants and trees which lend their flavour to Caribbean cuisine. And if you fancy taking home a taste of Grenada, you can make your purchases afterwards at the factory shop.

The plant offers a range of bottled and packaged products including cinnamon, cloves, pimento, turmeric, bay leaves and ginger. Recently, it has branched out into prepared seasonings with special mixes available for fish, poultry, pork and curry meals. The factory obtains the fresh spices from cooperative members as well as buying from other growers, and its local sales are supplemented by exports to Barbados, Antigua, Trinidad, St Kitts and Dominica. It is an all-year-round business which employs ten people.

The Courier

Spices drying in the sun.

Tourists making a purchase at the factory shop.

The Courier

The Laura spice operation, which was established largely with Stabex funds, has been up and running for less than two years – and it has some way to go before achieving full viability. *Lovena James*, who is the acting manager of the factory, is pleased at their success in exporting regionally, but is keen to widen the overseas customer base to include the lucrative US market. With this in mind, she recently attended a trade show in Miami to spread the word. She acknowledges that overseas competition is fierce. Indeed, the cooperative cannot realistically expect to compete 'head to head' with low-cost mass producers of spices from Indonesia and elsewhere. The key, according to Ms James, is to exploit the high quality of the local product and capture niche markets. More working capital is needed to do this successfully, she emphasises.

With Grenada's traditional agricultural exports under pressure, this is the kind of value-added operation which the country is keen to develop. Benefits include a wider range of growing opportunities for farmers, much needed local employment and more foreign earnings to help offset the balance of payments deficit.

Perhaps a marketing slogan would help. How about 'Favour the flavour of Grenada'? S.H.

NGO annual assembly

On 11 and 12 April, Brussels hosted the 23rd annual general assembly of the European development NGOs. The event was preceded by a conference entitled 'Beyond Lomé: towards a renewal of the partnership', organised at the initiative of the NGO Liaison Committee. This was one in a series of informal discussions staged to consider the future of ACP-EU relations. Some fifty invited ACP representatives had the opportunity to meet their European counterparts and to discuss the key issues in a series of workshops.

Overall, the conference brought together 400 representatives of ACP and EU civil society. Organisations represented included NGOs, research institutes, the private sector and trade unions. Their main task was to respond to the options set out in the Commission's Green Paper and they recommended a number of alternative solutions to the current Lomé arrangements. In cooperation with other European NGO networks, the Liaison Committee had prepared a short discussion document to help guide the debate.

Presenting the Green Paper on behalf of the Commission, *Philippe Soubestre*, the Director-General for Development, said the aim was to take a constructive approach based on two objectives: to give new impetus to discussions about development cooperation policy, and to offer as many people as possible the chance to voice their ideas and criticisms. He expressed satisfaction at the NGO community's interest in the future of ACP-EU relations and gave an assurance that its contribution would be taken into account when the time came to formulate proposals for the negotiations.

The NGOs welcomed the idea of the Green Paper as a kind of 'rallying call', but drawing on their experience of working with people on the ground, they expressed some concern about the direction the debate was taking. The view was that the Green Paper did not provide a valid response to the many challenges faced by both EU and ACP countries. Citing major changes in the international economic and geopolitical order, the NGOs spelt out the priorities they believe should be taken into account in future.

Eradicating poverty

Top of the list was strengthened partnership to achieve poverty alleviation. It was an issue on which the views of the NGOs and the other sectors of civil society represented at the meeting coincided. No one would dispute the basic fact that more than a quarter of the world's population lives in unacceptable poverty. Human development indicators reveal the scale of the problem in many ACP countries. Regrettably, it was felt that the impact of the Lomé Convention in this area had been less than convincing.

More than a quarter of the world's population lives in unacceptable poverty.

Vivant Univers

Delegates argued that the campaign to eradicate poverty should become the common denominator for all policies formulated under ACP-EU cooperation. They suggested that, in future, greater emphasis should be placed on promoting just and fair social development in all ACP countries. Reference was made to the objectives at Article 130 U of the Maastricht Treaty; sustainable economic and social development, the smooth and gradual integration of developing countries into the world economy, the campaign against poverty, and the consolidation of human rights, democracy and the rule of law. The NGOs' view is that the point about tackling poverty should be given top billing. From a reading of the Green Paper, however, they felt the Commission had decided to concentrate on another element in the list, namely 'the gradual integration of the ACP countries into the world economy'. Given what they regard as the perverse effects of globalisation and economic liberalisation, they see the two objectives as potentially conflicting. Unrestrained free trade, they believe, leads to greater inequality, more economic marginalisation and ultimately, to higher poverty levels in the ACP countries.

The NGO position is that a strategy to combat poverty based solely on competition-led growth and entrepreneurial development is somewhat fanciful. The benefits, they say, do not necessarily reach the most deprived populations, citing as evidence the fact that the private sector is unable to provide universal health care. In this context, they call for the use of the term *poverty eradication* rather than *poverty reduction* – the expression employed in the Green Paper.

Some delegates regretted what they saw as the failure of the Green Paper to take full account of key recommendations made at the various UN summits (Rio, Vienna, Cairo, Copenhagen and Beijing) in respect of people-oriented sustainable development. Poverty, they argued, could only be tackled through social investments. The Copenhagen Summit's 20:20 compact on improving basic social services was seen as providing a good frame of reference, and it was felt that the EU should give priority in its aid to ACP governments which are genuinely involved in implementing this. Other suggestions included supporting income-generating activities, strengthening civic organisations, developing local institutional capabilities, and tackling discrimination against women.

Finally, the NGOs called for improved coordination of development policy measures with other EU policies, to achieve greater overall consistency. It was pointed out that the EC Council had adopted a resolution in December 1996 stating that 'the campaign against poverty cannot succeed unless developing countries are integrated into a global plan'? In the final analysis, the NGO community will judge the Commission's Green Paper on its ability to implement specific and effective programmes to combat poverty and promote social development.

Consolidating partnership

The principle of partnership – an essential pillar of the Lomé Convention – came in for sharp scrutiny. As anticipated, speakers were almost unanimous in condemning past and present Conventions for keeping them effectively on the 'sidelines' in the consultation process. The Lomé system, they argued, is heavily weighted towards intergovernmental exchanges. They also drew attention to problems faced by those involved at the grass roots in gaining access to information on 'Lomé', going on to denounce the 'obscure' and ' 'impenetrable' nature of certain procedures under the Convention. Such 'deficiencies', they feel, have contributed significantly to the disappointing results of Lomé in terms of economic and social development in the ACPs.

In his speech to delegates, *Mr C. Bishop* of the Caribbean Centre for Development Policies even questioned the very concept of 'partnership'. He called for a more precise definition of the 'partners' referred to in the Green Paper, pointing out with some regret, that few individuals were even aware of the existence of the Lomé Convention.

Most representatives felt that civil society, including NGOs, should be at the centre of any new partnership, with an active role in development programme negotiations. This involvement should be at both international and national levels, and at all stages (design, preparation, implementation and evaluation of projects). With this in mind, *Michael Aaronson* (Save the Children Fund, UK), argued that 'new consultation and information mechanisms are more necessary than ever'. Similarly, solidarity and increased partnership between the ACP countries and Member States of the EU were felt to be necessary, if coordinated and equitable negotiations were to take place with international bodies such as the World Bank, the IMF and the WTO.

Along the same lines, few delegates favoured breaking the ACP group up into segments – an approach which many believe is implied in the Commission's Green Paper. The feeling was that the ACP 'hard core' – soon to be joined by South Africa – was essential to consolidating partnership with the EU and that it should continue to exist. Some speakers, who seemed resigned to the inevitability of a less unified approach, stressed that the criteria for and forms of any differentiation in relations should be defined jointly.

In their final recommendations, delegates also urged the EU to help ACP countries create the necessary conditions to promote their competitiveness. This embraces such areas as infrastructures, technology, access to information and training, local and foreign private investment, trade regulations and access to capital.

Improving political dialogue

Much of the work of the NGO Assembly was devoted to operational issues and there was also a voting session. At the outset, however, *Agostino Jardim Gonçalves*, President of the Liaison Committee, spoke of the need for NGOs to reassert their position in the field of international cooperation, and for their action to be coordinated with the Union's policies.

For his part, the European Development Commissioner, *João de Deus Pinheiro*, acknowledged the NGOs' role as natural interlocutors in the process of opening up the partnership to civil society. He also stressed the importance of working with the NGOs, saying that there should be a *modus vivendi* on the strategies to be adopted. The Commissioner went out of his way to emphasise that the EU wanted to revitalise its cooperation with the ACP countries, not to abandon it, as some parties had suggested.

Throughout the Assembly, it was possible to identify a common purpose motivating the European NGOs and Commission representatives as they sought to improve the quality of their cooperation. This was reflected by the clarification of a number of criteria, concepts and conditions of work. There has been substantial progress in collaboration between the two sides in recent times. *Jacob Houtman*, Director in the Commission's Development Directorate-General, nonetheless recognised the need for further improvements 'to guarantee better consistency and complementarity between the approaches adopted by the NGOs and the EU.'

The NGOs are keen to have a political dialogue with the European institutions so that the values underlying their actions are 'better perceived' by the latter, whilst their independence is preserved. They also want the conditions of access to various budget lines to be more adapted to their specific requirements.

K.K.

Globalisation: some key questions

If there is one term in fashion these days to which Paul Valéry's formula - 'what is simple is false; what is complex is unusable' - can be applied, it is 'globalisation'. Regardless of the problem, globalisation is not on trial, here, nor up for approval or subject to criticism - this article is no more than an attempt to explain it.

I. From when does the term 'globalisation' date?

In English, the word 'globalisation' means no more than the transition to a geo-finance system during the 1980s, whereas, in French – and in all other Latin languages – its equivalent relates essentially to the geographical dimension of the phenomenon.

In point of fact, the globalisation phenomenon we are witnessing today does not date from the 1980s. Historians maintain that its origins lie in the history of the modern western world since the 15th century. However, it manifested itself particularly during the 1980s at a time when consideration was being given to the following two questions:

- How should a global strategy for multinational undertakings be defined?
- How should international trade be organised – on a regional or on a multilateral basis?

Admittedly, economic internationalisation has been the foundation of capitalist society since the 16th century. From the standpoint of international trade, the average level of external interests on the part of today's economies is nothing new. For the industrialised nations, the ratio of international trade to production was 14.3% in 1993 – but it was already 12.9% in 1913. However, the progression since the beginning of the 1970s (for the 'developed' countries taken together) reveals what appears to be a transition from growth centred on domestic demand to an export-led system.

A further apparently significant characteristic of globalisation nowadays – the boom in direct investment abroad – is merely the continuing manifestation of an established historical trend. In 1913, the direct investment flow/GDP figure for developed countries was 3%. In 1990 it was 4%. So the overall proportion has not changed significantly. What is different today is the multilateral nature of direct investment, which is largely divided between the world's three main economic blocs (the US, Europe and Japan).

Another new phenomenon, dating from the 1970s, is genuine competition from the emerging nations of Asia and Latin America.

In the 1980s, financial globalisation led to mobility of capital. In 1975, international securities transactions represented less than 5% of GDP in the leading industrialised countries. Twenty years later, they stand, for example, at 1000% in the United Kingdom.

Since the early 1990s, international competition has expanded to include financial services, transport, the audiovisual sector and telecommunications. Companies are becoming increasingly international in nature. And the emerging economies, or those aspiring to join this 'club', have dramatically increased their share of global direct investment – from 17% of the total in 1990 to 44% in 1994.

II. What major changes have there been over the past two decades?

- International trade continues to grow at a faster rate than production;
- Major undertakings have developed their places of business abroad via a boom in direct investment in both production and innovation;
- The internationalisation of financial markets continues apace, having a direct influence on the balance of payments equilibrium and the fixing of exchange rates.

Three main characteristics explain these effects brought about by the financial markets:

- They aim to optimise returns at world level, whilst at the same time seeking to avoid long-term immobilisation of capital;
- Financial flows are fifty times as important as transactions involving exports of goods and services;
- Movements of private investment funds involve amounts larger than central bank reserves.

Voluntarist economic policies have therefore had to evolve, since international financial circles evaluate and, above all, continually anticipate decisions by governments and therefore constitute a counterbalance to the authorities.

Globalisation has its own rhythm – the rhythm of access to the world market, although it naturally varies according to the country or the economy. 'Global power' is now characterised by the compression of time: the cost of transmitting information continues to plummet and it is therefore the speed at which information travels which is crucial.

III. From where, then, does globalisation derive its legitimacy?

By making the international division of labour, economies of scale and competition more efficient. Some view this as having positive aspects – the wider availability of various technologies and the fact that many developing countries are able to 'catch up' more rapidly. In its most recent report, the International Monetary Fund demonstrates that, far from being a curse, globalisation enables countries to seize opportunities, irrespective of their degree of development. It is not globalisation but industrial technological progress which is the main factor behind increasing unemployment in the short term. It would therefore be illusory to reject globalisation in favour of safeguarding standards of living and employment. As far as the IMF is concerned, the experience of the North American Free Trade Agreement (NAFTA), for example, is a demonstration that jobs lost through the relocation of US industries to Mexico are more than offset by the creation of jobs with a higher added value back in the US. The same IMF report also rejects the widely accepted idea that liberalisation of trade results in a loss of economic sovereignty. According to a top IMF official, 'there is no limit on governments' autonomy, only a restriction on making economic policy errors'.

Obviously, not everyone shares this orthodox view. Some people criticise the negative aspects of globalisation and, in particular, the way in which those who are already 'on the scrap heap' (populations or countries) are marginalised as a result of a lack of governmental regulation. (On this point, see the article entitled 'Alternatives or criticisms')

Supporters of globalisation also maintain that its legitimacy derives from a number of theoretical suppositions.

One of the oldest of these (18th century) is utilitarianism. As far as its founder, *Bentham,* was concerned, poetry has greater value than hopscotch, quite simply because people prefer poetry to hopscotch.

Another is that which deals with the 'law of outlets' (early 19th century). According to its originator, Jean-*Baptiste Say,* 'supply creates its own demand'. Many contemporary economists maintain that, in the long term, global demand is not the reason behind countries' wealth. On the contrary, it is probably the creation of wealth which gives rise to the demand for wealth to be spent.

The most important one is, naturally, absolute confidence in the law of the market.

As a mechanism, the market reveals the effects of the law of supply and demand. It reacts to signals, namely prices.

According to *Philippe Engelhard*, in his book entitled 'L'Homme Mondial' (The Global Man), the idea that the market is always preferable to 'coordination' is a result of the 'perfect competition model'. Solely on account of competition, this model leads to an optimal situation, but at the expense of hypotheses which are rarely satisfied in everyday life. Moreover, recent research shows that this optimal situation is unstable (*Sonneinshen* theorem). Its champions, however, maintain that 'imperfect' competition is always preferable to coordination. If not all the conditions of competition are fulfilled, however, there is nothing to prove that the fulfilment of just some of them will take us close to the optimal situation.

Others refer to the fact that the market is not only a mechanism but an 'institution' and must therefore be regulated. According to *Ronald Coase* (winner of the 1991 Nobel Prize for Economics), the economy of the experts is more concerned with price mechanisms than the concept of markets as social institutions with players, rules, rights and obligations.

Much criticism has been levelled at what might be called 'the religion of the market'. An ideal free market can function only if all the conditions of competition are fulfilled. In fact, a key aspect of these conditions is the availability of information – meaning not only access to the information but, above all, the ability to make some sense of it. When conceived in this way, the market is a 'culture' and, from this viewpoint, poverty is a hindrance to the market's operation, and *vice versa*.

Moreover, nowadays, the law of supply and demand no longer has the same meaning as in the 18th century. In market terms, a 'need' is not the same as demand unless those who have the need are solvent and are therefore in a position to provide something in return. One need only look at the enormous disparity in income at world level, and the concentration of production and trade (17% of the world's inhabitants account for 80% of total production and 83% of world trade) to see that the global market cannot be regarded as an ever-reliable indicator of need.

Finally, beyond this lack of symmetry in the markets for production and trade, developments in financial speculation have added a new dimension. Entrepreneurs are no longer present in the markets solely as a function of real demand (in the physical sense). They are to be found operating outside the sphere of production, particularly when it is possible to obtain a higher rate of return with less risk and effort. Such entrepreneurs, or 'leisured capitalists' can be found in the South as well as in the North.

One of the most recent concepts devised (in the mid-1970s) to legitimise the effects of globalisation is 'rational anticipation'. According to this theory, monetary and budget policies are only capable of influencing business and employment if individuals are mistaken in what they expect to happen. Therefore, only policies which are not anticipated will have a genuine impact. The assumption behind this theory is that each player, in making rational choices, anticipates new policies and their effects, and is naturally able to divert them or avoid their effects. Moreover, individual rational choices as an articulated whole constitute optimal collective choices.

IV. Is the significance attributed to globalisation exaggerated?

Many observers are of the opinion that this significance is, in fact, limited

First, there is poor economic integration at trade level: the relationship between world trade and GDP regained its 1913 level only in 1973. For example, the European Union's foreign trade represents only 10% of its GDP, a level comparable to that of the United States. This North/North relationship represents, moreover, more than 60% of international trade, and trade with countries which have lower manpower costs is minimal.

In investment terms, the North/North relationship represents over 95% of world stock.

As for the currency markets, although $1000 billion changes hands every day, the saving is always invested in the country of origin. Transfers and movements of capital originating in the rich countries finance only 5% of investment in developing countries.

Furthermore, 'global' undertakings are few and far between and their economic influence is the same as it was 30 years ago.

Exporting from a national base is more important than production by subsidiaries based abroad – only *Ford* and *Sony* employ more than 50% of their staff abroad. On the other hand, in small open economies like Switzerland or Sweden, the figure exceeds 80% and, in the case of *Nestlé*, is as much as 96%. In addition, it is rare to see foreign directors forming part of the senior hierarchy of multinational undertakings.

Finally, the multinationals continue to finance the essential part of their capital on local financial markets.

Another argument is that the trend is not all one way in the direction of 'interdependence'. Fragmentation is also taking place, with new poles of attraction – not just economic but also cultural, political and social – coming into being.

In economic terms, multinational companies profit from globalisation. 40% of world exports are controlled by just 100 undertakings. There are also often sectoral arrangements between companies operating in the same area leading to the emergence of global oligopolies.

In more general terms, the distinction between 'local', 'national', 'regional' and 'supranational' is becoming blurred, as evidenced by the creation of economic zones, be this in North America, Europe or South-East Asia.

The years since the late 1980s have been characterised by a multitude of regional integration agreements: the Single European Act, the Maastricht Treaty on European Union, NAFTA (North-American Free Trade Agreement), MERCOSUR (South American Common Market), ASEAN (Association of South-East Asian Nations), APEC (Asia-Pacific Economic Cooperation), etc.

In the great regionalism versus multilateralism debate, we can see a tendency towards increased regionalisation of trade at world level. However, in parallel, there is also an increase in inter-zone trade, essentially as a result of dynamic economies in Asia. For this reason, from 1990 onwards, trade between Europe and Asia has become more important than trade between Europe and the US.

These two observations lead many to infer that regionalism has not led to the formation of conflicting commercial blocs, with efforts at multilateral liberalisation. Some maintain, even, that regionalisation has a part to play in globalisation, constituting an 'apprenticeship' period. As regards the future of regionalisation, there are, nevertheless, two concerns. First, agreements which link countries to products which are too similar or on a market which is too restricted quickly reach their limits. Second, development imbalances between partners within certain zones makes them less stable.

V. Financial globalisation (see article later in this Dossier entitled 'The financial markets)

VI. What are the challenges posed by globalisation?

These are many and they relate to three aspects which are both essential and synthetic.

First, globalisation requires social cohesion, from the instant that solid economic relationships within one and the same living space become strained. Social cohesion, therefore, can no longer be founded on shared economic interests.

Second, there is a need for policies to be redefined, since isolated, short-term policies will be called into question by globalisation and external constraints.

Given the dominant position of financial operators on the world scene, return on capital (the interest rate) must be attractive and give them reason to feel confident. Against a background of free movement of capital, this brings with it a degree of exchange-rate stability (except in the event of short-lived competitive devaluation). Exchange rates have therefore sometimes ceased to be an economic policy instrument and their stability has become an object in itself. Nonetheless, governments' room for manoeuvre is undeniably reduced. In fact, strict monetary management gives rise to high real interest rates (the rate of inflation deducted from nominal rates). Some have no hesitation in explaining that poor growth rates are the result of such an increase in real interest rates and, in order to be free from these monetary constraints, propose boosting economies through public borrowing. But high public debt, in itself, leads to high interest rates – which curtail growth and lead to debt being paid off too slowly. It is not clear whether this

Globalisation and the international monetary system

With the abolition of the Bretton Woods system in 1971, flexible exchange rates were introduced (1973). The end of the dollar/gold link led the currency exchange markets into the financial globalisation process. The absence of an international currency other than the dollar is possible only by virtue of the US deficit. According to the IMF, the US national debt is equivalent to 30% of that of the OECD countries.

Financial capital has gradually become the keeper of the public debt, which governments have transferred to it. This represents a significant proportion of the domestic product (20% of budget spending, 3% to 5% of GDP).

However, this takes place against a background of an unstable international monetary system where strong currencies float without reference to an official parity or to any common standard. The system of floating exchange rates makes them volatile.

For this reason, some would propose the definition of 'real' exchange rates which would serve as anchors for nominal monetary rates (acquisition power parity of currencies versus purchasing power parity).

is a vicious circle or an inevitable consequence of the system.

In global terms, the asymmetry of the international monetary system which causes such imbalances (the dollar being still the pivot of the system) justifies the US balance of payments deficit, leading to unfavourable advance payments and periodically increasing pressure for high interest rates.

It must, however, be noted that recently (May 1997), despite the declarations of the G7 finance ministers in Washington, the dollar has maintained its newly-acquired status as a strong currency and has continued to increase in value over European currencies and the yen. The federal budget deficit looks as if it will reach its lowest level for 20 years, and there is a possibility of it being eliminated altogether within five years. It remains the case, however, that the United States still needs the rest of the world to finance its trade deficit.

Third, globalisation requires a shared ability to control interdependence.

VII. Globalisation and employment (see article later in this Dossier entitled 'Employment aspects')

VIII. Who are the players involved in globalisation? (See article later in this Dossier entitled 'What role for the State?')

It is possible to identify three phenomena:

- the relative erosion of conventional and traditional powers, particularly state or inter-state powers;
- the increasing power of networks as counterbalances, particularly global undertakings and financial markets;
- the emergence of new dissident players who also attempt to form networks and who seek not so much to join battle with the existing powers as to set up new areas of legitimacy.

Looking beyond the role of the state, is it correct to say that the national level is now a thing of the past? It must be recognised that now that companies and capital can move freely around the world, the competitiveness of domestic enterprises can no longer be equated with the competitiveness of nations. At the same time, the financial world must take account of determining domestic elements. It cannot simply abolish them. Thus, price structures for identical products in different national markets are based on national factors. In European countries, the average price for the same model of car can vary by around 20%. The same is true of agricultural produce at international level, if only because of the levels of subsidy which are granted. A further example would be stock markets, which are also influenced by domestic conditions. In May 1996, the relationship between the value of shares and the return on them varied from 110 in Japan to 10 in Sweden. Finally, advance payments by contractors – and how optimistic or pessimistic they feel – are still much more closely linked to their domestic context than to a perception (which they still do not have!) of increased global economic interdependence. There are other examples, needless to say!

IX. What influences does economic globalisation have on international trade?[1]

First, it should be recalled that the GATT Uruguay Round led to the creation of the World Trade Organisation (WTO), which currently has 126 Member States.

It is also enlightening to look at some global statistics. Since 1990, world trade has increased by 6% *per annum*, as against under 4% *per annum* during the 1980s. In 1995 world trade in goods increased by 8% in volume terms – four times the growth in world GDP.

In the view of an impartial expert, *Jean Pisani-Ferry*, this means that genuine integration in terms of trade and direct investment is taking place. Comparative advantages of different countries are being exploited in international trade, thereby fomenting growth and development in a sizeable portion of the world economy.

Why is the US currency undervalued?

(According to *Philippe Engelhard*, 'The Third World War has broken out', Paris, Arléa, 1997)

The US acts as the world's banker and, in this role, it provides dollars to non-residents. This leads to a significant exit of dollars from the country and therefore a deficit in its current balance and/or its capital balance. Moreover, its savings are insufficient to finance both its investments and its public deficit.

The rest of the world's demand for dollars equals the US's finance requirements. This leads to a deficit in its current balance, made possible by the budget deficit which is itself financed externally. Such financing leads to the purchase of US Treasury bills and, therefore, to an increased demand for dollars on the exchange market. These dollars go back into the US banking system. In addition, the US current account deficit causes a marked exit of dollars abroad. Increasing external deficits give rise to a downward trend in the dollar.

1. A future 'ACP-EU Courier' Dossier will address this topic

However, is there, perhaps, a lack of synchronisation between such commercial development and economic globalisation? This is the question the WTO attempted to answer at its first ministerial conference in Singapore in 1996, just two years after the organisation was established. It was clear from the agenda of the meeting that full liberalisation of trade has not yet been achieved – not only in terms of reducing customs duties on industrial products, but also as regards agricultural export subsidies and the opening-up of markets.

Future negotiations will have as their aim the liberalisation of financial services and telecommunications, two sectors which are becoming increasingly important in world trade (global trade in services stood at $1000 billion in 1995 – one fifth of the trade in goods). A further problem to be solved is investment regulation. This is an important subject, since, according to UNCTAD, annual flows of direct investment throughout the world rose from $60 billion to $315 billion over 10 years, rising by no less than 40% in 1995 alone. The WTO faces two further challenges. The first of these is that it does not control a large proportion of the international trade that is actually taking place. To take just one example, an increasing number of transactions are conducted within multinational companies. Experts estimate that one third of world trade in manufactured goods is carried out in this way, outwith the scope of the WTO rules. The second challenge is to take account of the long-term effect of reduced customs tariffs on certain exchange rates.

X. Globalisation and development (see the article later in this Dossier entitled 'The development perspective')

XI. Is the cultural context of globalisation the global village or introversion? (See article later in this Dossier entitled 'Spiritualities')

In 1992, *Francis Fukuayama* announced 'the end of History', with the collapse of communism and the final planet-wide triumph of liberal democracy.

In a more recent book, another American, Harvard professor *Samuel Huntington*, has predicted the fall of civilisations. In his view, the most significant distinctions between peoples are no longer ideological, political or economic, but cultural. In a real 'worst-case scenario', the author suggests that future conflicts will see civilisations in opposition to one another, their values being viewed as antagonistic, with religion playing a fundamental role.

Taking the evolution of communications techniques into account, some see this as confirmation of the 'global village'. Others believe that the globalisation of techniques is 'out of sync' with societies' problems of communication.

What really matters, therefore, is knowing whether globalisation leads to universalisation ('as if globalisation and universalisation had become synonymous' – *Dominique Wolton*). What, in fact, does reality offer us?: crumbling value systems and increased introversion. Huntington's views may be expressed in apocalyptic terms but at least he states that values, more than interests, are the basis of violence between antagonistic viewpoints. Introversion is the result of an acknowledged or unacknowledged juxtaposition between a world without frontiers (globalisation) and a world without points of reference (the end of the Cold War).

Such an observation necessarily prompts a number of questions: Is introversion simply a response to globalisation or a reaction against it? Does the watering-down of national identities promote a new form of transnational solidarity? Is economic globalisation universally accepted or being reinvented on the basis of cultural codes specific to individual countries? As *Jean-Marie Domenech* points out, 'the Japanese, the Taiwanese and the Koreans believe themselves to be successful, but in the way in which a good pupil achieves a good copy in a foreign language'.

Last but not least of such questions, we should ask if identity is a rejection of the universal or (more probably), a necessary phase in the transition towards it?

It is all the more difficult to give a brief reply to such questions given that globalisation causes problems which are both common to all and specific to each individual.

If one listens in particular to *Edgar Morin*, it appears to be essential to regain the ability to think over local and global problems together, at a time when 'a dead past is not dying and a new future cannot be born'. A complex deliberation of this type must avoid becoming fragmented in such a way that the overall picture is lost. At the same time, it must not be too global in outlook, thereby losing sight of complexities. In short, it must simultaneously encompass global thought and local action and local thought and global action. There are two conditions. First to safeguard remarkable individual features and diversity, while creating a common fabric. Second to give more thought to quality in a world which operates only on the basis of quantity. The challenge is to promote political citizenship in the service of a shared idea of the common good.

XII. Alternatives to or criticisms of globalisation (see article later in this Dossier)

Dominique David, Director of Publications

The financial markets

Financial globalisation effectively means the creation of a single market in money at the planetary level. In principle, it should allow for a better allocation of capital in the world economy. Opponents of the trend say that it will lead, in fact, to a disfunctioning international monetary system.

It is in the financial sphere that the process of economic globalisation is furthest advanced. More money is involved in capital operations than in any other area, there is greater mobility, and private interests appear to have seized the initiative (*vis-a-vis* states) to a much larger degree. Looked at as a whole, this new 'method' of regulation by networks has ensured high rates of return on capital invested, over the last ten years. In practice, it is financiers who have become the arbiters of investment opportunities at the global level. Governments and companies are obliged to win their confidence on the basis of criteria that are exclusively financial. The financiers naturally favour capital placements that are likely to lead to a quick return, and avoid riskier situations, particularly where inflation may lead to a speedy drop in the value of the investment. It is thus the financial economy which determines the rules of the game in terms of viability. The 'real economy' must keep in step with this and strive to win the confidence of the market.

When did financial globalisation first start?

The process of deregulation began in the United States at the end of the 1970s. Japan followed suit in 1983-84 and the key date for Europe was 1990 when a single market in capital was established. One result of such developments was a change in the flows of international capital. During the 1960s and 1970s, these tended to be in a North-South direction - a phenomenon reinforced between 1974 and 1982 by the oil 'shocks'. The effect of the latter was that it was possible for OPEC nations to provide finance to non-oil producing developing countries in the form of 'recycled' petrodollars. The countries in question borrowed excessively as a result. The dollar and interest rates soared at the beginning of the 1980s culminating in the debt crisis of 1982-83.

At the beginning of the decade, some international capital began to be diverted towards the 'emerging' financial markets of Asia and Latin America, both of which could offer good returns. Despite this, the overall picture during the 1980s was of net flows from the South to creditors in the North. According to the OECD, the sum involved was $400 billion.

The mechanisms of globalisation

This section is based on the ideas put forward by *Philippe Engelhard* in his book L'Homme Global ('Global Man', published by Arléa, Paris in 1997). The key elements are deregulation (monetary and financial liberalisation), by-passing financial intermediaries and the removal of market barriers - all of which are linked.

Deregulation is characterised by the progressive dismantling of various rules such as price controls on banking services and exchange controls, and by the liberalisation of long-term interest rates. This liberalisation has spurred the introduction of financial products designed to hedge against the increased risks associated with competition and greater market volatility. The new products are to be found on the so-called 'derivatives' markets which enable people to take calculated risks. The value of the derivatives sector has increased five-fold in just six years and is now $840 billion daily. The transactions in question enable speculators to make gains (or suffer losses) with little initial outlay, merely on the basis of market movements.

The idea of by-passing financial intermediaries is self-explanatory. There is no need for international operators to go through institutions such as banks. They now have direct access to the financial markets for share issues or loans and can issue securities on the stock exchange. The latter development has been stimulated by the big increase in treasury bonds launched by states to finance their budget deficits. A lot of countries, particularly in Europe, have done this because of their experience of inflation in the past and their fears of rekindling it. This has prompted them to avoid 'monetarising' their deficits, opting instead for loans raised on the financial markets. The former approach entails the state becoming indebted to their own central bank - and is more inflationary than raising money on the markets because it leads to increases in the money supply.

The removal of market barriers is part of the same trend. Before 1982, most international financing was conducted through the medium of the banking system. The securities market has steadily increased since then for the simple reason that the costs are lower, thanks to the cutting-out of the 'middle-man'. The opening up of national markets may be viewed as a kind of interpenetration leading to the integration, at a global level, of national monetary and financial competences. This process allows governments greater scope to fund their deficits externally but the 'downside' is that it places much heavier constraints on the conduct of national economic policy.

Who are the actors in the financial markets?

There are three main categories of actor in the financial markets - banks, companies and, most important of all, institutional investors.

The main institutional investors are:

- pension funds (particularly in the United States and the United Kingdom). In 1991, the top one hundred US, European and Japanese pension funds managed almost $8000 billion, which was about a third of the world's income. By

Why does the stock exchange go down when the economy is growing?

Markets anticipate the future. They go up when the economy is weak because there is a lot of money in the system not being invested in enterprise. What happens is that the Central Bank tries to stimulate growth by lowering interest rates. The mass of money in the system increases and heads for the stock markets. Thus, the weaker the economy, the more share prices rise. When the economy begins to recover, the brokers anticipate higher interest rates and a move away from stocks and shares. Thus, the share indexes fall. What is important is to gauge whether the value of a stock will rise or fall. It has nothing to do with its intrinsic value.

(Paraphrased from *Soros on Soros*, John Wiley and Sons Inc. New York, 1995)

way of contrast, the total monetary reserves held in all the world's central banks amounted to $553.6 billion.

- Mutual funds;
- Speculative 'hedge funds'.

The amount of foreign securities held by these investors is estimated at about $1000 billion, representing roughly 10% of their total assets. The strategy is to operate diversified portfolios aimed at boosting the average rate of return. There are inherent uncertainties in this, however, since the value of named stocks expressed in different currencies varies a great deal according to the expected return. Foreign stocks tend to be more erratic than national ones.

The financial 'markets' (which in the final analysis are merely mechanisms for exchange) have ended up being assimilated with their 'actors'. As the international economic press is wont to observe, it is the markets that 'decide', in particular, when it comes to assessing the 'worth' of national policies. How has this situation come about? Part of the explanation can be found if one looks at the foreign exchange reserves of the main industrialised countries. In total, these amount to just half the amount exchanged daily on the currency markets worldwide. The European Monetary System (EMS) crises of 1992 and 1993 serve to underline this point.

What are the pitfalls of financial globalisation?

The first pitfall is the potential instability that inevitably comes from a system in which the operators' behaviour is governed by risk anticipation. One frequently hears about the 'systemic risk' which could lead to an international financial crisis. The fear is of a situation arising in which large-scale speculative movements are set in motion because of the combined impact of individual actions by market players. One does not need to be a financial genius to realise that a desire for liquidity cannot be met if everyone wants it at the same time. The risk is said to be 'systemic' because it is linked to the very functioning of the system and can only be overcome through external intervention (for example, by monetary authorities). Nor is the risk purely theoretical. However, economists such as *Gary Becker*, the winner of the Nobel Prize for Economics in 1992, believe that a 'crash' today would not paralyse an economy because the wealth of a country is not solely to be found in its stocks and shares. He points out the importance of 'human capital', which would not be greatly affected by a collapse on the stock exchange. This human capital, he argues, generates more than 75% of national income in developed countries - which is three or four times more than the value of securities. He concludes that if the US stock market were to lose 25% of its value, this would reduce the total wealth of the country by just 3%.

The second major risk is the creation of a financial 'bubble', unconnected to the productive sector, and leading to a kind of 'virtual economy'. In simple terms, it is easier to make money from a financial product than from a productive investment (see box). What we are seeing, it is suggested, is the financial sphere moving away from production, and beyond the scope of intervention of the monetary authorities. Thus a mass of 'fictive' capital is being formed consisting of operations based on chains of credit and debt which have no reality outside the financial sphere. D.D.

Employment aspects

The decrease in employment worldwide is often put down to the competition that exists between productive investment and speculative investment.

According to *François Chesnais*, employment can only be created through investment. However, from 1980 to 1982, average annual growth in shares was 2.6 times greater than net fixed capital formation in OECD countries. In addition, a very high percentage of financial transactions have no counterpart in exchange of goods and services, nor in investments. According to the report of the Bank of International Settlements covering the years 1994 and 1995, of the $1400 billion-worth of transactions daily on the world's exchanges, only between 5% and 8% can be considered 'real'. But the capital used in financial dealings originated in the productive sector, as revenue from production and exchange of goods and services. One of the main explanations for the mass of loan capital in the system looking for a profit is the difficulty associated with obtaining a return on productive investment.

In the competition between industrialised and emerging countries, most experts take the view that, in the long term, everyone gains in international exchange and specialisation. Jean-Pisani Ferry believes that, at the outset, in theory at least, globalisation undoubtedly reduces employment. But he remarks that the increase in trade with low-income countries over the past 20 years, explains a one-point increase only in the jobless totals. His conclusion is that globalisation is not the cause of our employment problems.

Is competition from countries with low labour costs responsible for unemployment in the industrialised countries?

This thesis is all too often advanced. The fear is that higher imports from countries with low labour costs harm employment at home, especially in labour-intensive production, leading to greater disparities in salary levels. There is a drop in the demand for unqualified labour and a decrease in earnings for those with few qualifications. Greater investment in low labour cost countries is thought to have similar results leading to more job displacement with low value added work being increasingly exported to these countries. In reality, things are not quite so simple, nor are the effects so automatic. According to the OECD in 1994, the proportion of goods traded between OECD countries and the rest of the world was 3.52% of their GNP compared to 2.60% in 1972 - an increase of less than one percentage point in 20 years. This small difference is hardly sufficient to explain the difficulties faced by Europe or the United States during the 1980s. Nor does it take account of the advantages that the industrialised countries obtain in return, with a significant increase in their exports of consumer goods (with a high input of skilled labour), of equipment and of intermediate goods.

In the opinion of the IMF, globalisation is not the cause of the increasing gap in salaries and incomes (of the order of 10-20%) that has occurred in the advanced economies. According to *Flemming Larsen*, Director of the IMF's Research Department, industrial employment has been in decline for a long time in the developed countries, and a similar decline is now beginning to be seen in Hong Kong, Singapore and Korea. He reports signs of a rapid increase in productivity, due not to globalisation but to technical progress. He also notes that developed countries have always had a trade surplus with the developing world.

Added to this, labour costs are only one factor among many in calculating productivity. What counts, above all is the 'social capital' of a country; cohesion, political stability, security, civil peace etc.

As for investment in low income countries, this only amounts to 0.5% of the GNP of the industrialised countries (*Krugman* 1994), while displacement, if it really exists, has very little effect overall.

Given the limited scale of the transfers, and the other advantages which accrue to the industrialised countries as a result, *Eddy Lee* of the International Labour Office (Geneva 1996) doubts whether their trade relations with, or investments in, low income countries can be viewed as one of the major causes of the rise in unemployment in the developed states.

In conclusion, all of the studies show that the rise in productivity in the newly industrialised countries has contributed only in a very limited way to unemployment in the industrialised world.

What effect has globalisation on unemployment levels in the developing countries?[1]

According to economic theory, trade liberalisation should lead to a relative increase in pay for less skilled workers and a reduction in the disparities between salary scales in low-income countries. In fact, the gap has widened. In these states, traditional agriculture and the informal sector are often dominant - and these are areas which are largely outside the international trade system.

In addition, export-led growth is less demanding than consumer-based growth - which is more or less related to productivity. Matters have been aggravated by the weakening of workers' negotiating power. The recent example of strikes in South Korea demonstrates the volatility of the situation. Finally, there is the progressive rise of a middle class in many developing countries, especially where vigorous growth leads to demand for high qualifications in the export sector.

Generally speaking, account must also be taken of the deflationary context, which can lead to protectionism in advanced countries, putting into question, for Southern nations, the advantages of globalisation at the very moment they want to be better integrated into the global market (UNCTAD Annual Report, 1996).

To conclude, all studies show that, in the long term, there will be a progressive improvement in wages and costs. On this point, the UNDP, in its Human Development Report, demonstrates that, at the moment, employment is a fragile link between economic growth and human development.

D.D.

1. See article entitled 'The development perspective'

DOSSIER

Europe and globalisation

An interview with Jérôme Vignon, Chief Adviser at the Commission's Forward Studies Unit

In this interview, Jérôme Vignon discusses what globalisation has to offer Europe and also the Community's development policy, particularly vis-à-vis the ACP countries.

■ *Some would maintain that Europe is losing out in the globalisation process, whilst others see the single currency as a way of relaxing the constraints of the financial markets. What are your views on this?*

- It is somewhat paradoxical to suggest that Europe might be losing out in the globalisation process. In a way, there is no other region in the world more prepared for the challenge of globalisation than Western Europe. The whole enterprise launched in 1985 under the title of 'Objective 1992', and the idea of a frontier-free economic and social area, was expressly designed to cope with a market which would be global and universal. Accordingly, it is very pessimistic to think of Europe as having been caught unawares. On the contrary, it was Europe that took the rest of the world by surprise in 1985 when it decided to adopt a common front to meet the challenge of globalisation - with its programme to eliminate obstacles to the movement of goods, services, people and capital within its large internal market. The system was set up with the aim of establishing a genuine economic bloc operating at world level. To be frank, that objective is close to being achieved and this is something that was reflected in a text the Commission recently submitted to the European Council in Dublin. This highlighted the degree to which the European economy has become a reality. Europe is now an economic entity in its own right and has the capability to deal with the world players, notably its main competitors in North America or Asia. I would add that your point about 'losing out' is perplexing for another reason. In fact, globalisation is not something we can accept or reject. It is not a game we can choose whether or not to take part in. There is no element of choice involved. It is precisely because we were facing a constraint and an opportunity at the same time that Europe deliberately set about preparing to deal with the global economy head-on. When the process started, between 1985 and 1987, no one had any idea just how far-reaching the effects of globalisation would be. Nor did they realise that it would become such a general phenomenon, involving the former communist countries, including China. One of the trump cards held by the European economic bloc in a global context, in which financial markets, in particular, are highly integrated, is undoubtedly the single currency. The Euro is, in fact, the end point, the stage at which the single internal market will be complete. From 1985, it was recognised that one implication of the free movement of capital and the relative stability of exchange rates was unification of monetary policies, which should, in the long term, lead to the single currency. Its symbolic nature aside, the creation of the Euro will mark the completion of the internal market. In particular, accepting that the international system of monetary exchanges is a key aspect of world economic integration, this will give the European economic bloc a genuine identity *vis-à-vis* the outside world in the globalisation process. When the Euro's third phase has begun, currency parity within the Union and a single exchange policy with respect to the outside world - the dollar zone or the yen zone - will be irrevocable. This will give Europeans a reasonably high profile in the eyes of their world partners, and enable them to command respect. A Euro zone with a single monetary policy and single exchange-rate policy will come to be associated with a financial system which is attractive to international capital. It will offer third parties the opportunity to use the Euro as a reserve currency. This is a privilege currently enjoyed, above all, by the dollar and, to a lesser extent, by the deutschmark.

■ *To safeguard it against external pressure and particularly financial market pressures, should the Euro be a strong currency, as some would maintain, or one which is more in touch with true market rates? Do you have an opinion on this?*

- In my opinion, the Euro's real parity in the medium and long term will develop, fundamentally, in the same way as the European economies. There will be no great change there. Perhaps you are referring more to the opportunity to deal with undesirable fluctuations in the parity between European currencies and the dollar or the yen. We have had such disturbances since the beginning of the 1990s, because Europeans have not found it easy to coordinate interest rates or exchange rates in the absence of complete mechanisms. We have paid for this with a European currency that has been somewhat overvalued compared with the dollar. This is something that is now recognised in retrospect. What it means is that the exchange rate policy of the USA should be linked, or coordinated with European policy to a greater extent. That wouldn't be a bad thing, either for Europe or the United States.

■ *As regards disturbances in the market resulting from financial globalisation, some would criticise Europe for having promoted the* *abolition of controls. Do you think that this criticism is justified and, in a wider context, how do you perceive the 'political' role of Europe, in the context of globalisation?*

- This is a very important question. To answer it, you have to make a distinction between the abolition of controls and deregulation. The process aimed at establishing the internal market has undoubtedly played a part in the former, because the essential plan was to set up the conditions for freedom of movement and freedom of establishment. These freedoms have been achieved through the abolition of a number of national regulations whose effect was to prevent market penetration by European competitors.

But this process should not be confused with deregulation. Regulation involves administration using rule-based mechanisms, and the single market has not put an end to this approach. I would strongly refute such an assertion. The process designed to create the internal market is not simply a matter of abolishing national obstacles. It also involves the constitution of a European rule-based market, defined in directives which are applicable at national level.

■ *If we can move from the past to the present, there are people asking serious questions about issues such as reducing the role of the state, the role of politics, the role of political citizenship and so on. What place do you think there is for politics, particularly at a Community level?*

- I bow to such criticisms. Many people undoubtedly perceive the European Union as overly concerned with the smooth running of a market, and not sufficiently concerned with the political dimension. And we are not just talking here about intellectuals, thinkers and philosophers - ordinary people are also articulating their worries. My initial reaction would be that we have been insufficiently able to demonstrate, through traditional economic functions and, in particular, through management of the large internal market, that there are crucial political choices to be made. I am thinking in particular of a model of European society in which competition needs to be counterbalanced by cooperation, economic and social cohesion, and solidarity. This goes further than a simple social chapter - it is the actual operation of the market which requires that the solidarity aspect be taken into account.

■ *In many of our countries, this famous European development model is being called into question by an increase in levels of inequality. Many EU governments say, almost mechanically, that this is due to the absolute necessity of meeting the convergence criteria for transition to the single currency. Do you think that the single currency and Intergovernmental Conference arrangements will enable a free choice to be made in favour of rehabilitating the European development model - or is it a luxury, in comparison with our American and Asian competitors, which we cannot afford?*

'There is no macro-economic evidence to suggest that states which adhere to a social policy are less competitive than others. Quite the contrary!'

- From the point of view of the Forward Studies Unit - and particularly those working in the group of advisers dealing with competitiveness issues, which was set up to advise the European Commission on the general condition of competitiveness of European economies - the response is quite clear.

First, there is no evidence - at any rate none of a macro-economic nature based on a comparison of international systems - that, in themselves, models of political and economic organisation which include significant wealth redistribution, elements designed to reduce inequalities and the provision of social protection, place states that adopt these models at an economic disadvantage. On the contrary, recent work carried out in Germany comparing, at the micro-economic level, the performance of companies operating different systems of corporate governance, have shown that those enterprises which adopt the 'constraints' of wide-ranging environmental and social standards, do not lose out by doing so. They still use the conventional criteria of efficiency and profitability. The way this study was carried out was by looking at the stock exchange listings of groups of companies involved in the same type of activity but governed by different principles. In other words, there is no proof that the elements to which we traditionally give priority in our European model of society - wage continuity, focus on maximising human resources, internal flexibility in preference to external flexibility - puts us at a fundamental disadvantage. Rather the reverse in fact. And while one may not be able to deny that in certain circumstances, the existence of high social charges which place an extra indirect burden on wage costs can hinder job creation and contribute to what is called 'structural unemployment' in Europe, we also have empirical evidence of the success of countries - such as Denmark or the Netherlands - who require an advanced level of social protection and indirectly protect wages. Because reforms have been implemented over time, and with a degree of political and social consensus, these two countries are today achieving performance levels which must be viewed as highly encouraging.

When all is said and done, the challenge for Europe - not only active, high-performing and 'convivial' countries where there is a solid tradition of social dialogue but all the great European economies as a whole - is to follow a similar path, even if that path is not uniform. There must be convergence in terms of capacity to reform social welfare systems, based on social justice. The challenge we face in common is to continue benefiting from systems which create a climate favourable to risk-taking and productivity, but which do not penalise certain sections of the labour market in the process.

You mention unemployment. Many believe that having work is a central theme of the European model and that the body of work that exists should be distributed differently. Others take a more radical position, arguing that a concept of income has to be found which is more or less unconnected with work. Do you think that there should be deliberation about such issues at a European level?

- You are quite right to raise this question. It is the main, or one of the main, questions which ought to be asked when contemplating the future of European societies in tomorrow's world. It is even more important than the question of competitiveness: European economies are open and will therefore always be competitive. The question is how? And the manner in which the challenge of competitiveness is addressed ultimately calls into question everyone's idea about the function of work with a capital W, and does so fairly profoundly. What value does society attach to work? When one speaks of the value of work, it is always as part of a debate involving what the community thinks and what individuals think. At the Forward Studies Unit, we are also very interested in this debate, which I feel you have summarised very well. Last year, we held a European symposium in Sweden, at which, among others, President Santer took part. During the debate, we heard from supporters of universal benefits who argued in favour of a move away from 'forced' unemployment to voluntary inactivity. In effect, they say, all we need to do is reorganise the system of wealth transfer, in the knowledge that there will be far less work needing to be done all round in the future, to arrive at a much more stable situation. Those who advance this argument sometimes have at the back of their minds the element that you inferred in your question, namely that the value of work, which underpins the European model of society, is founded on a Christian concept of work which is somehow synonymous with pain and suffering. Shouldn't we be turning away from that, they ask. In so doing, and by offering universal benefits, we would make it possible to deliver ourselves from work-related pain. They would argue that since there is a need for far less work, why not give it to those best-suited for it! I admit I may be caricaturing the idea somewhat but, to be honest with you, it isn't a vision I share. The origins of the value of work may be found in European Christian or Judaeo-Christian civilisation but there is more to it than simply the 'work equals suffering' equation. Another concept is work-creation because through work, men and women not only build their own characters but society, too. I believe in the idea of work as an expression of humankind's creativity and dynamism. I also think that it makes a contribution to the life of society.

'The process of relocation is currently encountering setbacks because the partners involved are so far apart and can no longer guarantee the integrity of the quality chain'

Remuneration is one form of recognition, but not the only one. We have to consider this aspect more carefully: work as an element in creativity and as a contribution to the life of society - for which remuneration does not measure the entire value. We are currently witnessing an explosion of one-person businesses, not just in the traditional economic sectors but in all sorts of new service areas. These include, for example, the so-called 'caring services' which could form part of the public social sector. There are new needs which call for new services, and in the traditional economy, we see an increasingly large number of activities being taken over by small companies. So these are the important new strata of employment which are filling in for the mass of work happily reduced by technological progress.

Returning to macro-economic issues, what is Europe's role in the debate between regionalism and globalism?

Regionalism or the formation of regional blocs is a reality of the late 20th century. What we need to know is whether it is a positive phenomenon or something which negatively affects certain aspects of the global equilibrium. To some extent, the EU is both judge and litigant in this respect. We tend to place the regional approach in the best possible light in responding to those pure free-trade economists who criticise the EU, and the formation of regional blocs more generally, because they see them as discouraging wider-ranging trade and competition. Such trade and competition are, they maintain, the only way of guaranteeing comprehensive development. But the establishment of regional organisations is a fairly widespread phenomenon. In qualifying regionalism, we should recognise that geographical proximity leads inevitably to closer links and a higher level of exchanges. This is all the more true if one accepts that the general trend of world trade is to migrate towards what is known as the 'intra-branch'. This is no longer the kind of trade defined by *Ricardo,* but rather sophisticated transactions which consist mainly of subcontracting and, therefore, highly complementary exchanges. Such a complementary system operates well when one is in the presence of people one can see and whom one knows - so much, in fact, that the process of relocation is currently encountering setbacks because the partners involved are so far apart and can no longer guarantee the integrity of the quality chain. Economic integration develops around the quality chain, be this in south-east Asia or Europe, and it tends to make it necessary for partners to be close in geographical terms. All these purely natural factors lead to the creation of regional blocs. This is at the very origin of the internal market - what some economists call 'deep integration' versus 'shallow integration'.

What does all this mean? It means that we have completed a stage in the process of developing international exchanges. The first phase was the achievement of a body of rules applying only to the economic interfaces - what one might call 'shallow integration'. The most visible obstacles to trade such as tariffs and quotas were abolished. But having developed beyond this stage, we can now see that the real obstacles are those relating to divergent internal controls, under the domestic laws of each country. These are what we wanted to remove when we established the internal market in Europe. So we have now embarked on a deep-integration process. In pursuing economic exchanges at the European level, it was necessary to harmonise national legislation in a variety of areas. We are seeing similar trends at the global level but, to put it simply, because there is no world government and it appears unthinkable that there should be something of that nature, we have to do it differently in areas which have gone beyond the stage of free-trade zones. We are striving for common approaches to be incorporated into domestic policies. I could mention in this respect, an example from Mercosur, which involves the development of the internal energy market. The Mercosur Member States have undertaken to adopt the same approach to regulation in the field of energy - a sector which, incidentally, touches the core of their independence and security. I have even heard it said that, in this area of energy at least, Mercosur is going further than we are in our own internal market.

What it is is an impulse which cannot find expression in world institutions, and which therefore emerges in regional experiments, under the umbrella of the World Trade Organisation of course. To conclude on this subject, we Europeans, are firm supporters of multilateralism, and we think it is very important that multilateralism should have the capacity to ensure compatibility between those countries which form regional blocs. In other words, we are arguing for 'open regionalism'. We accept that such open regionalism leads to closer internal ties, but it also becomes a commercial magnet for those on the outside.

■ *You mentioned Mercosur - there are other examples of regional groupings, in the developing world, with which we cooperate. In general terms, do you feel that globalisation can offer European development cooperation renewed legitimacy?*

'The EU takes the view that the world market, like any other, includes its share of 'market failures'. In the absence of appropriate corrective measures, certain countries will never resurface.'

- Since 1989-90, and the end of the east-west confrontation, the EU has come down squarely in favour of continuing active development policies, though on a new basis. These may be multilateral policies promoted by bodies such as the World Bank and regional development organisations, or bilateral policies implemented by certain countries with their partners in development.

The EU takes the view that, in terms of its operation, the world market, like any other, includes its share of 'market failures'. In the absence of appropriate corrective measures such as aid and support policies, certain countries will never resurface. They go under, fall into arrears, and are unable to achieve the critical threshold necessary for them to reintegrate into the world system. Such countries may cause the region in which they are located to become seriously dysfunctional, giving rise to tension, conflict and unwanted immigration, so it is in the international community's interest to cooperate with them. The EU has always has an aid policy which is closely linked to the multilateral approach and which is consistent with what is done elsewhere in the field. The same is also true of the international monetary system or the area of international trade regulation. From the EU standpoint, finance, trade and aid continue to be the essential pillars of world regulation. I should mention here a fourth pillar which the Union adheres to - the environment. In other words, the Union does not subscribe to the view that the best way for developing countries to benefit from the international market is simply to open up - to be obliged to work towards modernisation and to give the best of what they produce for export. People who hold this view often also believe that aid, by contrast, breeds a certain passivity. This is not our opinion, even if one accepts that such factors exist. In the preamble to the Green Paper on what should replace the Lomé system after the year 2000, the Commission recognised that Community development policy was not just an annex tacked on to the European edifice - a throwback to the time when there was a need to tackle the imbalances between the new economic community and its former colonies. The Green Paper states explicitly that development policy is an integral part of the European Union's external identity. It is one of the instruments of foreign policy. Similarly, in Professor Pinheiro's communication on conflict prevention, the goal of highlighting the political dimension of development aid is made clear. It is an inherent part of the political dialogue between donor and recipient countries and its intentions are political - it aims to contribute to world stability and peace. That much, I think, is quite clear. What is also true is that the end of the Cold War, which resulted in a raising of the political stakes in the noblest sense of aid policy, also prompted a review of some of the modalities. In the Green Paper, this is referred to as 'strengthening the partnership'. This partnership implies mutual undertakings. As the EU understands it, these should undoubtedly lead to aid being used more efficiently, so that it is possible to demonstrate to public opinion both in the EU and in the developing countries that aid does, in fact, contribute to progress, poverty alleviation and improved integration into the regional or international economy. This is no longer just an option, but is becoming a decisive factor. It is not a subsidiary criterion but now a key requirement to be taken into account. And it entails a review of government efficiency in the allocation of resources, as well as a reform of aid-management procedures. The latter should make it easier for developing countries to deploy the aid in a way that enables them, in the long term, to implement strategies that are relevant to them. A balance must be found between the concept of 'ownership', which favours recipient countries and the goal of efficiency, which includes selectivity on the part of donor countries. Such a balance between efficiency and selectivity on the one hand and allocation and strategy on the other is, to a certain extent, called for in the Green Paper.

The Green Paper you have just referred to deals with many topics, including whether or not it is still appropriate to consider the 'ACP' as a specific group. Do you believe they should continue to be regarded in this way or is it now more appropriate to treat them in the wider context of developing countries, working through groupings based on levels of development or geographical proximity?

- My personal opinion is that economics are subordinate to politics. One cannot act as if symbols (and politics are there to give expression to symbols) are insignificant; as if there were no more to say once the principles of economic efficiency have been confirmed. I believe that economics gives expression to something which goes beyond us, and which is also a key to its success, which is what we wish to signify. In a bilateral or multilateral relationship, what one wishes to signify is symbolic, and this includes taking history and geography into account. One cannot escape from one's history or geography. It is not merely a question of side-stepping the issue. These aspects are part of the way one lives and you must accept them in order to look to the future. From that standpoint, I do not believe it is possible to say that there is no longer a specific dimension to the EU-ACP relationship. I cannot accept that. Admittedly, the EU's expansion means that our pact with the ACP countries needs to be reviewed. The new members include Scandinavian countries, for example, that have a different past and do not have the same complexes or history as the former colonial countries. We cannot force the Scandinavian nations, or indeed, Austria or Poland, to adopt a French or Dutch attitude on this issue.

'Giving up what is sometimes referred to as 'the ACP culture' is a political issue'

But Europe's big secret is that it has shown itself capable of sharing common objectives - and political objectives in particular - whilst remaining attached to different approaches. That has not changed. I believe that the EU would become distorted if it thought that, because economics is so important in this context, there was no longer a need for a specific treatment *vis-à-vis* the ACP countries. There has been and still is, a cultural specificity. How homogenous this specificity is - which brings Africa, the Caribbean and the Pacific together - is something that we could investigate further. The subject is left open in the Green Paper. But to be consistent with what I said earlier, I am obliged to acknowledge that the Caribbean, Pacific and Africa each have their own regional focus and that this points to a diversification of cooperation processes in the ACP context. The notion of diversification is a key one. It is perhaps most pertinent in Africa particularly if one wishes to retain the principle of 'appropriation', thus being able to manage, in a general context, cooperation processes which will be much more 'tailor-made'. This is one of Lomé's tasks, but to abandon what is sometimes referred to as 'the ACP culture' is a political issue. We are mutually in debt to one another. We mean something to one another. We are saying that your fate is of interest to us. This is very different from saying: 'You are independent, so we'll forget about you.' The future of the ACP countries is of concern to us all! And, for example, the fact that you choose to adopt democratic principles is of fundamental importance to us. Let's talk about it. We can also discuss our problems - that is vitally important!

I will refrain from using the words General De Gaulle employed when he declared that Africa was a reservoir of culture and renewal for European civilisation. There is, however, an element of truth in saying that, even if they are given the chance to experience modernisation, efficiency and the market economy in their own fashion, Sahel Africa, Mediterranean Africa and the Latin-American countries are in a position to inspire us in certain values - such as environmental concerns, respect for life and the family, and the way in which we deal with time. It is in this context, I believe, that we can identify one of the major challenges facing Europeans.

Interview by D.D.

The development perspective

The International Monetary Fund (IMF) and many economists stress that globalisation is a natural process which is greatly increasing prosperity around the world. They argue that directly, at least, it has nothing to do with the growth of unemployment and inequalities, although statistics show that both are rising.

The *per capita* income of South East Asia has already climbed to 67% of that of the industrialised world, whereas it stands at 15% for the rest of the developing world and just 8% for Africa. The recent United Nations Development Programme (UNDP) report on human development concluded that economic decline or stagnation over the last 10 years has affected 89 countries, and has reduced the income of over a fourth of the world's population.

The IMF's latest report shows how it would be erroneous to reject globalisation since it should mean big opportunities for countries, whatever their stage of development. Besides, globalisation makes national economies more vulnerable to policy mistakes.

Globalisation is irreversible

On a world scale, globalisation is not a zero sum game. Both developing and industrialised countries benefit from the effects of the shake-up that it involves. Although the pace of integration is not the same the world over, there is no obstacle to development that cannot be overcome. It is all down to choice between the logic of production and the logic of financial returns.

About a fifth of world trade is carried out by developing countries. But it is manufactured goods above all - especially those from newly industrialised countries (NICS) - that are on the increase. Commodities have declined. 75% of world trade is between countries of the North while South-South trade accounts for just 10% of the total. If manufactured products and services can be said to be the motors of world trade, it is the countries of the South that are contributing most to its growth. But this increase is limited to the same small handful of nations - the Asian NICs.

The trend since the end of the 1980s has been that countries which decided to open their markets to capital and foreign investment have experienced the fastest growth. Between 1990 and 1996, private investment in emerging markets has increased from \$50bn to \$244bn, but this is still only concentrated in a dozen or so countries. Direct foreign investment today accounts for more than 54% of all private capital invested in developing countries, a figure which suggests that foreign enterprises must be controlling national ones. Asia receives 65% of total direct foreign investment, compared with 27% for Latin America. Africa attracts just 5 billion dollars - mainly for sub-Saharan Africa. Taking into consideration the total amount of capital going to developing countries, public aid for developing nations has fallen in a decade from 50% to 20% of total capital flows. This underlines the fact that the market is now largely responsible for financing development. But is the role of development aid really so limited? Even if one cannot say that no country has achieved development through aid alone, this funding source has nonetheless made a contribution. The economic take-off of the four 'Asian tigers', for example, was in part due to a massive influx of support from the United States.

Ironically, development cooperation is enjoying a new significance in international economic relations thanks to globalisation. This is because, implicitly at least, it involves taking account of the imperfections of the market.

Triumphant Asia

In 25 years, Asia has developed at three times the pace of Latin America and six times that of Africa. Its share of world income will soon overtake those of Europe and North America with the Far East emerging as the principal motor of development.

A reduction in inequalities has gone hand in hand with sustained economic growth. What lessons can be learned from the East Asian countries that have succeeded in tackling poverty issues? More often than not, agricultural reform has been implemented. Considerable efforts have also been made to improve education (especially technical training) and health. Today only 2% of Malaysia's population live below the poverty line. The figure for South Korea is 5%. Results, of course, vary from region to region and from country to country, but what can be deduced is that growth has improved the lives of the poor (the 'trickle down' effect). And the phenomenon is cumulative since poverty reduction also boosts growth. By tackling poverty head-on, the countries in question have succeeded in mobilising their internal markets. This phenomenon, linked with a surge in exports, has led to rapid growth overall. The result is a rising middle class. If things continue as at present, this group will number one billion by 2010 - with a purchasing power of half as much again as the Americans have today.

How has this come about?

For all the countries concerned, their workforce has been their one key resource. Without alternative income-generating possibilities, this was the one thing they could exploit. In addition, the state backed the development of autonomous economic power (the private sector). Even corrupt governments reinvested wealth in their countries' productive sectors. Developing over time, these open economies, with their internal competition, offered monopolies few advantages - which helps to explain the relatively fair income distribution and the increase in domestic savings. South East Asian countries save twice as much as Latin American nations and three times as much as African states. External financing appears merely to complement internal progress. This would seem to be a particularly healthy state of affairs. The Mexican crisis of 1994-95 revealed the dangers of using short term external capital to finance investments well in excess of national savings.

Asia pointed the way with a model of industrialisation based on exports. But it was only made possible with a certain amount of state intervention (in particular as regards the provision of finance through the banking system) and a 'virtuous' economic strategy based on prudent fiscal policies and tight control of inflation. And one should not ignore the protectionism used to maintain exports rather than to develop inefficient and uncompetitive enterprises.

Does a recipe exist?

The reply, of course, is no, although there are a number of common features in the success stories of the Far Eastern countries. Good forward planning has encompassed agricultural reform, promotion of human capital through technical and other education, health care, encouragement of domestic savings, state involvement in the banking system, protectionism to maintain exports and a limited role for external aid. Another broad element is the existence of a development strategy based on a market economy, growth generated from both exports and the internal market, and a role for the middle classes (who are better off thanks to a broadly equitable distribution of the gains). Important accompanying measures have included the acceptance of autonomous economic power in a non kleptocratic (even if sometimes corrupt) state, undervalued currencies, prudent taxation and low inflation.

Can this model be duplicated?

Many economists and international bodies would say yes. Some experts note that countries like Chile have successfully followed this strategy and that Uganda and other African countries are doing the same. All stress the essential need for the right human capital. On the other hand, there are analysts who believe that the success of Far Eastern economies is a case apart, placing it in the context of strong global economic growth and certain organisational aspects specific to the countries in question. Frequently mentioned here is the influence of 'Chinese civilisation' (Leon Vandermeersch) - not actually invented by China but rather a characteristic which is said to be common to all countries in developed Asia. It involves social organisation based on a community spirit and a political philosophy whose origins are to be found in Confucianism. But we must be wary of such cultural determinism. Those who viewed Asia as a marginalised continent 30 years ago argued then that cultural issues were holding back development.

Latin America, an emerging economy?

After the 'lost' decade of the 1980s, there was a return to growth with the relaxation of external financing constraints. 15% growth was recorded for the region as a whole from 1991 to 1995. This was only achieved because of the abandonment, in the second half of the 1980s, of the inwardly-focused import substitution model in favour of a liberal approach and the opening up of trade. It was the debt crisis that brought things to a head. Burgeoning external debt meant that between 1982 and 1990, cash outflows from the region exceeded inflows by some 25 billion dollars. As a result, the recovery when it came was a fragile one, heavily dependent on foreign capital and interest rate trends in the United States.

All the elements of the Far East's success are not, therefore, to be found in Latin America. Aspects which were favourable in the latter included the ending of dictatorships, efforts to modernise the state, economic liberalisation, privatisation, and tax reforms which benefited the middle classes. But while reining in the region's galloping inflation had the effect of reducing poverty to some extent, the inequalites today are much more pronounced than they are in Asia. This has had a number of effects, including a weaker internal market. External constraints have, of course, resulted in reduced social spending and lower manpower training budgets. Looking ahead as we approach the dawn of the 21st century, Latin America's overall future appears uncertain although this is not to decry the success stories found in particular countries or regions.

A face lift for Africa

Many experts are searching for an answer to the eternal question: what lessons can Africa learn from Asia? Without going into the Afro-pessism which has had a negative impact for far too long now, it is difficult to dispute the widely-held view that this whole region is economically underdeveloped. It is hardly necessary to cite any statistics. But the reality is rather more complicated than the bald figures would suggest - perhaps because statistics cannot always be relied on, especially in Africa!

Africa is more than just one state and there is an Africa where things are moving ahead. Across the continent as a whole, over the last 10 years, GDP has increased by 1.7% *per annum* though this does not take account of population trends. In fact, Africa has been through two decades of declining *per capita* income. Since 1994, however, the signs are more encouraging. In 1996, 5% growth was recorded. There are a dozen or so countries that are doing particularly well. Are these isolated national or regional cases or does their success have a broader significance? Moreover, is it fleeting or long term?

What we are seeing in Africa is what *Sylvie Brunel* called an 'income crisis'. Agricultural income plummeted with the fall in commodity prices. There is nothing inevitable about this process, as recent trends towards higher prices for some commodities have shown. There is also the fact that the gap left by reduced external capital flows has not been completely filled by official development aid. The question is whether Africa, a region largely synonomous with 'dependency', can integrate successfully into the international economy after 15 years of structural adjustment?

Mixed results to date raise questions about what is the best strategy. In many respects, Africa appears to be heading in the right direction. For example, things are looking up politically, with democracy gaining ground despite a few knocks of late. Costwise, Africa's workforce is competitive. Exchange controls are being loosened with rates increasingly decided by the market, and privatisation is gathering pace. But even if good policies are gradually implemented (notably due to more realistic conditionality on the part of donors), the question that remains is how will Africa finance its development?

Aid currently funds 11% of sub-Saharan Africa's development, compared with 1.2% for the Middle East and North Africa, 0.7% for Asia and just 0.4% in Latin America. Having said this, the ratio of aid to GNP has slipped from 22% to 7.8%. The majority of donors believe that aid should play a supporting role in helping to create an attractive environment for private investment.

Where is this private investment to come from? The Financial Times has reported that if just 10% of African capital invested overseas were to return to the sub-continent, this would be the equivalent of more than half the private capital currently being invested there (excluding South Africa). In fact, private capital flows are rising. They have doubled in just a year even if more than half of this total is in South Africa. The overall figure is still low though, and heavily concentrated on a few countries. Of the world's total direct foreign investment, only 3% goes to the continent and this is mainly targeted at the four oil producing countries.

However, Africa has abundant resources and a 'human capital' in waiting. *Per capita* income is expected to grow by 1.3% per annum over the coming decade.The IMF forecasts reduced inflation of 10% in 1996. 16 or more countries now have stock exchanges with more than a billion dollars-worth of stocks on their books. A number of privatisations have been implemented with record-breaking returns (up to 40%) in 1995. A development strategy which supports these trends should facilitate long-term productive investment and a move away from 'short-termism' and speculation. It should also help concentrate minds on 'human capital' - which is fast becoming one of the key elements of the competition between nations to boost direct foreign investment. D.D.

Alternatives or criticisms

Nowadays, with the exception of the 'zapatista' revolt suggested by vice-commander *Marcos*, there is no significant movement which has globalisation as such in its sights. One might think this is a good thing, particularly if one agreed with the statement made by *Peter Martin*, editor of the international edition of the Financial Times (reprinted in 'Le Monde Diplomatique' in June 1997). He expressed the view that positions hostile to globalisation were profoundly immoral because they were based on suppressing the aspirations of the Third World in order to preserve the advantages of a specifically Western model of working. On the other hand, the theme of one of the workshops held at the Davos economic forum - regarded as a 'temple' of free enterprise and the market economy - was instructive. Placed high on the agenda of the 3000 participants, it invited reflection on whether capitalism was not becoming too savage.

Among the criticisms of globalisation, the most basic one concerns the inequalities that it creates. This was illustrated in the American review, Foreign Policy (winter 1995-96) which revealed that while ten Southern countries were 'emerging', more than 100 others were effectively excluded from the development process. 45% of humankind lives in these poorest and most marginalised countries. Of the remaining 55% of the global population, 20% (broadly, the middle classes of emerging countries) were progressively becoming rich consumers while 35% (workers in Northern countries) were experiencing ever-increasing social divisions.

Another example is found in the United Nations Development Programme (UNDP) Report for 1997. This contains a sharp critique of the effects on the poorest countries of 'unbridled' globalisation: a process occurring 'without map or compass'. The report underlines the human cost of globalisation and points out that the bulk of the benefits accrue to a small and privileged minority.

In addition to critics of the consequences of globalisation, there are some who attack its fundamentals, while not necessarily offering alternatives. They point, for example, to the confusion between 'means' and 'ends'. Thus, 'free movement' (a 'means') has become an end in itself. Public interest ('an end') must be adapted to fit this new reality. Others advocate a more diversified approach which, up to a point, may be characterised as 'alternative'. This involves the concept of 'variable geometry' with various instruments at local, regional, national, European and global levels. Many would cite in support of such an approach, the view of *Ignacy Sachs*. He said that it was not a question of challenging globalisation *per se* but rather of questioning whether the way it is being implemented today is the only possible course open to us.

There is insufficient space here to offer a full analysis of the various criticisms of globalisation and responses that have been formulated. We have, therefore, restricted ourselves to the main arguments which have been advanced using three 'categories':
- the need for political regulation of the economic sphere;
- the view that the system will self-destruct; and
- the citizens' response.

The need for political regulation of the economic sphere

There are those who argue that the ultra-liberal doctrine is flawed, citing specific examples as evidence. They say, for example, that the success of the 'tiger' economies of south-east Asia is not based on the precepts of *Adam Smith* or *David Ricardo* but on massive American aid, strict protectionism, managed trade and the economic omnipresence of the state.

At a more fundamental level, it is pointed out that three traditional ways exist for regulating social relations - coercion, co-operation and competition - but that the liberal 'utopia' is based entirely on the third of these. What is required, therefore, is to develop the political dimension of globalisation, which, at present, is largely absent from international relations. This is needed in particular to ensure that when it comes to questioning the globalisation process, the field is not left entirely to those pursuing a nationalist agenda. Beyond the competition of the market, there needs to be political cooperation. As *Joseph Stiglitz* pointed out in 1986, if one's theoretical starting point is that markets are imperfect and uncertain, this may help legitimise financial speculation (risk-taking) but it also justifies state intervention as a way of limiting the uncertainties. Contemporary neo-liberalism, which focuses on the market and has nothing to say about power, is simply masking the power that is vested in the market. The issue has been around a long time - it was Adam Smith, after all,

The downside of mimicking and the absence of cooperation

The views of Isabelle Grunberg, UNDP Principal Economist (Le Monde, 20 May 1997)

Austerity is a boomerang which, in the open economies of the 1990s, reaches all corners of the globe. In the short term, it is also the ideal 'instrument' to restore the trade balance and win market share - on the basis that weak internal demand equates with modest prices and hence, with competitiveness on the world markets. The trouble starts when this perfect recipe is chosen by all countries. If everybody squeezes their internal demand while relying on others' markets who is there to absorb the export surplus?

When demand is dropping quickly, the benefits that accrue to companies from reducing their labour costs will not be reinvested in production. Even worse, the investment will be 'defensive' - taking over rivals and consolidating operations to lower production costs.

The lack of cooperation between states ('the prisoner's dilemma' in game theory) leads to a minimal result for everyone. All strategies are winners - except where everyone else's strategy is the same.

who said that a 'market society' comes before a market economy. But it also has a new dimension - as the constraints of the global market progressively drain the contents of the vessel that is representative democracy.

The basic problem is the disjunction between the global economy and governments operating in isolation. This analysis underpins the neo-marxist approach of *Samir Amin* who favours a 'humanist globalisation project founded on a socialist perspective': in other words, the construction of a world political system which is there, not to serve the needs of the global market, but to define its operational framework. In such a system, money would come to fulfil its 'natural' role (from a marxist point of view) as an instrument for implementing the collective will, rather than being viewed as a 'good' in it own right.

Offering a more concrete proposal, the Nobel Economics Laureate, *James Tobin*, suggested in 1978 (in a speech to the American Economic Association) that taxes should be imposed to curtail burgeoning speculation. *Noam Chomsky*, an American academic, drew attention to a study led by *Paul Volcker* (former chairman of the US Federal Reserve). The authors concluded that half the reason for the slow-down in growth since the 1970s could be laid at the door of rising speculation. We might also mention the arguments over introducing 'social clauses' at international trade negotiations, and the recent strengthening of the powers of the IMF to supervise the liberalisation of global capital movements.

A system that will self-destruct

Many neo-marxist observers believe that, for the first time in the history of capitalism, capital accumulation is no longer directed towards boosting production. It is noted, for example, that 80% of direct foreign investment is spent on changing the ownership of capital, rather than on establishing new productive ventures. The well-known thesis of a 'virtual' economy, with no link to production, is derived from these circumstances. Samir Amin sees the phenomenon as a headlong rush into financial speculation, with the process itself threatening to undermine the whole edifice. The fear is of a huge fall in the value of the excess capital generated in this system.

Hence the idea of 'self-destruction', advanced, among others, by *Immanuel Wallerstein*. He points out that by its nature, a capitalist world economy has polarising effects. The seeds of its destruction lie in its very success. The western proletariat, he observes, always had the Third World - but there is no 'Third World' for the Third World. He also stresses that there is nothing the 'capitalists' can do to prevent the global cost of labour from rising. In other words, the limits of externalisation of costs have been reached.

Thus, it is understood that 'financialisation' of the economy can only enrich one group at the expense of others. Only increased production can allow us to escape from this 'zero-sum game'.

The citizen's response

A whole series of different responses have been proposed by social movements, trade unions and NGOs. These focus on the theme of building 'new solidarities' as opposed to the interdependence of globalisation.

Alongside these initiatives, there are examples of what might more genuinely describe as 'the citizen's response'. *Pierre Calame*, of the Charles Léopold Mayer Foundation for the Progress of Man, explained this in an article published in 1996 entitled Citoyens du monde (Citizens of the World). 'The more I favour globalisation,' he asserted, 'the more I believe that economic globalisation is a political choice'. He does not view it as something which spells inevitable doom, pointing out that while all change brings crises in its wake, it also offers scope for positive actions. With this perspective, the author believes that the citizenry should view globalisation in terms of defining their capacity to transform doom-laden scenarios into opportunities.

There has to be some fundamental thinking in order to do this successfully on account of the fact that the changes taking place in already complex systems (involving economic and technological developments, ideologies, institutions and values) are not occurring in a sychronised way. As the author observes, 'it is not possible to imagine tomorrow's world being built with yesterday's idea's and the day before's institutions. We must work on changing representation...'.

Pierre Calame suggests a citizens' response founded on a quite original idea, in order to achieve this. He talks of 'building' power rather than 'sharing' it. What he is saying, in effect, is that power is not a cake that is there to be divided up. The 'amount' of power that exists is not pre-determined in advance. It can be built up. Nor is there too much power in the world today, but rather a lack of it. As he points out, what appears most threatening is precisely the fact that there is a widespread sense of impotence. Once that is understood, he concludes, the task of citizens' organisation must be not to take the power that already exists but to construct another form of power.

The conclusion from this brief review of the criticisms made of globalisation is that a conceptual and political confrontation exists between those who view the economy in terms of accumulating material stocks and those who see it in terms of flows which are not material - indeed, which are 'virtual'.

D.D.

Tertius Zongo, Burkinabé Minister of Finance and Economic Development

Economic integration is the answer

Tertius Zongo was one of the speakers whose contribution stood out in the debate at the informal meeting of ACP-EU ministers in Maastricht on 'The future of the Lomé Convention'. In questioning the effectiveness of the system of preferences applied to African exports to Europe – in a context increasingly marked by globalisation – this economist by training has set a cat among the pigeons. Mr Zongo has long been responsible for his country's cooperation policy with the ACP countries and the European Union. He therefore occupies a privileged position from which to take stock of the situation. Successively Director General of International Cooperation and Deputy Minister responsible for Finance and Planning, since the last ministerial reshuffle in Burkina Faso in September 1996, he has been the Prime Minister's Deputy Minister responsible for Finance and Economic Development. An interview with Tertius Zongo gave us the opportunity to hear the thoughts of an ACP minister on globalisation and incorporation of the ACP group into a world economy increasingly ruled by the market. Would Africa have a place in the globalisation process? This was the first question to which the minister replied.

– The phenomenon of globalisation is irreversible and cannot be avoided. It is not simply a fashionable word but a mode of behaviour which is going to be imposed, and if Africa does not prepare itself for the event, it will once again find itself marginalised. Nowadays, greater and greater efforts are being made to standardise the rules, particularly under the World Trade Organisation (WTO) – where one has to be competitive if one is going to have a say. Our little African, Caribbean or Pacific countries – which face a number of constraints – will have to think hard about how we can play a part in this world economy. There is no longer any room for idiosyncrasies or sentiment! In economic terms, we have moved on from the time when people took account of certain considerations that were not purely economic to one in which the clear-cut rules of liberal economics reign. We must prepare ourselves. Instead of whingeing and asking our partners in Europe to grant us total support, we have to organise ourselves to meet this objective.

■ *How can the ACP countries, generally speaking, and the African countries, in particular, organise themselves sufficiently to take on this globalisation phenomenon and the world economy?*

– Because of our assets, we are assured a privileged position. A

The Courier

number of African countries have comparative advantages in certain fields. Why shouldn't we organise ourselves so that we can trade in those fields where such advantages exist. Our countries are very small. Some have natural resources, like significant mining potential, but are subject to constraints in exploiting or transporting the product. It is only at this level that we need extra help from our partners – in setting up road networks and connections between countries in Africa. We cannot succeed if we are isolated from each other and from the rest of the world. These days, the major developed countries are all in the process of forming large blocs. For example, the European Union is still expanding, Asia is grouping around Japan to form a large economic entity, South America has allied itself with the United States through NAFTA. If even these large countries – which, in individual terms, have a certain amount of economic power – feel the need to group together in order better to face the competition, we, as small developing countries, cannot look inwards and expect to meet the challenge of the new millennium. This is why we have to implement rigorous economic policies. We should be setting clear-cut objectives and determining our priorities. And we need to define the role of the state and the other economic players, such as the private sector and associations, which will have to play a much more significant role. We must work out who knows best how to do what. If the state realises that the private sector is more competitive in certain fields, it must yield to it – and give it the right conditions to thrive. The same approach is needed at regional level. We must pool our efforts to create both a wider market and a greater opportunity to conquer local markets, thus achieving production on a scale that is sufficient to take on the world competition.

■ *Globalisation, inextricably associated with the World Trade Organisation, is ultimately expected to lead to the abolition of the ACPs' trade preferences under the Lomé Convention. Can the ACPs become competitive in these circumstances?*

OMCA

Bridge over a major road in Cameroon.
We need aid from our partners to construct road networks and international links.

– In my opinion, the preferences granted to the ACP countries hinder their development. They are a brake on their competitiveness because the beneficiary countries, irrespective of the conditions, know they have a guaranteed market – and they restrict themselves to meeting the demands of that market. Successful trading is not simply a matter of exchanges. There is the whole area of improving production and quality, and reducing costs. And when locked into these agreements, there is no thought of cleaning up the economic environment. Also, as the Green Paper mentions, the ACP share of trade in the EU has dropped from 6% to about 3%, despite the protection. There has also been a fall in ACP manufacturing exports. How can such a fall be explained? What it means is that, in spite of the preferences, European countries are obtaining the same products now from non-ACP countries. Instead of clinging to the preferences, we should be implementing policies aimed at local conversion of raw materials – enhancing added value on the spot – to make a more effective contribution to our own development. Most of the components of our countries' GDP is made up of primary-sector exports. It is widely agreed that, in the development process, the significance of the primary sector in the economy diminishes in favour of the secondary and tertiary sectors. Yet in our case the reverse is happening. Although some of our countries are currently experiencing favourable growth rates, as long as the make-up of the GDP, in terms of the different sectors, is not turned around, we shall always have fragile economies. The task is therefore to set up a conversion policy to which our partners will be able to subscribe, in order to create favourable conditions in-situ.

■ *One problem facing such a policy is the lack of free movement of goods between countries in the same region. Even states such as Burkina Faso and Mali, which share a border, are often unable to trade without the goods first passing through a European market. Isn't this an impediment to the integration of ACP economies in the international market?*

– The solution lies in properly preparing and exploiting local market potential. Take the case of French beans from Burkina Faso, for example. On account of micro-nationalism, as it were – discriminatory behaviour and prohibitive import duties – free movement of goods between Ghana and Burkina Faso or between Côte d'Ivoire and Senegal is problematic. The beans are first exported to Europe, to be auctioned, and the same product is then re-exported to countries in the sub-region in new packaging. We have to move towards free-trade zones and regional integration. Indeed, we have made some progress in this area with the setting-up of the West Africa Economic and Monetary Union (WAEMU) – for local produce – but to break down these barriers we need regional integration, well-thought-out common policies and balanced regional development. Admittedly, the benefits of integration and sharing are not felt at the same time and in the same way by everyone. However, people have to be made aware that all parties involved will win out in the end. It is people who make integration a success. As regards the principle of solidarity, mechanisms can be set up whereby all parties can benefit.

■ *So, in your opinion, economic integration is a response to globalisation. Yet the integration process is currently faltering and may even be in retreat in Africa. We have, for example, seen the dissolution of the CEAO and other sub-regional integration bodies which failed to produce the anticipated results. In these circumstances, what is needed to take advantage of globalisation? And what social structures need to be established to deal with the phenomenon?*

– Integration will come about through greater solidarity between African countries, aided by more ethical economic policies, with clear-cut ideas about the economy. We have to know how to prioritise, and not only in the short term. We also need a transparent legal system and flexible financial system to meet the needs of economic operators. All that is required to achieve integration, but we have no other way of doing it. In any case, we cannot just ignore universalisation and globalisation. Africa's markets contain more goods which have been made in Taiwan or China than goods originating from Côte d'Ivoire or any other country in the WAEMU zone. Why does the trader in Ouagadougou go to China for his purchases rather than to Abidjan? Simply because he thinks that the items are more to consumers' tastes and that they are more affordable. We must begin by addressing these issues. At a local level, we need to produce for our consumers and endeavour to raise awareness in order to achieve a degree of change in consumption habits. These days, with globalisation, consumers in Ouagadougou buy practically the same goods as consumers in Bordeaux or Aix-en-Provence. This ought not to be the case. Such wide-ranging consumption habits are of no benefit to the development of our economies. There is much for us to do, but we have the human capabilities and resources to do what is necessary. The main thing is for us to be able to work together. ■

Interview by M. F.

DOSSIER

What role for the State?

by Stelios Christopoulos*

What is a state? For the purposes of the present article, we have chosen the broadest possible definition – an organised community under one government. Similarly, we would define globalisation as a context where the production factors – people, money, technology and equipment – as well as social and ecological problems, move increasingly across state borders. In this sense we would view globalisation as a natural, one-way transformation from the industrial era of the 19th and early 20th centuries. This transformation was considerably boosted in the 1980s by trade liberalisation and the spectacular advance of information and communication technologies, and in the 1990s by the ending of ideological models for organising society, following the collapse of the Soviet Union.

The effects of globalisation are not just felt at the economic level. Telecommunications and transport advances, and global mass media (especially television) have also had a considerable cultural impact. Linguists predict that worldwide, 6000 languages will die out in the next 75 to 100 years and that only 300 languages have a relatively secure future.

In this new context, is state power being eroded? The answer, unquestionably is yes. To become or remain competitive, states are obliged to open up to the outside world – in terms of monetary policy, internal markets and trade. To stay competitive, they often have to abandon national sovereignty in certain policy areas, transferring it to regional or international organisations. At the same time, they are having to organise their societies in a way that concedes to the private sector much of what used to be in their exclusive field of competence (including public services). In other words the state must abandon a range of areas where it once had exclusive powers.

Strategic choices

Yet, as the scope of the state as such is being eroded, the strategic choices it makes for its citizens are becoming more important. In this new context, where more and more problems and their solutions are interdependent, isolated measures taken by individual nations, ignoring the fact that what others do might influence their decisions, are not only inefficient but can also have disastrous consequences.

In theory, states and governments can reject the need to adapt to the global context, citing in justification, political or philosophical 'values' in one form or another. In practice it is not so easy. There is sufficient evidence that life on our planet is a continuous struggle to adapt to changing situations and, if necessary, to undergo a complete conversion. The alternative is extinction. This applies to social life as much as it does to the natural world.

We may define a 'state' as an organised community under one government, but societies need more than mere efficiency. Dictatorships may be able to impose disciplined societal organisation, but this rarely proves effective in the long run. Open democracies have greater opportunities to adapt to change in a more participatory functional mode which involves all parts of the society concerned.

Membership of regional and international organisations allows states to be better informed and puts them in a position to coordinate their policies, taking account of the information that is more widely available. With more and more areas of policy and business left to the private sector, the state also begins to fulfil more adequately one of its more important functions: that of the social regulator. The state is the referee that fixes the rules of the game and ensures that they are applied, taking account of the different interests involved and, above all, the national interest.

However, the issue here is not necessarily privatisation. The key point is flexibility – the ability of the state to adjust its organisational response to various challenges that emerge at both national and international level. It is all about the capacity of the state to react in a timely and efficient manner to the structural changes that affect the performance of a given economic sector. As recent experience in Eastern Europe has shown, a highly competitive sector such as banking, even when privatised, still needs an institutional framework in which to function. When the state fails to adjust such a framework in a way that adequately serves the sector, the latter continues to face problems. An ailing banking sector will, of course, adversely affect the competitiveness of the whole national economy. The effectiveness of the national economy is the reality of both the public and the private sector.

Reinforcing competitiveness

Seen in this new context, the role of the state is, first, to identify a strategy for adjusting to new problems; then to identify possible ways of solving them, and finally to decide at which level (public sector, private sector or even civil society) the appropriate answer is more likely to be found.

The process of globalisation has had a direct effect on key areas of government policy in the most advanced countries. First, there are the 'compulsory' integration measures taken by states to cope with the new situation. Steps taken to restore or preserve macro-economic equilibrium (what one might call 'undeclared structural adjustment') are among the most radical measures taken by most developed country governments to ensure they remain competitive and credible at world level. A direct consequence of these is that schemes implemented in the name of 'social solidarity' have been stretched as never before.

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What are the most sensitive areas where governments can take steps to ensure they do not lose track of globalisation? In our view, the two top priority areas are foreign relations and education. Yet, the definition of these two policy fields is not necessarily the same today as it was in the past.

Foreign relations nowadays are largely about deciding which strategic alliances governments should forge with other states and/or regional organisations to promote their human resources, profit from the wider knowledge and experience available worldwide, and succeed in business. The job of commercial attachés in embassies is to identify areas of possible collaboration with the host country leading to business opportunities for their own nationals. And given that in the new global division of labour, work of low added-value is increasingly transferring to developing countries (where lower labour costs allow for less sophisticated goods to be produced more competitively) developed country governments are naturally inclined to facilitate this transfer.

And what do we mean by 'education' nowadays? As one nation's workers become more educated, they are in a position to add more to the global pot of wealth. My own father, before retiring in the late 1960s, used to take pride in the fact that since his graduation, he only had to associate reading with pleasure – not with work. And he told me that unless I became a lawyer, doctor or academic, I could afford myself the same 'pleasure'. One cannot be too critical, for it was a common attitude at the time, but it certainly no longer applies today. Any parent who persists in advising his or her children that, after leaving school, they can forget about reading, is seriously misguided. In the past, wealth may have been measured mainly in terms of physical resources, but globalisation has changed all that. The process of trade liberalisation and the freer movement of both goods and people mean that natural resources are becoming increasingly available, irrespective of national borders. Meanwhile, human resources are increasing in value. The modern worker must be able to demonstrate skills which are 'information intensive', as well as a continuous learning capacity. The more 'information intensive' people are, the more likely that they will succeed professionally.

The professions with the greatest advantage in the new globalisation era are those whom Robert Reich generically dubbed the 'symbolic analysts' – the problem identifiers, problem solvers and brokers[1]. All of these benefit from the priority now given in national education systems to quality and continuous updating. Natural resources are no longer the decisive production factor, and the more that states have human resources which fit the above profiles, the more likely they are to be competitive in the world.

In the industrial sector, it is more important to identify the comparative advantages of a country, recognising that value depends on ideas and patents rather than the routine production of goods and services. Governments must be able to decide whether and how they will strategically support products made by their nationals and to determine their place in the world's division of labour on the basis of either high (quality) or low (labour intensive) added value.

Who really cares whether *Renault* is French or *Fiat* Italian, if one day most of the patents they use to make their cars are Japanese or Indian? How much of their earnings (if any) are really invested at 'home'? Save for the very sensitive issue of providing jobs for relatively unskilled workers in the 'home' country, what really counts is how much French, Italian or European brainpower is involved in the research and development. This is the real 'added value' because without it, the companies' car production could not remain internationally competitive. And companies such as Renault and Fiat are increasingly making strategic choices aimed at keeping production costs low and staying in the market – good news for developing countries, because such choices include building parts or assembling vehicles in plants set up on their territory.

What about the developing countries?

The chief strategic policy target of developing country governments today is to help their society, their economy and above all their people to adjust to the needs of globalisation and effectively integrate into the world economy. The main problem area here is sub-Saharan Africa. According to the World Bank, which reviewed the integration rate of 93 developing countries from the early 1980s to the early 1990s, 24 of the weak and slow 'integrators' in the world economy are located in Africa, with a further 11 in Latin America and the Caribbean[2]. Policy reforms designed to increase growth and stability are likely to influence the speed of integration. We know of course, that developing countries have many more constraints and different priorities that no longer apply to the advanced countries. Top of the list is debt servicing. Some improvement was recorded here in 1996 with the developing nations' overall debt burden declining to 35.6% of GDP, from 38.3% the previous year.

It is only natural that subjects such as agriculture/food security and health infrastructure – policy areas of low added value for the advanced countries – should take precedence in the developing ones. Like debt servicing, these are indispensable priorities, but they are also unproductive 'investments' in the short term, and this can can only make things more difficult. There is certainly evidence to suggest that structural adjustment programmes have cost more in terms of social problems generated than the problems they were designed to solve – especially in sub-Saharan Africa. This is mainly because compliance with World Bank, IMF and EU 'requirements' has tended to be superficial – just enough to satisfy nominally conditions set to keep the international aid flowing. Another point worth mentioning is that growth in all countries is largely dependent on the rise of the middle class. In

1. Robert R.Reich, *The Work of Nations*, Simon & Shuster 1991

2. *Global Economic Prospects and the Developing Countries*, World Bank, 1996.

Metalworker learns new skills at a training centre in Ghana.
The most successful emerging economies are those that that have done most to educate their workers to the highest possible standard.

much of Africa, the middle class has been badly squeezed by the structural adjustment reforms. As a result, economies have spiralled downwards and social problems have become even more acute.

These are regrettable trends, but they have little to do with strategic priorities for the way ahead. Globalisation leads to money circulating more easily around the world. The elements, above all, that induce it to stop somewhere, are the skills of a country's workforce and the quality of its infrastructure. So education will also be the main challenge in developing countries – indeed, probably the most strategic area of their governments' policies. Looking at emerging economies and those at the upper end of the 'developing' list, it is significant that the most successful are those that have done most to educate their workers to the highest possible standards. Well-trained workers will always attract investment.

Another aspect is that free trade and currency convertibility can lead to a significant reduction in official corruption and improvements in the judicial system. The latter, in turn, helps to strengthen grass roots democracy and transparency. It is a kind of 'virtuous circle' in which, ultimately, the state institutions of developing countries come to fulfil the role of independent referee that was mentioned earlier.

Networking, which is about information and the organisation of its flow, is essential in globalisation. It allows for quicker responses at a global level. To be able to fulfil its role as regulator and social referee, the state must also arrange for the networking of its human resources and services at all possible levels.

Parallel to classic hierarchical schemes, the horizontal networking of officials in the public services, especially those involved at regional and international levels, improves their performance, and this is now considered to be a key factor.

Conclusion

The strategic choices that developing country governments have to make today must be guided by the principle of deriving as much advantage as possible from existing divisions of labour. These, as indicated, mean that low value added work is increasingly being transferred to the developing states. The task of governments is then to ensure that more value is added progressively in such production systems. Taken in conjunction with technology transfer and improved education, this should lead to sustainable integration in the world economic system.

Another important point to bear in mind, when judging the progress of developing countries, is that genuine democracy, transparency, good governance and respect for human rights are all relatively recent concepts. Today, it may seem only natural to require these principles of developing countries (conditionalities). We forget that only a few decades ago, they were far from being the norm, even in many of today's advanced industrial economies.

In a world of growing interdependence, where not just economic and trade issues, but also environmental protection, immigration, security and other important problems are increasingly linked at the planetary level, government is sure to become a more information-intensive and participatory operation. The importance of executive power has receded, and will continue to do so, and regulatory power will take its place. And this is something that is true of both advanced and developing nations.

In this new context, the key elements are therefore education to maximise human resource potential, flexibility in decision-making processes and the networking of human resources at regional and international levels – together with the ongoing drive for transparency and democracy. For modern states that want to integrate successfuly into the global scene, these must be the top priorities.

S.C.

DOSSIER

Warming up to business
Developing countries find global corporations make sustainable contribution

by Efthimios O. Vidalis*

The author leads the insulation business of a company with operations in 30 countries. He previously served as president of their global composites business. He graduated from Harvard University with a bachelor's degree in government and a master's in business. In this article, he presents a perspective on globalisation from the point of view of a practising multinational.

Not many years ago, mentioning the words 'global corporation' in the developing world was likely to trigger a chilly reaction. For leaders struggling to provide a better way of life for their people, big business was just another threat to be resisted. Fortunately, that view is changing. Developing countries have begun to see global corporations as part of the solution to the challenge of achieving sustainable development. Leaders have learned that multinational businesses can help address some of their problems and lay the foundation for development that is renewable and sustainable. Business can help start a cycle that feeds development.

Why the change of heart? Perhaps it is the example of others. Countries that have adopted policies to attract business are prospering and growing at above-average rates. Among the best examples are some of the smaller countries in Asia and the Pacific that have overcome an absence of natural resources by becoming active in world trade. Concurrently, global companies like *Owens Corning* have a selfish interest in looking to the developing world for growth. Having achieved high market shares in the major economies of the world, big businesses are looking for opportunities where rapid growth is expected in the near future.

Economic revolution

These new attitudes are sparking a revolution in the rapidly developing nations. Governments and global businesses are joining forces. Capital and technology are being acquired as the weapons of choice. Local businesses are learning to compete in the global marketplace. Their battle cry is, 'Trade, not aid.' The new 'revolutionaries' have found that attracting global business can break the cycle of aid dependency and lay a foundation for development based on vigorous and competitive trade. Aid and trade both bring money, of course, but money invested as capital has the potential to create something that will generate money. That's a welcome change from aid that leaves a vacuum requiring more money. Technology is equally important. It brings the owner or the licensee the know-how to make things happen. And it enables a company - or a country - to do something that has value for someone else.

An obvious benefit of creating an enterprise with capital and technology is the jobs that are created. Not public sector jobs that require tax money, but private sector jobs that earn money through commerce and trade. Those jobs pay taxes to support needed public services. While job-creation is important, what happens to enrich the talent pool is equally beneficial. Companies know they must train employees to enhance their skills and abilities, and trained people are themselves a great resource for a developing country. And without challenging jobs in their own country, young people who earn advanced degrees will soon add to the 'brain drain' by leaving for opportunities elsewhere.

From my perspective, the fun begins when a fledgling business takes wing and gives the country access to the global marketplace. The business buys raw materials and services from local suppliers. It develops local markets. It participates in global markets. Exports bring cash into the country, and people build careers.

Cultural contribution

Economic benefits are well known. Less well known are the citizenship benefits derived from global business. Some people are sceptical about corporate integrity, but I can tell you from my experience that global companies are among the most scrupulous and honest. Why? Because when corruption exists within the corporate environment, the enterprise will always be the first and the biggest loser. Global companies have the discipline to live by their values. They have the perspective and the reach to withstand the pressure of local customers or corrupt officials. Global companies can live by both the spirit and the letter of the law. And contrary to the popular notion that business leaders care only about short-term profits, longevity and stewardship are important goals of the global corporation. With size and reach comes visibility, and the attention that focuses on a large enterprise is healthy. The only viable strategy for long-term, global corporate existence is ethical operation.

Owens Corning recently set a goal of increasing its business outside North America to 35% of its annual turnover. To do that, we will need to establish operations

* President, Insulation business segment and Vice President, *Owens Corning*.

throughout the developing world and our best calling card in each location is our track record in other countries. We pay particular attention to our three core values of customer satisfaction, individual dignity and shareholder value. We all know these three principles and what they stand for, and we are determined to live by them everywhere in the world.

Customer satisfaction is perhaps easiest to understand because the business cycle begins when a customer places an order, and only satisfied customers return again and again to the same enterprise. This value addresses the importance of the marketplace and the subservience the enterprise has to its customers; it is quite the antithesis of the monopolistic, product-driven thinking that is often encountered in the early phases of economic development. Shareholder value is also understandable because investors must be rewarded for the trust they place in our enterprise. Not so easy to understand, perhaps, is individual dignity, which has generated the most discussion among our own people. One aspect of the principle is treating each other with respect. Others are creating a preferred place of employment and giving every person in the enterprise an opportunity to achieve his or her full potential.

One of the most important considerations is establishing a diverse workforce, and a key incentive for diversity is the customer. As we compete in the global marketplace, we encounter a diverse customer base. For us to understand the needs and desires of those customers, we must be diverse ourselves and be able to converse with our customers and understand their specific needs in their own language and culture. An equally important cultural contribution can be made in environmental affairs. Our stewardship approach at Owens Corning requires that we operate at a global standard wherever we have facilities.

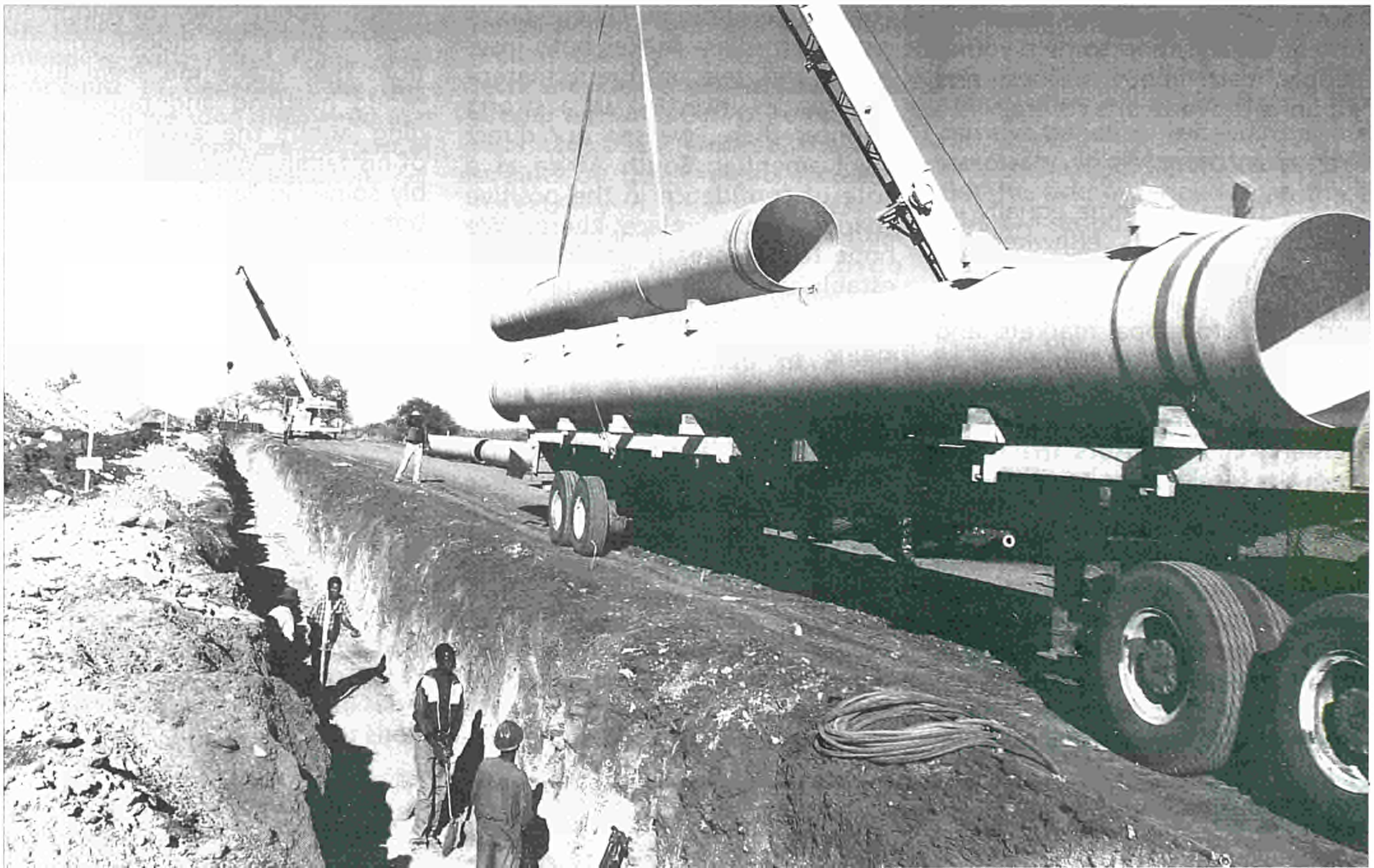
A success story in Botswana

Owens Corning Pipe Botswana, a joint venture formed with the Botswana Development Corporation and a group of local investors, offers an excellent example of the development-supporting benefits that can be derived from corporate enterprise. The need for drinking water in Southern Africa prompted the partners to get together. Drought, population growth and urbanisation are putting pressure on local governments to provide this precious resource. Studies have been done and extensive water schemes developed. Virtually all of them call for large-diameter pipe, an Owens Corning speciality.

Constructing a factory in Botswana provided jobs for local contractors, and the facility hired about 135 people to run the operation. Some jobs are for manual tasks but those are fast-disappearing. Most of the people have been trained to use computers and operate sophisticated production and testing equipment. The two expatriates on site function as teachers as well as business people.

The plant makes glass fibre-reinforced plastic (GRP) pipe, which has several important benefits compared to pipe made with traditional concrete and steel. GRP pipe is inherently corrosion resistant so it doesn't need special coatings to protect it. The pipe is lighter than traditional materials, saving transport and installation costs. It can be manufactured in virtually any length but is usually made in 12 metre lengths. Pipe for the North-South Carrier in Botswana is being made in 18-metre lengths to save shipping and

Pipelaying work on the North-South carrier in Botswana.



Owens Corning

installation costs and to reduce the number of connecting joints. Installation of GRP pipe is so easy that local employees with basic on-site training can handle the job.

The facility has been operating for three years and has already won 15 contracts for projects throughout Southern Africa. The largest to date is for the North-South Carrier project, which involves the building of a dam and laying 350 kilometres of pipeline to carry water from north-eastern Botswana to the thirsty south where the capital, Gabarone, is located.

Because of the joint venture, Botswana is now able to buy pipe locally and avoid importing it, which would drain precious hard currency. The operation is also starting a new industry within the country - advanced composites - which could evolve into the production of such things as underground gasoline storage tanks and agricultural silos. The business is opening the door for an engineering material now used in more than 40 000 applications worldwide.

The joint venture has become a fully-fledged member of the Gabarone community and contributes more than just jobs and taxes. The business funded the renovation of a surgical wing at a local hospital, started a local volunteer organisation to help young people learn about business and supports the local arts centre.

Other examples

There are some equally interesting examples elsewhere in the world. All of them started with capital, technology, jobs, training and access to global markets, and include positive contributions to the local business environment. At the same time, each has distinguishing characteristics that grew from the local culture or need.

In Saudi Arabia, for example, our partnership resulted in a successful operation to replace asbestos cement pipe and help municipal governments overcome the vexing corrosion problem caused by local soil conditions. Development work there has given us the knowledge and experience to expand our pipe business globally. We are now operating wholly-owned or joint venture facilities in more than a dozen countries. Within Saudi Arabia itself, we expanded our partnership to construct and operate a glass fibre insulation plant. Conserving energy resources is important and prudent, even where they are abundant.

In China, a pipe facility is helping to displace asbestos-cement pipe and bringing clean, safe drinking water to the people. Insulation plants are making energy saving products, and our people are working with the government there to realise the potential that energy efficiency can have for conserving natural resources, reducing the need to build costly power plants and avoiding the pollution those power plants would generate.

We are now building factories with local partners in Egypt and Turkey. It is gratifying to help those countries address their water and sewerage needs, the result of which will be improved sanitary conditions and reduced infant mortality.

In South Africa, Owens Corning last year acquired a controlling interest in a business that was formerly a licensee of Owens Corning technology. Owens Corning South Africa makes both insulation and reinforcement materials. Besides investing in a strong business there, we see our direct involvement in South Africa as a vote of confidence in the positive change taking place there. We hope to be an early participant in establishing the momentum that will help South Africa grow.

In India, Owens Corning and a local partner are building a factory to make glass fibre reinforcements near Mumbai. The facility will serve as an export centre for the Asia-Pacific, combining a low-cost production base in that country with our market presence throughout the region.

The company has also established an Application Development Centre in Bangalore for both building materials and composites. Working with architects, designers, engineers and others, the centre will help launch new materials in that country.

And, finally, India's strong capability in software development has prompted us to link engineers there with our operations people at a manufacturing facility in Amarillo, Texas. Because of time zone differences, information system assignments can be sent to India at the end of a working day in the U.S. and a solution will be waiting when the people return to work the next morning.

There is a change taking place in the way companies manage operations around the world. The traditional approach has been to staff them with expatriates. While most companies still begin operations in a new country with expatriates who know the company's culture, they quickly develop local talent to staff the operations and this process is taking place faster and faster. Many of the expatriates are from outside the global company's headquarters country. At Owens Corning, we are recruiting and developing leaders who can function across cultures.

A good marriage

Writing these glowing words about the development contributions of global corporations may make me seem like a proud husband and father bragging about the accomplishments of his family. While there is probably some similarity in the way we both boast about good things and overlook shortcomings, the family metaphor is also appropriate in that it starts with a marriage.

Governments and local business people are choosing their partners carefully, but they have found that a marriage of local and global interests can be a very good thing. They are focusing on the positive possibilities and not avoiding commitment because of potential problems. They are learning that when a marriage is good, the union can be very happy and provide offspring for many generations to come.

E.O.V.

The pros and cons of open capital markets

Peter Praet, Chief Economist of Generale Bank (Belgium) explains

When the European Exchange Rate Mechanism (ERM) was rocked by turbulence in September 1992, a lot of media attention was focused on the currency dealers who are said to have made a killing, transferring billions of dollars from one location to another with the press of an electronic button. This is perhaps the most vivid image that many of us have of the increasingly liberalised global capital markets. The mechanism did not collapse, but it emerged from the storm in a somewhat battered condition. If rich countries, such as those in the ERM 'club', are unable to resist global market forces, what hope is there for the developing countries? Should they maintain restrictions on capital movement to insulate themselves from such forces, or try to 'go with the flow'? What are the benefits of allowing funds to move freely? And do these outweigh the disadvantages? These were some of the issues we discussed in a recent interview with Pierre Praet, chief economist of Generale Bank (Belgium). And we soon discovered that currency movements are just part of a much more complex equation.


The Courier

Mr Praet began by pointing out that there was more competition in countries whose capital markets were open. This is a good thing in principle because it means funds are available more cheaply. On the other hand, local savings are no longer captive – and these will look for the highest possible rate of return which may mean their going abroad. In theory, less-developed economies ought to be at an advantage here since funds injected into an economy where capital is scarce might be expected to deliver a better rate of return. But there is a 'big proviso', according to our interviewee. 'There needs to be a good business environment which protects the investment and enables the capital to be used efficiently'.

In closed economies, Mr Praet said, domestic savings will be one of the main determinants of development, and this can work well if the right investment projects are being carried out in a proper environment. Once the barriers have been removed, the constraints on governments increase, particularly if their priorities do not accord with those of potential investors, as the savings can go elsewhere. 'But under normal conditions, capital flows should go to countries with high development requirements.'

Mr Praet was keen to emphasise that this only happened 'when everything is working well' and that many different situations could arise in practice. Analysing cases where domestic savings were being moved abroad involved looking at the behaviour of the owners of capital. In some countries, ordinary citizens were responsible for massive outflows while in others (such as the Philippines under Marcos, or Zaire under Mobutu) it was dictators who had transferred large amounts overseas. In either situation, a country may find itself relying on non-residents for development capital – something which had actually happened in a number of Latin American nations. 'This means that there are cases where non-residents trust a country more than its own residents do!'.

Volatility

The chief economist went on to explain how international capital movements could be just as volatile as domestic savings. As a result, countries had to be very careful about how they financed their domestic investments. 'If you finance development through equity markets, the money comes in via businesses. The owners have acquired risk capital in those companies and, of course, they can choose to sell the equity at any time, prompting the price of the stock to fall. If a company's share price goes down, it will find it more difficult to raise new money.

There is not the same volatility when the capital comes through banks or financial institutions, but this so-called 'hot money' poses problems of its own. Unlike share capital, it has to be paid back at the time of maturity (or perhaps refinanced).

On balance, Mr Praet thinks that equity markets offer positive benefits – indeed, they are necessary to finance investment. But he acknowledged that there can be serious problems on the stock exchange if international investors decide to sell – perhaps for reasons which are not very sound. As he put it: 'They sometimes panic. And when markets are open, you can decide in just an hour to liquidate your assets.'

Multinational ownership

One effect of more equity finance is that the ownership of domestic companies becomes much more multinational. Developing countries have traditionally been wary of too much local ownership concentrated in foreign hands. A recent development, which Pierre Praet believes is reassuring, is the growth of mutual fund investment in the equity markets of less-developed economies. 'Mutual or pension funds usually have longer term horizons', he stated, 'and their ownership is very diversified. A lot of people criticised the multinational companies that exercised strong control from abroad. Mutual funds are multinationally-owned too but many individual investors are involved, and the funds themselves don't normally have a controlling influence over companies. They own lots of little pieces of many enterprises. That means the fund managers cannot try to determine the behaviour of companies, and local management will be much more autonomous. The only pressure they can exert, if they don't like the way a firm is being run, is to sell their shares. The managers must obviously pay attention to the share price, especially if they are planning to raise new equity capital, but it is a very different form of corporate governance. I think it is a very satisfactory evolution.'

Our conversation moved on to the effect of capital market liberalisation on governments. How much control of economic policy did this leave them with? Mr Praet was in no doubt that open markets imposed more market discipline on economic policy and that leaders must take this new variable into account. Holders of diversified equity portfolios, such as mutual funds, may have limited scope to influence the direction of individual firms, but if they don't like a nation's macro-economic policy, they are likely to reduce their exposure there (to the benefit of another country). 'And when all analysts reach the same conclusion, you get a currency crisis because there are huge capital outflows.' The chief economist pointed out that quite small decisions can have a big effect in relatively narrow capital markets. 'If there is pressure on the currency, the central bank is forced to increase interest rates and that slows down the economy. If the central bank doesn't bow to the discipline of the market, the more the currency will fall and the more investors will sell. It becomes self-fulfilling.'

Is the market 'rational'?

So it is clear that the 'market' is extremely powerful in a situation where capital is allowed to move freely. Is this good or bad? The answer must depend, to a large extent, on whether it acts rationally. Pierre Praet responded by talking about 'bounded rationality'. 'In a normal situation, I think there is a high degree of rationality, but a lot depends on the quality of economic information available to those operating in the market. It is true that information may not always be well-processed. The decisions of asset allocators may be influenced by something they read in the press – perhaps an exaggerated headline. But overall, research is improving dramatically.'

In abnormal situations, by contrast, where the markets are affected by uncertainty, there can be something approaching a panic. Mr Praet raised, in this context, the important distinction in the financial markets between 'risk' and 'uncertainty'. 'Risk is a situation we can deal with. You calculate the probability of a return and can calculate the gains if you succeed (or losses if you fail) reasonably accurately. Markets can cope with this quite satisfactorily. Uncertainty is very different. It is where you have no experience and cannot work out the probabilities. When this happens, people normally adopt conservative strategies and take their funds to traditionally more stable markets. This is known as a flight to quality and it creates real shocks.' Our interviewee cited the most recent Mexican financial crisis as a classic example. With the country facing political problems, analysts had suddenly discovered that the foreign financing of Mexico's deficit was heavily geared to short-term money (i.e. with short repayment periods). Due to deficiencies in the information system, people had been largely unaware of this until the country found itself having to renew large amounts of short-term borrowing on the capital markets. The ensuing panic sent shock waves through other Latin American nations who were dragged into the crisis for no particularly good reason. There was even some pressure on the Italian markets. 'Of course,' continued Mr Praet, 'it is not just panic that is involved. When a country is in trouble – perhaps going broke – dealers may be acting perfectly rationally in seeking to reduce their global risk – which means selling on other vulnerable markets to buy in somewhere like the USA or Germany.' The trouble with this, is that it can create a snowball effect.

Least-developed countries

Pierre Praet also mentioned problems that had arisen elsewhere – notably in South-East Asia. This focus on middle income developing economies prompted us to ask about the fate of the very poorest nations whose foreign capital is more likely to come in the form of aid rather than private investment. Mr Praet accepted this point but felt any stable country capable of reaching a social consensus on an appropriate framework for entrepreneurship could risk opening its borders. So what constituted an 'appropriate framework?'. One which legally guarantees property rights, and where taxes don't 'eat up' all the benefits earned by those who have succeeded in the economy, was his reply. The essential thing, he insisted is 'social and political stability'.

In conclusion, Mr Praet was certainly not critical of least-developed countries that chose not to open their capital markets at present. 'You have to be very careful in doing this, where the social consensus is fragile. If you have open markets and a domestic political crisis erupts, the economic consequences may be very severe.' At the same time, he clearly believes that the best way of achieving investment in development ultimately lies in open capital markets. S.H.

DOSSIER

ACP primary products

Facing up to globalisation

by Michel Manceau

In this abridged article, the Director-General of APROMA (association for the marketing of primary agricultural products), offers a personal perspective on the impact of globalisation on ACP agricultural commodities.

The globalisation of agricultural markets means more and cheaper foodstuffs for a larger number of consumers. But it also spells unemployment in some developed countries, more poverty in others, and in all cases, an economic struggle where consumers are sometimes the beneficiaries and sometimes the victims. They benefit in the sense that bread, dairy products, coffee, oils and margarines, chocolate and confectionery have become accessible to the rising middle classes who shop in the new hypermarkets of Warsaw, Seoul and even Shanghai. The price they pay, however, may be in reduced choice and, on occasion, the loss of their jobs. To all intents and purposes, this is a worldwide trend, but how far does it affect the ACP states? Is it something that concerns them or leaves them unmoved?

Africa

In the countries of West Africa, in villages far removed from the rest of the world, cocoa is preferred to coffee. The ease with which it can be grown and harvested leaves time for community activity. Coffee is viewed with less enthusiasm because it needs a lot more work. The 'spirits' require a great deal of attention, and the average worker spends just a thousand hours a year in the fields as against three thousand for his counterpart in Vietnam. Neither drink is consumed in large amounts locally - except in Ethiopia which is the 'birthplace' of coffee.

Whether in an agricultural environment protected by guaranteed prices, boosted by the devaluation of the CFA franc, or fully liberalised, you will find a number of educated young adults taking up work in the villages. Their contribution is to provide management and training. They are also found in the new cocoa-conversion plants and the coffee exporting companies. They are buying TVs and washing machines on credit, and moving into the thousands of new housing units that have sprung up around the new commercial centres. And, while the climate is one of liberalisation and privatisation in Abidjan, with Côte d'Ivoire industrialists investing in crops and conversion, Accra still has a place for a government Cocoa Board whose usefulness is acknowledged by the market. In Kampala and Moshi, state employees are buying up the coffee plantations and the peasant farmers are replanting them. Prices are quite good and the GDP of some 15 countries grew by more than 5% in 1996 as a result. The trend looks set to continue in 1997. This Africa is moving closer to the outside world, but its rural inhabitants, particularly women, remain isolated.

Caribbean

In disillusioned Haiti, income stands at less than ECU 100 *per annum*. During demonstrations in March, Cité Soleil, the shanty town on the outskirts of Port au Prince, was counting its dead: 40 people killed as a result of gang warfare, drug trafficking and splits between rival gangs (some supporting Duvalier, others not). Meanwhile, on the North-West peninsula, perched on the cliffs facing Florida, 350 000 inhabitants are facing famine. Those who have coffee in their fields keep most of it and drink it in fermented form. Barely a dozen containers left the country last year to supply the US speciality coffee market with Haitian Blue. Jamaican Blue coffee, by contrast, has fared well. 25 years ago, Japanese dealers signed a long-term supply contract, making this coffee the most expensive on the world market.

So there are contrasts between the two countries, the 'island of painting' and the 'island of music', although they also have similarities - an omnipresent drug economy, large-scale American interests and the huge US market close by. But both islands remain outside the 'global village', which pays two dollars a day to the women who pack Barbie Dolls made in Port au Prince. Meanwhile, the women on whom such goods are modelled bathe in the blue lagoons on Jamaica's North coast. Destitution and clandestine immigration are the main features of this increasingly impoverished agriculture. Here, globalisation means perhaps one day working as a taxi driver in New York or playing reggae in London.

Pacific

The King of Tonga respects the national custom of not allowing more than four Indian families to live simultaneously on the islands so as to prevent excess globalisation! At the age of 15, young men receive (if any remains) five acres of land for the cultivation of cassava, cereals and vegetables - including pumpkins bound for Japan. And, in Papua New Guinea, the slopes of Mount Hagen grow biologically improved coffees which reassure European consumers concerned about the story that lies behind what appears on their plates and in their glasses. Coconuts are gathered on these 'pacific' islands and there is sometimes the opportunity to ship them on inter-island vessels to the capital - hundreds of kilometres away - so that, on rare occasions, they can be exported in the form of copra. In this region, freight charges are high and the rest of the world is a long way away.

Thomas Dorning/Commission

Packing cocoa in Ghana.
Prices are fairly good.

ACP states

These are contrasting lands which nevertheless have a number of common denominators: the former colonists introduced them to cocoa, coffee, groundnuts, oil palms, vanilla and so on. Such products, together with the food and fresh produce grown in the areas immediately around the towns, generate most of the resources the peasant-farmer populations can convert into cash. The few dollars a day they earn enables rural people to gain access to education and to health-care services after a fashion. Meanwhile, the 'downstream' activities (processing, transport, conversion and trading) lead to the formation of a middle class, which is demanding its own access to the global village.

New African 'elephants' to match the Asian 'tigers' (but more agricultural) could emerge if the potential of primary products could be properly managed. For this, the policy tools need to be specifically adapted, aiming at greater international acceptance and a stronger presence on the global market.

Images

'Twenty tonnes of plain and milk Swiss chocolate have been seized in Denmark on suspicion that it contains genetically engineered soya': Libération, March 1997.

Flavours, spices and stimulants all improve the bland and, on occasion, illusory taste of global-village products. The international market seeks them out, takes them for itself and sometimes abandons them: Coca Cola allies with Nestlé to give the world market a single canned product - which is sold in vending machines, retains the same dark colour and offers a variable combination of caffeine, sugar, vanilla and other flavours imported from Africa, Madagascar and elsewhere. Market surveyors ask their interviewees to describe the difference between Liptonic (based on tea), Coca Cola, and 'Iced coffee'. The real answer, essentially, is the time and place they were consumed. The taste and colour scarcely change.

Should the quality of African coffee be improved if a plant in Trieste can make you an espresso from any sort of coffee? Must one strive to protect the intrinsic qualities of groundnut oil if a Rotterdam factory can supply 'table oil' made from any old combination of fats - having alighted on the 'best' one discovered during processing? Tastes and images everywhere are becoming 'globalised'.

Globalisation means investments in marketing that only a few 'global' companies can afford. Tens of millions of Ecus are needed to launch a branded product in Europe. This has led to large-scale mergers and acquisitions - the creation of just four or five conglomerates across the world in sectors such as oil-yielding crops, stimulant drinks and confectionery. More importantly, it has led to a search for guaranteed sources of supply, which means that preference is given to substitute products. These are extracts and active agents that are sold on account of their function, not of their nature or origin. Despite these wider trends, there are exceptions. 'Café de Colombia' has gone it alone and secured a position on world markets. The same applies to 'Kilimanjaro' coffee sold in Japan and 'Out of Africa' coffees marketed in the US. But such companies are always vulnerable to takeover by the multinationals when the latter judge the time is ripe to move into the 'speciality' markets.

In the meantime, what has become of the international traders? Most have shut up shop, worn down by insufficient margins and the hasty withdrawal of the banks. Market globalisation together with the ideologies of privatisation and liberalisation (advocated particularly by the Bretton Woods institutions) finally got the better of them.

Up to the 1980s, ACP stabilisation funds were responsible for exporting or authorising the export of many agricultural commodities. There would be a contract based on a regulated price covering all stages from the peasant farmer's field to the port of destination. The international trader, his delivery guaranteed by the good record of such funds, would cover himself against the risk of price variations on the futures markets of Chicago, London, New York or Paris. Reassured, the banks would finance the operations, sometimes as far down the line as the peasant farmer.

Later, however, with the liberalisation of various sectors, the international traders lost their access to money from such funds - which enabled them to purchase supplies and take delivery at a later date. As a result, they could no longer guarantee delivery. They had to fall back on 'spot' transactions and to abandon attempts to cover themselves on the forward markets. This eroded their margins. With prices under threat, the banks regarded them as under-capitalised and pulled-out.

More recently, things have bounced back. The situation of peasant farmers in those countries (mainly ACPs) that have gone through the liberalisation process have improved. Now they are getting prices which are closer to those on the world market, and, in the overall economic climate of the 1990s, this is good news. Different sectors have structured themselves around internal traders and exporters who are organised along professional lines. And most countries have won back at least some of the market share lost during troubled times. Some world-level international traders have survived either by investing in their sources, to guarantee their supplies, or in conversion operations locally and in the consumer countries.

Nowadays, the parties involved are the African peasant farmer and the multinational company, generally with a native, Chinese, Lebanese or Pakistani trader as intermediary. Past errors, particularly excesses and mistaken interventions by ACP governments, have cast a shadow over the future of several sectors. But what will happen in the years to come if everything goes reasonably well. Will the oil palm processing operation in Côte d'Ivoire, whose headquarters are in Europe, organise the village plantations or will it limit itself to obtaining supplies only from trusted industrial plantations? Will the small Kenyan coffee producer, who used to supply a top-grade bean, cave into pressure from certain international coffee roasters and exporters who want the lower quality coffee which is better suited to mass production on large plantations? And who, in the future, will take on the task of research, of conserving hybrid collections and more generally, of setting out the 'rules of the game' that the players (public and private) in each sector should follow?

This brutal and direct encounter, the integration of the peasant farmer into the 'global village', brings with it some reward: access to a market. However, the history of worldwide agricultural development demonstrates that certain safeguards are needed during the intermediate phases of such developments. These include safeguards which ought to be available through international agreements.

Now that most product-related agreements containing economic clauses have expired, ACP producer-countries are left with unilateral arrangements between producers and the World Trade Organisation (WTO) and its branches. The WTO has been established as the preferred tool for liberalising world trade. At the same time, in the framework of the Lomé Convention, there will be a debate about what should happen to ACP trade preferences - which have already been eroded by the Generalised System of Preferences and the concessions granted specifically to other areas (such as Latin America and Asia).

Dumping

Globalisation has sometimes also meant gaining market share through the practice of dumping. Should exports of certain European meats to Africa be accepted? And what about the US programmes that have hit national and regional cereal production in Africa? In simple terms, should we be favouring the consumer whose interest is in getting the lowest possible price and who therefore demands Argentinian soya in Zambia, Malaysian oils in West Africa, and even European sunflower and rapeseed oil in Senegal? Or should we look at developing national consumption based on regional produce - protected by regional customs tariffs?

Returning to cocoa, it is worth noting that despite all the commercial arguments and questions of quality, only 10% to 20% of the crop is retained in the producer countries for processing into paste. What will happen if the world's leading cocoa producer (Côte d'Ivoire) manages to get this figure up to 40% or more, with the help of home-grown and foreign investment. This will lead to the closure of plants in Europe. Will people then be talking about the benefits of liberalism in the global village, or will it be the beginning of a long economic war? And who will settle the disputes when they arise?

The last frontier

Is the global village really multi-cultural or even multi-ethnic? Will it allow people to be different and reflect the specific features of African agriculture which make cocoa plantations more competitive than elsewhere? Africa is a last frontier, a combination of landscapes, cultures and crops which are still preserved, as is the right to land. They are preserved for use by Africa's inhabitants. One day, who knows, because of world food shortages or the tourist's appetite for open spaces, they may be preserved for the world as a whole. Perhaps the ACP world will grow tired of this polarised discussion of success and failure; of centrally planned economics versus all-out liberalism, and choose its own path instead? Indeed, perhaps it has already embarked on such a path. M.M.

DOSSIER

The challenges facing sub-Saharan Africa

by E. N. Mbekou and G. Nziki*

In an address on 'The Globalisation of the Economy', the American Secretary of Labour cited the Pontiac Leman as an example of the phenomenon. The Leman is a car manufactured by General Motors. For every model that comes off the production line, roughly 30% goes to South Korea for the assembly work, 17.5% to Japan for advanced technology components, 7.5% to Germany for design, 4% to Taiwan and Singapore for minor parts, 2.5% to the United Kingdom for advertising and marketing services, and 1.5% to Ireland and Barbados for data processing. Only 37% of the initial value of this so-called American car remains in the USA. This is a stark illustration of how businesses have evolved in a 'globalised' economy.

Globalisation has reduced the number of regions of the world that can offer comparative advantages to multinationals. Advantages include interest rates high enough to attract investment; fiscal, social and environmental legislation which is attractive to corporate investment; a level of net pay which will retain a highly skilled workforce and low enough production costs for goods to remain competitive.

Multinationals are no longer pyramidal structures associated mainly with one country. Today they are, more often than not, groups of companies organised in world-wide networks with a highly flexible framework. They can no longer be identified with a particular country of origin. Prosperity does not come from companies scattered in various locations in the world competing against each other. Since companies can invest anywhere, regions are now pitted against one another on a global scale. And they are competing to attract mobile international capital.

Integration factors

Globalisation is a complex interlinking of the production of goods and services organised on an international scale. It is based on technical innovation and progress in the transport and communications sectors assisted by an international financial market which allows speedy movement of financial investments which greatly exceed the flows in the real economy. The picture is completed by the dismantling of trade barriers by a world body, the World Trade Organisation (WTO), and by regional groupings. The result is international diversification of the production of goods and services. The ongoing pursuit of short-term profit on globalised currency and bond markets makes turbulence more likely, threatening national payment systems and the stability of the real economy. The globalisation phenomenon has been given a boost by several factors such as technical progress and – with the end of the Cold War – the settlement of a number of conflicts. The passing of the Cold War has also altered the stance of many governments. This is seen, for example, in the abandonment of centralised planning. Other changes, such as the relaxation and removal of exchange controls, the liberalisation of capital movements and more autonomy in financial transactions for goods and services, have all gained momentum with the major communications revolution.

Heterogeneity and dangers

Globalisation undeniably has its benefits. Thanks to technological innovations, transporting goods and merchandise from sub-Saharan Africa (SSA) to the rest of the world is becoming increasingly less expensive. And telephone calls are becoming ever more affordable. The global dismantling of trade barriers advocated by the WTO and also the grouping of nation states into regional economic areas are encouraging companies to go beyond national borders. But such advantages are spread very unevenly. Some countries and regions are losing out, notably SSA which, in most respects, is only experiencing the harmful effects of globalisation.

So the globalised economy is a double-edged sword which affects services, goods and capital but has very unequal effects on countries, regions and people. A number of Far Eastern countries have succeeded with export-driven development, combining rapid growth with a low level of inequality and a high level of human development. On the other hand, many African countries are becoming more and more marginalised globally with increasing social divisions at national level.

According to the UNDP's 1996 Human Development Report, in a good many of these countries, economic growth goes hand in hand with ever greater social disparities. The rich grow even richer, surrounded by a majority of the population living in worsening poverty. This is known as 'growth without consideration'. According to Michel Camdessus, the Director-General of the IMF, this phenomenon is common in SSA.

And while capital mushrooms for a good many Asian countries, Africa's share of overall capital flows to developing countries fell from 33% in the 1970s to only 6% in the period 1985-95. The same trend can be observed in foreign investments and trade (see table). Over the last 15 years, the world has witnessed spectacular economic progress in some countries whilst in others, there has been unprecedented decline. In SSA, the rot set in in most places at the end of the 1970s. Despite numerous attempts at reform, which provided some impetus for a recovery, 20 countries in the region still fall short of their *per capita* income of 20 years ago.

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While some nations are being integrated into the global economy (newly industrialised countries) and are becoming hubs of economic growth, SSA still wallows in structural adjustment. The adjustment policies are intended to establish a set of measures for tackling macro-economic imbalances in developing countries. At the same time, they contain overall or sector-based financial programmes aimed at bolstering the strong points of the economy undergoing 'treatment' with a view to putting it back on the path of sustainable growth.

Sub-Saharan Africa (520 million inhabitants, 52 states) generates only 2% of world GDP (250 billion dollars, 90 billion of which are accounted for by South Africa alone), 1.7% of world exports and less than 1% of world industrial added value. The terms of trade declined by 30% between 1982 and 1990. Between 1980 and 1989, 241 stabilisation and adjustment programmes were set up with assistance from the IMF and the World Bank. We do not reject, as such, the principle of structural adjustment in Africa, but rather its mode of implementation. While economic reform gallops ahead, the social dimension is left trailing in its wake. The EU has tried to instigate a more balanced approach at the level of the Bretton Woods institutions but these have proved inadequate, in particular because they involve only short-term palliatives. In the meantime, the economic reforms drag on while the main players (the recipient states on the one hand and the IMF/World Bank on the other) seek to lay the responsibility for programme failures at each other's doors.

While all this is happening, the people of the adjusting countries, and above all, their most vulnerable groups, remain trapped in extreme poverty. The shock therapy administered to restore the nation's economic health turns out to have some nasty social side-effects. Worse still, after the enormous sacrifices made by the people over a period of ten years or so, the forecasts do not suggest a particularly rosy outlook. It is true that between 1986 and 1993, countries implementing economic reforms did somewhat better than those that did not (growth of 3.5% as opposed to 1.5%). But this barely keeps pace with population increases. So of the two obectives – stabilisation and economic growth – established at the outset, the 'adjustment' countries have only managed to achieve the first. In addition, the overall foreign debt burden of the developing countries rose to $2068 billion in 1995 – a 7.5% increase over 1994. Within this total, the indebtedness of sub-Saharan Africa rose from $212.4 billion at the end of 1994 to $223.1 billion in 1995.

Developing countries' diminishing share of the world economy (in %)

	1980	1993
Exports	0.7	0.4
Imports	1.1	0.7
Direct foreign investments	0.9	0.4
GNP	0.6	0.4

source: UNCTAD database

In spite of concessions and restructuring, and the fact that exports have been helped by generally better terms of trade, the debt indicators for the poorest countries continue to deteriorate. The debt/export earnings ratio in SSA rose from 252% to 266% between 1993 and 1995 while the debt/GNP ratio increased from 73% to 79%.

How can SSA countries look forward to a brighter tomorrow with such handicaps? How can they reverse the asymmetrical trend of globalisation? Faced with a globalised economy, they cannot afford to adopt individual strategies. The challenge then is to intensify regional and inter-regional cooperation and to establish which capital goods will make it possible for them to take part successfully in world trade.

Well-allocated resources and, in particular, human resources, are vital for competitiveness. The challenge facing the African ACPs is to utilise their human stock to develop new goods and strategies and then to produce and export goods and services of higher quality. There are more than a hundred thousand unemployed graduates in SSA, a qualified workforce which should be a big plus for the region. The huge unskilled labour force in Africa could be employed in the manufacturing sector. To achieve this, the countries of SSA must institute measures aimed at rebuilding the confidence of foreign investors. This can be done through good governance and stabilising macro-economic parameters such as inflation, government deficits and the current account balance of payments. It also requires a suitable legal framework.

As far as a competitive economy is concerned, SSA must push on with its regional economic integration so as to be able to respond more effectively to globalisation. Special attention must be devoted to the social aspects of this integration. Sound macro-economic orientation and political stability are both essential if the subcontinent wants to attract local and foreign investment to diversify production and exports so that it no longer has to rely on traditional staple commodities. Lastly, internationalisation of democratic principles is vital because it would allow leaders, as well as populations, to blossom both individually and collectively, encouraging awareness among intellectuals and individuals and thus creating a supportive environment for entrepreneurship.

E.N.M. & G.N.

DOSSIER

Spiritualities

by Bill Ryan*

The resurgence of spiritualities and the driving force of globalisation are among the most significant signs of our times. This article describes the growing tensions between spiritualities and globalisation, notably in poorer countries.

The most visible sign of resurgent spiritualities is Islamic fundamentalism. Western, especially American policy analysts, often make it 'enemy number one' – the successor to Communism. But Islamic fundamentalism is just one sign of a spiritual resurgence now happening in almost every country. *Gilles Kepel* calls it ' La revanche de Dieu' in the modern world. And quoted in *Samuel Huntington's* 'The Clash of Civilisations and Remaking of the World,' *George Weigel* refers to 'the unsecularisation of the world.' This is not a narrowly religious phenomenon, but is integrated into broader cultural, ethnic or nationalist movements. Where Confucian culture dominates, it takes the form of a renewed affirmation of Asian values. In North America, given the climate of cynicism towards all institutions, it is generally referred to as a revival of spiritualities rather than of religious or religious values.

Outbreaks of spirituality are not uncommon in the history of religions. In Catholic experience, whether led by an Anthony of the desert, a Francis of Assisi, an Ignatius Loyola or a Theresa of Avila, they were usually associated with attempts to reform the church and its leaders. Most of today's new spiritualities are drawn from Buddhism, Hinduism and Taoism. Others reveal the influence of Shamanism, Neoplatonism, Gnosticism, Judaism, Christianity, Islam and indigenous religions of Africa and America. Yet others show the influence of esoteric traditions of magic and astrology. Some are self-centred, seeing the individual's emotional and psychological needs as their supreme purpose, but most are open to the other and to all others, especially the poorest and weakest, in compassion and love. Indeed, many people seek vision and motivation in them to energise their new gender, ecological or human development causes. Recent conferences, sponsored by the UN and other international agencies have addressed the relationship between spirituality and sustainable people-centred development.

While the international development community talks of people-centred sustainable development for the poor, the unfettered competitive forces of free market globalisation are being driven even faster by the transnational corporations. Far from being people-centred, these giants, with their formidable mobile power to plan and communicate globally, easily undermine the national policies of governments in their drive to make the 'made-in-the-world' products. They ignore, if not destroy, local cultural and spiritual values with impunity and are effectively widening the gap between rich and poor elsewhere.

How is the resurgence of spiritualities related to the processes of globalisation? Harvard scholar, *Samuel Huntington*, challenges the neoliberal ideology underlying the globalisation of the dominant world paradigm and claims that the cultural values associated with it are universal. For Huntington, non-western civilisations, not western globalisation forces, will be the major shapers of a future world order. He claims that 'what is universalism for the West is imperialism for the rest.' And within civilisations, 'religion is central, perhaps the central force that motivates and mobilises people.'

For the editors of *The Economist*, this is nonsense. In an article in November 1996 entitled 'Cultural Explanations', they cautioned readers about the cultural debate sparked by a dozen recent books, Huntington's among them, that see modernity on a collision course with culture. The magazine did not deny that culture, including religion, has an important 'secondary' influence, but it reassured readers that the roles of greedy governments and impersonal economic forces are far more important, and, in any case, cultural influences are fading.

The Economist of January 4 1997, returned to the fray. A piece entitled 'Beyond the Myths' tries to demolish the idea that Asia's economic renaissance can be explained by the continent's own unique values such as 'Confucian discipline and order.' The article asserts that 'if we accept the concept of Asian values, we have to deny the universality of human rights.' A brief economic analysis reassures readers that 'the very good news for the rest of us is that success in the region has been driven by liberal economics.' Allowing for future difficult political transactions associated with demographic, environmental and rapid-urban-growth problems, it concludes 'that what has begun in Asia is irreversible – economically and politically.'

Research in 28 countries

Early in 1994, I carried out a study in association with the Ottawa-based International Development Research Centre (IDRC) and published it under the title, 'Culture, Spirituality, and Economic Development – Opening a Dialogue.' Its inspiration was ongoing criticism by leaders of Islamic countries that IDRC research was biased by inherent western cultural and spiritual assumptions, and was blind to important Islamic cultural and religious values. A deeper concern was that globalisation processes are currently homogenising all cultures into a universal market-oriented one. Even more serious, they see westerners claiming that this evolution is in-

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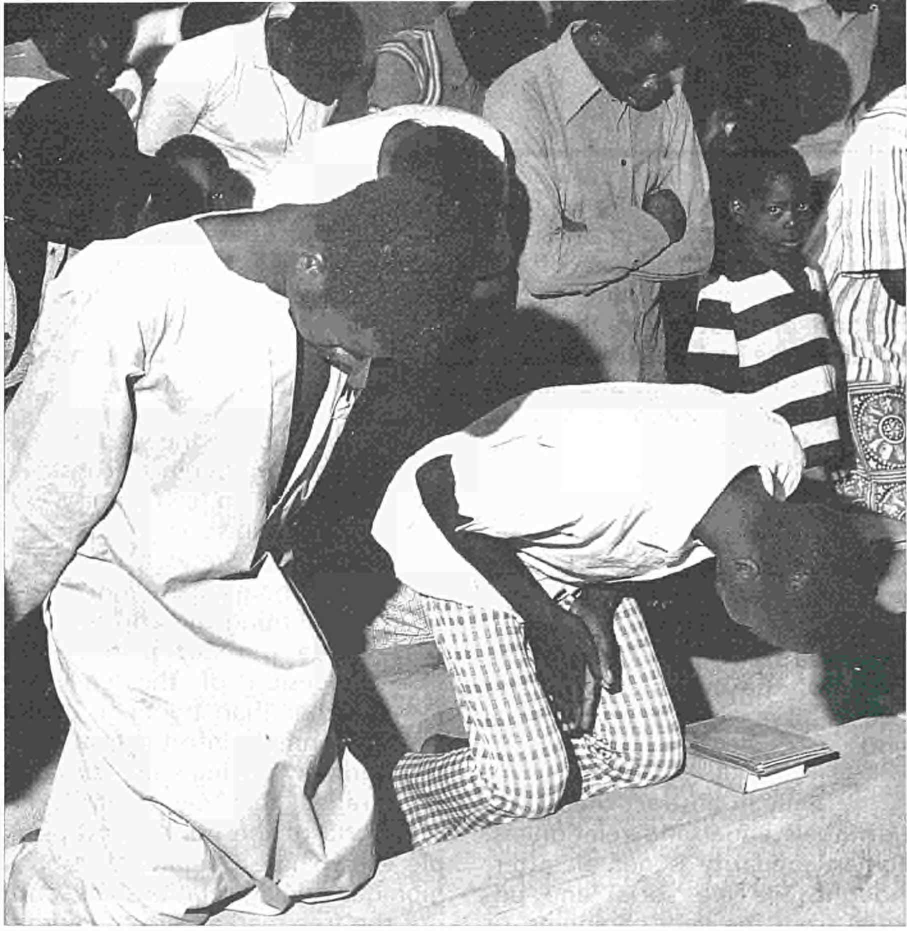

Vivant Univers

Many people seek vision and motivation in spiritualities to energise their new gender, ecological or human development causes.

evitable, because it is economically determined.

I interviewed 188 knowledgeable and experienced people in the development process in 28 countries, in particular those recommended by local IDRC officials and Jesuits. The project was based on the intuition that, in the present climate of confusion and uncertainty, persons experienced in development would be willing to talk informally about their projections for relations between development (embracing cultural and natural sciences) and religious values and systems.

Rejuvenating civil society

I found broad agreement that the free-market paradigm is not viable ecologically in the long-term, and not adequate in the short-term to meet the basic needs of peoples for human development. There were other converging views. For many, their countries' future development depends on rejuvenating civil society by strengthening such things as a local sense of both individual and communal responsibility, political consensus, social management skills, and practical education. They point to the present explosion of NGOs in Asia, Africa and Latin America as a sign of hope. They see NGOs as a counter to the multiple damages incurred by the excesses of economic globalisation: that is, destruction of local cultural and spiritual values, social injustice for the poor, and ecological devastation.

Many see harmony in human relationships as perhaps the single most important condition for human development in poor countries. Almost all are convinced that religions and religious values have played and still play a significant, if often ambiguous, role in the development process. Likewise, they claimed that cultural and spiritual values must now be seen as determining variables in any serious analysis of human sustainable development.

Like most African intellectuals interviewed, octogenarian historian, *Joseph Ki-Zerbo* from Ouagadougou sees globalisation as neocolonialism. Africans see themselves valued, not for who they are as humans, but as what they have to become to fit into the plans and expectations of donor countries and UN agencies. Many see the World Bank and IMF as enforcers of free market ideology worldwide. *Dr El Sayed Yassen*, Director of the Centre for Political and Strategic Studies in Cairo, remains sceptical of rhetoric about people-centred development as long as the operational measures of development continue to be based on the implicit assumption of the linear, almost deterministic progress into the future.

Many international documents talk about the ideal of diversity of cultures, but, in practice, even well-intentioned economists still see the ideal as integrating local cultural values into their own western growth model, or putting such values at the service of technology, rather than placing technology and economics at the service of the cultural values and goals of local people. Important studies, such as the one entitled 'Development and Cultural values in Sub-Saharan Africa', prepared in 1991 by *Mamadou Dia* (a senior World Bank official from Senegal), have no sequel.

I was often reminded that a 'secular' society is a construct of convenience in the West and is still largely unknown in many Asian and African societies. In these cultures, a sense of the 'sacred' – of 'God' and of 'spirits' – still dominates the daily life of most people. Most attribute to religious roots the very strong bonds of extended family which still characterise societies in Asia and Africa, and , to a lesser degree, in Latin America. Some would claim that in much of the poorer world, one still finds a family or community-based morality.

Most are convinced that religious belief in the transcendental, and in the dignity of every human, offer a solid guarantee that even the most disadvantaged person will receive respect and care, since the world religions often portray 'divinity' or the great teachers as protectors of the poor and oppressed. Religions, especially Buddhism and Hinduism, are given credit for protecting the environment. Indeed, anthropologist, *Dr Marshall Muphree* of Zimbabwe University, credits religion with a key insight into ecology, namely that environmental health depends on the quality of social relations in a human society – now rapidly being destroyed by economic globalisation. Indeed, the quest of all religions, but especially of Asian ones, for harmonious relations and consensus approaches to social change, is seen to be at odds with the conflict approach prominent in the West.

Several noted that in Asia, as in Latin America and Africa, most NGOs had their inspiration, roots and initial funding in religion. In Asia within Buddhism, Islam, Hinduism and the minority Christianity, one finds many enthusiastic groups championing the cause of compassion, social justice and ecological concerns. The preferred models for study and action appear to be those used by the Christian action groups on all continents.

It is hard to exaggerate the significance of the explosion of NGOs in recent years – even allowing for the charlatans among them, and the limited competence and experience of many. They are drawing upon the human resources of marginalised groups and are increasingly led by women, thus offering a voice to those excluded from many of the centres of institutionalised power. *Lester Salamon*, in an article entitled, 'The Rise of the Non-Profit Sector' ('Foreign Affairs, 1994, 73 (4)), foresees that 'this global associated revolution may prove to be as significant to the latter 20th century as the rise of the nation state was to the 19th'

Free market paradigm

What emerges is that many non-westerners – and a growing number of westerners – are deeply disturbed over what neoliberals tend to believe ideologically about the western free-market paradigm. They see it not just as an effective economic organising agent, but also a powerful socio-political agent for organising social and political relations and structures in society. For them, it needs only to be complemented by regulatory help from government and an effective code of ethics for business.

Fear for human survival may bring about a global juridical framework to protect individuals and nations from the abuses of transnational financial and business corporations, but this still does not reach the heart of the problem. By concentrating on the practical application of the competitive free market model, we make its shortcomings and abuses into ethical or moral problems. This implies that all would be right, if only individuals, businesses and governments were less greedy and more socially just. This approach is widely accepted, even among Christian churches. Unfortunately, it is silent about the central, internal logical flaw in the theory of the invisible hand, and focuses all our efforts on remedial work.

Only in abstract theory are individuals equal and relationless. Human solidarity is not an afterthought, we are social and unequal from the very beginning of life. An economic theory that ignores this central fact is simply false in its pretensions to build a free and equal society. To ignore or abstract from these critical realities is to continue to reproduce them daily in history. The abstract free-market model does provide us with a useful economic tool, but it should not be seen to have miraculous and benign social and political functions. It is not enough to have 'friendly' economic markets and 'socially concerned' business leaders. The dominant economic theory is severely flawed in its logic and so can contribute little to shaping a just and sustainable global society.

The growing criticism of how the forces of globalisation destroy civil society shows that many realise something is fundamentally wrong with our western economic system. *Peter Drucker*, the octogenarian management guru, in an interview in the *Ottawa Citizen* in December 1996, put his finger directly on the problem, if not the solution. He stated: 'We are learning very fast that the belief that a free market is all it takes to have a functioning society – or even a functioning economy – is pure delusion. Unless there is first a functioning civil society, the market can produce economic results for a very short time – maybe three or five years. For anything beyond those five years, a functioning civil society – based on organisations like churches, independent universities or peasant cooperatives – is needed for the market to function in its economic role, let alone its social role.'

But more is needed. Some suggest that we begin to consider 'the individual in community' as the key player in society. Canadian economist, *Gail Stewart*, wants to turn the economic paradigm on its head by situating the entire economy where it really belongs, as one dimension of the environment, rather than trying to bring the environment into the economy through new pricing schemes. I am encouraged that my research in the world of the poor found people everywhere claiming that harmonious human relationships, and not the free market, are today the most important defining value for future global development. And, with Asian resurgence, Asian communitarian values will have their day in global court, despite the grilling from the *Economist*.

Many people believe fear will be the only motive strong enough to bring about the radical changes needed for building a sustainable human global community. This seems to be the message behind the economist *Barbara Ward's* haunting dictum: 'The scientist and the sage, the man of learning and the poet, the mathematician and the Saint repeat to the human city the same plea and the same warning: 'We must love each other or we will die.' But looked at more closely, her comment contains an even more fundamental point. It is not just fear of death or annihilation that will move us. Fear does not provide answers. To confront bravely both the external and internal crises of our modern world, to wrestle out answers on other perspectives and world views, to take the hand of the infinite, we must have harmonious relations among us. We must love! So, in the process of development, there is after all a central role for spiritualities in teaching people how to love, foster social imagination and revitalise the material focus of globalisation.

B.R.

The Yennenga award, the Fespaco trophy

African cinema from Fespaco to Cannes

At last, something new

Six African films were presented at the Cannes Film Festival this year in the two most prestigious competition categories, the Sélection officielle and the Quinzaine des réalisateurs. It sounds modest, but actually the figure is quite exceptional. Cannes usually receives just a symbolic contribution from the African continent. And it is significant that four of the six were prominent in Ouagadougou earlier in the year at the Fespaco (Pan-African Film and Television Festival) – proof, if any were still needed, of Fespaco's function as the top showcase and promoter of African films.

One of the six was 'Kini & Adams' by *Idrissa Ouedraogo* (Burkina Faso). This was the first film to be screened in Ouagadougou although it was not actually entered in the competition there. Ostensibly, the reason given was that editing might not have been completed in time but in fact, the director (already a Fespaco prize-winner in 1991 for 'Tilaï') wanted to keep his powder dry for the *Sélection officielle* at Cannes. Three films presented at the French resort for the *Quinzaine des réalisateurs* had earlier won prizes at Fespaco. These were 'Buud-Yam' by *Gaston Kaboré* (Burkina Faso), which took the top Yennenga award, 'Taafe Fanga, le pouvoir du pagne' by *Adama Drabo* (Mali), winner of the jury's special prize, and 'Faraw, une mère de sable' by *Abdoulaye Ascofare* (Mali) which was the vehicle for *Aminata Keita's* success as best actress.

Fespaco

One notable development in Ouagadougou was the presence of numerous US film professionals. Admittedly, they were mainly African Americans but given the growing status of this group among independent producers, and even in Hollywood, their interest in the Festival augurs well. As for the productions screened, the most encouraging sign by far is the emergence of a new style of African film, or rather, a new style of film in Africa. This involves a move away from the traditional 'bush cinema' exemplified by the churning out of one production after another on the same themes – usually centred on rural life. With the camera invariably set up in the middle of the hut, the focus has traditionally been on idealised local characters, the aim being to highlight the African nature of everything and the comparative advantages of African life. The expression 'New Cinema' may appear somewhat exaggerated but new films are certainly coming out of the continent. The aforementioned 'Kini & Adams', 'Le complot d'Aristote', by *Jean Pierre Bekolo* (Cameroon) and 'Choisis-toi ton ami', by *Mamadou Keita* (Guinea) suggest a turning point has been reached. Other films eschewing the folkloric approach came from North Africa: the delicately descriptive 'Essaida' by Tunisian *Mohamed Zran*'s and 'Miel et cendres' by his compatriot *Nadia Fares Anliker*. The latter was a deserved winner of the Première oeuvre.

On top of this, we see new films emerging from the African diaspora in the US and Great Britain. Some are in the form of 'transposed' memoirs – fictional accounts transplanted from Africa and others do not fit neatly into any particular category. An example of the former is 'The last angel of history', by *John Akomfranh* (UK) which won the prize for best feature film from the diaspora. One of the 'atypical' works screened at Fespaco was 'Naked Acts', by *Bridget David* (US), a psychological and philosophical portrait of a black, vaguely artistic mother and daughter. This film is undoubtedly a product of the American film industry. It is replete with technical and professional touches which few African films can boast, but also has some of the defects – the lack of warmth and US-style 'psychologism', of which African films are fortunately free. 'Naked Acts' is still a film worth seeing and even worth recommending to professionals in Africa – who might pick up some useful tips from it.

A particular feature of the most recent Fespaco is the very fact that films such as 'Naked Acts' have been added to the programme. Another significant success has been in bringing together French and English-speaking cinematic talent. This contrasts with other 'pan-African' cultural events where barriers still exist. It is symbolic that two of the most striking films in Ouagadougou have, in one way or another, broken through this barrier: 'Kini & Adams' and 'Le complot d'Aristote'.

Moving away from 'bush cinema'

Idrissa Ouedraogo is undoubtedly the African film-maker who feels most constrained by the yoke of tradition. It is a constraint which 'fans' of the African cinema, particularly in Europe and the US, place on the continent's artistes. They are happy to see *Giraudeau* or *Bertolucci* films shot in Africa but if Ouedraogo or Keita film in Europe, this is seen as an act of betrayal leading to productions which are 'not really African'. Ouedraogo does not take a militant line on this as does *Souleymane Cissé*, from Mali. He progresses through uncertainty and arguably, by breaking away. The cold if not hostile reception given to his 'Cri du coeur' by the fans when it was shown in France left him feeling bruised.


Courier

Habby Tchelley, from Côte d'Ivoire, who has successfully produced a number of African films

'Kini & Adams' is the culmination of his search – freedom and efficiency, pragmatism of the heart. An understanding that cinema must be universal whilst drawing on the very roots of the creator. As in the great myths and classical tragedies, the film leaves behind the traditional tropism of African films – countryside and village are nowhere to be seen. The setting, for what begins as a burlesque comedy, is a kind of no man's land, a remote suburb with no air of nostalgia, no wise old man, no baobab. The two friends, accomplices, are drawn to the city, the symbol, in their eyes, of happiness, and they devote themselves to their sole passion or obsession: building a car from spare parts unearthed at a tight-fisted second-hand dealer's. Their only (small) concern is to evade Kini's vigilant wife who worries about the cost of their enterprise eating into the meagre family budget. Some very lifelike characters are drawn and, with a contained rhythm, this comedy develops imperceptibly and inexorably towards drama, tragedy and disaster. Laughter gives way to wailing and breast-beating. Here we have all the ingredients of American success stories, but with this film's straightforwardness, relying on touches of the modern, not the American love affair with the car.

A factory opening is the occasion for the smart Kini to be noticed by the foreman – who is probably also attracted by the charms of his wife. Adams is left behind, the loser in a competition that never was. The construction of the new factory is followed by the arrival of prostitutes, who include the beautiful and calculating Binja, and it is, above all, the latter who triggers the catharsis. It is the masterful way in which the subject is treated, its symphonic rhythm and the actors' controlled representation of the characters which makes this a great film. There is also the 'guerrilla war' that Ouedraogo has subtly waged against the champions of 'authentic African' cinema. He draws deeply on the African sense of humour, an African concept of life and the major choices that Africa must make today between progress and memory. He knows in advance that there is no ideal solution other than moving on, constructing and doing. 'Kini & Adams' is well served by top-class actors. Aware of the sub-continent's shortage of accomplished actors able to portray non-traditional characters, the film-maker turned his sights on South Africa. He shot his film in the Transvaal, in English. The French media gave it a very good reception, although Ouedraogo was somewhat apprehensive as to how they would react.

An ancient conspiracy against African cinema

'Le complot d'Aristote', one of the 19 films competing for the official feature-film award at Fespaco, was undeniably the most original creation to be presented. Immoderate and outrageous, this is a mocking film about the 'original' Aristotle which parodies cinema with magnificent flair. It contains pseudo-philosophical texts which could be likened to the 'New Wave' of French literature with a sprinkling of Woody Allen or Buster Keaton, but with an African slant. The eccentric hypothesis that Africa invented the cinema is demonstrated, and everything in the film can be seen to illustrate a philosophico-comic demonstration – spaghetti westerns, infernal pursuits, breathtaking waterfalls, amazing hold-ups, screeching brakes, torrid love scenes, Hitchcockian thrills, and all the elements of disaster films of the early 1980s.


Courier

Netsayi Chigwendere, pictured here, played the tragic prostitute character in 'Kini & Adams'.

Scenes where there is verbose dialogue are in French, action scenes are in English. It's all very bizarre. The film also has a sharp, pictorial aesthetic quality, as in the encounter with a female member of the gang dressed all in red and tugging at the scarlet plastic coat of the vengeful movie buff. All this is subtended by a concrete set. In a town in South Africa, disorientated young men give expression to their virility by parodying the American cinema's most violent scenes. To thwart them, there is not another gang but a film-maker/theorist who wants to purge the local cinema of foreign influences and, above all, to use them in an operation whereby he will take power. It is difficult to recount the story of this film, but a Fespaco award would, perhaps, have given it the chance of success.

'Choisis-toi ton ami', by Mamadou Keita, did not attract the attention of the jury nor of the many smaller bodies awarding special prizes. Although the author hurried to present a somewhat unfinished version of the film at the Carthage and Ouagadougou festivals, the production is nonetheless very well constructed. Again, it is a highly unconventional offering: a thriller, set in France, in which a former prisoner embarks on the pursuit of someone while himself being pursued. His prey, an old friend, is an African. His pursuer is a mixed-race adolescent who ends up by telling him that he is his son. This is a film dealing with destiny. More than a story of friendship, it deals with the similarity of souls between a man who is African at heart and whose spirit is weak and his 'brother' who is French but equally a stranger in his own country. Just like Africa in 'Kini & Adams', France is portrayed here as a no man's land: There are many parallels between the two stories which are both told with great mastery.

The European Union and African cinema

As part of the cultural cooperation arrangement with the ACP states under the Lomé Convention, the European Commission has, over the last ten years, provided ECU 15 million for the production of fictional films or documentaries. In the period between the last Fespaco in 1995 and the one held this year, almost ECU 7.5 million has been allocated in grants, for the production of 34 films. Ten further projects have received the go-ahead and will receive almost ECU 2.5 million. Lomé's support for the cinema in ACP states also applies to festivals - Fespaco above all, but also the Southern African Film Festival (Zimbabwe), and seven European festivals devoted to films from the ACP states.

To this should be added training for film-makers and technicians and legal aid for cinematographic productions.

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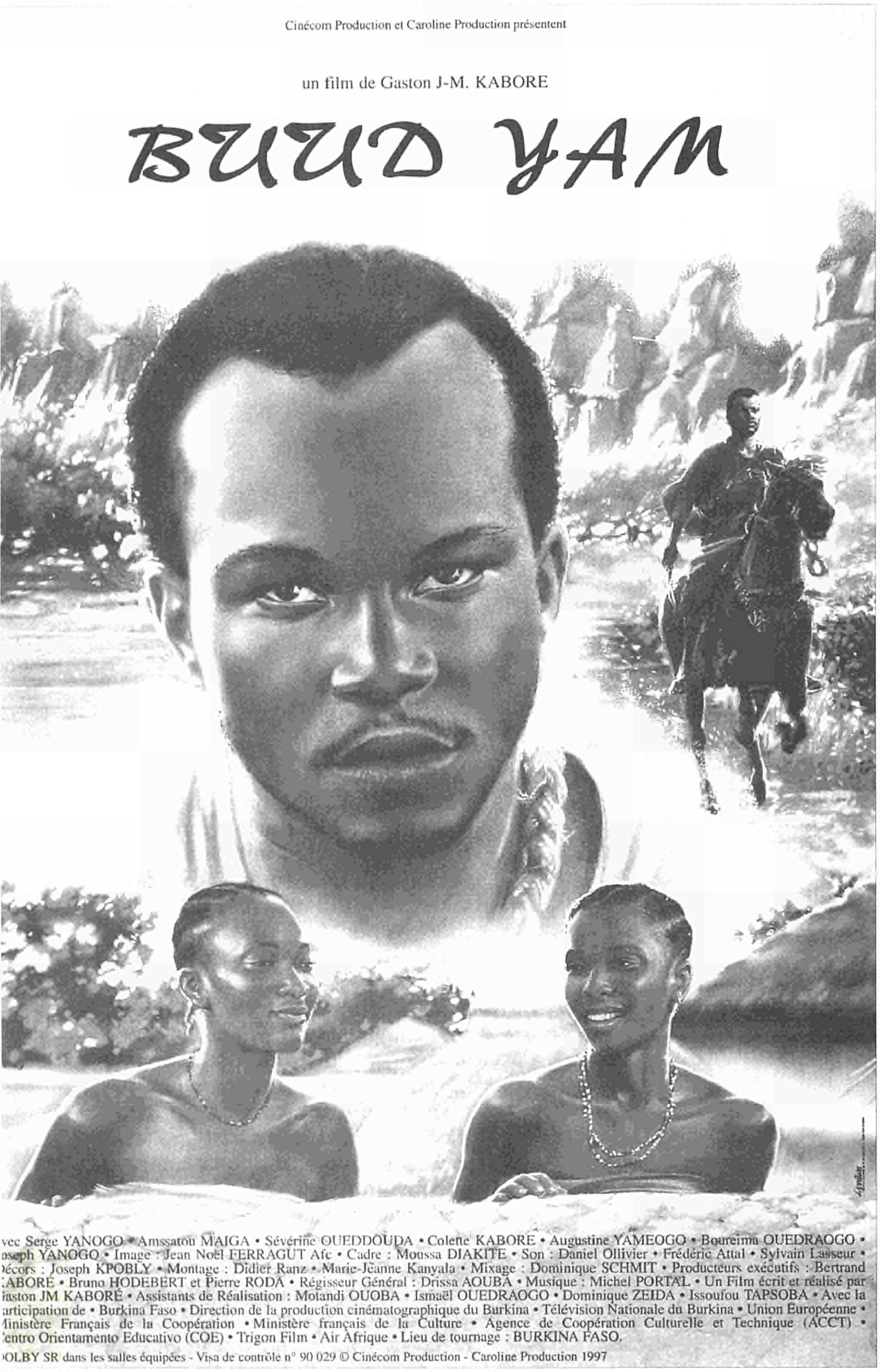
Taboo subjects

'Flame', from the Zimbabwean *Ingrid Sinclair*, also deals with friendship – the friendship between two young women who, partly by seduction and partly by chance, join the Rhodesian liberation army. This is the first major film to be made about one of the continent's most bitter wars of independence. The wider theme of fraternity, though hardly the appropriate description for the combat scenes, is explored and there is a focus on the disillusionment that sets in both during the fighting and after the guns have stopped firing. One of the women is raped by a comrade and later, during a bombing raid, she gives birth to a stillborn child. Having prevailed over the enemy, the more power-hungry of the former comrades take over the top positions and the others, particularly the women, are relegated to roles in which they are exploited or become mere figureheads. Broadly speaking, the heroes and heroines are portrayed as tired characters. Ingrid Sinclair's skill is in not resorting to caricature, even with the chauvinist fighters, and she succeeds in presenting a delicate portrayal of believable characters. The film remains, above all, a homage to the war of liberation in Zimbabwe but the authorities in Harare did not take kindly to it. Ingrid Sinclair is a white Zimbabwean, a fact which ought not to be relevant, but which people have insisted on pointing out.

'Essaida' (Mohamed Zran), one of the two gentle Tunisian films in competition at Fespaco.
The jury called for more films from North Africa

Sinclair tackled a sensitive topic. So too did the Zairean producer *Bakupa Balufu* in his remarkable short film 'Le damier' which won an 'unofficial' award in Ouagadougou. It is a gem of a piece which sees *Dieudonné Kabongo* ridiculing the 'president-founder for life' of his country. The latter



'Buud Yam', by Gaston Kaboré (Burkina Faso), winner of the 1997 Yennenga award.
The Fespaco jury awarded the main prizes to more conventional films likely to appeal to a wide African audience.

suffers from sleepless nights and whiles away the night hours playing draughts with his associates until the time that he is discredited by the people's champion. Obviously, any similarity to living dictators is purely coincidental. (Fespaco took place before recent events in the former Zaire) It is a pleasantly audacious production – and to have given it an official distinction would probably have been more so!

'Conventional' films come out on top

The official Fespaco jury decided to present its main awards to more conventional films likely to appeal to a wide African audience. 'Buud Yam', by Gaston Kaboré (Burkina Faso), winner of the Yennenga award, is a superb panoramic portrait of the varied landscapes of the Malian empire of which Burkina Faso once formed part. The scenery forms the backdrop to the wanderings of a young man who is accused of having the evil eye and of bringing bad luck to his friends and family. He resigns himself to leaving the home of his adoptive father when his beloved sister falls ill. In search of a healer's miracle cure, he crosses the desert, rivers, mountain peaks and bewitched waters. This is more than just a fine promotional tourist film about a land of mystery whose wealth of memories lies both in its people and its stone. The acting is excellent, albeit in conventional roles, and *Michel Portal*'s 'jazzy' music suits the images and avoids being 'quaint'. This is also an opportunity to reward a film-maker who has led the way for many others in Africa, including his compatriot Idrissa Ouedraogo.

'Taafe Fanga', which won the second prize (the jury's special prize), also fired the imagination of the Burkinabé public and should certainly enjoy great success in African film theatres if problems in distribution do not stand in the way. This is an entertaining tale about a brief takeover by women in a Dogon village. They acquire power after appropriating a sacred mask and for a short, euphoric period, the men get a proper dressing-down, although there is no spite. There is a great deal of humour in this production although, for the men in the audience, there might be some discomfiture as well. There is a lesson to be drawn here, which is that you should always chastise bad habits by laughing. How long will it be before a producer comes up with a short portraying the cheerful shambles involved in organising a film festival in Africa?

Hégel Goutier

Ghana and the Netherlands play a friendly

On 17 April 1997, the M.V.V. Stadium in Maastricht hosted a football match between the Ghanaian junior team - the world championship titleholders - and their Dutch counterparts. The contest was staged on the 'fringes' of a European NGO conference. After the match, players, managers and supporters met to discuss public support for international cooperation and humanitarian aid and, in particular, what sportsmen and athletes can do to increase public awareness of such issues.

The young Ghanaians took the field hoping that history would repeat itself. On the last two occasions that the two sides met, in the Junior World Cup, the African team came out on top. Not many people were betting on the chances of the Dutch this time round, but in the event, it was the home country that dominated most of the play. Ghana began cautiously, testing the defences of their opponents. As they got into the swing, the crowd were given a taste of the skills - especially in long passes - which had taken them to top slot in the world. But they couldn't find any openings in the solid Dutch defence. For their part, the Netherlands team gave a display worthy of one of the world's top footballing nations. In a few year's time, some of these youngsters may well be stepping into the shoes (boots!) of such famous names as *Marco Van Basten* and *Ruud Gullit*.

A friendly it may have been but the home side were obviously anxious to even the score after their previous defeats at the hands (feet!) of the Ghanaians. The first breakthrough came when the Dutch hit the back of the net, fifteen minutes into the second half. Ghana equalised shortly afterwards and the outcome remained in doubt right up until the final minutes of the game, when the Netherlands got the decider.

Sport and development

In the discussion which followed the match, it was clear that there were no hard feelings, as the participants got down to talking about the problems of development aid. One aim of this event was to make European public opinion more aware of developing countries through sporting ties. Awareness-raising is seen to be all the more necessary given that support for international cooperation appears to be viewed with growing apathy nowadays. One of the main reasons for this is thought to be the stubborn existence of pockets of poverty within the developed societies themselves - which may lead some towards the attitude that 'charity' ought to begin 'at home'. Football, it was felt, on account of its worldwide popularity, could be an effective medium for getting the message across. One element of the discussion was how athletes, with their high public profile, could help spread the idea of partnership and, in general, sport was seen as having the potential to make a significant impact. Based on a spirit of friendly rivalry and contact, it reaches a large percentage of all countries' populations, and people from a wide range of social backgrounds. The message was that public support for development aid could be boosted with the active involvement of those linked to the world of football - the latter, it would seem, having better prospects of communicating than the so-called 'official channels'.

The Dutch get their revenge.
In the last Junior World Cup, it was the Ghanaians who came out on top.

De Studio Press/Maastricht

Details were revealed of two surveys conducted in the EU over the past decade, co-financed by the European Commission. These were entitled 'Images of Africa' and 'The European and Development Aid in 1987'. The public opinion polls had revealed a deep misunderstanding among interviewees of the realities facing the developing world. From an economic perspective, most respondents saw the Third World primarily as a supplier of raw materials (63%) and a source of markets for its own finished goods (59%). And for one European in two, the essential reason for having links with the Third World was simply to meet the need for aid.

A further aspect revealed by the surveys, debated in some depth, was the perceived lack of transparency in the management of certain NGOs. Respondents felt that they failed to justify the use of funds they had collected. The individual donor was therefore left in doubt as to what happened to money he had given. Where there are such doubts, people are naturally less willing to contribute. A specific proposal was made to remedy this state of affairs and restore public sympathy for the causes in question. The idea was that a certain percentage of funds collected should be set aside especially for providing information to actual and potential contributors. This would be used to inform them of the situation and, in the words of an Italian participant, 'keep them abreast of what is being achieved with their donations.' The communication programmes would need to be implemented by information professionals, and the sum involved should not exceed 0.5% of a project's overall budget.

The Maastricht event was one of the rare occasions where the world of sport came face to face with the NGOs. The conclusion was that low public awareness of development aid could be improved if people were given more opportunity to learn about the actual experience of people in developing countries. One way of getting the donor more engaged in development is to link it with his or her own leisure interests - the message and methods obviously having to be adapted to the circumstances. The Ghana-Netherlands football match was perhaps the first time that such an approach has been used in seeking to get the message over to a wider public.

M.F.

CTA BULLETIN

West Africa: getting the most out of agricultural research

by Moussa Fall and Adrien Ada Dioh*

It is widely accepted nowadays that Africa must have greater control over its own development and no one would dispute the fact that its mediocre agricultural performance is a factor behind its precarious economic situation. In sub-Saharan Africa, in particular, agricultural conversion and the development of production capacity are essential to improve people's living conditions. Africa's long-term agricultural growth target should therefore be at least 4% per annum. In fact, according to the FAO, the area of land under cultivation has increased by only 0.7% per annum over the last two decades and, assuming that this rate does not increase in the future, yields will have to rise by more than 3% annually: in other words, three times as much as they have done hitherto.

Such necessary increases in productivity can only be brought about by major technological changes, in which agricultural research will obviously play a part. Having contributed, at the time when African countries were gaining their independence, to the qualitative and quantitative development of African agricultural systems - by enabling peasant farmers to start growing many varieties of crops and to use new tools and agricultural equipment - agricultural research now has to go much further, given the major challenges the future holds. It must enable both people and producers in Africa to acquire the knowledge and skills which are most suited to the circumstances and which are therefore most effective.

In this context, the problem of putting the agricultural research results to practical use becomes increasingly urgent, since the mechanisms linking research and development are currently facing new circumstances. On the one hand, governments are progressively scaling down their training and supervision efforts and, on the other, there is more demand from other parties to be involved.

To what extent, therefore, are the results of agricultural research used and benefited from nowadays? It was to answer this question that, the CTA, ISRA (Senegalese Institute of Agricultural Research) and CORAF (Conference of African Agronomic Research Managers) organised a workshop and ordered a preparatory survey. The responses came from 15 institutions in seven West-African countries. Although the sample cannot be regarded as statistically representative of all research institutions in the region, the survey nevertheless makes it possible to draw up an inventory and to extract some general data.

Low level of science and exploitation of results

The survey particularly highlights the fact that the technical and scientific output of agricultural research in Africa is still low and that the results obtained are rarely fully exploited. It notes that research areas concentrate on plant production and forestry (over 60%), followed by stock rearing (almost 20%). Fisheries, agrifoodstuffs and environmental research represent more or less 6% each. The 'poor relation' is socio-economics, which represents barely more than 2%, although urgent research work is needed on agricultural policies and food problems (see Figure 1).

The results may be catalogued according to three types: new knowledge, technologies and finished products, leading to the following distribution: approximately 25% of research results are aimed at furthering knowledge - i.e. the development of theories and methods - and nearly 75% relate either to technologies (technical processes and innovations) or to finished products such as seeds, food, varieties, etc. The small proportion of research aimed at furthering knowledge confirms its applied nature. However, the results obtained in the field of technologies and finished products will never filter through to users unless significant efforts are made - a necessary condition if rates of adoption of results are to be satisfactory.

According to the survey, researchers regard solving the problems of peasant farmers as the essential motivation for agricultural research. Even the furthering of knowledge seems to be more for the benefit of villages than for organisations in the private sector and the researchers themselves. However, this assertion is more in the nature of a declaration of intent - influenced by sponsors - than an observable reality in the field. Dialogue between peasant farmers and researchers is still at a formal level and basic requirements are not always taken into account when research programmes are drawn up.

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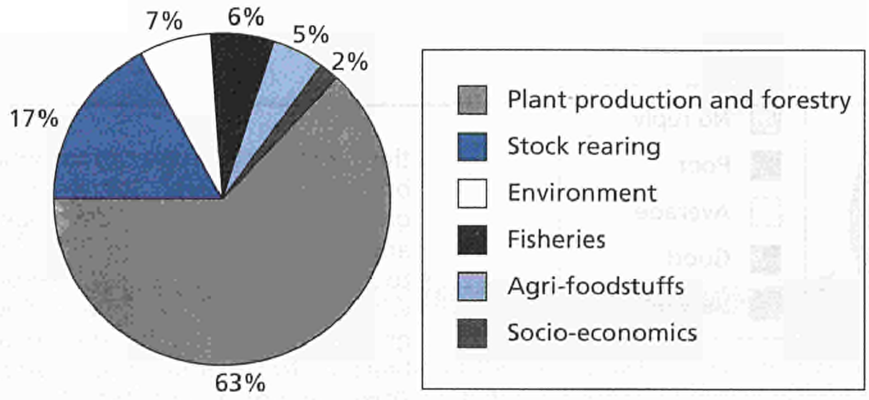
Figure 1: Research broken down by subject area



Researchers believe that almost 100% of research results are utilised by development in its widest sense, but such responses should be viewed with caution. If those involved in development had been asked the same questions, the replies would undoubtedly have been different - public mistrust of research stems from this problem.

Researchers' monitoring of the way results are applied might give rise to similar observations. According to the responses, researchers satisfactorily monitor the application of results in over 80% of cases. This high figure may be due principally to the increasingly widespread use of the 'system' approach in most countries, and to the emergence of multi-disciplinary teams comprising sociologists, economists and, on occasion, anthropologists.

The responses also show that nearly 100% of research results are accessible and published. However, there are several reasons to doubt this. Potential users regularly complain about the poor accessibility of results, proof of this being the fact that small-scale industry has to hunt for specific results to exploit. Moreover, researchers prefer reports and scientific papers, whereas most potential users are illiterate or barely literate peasant farmers. Only 2% of results are publicised in the form of training, courses or conferences. The exploitation of research in training form is insignificant, though it ought to have developed, given the emergence of agricultural training courses in the region over the last 20 years.

A second important aspect of the survey concerns rates of adoption and the impact of research results. As shown in Figure 2, the responses indicate a low level of adoption: less than 30%. Here we have the very core of the problem of African research. Validation of research results by users does not appear to have a significant influence on rates of adoption. However, when the results are adopted, it is noted that they are user-validated. Irrespective of the percentage of adoption, finished products are at the top of the list, followed by technology and, in last position, knowledge. This order is in accordance with users' preference for complete results which can be used immediately.

As regards the impact of research, the responses are most instructive. One half of research results have no impact on science and skills, over 80% have no impact on the environment, and more than 10% have no social impact. It is important, therefore, to work out what constraints there are and to map out solutions.

All manner of constraints

The low level of scientific production and exploitation of agricultural research results in West Africa can be explained by the many problems research faces in that region. Constraints on the exploitation of results are many and diverse - they have been grouped into five categories: technical constraints, financial and economic constraints, logistic and time constraints, organisational constraints and social constraints.

This categorisation indicates equal importance (almost 25%) for financial and economic constraints, logistic and time constraints, and technical constraints. The remaining 25% of responses relates to various other constraints connected with institutional organisation and the social and cultural environment.

It may be noted that, in institutions in the countries which responded to the questionnaire, agricultural research is largely financed by bilateral or international cooperation. In parallel, participation by the private sector is very low (less than 4%) and that of the state relatively low (approximately 11%), outside of jointly-financed programmes. This situation gives donors the opportunity to influence the choice of topic and research programme, favouring an improvement in the result-exploitation process. However, although financial constraints are significant, they are not as important as technical, time and logistic constraints.

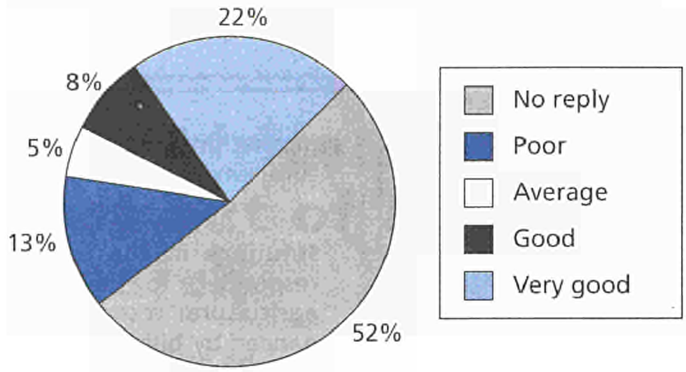
Technical constraints, which are fairly significant, include many aspects connected with a researcher's ability to put to use his own results. They also relate to the credibility of the result when it is applied, the aspects most frequently mentioned being researchers' poor performance, the lack of scientific leadership and training, the low technician:researcher ratio, difficulties in accessing modern technology and the lack of cooperation between users.

Aiming for more effective exploitation

In order to enhance the usefulness of agricultural research in West Africa in terms of scientific production and exploitation of results, it is necessary to implement appropriate procedures and strategies. The factors mentioned most by researchers as promoting better use of research relate to product quality, the response to demand expressed by users, the target public's degree of receptiveness, and the existence of good relations between research and development.

Such factors must be built into a research strategy which emphasises openness to the needs of farming people and a readiness to listen to research-users. One of the principal conditions for obtaining an acceptable level of adoption of results is to orient research according to social demand. The re-

Figure 2: Rates of adoption of research results



search-oriented supply policy must therefore give way to a demand-oriented policy driven by those involved in agricultural and rural development and by consumers. The diversification of the 'clientele' must take into account the new requirements of, in particular, private entrepreneurs and the NGOs, who are the potential consumers of innovation. The choice of such a direction is also justified by the growing scarcity of financial resources.

In the light of the responses, it would appear necessary to redefine targets and make the new tasks of each of the players involved more intensified. It is difficult these days to conceive of sustainable agriculture within a closed system far removed from market realities and from interaction with the effects of technology and modern ideas and methods.

Such a change in strategy, which constitutes a complete break with conventional research, invites the following remarks:

- Without becoming a mere drawing office, research must nonetheless pay attention to the duration of programmes, which are sometimes too long. Progress in the field of biotechnology, for example, makes it possible to shorten programme times.
- The researcher must learn to use the most effective communication tools in order to participate in a dialogue with those who require research. In this context, the meshing of research with training and industry (a consumer of innovation) opens up exciting prospects.
- As the relevance of results and the quality of research products are intrinsically linked, there should be a study into the internal and external resources which need to be set up in order to validate results in a manner that is rigorous and acceptable to all.

The drawing-up of a catalogue of results that is based on dialogue and is reliable may be regarded as a preferred research exploitation tool. Although the scope of the survey was voluntarily restricted for technical reasons and reasons of opportunity, the responses demonstrate that greater effort must be put into cataloguing results. Each country should have such a 'monitoring' instrument as a sort of institutional memory. The consolidation of all this into an operational guide would be of assistance in exploiting research results if it could be used as a reference source by researchers, users, decision-makers and sponsors. To be realised, such a programme would require compilation work at national level, the validation - by users - of results declared accessible and adopted (by means of surveys, for example), the setting-up of an inter-country selection committee to avoid duplication and to take account of the actual scientific value of the knowledge, and, finally, the drafting and publication of the catalogue.

Integration of West-African agricultural research into the modern research world, avoiding dispersion and exclusion, would make synergy possible and enable common means of diffusion of results to be acquired. The most suitable solution would be a partnership, i.e. the parties involved would implement joint actions, pursuing common objectives and sharing their resources, the basis of the partnership being negotiation. It is in this context that new structures, such as the Scientific Interest Grouping, come into being. This is a scientific collaboration, for the purpose of ground-breaking research, between a group of researchers, developers and external partners with a view to sharing resources and results within a formal framework. Such groupings have to be the spearhead of North-South cooperation. They are not a substitute for the research institute, but are the latter's operational body.

To conclude, the results of the survey reveal that, beyond problems of financing - which will require outside intervention for many years yet - exploitation of agricultural research in West Africa requires strategic decisions and relevant organisational choices to be made, because the basic constraints are not always financial and material in nature. They are surmountable and may be solved by a dynamic policy of developing internal means while grouping together all available resources. This is, after all, the purpose of national agricultural research structures, and this should be acknowledged and consolidated, and current ambiguities avoided.

Ascertaining genuine constraints and turning them into stimuli should be the watchwords of agricultural research in West Africa

M.F. and A.A.D.

1977-1997

20 years of direct support for ACP companies

Two decades after the creation of the CDI, its actions may be judged in the light of the considerable changes in the approach to development in ACP countries. In response to internationalisation and economic liberalisation, the role and place of private initiatives, and the importance of dynamism in companies - particularly SMEs - are today unanimously regarded as the driving forces behind the growth necessary for these countries to improve the standard and quality of living of their citizens. The experience and know-how gradually accumulated by the Centre make it a well-rounded and effective tool for providing direct and tangible support for the growth of SMEs in ACP countries.

'Encourage the creation and development of small and medium-sized industrial enterprises in ACP countries'. In 1977, when the CDI was given this objective under the first Lomé Convention, it began by some pioneering work on terrain which, at the time, had been little explored. In a very large number of countries, the main structures of production were controlled by state companies. For most political and economic leaders, be they European or ACP, the very concept of industrialisation was identified with the promotion of new large-scale projects, in which North/South cooperation by its nature had to take the form of investment in joint ventures. The truth of the matter is that no other institution providing assistance - multilateral or bilateral - for industrial development gave priority to SMEs, even though the weakness or non-existence of help was blindingly obvious.

Creating a pragmatic approach

The first years of the Centre's existence were, therefore, a pilot phase, laying the foundations of a new approach. Country by country, it was necessary to explore the potential of the economic fabric, persuade local political and economic leaders, spot dynamic players with interesting projects, analyse their needs, find European partners capable of meeting these needs etc.

During the 1980s, the Lomé Convention was extended to cover an increasing number of countries and the financial means attributed to the Centre - though still limited - also grew. Thanks to a strengthened team and experience acquired on the ground, through contact with ACP companies, the Centre's mechanisms for action were fine-tuned and diversified.

At the beginning, the CDI's founders had conceived it as a 'marriage bureau' where European

Surendra Sharma, the Director of the CDI explains various aspects of the marble and granite sectors in ACP countries to Prime Minister Sitiveni Rabuka of Fiji, who is co-President of the ACP-EU Council of Ministers. The two men were attending a CDI exhibition at ACP House in Brussels staged during the recent ACP Council meeting.

MAPEZ

CDI

The Centre for the Development of Industry (CDI) is a joint ACP-EU institution created in the framework of the Lomé Convention linking the European Union with the 71 ACP countries (Africa, Caribbean, Pacific). Its objective is to support the creation, expansion and restructuring of industrial companies in ACP countries. To this effect, the Centre promotes partnerships between ACP and European companies. These partnerships may take various forms: financial, technical and commercial partnerships, management contracts, licensing or franchise agreements, sub-contracting, etc.

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investors would be linked with ACP entrepreneurs to launch new industrial activities. Very quickly, this idea turned out to be rather theoretical. Given the economic reality in most ACP countries, the possibilities for joint ventures using European private capital were very limited, especially given the often restricted size of projects. Furthermore, the initial emphasis placed on the priority of creating new companies was restrictive. Without rejecting this objective wholesale, it was necessary to consider the needs of existing companies wishing to modernise and, often, companies in difficulty requiring significant restructuring and reconversion efforts.

CDI interventions have, therefore, increasingly sought to promote wider forms of 'ACP/Europe partnerships' meeting the specific needs of industrial projects identified on the ground; appropriate technology transfer, technical assistance for installing equipment (new and second-hand), staff training, establishment of commercial relations for the export of products needed on the European market, support for the development of marketing policy, etc.

An interface between ACP-EU networks

It is also clear that the purpose of the CDI must be seen in terms of its role as an interface enabling the interaction of different networks built up by it. As for the ACP countries - now 71 - the Centre alone could not claim, for each one of them, to be able to identify companies and interesting projects and guarantee the follow-up to assistance provided. That is why it was necessary to organise and activate a first 'ACP network', composed of antennae, close support structures and different local contacts, which serve as relays on which the Centre can depend.

Research and mobilisation in Europe of technical, commercial, economic, financial and legal competences meeting the needs of ACP projects, prompted the Centre to establish a triple network with which it works in synergy.

The first strand is implemented by an extensive set of cooperation agreements signed with almost 30 bilateral organisations active in development cooperation in the Member States of the European Union. As a result of these agreements, the CDI has been able to increase significantly the budgetary means available for financing joint interventions for ACP companies.

The second strand consists of the Centre's close and regular contact with the group of European Development Financing Institutions (EDFI) and the EIB (European Investment Bank).

Finally, the third, professional and sectoral strand of the European network is composed of the different sources of expertise (specialised consultants, trade organisations, companies, etc.) supporting the Centre in its direct interventions for ACP companies.

Effective responses to the individual and collective needs of SMEs

The operational and pragmatic structure developed by the CDI since its inception today enables it to serve effectively the implementation of private sector assistance defined in the present fourth Lomé Convention. Its knowledge of the terrain, thanks in particular to its network in the entire ACP area, gives it the means to carry out a selective identification of the most promising projects and so channel the competence offered by the European networks to these projects. This willingness to channel competence avoids the scattering of resources for *ad hoc* assistance with no future. The result is long-term follow-up for the enterprises supported - necessary for completion of their projects.

Based upon the expertise acquired in the main key sectors (agro-industries, fisheries, wood, construction materials...) which specifically interest various geographical groups of ACP countries, the Centre has also established effective formulae for 'Industrial Partnership Meetings'. These meeting points, where companies that best represent the chosen sector in a particular region can establish business contacts with selected industrial and commercial operators in Europe, also provide an opportunity to go beyond the individual needs of SMEs. They provide a forum for identifying and expanding upon problems relating to the economic and commercial environment shared by the companies (knowledge of markets, transport infrastructures, compliance with quality standards, etc.).

This new, more 'global', approach of developing the ACP industrial fabric calls for action and support at the level of intermediary structures - trade associations, chambers of commerce, etc. - capable of achieving this improvement in the business environment.

The experience and know-how gradually accumulated by the Centre throughout all these years have, therefore, made it a well-rounded and effective tool for the growth of private initiative and private companies in ACP countries. In the context of the new relations to be established in the near future between ACP countries and the European Union, this tool certainly deserves to play a useful and effective role in the implementation of policies relating to companies.

Dossier: Textiles

Zimbabwe's trump cards

Zimbabwe has now been added to the already long list of ACP countries receiving follow-up assistance from the CDI for the development of the textile and clothing sector[1]. We take stock of the assets of an integrated sector with a very dynamic role in the economy of these countries.

With 200 specialised companies employing some 20 000 people and its own production of very high quality cotton, Zimbabwe is undoubtedly one of the best equipped countries in sub-Saharan Africa to compete in the international textile market. Demand in the clothing sector has grown by 40% in the region made up of Zimbabwe and its two neighbours, Namibia and Botswana. Exports to South Africa are rising once again following a recent bilateral agreement[2]. Commercial relations with the European Union - mainly Germany - and North America are dynamic.

Progress on all fronts

'We believe in the future of our textile industry, which is a major driving force in the economic development of our country', explains *Peter Muzariri*, President of the Zimbabwe Clothing Council, and director of Bravette Manufacturing Company, a clothing company. 'But we also know that we have to face up to the challenge of the year 2005, when the World Trade Organisation takes our sector into a new entirely liberalised context where competition on all the major consumer markets will be even more fierce. Our industrialists are perfectly aware of this. To be competitive, we must progress on all fronts. It is a question of improving the quality of our products and injecting dynamism into our marketing policy, increasing productivity in our factories and the effectiveness of our management - especially for SMEs -, focusing on training for our labour force, and opening up to investment and partnership with foreign companies by guaranteeing them an irreproachable business ethic'.

The future for ACP textile products on the European market

The European Union is the world's biggest textile consumer and, bearing in mind the decline of its own industry in the light of international competition, it imports a large proportion of its needs. This means that - from Asia to ACP countries, including Eastern Europe - there is fierce competition between its suppliers.

For decades, thanks to the Lomé Convention, ACP countries received preferential treatment - in the form of access to the European market without customs duties or quotas. In the course of time, due to the gradual internationalisation of world trade exchanges, the advantage of this preferential regime has, however, been slowly eroded. Since the 1970s, the international Multi-Fibre Agreement (MFA) has greatly helped to diversify European supplies. More recently, the last significant GATT negotiation round, which established the World Trade Organisation, has foreseen, in 2005, the replacement of the MFA by a new Agreement on Textiles and Clothing. At this point, international exchanges in this sector will be almost entirely liberalised.

The textile industry in ACP countries is therefore increasingly confronted by the consequences of the globalisation of the world economy that will eat away at the advantage it had on the European market. This same globalisation goes hand in hand with profound changes in the conditions for distribution that provide access to these markets. These are all changes which make it necessary for ACP countries to prepare themselves between now and the 2005 deadline.

From evaluation...

It was, among other reasons, to prepare for this situation that Zimbabwean textile professionals requested assistance from the CDI and the DEG (Deutsche Investitions und Entwicklungsgesellschaft mbH - Cologne). As of mid-1996, several technical missions established contacts with different local bodies, such as the ZCC (Zimbabwean Clothing Council), the ZimTrade (Zimbabwean Trade Development Organisation) and the CDTI (Clothing Designing Technical Institute). The missions carried out an initial assessment of the major companies in the sector. 'Our observations were largely positive', said *Elke Schnabel*, the expert appointed by the Centre to coordinate the launch of interventions. 'The entire textile sector in this country, from cotton production through to clothing, has many dynamic companies, often with modern equipment and wishing to increase their productivity and the quality of their products. However, the companies share the same weakness: lack of a marketing strategy. They are not well informed as to their regional and international outlets and the different marketing approaches for the target markets are badly managed. In this area, companies are faced with two obstacles: insufficient local training possibilities for their staff and difficulty in accessing accurate information on market developments'.

... to on-the-spot seminars

In cooperation with the DEG, the CDI has since set up a training programme in marketing and quality management. Carried out in cooperation with local authorities, this action was completed by *ad hoc* assistance for export promotion (participation in international fairs, individual commercial missions).

1 See dossier on the 'Textile industry in ACP countries' in Partnership n° 26, September-October 1996. The countries concerned are mainly Mauritius, Madagascar (see also next article), Cape Verde, Fiji, Mozambique and Jamaica.

2 Up to 1995, for its textile exports, Zimbabwe received privileged access, within certain quotas, to the South African market. The new agreement removed all quota restrictions, but set customs duties of 25%.

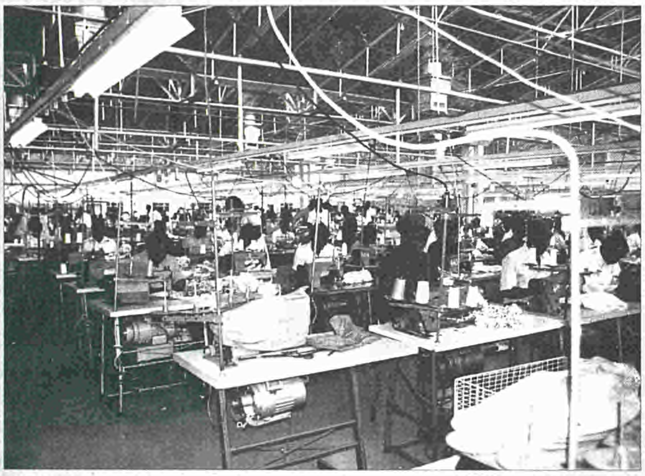
Two cases, two success stories

Bravette Manufacturing Company. Bravette, part of the Truworth group - owner of a clothing chain in Zimbabwe - specialises in manufacturing clothes for ladies and children. The company, located in Harare and with some 450 employees, has a large production site which was entirely revamped following an expert visit, with CDI support, in May 1996. This enabled the company to streamline and increase the quality criteria for the units carrying out stencilling, cutting and stitching activities. In August, the company recruited an executive to set up new procedures for monitoring manufacturing time and stimulating production. A computerised system for managing finished products was installed three months later. In December, a two-week training course, supported by the CDI, was attended by a large proportion of the staff. The training related not just to technical questions (such as productivity and quality) but also to problems of human resource management, especially as regards motivation.

Bravette has also launched a big modernisation programme - costing US$ 850,000 in investment over five years - designed to increase its production capacity and its quality. The company, very strong on the regional market, and already with high exports to Europe, should look to the 2005 deadline with optimism.

Brodine. It is in a very specific niche - that of embroidery for children's clothing - that this young company, also located in the Zimbabwean capital, is developing. Its high quality work made the company stand out at its first exhibitions, in 1996, at such international fairs as the *Salon Kind+Jugend* in Cologne and *South-Cloth* in Cape Town. As of that same year, the company started to receive CDI assistance for developing international contacts, enabling it to expand exports. As well as these two exhibitions, the company displayed its collections at the children's *Salon Mode* in Paris (January 97) - considered to be one of the main ready-to-wear events in this sector. Indeed, it is high quality subcontractors capable of craft-type work at industrial prices that the large children's clothing companies - Baby Dior, Cacharel and Catimini - use to make up their designs, sold mainly in the United States and in Europe. 'We currently work for three European companies', explains *Sophie Latinis*, director of the company which employs more than 100 embroiderers. 'I believe that we are competitive in terms of both price and quality. Furthermore, Zimbabwean textile companies have two assets: a free zone status and daily air links with Europe, enabling delivery deadlines to be met.'

Bravette Manufacturing
A large production space revamped in 1996



Brodine
Traditional smocks, hand-embroidered, for children's 'haute couture'

In December 1996, an initial preparatory workshop brought together 27 clothes manufacturers. In April 1997, there was an intensive seminar enabling the participants to consider in depth the problems of the sector (information sources, production and distribution policy, market research, etc.)

'Our industrialists were particularly interested in these first CDI initiatives and I personally very much appreciated the assessment work carried out by Mrs Schnabel in my company', said Peter Muzariri. 'We hope that this type of assistance may continue to be developed in the coming years, which will be very decisive. Since we are ACP countries, the strengthening of our position on the European market, thanks to the Lomé Convention, shapes our medium-term future'.

1st 'Textiles' Industrial Partnership Meeting

Know-how in the Indian Ocean

On the fringes of Trend Forum '97 - a fashion meeting organised by Mauritian producers in the textile and clothing sector - 26 Europeans from the sector attended the Industrial Partnership Meeting organised by the CDI, in cooperation with the EPZDA (Export Processing Zones Development Authority). They were able to establish commercial development prospects with 23 Mauritian companies and 7 Malagasy companies also invited to the event.

The success of the second 'Trend Forum'[1] - based on the theme of creativity - clearly shows the dynamism in the Indian Ocean clothing industry. Mauritius, where the textile industry accounts for 50% to 60% of foreign trade and some 9% of GDP, has managed, in 20 years, to become a major exporter to Europe and the United States. The 275 clothing companies there operate within a free zone regime (Export Processing Zone - EPZ). One of these, for example, is the second biggest manufacturer of wool jumpers in the world - after the famous *Benetton* - and Mauritius itself is among the European Union's 10 biggest suppliers of shirts, pullovers and T-shirts.

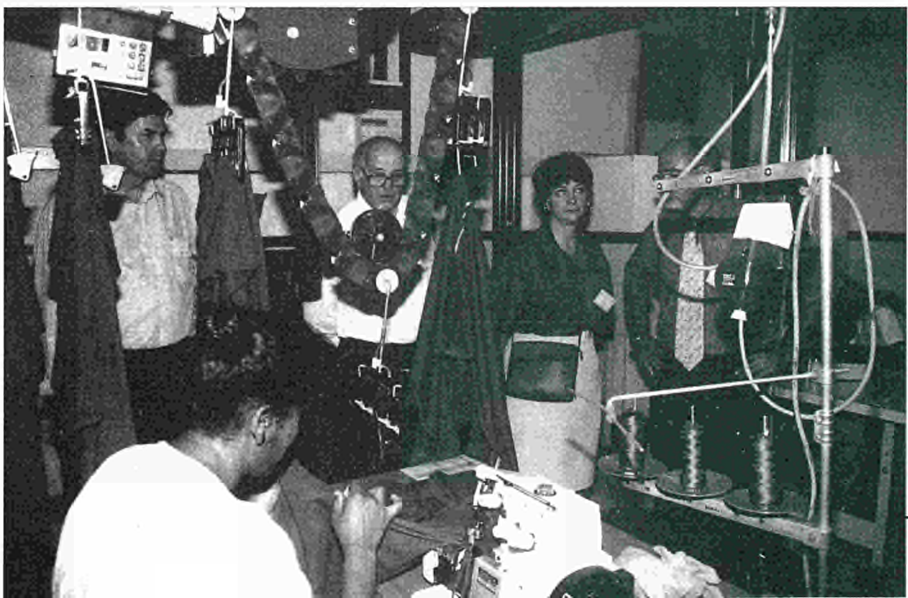
More recently, the development of clothes exports from Madagascar has also become very promising. This country has a very high quality workforce and wage costs remain moderate. Around 80 companies - some of which were established by Mauritian investors - set up there about ten years ago and have managed to penetrate the big markets, mainly in Europe.

Growing demand

On both islands, the CDI has, in recent years, increased its interventions in support of companies in this sector which is so vital to their economies. In Mauritius - where the clothing industry has for some years been confronted with a relative shortage of labour coupled with an increase in wage costs - the Centre is, in particular, supporting a big programme launched by the EPZDA (EPZ Development Authority). The objective is dramatically to improve the productivity and flexibility of production units so as to respond to the significant increase in demands and needs expressed by the large consumer markets.

It was precisely to enable large operators in the European market to establish business relations with Mauritian and Malagasy companies that the CDI organised, on the fringes of Trend Forum, this first Industrial Partnership Meeting on the clothing industry. Among the 26 European participants from eight countries of the European Union invited by the Centre, there were clothing and hosiery manufacturers, importers, representatives of the well-known branded retailing chains, buyers from large distributers etc.[2]

Visit to a hosiery unit in Mauritius



A mosaic of partners

During the two days, discussions between these professionals and the 30 regional industrial companies selected by the Centre (23 companies from Mauritius and 7 from Madagascar) were intense. 'It was very interesting to see exactly how much potential the region had for supplying our market', said one of the European participants. 'Beyond trial orders, it is still too early to decide if we will be able to purchase large volumes. But, the contacts established will perhaps enable us to develop more long-term relations'.

For *Bakoly Benoît*, director of Imes Production, one of the participating Malagasy companies specialising in fine embroidery[3], 'Europe is also on the look-out for high quality luxury goods. We wish to demonstrate the exceptional skills of our workforce. It is our best asset for entering niche markets where we could be very competitive'.

CDI Contact: Daniel Nairac

1 The first took place in 1995.

2 With certain well-known names such as Catimini (France), Continente (Spain), Finn Karelia (Finland), GB-Unic (Belgium), Güldenpfennig and Hucke Gruppe (Germany), Kenzo (France), L-Fashion (Finland), Rinascente and Super Rifle (Italy).

3 Mrs Benoît is also president of the Syndicat de Métiers d'Art (SYMA) in Madagascar.

A new CDI practical manual

'CEB' are finally subject to standards

Compressed earth blocks - 'CEB' - are a construction material particularly well suited to the boom in the construction industry in ACP countries. The CDI initiative for the adoption of officially recognised regional standards in this area meets the high expectations of professionals in the sector.

For several years, the CDI has been contributing to the diffusion of effective 'CEB' manufacturing technologies. Since it does not require high investment and is produced from widely available local clay resources, this material offers major advantages, in terms of both quality and cost, for the development of construction programmes in ACP countries[1]. Many SMEs have embarked upon this activity and have acquired a very high level of know-how (see box). Everywhere, this material is attracting increasing interest among construction industry professionals and property investors.

However, to date one serious obstacle has hampered the growth of this product in potential markets: a lack of clearly defined standards enabling manufacturers to guarantee the reliability of the product's physical characteristics, and users to guarantee that its use corresponds to the construction requirements laid down in the specifications. It is with a view to filling this significant gap that the CDI has just published this second practical manual on the standards-related aspects of CEB[2]. The manual was produced by highly renowned experts from the *Centre international de la Construction en Terre*, a body under the aegis of the *Ecole d'architecture de Grenoble* in France.

All standards presented in this work - covering the entire CEB sector, the characteristics of raw materials in relation to construction requirements - were produced in close and formal cooperation with the *Comité technique sur le bâtiment et le génie civil of the Organisation régionale africaine de normalisation* (ORAN). The latter then officially approved the rules in the Manual as authorised regional standards.

Publication of this manual, destined to serve as a reference in all the ACP countries in Africa, and doubtless elsewhere, was eagerly awaited by many professionals in the building and construction materials industry. It is expected to have a very positive impact.

CDI contacts: Patrick Keene (Publications) and Sid Boubekeur (expert, construction materials)

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1 The CDI previously published the Practical Manual on CEB Production Equipment.

2 Compressed earth blocks: Standards - CDI Practical Manuals

ACOTER - Guinea

Where the CEB has established itself in public infrastructures

It all began in 1986, with the launch of ACOTER, a small Guinean craft SME, on a property of 5 hectares with significant clay reserves, and modestly equipped at the outset with a mechanical press for small-scale production of compressed earth blocks. Six years on, *Oumar Totya Barry*, its promoter, is investing (in machines, warehouses and raw materials) and is raising production to some 3000 blocks per day. However, it is not just a question of quantity. ACOTER's goal is to increase public orders and, in order to do so, to offer quality assurance for its products. Consequently, it turned to the CDI, which set up and co-financed a specialised staff training programme (choice of raw materials, production techniques, quality control, product storage, maintenance of equipment, management and marketing).

Today, ACOTER is entirely fulfilling its ambitions. It is supplying, for example, the materials used in a huge construction programme (1200 schools and 1200 health centres) launched by the Guinean government. Another tender gave the company an order for the delivery of its CEB for the construction of a set of cereal shops for ASODIA, the NGO. There is no doubt that the establishment of standards now recognised at the level of an institution such as ORAN, following the CDI initiative, can multiply the number of such cases in ACP countries.

CRATerre

ACOTER: an SME producing 3000 blocks per day

IN BRIEF

A new CDI/OAU agreement

A memorandum of understanding was signed between the CDI and the Organisation of African Unity (OAU), covering African countries that have signed the Lomé Convention. With a view to contributing to the economic development of the OAU countries, the agreement provides a framework for cooperation between the two organisations. They will now be able to provide joint support for industrial development projects involving African companies and European partners. The CDI and OAU will cooperate closely at all stages of the projects and will be able to provide financial and technical support.

African consultants: seminar in Lomé

Almost 30 representatives of West African consultancies attended a seminar in Lomé, organ-


MAPEZ

Surendra Sharma, director of the CDI and Vijay S.Makhan, assistant to the Secretary-General of the OAU, at the signing of the joint statement of intent, at the CDI headquarters in Brussels, on 22 April 1996.

ised by the European Commission, from 3 to 7 March 1997. These professionals had attended the last two Sectoral Forums organised by the European Commission and supported by the CDI in 1995: MATCONSTRUCT (construction materials, Central Africa), held in Libreville (Gabon) in October, and AGRO-IND'95 (agro-food industry, West Africa) in Dakar (Senegal) in November.

Supported by its network of local consultants, the CDI has since then been entrusted by the European Commission with a key role in implementing the projects resulting from these forums.

In Lomé, the consultants presented a first review of developments since the forums of Libreville and Dakar. On the basis of this, there was a discussion on all practical questions arising from the follow-up procedures. Certain issues - such as methods for assessing proposals for ACP projects made by promoters, and the mounting of investment projects - were discussed in particular detail.

This first professional improvement seminar, focusing on support and follow-up to the sectoral forums, constitutes a genuine pilot action. The initiative was co-financed by the CDI and the European Commission.

CDI contact: Corentin Georges Tatepo

The potential of African meat

The Industrial Partnership Meeting on the meat sector in Eastern and Southern Africa organised by the CDI in Windhoek (Namibia) from 26 to 30 May 1997, brought together around 40 company managers from seven ACP countries (Ethiopia, Kenya, Tanzania, Botswana, Namibia, Swaziland, Zimbabwe) and from the European Union. There are clearly genuine export possibilities for processed and non-processed meat, not just to Europe but also to other African regions. In particular, the meeting stressed the important question of health standards and trade agreements in the EU. The four days were mainly devoted to individual meetings and various company visits (to an ostrich slaughterhouse, meat canning factory, breeding farm etc).

CDI contacts: Chérif Touré - Jorge Borges

Wood from the Pacific region

Forestry and processing industries in ACP countries and in the Pacific region show real potential, as is shown by the development of pine and mahogany plantations in Fiji and hevea and teak plantations in Papua New Guinea. The CDI will be organising an 'Industrial Partnership Meeting on Wood' in Fiji from 29 September to 2 October. Around 20 companies in the Pacific region and around 20 European companies will be invited to take part in individual discussions and visits to plantations and production units planned in the programme.

CDI contact: Jordi Tió Rotllan

African fisheries at the Lisbon Forum

The FELP (Forum of Portuguese-speaking entrepreneurs) organised a business forum in Lisbon from 16 to 20 June. The event, attended by many Portuguese-speaking entrepreneurs from Portugal, Africa, Latin America and Asia, was designed to provide first and foremost a platform for establishing contacts and partnerships. The CDI sponsored a delegation of 20 African companies in the fisheries sector - mainly from Mozambique, Namibia and Cape Verde. These companies were selected from the follow-up programme to recent CDI initiatives in these countries.

Three new CDI 'Practical manuals'

Three new publications have just been added to the CDI Manuals series.

A Bakeries Manual is designed for entrepreneurs wishing to create or modernise small industrial or semi-industrial bakeries. As a result of the role it plays in basic nutrition for all sectors of the population, and in the exploitation of local cereal products, this activity is growing considerably in ACP countries. The various stages required in order to implement projects in this area (design or modernisation of a production unit, needs in terms of technical and human resources, specifications for suppliers' orders, etc.) are considered. The 'handy tips' section provides very practical answers to everyday problems that may be experienced by professionals in the sector.

The Manual for packaging of fruit juices and non-aerated fruit drinks considers all aspects related to choosing the type of packaging used in this area, one which has seen the emergence of many projects in recent years. Metal cans, glass bottles, soft plastic sachets... 21 packaging methods are presented and classed according to investment costs for packaging machines and packaging costs. On a wider level, the manual answers the different types of questions raised by the choice of a particular packaging method: product life, market suitability, supply possibilities, etc.

The manual dealing with Standardisation of compressed earth blocks is dealt with at length on page 6.

CDI contact: Patrick Keene

Meeting of the CDI's antennae in Eastern and Southern African

CDI antennae meet regularly in a regional context. The most recent of these meetings, held in Swaziland on 18 and 20 March 1997, brought together 19 antennae in Eastern and Southern Africa. The event provided a forum for exchanging experiences and strengthening contacts between within this geographic region. Numerous issues were discussed including the issue of quality improvement, and the impact of the Centre's interventions in supporting companies.

CDI contact: Jorge Borges

CDI-PARTNERSHIP

Partnerships

African stone *(Ethiopia - Eritrea)*

Last March, Italian industrialists, all experts in marble and granite, visited Ethiopia and Eritrea for nine days. The trip, organised by the CDI, focused on work 'on the ground'.

An Industrial Partnership Meeting in the natural stone sector, carefully prepared and specially targeted, was organised by the CDI in cooperation with the *Istituto Nazionale per il Commercio Estero* (ICE), Italy. From 18 to 26 March 1997, ten Italian experts in marble and granite (from quarrying companies, as well as processing and marketing companies) visited Ethiopia and Eritrea in order to evaluate the natural resources, know-how and infrastructure there.

From demand to supply

'Careful preparation was carried out to match supply with demand as far as possible', said *Sid Boubekeur*, a CDI expert. 'The companies were chosen according to criteria - in particular, quality - required from the outset by the Italian marble companies. We wished this meeting to be very pragmatic, focused on the products, and based on *in situ* visits, so as to encourage commercial relations founded on a clear view of reality'.

Quality and logistics

The Italian entrepreneurs were able to appreciate the extent and variety of resources, the conditions of extraction, size of the blocks and the quality of the polishing work. They realised that they were, in some cases, dealing with very large companies (with capital of between US$10m and $15 million), owning several quarries and also producing finished products for the African market.

The last part of the trip involved a visit to the Eritrean port of Massawa, on the Red Sea. Cargo ships guaranteeing regular links to Europe often call at this important port, particularly well equipped for the export of heavy products. Massawa is also served by a good road network. This is of prime importance for a sector where the transport costs for a block of stone can be up to 60% of the production costs.

The European professionals were impressed by the quality of the African marble and granite. They discovered certain unusual textures and tones (pink marble from Ethiopia, white and black marble from Eritrea etc) likely to widen their own range. The Italian companies ordered around 30 blocks from different sources to be tested and worked.

CDI contact: Sid Boubekeur

Marble blocks from the Wor-Ee quarry (Ethiopia)

Give priority to work on the ground

The first part of the visit took place in Ethiopia. The European visitors went to see the production units of the National Mining Corporation (Awash) and Meskeren Investment (Adwa), and the quarries of Wor-Ee, Shiraro-Dichinima and Embamadre. In Eritrea, they saw the Giraret and Kirslse Kimli quarries and the companies Margran, Molinari and Guerra, located in Asmara.

Promotion of Spanish partnership (Cape Verde)

Around 20 Spanish industrial managers, sponsored by CDI and ICEX, recently visited the archipelago of Cape Verde. The contacts established during this mission are today being given substance through different partnership projects with local promoters.

By attracting qualified foreign investment, the Cape Verde Islands are able to compensate for their relative geographic isolation. Besides welcoming industrial projects geared first and foremost towards export, Cape Verde - with a market of 350 000 inhabitants and with an average annual per capita income of 1000 dollars - also offers interesting local activities, in the development of the tourist sector, for example. Relatively significant inflows of foreign currency - from a considerable emigrant population - provide a sound basis for the development of industrial projects. Local companies are keen to establish joint-ventures as well as technical and commercial partnerships with European companies.

Last April, in the context of these sectors, ICEX (*Instituto Español de Commercio Exterior*) and the CDI invited 20 Spanish company managers to meet more than 40 Cape Verdean promoters selected by l'*Instituto de Apoio ao Desenvolvimento Empresarial* (IADE), the CDI's antenna in the archipelago. In addition to visiting industrial projects in Mindelo (on the island of San Vincente) and the industrial zone of Praia, the capital, the participants had the opportunity to discuss proposals for specific projects in some 150 individual business meetings organised during the five-day visit by the Spanish delegation. Main sector proposals discussed were in the field of fisheries and fish processing.

CDI contact: Paolo Baldan

IN BRIEF

Guinea-Bissau joins the CFA franc zone and the West African Economic and Monetary Union

Like the European Union it is now possible to talk of 'the Fifteen' when one is referring to the CFA franc zone. The number of participating nations has reached this figure with the recent accession of Guinea Bissau. The agreement bringing this into effect was signed on 17 April 1997 in Cotonou (Benin), at a conference of the finance ministers from the West African Economic and Monetary Union (WAEMU). It represents a further step in the process of economic integration and harmonisation of business law in the West-African sub-region.

With an estimated population of 1.08 million and 28 inhabitants per km², Guinea-Bissau is one of sub-Saharan Africa's least densely populated countries. This small Portuguese-speaking state - whose industry consists of little more than a few breweries, oil production plants and some brickyards - is forced to import most of its consumer goods. It does, however, have the potential to produce 100 million tonnes of phosphate and 110 million tonnes of bauxite every year from its mines. Guinea-Bissau's waters teem with fish and, understandably, the country views its fishery resources as of primary importance.

Guinea-Bissau's membership of the CFA franc zone will lead to the phased replacement of the peso by the CFA franc. Conversion operations (at a rate of 62 pesos to 1 CFA franc) began in May and will require over CFA F 6 billion to be mobilised. With a GDP of just $220 per inhabitant, the country has been engaged in an extensive structural adjustment programme since 1993. And it has succeeded in re-establishing an overall macro-economic balance. The consolidated structural adjustment facility, concluded in 1995 with the IMF should, according to forecasts, help to maintain economic growth at 3.5% while reducing inflation and the current account deficit.

The WAEMU to which Guinea-Bissau has acceded aims to achieve further convergence of economic policies within the sub-region, culminating in the creation of a large single market of more than 70 million consumers (extending from Bissau to Cotonou and from Niamey to Dakar). With the entry into force of a preferential tariff system within the zone, interdependent Community levies, and compensation payments in favour of poorer or land-locked countries, the Union should be able to face the future with more confidence.

It is reported that a number of other countries are considering the possibility of joining WAEMU and the CFA franc zone. The names of Gambia and Ghana (both English-speaking) have been mentioned along with that of Guinea. According to the French Minister for Cooperation, the outgoing transition to a single currency in Europe should help strengthen the position of CFA zone members in the context of globalisation and the opening-up of international markets.

M.F.

IMF and globalisation

'The reduction in industrialisation is neither a consequence of globalisation nor a negative phenomenon, but a normal aspect of progress'. This, in essence, was the view expressed by *Michael Mussa*, an IMF economist at a recent meeting held at the Centre for Forecasting Studies and International Information (CEPI) in Paris. According to Mr Mussa, there is no 'downside' to globalisation, only virtues: increased productivity, higher standards of living, and improved allocation of resources. Such gains, however, are not fairly distributed throughout society. To state that globalisation is responsible for the reduction in industrialisation and the rise in unemployment in Europe is, in his opinion, a gross error. On the other hand, the reduced level of industrialisation has led to a shift of the labour force from manufacturing to services. In order to sustain growth levels, services are having to absorb an increasing proportion of total employment. According to the IMF's six-monthly review, 'World Economic Prospects' (edited by Mr Mussa), the decline in manufacturing employment in developed countries - from 28% in 1987 to 18% in 1994 - can be explained by the industry's increased productivity which has entailed large-scale job retrenchment. The services sector is unable, in the short term, to take up all the slack released by industry, in manpower terms. A number of factors contribute to this including insufficient economic growth, institutional inflexibility on the employment market and regulatory constraints preventing a transfer of resources to the services sector.

According to an IMF report issued in April, a country may also lose jobs because of negative external shocks or political errors leading, for example, to an excessive increase in the rate of exchange. The Report highlights the established economic theories underlying the neo-liberal model. There are, for example, the theories developed to explain how and why economic growth occurs, such as those of *Féi* and *Ranis.* These were two economists who attempted, at the beginning of the century, to explain how the mechanisms of economic transition are based on the intersectoral mobility of the labour force and on the adjustment of wages to the sector's productivity level. The Report also discusses the concepts elaborated by *W.W. Rostow* and *Collin Clark* on the decline of entire sectors of the economy in favour of more modern activities, leading towards a service-oriented society. But there is still a sharp contrast between these economic concepts and reality in the field when it come to the mobility of the labour force from one sector to another.

M.F.

Is Lomé out of date?

Will the Lomé Convention be a thing of the past in the new millennium? If the answer is yes, what form will the new cooperation between the European Union and the ACP countries take? How can the principle of partnership be maintained and strengthened. What will happen to the main aid and trade instruments? Above all, do the traditional arguments in favour of the Lomé Convention still apply - sufficient to justify continuing cooperation broadly in its current form? These were just some of the issues discussed by delegates at a conference held in Amsterdam on 14 April .

The idea of the event's organisers, the Dutch development NGO INZET, was to take up the call issued by the European Commission for a wide-ranging debate on 'the future of Lomé', involving as many representatives as possible from both ACP and EU civil society.

A panel of 24 ACP guests was constituted for the occasion. This was made up of researchers, representatives of community organisations, the private sector and other experts. In common with their European counterparts at the conference, they broadly expressed support for continuing ACP-EU cooperation after Lomé IV expires. At the same time, many acknowledged that policies implemented in the past had had only a limited impact on development in ACP countries. Accordingly, they argued that more effective new principles and approaches should be devised.

The nature of the future cooperation system topped the agenda. Delegates felt that the 'Lomé spirit', based both on partnership and solidarity between peoples, should be safeguarded and indeed, given renewed impetus, particularly through closer links with non-governmental 'parties'.

The view was expressed that to make cooperation more effective, there had to be greater participation by civil society in the system at all levels (i.e. in the drawing-up of national indicative programmes and the design, implementation and assessment of the development projects). To achieve this, a number of elements had to be put in place including better availability of information, wider eligibility to access the resources available and steps to boost capacity on the side of the recipients.

There was wide support for the idea that partnership necessarily involves mutual and shared responsibility for the implementation and results of cooperation. However, the concept of 'conditionality' that had been introduced into the Convention was viewed with some disfavour by delegates. This was interpreted as a desire on the part of the EU to impose its own views, to the detriment of a balanced dialogue.

Concern was voiced over future strategies for promoting sustainable human development, with doubts being expressed about how far the ideas set out in the Commission's Green Paper responded to the economic and social development needs in the ACP countries. As regards the geographical coverage of future cooperation, delegates accepted that the principle of differentiation was worth considering, assuming it represented a genuine attempt to take account of the specific characteristics and degree of development of the different countries. At the same time, they did not want to see this approach adversely affecting the integrity and political weight of the ACP group.

The issues of poverty alleviation and promoting acceptable social and human development were addressed from the standpoint of democracy and respect for human rights.

As regards development of the ACP private sector, the Green Paper was criticised for focusing too much on direct foreign investment. There was a feeling that home-grown investment, involving appropriate support for small and medium-sized local undertakings, was just as necessary to generate growth and create jobs. The private-sector support instruments set up under the Lomé system (notably through the Centre for the Development of Industry and the European Investment Bank) should, it was felt, be targeted on small-scale initiatives.

Experts attending the seminar called for environmental issues to be incorporated into the national policies of the ACP countries. They also argued that the next treaty between the EU and the ACPs should establish a genuine programme of concrete environmental actions. Specifically, more financial resources should be devoted to tackling climate change, transferring relevant technologies and expanding research.

On trade, delegates restated their support for the preferences currently available under the Lomé Convention. The feeling was that structural reforms now taking place in the ACPs (less state involvement, expansion of the private sector and improvements in the competitiveness of ACP companies) could allow them to maximise the benefits of the trade arrangements and, in the longer term, to cope with the erosion of preferences resulting from international developments. Speakers argued that the EU should continue to uphold the interests of the ACP countries vis-à-vis the WTO.

One very unusual feature of the meeting was the presence of a number of representatives of young people from ACP countries. They came especially to discuss, with young Europeans, their respective roles in ACP-EU cooperation. It was noted that, hitherto, the Lomé Convention had devoted little specific attention to the needs of young people, despite their large numbers and dynamic potential. There was a call for the adoption of new provisions (both regulatory and financial) aimed at involving them more in cooperation.

The recommendations agreed by those attending the Conference were submitted to the informal conference of EU-ACP ministers which was staged a few days later in Maastricht. More conferences of this type are scheduled to take place before the start of formal negotiations between the EU and the ACP countries (due to begin in September 1998). K.K.

THE INSTITUTIONS AT WORK

COMMON FOREIGN AND SECURITY POLICY

Within the framework of its Common Foreign and Security Policy, the European Union has recently issued a number of statements on issues of international concern, details of which are set out below:

Liberia: call for Electoral Commission to be activated

Declaration of 7 April 1997

The European Union congratulates the people of Liberia on the recent substantial progress made in the peace process. It expresses its appreciation for the important role played by ECOWAS and ECOMOG and the UN.

The EU supports the electoral process as defined by Liberia and ECOWAS, in particular in the decisions of the ECOWAS Committee of Nine meeting of 13-14 February, which were further endorsed by the ministerial meeting in New York on 20 February.

The EU, however, is concerned that the Electoral Commission has still not been definitively established and calls on all parties in Liberia and on ECOWAS to do all within their power to ensure that the Electoral Commission is inducted speedily, and that agreed timetables are then respected by all parties so that preparations for the elections can proceed without further delay. Provided that this is done, it confirms its willingness to provide financial and technical assistance to the electoral process.

The Central and Eastern European countries associated with the European Union, the associated country Cyprus and the EFTA countries Iceland and Norway, members of the European Economic Area align themselves with this declaration.

Zaire: appeal for a democratic transition

Declaration of 15 April 1997

The European Union has learnt with great concern of the latest political developments in Zaire. It calls upon all parties concerned in Kinshasa to show the necessary restraint and respect the basic terms of the democratic transition process. The Union hopes that order in the capital will be maintained in a peaceful manner.

The Union calls upon all the parties to the conflict in Zaire to engage fully in the search for a speedy political solution and to refrain immediately from further violence. In this regard, the Union repeats its support for the peace plan of UN/OAU Special Representative Sahnoun. The present developments underscore the importance of a political solution to the conflict. The Union reiterates its support for the process of democratic transition, leading towards elections, as the only road towards a peaceful and stable situation.

As fighting proceeds in different parts of the country, the Union appeals to all parties to respect the rights of the civilian population, ensure the safety of foreign citizens and, if necessary, to facilitate their evacuation.

The EU stresses the most urgent need for humanitarian assistance to reach refugees and displaced persons.

Angola: unity government formed

Declaration of 16 April 1997

The European Union welcomes the formation of the new Angolan Government of unity and national reconciliation, which was officially sworn in on 11 April 1997. This event marks an important step in the peace process initiated in Lisbon in 1991 and renewed in Lusaka in 1994, and sets Angola on the promising path of development for the benefit of all Angolans.

The EU addresses to the new Angolan Government its most cordial wishes for a successful outcome to the peace process and assures the Government of its desire to cooperate actively in the recovery of a reconciled Angola.

Burundi: violence condemned and appeal for a ceasefire

Declaration of 13 May 1997

The European Union welcomes the outcome of the summit meeting of regional Heads of State in Arusha on 16 April 1997 and confirms its support for their efforts. Its special envoy will continue to work in close collaboration with them.

The EU condemns the atrocities committed daily against civilians, and other violations of human rights. In that context it has learned with consternation of the recent violence in the provinces of Makamba and Bururi, and in particular of the massacre of 43 seminarists and staff members at the seminary in Buta carried out by armed rebels on 30 April this year. It totally condemns that massacre and offers its condolences to the families of the victims and to those in charge of the seminary.

The EU believes that such acts of violence, whoever they are committed by, seriously undermine the peace process in Burundi and therefore calls on all the parties in the conflict to renounce violence, publicly to repudiate the acts of violence committed daily in Burundi and resolutely to pursue a political settlement.

The EU solemnly appeals to all Burundian leaders not to let themselves be tempted by the illusion of a military victory. It repeats its appeal for a ceasefire and an immediate and unconditional start on negotiations amongst all parties to the conflict in Burundi.

It also repeats its concern at the humanitarian situation in the 'regroupment' camps and appeals to the Burundian Government to disperse those camps at the earliest opportunity.

Cameroon: hope for free and transparent elections

Declaration of 14 May 1997

The European Union has taken note of the decision of the President of the Republic of Cameroon to organise general elections on 17 May 1997.

The EU expresses the desire that these elections take place in a calm and transparent manner, and in particular that every citizen should be able to vote freely and without hindrance. It considers that it is essential that every citizen should be able to take part in the elections to choose a new parliament which corresponds to the aspirations of the people, while respecting the rules of democracy.

The EU hopes that candidates of all political parties can participate in these elections in a fair and equal way.

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). Major projects and programmes are highlighted.

Economic and social infrastructure

Cape-Verde: ECU 1.9 million for rural electrification on the island of Maio.

ECOWAS (Economic Community of West African States): ECU 1.7 million for a forum on the subject of mining development in the 16 member countries and in neighbouring states of central Africa.

COMESA (Common Market for Eastern and Southern Africa): ECU 1.9 million for the development of standardisation programmes (quality, weights and measures, etc.) aim at facilitating exchanges among the 20 member states of the organisation.

Ethiopia: ECU 60 million for the rehabilitation of the Addis Ababa-Modjo-Assawa road.

Bahamas: ECU 1 million for reconstruction and rehabilitation of airstrips on the islands of Rum Cay and Moores.

Institutional support

Liberia: ECU 1.9 million to support the electoral process.

Netherlands Antilles: ECU 1.3 million to strengthen and improve management capacities in connection with programmes funded under the EDF.

HUMANITARIAN AID

ACP countries

Somalia: ECU 3.7 million for food and medical aid for the most vulnerable sections of the population, and displaced people in particular.

Sudan: ECU 11.8 million for a coordinated aid programme aimed at tackling the effects of the conflict including, in particular, a section designed to make veterinary provision for livestock. This assistance will be provided in areas controlled by the government and elsewhere.

Non ACP countries

Peru: ECU 2.8 million for medical aid and assistance in the reintegration of displaced people who fled their home areas during the conflicts of the last decade.

Ex-Yugoslavia: ECU 98 million to help the most vulnerable sections of the population and those most affected by the war, and for the reintegration of displaced people and refugees. The aid will deployed, among other things, for the rehabilitation of schools, health centres and homes, as well as of food supply, water and electricity infrastructures.

Kirgizistan: ECU 2.15 million to provide medical aid for the least-favoured sections of the population.

Tadjikistan: ECU 900 000 to help tackle a typhoid epidemic.

Chechnya: ECU 1.4 million to provide food and medical assistance for victims of the war.

Iran: ECU 3 million for victims of the recent earthquake.

Karen refugees: ECU 700 000 for medical and sanitary assistance.

China: ECU 300 000 for the distribution of flour, following the destruction of harvests in recent snowstorms.

North Korea: ECU 500 000 for the distribution of rice, in the light of the severe food shortages.

Operational summary n° 98 - July 1997

(position as at 13 June 1997)

ec-acp

European Development Funds schemes

The following information is aimed at showing the state of progress of schemes funded by the European Community under the EDF (Lomé Convention).

Geographical breakdown

The summary is divided into three groups

- Africa, Caribbean and Pacific (ACP) country projects.
- Overseas Countries and Territories (OCT) projects.
- Regional projects

The information within each of these groups is given by recipient country (in alphabetical order).

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, equipment supplies, technical assistance etc.)
- Any methods of implementation for example, international invitations to tender).
- The stage the project has reached (identification, appraisal, submission for financing, financing decision, ready for implementation)

Note: Participation in EDF schemes is strictly confined to ACP or EU firms.

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
T.A.: Technical Assistance
EDF: European Development Fund
(e.g. EDF 7 = 7th European development Fund)
mECU: million European currency units

Blue Pages on the INTERNET

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Projects for tender

Correspondence about this operational summary can be sent directly to:

Mr Franco Cupini,
Directorate-General for Development
European Commission
G12 4-14, 200, rue de la Loi
B-1049 Brussels

Please cover only one subject at a time.

SECTOR CODE DESCRIPTION

AAz Planning and public administration
AAa Administrative buildings
AAb Economic planning and policy
AAc Assistance to the normal operations of government not falling under a different category
AAd Police and fire protection
AAe Collection and publication of statistics of all kinds, information and documentation
AAf Economic surveys, pre-investment studies
AAg Cartography, mapping, aerial photography
AAi Demography and manpower studies

ABz Development of public utilities
ABa Power production and distribution
ABai Electricity
ABb Water supply
ABc Communications
ABd Transport and navigation
ABe Meteorology
ABf Peaceful uses of atomic energy (non-power)

ACz Agriculture, fishing and forestry
ACa Agriculture production
ACb Service to agriculture
ACc Forestry
ACd Fishing and hunting
ACe Conservation and extension
ACf Agriculture storage
ACg Agriculture construction
ACh Home economics and nutrition
ACi Land and soil surveys

ADz Industry, mining and construction
ADa Extractive industries
ADai Petroleum and natural gas
ADb Manufacturing
ADc Engineering and construction
ADd Cottage industry and handicraft
ADe Productivity, including management, automation, accountancy, business, finance and investment
ADf Non-agricultural storage and warehousing
ADg Research in industry technology

AEz Trade, banking, tourism and other services
AEa Agriculture development banks
AEb Industrial development banks
AEc Tourism, hotels and other tourist facilities
AEd Export promotion
AEe Trade, commerce and distribution
AEf Co-operatives (except agriculture and housing)
AEg Publishing, journalism, cinema, photography
AEh Other insurance and banking
AEi Archaeological conservation, game reserves

AFz Education
AFa Primary and secondary education
AFb University and higher technical institutes
AFbi Medical
AFc Teacher training
AFci Agriculture training
AFd Vocational and technical training
AFe Educational administration
AFf Pure or general research
AFg Scientific documentation
AFh Research in the field of education or training
AFi Subsidiary services
AFj Colloquia, seminars, lectures, etc.

AGz Health
AGa Hospitals and clinics
AGb Maternal and child care
AGc Family planning and population-related research
AGd Other medical and dental services
AGe Public health administration
AGf Medical insurance programmes

AHz Social infrastructure and social welfare
AHa Housing, urban and rural
AHb Community development and facilities
AHc Environmental sanitation
AHd Labour
AHe Social welfare, social security and other social schemes
AHf Environmental protection
AHg Flood control
AHh Land settlement
AHi Cultural activities

AIz Multisector
AIa River development
AIb Regional development projects

AJz Unspecified

ACP STATES

New projects and updated information in existing projects appear in italics

ANGOLA

Rehabilitation of theTchivinguiro Institute. 8.24 mECU. Project in execution. EDF 7.

EDF ANG 7014 - AFb

Reconstruction support programme. 55 mECU. Relaunch of economic and social activities. Improvement of basic social services and living conditions, poverty alleviation, increase of production and of basic communication possibilities, amelioration of basic infrastructures, participation in mine-clearing operations, support for demobilisation. Project in execution. EDF 7.

EDF ANG 6036/001 - AGz, AHz.

Rehabilitation in rural areas of Huambo province. 3 mECU. To repair health and education infrastructure and help to get farming and other productive activities up and running again. Projects managed by Save the Children Fund (UK), Oikos (P), Concern (Ireland) and Halstrust (UK) for mine clearance operations. Project in execution. EDF 7.

EDF ANG 7255/012 - ACz

Support for training of lawyers and academics in the Law Faculty of Agostinho Neto University (FDUAN). 0.800 mECU. Training, supply of equipment. *Project in execution.*

EDF ANG 7018/000 - AFb

ANTIGUA AND BARBUDA

Livestock development. Phase II. Resp.Auth.:Ministry of Agriculture.0.130 mECU. Supply of equipment. Project on appraisal. EDF 7.

EDF AB 5003(7001) - ACa

Upgrading and expansion of Antigua Hotel Training Centre. Construction and equipment for part new and part renovated and upgraded facilities. Estimated cost 2.2 mECU. Works, supplies, design and supervision. T.A. and training. Project on appraisal. EDF 7.

EDF AB 7001 - AFd

BENIN

Improvement works on the Sémé-Porto Nova road. (12.711 km). Resp. Auth.: Ministère des Travaux Publics et des Transports. 20 mECU. Infrastructure works and installation of road signing. Work supervision by KFW (D). Works by int. tender. Project on appraisal. EDF 7.

EDF REG 7132 - ABd

Support programme for municipal development of Parakou City. Resp. Auth.: Circonscription urbaine de Parakou. Estimated total cost 2 mECU. Works and T.A. Project on appraisal. EDF 7.

EDF BEN 7006 - ABd

Improvement of transfusional security in the departments of Ouémé, Mono and Atlantique. Resp. Auth.: Ministry of Health. 0.700 mECU. T.A., supplies, training and evaluation. *Project in execution.* EDF 7.

EDF BEN 7007 - AGa

BOTSWANA

Sysmin - support to base metal industry (Copper-Nickel-Cobalt). Resp. Auth.: BCL Ltd., 33.7mECU. To deepen the shaft of the Selebi-North mine, to reach a new ore-body, equipping it and carrying out new prospective drilling to identify new ore-bodies. Works, supplies and T.A. Project in execution. EDF 7.

EDF SYSMIN BT 9999/001 - ADa

Botswana Tourism Development Programme (Foundation phase). Resp. Auth. : Department of Tourism (DoT) of Commerce and Industry. 1.91 mECU. Short- and long-term T.A. Project in execution. EDF 7.

EDF BT 5019/001 - AEc

Trade Development Programme (Phase I). Resp. Auth.: Department of Trade and Investment Promotion. Estimated cost 1.700 mECU. To support trade diversification and export promotion. T.A. Project on appraisal. EDF 7.

EDF BT 7008 - AEe

Lomé IV Sysmin Support Programme *Int tender N° 4227. Supply of specialised mining equipment.*

BURKINA FASO

Tougan - Ouahigouya - Mali border road. Resp. Auth.: Ministère des Travaux publics. Modern earth-road. Supervision: short-list done. Estimated cost 13.5 mECU. *Project in execution.* EDF 6 and 7.

EDF BK 7004 - ABd

Periodical road maintenance programme. Ouagadougou-Ghana. Bobo-Côte d'Ivoire, and Bobo-Mali. Resp. Auth.: Ministère des Travaux Publics. 29 mECU. Works, supervision. T.A. Project in execution. EDF 7.

EDF BK 6017 - ABd

Support project for the reform of the pharmaceutical sector.

Resp. Auth.: Ministère de la Santé - Direction des Services Pharmaceutiques (DSPh) and CAMEG 1.6 mECU. Line of credit, works, equipment and T.A. Project in execution. EDF 7.

EDF BK 7017 - AGc

SYSMIN - Rehabilitation of the Poura mine. Resp. Auth.: I.G.R.International Gold Resources Corporation. 11 mECU. Works by direct agreement. Supplies and T.A. Project in execution. EDF 7.

EDF SYSMIN BK 9999 - ADa

Ouagadougou dam classified forest development. Resp. Auth.: Ministère de l'Environnement et de l'Eau. Estimated total cost 1.200 mECU. EDF part 0.300 mECU. Cofinancing with CFD (F), The Netherlands (possible). Project on appraisal. EDF 7.

EDF BK 7023 - AHf

Support for decentralisation. Resp. Auth.: Ministère Administration Territoriale et Sécurité. Estimated total cost 2 mECU. Works, supplies, T.A., training. Project on appraisal. EDF 7.

EDF BK 7024 - AAb

Support for the structural adjustment programme 1996-1997. General import programme. EDF 11.4 mECU. T.A. foreseen. *Project in execution.* EDF 7.

EDF BK 7200/004 - AAc

Support for the judicial system. Estimated total cost 1 mECU. Training of magistrates and improvement of judicial services. *Project in execution.* EDF 7

EDF BK 7027 - AAz

Support for rural development. *Estimated total cost 23 mECU. Financing of action for rice-growing, for support action, financing the rural environment and for information about markets. T.A, works and supplies. Project on appraisal. EDF 8*

EDF BK 7032/000 - ACa.

Periodical maintenance of asphalt roads (594 km). *Resp. Auth.: Ministère des Infrastructures, de l'Habitat et de L'Urbanisme. Estimated total cost 37 mECU. T.A., Works. Project on appraisal. EDF - 8*

EDF BK 6017/002 - ABd.

CAMEROON

General Import Programme. Hard currency allowance to import ACP and EC goods with negative list. 20.2 mECU Project in execution. EDF 7.

EDF CM 7200

Lagdo fishing project. Resp. Auth.: MINEPIA. Estimated cost 3.500 mECU. Preservation and improvement of the social-economic situation around Lake Lagdo. Project in execution. EDF 7.

EDF CM 6002/002 - ACa

Protection and sanitation for Kousseri town. Kousseri road network. Resp. Auth.: MINTP. Estimated cost 4 mECU. Dyke rehabilitation works along the Logoni river, road works and rain water drainage. Project on appraisal. EDF 7.

EDF CM 6022 - AHg, Ala

Access road to the Tikar Plain. Resp. Auth.: MINTP 14 mECU. Road works over the Kakar-Sabongari-Atta-Sonkolong road. Project in execution. EDF 7.

EDF CM 6037 - ABd

Tikar Plain development. Resp. Auth.: MINAT. 10.2 mECU. Social-economic improvement. Project in execution. EDF 7.

EDF CM 6004 - ACa

Support for the road sector. Resp. Auth.: Ministry of Public Works and Transport. 1.930 mECU. T.A. EDF 7.

EDF CM 6031/001 - AAz

Reorientation of health care in the far north province. 1.9 mECU. Social cooperation. Project in execution. EDF 7.

EDF CM 6030/001 - AGz

Regional economic integration programme in Central Africa - regional infrastructures. *98 mECU. Building of the Bertoua-Geroua Bulai road. Works and management of the works. Works will be launched in 3 international tenders. For the management of the works, a preselection will be launched. Project in execution. EDF 6,7 and 8.*

EDF CM 7002/001 - ABd.

Building roads on the Tikar Plain *Int.tender N° 4182. Works*

CAPE VERDE

Maio island rural electrification. Estimated total cost 1.945 mECU. Improvement of living conditions. Supply of electricity, Works, supplies and T.A. *Project in execution.* EDF 7.

EDF CV 7009/000 - ABa,i

Santo Antao water supply and sanitation. Resp. Auth.: Ministry of Economic Coordination. 1.4 mECU. Works, T.A. Project in execution. EDF 7.

EDF CV 7011 - ABb

CENTRAL AFRICAN REPUBLIC

Computerised management system for SCEVN (Service Commun d'Entretien des Voies Navigables). *Int. tender N° 4097. Prequalification for supply of computer and hydrographic equipment.*

CHAD

Relaunch of the fishing sector. Estimated cost 2.500 mECU. Sectoral study: shortlist done. Project on appraisal. EDF 7.

EDF CD 7011 - ACa

River Chari embankment protection. Estimated total cost 5 mECU. To improve living conditions in N'Djamena. Project on appraisal. EDF 7.

EDF CD 5027 - AHf,g

Support for the electoral process. Resp. Auth.: UNDP(PNUD). Estimated totalcost 0.500 mECU. Project on appraisal. EDF 6.

EDF CD 7015 - AAc

Eré-Kélo road improvement. Resp. Auth.: Ministère des T.P., des Transports et de l'Habitat. 13.500 mECU. Works and supervision. Project on appraisal. EDF 6 and 7.

EDF CD 7012 - ABd

Restoration of bridges that fall within the framework of the Second Transport Sectoral Programme. Resp. Auth.: MINTP Chad. Estimated total cost 4 mECU. Urgent work to be carried out to restore 15 bridges under the Transport Sectoral Programme. Works, T.A. *Project in execution.* EDF 7.

EDF CD 6001 - ABd

Support for structural adjustment. 10.2 mECU. *Project in execution.* EDF 7.

EDF CD 7200/001 - AAc

Support for Health Programme in Mayo Kebbi *1.980 mECU T.A. Training of doctors, medical supplies. Project in execution. EDF 7.*

COMOROS

Sea-access to 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. EDF 7.

EDF COM 6006/7003 - ABd

Development of cultivation for export. Vanilla and Ylang Ylang. Resp. Auth.: Ministère du Dev. Rural. 1.900 mECU. Vanilla and improvement of quality (laboratory, management, marketing). Supply of non-wood ovens. Crop diversification. Equipment, T.A. and training. Project on appraisal. EDF 7.

EDF COM 7004 - ACa

Rehabilitation of Mutsamudu-Sima-Pomoni road at Aujouan. 5.6 mECU. Resp. Auth.: Ministère de l'équipement (DG Travaux Publiques). Works (41 km) by int. tender, supervision by direct agreement after short-list. Project on appraisal. EDF 7.

EDF COM/7001 - ABd

CONGO (REPUBLIC)

National Road n°1 Brazzaville- Kinkala (Matoumbou). 0.950 mECU. Resp. Auth.: Direction Générale des Travaux Publics. Environmental economical technical studies, execution project and tender dossier. Project on appraisal. EDF 4 and 7.

EDF COB 7001/000 - ABd

Support programme for the visual arts. 1 mECU. Global development in the visual arts sector. Project in execution. EDF 7.

EDF COB 7010 - AEz

CONGO (DEMOCRATIC REPUBLIC)

Rehabilitation Support Programme. Resp. Auth.: Coordination and Management Unit. Estimated total cost EDF 84 mECU. and an indicative amount of 6 mECU from the Commission's budget under heading B7-5076 'Rehabilitation and reconstruction measures for developing countries'. Regions selected: Kinshasa's economic hinterland, the Greater Kivu and the two provinces of Kagai. Rehabilitation and maintenance of roads and farm access roads. Support for production and 0marketing, support for basic social infrastructure. T.A. and evaluation. Project in execution. EDF 6 & 7.

EDF ZR 6033 - AAc

Support programme for the resinsertion of displaced persons in Kasai province (PARK). 2 mECU. The programme will be implemented by Caritas (NI), Oxfam (UK), Nuova Frontiera (I), Gret (F), and Raoul Follereau (F). Project on appraisal. EDF 7.

EDF ZR 7255/001 - ACa

Strengthening of the provisional health support programme. 45 mECU Rehabilitation of health service structures in Kinshasa, Kasai and Kivu. Support for the health service at the basic and intermediate levels. Reinforcement of basic juridical services. Works, supplies

Support programme for the preparation of elections. Resp. Auth.: Commission Nationale des Elections (CNE). 30 mECU. T.A., support for democratisation. *Project in execution.* EDF 7.

EDF ZR 6034/00 - AAc

COTE D'IVOIRE

Support for the structural adjustment programme (GIP V). Resp. Auth.: Ministry of Finance. 25.5 mECU. General import programme. T.A. Project in execution. EDF 6 & 7.

EDF IVC 7200/004 - AAc

Provision of basic health services for Liberian refugees and local population. 0.700 mECU. Assistance to refugees and indigenous population. T.A. *Project in execution.* EDF 7.

AGz

Improved water and sanitation facilities for Liberian refugees and local population. 1.441 mECU. Assistance to refugees and indigenous population. T.A. and supply of equipment. *Project in execution.* EDF 7.

ABb

Support for the health sector*. Int. tender N° 4209. Supply of medical equipment.*

Support programme for coastal communities. *Int. tender N° 4210. Supply of medical equipment.*

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 suspended. EDF 7.

EDF DI 6008 - ACa

Rehabilitation and construction of veterinary infrastructures and supply of equipment. Economical and social Investment. 0.212 mECU. Resp. Auth.: Direction de l'Elevage et des Pêches. Renovation of existing buildings, laboratory construction, purchase of a refrigerator car. Works by acc. proc. Project on appraisal. EDF 7.

EDF DI/5002/001 - ACa

Support for the structural adjustment programme 1996-1997. General import programme. 4.100 mECU. T.A. foreseen. Project on appraisal. EDF 7.

EDF DI 7200/001 - AAc

DOMINICA

Eco-Tourism Site Development. Resp. Auth.: Ministry of Trade Industry and Tourism (MTIT). Estimated total cost

0.558 mECU. Works, equipment and training. Project on appraisal. EDF 7.

EDF DOM 6002/001 - ACa

Agricultural Diversification Programme. Resp. Auth.: Diversification Implementation Unit. (DIU). 2.25 mECU. Production Credit Scheme. Abattoir Project, Citrus Processing Study, Shipping and Transportation System Project, Quality Assurance, Market Information Service, Export Credit Programme, Monitoring Evaluation, T.A. Works by acc. tender. Project on appraisal. EDF 7.

EDF DOM 7002 - ACa

Disposal of solid waste. Resp. Auth.: Ministry of Communications, Works and Housing. 1.650 mECU. Restoration of two depots for household waste. Installation of a new waste disposal depot. T.A. by restricted tender. Works by acc. Proc. Project in execution. EDF 7

EDF DOM 7003 - ABz

DOMINICAN REPUBLIC

Support programme to prevent STD/HIV/AIDS. EDF part 1.350 mECU. Training, T.A., supplies, evaluation. Project on appraisal. EDF 7.

EDF DO 7016 - AGz

EQUATORIAL GUINEA

Rural development programme in the South-East. Resp. Auth.: Ministère de l'Agriculture. 4.500 mECU. Works, supplies and T.A. Project in execution. EDF 7.

EDF EG 6005(7001) - ACa

ERITREA

Sector study on national water and irrigation potential. Resp. Auth.: Ministry of Energy, Mines and Water resources 4.5 mECU. Assess the various demands for those resources, determine the potential for their sustainable development, present strategies for their development, and lay the foundations for their management. Project in execution. EDF 7.

EDF ERY 7002 - ABb

Upgrading of the Nefasit-Dekemhare-Tera Imni road. Resp. Auth. : Ministry of Construction. Estimated total cost 20 mECU. Road works. Project on appraisal. EDF 7.

EDF ERY 7004 - ABd

Rehabilitation of transmission lines, substations and distribution system in Massawa area. Resp. Auth.: Eritrean Electric Authority. Estimated total cost 10-12 mECU. Works, supplies and T.A. Feasibility study: INYPSA (Sp). Project on appraisal. EDF 7.

EDF ERY 7001 - ABa,i

Livestock Promotion, support for the Improvement of the Sanitary Environment of the National Herd. Estimated cost 1.2 mECU. Equipment, infrastructure, vaccines, training of veterinary services personnel. Project on appraisal. EDF 7.

EDF ERY 7005/000 -AGz, AFd

ETHIOPIA

Reintegration of displaced Ethiopian nationals from Eritrea. Estimated cost 2 mECU. Works, training, line of credit, T.A. and supply of equipment. Project on appraisal. EDF 7.

EDF ET 7255/001 - AHb,e

SME development programme. Estimated total cost 25 mECU. Project on appraisal. EDF 7.

EDF ET 7003 - AEz

Rehabilitation of the Addis Ababa-Jima road, Addis Ababa-Abelti (180 km).

Estimated total cost 35 mECU. Improvement of the road network. Works and supplies. T.A. Feasibility studies and dossiers projects preparation. Project on appraisal. EDF 7.

EDF ET 7005/002 - ABd

Addis Ababa's water supply and sanitation. Resp. Auth.: Addis Ababa Water Supply Authority. AAWSA. Estimated total cost 35 mECU. Works, equipment, T.A.,. Project on appraisal. EDF 7.

EDF ET 5006/002 - ABb

Training programme. Trainers' training, staff, supply of equipment. Estimated cost 6.900 mECU. Project on appraisal. EDF 7.

EDF ET 7016 - AFc

Rehabilitation of the Addis Ababa-Modjo-Awasa road (271 km). *Resp. Auth.: Ethiopian Road Authority (ERA). 60 mECU. T.A. International tender already launched and closed. EDF 7.*

EDF ET/7005/000 - Abd.

Central Highlands Rural Development Project*. Int.tender N° 4230. Supplies for a seed processing plant, maize sheller and workshop equipment.*

FIJI

Rural Health Infrastructure, Naitasiri. Construction of a new hospital in Vunidawa, construction, modification and upgrading of various health centres and nursing stations. Estimated total cost 4.315 mECU. Study: short-list already done. Project on appraisal. EDF 4, 5, 6 and 7.

EDF FIJ 7007 - AGa

GAMBIA

General Import Programme. Support for Structural Adjustment. Hard currency allowance to import ACP and EC goods, with negative list. 1.400 mECU. Project on appraisal. EDF 7.

EDF GM 7200/002 - AAc

GHANA

Human resources development programme. Resp. Auth.: Ministry of Local Government and Rural Development. 3.8 mECU. Supply of equipment, T.A., evaluation. Project in execution. EDF 7

EDF GH 7003 - AFz

Western Region Agricultural Development Project. Resp. Auth.: Ministry of Food and Agriculture. 12 mECU. T.A., buildings and training, supply of equipment. Project on appraisal. EDF 7.

EDF GH - ACa

Woodworking Sector Development. Resp. Auth.: Ministry of Lands and Forestry. 4.85 mECU. Training and equipment. Project on appraisal. EDF 7.

EDF GH - ACc

Small towns water supply project. Resp. Auth.: Ghana Water and Sewerage Corporation. Estimated total cost 15 mECU. Construction of water supply systems. Strengthening of institutions responsible for operations and maintenance. Works. T.A. Project on appraisal. EDF 7.

EDF GH 6006 - ABb

Decentralised Cooperation Programme. Resp. Auth.: Ministry of Finance. 1.500 mECU. Equipment, construction, training and current inputs of grassroots programmes. TA for implementation and evaluation. Project in execution. EDF 7.

EDF GH 7008 - AJz

4th Microprojects Programme. Resp. Auth.: Ministry of Finance. 9 mECU. Intervention in the field of water, sanitation and health, education, agricultural production, processing and marketing, rural transport, socio-economic infrastructure, environment and income generation. Consultancy for T.A., supervision, audit and evaluation. Project on appraisal. EDF 7.

EDF GH - AHb

Rural electrification programme. Resp. Auth.: Ministry of Mines and Energy. 9.5 mECU. Supply and erection of electirivty lines, supervision, training. Project on appraisal. EDF 7.

EDF GH - Aba,i

Protected Areas Development Programme. *Int tender N° 4235. Supply of tractors, tractor equipment, pick up trucks and station wagons.*

GRENADA

Microprojects programme. Resp. Auth.: Ministry 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. EDF 7.

EDF GRD 7102 - ABz

Rehabilitation Section of the Bellevue-Grenville Section of the Eastern Main Road - Grenville - Mama Cannes section. Resp. Auth.: Ministry of Works. 2 mECU. Works by direct labour, small T.A. and supply of equipment for repairs. Project on appraisal. EDF 7.

EDF GRD 7002/00 - 1ABd

GUINEA

Development of 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 equipment. Project on appraisal. EDF 7.

EDF GUI 7008 - AHab

Extension of the Family Plantation Programme in Soguipah. Resp. Auth.: Ministry of Agriculture, Water and Forests. Estimated cost 5.5 mECU. Cultivation of rice fields and rubber plantations and the development of transport infrastructures. Works, supplies, T.A. Project on appraisal. EDF 7.

EDF GUI 6008/001 - ACe, AHe, Ahf

Urban health support project. Estimated cost 1.2 m ECU. T.A., studies Project on appraisal. EDF 7.

EDF GUI 6005/000 - Agz

Second Regional Programme of the Gambia and Niger Basins - Support for the rational management of the natural resources. *Prequalification and restricted tender N° 4243. Services, T.A.*

GUINEA BISSAU

Bridge construction in Sao Vincente. *Resp.Auth.: Ministry of Public Works. Estimated cost 27 mECU. Works and works supervision. Project on appraisal EDF 8.*

EDF GUB 7014/000 - ABd

HAITI

Support for the Structural Adjustment Programme II. 10.800 mECU. Date foreseen for financing December 96. EDF 7.

EDF HA 7200/001 - AAc

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. EDF 5, 6 and 7.

EDF JM 5020 - ADz, AEz

Institutional strengthening programme. Resp. Auth.: National Water Commission (NWC). Estimated cost 3 mECU. Works, supplies and T.A. Project on appraisal. EDF 7.

EDF JM 7005 - AHa,b,c .

Agricultural sector support programme (ASSAP). Resp. Auth.: Ministry of Agriculture - Rural and Agriculture Dev. Auth. (RADA). 5m ECU. More sustainable farming systems,soil conservation, reafforestation and Community education. Works, supply of vehicles, equipment, T.A. studies. Project on appraisal. EDF 7.

EDF JM 7004 - ACa

Return and reintegration of qualified nationals II. Estimated cost 0.647 mECU. Supply of technical equipment, training, information and support system. Project on appraisal. EDF 7.

EDF JM 7002/001 - AFe.

KENYA

Farming in tsetse infested areas. Estimated total cost 14.600 mECU. Refine the techniques to trap the tsetse fly and develop better technologies to prevent infections. Monitor the environmental impact of the techniques. Project on appraisal. EDF 7.

EDF KE 7011 - ACa

Family Health Programme. Estimated total cost 28.710 mECU. Reproduction health status of Kenyans family planning services broadened. EDF 14.810 mECU, ODA (UK) 13.900 mECU. Project on appraisal. EDF 6

EDF KE 7015 - AGb

Technical Education. 5 mECU. Raising the level of performance of existing teaching institutions. Project in execution. EDF 7.

EDF KE 6005/001 - AFb

Trade Development Programme. Resp. Auth.: Export Promotion Council and a Special TDP Committee composed of private and public sector members and the European Commission. 4 mECU. Trade Promotion and Marketing Programme, Training, Equipment, T.A. and Monitoring and Evaluation. Project on appraisal. EDF 7.

EDF KE 7008 - AEz

Small scale and informal sector enterprises. Estimated total cost 10 mECU. Development of micro-enterprises and informal sector of the economy. Project in execution. EDF 6 & 7.

EDF KE 7009 - AEe,f

Sultan Hamud-Mtito Road rehabilitation. Estimated total cost 30 mECU. To rehabilitate priority roads and establish sustainable maintenance organisation. Project on appraisal. EDF 7

EDF KE 7010/002 - ABd

Mai-Mahiu/Naivasha Road rehabilitation Estimated total cost 25 mECU. Project on appraisal. EDF 7.

EDF KE 7010/003 - ABd

Community development. Poverty alleviation. Estimated total cost 12.500 mECU. Financial facility aimed at priority activities identified by local communities. Project on appraisal. EDF 7.

EDF KE 7018 - AHb

Support for the establishment of key functions and programmes at the Kenya Institute for Public Policy Research and Analysis (KIPPRA). Resp. Auth.: Ministries of Planning and National Development and Finance and Office of the President. 1.993 mECU. Training, Consulting and T.A. Project on appraisal. EDF 7.

EDF KE 7016/00 - AAb

Establishment of sustainable tourism development. Resp. Auth.: Ministry of Tourism and Wildlife. 1.970 mECU. Advice on and design of a financially self-sustainable Tourism Board. T.A., equipment, training. Project on appraisal. EDF 7.

EDF KE 7014 - AEc

EDF KE 7012 - AAc

Agriculture/livestock research programme. Estimated total cost 8.3 mECU. *Project in execution.* EDF 6.

EDF KE 6003/001 - ACa

KIRIBATI

Recycling programme in South Tarawa. Resp. Auth. Ministries of Environment & Natural Resources, and of Works & Energy. Estimated total cost 0.495 mECU. Building and equipping a treatment centre for the recycling of machines and abandoned vehicles. Supply of equipment. Project on appraisal. EDF 7.

EDF KI 7008 - AHf

LESOTHO

Urban Water Supply and Sanitation. Resp. Auth.: Water and Sanitation Authority. Estimated total cost 4 mECU. Implementation of urgent water-supply and sanitation systems in the urban and peri-urban areas. Feasibility study and contract document. Preparation for urgent water supply and sanitation intervention. Short-lists to be done. Project on appraisal. EDF 7.

EDF LSO 7002 - ABb, AHa

Fourth Structural Ajustment Programme (SASP 4) 96-97. General Import Programme. Resp. Auth.: Central Bank of Lesotho. 8.6 mECU.Project in execution. EDF 7.

EDF LSO 7200/003 - AAc

LIBERIA

Support for the electoral process. *Resp. Auth.: Govt. of Liberia. T.A and financial assistance for organisation of the election. 1.9 mECU*

MADAGASCAR

Road infrastructure rehabilitation. Resp. Auth. Ministère des Travaux Publics. 72.500 mECU. Rehabilitation works, supervision. Project in execution. EDF 6 & 7.

EDF MAG 7004 - ABd

Support programme to rehabilitate social and economic infrastructures. Interventions after cyclones. EDF part 17.500 mECU. Railways and road rehabilitation, small hydraulic works. Social infrastructure rehabilitation. Technical expertise study to be done for roads. Works, supplies, supervision and control, evaluation. Project in execution. EDF 6 & 7.

EDF MAG 7009 - ABd

First decentralised cooperation programme. Resp. Auth.: National Authorising officer and Head of EU Delegation and authorized NGOs. 1.900 mECU. Works Purchase of equipment by direct agreement, restr. tender or int. tender. Project on appraisal EDF 7

EDF MAG 7022/000 - AGz, AHz

Support-training for rural development. Resp. Auth.: Ministère du developpement rural et de la réforme foncière. 1.200 mECU. Developing the farmer's organisations role. Training, supplies and technical cooperation. Project on appraisal. EDF 7.

EDF MAG 7029/000 - ACb

Decentralised training programme for regional private tourism operators.

Resp. Auth.: Ministère du Tourisme. 1.910 mECU. T.A. training, evaluation. Project on appraisal. EDF 1, 2, 3 and 4.

EDF MAG 6039 - AEc

Professional organisation of rural sector and agricultural loans. Resp. Auth.: Ministère de l'Agriculture et du Dév. Rural. 1.910 mECU. T.A., training, evaluation. Works, supplies, T.A. and services. Project in execution. EDF 7.

EDF MAG 7003 - ACa

Support for Training Programme (FORMFED) Phase II. Resp. Auth.: Ministry of Finance. 0.900 mECU. T.A., equipment. Project in execution. EDF 7.

EDF MAG 7028 - AFd

Support for the Structural Adjustment programme 1997-98. 27 mECU. General Import Programme. *Project in execution.*

EDF MAG 7200 - AAc

Improvement of the income of the coastal population in the South-Western region. *Resp. Auth.: Ministère de l'Agriculture et du Développment Rural. Estimated cost 0.613 mECU. Increasing seaweed production. Recruitment, shipbuilding, T.A, equipment and training. Project on appraisal.*

EDF 6.

EDF MAG/7024/001 - ACd, AHd

MALAWI

Soil Conservation and rural production. Resp. Auth.: MOALD. 23 mECU. EDF 15.500 mECU, local 1.3 mECU, counterpart funds 5.7 mECU. Water supply, sanitation, supply of fertilizers, T.A. and training. Project in execution. EDF 7.

EDF MAI 5001/002 - ACa

Information, education and communication population programme. Resp. Auth.: NAO -Ministry for Women and Children's Affairs, Community and Social Services - Ministry of Information and Broadcasting. Estimated total cost 4 mECU. Increase awareness and promote behaviour change as regards reproductive health, including disease prevention. Supply of equipment and T.A. Project on appraisal. EDF 7.

EDF MAI 6009/001 - AGb,c

Support to the Forestry Department. Resp. Auth.: Ministry of Natural Resources. Estimated total cost 4 mECU. T.A. and supply of equipment. Project in execution. EDF 7

EDF MAI 5001/003 - ACa

Health Programme. Strengthening Health Ministry capacities in the framework of planning, decentralisation and equipment maintenance. Training, infrastructures, equipments and T.A. Estimated total cost 20 mECU. Project in execution. EDF 7.

EDF MAI 6009/002 - AGe

2nd Lomé IV Micro-project Programme. Improvement of infrastructures in the farmer framework with the EC participation. Building, school's rehabilitation, health centres, water points. Estimated total cost 6 mECU. Project on appraisal. EDF 7.

EDF MAI 7012/038 - AGz, AHz, ABb

Customary Land Utilisation Study. 1 mECU. Studies. T.A. survey. Project on appraisal. EDF 7.

EDF MAI 6029 - AAg

Karonga-Chilumba-Chiweta Road. Resp. Auth. : Ministry of Works and Supplies. Estimated total cost 25.2 mECU. Construction, supervision of works, training of technical staff. Project on appraisal. EDF 8.

EDF MAI 6022 - ABd

MALI

Development of livestock in the North-east. 4.5 mECU. EDF 6 and 7. Project in execution.

EDF MLI 5006/001 - ACa

Better use of surface waters in the 5th region. Consolidation. Resp. Auth.: Governorat de Mopti. EDF 4.300 mECU. Works,irrigation, supply of pumps, inputs, T.A. follow-up and evaluation, training, research. Project in execution. EDF 7.

EDF MLI 6005/002 - ACa

Support for the democratic process. Resp. Auth. National Electoral Commission. Total estimated cost 14.800 mECU. Mission to study and identify an action plan. *Project on appraisal.* EDF 7.

EDF MLI 7019 - AAc

Support for the 1996-97 Structural Adjustment Programme. General import programme. Estimated total cost 14.800 mECU. *Project in execution.* EDF 7.

EDF MLI 7200/003 - AAc

Support for the electoral process. Resp. Auth.: Commission Electorale Nationale Indépéndante (CENI). Estimated cost 1.950 mECU.Project on appraisal. EDF 7.

EDF MLI 7019 - AAc

Geological and mining sector survey. Adm. Resp: Ministère de l'Energie et des mines. Estimated cost 15 mECU. Aerial geophysical prospecting, geological mapping, mining prospecting, sector-based survey. Project on appraisal. EDF 7.

EDF MLI 9999 - ADa

Support programme for the fight against blindness in the countries of the Sahel, support for national programme against blindness. *Int. tender N° 4219. Supply of medico-surgical material for ophthalmological centres.*

Fight against blindness in the countries of the Sahel, rehabilitation of the IOTA of Bamako. *Int. tender N° 4220. Supply of furniture, office automation and general equipment, computer and medico-surgical material.*

Support for rural credit. *Int. tender N° 4239. Supply of computer equipment.*

MAURITANIA

Kaédi and Mederda water supply. Estimated total cost 2.8 mECU. Improvement of the living conditions. Works and T.A. Rehabilitation, strengthening and improvement of water systems. Project on appraisal. EDF 7.

EDF MAU 7012/000 - ABb

Support for the programme to strengthen institutional capacity (PRCI). Resp. Auth. Ministry of Planning and Finance. 1.865 mECU. T.A. to strengthen the effectiveness of administration. Supply of equipment. Project in execution. EDF 7.

EDF MAU 7200/002 - AAc

MAURITIUS

National solid waste management project. Resp. Auth: Ministry of Environment and Quality of Life. Estimate 8.650 mECU. EDF 7mECU. Construction of a fully engineered landfill to cater for about 600 t of solid waste per day. Works and supplies by int. tender. T.A. for supervision and evaluation. Project on appraisal. EDF 7.

EDF MAS 6017 - AHb,c,f

First microprojects programme. 0.500 mECU. Works, supplies. Project on appraisal. EDF 7.

EDF MAS 7007 - AFz, AGz, AHz

Irrigation of the Northern Plains. Resp. Auth.: Ministry of Agriculture. Estimated cost 9 mECU. Works, supplies, T.A. Restricted tender for T.A. Project on appraisal. EDF 7

EDF MAS 7002 - ABb

Mahebourg market. Resp. Auth.: Ministry of Local Government. Estimated cost 1.850 mECU. To promote agricultural diversification, and also to upgrade the city centre. Feasibility study. Works, supplies, TA. Project on appraisal. EDF 7.

EDF MAS 7008 - ACe

Phoenix-Nouvelle France road. Estimated cost 4 mECU. Upgrading the existing Phoenix-Nouvelle France road to a dual carriageway. Works, T.A. Project on appraisal. EDF 7.

EDF MAS 7010/001 - ABd

MOZAMBIQUE

Socio-economic reintegration of young people. Estimated cost 1.950 mECU. Supplies, T.A. and pilot actions. Project on appraisal. EDF 6.

EDF MOZ 7017 - AHb

Rehabilitation of the rural health system. Estimated cost 22mECU. Rehabilitation and renovation of 3 rural hospitals and 2 health centres. Supply of essential medicines and equipment, T.A. *Project in execution.* EDF 7.

EDF MOZ 7018 - AGa,e

Social reintegration in Zambezia and Niassa provinces. 5.600 mECU. Health, education, rural life (farming, fishing,setting up of micro-enterprises), urban economic development. The projects will be carried out by NGO's and the provincial authorities. *Project in execution.* EDF 7.

EDF MOZ 7255/06 - AFz, AGz, AHz

Support for the Structural Adjustment Programme. GIP II. 15 mECU. Project in execution.

EDF MOZ 7200/001 - AAc

Support for the judicial system. Estimated total cost 2 mECU. Project on appraisal. EDF 7.

EDF MOZ 7022 - AIz

Computerised system for the population register and issue of identity cards. Resp. Auth.: Ministry of Internal Affairs. Estimated cost 1.995 mECU. Supplies, T.A. Int. Tender. Project on appraisal. EDF 6.

EDF MOZ 7024 - AAz

Population census. *Resp. Auth.: NAO. Estimated cost 2 mECU. Institutional support to improve the quality of information on the population. Project on appraisal. EDF 6.*

EDF MOZ 7027/000 - AAz, AAi

NAMIBIA

Namibia Integrated Health Programme. Resp. Auth.: Ministry of Health and Social Services. 13.500 mECU. Infrastructures, equipment, training and T.A. Project in execution. EDF 7.

EDF NAM 7007 - AGz

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 equipment, technical training and technical consultancies. Project on appraisal. EDF 7.

EDF NAM 7005 - AFi

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 officers and establishment of a rural credit system. Supply of office equipment, vehicles, agricultural inputs, T.A., training, evaluation. Project in execution. EDF 7.

EDF NAM 7011 - ACa

Rural Towns Sewerage Schemes. Resp. Auth.: Ministry of Local Government and Housing. Works, supplies and T.A. Project in execution. EDF 7.

EDF NAM 7015 - AHc

Namibia Tourism Development Programme. (Foundation Phase). Resp. Auth.: Ministry of Environment and Tourism. 1.882 mECU. Establishment of a Tourism Board and commercialisation of the Government resorts (Namibian Wildlife Resorts). Staff training. T.A. Project on appraisal. EDF 7.

EDF NAM 7010 - AEc

Livestock Marketing Project. Resp. Auth.: Directorate of Veterinary Services - Ministry of Agriculture, Water and Rural Dept., 3.750 mECU. Construction of buildings, water and road infrastructure, provision of equipment materials, tractors for quarantine farms in the Northern Communal Areas. All by acc. tenders or restr. tenders. Project on appraisal. EDF 7.

EDF NAM 7020 - ACa

Support for implementation of the Cross Border Initiative. Resp. Auth.: Ministry of Trade and Industry. 5.370 mECU. To promote an strengthen Namibia's economic integration. T.A., supplies and line of credit. *Project in execution.* EDF 7.

EDF REG 70012/22 - AEd,e

AIDS Programme. *Estimated total cost 1.5 mECU. Reduction of sexual transmission of HIV/AIDS. Project on appraisal. EDF 8.*

EDF NAM (REG) 8000/003 - AGz

NIGER

Fishery development in the southern Zinder zone. Resp. Auth.: NGO under control of Ministère de l'Hydraulique et de l'Environnement. Estimated total cost 0.500 mECU. Professional sector organisation, strengthening of fish marketing. Project on appraisal. EDF 7.

EDF NIR 7014 - ACa

Environmental protection programme in the lower Tarka Valley. Estimated total cost 10 mECU. To stop ecological and economical destruction of the zone. Project on appraisal. EDF 7.

EDF NIR 6002/002 - ACa

NIGEPAC. Safeguarding cultural heritage. Estimated total cost 1 mECU. Project on appraisal. EDF 8.

EDF NIR 7017 - AHi

Support for the 1996 Structural Adjustment Programme. General import programme. 14 mECU. Imports on basis of negative list. T.A. for implementation and institutional support. Project on appraisal. EDF 6 and 7.

EDF NIR 7200/002 - Aac

Road and telecommunications infrastructure. *Int tender N° 4237. Supply and assembly of telecommunications equipment.*

PAPUA NEW GUINEA

Human resources development programme, phase II (HRDP II). Estimated cost 20mECU. Construction of and improvements to educational buildings. Scholarships, training and T.A. Project on appraisal. EDF 7.

EDF PNG 6008/002 - AFb

RWANDA

Return and social reintegration of students currently still in the central and east European states. Estimated cost 0.996 mECU. T.A. Project on appraisal. EDF 7

EDF RW 7012/002 - AAc

SAO TOME AND PRINCIPE

Support for the Structural Adjustment Programme. 0.900 mECU. Project on appraisal. EDF 7.

EDF STP 7200/001 - AAc

SENEGAL

St-Louis regional development programme. 22.5 mECU. Job creation, lines of credit, T.A. to the S.M.E's, training studies. Health centres, clinics, medical equipment 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 in execution. EDF 7.

EDF SE 6002/7002 - ACa

Support for the Structural Adjustment Programme. General Import Programme with negative list. 20.100 mECU. T.A. foreseen. Project in execution. EDF 7.

EDF SL 7200/002 - AAc

Support for the Senegalese phosphate sector, 1st part. *Int. Tender N° 4233. Supply, delivery and start of work on a complete workshop for probing and drilling.*

Support for the Senegalese phosphate sector, 1st part. *Int. Tender no 4231. Supply of mining dumpers.*

Geological probing in the mining concession of Senegalese Chemical Industry (ICS). *Int. Tender n° 4246. Works.*

SEYCHELLES

Victoria market rehabilitation. Resp. Auth.: Ministry of Agriculture. Estimated total cost 1 mECU. EDF 0.770 mECU, local 0.230 mECU. Works and improvements. Project on appraisal. EDF 7.

EDY SEY 7011 - ACb

SIERRA LEONE

Improvement of Freetown - Conakry road link. Estimated cost 30 mECU. Reconstruction of about 120 kms of road from Masiaka in Sierra Leone to Farmoreah in Guinea. Works and supervision. Project on appraisal. EDF 7.

EDF SL 7004 - ABd

Sierra Leone roads authority (SLRA) support programme. Resp. Auth.: SLRA. 22.500 mECU. To strengthen SLRA's management capacity, to support maintenance operations, rehabilitate 160 km of road, provide training and equipment to enable local private contractors to increase their role in road works. Rehabilitation works, equipment, T.A. to SLRA. Project on appraisal. EDF 7.

EDF SL 7002 - ABd

Management and protection of wildlife in Outamba Kilimi National Park (OKNP). Resp. Auth.: NAO. Estimated cost 1.980 mECU. Development of sound management plan for sustainable protection of wildlife and ecosystem in park. Improvement of local infrastructure and community development. Works, supplies, T.A. Project on appraisal. EDF 7.

EDF SL 7003 - AEi, AHi

West and North West Artisanal Fisheries and Community Development, phase II. 1.98 mECU. Technical cooperation in fisheries. T.A. and training. Financing date *Project in execution.*

SL 6004/001 - ACd

SOLOMON ISLANDS

Guadalcanal road: Aola-Matau. Resp. Auth. Ministry of Transport, Works and Utilities. Estimated total cost 6 mECU. Works and supervision. Project on appraisal. EDF 7.

EDF SOL 7001 - ABd

SOMALIA

2nd rehabilitation programme. 47 mECU. Inter-sectoral approach. The project will be implemented by NGOs and T.A. Project in execution. EDF 1, 2, 3, 4, 5 and 6.

EDF SO 6029 - AAc

SURINAME

Timber Institute. Control of logging and reafforestation activities. Estimated total cost 3.5 mECU. Project on appraisal. EDF 7

EDF SUR 7005 - ACc

Road from Nickerie to the Suriname-Guyana ferry terminal. *Resp. Auth.: Ministry of Public Works. Estimated total cost 8.4 mECU. Construction of 29.4 km road. Project on appraisal EDF 6.*

EDF SUR 5602/001 - ABd

SWAZILAND

Support for implementation of the Cross Border Initiative. Resp. Auth.: Ministry of Commerce and Industry. 1.5 mECU. T.A., training, supply of equipment. EDF 7.

EDF REG 7012/024 - AAz

TANZANIA

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 on-going. Project on appraisal. EDF 7.

EDF TA 6021 - ABd

Mwanza Water Supply. Phase II. Resp. Auth.: Ministry of Water energy and minerals. Estimated cost 11.100 mECU. Works, pumping equipment, studies and supervision. Short-list done. Project on appraisal. EDF 7.

EDF TA 5005(7) - ABb

Iringa Water Supply. Resp. Auth.: Ministry of Water, Energy and Minerals. Estimated cost 9.100 mECU. Pumping, treatment, storage and distribution. Works, equipment, design and supervision. Short-list done. Project on appraisal. EDF 7.

EDF TA 7009 - ABz

Support for the Structural Adjustment Programme. General Import Programme. Phase III. Resp. Auth.: Bank of Tanzania. 35 mECU. T.A. foreseen. Project on appraisal. EDF 7.

EDF TA 7200/002 - AAc

Assistance for the electoral process. Estimated cost 1.700 mECU. Supply of voting material and equipment. Project on appraisal. EDF 7.

EDF TA 7017 - AAc

Ruvuma-Mbeya Environment Programme. Resp. Auth.: Regional Development Authorities. Estimate 10 mECU. Improvement of forest conservation and use. Supplies, T.A., studies, training, management. Project on appraisal. EDF 7.

EDF TA 7018 - ACc

Support for coffee research. Resp. Auth.: Ministry of Agriculture. Estimated total cost 1.980 mECU. T.A. and supply of equipment for the research centres, training. Project on appraisal. EDF 7.

EDF TA 6001/002 - ACa

Road rehabilitation and maintenance (Ruvuma and Iringa Regions). Resp. Auth.: Ministry of Transports and Communications. Estimated total cost 15 mECU. EDF 12 mECU, local 3 mECU. Road rehabilitation, support to regional and district engineers' offices, training of local contractors. T.A. and supplies. Project on appraisal. EDF 7.

EDF TA 7011 - ABd

Rehabilitation of Bagamoyo to Wazo Hill junction road. Studies and supervision. Resp. Auth.: Ministry of Works. Estimated total cost 15.8 mECU. EDF part 1.750 mECU. for design studies and tender documents and supervision services for the rehabilitation of the +/- 45 Km road. Short-list to be done. Rehabilitation works funded by Italy: 14 mECU. Project on appraisal. EDF 7.

EDF TA 7020 - ABd

Rehabilitation of the Mwanza/Shinyanga-Nzega road. Resp. Auth. Ministry of Works. Estimated total cost 70 mECU. Project at identification stage. EDF 6, 7 and 8.

EDF TA 7012 - ABd

Rehabilitation of the Dodoma to Singida Road. Estimated cost 90 mECU. Project on appraisal. EDF 8.

EDF TA 7024/000 - ABd

Support to the ESAMRDC in the field of laboratory and technical advisory services. *Int. tender N° 4232. Supply of geoanalytical equipment.*

Support to the ESAMRDC in the field of data management. *Int. tender N° 4244. Supply of computer equipment.*

TOGO

Aid for the voluntary reintegration of refugees from Togo. Resp. Auth.: Min. Du Plan. Estimated cost 0.430 mECU. Project under the direction of CARE Togo. Socio-economic contribution for the reintegration of 17 000 Togo refugees in their place of origin. EDF 7.

EDF TO 7006 - AHn

TRINIDAD AND TOBAGO

Training project for young farmers (AYTRAP). Assistance for the young farmer 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. EDF 6 and 7.

EDF TR 7002 - ACa

TUVALU

Outer Island Primary School Rehabilitation. (Nukufetau and Nanumea). Resp. Auth.: Department of Education. 0.300 mECU. Works and supplies by restr. tender. Project on appraisal. EDF 5 & 7.

EDF TV 7004 - AFa

UGANDA

Support for the External Aid Coordination Department (EACA) - NAO's Office. Resp. Auth.: National Authorising Officer (NAO). Estimated total cost 5 mECU. T.A., training, equipment and operating costs. Project on appraisal. EDF 7.

EDG UG 6023/001 - AAc

Water supply in Hoima, Masindi and Mubende. Resp. Auth.: Ministry of Natural Resources. Estimated total cost 12 mECU. Rehabilitation of catchments, treatment plants and water distribution network. Project on appraisal. EDF 7.

EDF UG 7010 - ABb

Human resources development programme. *Int. tender N° 4206. Supplies of electrical, technical and carpentry equipment, text books and journals, catering and library equipment.*

Water and Environmental Sanitation in Rural Districts. *Resp. Auth.: Ministry of Finance. Estimated total cost 7.586 mECU. Mobilising beneficiaries of water supply development, setting up project information system, designing and planning schemes, material supply and distribution. T.A., supply, training. Project on appraisal. EDF 7.*

EDF UG 7013/000 ABb, AHc

VANUATU

Expansion of the National Technical Institute of Vanuatu (INTV) - tourism section. Resp. Auth. Ministry of Education. Estimated total cost 0.950 mECU. Works and supplies. Project on appraisal. EDF 7.

EDF VA 7008 - AFb

Education development programme. *Estimated total cost 7.5 mECU. To increase enrolment in junior secondary school and to improve the quality of education delivered. T.A., supplies, training EDF 8.*

EDF VA 7005/001 - AFa.

WESTERN SAMOA

Rural water supply programme. Resp. Auth.: Ministry of Finance. Estimated cost 16.7 mECU. Preparatory study, works, supplies, project management. Project on appraisal. EDF 7 and 8.

EDF WSO 7002/000 - ABb

ZAMBIA

Forestry management for sustainable woodfuel production in Zambia (along the railway line). Resp. Auth.: Ministry of Environment. Estimated total cost 2 mECU. Training supply of equipment, studies and T.A. Project on appraisal. EDF 7.

EDF ZA 7009 - ACc

Rehabilitation of the Kabwe-Kapiri Mposhi and Chisamba Road. Resp. Auth.: Ministry of Works and Supply. Estimated total cost 15.360 mECU. Works and supervision. Project on appraisal. EDF 7.

EDF ZA 6014/001 - ABd

Social sector support programme. *Int.tender N° 4223. Supply of furniture and equipment for eight blood banks.*

ZIMBABWE

Gokwe north and south rural water supply and sanitation project. 6.100 mECU. Rehabilitation of existing water-points, new domestic water points, latrines, maintenance, health education. T.A., training, evaluation. Project in execution. EDF 7.

EDF ZIM 7001 - ABb

Minefield clearance in N.E. Zimbabawe. Rural development, clearance of landmines. Zimbabwe minefields survey. Shortlist to be done. Estimated 10 mECU. Project on appraisal. EDF 7.

EDF ZIM 7004 - ACa

OVERSEAS COUNTRIES AND TERRITORIES

ARUBA

T.A. for managerial training. 1.900 mECU. A training unit will train private and public executives and will advise companies on demand. Supplies T.A. and evaluation. Project on appraisal. EDF 7.

EDF ARU 6006 - AFb

FRENCH POLYNESIA

Bora-Bora Island Sanitation. Tourism Development. Resp. Auth.: Direction Territoriale de l'Equipement. 1.250 mECU. Lagoon environmental protection. Works by acc.tender.Project on appraisal. EDF 6 and 7.

EDF POF 6009/000 - AHb, AGe

NETHERLANDS ANTILLES - ARUBA

Tourism development programme. 5 mECU.Training, T.A., marketing in Europe. Project on appraisal. Project in execution. EDF 7.

EDF REG 7835 - AEc

Technical Assistance to the National Authorising Officer. *Technical assistance will be given to promote sound and effective management of external aid. 1.3 mECU. T.A supplies Restricted tender. Project in execution. EDF 7.*

EDF NEA 7012/000

NEW CALEDONIA

Support for the diversification and development of the mining sector. Resp. Auth.: Le Service des Mines et l'Energie de Territoire. 2.670 mECU. Works, feasibility study of the re-opening of an established chromite mine, identification of new ore deposits, redevelopment of former mining sites. *Financing date March 97.* EDF 6 & 7.

EDF NC 9999/000 - ADz

ST. HELENA

Wharf improvement project. Resp. Auth.: Public Works and Service Department. Estimated total cost 1.743 mECU. To increase the safety and efficiency of Jamestown Port by upgrading wharf facilities for passenger and cargo handling. Works, supplies. Project on appraisal. EDF 7.

EDF SH 7001 - ABd

TURKS AND CAICOS ISLANDS

Water and sewerage in Providenciales. Resp. Auth.: Ministry of Works, 3.700 mECU. Water supply works and pipes. T.A. Project on appraisal. EDF 7.

EDF TC 7001 - AHb,c

WALLIS AND FUTUNA

Holo-Fakatoi Road in Wallis (RT2). EDF 0.600 mECU. Bitumen road. Project on appraisal. EDF 7.

EDF WF 7001 - ABd

Construction of territorial road N° 1 in Futuna. 0.840 mECU. Works and rehabilitation. Project on appraisal. EDF 7.

EDF WF 7003 - ABd

REGIONAL PROJECTS

UGANDA, RWANDA, KENYA

Agro-forestry network for the East African Highlands. Provision of vehicles and motorbikes, audio and office equipment, weather stations and various laboratory and field equipment. Training, workshops, monitoring, evaluation. Project on appraisal. 4.850 mECU. EDF 7.

EDF REG 7309 - ACa

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. EDF 5.

EDF REG 5311 (7) - AFb

Combatting the tse tse fly in East Africa (Ethiopia, Kenya, Uganda). 20 mECU. Evaluation, training and research. T.A.., equipment. Project in execution. EDF 7.

EDF REG 736 ACa - ACe

Rehabilitation programme for refugee affected areas and related infrastructure in Tanzania. Estimated cost 22 mECU. Rehabilitation of roads, Mnanza airport, protection of forests. Survey, works, equipment, T.A. *Project in execution.* EDF 7.

EDF REG 7322/001 - ABd, AHf

CAMEROON, CENTRAL AFRICAN REPUBLIC

Bertua-Garoua Boulai Road. Resp. Auth.: Ministère des Travaux Publics (Cameroon). Rehabilitation and improvement of transport infrastructures between Douala and Bangui. Estimated total cost 50 mECU. Prequalification for services. Project on appraisal. EDF 6.

EDF REG, CM-CA-7002/001 - ABd

MALI, GUINEA

Flood forecast and control, hydrological simulation for the Niger upper basin. Estimated total cost 6 mECU EDF, 5.175 mECU, France (foreseen) 0.375 mECU, Denmark (foreseen) 0.150 mECU, Mali-Guinea (foreseen) 0.300 mECU. Flood forecast system, hydrological model of local simulation with parametric regionalisation. Warming system via telecommunication and satellite teletransmission. Statistical studies. Project on appraisal. EDF 7.

EDF REG 6181 - AHf, g

CENTRAL AFRICA

CIESPAC, Public Health Education Centre in Central Africa. 1.980 mECU. Student accommodation, equipment, scholarships. T.A. Project on appraisal. EDF 7.

EDF REG 7205 - AFb

ECOFAC II, Forest ecosystems. Resp. Auth.: Ministère du Plan. République du Congo. Estimated total cost 16.000 mECU. To develop national and regional capacities for good management of forest resources. Works, supplies and T.A. *Project in execution* EDF 7.

EDF REG 6203/001 - ACc

MEMBER COUNTRIES OF THE INDIAN OCEAN COMMISSION (IOC) - COMORES, MADAGASCAR, MAURITIUS, SEYCHELLES

Establishment of a University in the Indian Ocean region. Resp. Auth.:

Indian Ocean Commission. Estimated cost 2.150 mECU. Creation of a network of research and training institutions providing support for existing institutions. T.A. Project on appraisal. EDF 7.

EDF REG 7501 - AFb

COUNTRIES PARTICIPATING IN THE CBI

Regional Integration in Eastern and Southern Africa. Assistance to COMESA Secretariat. 1.950 mECU. Training, supply of equipment, evaluation and services. T.A. short-term. Project on appraisal. EDF 7.

EDF REG/7316 - AAc ·

Development of standardisation, Quality, Metrology and Testing (SQMT) programmes in the Common Market for Eastern and Southern Africa (COMESA). Resp. Auth.: COMESA Secretariat. Estimated cost 1.998 mECU. TA. Project on appraisal.

MEMBER COUNTRIES OF ECOWAS

Guarantee Fund for Private Investment Financing in Western Africa. FGIPAO, Lomé. Creation of a Guarantee Fund to cover partially credit risks given by Banks to the private sector. Total estimated cost 22.5 mECU. EDF 3.8 mECU, Others: France, Germany, EIB., Commercial Banks (E.U.). Development Agencies. Project on appraisal. EDF 7.

EDF REG 7115 - AEz

Regional programme to combat drugs. Estimated total cost 5.1mECU. Elaboration of training programmes and national plans. Date foreseen for financing first half 97. EDF 7.

EDF REG 7135 - AGz

EU Mines Forum - West and Central Africa (Mines '97/98). *Resp. Auth.: Executive Secretariat of the ECOWAS and 2 NAOs. 1.750 mECU. (0.8 % PIR West Africa EDF 7). development of the mining sector of the ACP states concerned. Project in execution. EDF 7.*

EDF REG/7141/000.

BENIN, CAMEROON, COTE D'IVOIRE, GHANA, GUINEA, TOGO

Regional Programme to relaunch pineapple production in West and Central Africa. Resp. Auth.: Execution unit composed of one senior expert, T.A. and one junior expert. 1.995 mECU. T.A. studies, evaluation. Project on appraisal. EDF 7.

EDF REG 7138 - ACa

MEMBER COUNTRIES OF IGAD

IGAD Household Energy Programme. Resp. Auth.: IGAD Executive Secretary. Estimated total cost 1.900 mECU. T.A. to initiate pilot projects in the area of household energy, define the role and organize the setting up of a regional unit to coordinate activities, and develop working relationships with national and sub-region institutions in IGADD's member countries. Project on appraisal. EDF 7.

EDF REG - ABa

Development of the Artisanal Fisheries Sector. The promotion of artisanal fisheries and fisheries trade. Improvement of the level of services available in the post-harvest field of artisanal fisheries in IGADD member states. Estimated total cost 7.8 mECU. Project on appraisal. EDF 7.

EDF REG/7314/000 - ACd, AFd

Grain marketing training programme. Resp. Auth. IGADD Executive Secretary. 1.990 mECU. T.A., equipment, evaluation. Project on appraisal. EDF 7.

EDF REG 5359 - ACa

BURKINA FASO, CAPE VERDE, GAMBIA, MALI, MAURITANIA, NIGER, SENEGAL, CHAD

Regional environmental training and information programme. Resp. Auth.: Institut de Sahel in Bamako. 16 mECU. T.A. training, supply of equipment. Project in execution. EDF 7.

EDF REG 6147/001 - AFz, AHz

SAHEL COUNTRIES

Support to strengthen vaccine independence in Sahel Africa. 9.5 mECU. Project on appraisal. EDF 7.

EDF REG 7012 - ACa

BENIN, BURKINA FASO, COTE D'IVOIRE, MALI, NIGER, SENEGAL, TOGO

Support for the West Africa Economic and Monetary Union (UEMOA). Promotion of regional economic integration. Resp. Auth. UEMOA Commission. 12 mECU. Project in execution. EDF 7.

EDF REG 7106/02 - AAf

Support for the ENAREF. 0.900 mECU. T.A., training, equipment. Project in execution. EDF 7.

EDF REG 7106/003 - AAc, AFd

10 MEMBER COUNTRIES OF AGM - BURKINA FASO, CAMEROON, COTE D'IVOIRE, GHANA, MALI, NIGER, NIGERIA, SENEGAL, CHAD, TOGO

Promotion of a regional grain market in West and Central Africa. Resp. Auth.: NAO-Mali. Estimated cost 12 mECU. Creation of a regional grain market. Promotion and strengthening of initiatives by private operators. Project on appraisal. EDF 7.

EDF REG 6175 - ACf

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 1.5 mECU. Project on appraisal. EDF 7.

EDF REG 7316 - AAb

PACIFIC ACP STATES

Pacific regional civil aviation. Phase II. Resp. Auth.: Forum Secretariat. Fiji. 4.9 mECU. Supply of security, air traffic control, navigation and meteorology, and training equipment. T.A. Project in execution. EDF 6 and 7.

EDF REG 7704 - ABc,d

Pacific Regional Waste Awareness and Education Programme. Resp. Auth.: Forum Secretariat. 0.600 mECU. T.A. EDF 7.

EDF REG 7714 - AHf

SADC

SADC Hydrological Cycle Observing System (SADC-HYCOS). Resp. Auth.: SADC Secretariat. 1.964 mECU. Programme for the improvement of regional integrated water resources. Supply of equipment by int. Tender. T.A. by restricted tender. Project in execution. EDF 7.

EDF REG 6450 - ABb

ALL ACP STATES

Strengthening of fisheries and biodiversity management in ACP countries. Resp. Auth. : ICLARM, Manila (Philippines). 5mECU. T.A., management, supply of equipment, data base creation. Project in execution. EDF 7.

EDF REG 70012/016 - ACa

COLEACP, Interim Project. Commercial development in exports and in the field of horticulture. Estimated cost 1.860 mECU. Training, T.A. Project on appraisal. EDF 7.

EDF REG 6900/002 - AEe

Training Programme. Estimated cost 3mECU. T.A. Project on appraisal. EDF 7.

EDF REG 7012/026 - AFz

Business Assistance Scheme for Exports (B.A.S.E.) *Total estimated cost 30 mECU. To expand receipts from exports and tourism by improving enterprises' export competitiveness and trade facilitation skills. T.A. training. Project on appraisal. EDF 8.*

EDF REG 70001/020 - AEd.

AFRISTAT

Support for AFRISTAT (economic and statistical control). 0.900 mECU. Improvement in the quality of statistical information. T.A., supplies and equipment. Project in execution. EDF 7.

EDF REG 7106/004 - AAc, AFd

KENYA, UGANDA, TANZANIA

Lake Victoria Fisheries Research Project (Phase II). Project headquarters in Jinja, Uganda at FIRI-Fisheries Research Institute. EDF part 8.4 mECU. T.A., supplies, training, monitoring and evaluation. Project on appraisal. EDF 7.

EDF REG 5316/001 - ACd

CARIBBEAN REGION

University level programme. Resp. Auth.: S.G. Cariforum. 21 mECU. To train a critical mass of Caribbean ACP nationals at masters degree level in development economics, business administration, public administration, agricultural diversification, natural resources, management and architecture, works, educational equipment, T.A., scholarships. Project on appraisal. EDF 7.

EDF REG 7604 - AFb

Caribbean Postal Union.

Resp. Auth.: S.G. Cariforum. 0.500 mECU. T.A. and other action necessary for the creation of the Caribbean Postal Union. Project on appraisal. EDF 7.

EDF REG 7605 - ABc

Caribbean Telecommunications Union. Resp. Auth.: S.G. Cariforum. 0.500 MECU. T.A. for the accomplishment of the C.T.U. and the harmonisation of legislation on telecommunications within the Cariforum member states. Project on appraisal. EDF 7.

EDF REG 7605/001 - ABc

Education policy and dialogue. Resp. Auth.: Cariforum S.G. 0.450 mECU. T.A. for regional common policies in three education areas: basic education, technical and vocational training, language teaching. Project on appraisal. EDF 7.

EDF REG 7607 - AFa,d

Tertiary level programme. Estimated total cost 5.946 mECU. Upgrading tertiary level education and teacher training. Project in execution. EDF 7.

EDF REG 6628/001 - AFb

Cariforum Regional Environment Programme. Resp. Auth.: SG Cariforum. Estimated total cost 11 mECU. Environmental management action, programme for protected areas and community development, management and expansion of marine and coastal park and protected areas. Terrestrial parks. Project on appraisal. EDF 7.

EDF REG 7613 - AHf

CARIFORUM Programming Unit. *Resp. Auth.: CARIFORUM. Total estimated cost 5 mECU. T.A. to the Secretary General of CARIFORUM to help in the allocation, preparation and implmentation of regional funds under Lomé IV. T.A., supply. Project on appraisal. EDF 7 and 8.*

EDF REG 7615/001 - AAb

Caribbean News Agency Development Programme. *Resp. Auth.: Regional Authorising Officer. Total estimated cost 4.179 mECU. Establishing a CARIFORUM Information Network by setting up a coordinating centre and mechanisms and archives and increasing radio, TV and Cana wire services. T.A., supply. Project on appraisal. EDF 7.*

EDF REG 7605/003 ABc

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Fax (223) 223670

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Telex 6-146 CCE MO
Fax (258 1) 491866

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Independence Avenue,
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Telex 419 COMEU WK
Fax (264 61) 235135

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Ozumba Mbadiwe Avenue (opposite 1004 flats)
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Fax (234 9) 5233147

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Fax (221) 236885

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Fax (677) 23318

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Fax (254 2) 710997

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Telex 23096 DELSU SD
Fax (249 11) 775393

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Fax (597) 493076

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Telex 41353 DELCOMEUR TZ
Fax (255 51) 113277

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Fax (228) 211300

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Telex 61139 DELEUR UG
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Telex 581 154 62 21 DECEKIN ZR

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Telex 24811 DELEUR ZW
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Fax (687) 288707

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Fax (239-12) 22683

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Fax. (248) 323890

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Nuku'Alofa.
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Telex 66207 DELCEC TS
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Kumul Highway,
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Spain
Sweden
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)
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British Antarctic Territory
British Indian Ocean Territory
British Virgin Islands
Cayman Islands
Falkland Islands
Southern Sandwich Islands and dependencies
Montserrat
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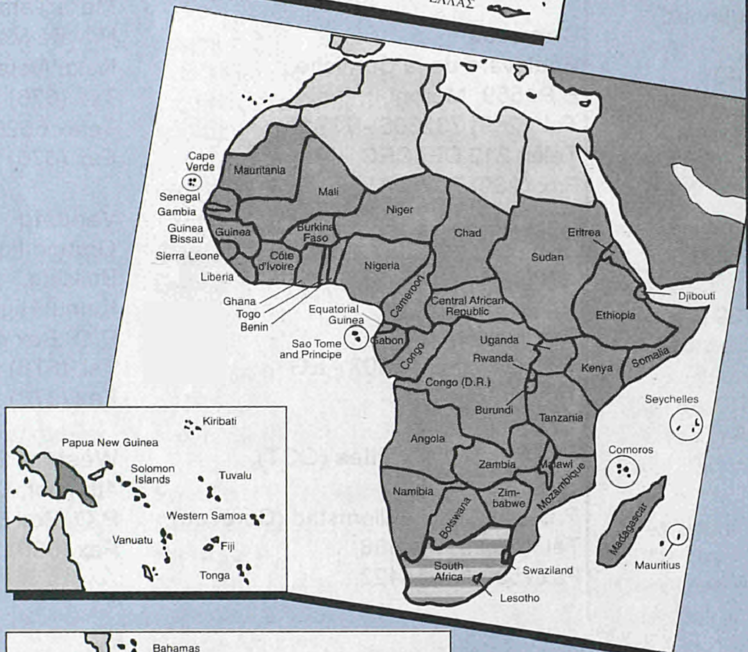
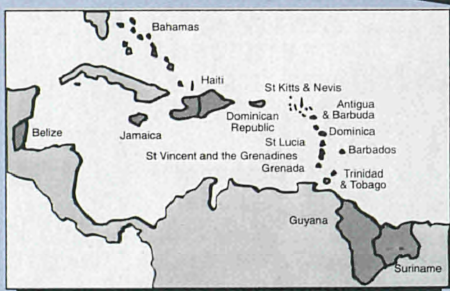
St Helena and dependencies
Turks and Caicos Islands





THE 71 ACP STATES

Angola
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Barbados
Belize
Benin
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Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Congo (ex-Zaire)
Côte d'Ivoire
Djibouti
Dominica
Dominican Republic
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
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
South Africa*
Sudan
Suriname
Swaziland
Tanzania
Togo
Tonga
Trinidad & Tobago
Tuvalu
Uganda
Western Samoa
Vanuatu
Zambia
Zimbabwe

*Not all provisions of the Lomé Convention apply to South Africa

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This list does not prejudice the status of these countries and territories now or in the future.
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Getting your name on the map

Grenada is perhaps the best known of the smaller Caribbean countries - thanks to the Americans. There is nothing like an invasion to get your name on the map, even if it is now 14 years since the marines were sent in to restore legitimate government, following a left-wing coup. When the intervention occurred, the world's media naturally took an interest although not everyone got their facts right. A newspaper in the former Soviet Union committed a celebrated journalistic gaffe when it printed a map purporting to illustrate its story. Readers were left with the impression that the US had just invaded southern Spain (the map was of the region around Granada!).
For the people of this Caribbean country, the publicity generated by the events of 1983 have been a mixed blessing. When foreigners (with the possible exception of some Russians) hear the name 'Grenada', there is a good chance that their immediate reaction will be 'Ah yes - the place where the Americans went in'. They may have a fleeting recollection of steel-helmeted GIs stalking the streets in search of 'dangerous left-wing fanatics' - based on a few minutes of television footage flashed around the world a decade and a half ago. In an era when 'corporate' images are as important to nations as they are to companies - particularly those which rely economically on tourism, outdated perceptions such as this are unhelpful. On the other hand, there is a school of thought that any publicity (within reason) is good publicity and the 1983 crisis certainly boosted global consciousness of Grenada.
Those who have actually visited the country see it in a very different light, of course. The assault which is uppermost in their minds is the one that Grenada mounts on their senses: the eye-catching view of St George's across the harbour (as in the photo) or the verdant mountain scenery of the Grand Etang National Park; the whiff of spices and the scent of flowers; the spontaneous warmth of local people; the distinctive flavour of Caribbean cuisine. Understandably, these are the images that the government is keen to market. History is a marketable commodity too, although the passage of time is often needed to soften its edges. Grenada, like anywhere else, is a product of its history, which includes traumas and suffering many times worse than the occurrences of 1983. In 1651, for example, the remnants of the indigenous Carib Indian population jumped off a cliff to their deaths rather than submit to French rule. Today, the town which has grown up in that location is actually called Sauteurs (the French for 'jumpers') and tourists wend their way through a cemetery to view the site of the collective suicide. The knowledge that this is where an entire culture opted for extinction provokes a tinge of sadness but it is detached rather than passionate. In the local museum, the visitor can learn more about the horrors of the slave system which tainted the subsequent colonial period. You may feel a sense of guilt about the actions of your ancestors or of indignation about their fate (depending on your origin) but you know that history cannot be undone. So you pay your entrance fee to learn about (and hopefully learn from) past injustices.

S.H.

Grenada

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