

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## REPORT FROM THE COMMISSION TO THE COUNCIL

on the operation in 1992 of the  
export earnings stabilization system under  
the fourth ACP-EEC Convention

## 1. Introduction

1. Article 31(3) of the Internal agreement on the financing and administration of Community aid stipulates:  
"Each year the Commission shall draw up a comprehensive report for the Member States on the operation of the system of stabilization of export earnings and the use made by the ACP States of the funds transferred.

The report shall indicate in particular the effects of the transfers made on the development of the sectors to which they were allocated."

2. This report covers the activities of the ACP-EEC institutions and the administration of the system in 1992, paying special attention to the allocation of transfers for 1991, the second year of application of Stabex under the fourth Lomé Convention.

## II. Activities of the ACP-EEC Institutions

3. The operation of Stabex was discussed at the 17th session of the ACP-EEC Council of Ministers (Kingston, Jamaica, 21-22 May 1992) and at the 36th and 37th meetings of the ACP-EEC Committee of Ambassadors (held in Brussels on 27 April and 16 July 1992).
  
4. The following matters were examined at these meetings:
  - (a) application years 1980, 1981, 1987, 1988 and 1989;
  - (b) issues relating to the 1990 application year;
  - (c) the 1991 application year.
  
5. The ACP States had been calling for payment of the balance of losses of earnings eligible for compensation for the 1980, 1981, 1987, 1988 and 1989 application years, for which transfers had had to be reduced because of shortfalls in the system's resources. The Community's position, based primarily on the conclusions of a Commission report (doc. ACP-EEC 2133/90), was that the accounts for these years were closed, as all the relevant provisions of the Lomé Conventions concerned had been fully complied with.

The Council noted that it had now been agreed to consider the examination of this issue closed.

In this connection, the Council also noted:

- the ACP States' request to the Community to take a generous view of the debt problem, to exercise its influence in seeking the conclusion of international cocoa and coffee agreements, and to support their efforts to acquire a greater role in the processing, marketing, distribution and transportation of their commodities;
  
  - the Community's assurance that it would be unstinting in its efforts to improve the commodities situation.
6. The ACP States and the Commission differed in their interpretations of Article 155 of the third Lomé Convention and Article 197 of the fourth Lomé Convention. The ACP-EEC Council of Ministers requested the Committee of Ambassadors to examine this matter.

With more particular regard to the 1990 application year, the Council noted the ACP States' request that the Community make a special gesture, and cover all or part of the ECU 757 million shortfall in compensation of eligible losses. It also noted the Community's position on the matter, namely that the 1990 accounts were closed.

7. For 1990 application year, the ACP-EEC Committee of Ambassadors decided, on the grounds of the shortfall in the system's ordinary resources, to add ECU 75 million to the resources for that year. This sum was mobilized by making a special drawing on the system's resources for the years 1993 and 1994 (for more details see points 11, 12 and 13).

III. Transfers for the 1991 application year

Calculation of the transfer bases

8. For the 1991 application year, the Commission found 35 ACP States to be eligible for 67 transfers. The 67 country/product groups for which losses of earnings eligible for compensation were recorded are listed in Table 1 of this report (see pages 24 and 25).
9. After application of the reduction provided for in Article 197(3) and (4) of the Convention, the transfer bases totalled ECU 1 336 million.

Under Article 204 of the Convention, the transfer basis calculated using the Community's import statistics is reduced to the level of the transfer basis calculated using the statistics relating to the exports of the ACP State concerned to all destinations, where the latter amount is less than the former.

10. Reductions under Article 203

Trends in marketed output, total exports and exports to the Community of the products in question meant that consultations between the Commission and representatives of the ACP States under Article 203 of the Convention were necessary in many instances. The consultations resulted in the following reductions being made:

(a) Reductions applied as a result of significant changes  
in trends in marketed output of the product in question.

<u>ACP State</u>	<u>Product</u>	<u>Reduction Amount in ECU</u>	<u>% of transfer basis (T.B.)</u>
Sudan	groundnut products	1 360 715	75.7
	cotton products	63 032 031	47.3
	oilcake	7 104 369	84.0
Mauritania	octopus, cuttlefish, squid	12 827 399	53.6
Burkina Faso	raw hides and skins	387 138	15.0
Sierra Leone	coffee	911 040	28.5
Sierra Leone	cocoa	738 125	26.6
Côte d'Ivoire	wood	2 850 794	18.4
Central African Republic	coffee	7 779 967	40.2
Rwanda	pyrethrum	6 353	17.2
Burundi	raw hides and skins	145 234	21.5
Ethiopia	coffee	31 622 760	19.8
Kenya	coffee	12 329 771	21.6
Uganda	coffee	19 824 836	18.2
Madagascar	coffee	13 499 567	26.1
Lesotho	mohair	744 253	33.2
Haiti	coffee	11 353 938	45.2
Haiti	essential oils	540 689	39.3
Grenada	bananas	215 692	16.7
Papua New Guinea	coffee	6 466 521	21.5
Papua New Guinea	copra products	1 597 897	28.8
Tuvalu	copra	12 516	30.2
Vanuatu	copra	386 982	28.6

(b) Reductions applied as a result of a decline in exports to all destinations

as a proportion of marketed output

<u>ACP State</u>	<u>Product</u>	<u>Reduction</u>	
		<u>Amount in ECU</u>	<u>% of transfer basis (T.B.)</u>
Sudan	sesame seed	2 879 249	41.0
	oilcake	295 839	3.5
Burkina Faso	raw hides and skins	333 455	12.9
Sierra Leone	coffee	347 410	10.8
Côte d'Ivoire	coffee products	34 880 869	16.0
Togo	cocoa	223 842	2.5
Rwanda	raw hides and skins	1 145 741	31.0
Ethiopia	coffee	19 716 408	12.3
Madagascar	vanilla	1 107 246	19.9
Malawi	coffee	138 497	18.3
Grenada	nutmeg and mace	1 151 317	28.0
Western Samoa	oilcake	207 799	31.0

(c) Reductions applied as a result of a decline  
in the ratio of exports to the Community to other exports  
(all destinations):

<u>ACP State</u>	<u>Product</u>	<u>Reduction Amount in ECU</u>	<u>% of transfer basis (T.B.)</u>
Sierra Leone	coffee	166 848	5.2
Togo	cocoa	4 181 372	46.7
Benin	oil palm products	1 840 625	65.5
Central African Republic	coffee	4 660 115	24.0
Malawi	coffee	18 241	2.4
Grenada	cocoa	178 697	16.1
Grenada	nutmeg and mace	103 618	2.5
Papua New Guinea	cocoa products	4 935 588	20.4
Kiribati	copra	279 457	34.7

Following the reductions applied under Article 203, transfer bases total  
ECU 1 062 million.



11. Shortfall in resources and reductions in the transfer bases

The system's ordinary resources for the 1991 application year were established in accordance with Article 193 of the Convention, and total ECU 316.5 million, broken down as follows:

- the allocation for 1991, less 25% to account for the automatic drawing on that allocation made for the previous year (ECU 225 million);
- the 25% advance drawing on the allocation for the 1992 application year, made pursuant to Article 194(1) of the Convention (ECU 75 million);
- the amount of interest accumulated by 31 July 1992 pursuant to Article 192 (ECU 16.5 million).

12. Because the system's ordinary resources fell short of the amount required to cover the total of the transfer bases after the application of Article 203 reductions, the bases were reduced by 10%, in accordance with Article 194 of the Convention. At this stage, the total amount of transfer bases after reduction (ECU 956.1 million) still exceeded the ordinary resources available (ECU 316.5 million). Pursuant to Article 194(4) of the Convention, therefore, a Commission report ( SEC(92)1164 final ) was forwarded on 30 June 1992 to the ACP-EEC Council of Ministers, which had previously decided at its session of 21 and 22 May 1992 to delegate its powers in this respect to the ACP-EEC Committee of Ambassadors.

13. Calculating the transfers

In exercise of the powers delegated to it and after examining the report drawn up by the Commission, the ACP-EEC Committee of Ambassadors recorded on 16 July 1992 that the two parties had agreed to transfer an additional ECU 75 million to the system's ordinary resources for the 1991 application year, mobilizing that sum by making a special drawing on the system's resources and consequently reducing the allocations for the 1993 and 1994 application years by ECU 37.5 million each.

This decision brought the system's total financial resources for the 1991 application year to ECU 391.5 million, with approximately 40.9% coverage of eligible requests.

14. Results by recipient country and product

As last year, the results by country (see Table 2, page 26) show a smaller degree of concentration of available resources on a very small number of countries than was the case in 1988 and 1989:

<u>Amount transferred by recipient country as a percentage of total transferred</u>	<u>Number of countries involved</u>
10% - 19%	3
1% - 9%	12
< 1%	20

15. As in the case of the three previous years, the results by product (see Table 3, page 27) show that falling revenues caused by the low world market prices for coffee and cocoa are responsible for the majority of transfers (81.7% of the total transferred: 64.09% for coffee and 17.61% for cocoa).

However, despite the reductions made because of the shortfall of resources, the amounts transferred have in many cases provided a substantial boost to the total export earnings of the countries concerned:

<u>ACP State</u>	<u>Product</u>	<u>Transfer/1991 earnings % all products (est.)</u>
São Tomé and Príncipe	cocoa	47.9
Rwanda	coffee	12.4
Burundi	coffee	11.4
Ethiopia	coffee	16.3
Uganda	coffee	26.0
Western Samoa	copra products	24.6

16. However, a more precise measure of the impact of the additional revenue provided by Stabex on the sector showing a loss of earnings can be obtained by comparing the amounts transferred to the earnings from the products for which the transfer is requested.

<u>ACP State</u>	<u>Product</u>	<u>Transfer/1991 earnings % from specific product (est.)</u>
Sudan	cotton products	27.1
Burkina Faso	raw hides and skins	40.9
Côte d'Ivoire	coffee products	31.4
Cameroon	cocoa products	37.2
	coffee	29.6
Ethiopia	coffee	41.9
Solomon Islands	copra	26.3
Tonga	copra products	70.9
Western Samoa	copra products	365.8

These proportions can be very high and at times even exceed 100%, partly because the amounts of the products which are exported are fairly small and fluctuate substantially from year to year. When low market prices combine with temporary difficulties in the sector, losses of revenue can be severe and give rise to relatively large transfers. Even when export revenue from a particular product is high, the transfers make a significant contribution.

#### IV. USE OF TRANSFERS

The frameworks of mutual obligations for the 1990 application year were as follows.

##### 1. BENIN(\*)

PRODUCT: (ECU 253 402)  
PAYMENT DATE: 13 July 1992  
FRAMEWORK SIGNED: ...

The palm products sector saw a drop in production (ageing trees), poor performance in industrial production and a collapse of international prices. A programme to rehabilitate palm oil mills and increase productivity will cost an estimated ECU 6 million.

Until such time as the financing needed to implement the programme can be put together, the transfer will be used to carry out a minimum programme of maintenance of the palm groves.

The government has undertaken to privatize the management structure of the industry, set up training programmes and introduce legislation on privatization, and to seek financing to carry out the rehabilitation programme for palm oil mills.

##### 2. BURKINA FASO(\*)

PRODUCT: Raw hides and skins (ECU 386 502)  
PAYMENT DATE: 29 September 1992  
FRAMEWORK SIGNED: ....

The framework of mutual obligations for this transfer will be included in that for 1991.

##### 3. BURUNDI(\*)

PRODUCT: Coffee (ECU 16 247 958) and tea (ECU 301 039)  
PAYMENT DATE: 13 February 1992  
FRAMEWORK SIGNED: 10 June 1992

The fall in earnings from these two products in 1990 mainly affected 1) the balance of payments deficit, which doubled compared with 1989; 2) public finances, as tax revenue from exports fell to nought from BIF 5 billion in 1989; 3) the coffee sector, whose equalization fund had to be supported by the treasury and Stabex funds, and 4) the tea sector, as the turnover of the Office du Thé fell sharply.

(\*) Countries which received structural adjustment support from the Community, first period (see Memo from Mr Marin to the Commission, SEC(92) 2082/4, 10 November 1992.)

Of the available ECU 16.6 million, some ECU 9 million is earmarked for financing a general import programme to help develop and diversify economic activity as part of the structural adjustment programme. The rest will be used to support the export industries.

Coffee: The ECU 4.4 million devoted to the coffee sector will be used to make up the shortfall in the equalization fund and finance various support and rehabilitation projects.

Tea: Funds amounting to some ECU 1.49 million will be used to buy fertilizers and support other projects in the sector.

Cotton: Even though there is no transfer for 1990, part of the available funds (ECU 0.33 million) will be used to rehabilitate warehouses and purchase insecticides and fertilizers. The counterpart funds generated by the general import programme will be devoted primarily to the farm and agribusiness sectors via the government budget.

#### 4. CAMEROON(\*)

PRODUCT: Cocoa products (ECU 39 080 820) and coffee (ECU 28 307 419)

PAYMENT DATE: 9 December 1991

FRAMEWORK SIGNED: 14 February 1992

Losses in the cocoa and coffee sectors were caused both by their structural weaknesses and by lower world prices. The Government decided on a major reorganization of the two sectors in 1990.

It was therefore decided to use Stabex transfers to back the new policy of restructuring and liberalization drawn up in consultation with donors, which includes:

- reducing the sectors' debts to other economic operators such as growers and exporters;
- covering redundancy payments arising from rationalization;
- helping to stabilize prices paid to producers for the 1991-1992 crop;
- supporting the stabilization fund (working capital);
- enabling the production of seed for coffee and cocoa cultivation.

The Government is committed to implementing the reform policy and to introducing the relevant legislation and other measures required.

#### 5. CAPE VERDE

PRODUCT: Raw hides and skins (ECU 7 053) and bananas (ECU 108 606)

PAYMENT DATE: 12 June 1992

FRAMEWORK SIGNED: 27 October 1992

Only one framework for bananas. The sector is in crisis because conditions have prevented a decision being taken on which crops have the best prospects, particularly for export.

The transfer will be used for studies and pilot projects (on prospects for banana exports to Europe; irrigation systems, etc.) aimed primarily at helping the Government fulfil its commitment to working out a policy for the banana sector.

6. CENTRAL AFRICAN REPUBLIC

PRODUCT: Cotton (ECU 629 984) and coffee (ECU 6 101 469)

PAYMENT DATE: 7 April 1992

FRAMEWORK SIGNED: 16 October 1992

- 1) Cotton: The losses for the year under consideration were caused by sharp fluctuations in world prices and structural weaknesses in the sector. The transfer will be used to revitalize the cotton sector in line with the rationalization plan launched by the Government with the support of the donors, mainly via a restructuring of the SOCADA (Société Centrafricaine de Développement Agricole) and an overhaul of its finances.
- 2) Coffee: The deep crisis in this sector was caused by the sharp fall in world prices and the structural weaknesses of the sector. In order to restructure the industry, the Government has irrevocably committed itself to liberalizing the market in coffee (domestic and export). The transfer will contribute to this restructuring by:
  - helping to pay arrears in subsidies to exporters;
  - supporting producer prices;
  - reconstituting the transport equalization fund;
  - contributing to a recovery fund.

7. COMORES

PRODUCT: Vanilla (ECU 1 392 804) and cloves (ECU 942 031)

PAYMENT DATE: 11 June 1992

FRAMEWORK SIGNED: 23 October 1991

The 1991 losses in the vanilla and cloves sectors were caused, as in the previous three years, by a significant drop in world prices and structural problems affecting export production, in particular a fall in the quality of vanilla.

The funds will be used to finance: 1) a study on improving the quality and competitiveness of cash crops for export and 2) a programme to improve rural roads and tracks to ease the transport of inputs and crops.

8. CÔTE D'IVOIRE(\*)

PRODUCT: Coffee (ECU 74 494 439) and cocoa (ECU 16 677 301)

PAYMENT DATE: 26 November 1991

FRAMEWORK SIGNED: 21 December 1991

Transfers will be used:

- (a) to help implement structural adjustment policy (In conjunction with the stabilization programme agreed with the International Monetary Fund (IMF));
- (b) to support restructuring of the coffee and cocoa sectors, in four main ways:
  - Involving the trade as a whole in managing the agricultural price stabilization and support fund CSSPPA;
  - Improving conditions for marketing products abroad, in particular by forward selling on a regular basis at average prices;
  - Liberalizing the domestic market;
  - overhauling the finances of the CSSPPA;  
(For this purpose the funds will help to:
    - pay the CSSPPA's debts to producers and the banks;
    - clear arrears owed by the Treasury to the Central Bank for seasonal loans relating to the 1989 and 1990 harvests;
    - finance a programme of redundancies and retraining of CSSPPA officials;
    - finance a guarantee fund designed to give cooperatives easier access to the banking system);
- (c) to support the diversified product lines which Côte d'Ivoire had set up, whose competitiveness is severely threatened because of budget shortfalls caused by the financial crisis.

The government has undertaken:

- to continue restructuring the coffee and cocoa sectors, in line with the recommendations in the APROMA report;
- to proceed with clearing the CSSPPA's accounts;
- to commit the necessary resources to cover the sector's potential losses for the 1991-92 crop;
- to abolish the various curbs on the domestic sector and to launch a public information campaign on the subject.

There may be specific conditions to be fulfilled before payment for the various projects can be made, once they are approved.

9. DOMINICA

PRODUCT: Bananas (ECU 673 209)

PAYMENT DATE: 17 November 1992

FRAMEWORK SIGNED: ....

The framework of mutual obligations for this transfer will be included in the framework for 1991.

10. ETHIOPIA

PRODUCT: Coffee (ECU 58 456 423) and raw hides and skins (ECU 6 132 026)  
PAYMENT DATE: 2 March 1992  
FRAMEWORK SIGNED: ....

The fall in export earnings from coffee was mainly caused by the decline in prices on the world market, reduced production in areas affected by drought, infrastructure problems (transport etc.) and a rise in illicit exports via Djibouti and Sudan. Export income from raw hides and skins fell because of reduced supply and poorer quality.

The 1990 Stabex funds will be used both to support the sectors which recorded the loss (ECU 26 million) and to finance action under the Emergency Recovery and Reconstruction Programme (ERRP - ECU 38 million).

The funds devoted to export sectors will go towards: 1) Improving infrastructure in the coffee sector (ECU 3.8 million); 2) Improving the hides and skins industry; 3) diversification (ECU 10.5 million) and 4) encouraging small and medium-sized enterprises (ECU 5 million).

The ERRP funds will go towards: 1) Improving major roads (ECU 3.3 million); 2) buying spare parts for trucks (ECU 18 600 000), and 3) supporting the restructuring of a number of state enterprises (ECU 16.8 million).

11. GHANA(\*)

PRODUCT: Cocoa products (ECU 6 889 065)  
PAYMENT DATE: 9 April 1992  
FRAMEWORK SIGNED: 2 November 1992

The downturn in the sector since 1986 has highlighted the need for major reform to make the Ghana Cocoa Board (COCOBOD) more efficient by ending its de facto monopoly and allowing private companies to market and process cocoa.

The funds will be used as follows:

- to offset a shortage of foreign exchange caused by poor earnings in the 1990 application year, funds will be made available in foreign exchange to the Bank of Ghana for use in the interbank market, to replace lost export earnings;
- COCOBOD will use the resulting counterpart funds to cover the social costs of the restructuring programme, by paying severance payments to officials affected by staff reductions.

The government will carry through reforms in the cocoa sector, including:



- measures to cut COCOBOD's operating costs;
- introducing competition;
- setting up a new mechanism to fix minimum producer prices.

12. GRENADA

PRODUCT: Cocoa (ECU 618 472), bananas (ECU 274 633), and nutmeg (ECU 1 133 528)

PAYMENT DATE: 3 January 1992

FRAMEWORK SIGNED: 18 June 1992

The framework for the three transfers provides for:

- support for farming associations, aimed at helping to restore production and improve quality, and guaranteeing producer prices;
- a programme to halt erosion by planting trees and projects to assist with diversification into sugar cane.

13. EQUATORIAL GUINEA

PRODUCT: Cocoa products (ECU 2 101 595) and coffee (ECU 195 886)

PAYMENT DATE: 16 November 1992

FRAMEWORK SIGNED: ....

The framework is being drawn up, and is planned to include:

- the establishment of medium- and long-term credits for renovating old cocoa plots, diversification projects, and projects to help the coffee sector;
- supporting prices paid to cocoa producers;
- creating a revolving fund for buying inputs for cocoa production.

14. KENYA

PRODUCT: Coffee (ECU 29 870 422)

PAYMENT DATE: 9 April 1992

FRAMEWORK SIGNED: 3 July 1992<sup>1</sup>

Export earnings from coffee were down because of the decline in world prices, poor management in the sector, high production costs and the depreciation of the national currency.

<sup>1</sup> This framework of mutual obligations is being redrafted with a view to achieving a much bigger injection of funds in local currency into the coffee sector.

The authorities, in conjunction with the Commission, are already taking a number of measures to tackle the sector's problems and improve the situation. It was therefore decided that 1990 Stabex resources could more usefully be spent on some of the country's other needs.

A programme to reform the cereals sector was introduced in 1987/88 with Community assistance. It was decided to use all the foreign exchange funds to finance agricultural inputs under the programme, while the counterpart funds will meet the sector's financial requirements.

#### 15. KIRIBATI

PRODUCT: Copra products (ECU 396 292)  
PAYMENT DATE: 7 July 1992  
FRAMEWORK SIGNED: 30 June 1992

Copra production was affected by drought in 1990. The sector also suffers from very high transport costs because of the islands' remoteness.

The transfer will be used to support producer prices and carry out a study of the copra sector in accordance with the national indicative programme (NIP) drawn up under the fourth Lomé Agreement.

#### 16. MADAGASCAR

PRODUCT: Coffee (ECU 18 989 063), vanilla (ECU 1 693 310), cloves (ECU 757 227) and essential oils (ECU 115 256)  
PAYMENT DATE: 27 March 1992  
FRAMEWORK SIGNED: 13 July 1992

Export earnings from coffee fell as a result of the fall in prices on the world market. Other products had problems because of growing international competition and - in the case of vanilla - a gradual decline in the quality of the product.

The government intends to take remedial action as part of a comprehensive strategy of economic reform based on easing controls on trade and prices. One of the main goals of agricultural policy will be to develop the whole range of export products.

All the foreign exchange obtained from these transfers will go towards financing an import programme for raw materials, spare parts, new machinery, etc. The counterpart funds generated by the import programme will go towards:

- safeguarding budget allocations to the social sector;
- the annual block grant to the Investment Programme;
- projects to promote or diversify exports.

17. MALI(\*)

PRODUCT: Cotton (ECU 329 852)  
PAYMENT DATE: 17 January 1992  
FRAMEWORK SIGNED: ....

Export earnings from cotton were down as a result of lower world prices and the unfavourable dollar exchange rate against the franc. Measures are being taken, or are under consideration, to increase competitiveness in the sector.

The funds transferred will be used to stabilize producers' incomes, in line with agreements between the government and the Compagnie Malienne des Textiles.

16. MAURITANIA

PRODUCT: Octopus, cuttlefish and squid (ECU 9 583 712)  
PAYMENT DATE: 14 February 1992  
FRAMEWORK SIGNED: 30 June 1992

Since 1990 the fishing sector's productivity, particularly in terms of octopus, cuttlefish and squid, has declined noticeably. Substantial measures are needed in the short- to medium term in a number of areas.

The transfer funds will be used in a number of ways:

- The foreign exchange will be used to finance a sectoral import programme (SIP) worth ECU 8 million to benefit fisheries and related activities, and to finance studies and technical assistance (on taxation of the industry, increasing the resources of the customs administration, restructuring private fishing businesses, etc.) and evaluations (ECU 1.5 million).
- The counterpart funds generated by the SIP will cover restructuring of the Centre National de Recherches Océanographiques et des Pêches (CNROP), contribute to the restructuring of private fisheries, improve the National Bank's services to the fishing industry and support vocational training.

The government has undertaken:

- to take appropriate measures on resource management;
- to push through institutional reforms aimed at increasing the efficiency of operators in the sector;
- to improve the system of incentives so as to allow the private sector to grow.

19. UGANDA(\*)

PRODUCT: Coffee (ECU 36 283 936) and cotton (ECU 701 713)  
PAYMENT DATE: 2 March 1992  
FRAMEWORK SIGNED: 4 March 1992

Coffee exports account for over 95% of Uganda's export earnings, so the steady decline in prices since 1987 has sharply reduced state revenue. For this reason, it was considered that using the bulk of the foreign exchange funds (ECU 28 million) to boost the national economy via a general import programme would be more effective than granting direct assistance to the sector which recorded the losses.

The counterpart funds generated by the import programme will, however, be channelled into agriculture, in particular to restructure the coffee and cotton sectors.

Foreign exchange funds will also be used for projects in the cotton sector (ECU 3 million) and the tea sector (ECU 5 million).

20. PAPUA-NEW GUINEA(\*)

PRODUCT: Cocoa products (ECU 6 754 994), coffee (ECU 7 563 555), copra products (ECU 3 322 667) and palm products (ECU 7 307 497)

PAYMENT DATE: 13 January 1992

FRAMEWORK SIGNED: 27 February 1992

The transfers will be used in the context of a wider programme agreed by the Government, which is aimed at bringing producer prices gradually into line with world prices, rationalizing cost structures and gradually abolishing subsidies. They will be used in particular for:

- targeted support for producer prices until they have been brought into line with world prices;
- reform and semi-privatization of the existing agricultural bodies;
- raising productivity by stepping up research and training.

21. RWANDA

PRODUCT: Coffee (ECU 15 363 855), raw hides and skins (ECU 967 433) and pyrethrum (ECU 241 103)

PAYMENT DATE: 12 February 1992

FRAMEWORK SIGNED: 30 July 1992

The loss of export earnings from these three products reduced government revenues, both in foreign exchange and in receipts from taxes and domestic duties in local currency. The transfers will enable Rwanda to cushion the immediate impact of the losses by providing an alternative source of foreign exchange and creating counterpart funds.

Coffee: The funds allocated to the coffee sector (some ECU 14.2 million and RF 130 million) will be used for hard currency purchases of supplies and equipment to improve quality and productivity and projects to promote distribution and marketing of the product (e.g. manufacturing equipment, farm inputs, and computerization of the marketing body OCIR Café).

Raw hides and skins: Some ECU 800 000 and RF 75 million will be used to build slaughterhouses and drying sheds, promote tanneries and workshops making shoes and leather goods, promote computerization of the directorate-general for livestock farming and purchase insecticides.

Pyrethrum: The funds, amounting to some ECU 400 000, will be used for fertilizer purchases, computerized administration, diversification and replacement of obsolete machinery in the factory.

Tea: Although there is no transfer for tea for 1990, part of the available funds (around ECU 1.1 million) will be devoted to this sector to pay for the purchase of packaging and fertilizers, computerization and a study on reform of the trade.

As to the counterpart funds, although greater importance will be given to the social aspects of structural adjustment (with projects on health and education), particular attention will be paid to the priority accorded to using counterpart funds on agricultural export sectors.

## 22. SOLOMON ISLANDS

PRODUCT: Cocoa products (ECU 363 379), copra products (ECU 3 555 653) and palm products (ECU 675 470)  
PAYMENT DATE: 9 March 1992  
FRAMEWORK SIGNED: 25 May 1992

Following a study on an investment programme to assist small producers, a decision will be taken on the most effective use of resources in the following areas: agricultural research; increasing production; processing and marketing; transport, and diversification at farm level.

## 23. WESTERN SAMOA

PRODUCT: Cocoa products (ECU 357 736), copra products (ECU 1 626 494) and oilcake (ECU 190 848)  
PAYMENT DATE: 4 June 1992  
FRAMEWORK SIGNED: ....

The funds will be used:

- to rehabilitate the sectors concerned by replanting, promoting water conservation, and encouraging diversification into other agricultural, fisheries or livestock products;

- to expand the basic infrastructure in order to increase productivity and improve the living conditions of rural communities.

#### 24. SIERRA LEONE

PRODUCT: Coffee (ECU 2 041 855)  
PAYMENT DATE: ....  
FRAMEWORK SIGNED: ....

The draft framework is still under consideration, with the intention of providing extra financing for a SIP for the farm sector.

#### 25. TANZANIA(\*)

PRODUCT: Coffee (ECU 19 104 450), tea (ECU 9 749) and sisal (ECU 64 031)  
PAYMENT DATE: 14 February 1992  
FRAMEWORK SIGNED: 12 September 1992

Given the tiny amounts transferred for tea and sisal, the framework of mutual obligations only covers the coffee sector. The drop in export earnings for coffee was largely caused by the decline in world prices, poor management, deteriorating infrastructure, ageing plants and a high level of disease.

The transfers will be used 1) to purchase spare parts and other equipment needed urgently in the coffee sector (ECU 6 million), 2) to finance a general import programme (ECU 12 million) and 3) to provide technical assistance to the sector (ECU 1.2 million).

The counterpart funds generated by the import programme will be allocated to the coffee sector.

#### 26. TOGO(\*)

PRODUCT: Coffee (ECU 3 505 259) and cocoa (ECU 1 724 659)  
PAYMENT DATE: 3 April 1992  
FRAMEWORK SIGNED: ....

The sector's performance was affected by a series of technical and economic problems (climatic conditions, ageing plantations, the fall in world prices) which reduced profitability.

The transfers will be used to compensate for the losses by financing projects designed to improve the living standards of those affected, via budget aid for education and health. They will also provide for laying down rural tracks to reduce the isolation of coffee- and cocoa-producing areas.

The Government has undertaken:

- to carry out a strategic study of the coffee and cocoa sector;
- to put a strategy in place to increase the sector's profitability;
- to situate the strategy in the context of an adjustment programme for the agricultural sector.

Aggregate results for 1991 application year (amounts in ECU)

Table 1.a

Country Code	Country	Product	Loss of earnings	"franchise"	Transfer basis after franchise"	Consultations	Transfer basis after Art. 203 reductions
224	Sudan	Groundnut prod	1,796,561	-	1,796,561	1,360,715	435,846
		Cotton prod.	135,368,855	2,305,670	133,063,185	63,032,031	70,031,154
		Hides & Skins	2,176,472	174,505	2,041,967	0	2,041,967
		Gum arabic	9,925,612	512,343	9,413,269	0	9,413,269
		Sesame seed	7,427,339	406,492	7,020,847	2,879,249	4,141,598
		Oil cakes	8,542,079	89,528	8,452,551	7,400,208	1,052,343
228	Mauritania	Squid/octopus	25,314,655	1,394,282	23,920,373	12,827,399	11,092,974
232	Mali	Cotton	1,661,176	-	1,661,176	0	1,661,176
236	Burkina Faso	Hides & Skins	2,623,928	43,003	2,580,925	720,593	1,860,332
		Oil cake	961,524	-	961,524	0	961,524
		Sheanuts	1,935,083	-	1,935,083	0	1,935,083
252	Gambia	Groundnut prod	961,500	-	961,500	0	961,500
257	Guinea-Bissau	Groundnuts	489,492	-	489,492	0	489,492
		Palm prod.	509,885	-	509,885	0	509,885
264	Sierra Leone	Coffee	3,297,750	101,117	3,196,633	1,425,298	1,771,335
		Cocoa	2,893,250	118,342	2,774,908	738,125	2,036,783
272	Côte d'Ivoire	Coffee prod.	234,916,750	17,961,289	216,955,461	34,880,869	182,074,592
		Wood	22,133,500	6,640,050	15,493,450	2,850,794	12,642,656
276	Ghana	Cocoa prod.	53,660,000	9,072,855	44,587,145	0	44,587,145
280	Togo	Cocoa	9,050,250	96,562	8,953,688	4,405,214	4,548,474
		Coffee	16,732,636	251,558	16,481,078	0	16,481,078
284	Benin	Palm prod.	2,838,500	28,385	2,810,115	1,840,625	969,490
302	Cameroon	Cocoa prod.	118,329,298	10,144,405	108,184,893	0	108,184,893
		Coffee	87,428,750	7,818,649	79,610,101	0	79,610,101
306	C.A.R.	Coffee	19,600,250	256,722	19,343,528	12,440,082	6,903,446
310	Equ. Guinea	Cocoa	3,424,750	107,817	3,316,933	0	3,316,933
311	Sao Tome/Prin.	Cocoa	2,884,270	75,373	2,808,897	0	2,808,897
324	Rwanda	Coffee	25,916,433	991,599	24,924,834	0	24,924,834
		Hides & Skins	3,733,302	46,878	3,686,424	1,145,741	2,540,683
		Pyrethrum	36,935	-	36,935	6,353	30,582
328	Burundi	Coffee	22,061,849	928,441	21,133,408	0	21,133,408
		Hides/Skins	672,689	-	672,689	145,234	527,455
334	Ethiopia	Coffee	161,958,444	2,569,533	159,388,911	51,339,168	108,049,743
		Hides & Skins	26,337,254	341,027	25,996,227	0	25,996,227
346	Kenya	Coffee	65,302,500	8,430,862	56,871,638	12,329,771	44,541,867
350	Uganda	Coffee	110,915,750	2,107,647	108,808,103	19,824,836	88,983,267
		Hides/Skins	3,940,500	87,025	3,853,475	0	3,853,475
352	Tanzania	Coffee	31,355,250	894,172	30,461,078	0	30,461,078
		Cotton	4,137,248	598,184	3,539,064	0	3,539,064
370	Madagascar	Coffee	55,029,750	3,485,013	51,544,737	13,499,567	38,045,170
		Vanilla	6,303,000	752,895	5,550,105	1,107,246	4,442,859
		Cloves	1,817,250	147,071	1,670,179	0	1,670,179
		Essential oils	849,500	-	849,500	0	849,500
375	Comoros	Essential oils	516,225	-	516,225	0	516,225
395	Lesotho	Wool	1,046,659	-	1,046,659	0	1,046,659
		Mohair	2,352,176	113,148	2,239,028	744,253	1,494,775
386	Malawi	Tea	6,783,533	572,080	6,211,453	0	6,211,453
		Coffee	754,750	-	754,750	156,738	598,012
452	Haiti	Coffee	25,466,500	174,925	25,291,575	11,353,948	13,937,627
		Essential oils	1,374,750	-	1,374,750	540,689	834,061
460	Dominica	Bananas	430,528	-	430,528	0	430,528
473	Grenada	Cocoa	1,104,429	-	1,104,429	178,697	925,732
		Bananas	1,289,250	-	1,289,250	215,692	1,073,558
		Nutmeg & Mace	4,182,500	70,655	4,111,845	1,254,935	2,856,910
801	P.N.G.	Cocoa prod.	25,885,000	1,750,095	24,134,905	4,935,588	19,199,317
		Coffee	33,816,750	3,753,889	30,062,861	6,466,521	23,596,340
		Copra prod.	6,437,250	890,921	5,546,329	1,597,897	3,948,432
806	Solomon Islands	Cocoa	495,835	-	495,835	0	495,835
		Copra	3,707,729	87,830	3,619,899	0	3,619,899
807	Tuvalu	Copra	41,389	-	41,389	12,516	28,873
812	Kiribati	Copra	803,500	-	803,500	279,457	524,043
816	Vanuatu	Copra	1,350,250	-	1,350,250	386,982	963,268
817	Tonga	Copra prod.	680,153	-	680,153	0	680,153
		Bananas	1,293,032	-	1,293,032	0	1,293,032
819	Western Samoa	Cocoa	893,877	-	893,877	0	893,877
		Copra prod.	4,865,647	13,504	4,812,143	0	4,812,143
		Oil cake	669,241	-	669,241	207,799	461,442
			1,423,568,722	86,606,341	1,336,962,381	274,530,820	1,062,431,561



Aggregate results for 1991 application year (amounts in ECU)

Table 1.b

Country Code	Country	Product	Transfer basis after Art. 203 reductions	Reductions		Amounts to be paid
				(i) Art.194(2) (10 % T.B.)	(ii) Art.194(4)	
224	Sudan	Groundnut prod	435,846	43,585	231,654	160,607
		Cotton prod.	70,031,154	7,003,115	37,221,956	25,806,083
		Hides & Skins	2,041,967	204,197	1,085,317	752,453
		Gum arabic	9,413,269	941,327	5,003,206	3,468,736
		Sesame seed	4,141,598	414,160	2,201,283	1,526,155
		Oil cakes	1,052,343	105,234	559,327	387,782
228	Mauritania	Squid/octopus	11,092,974	1,109,297	5,895,979	4,087,698
232	Mali	Cotton	1,661,176	166,118	882,924	612,134
236	Burkina Faso	Hides & Skins	1,860,332	186,033	988,777	685,522
		Oil cake	961,524	96,152	511,056	354,316
		Sheanuts	1,935,083	193,508	1,028,508	713,067
252	Gambia	Groundnut prod	961,500	96,150	511,043	354,307
257	Guinea-Bissau	Groundnuts	489,492	48,949	260,168	180,375
		Palm prod.	509,885	50,989	271,006	187,890
264	Sierra Leone	Coffee	1,771,335	177,134	941,474	652,727
		Cocoa	2,036,783	203,678	1,082,562	750,543
272	Côte d'Ivoire	Coffee prod.	182,074,592	18,207,459	96,773,679	67,093,454
		Wood	12,642,656	1,264,266	6,719,643	4,658,747
276	Ghana	Cocoa prod.	44,587,145	4,458,715	23,698,320	16,430,110
280	Togo	Cocoa	4,548,474	454,847	2,417,540	1,676,087
		Coffee	16,481,078	1,648,108	8,759,786	6,073,184
284	Benin	Palm prod.	969,490	96,949	515,289	357,252
302	Cameroon	Cocoa prod.	108,184,893	10,818,489	57,500,885	39,865,519
		Coffee	79,610,101	7,961,010	42,313,221	29,335,870
306	C.A.R.	Coffee	6,903,446	690,345	3,669,220	2,543,881
310	Equ. Guinea	Cocoa	3,316,933	331,693	1,762,969	1,222,271
311	Sao Tome/Prin.	Cocoa	2,884,897	288,490	1,533,339	1,063,068
324	Rwanda	Coffee	24,924,834	2,492,483	13,247,691	9,184,660
		Hides & Skins	2,540,683	254,068	1,350,388	936,227
		Pyrethrum	30,582	3,058	16,255	11,269
328	Burundi	Coffee	21,133,408	2,113,341	11,232,526	7,787,541
		Hides/Skins	527,455	52,746	280,345	194,364
334	Ethiopia	Coffee	108,049,743	10,804,974	57,429,052	39,815,717
		Hides & Skins	25,996,227	2,599,623	13,817,142	9,579,462
346	Kenya	Coffee	44,541,867	4,454,187	23,674,255	16,413,425
350	Uganda	Coffee	88,983,267	8,898,327	47,295,111	32,789,829
		Hides/Skins	3,853,475	385,348	2,048,143	1,419,984
352	Tanzania	Coffee	30,461,078	3,046,108	16,190,236	11,224,734
		Cotton	3,539,064	353,906	1,881,033	1,304,125
370	Madagascar	Coffee	38,045,170	3,804,517	20,221,224	14,019,429
		Vanilla	4,442,859	444,286	2,361,405	1,637,168
		Cloves	1,670,179	167,018	887,710	615,451
		Essential oils	849,500	84,950	451,514	313,036
375	Comoros	Essential oils	516,225	51,623	274,376	190,226
395	Lesotho	Wool	1,046,659	104,666	556,305	385,688
		Mohair	1,494,775	149,478	794,481	550,816
386	Malawi	Tea	6,211,453	621,145	3,301,423	2,288,885
		Coffee	598,012	59,801	317,847	220,364
452	Haiti	Coffee	11,737,637	1,373,764	7,301,632	5,062,241
		Essential oils	834,061	83,406	443,308	307,347
460	Dominica	Bananas	430,528	43,053	228,828	158,647
473	Grenada	Cocoa	925,732	92,573	492,032	341,127
		Bananas	1,073,558	107,356	570,602	395,600
		Nutmeg & Mace	2,856,910	285,691	1,518,464	1,052,755
801	P.N.G.	Cocoa prod.	19,199,317	1,919,932	10,204,546	7,074,839
		Coffee	23,596,340	2,359,634	12,541,589	8,695,117
		Copra prod.	3,948,432	394,843	2,098,614	1,454,975
806	Solomon Islands	Cocoa	495,835	49,584	263,539	182,712
		Copra	3,619,899	361,990	1,923,997	1,333,912
807	Tuvalu	Copra	28,873	2,887	15,346	10,640
812	Kiribati	Copra	524,043	52,404	278,532	193,107
816	Vanuatu	Copra	963,268	96,327	511,982	354,959
817	Tonga	Copra prod.	680,153	68,015	361,505	250,633
		Bananas	1,293,032	129,303	687,254	476,475
819	Western Samoa	Cocoa	893,877	89,388	475,100	329,389
		Copra prod.	4,812,143	481,214	2,557,682	1,773,247
		Oil cake	461,442	46,144	245,259	170,039
			1,062,431,561	106,243,158	564,688,403	391,500,000

Aggregate results by recipient country

Table 2

Country	Amount in ECU	as % of total
Sudan	32,101,816	8.20
Mauritania	4,087,698	1.04
Mali	612,134	0.16
Burkina Faso	1,752,905	0.45
Gambia	354,307	0.09
Guinea-Bissau	368,265	0.09
Sierra Leone	1,403,270	0.36
Côte d'Ivoire	71,752,201	18.33
Ghana	16,430,110	4.20
Togo	7,749,271	1.98
Benin	357,252	0.09
Cameroon	69,201,389	17.68
C.A.R.	2,543,881	0.65
Equ. Guinea	1,222,271	0.31
Sao Tome/Prin.	1,063,068	0.27
Rwanda	10,132,156	2.59
Burundi	7,981,905	2.04
Ethiopia	49,395,179	12.62
Kenya	16,413,425	4.19
Uganda	34,209,813	8.74
Tanzania	12,528,859	3.20
Madagascar	16,585,084	4.24
Comoros	190,226	0.05
Lesotho	936,504	0.24
Malawi	2,509,249	0.64
Haiti	5,369,588	1.37
Dominica	158,647	0.04
Grenada	1,789,482	0.46
P.N.G.	17,224,931	4.40
Solomon Islands	1,516,624	0.39
Tuvalu	10,640	0.00
Kiribati	193,107	0.05
Vanuatu	354,959	0.09
Tonga	727,108	0.19
Western Samoa	2,272,675	0.58
<b>TOTAL:</b>	<b>391,500,000</b>	<b>100</b>

Aggregate results by product

Table 3

	Products	Amount in ECU	as % of total
1.	Coffee and by-products	250,912,173	64.09
2.	Cocoa and by-products	68,935,665	17.61
3.	Cotton and by-products	27,722,342	7.08
4.	Hides and skins	13,568,012	3.47
5.	Copra and by-products	5,371,473	1.37
6.	Wood	4,658,747	1.19
7.	Squid, octopus and cuttlefish	4,087,698	1.04
8.	Gum arabic	3,468,736	0.89
9.	Tea	2,288,885	0.58
10.	Vanilla	1,637,168	0.42
11.	Sesame	1,526,155	0.39
12.	Nutmeg and mace	1,052,755	0.27
13.	Bananas	1,030,722	0.26
14.	Oil cakes	912,137	0.23
15.	Essential oils	810,609	0.21
16.	Sheanuts	713,067	0.18
17.	Groundnut products	695,289	0.18
18.	Cloves	615,451	0.16
19.	Mohair	550,816	0.14
20.	Palm products	545,142	0.14
21.	Wool	385,688	0.10
22.	Pyrethrum	11,269	0.003
	TOTAL:	391,500,000	100

**ADDENDA**

In order to allow them to be used in the context of Stabex, it was necessary for the statistics submitted by Mozambique for the 1991 application year to be verified on location by a statistical expert. As a result, the processing of the file was only completed in February 1993.

As this revealed an entitlement to two transfers, the Commission, on 23-2-1993, decided the following supplementary transfers for the 1991 application year :

<u>Country</u>	<u>Product</u>	<u>Amount</u>
Mozambique	Cashewnuts and kernels	1,233,873 ECU
	Wood	34,731 ECU
		-----
	Total :	1,268,604 ECU

It should be noted that 1) this Commission decision has been taken under identical conditions to those applied to the other transfers decided for the 1991 application year (reduction of the transfer bases in conformity with the provisions of Articles 194 (2) and (4) of the Convention and coverage of 40.944 % of transfer rights), and 2) that the resources generated from the interest on Stabex funds deposited with financial institutions in the name of the Commission allow the payment of the total supplementary amount decided.

Following the Commission decision, the total amount of Stabex transfers decided for the 1991 application year comes to 392,768,604 ECU.