

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(86) 618 final

Brussels, 5 November 1986

REPORT FROM THE COMMISSION TO THE COMMITTEE OF ACP-EEC AMBASSADORS

concerning the progress made with the processing of the transfer requests presented for the application year 1985 by virtue of the system for the stabilization of export earnings set down in the Third ACP-EEC Convention.

(Report referred to at Article 168 § 4 of the Convention)

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I. Requests presented for the application year 1985

1. The Commission received 38 transfer requests from 20 ACP States for the application year 1985:

<u>ACP State</u>	<u>Product</u>
Benin	palm nut and kernel oil
Burundi	cotton not carded or combed
Chad	" " " " "
Comoros	cloves
"	copra
"	vanilla
"	essential oils
Côte d'Ivoire	wood in the rough
Ethiopia	coffee
"	beans
Fiji	coconut oil
Gabon	wood in the rough
Gambia	groundnut products
"	oil-cake
Grenada	fresh bananas
Guinea Bissau	groundnuts
" "	cashew nuts and kernels
" "	cotton not carded or combed
" "	shrimps and prawns
" "	palm nuts and kernels
Mozambique	cashew nuts and kernels
"	cotton not carded or combed
"	tea
Niger	beans
Sao Tomé and Príncipe	cocoa beans
Senegal	groundnut products
Solomon Islands	sawn timber
Sudan	groundnut products
"	oil-cake
Tanzania	cashew nuts and kernels
"	cotton not carded or combed
"	raw sisal
Togo	cocoa beans
Tonga	copra products
"	vanilla
Vanuatu	cocoa beans
"	copra
Western Samoa	wood in the rough

II. Progress made with the processing of the requests

2. On 30 September 1986, 36 of the 38 requests presented had been processed. The appraisal of the two other requests will probably be finalised before the end of October.
3. We have noticed from the processing of the 36 requests, that 13 must be refused, and 23 will result in transfers. The latter situation will most likely be the outcome of the two requests, where appraisal has still not been concluded. Thus the total number of transfers will rise to 25.
4. Transfer decisions have already been taken for 17 requests (see paragraph 14). The decisions for the 6 other requests, where processing has been completed, will probably be taken before the end of October (see paragraph 15).

III. Refusal transfer requests

5. Two requests have been judged inadmissible, because the dependence threshold has not been reached (Art. 161 of the Convention).

<u>ACP State</u>	<u>product</u>
Burundi	cotton not carded or combed
Solomon Islands	sawn timber.

6. Eleven requests are not admissible, because the fluctuation threshold has not been attained (Art. 162 of the Convention):

<u>ACP State</u>	<u>product</u>
Chad	cotton not carded or combed
Comoros	copra
"	vanilla
"	essential oils
Gabon	wood in the rough
Grenada	fresh bananas
Guinea Bissau	groundnuts
" "	cashew nuts and kernels
" "	shrimps and prawns
Vanuatu	cocoa beans
"	copra

IV. Delays in completing statistical crosschecking (Article 168 par. 1)

7. On 31 May 1986, statistical crosschecking had been completed for nine transfer requests:

Benin
Fiji
Gambia (two requests)
Senegal
Sudan (two requests)
Togo
Western Samoa

8. For the following nine requests crosschecking was finished before the end of June:

Comoros (cloves)
Guinea Bissau (palm nuts and kernels)
Mozambique (three requests)
Niger
Tanzania (cashew nuts and kernels)
Tonga (two requests)

9. Crosschecking has since been completed for all remaining eligible requests, namely:

Côte d'Ivoire
Ethiopia (two requests)
Guinea Bissau (cotton not carded or combed)
Sao Tomé and Príncipe
Tanzania (cotton not carded or combed and raw sisal)

V. Delays in finishing consultations (Article 168 par. 2)

10. Consultations referred to at Article 164 of the Convention have been necessary for 16 transfer requests, following important changes in production and exports.
11. Consultations were concluded before 31 July 1986 (the date referred to at Article 168 paragraph 2) for twelve requests submitted by the following ACP States:

Fiji
Gambia (groundnut products)
Guinea Bissau (two requests)
Mozambique (three requests)
Niger
Senegal
Sudan (groundnut products)
Togo
Tonga (vanilla)

12. Since that date, consultations for the appraisal of two requests introduced by Benin and Sao Tomé and Príncipe have been finished.
13. Consultations have still to be completed in the cases of Ivory Coast (wood in the rough) and Tanzania (raw sisal). These consultations will probably be finalised during October.

VI. Transfer decisions

14. On 9 July and 19 August 1986, the Commission decided 17 Stabex transfers.

a. Decision of 9 July 1986:

<u>ACP State</u>	<u>Product</u>	<u>Amount</u>
Comoros	cloves	2,058,262
Gambia	groundnut products	3,721,625
"	oil-cake	20,525
Niger	beans	5,873,613
Senegal	groundnut products	12,567,437
Sudan	oil-cake	13,697,302
Tanzania	cashew nuts and kernels	4,321,555
Togo	cocoa beans	9,314,603
Western Samoa	wood in the rough	59,208
	Total	51,634,130 ECU

The total amount of transfers decided up to that date did in fact increase to 67,634,130 ECU, because advance decisions had already been taken for two transfers before the outcome of appraisals. Advances were paid to the Gambia (1 million ECU for groundnut products) (1) and to Senegal (15 million ECU) (2). Consequently the amounts of the two transfers rise to:

Gambia	groundnut products	4,721,625
Senegal	" "	27,567,437

b. Decision of 19 August 1986:

<u>ACP State</u>	<u>Product</u>	<u>Amount</u>
Ethiopia	beans	6,968,238
Fiji	coconut oil	263,918
Guinea Bissau	palm nut and kernels	198,712
Mozambique	cashew nuts and kernels	2,232,855
"	cotton not carded or combed	6,617,256
"	tea	97,166
Sudan	groundnut products	28,873,394
Tonga	copra products	501,720
	Total	45,753,259 ECU

(1) Commission Decision of 20 November 1985.

(2) Commission Decisions of 23 December 1985 and 21 March 1986.

15. Six other requests have now been processed. The amounts calculated total:

<u>ACP State</u>	<u>product</u>	<u>amount</u>
Benin	palm nut and kernel oil	3,454,606
Ethiopia	coffee	21,119,708
Guinea Bissau	cotton not carded or combed	225,603
Sao Tomé and Principe	cocoa beans	1,626,901
Tanzania	cotton not carded or combed	1,114,311
Tonga	vanilla	102,985
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Total		27,644,114 ECU

The Commission Decision on these transfers is likely to be taken before the end of October.

VII. Expenditure for the application year 1985 and the system's funds

16. The amount of the transfers decided on 9 July and 19 August 1986, and the six remaining transfers for which the amounts are now known, total 141,031,503 ECU. As the two transfers, for which processing has not been finalised, are unlikely to exceed nine million ECU, the total amount of the transfers for the 1985 application year will not be greater than 150 million ECU.

This is smaller than the annual instalment from the Stabex funds of 185 million ECU. The system will therefore be able to cover all losses in export earnings for the application year 1985.

VIII. Payment of the transfers

17. Seven of the 17 transfers already decided, have been paid. The amount of the transfers paid, taking into account the advances, totals 49,615,273 ECU. For the remaining transfers, the Commission does not yet have the information on the utilisation of resources, which the ACP States must provide in accordance with Article 170 paragraph 3 of the Lomé Convention, before the signature of the transfer agreement. Once this information is available, the amounts can be paid.

IX. Enlargement of the Community

18. As enlargement only took effect from 1 January 1986 and as the protocole for accession referred to at Article 284 of the Convention has still not entered into force export to Community destinations are based on the statistics to the Community of 10 Member States. We can expect that the conditions will be fulfilled, whereby the system operates for the application year 1986 on the basis of statistics which will include Spain and Portugal. This change will not however have a retroactif effect on the amounts of the transfers for the application year 1985, which were calculated on the basis of exports to the Community of 10 Member States. These will remain definite.

Ethiopia (beans)	}	no loss for request expressed in national currency or converted into ECU or fluctuation thresholds not attained
Kiribati (copra)		
Uganda (coffee)		
Togo (coffee and cocoa)		
Upper Volta (groundnuts)		
Tonga (coconuts)		

Since the request converted into ECU failed to show any loss of earnings the request from Belize, covered by the OCT Decision of 16 December 1980, also had to be turned down.

(2) Application of Article 39(3)

35. In the case of the remaining 36 transfer requests, concerning 26 ACP States, it was necessary to hold consultations with the applicants in the following cases.

The examination of 17 requests concerning 14 ACP States showed that there were considerable changes in the trend of production and total exports of the products in question.

On the basis of Article 39(3) of the second Convention, consultations were held in the following cases:

- (i) Decrease in the ratio of total exports to production of the product:
 - Benin (palm oil): 27.4% reduction in the transfer basis
 - Benin (palm nut and kernel oil): 17% reduction in the transfer basis
 - Senegal (groundnut products): 16.5% reduction in the transfer basis.

- (ii) Decrease in the Community's share of total exports of the product in question:
 - Central African Republic (coffee): 16.1% reduction in the transfer basis
 - Ivory Coast (coffee): 4.3% reduction in the transfer basis
 - Gambia (oilcake): 41.3% reduction in the transfer basis
 - Mali (sheanut kernels): 13.1% reduction in the transfer basis
 - Kenya (coffee): 10.1% reduction in the transfer basis
 - Papua New Guinea (coffee): 13.3% reduction in the transfer basis
 - Papua New Guinea (Cocoa): 10.3% reduction in the transfer basis
 - Papua New Guinea (copra): 9.9% reduction in the transfer basis
 - Sudan (cotton): 3.6% reduction in the transfer basis.

- (iii) Increase in local consumption or storage:
 - Ghana (cocoa products): 19.37% reduction in the transfer basis
 - Sudan (cotton): 10.5% reduction in the transfer basis.

- (iv) In four cases the transfer entitlement was, on the basis of Article 46(3), reduced to losses sustained in respect of all destinations:
 - Fiji (coconut oil)
 - Malawi (tea)
 - Sierra Leone (palm nut and kernel products)
 - Somalia (bananas).