

ACP-EEC CONVENTION OF LOME

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

(1 March 1981 – 31 December 1981)

Libreville, 13 May 1982

CONVENTION OF LOME

THE COUNCIL

The President

Libreville,
Fiche No 404

13 MAI 1982

Mr Pieter DANKERT,
Mr Tendeng MUNA,
Co-Presidents of the
ACP-EEC Consultative Assembly
European Parliament

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LUXEMBOURG

(Grand Duchy of Luxembourg)

Sirs,

At its meeting in Libreville on 13 and 14 May 1982, the ACP-EEC Council of Ministers adopted the Annual Report which it has to publish pursuant to Article 168(5) of the Second ACP-EEC Convention.

I am forwarding the text thereof to the Consultative Assembly so that it may examine it in accordance with Article 175(6) of the Convention.

As stated on pages 6 and 7 of the Report, it covers the period from March to December 1981 only, since it is being based on the calendar year for the first time. This has been done to ensure that as from this year, the Council of Ministers will be able to adopt the report at its annual meeting and the Consultative Assembly will receive the Report in sufficient time to be able to examine it at its own annual meeting, on the basis of information from its rapporteur-general.

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The Commission's report to the ACP-EEC Council of Ministers on the management of financial and technical co-operation for 1981 which is to be annexed to the Annual Report will be sent to the Consultative Assembly as soon as it is received from the Council of Ministers.

Please accept, Sirs, the assurance of my highest consideration.

Alioune Blondin BEYE

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INTRODUCTION

The entry into force of the second Lomé Convention on 1 January 1981 opened a new chapter in the already eventful history of ACP-EEC co-operation.

1981 saw the completion of the outstanding acts required for the final implementation of the provisions of the new Convention and the practical launching thereof.

The work of the joint Institutions covered the aspects of the initial application of the Convention. The ACP-EEC Council of Ministers, which met for the sixth time in Luxembourg on 9 and 10 April, held a full discussion of the subject, adopted a number of texts and entrusted the Committee of Ambassadors with the task of completing work on the implementation of Lomé II. On 30 September 1981 the Consultative Assembly adopted a Resolution analysing the initial results of the second Lomé Convention and making recommendations for its application.

8 October 1981 saw the signing of the Protocol to the second ACP-EEC Convention consequent upon the accession of the Hellenic Republic to the Community. The number of

participants in Lomé is constantly on the increase. The Republic of Vanuatu acceded to the second Convention on 18 March 1981 and two new States - Belize and Antigua and Barbuda - have applied for accession (1). The procedures for ratifying the Accession Agreement of the Republic of Zimbabwe were being finalized as at 31 December 1981 (2).

The launching of the second Lomé Convention took place in a particularly difficult general economic context which has not been without repercussions for some aspects of ACP-EEC co-operation. While it seems that the extra efforts towards mutual understanding made by the Lomé partners will succeed in surmounting the incidental difficulties due to this general context it must nonetheless be stressed - at the start of this new phase of co-operation - that the

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- (1) The accession of Belize became effective on 5.3.1982.
 - (2) These procedures were completed by 31.1.1982, with the result that Zimbabwe became a full member of the Convention from 1.3.1982.

ambitious aims of which the partners in Lomé II make no secret will not be achieved simply by setting up a more sophisticated legal and institutional framework but will also, and above all, be achieved by means of the vital contribution to be made by an enduring constructive spirit at all levels and on the part of all concerned.

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As from this report the reference period will be the calendar year instead of the twelve months from 1 March as was the case in the recent past because of the date on which the entry into force of the Conventions chanced to fall. This should have several practical advantages, the first being that the ACP-EEC Council of Ministers - which generally meets in the first half of the year - will have the opportunity to

examine and adopt the report instead of delegating the Committee of Ambassadors to do so; the second is that it will be possible to place the report on the Council's activities before the Consultative Assembly in time for it to examine it, in the light of the report from its rapporteur-general, at the annual meeting following the year covered.

This report is therefore in a way a transitional report; although officially it covers only the period 1 March to 31 December 1981, for the sake of consistency it includes information which, while relating to the period immediately preceding that covered (and hence already dealt with in the 1980/1981 report), seemed to merit examination in the context of the first year of application of Lomé II.

The structure of the report is the same as in the past. As in previous years therefore the report examines the results of the work done during the relevant period in each of the various fields of ACP-EEC co-operation in turn. It begins, however, with a brief chapter dealing with accessions to the second Lomé Convention.

I. THE NEW PARTNERS IN ACP-EEC CO-OPERATION

1981 saw important developments regarding the new participants in ACP-EEC co-operation. Other States have applied to join.

On the one hand procedures have been set in train to ensure that in the near future the participation of the Hellenic Republic and the Republic of Zimbabwe in the second ACP-EEC Convention will be fully operational, and on the other hand new States have acceded (Vanuatu) or will shortly accede (Belize, Antigua and Barbuda) to the Convention.

1. Zimbabwe

The procedures for ratifying the Agreement on the accession of the Republic of Zimbabwe to the second ACP-EEC Convention and the Agreement on products within the province of the European Coal and Steel Community, which were signed in Luxembourg on 4 November 1980, were being finalized at the end of the period covered by this report ⁽¹⁾.

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⁽¹⁾ See page 5.

Meanwhile, application of the Interim Agreement between the European Economic Community and the Republic of Zimbabwe and the Decision of the Representatives of the Governments of the Member States of the European Coal and Steel Community meeting within the Council of 16 December 1980 ⁽¹⁾ has continued.

The procedures for ratification by the Member States of the European Communities of an Agreement amending the Internal Financing Agreement to take account of the accession of Zimbabwe were in progress on 31 December 1981.

2. Vanuatu

On 18 March 1981 the Republic of Vanuatu (the former Franco-British Condominium of the New Hebrides), which became independent on 30 July 1980, lodged its instrument of accession to the second ACP-EEC Convention with the General Secretariat of the Council of the European Communities. Since that date Vanuatu, whose application for accession was approved by the ACP-EEC Council of Ministers by a Decision of 10 December 1980, has thus been a full party to the Convention, in accordance with Article 185(2) thereof.

⁽¹⁾ The period of validity of this Decision, opening tariff preferences for products within the province of the ECSC and originating in Zimbabwe, was extended by a Decision of 22 December 1981.

3. Belize

Belize, formerly British Honduras, a United Kingdom overseas territory, became an independent State on 21 September 1981: on 7 October 1981 it applied to accede to the second ACP-EEC Convention, in accordance with Article 185 thereof.

The ACP-EEC Committee of Ambassadors, meeting in Brussels on 30 November 1981, agreed that the Decision of the ACP-EEC Council of Ministers approving this request would be adopted by the correspondence procedure in accordance with Article 6 of the Council's Rules of Procedure. Pending formal adoption of the Decision - on 11 December 1981 - and the effective entry into force of accession, the Council of the European Communities adopted, on 3 December 1981, a Decision on the provisional application to Belize of the arrangements provided for in Decision 80/1186/EEC on the association of the overseas countries and territories with the European Economic Community, to avoid any interruption in Belize's relations with the Community.

4. Antigua and Barbuda

Antigua, a United Kingdom overseas territory, became an independent State on 1 November 1981 under the name Antigua and Barbuda. On the following day it applied to accede to the second ACP-EEC Convention.

As in the case of Belize, the decision approving the request was adopted by the correspondence procedure, on 21 December 1981; and, also as in the case of Belize, the Council of the European Communities decided, on 21 December 1981, that the arrangements provided for in Decision 80/1186/EEC would apply provisionally to Antigua and Barbuda until such time as its accession to the Convention took effect.

5. Greece

The negotiations conducted in accordance with Article 181 of the second ACP-EEC Convention between the Community, represented by the Commission, and the ACP States in connection with the enlargement of the Community to include Greece were officially concluded on 8 October 1981 with the signing of the following acts:

- (a) Protocol to the second ACP-EEC Convention consequent upon the accession of the Hellenic Republic to the European Economic Community,
- (b) Protocol to the Agreement between the Member States of the European Coal and Steel Community (ECSC) and the ACP States consequent upon the accession of the Hellenic Republic to that Community.

The main provision of these Protocols, which have to be approved by the Contracting Parties in accordance with their own procedures, is that Greece shall become a Contracting Party to the second Convention and to the Agreement between the Member States of the ECSC and the ACP States. However, special measures allowing for the transitional arrangements applied in Greece to trade with the other Member States govern the import of a number of ACP products into Greece.

The first Protocol (accession to the EEC) is accompanied by a joint declaration on, among other things, the information and consultation procedure to be used under the Protocol or in the case of subsequent accessions to the Community. The joint declaration also provides, in the context of the preferential ACP-EEC trade

arrangements in force in some ACP States, for ACP-EEC consultation on the conditions under which Article 9(2)(a) of the Convention prohibiting discrimination between Member States of the Community will apply to Greece.

Pending the entry into force of the two Protocols the Council of the European Communities decided, on 21 December 1981, to extend the provisional arrangements applicable to trade between Greece and the ACP States and the arrangements for ECSC products until 30 June 1982 ⁽¹⁾₍₂₎.

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⁽¹⁾ - Regulation (EEC) No 3722/81, OJ No L 373, 29.12.1981
Decision (82/16/ECSC) , OJ No L 9, 14. 1.1982

⁽²⁾ It should be noted also that the Commission of the European Communities has submitted to the Council a draft Decision on the amendment of the 1979 Internal Agreement on the financing and administration of Community aid to take account of the accession of Greece to the European Communities.

When the above procedures have been completed the second Lomé Convention will apply to 63 States in Africa, the Caribbean and the Pacific on the one hand and to the Community and its ten Member States on the other.

II. TRADE

1. General trade arrangements

(a) Introduction of the trade arrangements provided for in the Convention

The trade arrangements provided for in the new Convention entered into force smoothly thanks to close co-operation between the two parties. The individual decisions taken to cover the interim period between the two Conventions ensured the necessary conditions for uninterrupted ACP exports to the Community market.

In this context it should be recalled that:

- Article 2 of the Convention stipulates that, with the exception of certain agricultural products, products originating in the ACP States are imported into the Community free of customs duties and charges having equivalent effect;
- this exemption from customs duties also applies to agricultural products for which Community provisions in force at the time of import do not provide, apart from custom duties, for the application of any other measure relating to their import;

.../...

- for all other agricultural products the Community has undertaken to ensure more favourable treatment than that granted to third countries benefiting from the most-favoured-nation clause for the same products;
- the arrangements applicable to these agricultural products during the interim period were laid down in Regulation (EEC) No 435/80 ⁽¹⁾; at the end of 1980 these arrangements were extended until 28 February 1985 (the date on which the Convention expires) by a Regulation of the Council of the European Communities ⁽²⁾.

In 1981 the Council and the Commission adopted numerous texts implementing or derogating from the following provisions in particular:

⁽¹⁾ OJ No L 55, 28.2.1980

⁽²⁾ Regulation (EEC) No 3486/80, J No L 365, 31.12.1980

- arrangements for imports of ACP rum ⁽¹⁾, (see § 3 (c))
- arrangements for imports of sheepmeat and goatmeat originating in the ACP States ⁽²⁾ (see § 3 (d))
- derogations from the rules of origin for fishing flies from Kenya and Malawi ⁽³⁾ and for canned tuna from Mauritius ⁽⁴⁾ and Fiji ⁽⁵⁾ (see § 4)
- rules of origin: revision of the amounts ⁽⁶⁾ and acceleration of the procedure ⁽⁷⁾ (see § 4)
- arrangements applicable to certain vegetables: tomatoes ⁽⁸⁾, carrots and onions ⁽⁹⁾.

In the case of tomatoes the Regulation provides for the opening, allocation and administration of a Community tariff quota, as stipulated in a formal declaration made by the Community when the second Lomé Convention was signed. For carrots and onions the two Regulations establish ceilings and Community surveillance for products imported into the Community at a reduced rate of duty, up to certain quantities.

⁽¹⁾ Regulations Nos 1700/81 and 3494/81, OJ Nos 172 and 353/81

⁽²⁾ Regulations No 3019/81, OJ No 302/81

⁽³⁾ Decision No 1/81 of the Customs Co-operation Committee and Regulation No 1028/81, OJ No 105/81

⁽⁴⁾ Decision No 2/81 of the Customs Co-operation Committee and Regulation No 1207/81, OJ No 123/81

⁽⁵⁾ Decision No 3/81 of the Customs Co-operation Committee and Regulation No 2392/81, OJ No 235/81

⁽⁶⁾ Regulation No 2821, OJ No 277/81

⁽⁷⁾ ACP-CEE 2286/81

⁽⁸⁾ Commission Regulation No 3038/81, OJ No 303/81

⁽⁹⁾ Commission Regulation No 3039/81, OJ No 303/81

(b) Consultation procedures

On 1 April 1981 the ACP States forwarded to the Community their proposals concerning the consultation procedures on the application of safeguard measures provided for under Article 13 of the second Lomé Convention.

At its meeting on 9 and 10 April 1981 the ACP-EEC Council of Ministers instructed the Committee of Ambassadors and its Subcommittee on Trade Co-operation to examine the ACP States' proposals and any proposals which the Community might make regarding the consultation procedures on safeguard measures provided for in the second ACP-EEC Convention.

On 18 November 1981 the Community sent its own proposals on the subject to the ACP States, and all the proposals are due to be examined by the ACP-EEC Subcommittee on Trade Co-operation early in 1982.

(c) Presentation of the Convention to GATT

In connection with examination of the second ACP-EEC Convention in GATT, the Community and the ACP States drafted joint replies to a questionnaire submitted to both of them by the Contracting Parties to GATT.

At its second meeting of the year in November 1981 the ACP-EEC Committee of Ambassadors stressed that there must be good co-ordination between the ACP States and the Community at the appropriate level in both Geneva and Brussels to ensure the best possible defence of the joint position in GATT⁽¹⁾.

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⁽¹⁾ An effective and successful presentation of the Convention was made jointly by the ACP and the EEC to the GATT Working Party on 23 and 24 February 1982.

2. Evolution of ACP-EEC Trade

The joint bodies held exchanges of views on this question, noting that although in nominal value ACP-EEC trade in both directions had increased from 1975 to 1980, the structure of trade - little changed since the entry into force of the first Convention - left something to be desired. Furthermore the ACP States felt that there had been a deterioration in the terms of trade with the Community.

For that reason the ACP-EEC Council of Ministers, at its sixth meeting held in Luxembourg on 9 and 10 April 1981, instructed an expert Working Party to examine the question.

A Community proposal on the terms of reference of this Working Party was forwarded to the ACP States on 6 October 1981 ⁽¹⁾.

At the meeting of the Committee of Ambassadors on 30 November 1981 the ACP States asked for this Working Party, which would be responsible for studying the development of ACP-EEC trade, also to study the question of the deterioration of the terms of trade for the ACP States. They said that they would be making more detailed suggestions concerning the tasks of the Working Party following the December meeting of the Council of ACP Ministers. The Committee agreed that the first meeting of the Working Party could be held in January 1982 ⁽²⁾.

Tables of statistics on the evolution of ACP-EEC trade over the years 1975 to 1981 are set out below.
.../...

⁽¹⁾ The ACP States submitted their counter-proposals to the Community on 29 March 1982.

⁽²⁾ The Working Party held its first meeting on 29 March 1982.

TABLE I (*) (EUR 9)

Evolution of ACP-EEC trade compared with the development of EEC trade
with third countries and with developing countries

Thousand million ECU

DEVELOPMENT OF ACP-EEC TRADE	1975	1976	1977	1978	1979	1980 ⁽²⁾	1981 ⁽³⁾
EEC imports ⁽¹⁾	125.5	159.4	171.4	178.3	218.2	271.4	298.6
from developing countries	55.0	70.0	75.2	71.2	88.2	114.5	127.7
- OPEC	33.4	41.8	42.3	38.2	51.9	67.2	74.8
- ACP	8.7	10.5	12.5	11.9	14.8	18.9	16.3
ACP annual growth	- 17%	+ 20%	+ 19%	- 5%	+ 24.4%	+ 27.7%	- 13.8%
ACP share in extra EEC imports	6.7%	6.6%	7.3%	6.7%	6.8%	7.0%	5.5%
Share of other developing countries in extra-EEC imports	36.9%	37.3%	36.6%	33.3%	33.3%	35.2%	37.3%
ACP imports compared with imports from other developing countries	18.8%	17.6%	19.9%	20.1%	20.2%	19.8%	14.6%
EEC exports	121.2	141.3	164.1	173.8	194.2	224.5	295.1
to developing countries	44.1	50.9	61.8	66.5	69.7	83.4	110.1
- OPEC	18.4	24.1	29.7	31.1	30.3	36.6	52.9
- ACP	8.1	9.8	12.5	12.7	11.8	15.7	18.0
ACP annual growth	+ 33%	+ 22%	+ 27%	+ 2%	- 7.1%	+ 33%	+ 14.6%
ACP share in extra-EEC exports	6.7%	7%	7.8%	7.3%	6.1%	7.0%	6.1%
EEC trade balance ⁽³⁾ (ACP-EEC trade)							
- in favour of the ACP States, + in favour of the EEC	- 0.6	- 0.6	0.0	+ 0.8	- 3.0	- 3.2	+ 1.7

(*) Source: Eurostat.

(1) See attached comments.

(2) idem.

(3) Estimates (see attached comments)

Comments

1. For comparability, the figures in Table 1 cover only the 9 Member States of the Community as constituted before 1981.

Figures for Greece are given in a second table.

2. Figures for trade with the ACP States before 1980 do not include Dominica, St Lucia, St Vincent and Kiribati. In 1980 the value of both imports and exports for these four States was 40 million ECU.

The tables do not include figures for trade with Zimbabwe and Vanuatu, which are now ACP States. 1980 figures for trade with these countries are as follows:

for Zimbabwe, imports of 160 million ECU
and exports of 77 million ECU

for Vanuatu, imports of 13 million ECU
and exports of 4 million ECU.

Figures for 1981 are not yet available.

3. Not all figures for the Community's external trade are yet available. Only France and Denmark have supplied their annual statistics. November and December are missing for Italy, the Netherlands, Belgium, Luxembourg (Greece) and December for Germany and Ireland. Because of the civil service strike, the United Kingdom was unable to provide statistics for April, May, June, July and August 1981.

The figures given in the tables are based on available figures plus estimates for the missing months based on the same months of the previous two years.

TABLE II

Evolution of trade between Greece and the ACP States
 compared with the development of Greek trade with
 third countries and with developing countries

thousand million ECU

	1975	1976	1977	1978	1979	1980	1981 ⁽¹⁾
<u>Greek imports</u> Totals	4.30	5.43	6.00	5.99	7.03	7.63	7.67
From: EEC (9)	1.83	2.15	2.55	2.62	3.07	3.03	4.01
developing countries	0.99	1.13	1.05	1.13	1.70	2.13	1.96
OPEC	0.48	0.65	0.59	0.59	0.86	0.86	0.96
ACP	0.081	0.084	0.101	0.093	0.11	0.11	0.22
ACP annual growth		+ 3.4 %	+ 20.6 %	- 8.0 %	+ 15.3 %	- 1.9 %	+ 100 %
ACP share in Greek imports	1.8 %	1.5 %	1.6 %	1.5 %	1.6 %	1.4 %	2.8 %
Share of other developing countries in Greek imports	21.1 %	19.2 %	15.8 %	17.4 %	22.6 %	26.5 %	22.7 %
ACP imports compared with imports from other developing countries	8.9 %	8.0 %	10.6 %	8.9 %	6.8 %	5.2 %	12.6 %
<u>Greek exports</u> Totals	1.85	2.29	2.41	2.64	2.84	3.73	4.02
To: EEC (9)	0.92	1.15	1.15	1.34	1.39	1.78	1.80
developing countries	0.40	0.54	0.61	0.65	0.75	1.05	1.31
OPEC	0.23	0.32	0.35	0.38	0.42	0.57	0.72
ACP	0.041	0.036	0.049	0.049	0.042	0.068	0.085
ACP annual growth		- 12.8 %	+ 34.6 %	+ 0.6 %	- 13.3 %	+ 59.4 %	+ 26.3 %
ACP share in Greek exports	2.2 %	1.6 %	2.0 %	1.8 %	1.5 %	1.8 %	2.1 %
Greek trade balance (ACP-Greece trade in million ECU)	- 39.6	- 47.7	- 52.5	- 44.2	- 64.9	- 37.6	- 13.5
- in favour of the ACP States, + in favour of Greece							

⁽¹⁾ Figures known for the first 10 months of 1981, but estimated for November and December on the basis of the figures for those months in the previous two years.

TABLE III

Evolution of ACP-EEC trade compared with the development of EEC trade
with third countries and with developing countries
- excluding petroleum and petroleum products -

(EUR 9)

Thousand million ECU

	1975	1976	1977	1978	1979	1980	1981
<u>EEC imports</u>	91.3	113.1	125.8	136.4	162.6	192.4	
from developing countries	23.6	27.8	33.8	33.8	40.1	45.9	
- OPEC	3.6	2.2	2.7	2.9	6.7	4.3	
- ACP	5.9	7.1	9.0	8.5	9.0	9.7	
ACP annual growth		+ 20.3%	+ 26.7%	- 5.6%	+ 5.8%	+ 7.7%	
ACP share in extra-EEC imports	6.4%	6.2%	7.1%	6.2%	5.5%	5.0%	
Share of other developing countries in extra-EEC imports	19.3%	18.3%	19.7%	18.5%	19.1%	18.8%	
ACP imports compared with imports from other developing countries	33.3%	34.2%	36.2%	33.5%	28.9%	26.7%	
<u>EEC exports</u>	117.3	136.4	158.1	168.0	185.3	215.7	
to developing countries	43.5	50.2	60.9	65.3	68.0	81.0	
- OPEC	18.1	23.8	29.4	30.7	29.5	35.4	
- ACP	7.9	9.6	12.1	12.2	10.9	14.6	
ACP annual growth		+ 21.5%	+ 26.0%	+ 0.1%	- 10.7%	+ 33.9%	
ACP share in extra-EEC exports	6.7%	7.0%	7.6%	7.2%	5.8%	6.7%	
EEC trade balance ⁽¹⁾ (ACP-EEC trade)	+ 2.0	+ 2.5	+ 3.1	+ 3.7	+ 1.9	+ 4.9	

⁽¹⁾ - in favour of the ACP States, + in favour of the EEC.

Because figures are not available for some Member States for part of the year, the trade statistics for 1981 are provisional. Although they have yet to be finalized, they nevertheless seem to indicate a substantial fall in Community imports from the ACP States in both value and percentage terms:

- 16,300 million ECU in 1981 (18,900 million ECU in 1980);
- 5.5% of total extra-EEC imports (7.0% in 1980).

Table III on page 23 setting out the development of trade until 1980, excluding petroleum products, shows that the ACP States' share in extra-Community imports has been gradually falling since 1977.

Conversely, EEC exports to the ACP States rose from 15,700 million ECU in 1980 to 18,000 million ECU in 1981 and the 1980 trade balance of 3,200 million ECU in favour of the ACP States was replaced by a balance of 1,700 million ECU in favour of the Community in 1981.

It may in any event be considered a matter of urgency that the Parties to the Convention undertake without delay the detailed analysis of the development of ACP-EEC trade decided on by the Council of Ministers at its 1980 and 1981 meetings.

3. Specific questions

(a) Available agricultural products

At its sixth meeting on 9 and 10 April 1981, the ACP-EEC Council of Ministers examined the question of supplying the ACP States with agricultural products available in the Community. It agreed that an ACP-EEC Working Party would be set up to study simultaneously the Community's position on the subject and the suggestions put forward by the ACP States.

Among the chief aspects of the arrangements sought by the ACP States, emphasis was placed on preferential prices, on guaranteed supplies over a period of years and on the conditions of payment.

The detailed position of the Community on the substance of this issue was expounded at the meeting of the ACP-EEC Subcommittee on Trade Co-operation on 11 March 1981, at which the Community emphasized that a whole range of co-operation measures served to help the ACP States towards a greater stability in food supplies.

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Following agreement between the two parties on the composition and organization of this Working Party, the first meeting of the Working Party was scheduled for January 1982 ⁽¹⁾.

(b) Generalized preferences

In a memorandum forwarded to the Community at the end of November 1980, the ACP States expressed their concern at the contents of the Community's system of generalized preferences for 1981 onwards.

They also expressed particular dissatisfaction at the Community's failure to pay due regard to the ACP's views in arriving at its final position on this question.

At the Council of Ministers in 1981, the Community made a statement, which was noted by the Council, to the effect that the Community scheme offered the possibility of remedying any unfavourable situations which might arise for the ACP States and that, whenever the ACP States requested, the Community was prepared to examine any appropriate specific action with them.

The ACP States indicated that they took the Community's statement to mean that the Community would withdraw, in whole or in part, any provisions of the scheme which are shown to be prejudicial to the interests of the ACP States. The Community said that it did not subscribe to the ACP States' interpretation of the statement.

The Council of Ministers agreed to an ACP proposal that a seminar be held at which economic operators from the ACP States and the EEC would study the implications of the Community GSP for ACP exports.

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⁽¹⁾ The Working Party held two meetings on 8.1.1982 and 29.3.1982.

Furthermore, in the context of ACP-EEC consultation procedures, the ACP States in October 1981 put forward their comments on the generalized preferences scheme planned by the Community for 1982. After recalling the understandings emerging from the Council of Ministers in April 1981, the ACP States stressed their continuing practical difficulties in preparing comments on the Commission's GSP proposal within the time-limit provided by the Community and appealed for a longer period within which they could submit their comments.

The Community pointed out that the Member States of the Community were faced with the same difficulties of timing since the EEC Council had to adopt the GSP Regulations not later than 1 December each year. It undertook to inform the ACP States of the measures adopted by the Council of the European Communities, which in many cases had amended the Commission proposals along the lines wished by the ACP States ⁽¹⁾.

It was agreed that both parties would make greater efforts to ensure that information and consultation procedures worked more effectively and within reasonable periods as from 1982.

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⁽¹⁾ The generalized preferences scheme adopted by the Council appears in OJEC No L 365, 21.12.1981.

(c) rum

In June 1981 the EEC Council adopted Regulation No 1700/81 laying down the import arrangements for rum from the ACP States for the period 1 July 1981 to 30 June 1982 (¹). This Regulation is intended to implement Protocol No 5 on rum to the second ACP-EEC Convention and applies to the Community of Nine (without Greece). Basically it stipulates that, until the entry into force of a common organization of the market in alcohol, rum shall be imported into the Community free of customs duties, up to the limits of a Community quota, in order to maintain traditional trade between the ACP States and the Community on the one hand and between the Member States on the other.

This Regulation opened a Community tariff quota of 189,029 hl for imports of ACP rum into the Community of Nine. This quota was calculated in accordance with the provisions of the Protocol on rum, which stipulates that the level of the quota shall be that of the best of the three previous years plus an annual increase of 18% on the markets of eight Member States and 40% on the United Kingdom market.

(¹) Regulation (EEC) No 1700/81, OJ No L 172, 30.6.1981.

Following the conclusion of the ACP-EEC Protocols laying down the provisional arrangements applicable to Greek trade with the ACP States, Greece was required to apply this tariff measure. It was therefore necessary to amend the abovementioned Regulation. On 3 December the EEC Council accordingly adopted a Regulation amending Regulation No 1700/81 and opening an additional tariff quota of 49 hl ⁽¹⁾ for imports into Greece.

In 1981 the Joint Working Party referred to in Article 3 of Protocol No 5 held its first two meetings, devoted chiefly to an examination of certain practical difficulties which had arisen in applying Protocol No 5, such as:

- the extent to which the quotas were taken up
- access to markets
- the definition of rum
- the rum quota for Greece.

The Community assured its partners that it would do everything necessary to help the ACP States use the quota to the maximum. It also said that it would keep the ACP States informed of internal developments regarding the definition of rum. Lastly, the Working Party was informed that the EDF Committee had approved financial aid for a study proposed by the ACP States of supply and demand for rum on the European market. The Working Party noted with interest the topics to be covered by this study.

⁽¹⁾ Regulation (EEC) No 3494/81, OJ No L 353, 9.12.1981

(d) sheepmeat and goatmeat

Since 1975 ACP sheepmeat and goatmeat products have been imported into the Community free of customs duty, pursuant to the first Convention and Regulations adopted thereunder (the latest being Regulation (EEC) No 435/80) ⁽¹⁾.

Since then, a common organization of the market in these products has been introduced in the Community (Regulation (EEC) No 1837/80) ⁽²⁾.

In order to ensure that under these new arrangements imports from the ACP States continued to benefit from treatment equivalent to that which they previously enjoyed (see Article 2(c) of the second ACP-EEC Convention) the EEC Council made the necessary arrangements by adopting Regulation No 3019/81.

⁽¹⁾ OJ No L 55, 28.2.1980, p. 4
⁽²⁾ OJ No L 183, 16.7.1980, p. 1

4. Customs co-operation

The ACP-EEC Customs Co-operation Committee held its 8th, 9th and 10th meetings on 26 March, 24 July and 18 December 1981 respectively.

As regards derogations from the rules of origin the Committee confirmed at its 8th meeting the decision formally adopted on 12 February 1981 extending the derogation for artificial fishing flies from Kenya and Malawi until 31 December 1981 ⁽¹⁾.

Article 30 of Protocol No 1 on origin states that the Customs Co-operation Committee may grant such a derogation to facilitate the development of an existing industry. This derogation covers fishing flies originating in Malawi and Kenya, the manufacture of which involves not more than 25% (of the value of the finished product) of hooks imported from certain third countries.

The Committee also reviewed the proceedings of the ACP-EEC Working Party on the problems of the origin of fishery products. This Working Party was set up to make a joint examination of the rules of origin for fishery products and to suggest possible solutions to the problems arising in connection with entry of these products to Community markets, as provided for in Annex XXI to the Final Act of the new Convention. These

⁽¹⁾ Decision implemented by Regulation (EEC) No 1028/81, OJ No L 105, 16.4.1981

two questions were again discussed at the tenth meeting of the Committee on 18 December 1981. At that meeting:

- the Community stated that it was opposed to any further extension of the derogation for artificial fishing flies since Community suppliers could provide the necessary material to enable ACP manufacturers to benefit from the provisions of the Convention on cumulative origin,
- the ACP States urged the Community to re-examine the issue in the light of the difficulties facing the industries concerned in Kenya and Malawi, particularly with regard to the specifications demanded by their customers and the constraint in the way of changing trade patterns quickly.
- the Committee noted that the ACP States intended, with the financial and technical assistance of the Commission, to hold a meeting of experts from certain ACP States in Brussels in the spring of 1982 to collect the information required for further examination of the problems of the origin of fishery products.

The Committee also adopted further derogations from the rules of origin for canned tuna from Mauritius (from 30.1.81 to 29.1.82) and Fiji (1.9.81 to 31.8.83). Both these decisions were later implemented by EEC Council Regulations ⁽¹⁾.

.../...

⁽¹⁾ Regulation (EEC) No 1207/81, OJ No L 123, 7.5.1981
Regulation (EEC) No 2392/81, OJ No L 235, 21.8.1981

Furthermore, in order to improve the procedures for granting derogations from the rules of origin, the Community adopted procedural rules designed to shorten the delay between submission of a request for a derogation and its implementation. The time needed by the Community to examine requests should thus be reduced from 6 to 3 months, as stipulated in Article 30(6) of Protocol No 1 on origin. This procedure empowers the Commission to adopt Regulations implementing derogations decided on by the Customs Co-operation Committee (¹).

Lastly, the Community took a number of administrative steps of which the ACP States were informed at the 10th meeting of the ACP-EEC Customs Co-operation Committee including revision of the amounts applicable to the documentary evidence required by Protocol No 1, the purpose being to ensure that these amounts were not reduced as a result of adjustments to the currencies of Member States of the Community (²).

The Community also forwarded to the ACP States a draft Decision of the ACP-EEC Council of Ministers on the replacement of the European Unit of Account (EUA) by the ECU in Protocol No 1. This measure - which has no financial implications - is simply a matter of book-keeping.

(¹) See Council Decision 81/968/EEC, OJ No L 354, 9.12.1981

(²) Regulation (EEC) No 2821/81, OJ No L 277, 1.10.1981

5. Trade promotion

The second Lomé Convention provides that national participation by an ACP State in fairs and exhibitions is to be financed from the national indicative programme of the country concerned (Articles 20 and 21 of the second Convention) and not - as was the case under the first Convention - from regional co-operation resources. The second Convention nevertheless stipulates (Article 22) that participation by an ACP State in fairs and exhibitions may be financed from resources available under this latter heading when the operation is of a regional nature.

However, the ACP States requested that national participation in fairs and exhibitions continue to be financed under the regional programme of Lomé II, arguing that this was a right acquired by the ACP States under Lomé I. This difference of opinion was resolved in technical meetings between the Commission and representatives of the ACP States by an agreement the terms of which are set down in a series of letters between the Director-General of DG VIII at the Commission and the co-Chairman of the ACP-EEC Subcommittee on Trade Co-operation.

Estimated EDF expenditure under the second ACP-EEC Convention for all trade promotion operations is as follows:

National projects	37.3 million ECU
Regional projects	40.0 million ECU
Total	<u>77.3 million ECU</u> =====

This total clearly reflects the importance accorded to trade promotion under Lomé II as compared with Lomé I, where total estimated expenditure in this sector was only 33.1 million EUA.

III. EXPORT EARNINGS FROM COMMODITIES

1. Stabex

(a) 1980 transfers

In March 1981 the Commission announced that for 1980 (the first year of application of the new Convention) the resources of the system might be insufficient. The requests for transfers lodged with the Commission by that time were already considerably higher than the resources available. At its meeting on 9 and 10 April 1981 the ACP-EEC Council of Ministers therefore adopted, in accordance with Article 34 of the Convention, two Decisions providing for:

- advance use of a proportion (20%) of the 1981 instalment of the resources allocated to the system;
- delegation of powers to the Committee of Ambassadors to reduce the amount of the 1980 transfers.

At the 11th meeting of the ACP-EEC Committee of Ambassadors on 19 June the Representatives of the ACP States expressed the opinion that in view of the size of the shortfall in STABEX funds for 1980 - nearly 50% - the entire concept of the system should be reviewed. They asked the Community and the Member States to seek ways and means of supplementing the available funds as far as possible. In this connection they suggested using the special funding provided for in Article 137 of the Convention (emergency aid), the balance of previous EDFs, voluntary contributions from the Member States and, should these appropriations prove insufficient, the use of any balance as provided for in Article 35 of the Convention.

The final statement of available resources and requests submitted, communicated to the ACP States and the Community by the Commission, shows a deficit for the financial year of approximately 123 million ECU, with requests amounting to 261 million ECU as against available funds of 138 million (annual instalment: 110 million - carry-forward from 1979: 6 million - advance drawing on 1981: 22 million).

On the basis of this data and pursuant to Article 34 of the Convention the ACP-EEC Committee of Ambassadors decided, taking into consideration the particular difficulties of the least developed ACP States (Article 46(2) of the Convention), to apply differentiated treatment to the transfer, in the form of a reduction coefficient of 0.4049 for each transfer in the case of the least advanced ACP States and 0.5264 for the other ACP States; requests for one million ECU or less were however exempt from this reduction.

The payments made as at July 1981 were as follows:

<u>ACP applicant</u>	<u>Product</u>	<u>Transfer in ECU</u>
CAPE VERDE	Fresh bananas	214,764
COMOROS	Copra	246,447
	Essential oils	852,402
GUINEA BISSAU	Palm nuts and kernels	273,919
KIRIBATI	Copra	497,742
LESOTHO	Mohair	242,279
SOMALIA	Raw hides and skins	415,854
TONGA	Copra products	602,239
TUVALU	Copra	14,495
BURUNDI	Raw or roasted coffee	11,023,569
DOMINICA	Fresh bananas	2,527,944

GAMBIA	Groundnuts, shelled or not	3,791,992
	Groundnut oil	3,191,205
	Oil-cake	1,134,175
GUINEA-BISSAU	Groundnut products	1,259,747
MALAWI	Tea	1,330,961
MALI	Groundnut products	2,551,615
CENTRAL AFRICA	Raw or roasted coffee	968,396
RWANDA	Raw or roasted coffee	6,555,031
ST LUCIA	Fresh bananas	1,349,533
WESTERN SAMOA	Cocoa beans	1,222,990
SIERRA LEONE	Palm nuts and kernels	947,774
SOMALIA	Fresh bananas	1,423,385
SUDAN	Groundnuts, shelled or not	13,415,560
TANZANIA	Raw or roasted coffee	6,254,957
CHAD	Cotton, not carded or combed	2,539,846
IVORY COAST	Raw or roasted coffee	19,195,390
FIJI	Coconut oil	842,296
JAMAICA	Fresh bananas	3,238,995
KENYA	Raw or roasted coffee	10,032,204
MADAGASCAR	Vanilla	1,211,202
SENEGAL	Groundnut products	30,353,160
	Oil-cake	8,253,832
	Total	<u>137,975,905</u>

At the meetings of the ACP-EEC Committee of Ambassadors on 19 June 1981 and 30 November 1981 the ACP States raised the matter of the reduction to the STABEX transfers and made a political appeal to the Community to seek ways and means of supplementing the available funds as far as possible. The ACP States put forward some suggestions to which it has not yet been materially possible for the Community to accede.

The ACP States have since made several further appeals to the Community to seek additional resources and have asked for this question to be examined at a special meeting of the Council of Ministers, together with the question of guaranteed sugar prices for 1981/1982. The Community and the ACP States are continuing to examine the issue.

(b) "All destinations" derogation for Kiribati

At its meeting on 9 and 10 April 1981 the ACP-EEC Council of Ministers decided to grant the Republic of Kiribati the "irrespective of destination" derogation for 1981 and 1982. Under Article 46 of the Lomé Convention the STABEX system can, in the case of some ACP States, apply to their exports (of the products concerned, listed in Article 25) to destinations other than the Community. This decision takes account of the special circumstances of Kiribati's exports which, following the working-out of the phosphate deposits, depend on copra, the bulk of which is not sent to the Community - hence the grant of the derogation provided for in Article 46(3) of the Convention.

(c) Inclusion of new products in the Stabex system

At its meeting on 9 and 10 April 1981 the ACP-EEC Council of Ministers agreed, on the basis of the declarations in the minutes of the negotiations for Lomé II that the Commission would expedite technical studies of certain ACP requests. The Committee of Ambassadors was asked to prepare decisions on the basis of these studies. Given the provisions of Article 26 of the Convention, it was agreed, however, that it would not be possible to adopt and apply these decisions until 1 January 1982. The Council of Ministers has delegated the power of decision in the matter to the Committee of Ambassadors.

2. Sugar

(a) Good offices procedure in cases of force majeure

The good offices procedure provided for in Article 81 of Lomé I was invoked at the meeting of the ACP-EEC Council of Ministers on 8 and 9 May 1980 (Nairobi) in connection with a dispute between the Community and the ACP States regarding the interpretation of "force majeure" in the case of four ACP States (Congo, Kenya, Uganda, Suriname) which during the 1977/1978 delivery period failed to supply the quantities provided for in the Sugar Protocol.

In a letter sent to the ACP States on 3 March 1981 the Community said that it could not agree to the recommendations made in September 1980 by the conciliators Mr FRANCIS and Mr KROHN.

At the request of the ACP States this item was therefore placed before the Council of Ministers on 9 and 10 April 1981. The Council noted on the one hand that the Commission Decisions on the cases of 4 ACP States who had claimed force majeure as a reason for non-delivery were still valid and, on the other hand, that these ACP States remained eligible for reallocations under Article 7(4) of the Sugar Protocol.

At its meeting on 30 November 1981 the ACP-EEC Committee of Ambassadors was informed that Kenya had applied for a "reallocation" as provided for in Article 7(4) of the Protocol.

The Representative of the Congo also referred to his country's formal application which was made to the Community for a reallocation equal to its original quota (10,000 tonnes) to be effective from the 1981/1982 delivery period.

Both Kenya and Congo expressed dissatisfaction at the Community's response that the matter was under examination.

) Possible Community accession to the International Sugar Agreement

At its 12th meeting the Committee of Ambassadors was informed that the Community had not yet reached a decision on this subject.

) Guaranteed prices for 1981/1982

These price negotiations between the Community and the ACP States proved particularly difficult, mainly because talks within the Community on the prices for the 1981/1982 marketing year coincided with drafting of the new rules on sugar, including preferential sugar, which were to replace the former arrangements as from 1 July 1981. Hence the negotiations, which were formally opened on 29 April 1981, did not commence properly until 21 May 1981, following adoption by the Council of the European Communities of the Regulation on sugar prices within the Community. Working on the basis of the increases agreed upon for internal prices (+ 7.5% for raw sugar, + 8.5% for white sugar), the Community offered corresponding increases in the guaranteed prices for ACP sugar (i.e. 38.58 ECU/100 kg for raw sugar and 48.16 ECU/100 kg for white sugar).

The ACP States did not accept this offer, arguing chiefly that by proposing for them, for the first time, a smaller increase than that offered to their European counterparts, the Community was discriminating against ACP producers who exported practically nothing but raw sugar, which was refined in Europe, while Community producers marketed white sugar in the main.

.../...

Since no agreement could be reached before the end of 1981 the ACP States called for an extraordinary meeting of the Council of Ministers to be convened at which the shortfall in STABEX resources for 1980 could also be discussed ⁽¹⁾.

The ACP States' concern at the Community position was also expressed on other occasions, notably at meetings of the Consultative Assembly and the Council of Ministers, where the ACP States drew attention to the danger to their guaranteed outlets for sugar in the Community, represented by the closure of a United Kingdom refinery, the new Community sugar policy and the steep increase in transport costs.

⁽¹⁾ At its meeting on 26 January 1982 the Council of the European Communities agreed to an 8.5% increase in the guaranteed price for ACP sugar.

IV. SYSMIN

It should be recalled that Title III of the Convention on mineral products is an innovation of Lomé II. In the past some ACP States, in particular those whose export earnings are largely dependent on copper (Zaire and Zambia) have been unable to benefit from the STABEX system which - except for iron ore - is entirely applicable to agricultural products.

The funds allocated to this special chapter for the duration of the Convention total 280 MECU.

Under the terms of the Convention the procedures applicable to operation of the system are those of the Title on financial and technical co-operation.

On this basis the Commission received two requests for assistance under Sysmin from Zaire and Zambia and is currently appraising them.

At the meeting of the Committee of Ambassadors on 30 November 1981 the Community informed the ACP States that both requests had been judged admissible and that a substantive decision was expected shortly.

The ACP States announced that they were awaiting information from the Community concerning the operation of the system and referred to a number of declarations on the subject which they had made during the negotiations (Annex XLII to the Final Act: in particular review of the system and inclusion of new products).

.../...

V. INDUSTRIAL CO-OPERATION

1. The Committee on Industrial Co-operation

- Setting up of the Committee

Article 78(1) specifies the functions of the ACP-EEC Committee on Industrial Co-operation. On a proposal from the Committee of Ambassadors, the ACP-EEC Council of Ministers adopted on 10 April 1981 Decision No 5/81 on the composition of the Committee on Industrial Co-operation and its rules of operation. This Committee, which was initially set up under the first Lomé Convention was thus able, under the aegis of the Committee of Ambassadors, to continue the tasks falling to it under the new Convention.

.../...

- Proceedings of the Committee

The ACP-EEC Committee on Industrial Co-operation held its 22nd meeting on 18 March 1981. This was its first meeting under the new Convention. It prepared for the proceedings of the ACP-EEC Council of Ministers on industrial co-operation. It adopted its rules of procedure and made arrangements concerning the level of both the Community and the ACP chairmanship of the Committee, depending particularly on the importance of the matters discussed and whether they were technical or not.

At this meeting the Committee also discussed in detail the proposals from the Directorate of the CID on the Centre's structure and work programme for 1981 and gave its agreement to these proposals. It took note of the Director's report on the recruitment of new staff. After taking note of the opinion of the Centre's Advisory Council (a body consisting of persons, appointed by the Committee, who have wide industrial experience, particularly in manufacturing), it approved the Decision adopting the Centre's budget for the financial year 1981.

Under the EDF procedures, the Commission then took the decision to finance the contribution to this budget requested from the European Development Fund under Article 81(5) of the Convention (4,273,149 ECU as the separate allocation up to a ceiling of 25 million ECU taken from the resources earmarked for the financing of regional co-operation projects).

The Committee also examined the texts proposed by the Community and by the ACP States for draft Decisions:

- laying down the conditions of employment of the staff of the CID;

- adopting the financial Regulation of the CID.

These Decisions, which were taken pursuant to Articles 81(7) and 81(5) respectively of the Second Lomé Convention and which applied as from the date when the Convention came into force, were formally adopted on 2 September 1981.

The Committee on Industrial Co-operation held its 22nd and 23rd meetings on 27 and 30 November 1981. At these meetings it examined the annual report for 1980 of the Centre for Industrial Development and the Centre's draft work programme and draft budget for 1982, in the light of the opinion of the Advisory Council. After taking note of the report and approving the work programme, it discussed the budget proposed by the Director.

It also gave its agreement to some amendments proposed by the ACP States to avoid undue growth of certain staff expenditure and general representation.

.../...

It adopted the Centre's budget for 1982 as proposed by the Director and thus amended, for a total of 5,596,698 ECU, on the understanding that - bearing in mind the ceiling of 25 Million ECU laid down in Article 81(5) of the Lomé Convention - the contribution from the European Development Fund to this budget would be limited to 4,520,077 ECU. Should the Centre's income prove inadequate to cover all expenditure during the financial year, the Commission would again implement the Community procedures in force as regards the contribution requested from the EDF, up to the ceiling of 5,332,077 ECU laid down in the budget. It was also understood that, in accordance with Article 5(2) of the Centre's Financial Regulation, the timetable for payments from the EDF would correspond to actual requirements.

The Commission having taken the decision on 18 December 1981 under the EDF procedures to finance the agreed contribution, the Centre's budget for 1982 was finally adopted on that date (Decision No 4/81/CCI of the Committee on Industrial Co-operation) pursuant to Article 6(2) of the Financial Regulation of the Centre.

.../...

In addition to appropriations for operating expenditure of 2,775,698 ECU, the budget provided for programme expenditure of 2,821,000 ECU in the following main fields:

- Industrial promotion

= CID antennae field activities in ACP States.

= ACP industrial potential surveys (identification, in-depth studies concerning LDCs),

= Seminars and symposia,

= CID antennae field activities in the EEC,

= Incentive scheme for ACP and EEC industrialists,

- New productive undertakings: studies, assistance, information.

- Technical operations and services:

- = rehabilitation of undertakings
- = industrial profiles and industrial technologies
- = implementation of selected enterprises
- = in-plant training to help ACP industries
- = library, documentation.

- Common expenses directly related to interventions

In addition to its role of supervising the Centre, the Committee on Industrial Co-operation discussed the search for a major industrial co-operation topic which it could discuss in depth. It will continue in 1982 to seek a topic acceptable to both sides. The Community has proposed agro-industries, whereas the ACP States would like to discuss industrial restructuring, which they raised at length during the negotiation of the second Lomé Convention.

.../...

2. The Centre for Industrial Development ⁽¹⁾

- Setting up of the Centre

At its meeting on 9 and 10 April 1981, the Council of Ministers laid down, by its Decision No 6/81, based in particular on Article 81(7) of the Convention, the statutes and rules of procedure of the Centre for Industrial Development. This Centre, which was set up under Article 36 of the first Lomé Convention, is a non-profit organization with its headquarters in Brussels. In all the States which are parties to the Convention it has the widest legal capacity granted to legal persons. The aims of the Centre, its tasks and general operating conditions are defined in Articles 79 to 81 of the second Lomé Convention. In this connection Decision No 6/81 was chiefly intended to enlarge upon the provisions of that Convention and to make them fully operational.

- Activities of the Centre in 1981

Bringing the future framework into operation

CID's future framework proposals and budget for 1981 were only approved in April 1981. This approval included the final authorizations to recruit the planned staff. Based on this and limited authorizations given in December, all new professional staff had arrived by August, except for two members to arrive in 1982.

.../...

⁽¹⁾ The text contained in pages 51 to 57 was drafted by the CID.

In spite of more than half the Centre's professional staff being new and in house for only six month on average, the Centre managed some major activities over and above the usual handling of requests coming from the ACP countries and initiating relevant studies, training and expertise. Specifically, the Centre increased its presence in the ACP countries in many ways to generate new requests and follow-up. The Centre was also able to improve its own infrastructure, both in house as well as initiating improvements in that of the ACP/CID.

Promotion through increase of CID's presence in ACP countries

Forty-five ACP countries were visited during the year by Directors or CID professional staff. The purpose of these missions was to create closer ties between the individual ACP countries and the CID, and to accelerate and improve the requests coming from ACP countries for CID's assistance. Some of these missions were followed up later by roving experts with industrial sector expertise, who have substantiated projects already identified by the previous missions. This was done in some countries for the leather industry, in others for fruit juice production ; and specifically for the metalworking industry in the East African countries, roving experts were employed to substantiate proposals for later presentation at a meeting between the ACP sponsors of the projects and prospective EEC investors, which was to be held in Brussels in February 1982.

.../...

Two information seminars were also held : one in the Pacific (Fidji) and the other in the Caribbean (Jamaica), with participants from almost all Pacific and Caribbean States. The working dialogue sessions of these seminars have revealed a significant need for the CID's services and are now leading to new requests coming in from the ACP countries. As an immediate result, the CID committed itself to sending roving experts for wood industries to relevant countries in the two regions.

From these missions and seminars the Centre has become much more aware of the potential in the individual ACP countries and has had confirmed that its new priorities directed towards the rehabilitation and expansion of existing industries have been well received and are extremely justified as, in most of the countries visited, the industries are often working below 50 % capacity. The Centre is also convinced that the attitude towards foreign investors and joint-ventures has become very positive during the last years, e.g. resulting in investment codes being changed to become much more attractive. A most severe constraint today in industrial development in the ACP countries is the shortage of foreign exchange and the size of domestic markets. However, in spite of the many obstacles facing investment and industrialization in the ACP countries, the CID is in no doubt that European industrialists today could benefit from being more open-minded towards joint-ventures with ACP businessmen.

.../...

Promotion in EEC countries

Apart from official visits to most of the EEC countries by the Centre in 1981, reinforcing the cooperation with the various correspondent institutions in these countries, a series of promotional meetings directed towards European industrialists has also started. The first two meetings were held in Luxembourg and Belgium in 1981.

Roving experts have also been applied in Europe to identify in particular industrialists interested in the metalworking sector, again leading up to the meeting in February 1982.

Building up the Centre's infrastructure

The Centre's infrastructure in its Brussels headquarters is as important as the infrastructure at its disposal in the ACP countries.

With the approval of the Committee on Industrial Cooperation, the Centre moved into new office premises in rue de l'Industrie 28, taking up the 12th and 13th floors in a building that is otherwise occupied by the Customs Cooperation Council. The new offices will house the total of thirty-nine employees expected for 1982, plus a maximum of six trainees for ACP countries.

Most of the nex procedures needed to ensure the running of the new and expanded organization have been completed, e.g. the ones needed to ensure proper financial operation, efficient functioning of its staff and conforming the operation of the Centre to its statutes.

.../...

Special efforts were also undertaken to make the Centre's documentation section better serve the staff and the ACP world, in particular through the upgrading of the computer terminal and its tie-up to relevant data bases.

Also, during the year, the Centre's Headquarters Agreement with the Belgian Government was approved.

The infrastructure of antennae and correspondents in the ACP countries has been strengthened through the many missions undertaken, appointing numerous institutional antennae and several private ones. However, this is still a weak link in the Centre's operation, as the Centre does not have funds to support properly the work of such antennae. Early in the year the Centre had advocated the establishment of an Industrial Cooperation Expert Programme to be financed out of the European Development Fund, consisting of the establishment of industrial experts in various regions covering two or more countries, to provide not only liaison with the CID but also the local know-how to substantiate, diagnose and follow up projects for joint-ventures. This Programme has now been accepted in principle by the Commission for the appointment of some ten experts initially, if and when the ACP countries so request. In fact, in many cases, countries have opted for using their own national indicative programme for the establishment of such experts. It is expected that the Programme could greatly enhance the services that the Centre can provide to each ACP country.

.../...

Overall results of the year

As a result of the many missions, there was of course an increased number of requests coming in, particularly towards the end of the year. However, many more are expected as roving experts are sent out to substantiate the already identified projects, which the institutional antennae have difficulty in doing.

In spite of the Centre's now much more stringent requirements (commitments from both joint-venture partners) for accepting participation in the cost of feasibility studies, twenty-one studies were initiated in 1981, compared to thirteen in 1980. Projects that entered the production stage were five in 1981, giving a total number of eleven that have entered production since the Centre's start in 1977 ; and this in spite of the continuously deteriorating foreign exchange situation in the ACP countries.

Projects providing expertise or rehabilitation assistance have amounted to twenty in 1981, compared to thirteen in 1980.

These projects are rather evenly distributed to the six regions, taking into account their size, except maybe for Southern African States.

.../...

For the first time, the Centre has in its annual report for 1981 presented country sheets indicating the major projects and CID events for each country. This reporting, although summary, also gives some indication of the volume and variety of activities undertaken by the Centre.

Considering the late approval of the budget and even later arrival of new staff, these results could not be expected to be better, not least taking into account that the major emphasis in the second half of the year has been on opening up the contact with the ACP world.

.../...

3. EIB activities in the industrial sector⁽¹⁾

A very large proportion of total EIB financing in 1981 (loans from own resources, generally with interest rate subsidies, and risk capital assistance) was used to finance investments in the energy and industrial sectors. Financing devoted directly or indirectly to industrialization in the ACP States in 1981 totalled 192.49 million ECU ⁽²⁾, to which should be added 1.9 million ECU for nine studies and operations to help launch undertakings.

(a) Mines and extractive industries

In 1981 the EIB financed two projects in this sector for a total of 77 million ECU (37% of total EIB aid). This sector was thus the principal beneficiary of EIB aid. Two amounts of aid totalling 52 million ECU were granted in Papua New Guinea, one of which was a loan of 40 million ECU representing the first grant under the second Lomé Convention for mining projects of mutual interest to the State concerned and to the Community.

.../...

(¹) The text contained in pages 58 to 67 was drafted by the EIB.

(²) Breakdowns by sector and by country will be found in the tables on pages 100 et 101.

These two amounts of aid will help to develop a deposit of gold-bearing copper in the west of the country. In Zambia, a subsidized loan of 25 million ECU will provide partial financing for extending the factory which recovers copper from old mine spoil heaps at Chingola.

b) Energy

During the past year the EIB financed eight operations for energy projects. They were distributed in 7 ACP States and totalled 63.3 million ECU. Three amounts of aid from own resources of 12 million ECU to Fiji, 7 million ECU each to Gabon and Swaziland and 3 million ECU of risk capital to Samoa were granted to finance hydro-electric schemes. A loan of 10 million ECU in Niger and risk capital assistance of 1.8 million ECU in Djibouti will help increase the installed capacity of their power stations.

A loan of 15 million ECU was granted to help modernize a uranium mine in Gabon. Lastly, in Tanzania risk capital assistance of 7.5 million ECU was granted to finance oil prospecting off the island of Songo-Songo in the Indian Ocean.

(c) Chemical industries

In 1981 two projects were financed by the EIB in this sector. In Senegal risk capital assistance of 2.3 million ECU was granted to finance a factory for phosphoric acid and derived fertilizers. In Kenya risk capital assistance of 1.55 million ECU will help finance additional equipment for a factory producing furfural from maize cobs.

These two projects had benefited from loans from own resources and risk capital assistance totalling almost 21 million ECU under the first Lomé Convention.

(d) Manufacturing industries

In 1981 four operations concerned this sector. Two loans - 10 million ECU to Senegal and 6.5 million ECU to Kenya - were granted for the development of the cement industries in those countries. In Burundi, two amounts of risk capital totalling 4 million ECU were granted for the construction of a glassworks in Bujumbura which is also a regional project.

In addition, 2.17 million ECU risk capital assistance was granted to the Republic of Madagascar for further financing of a study on the exploitation of the bituminous sandstone deposits in Bemolanga, in the north-west of the country. A first phase of the study was carried out with EIB assistance under Lomé I.

(e) Agro-industry

A single amount of 0.7 million ECU was granted by the EIB to contribute to the installation of two small oil mills in the Republic of Liberia and to provide technical assistance to launch these investments.

(f) Development banks

In 1981 the EIB granted 6 global loans to four development banks situated in Zaire, Lesotho, Zambia, the Kingdom of Tonga and a regional bank in West Africa. They were intended principally to finance investments in small and medium-sized undertakings. These operations totalled 22.5 million ECU.

Two amounts totalling 1.8 million ECU, provided as risk capital, enabled the EIB to acquire holdings (on behalf of the Community and at the Community's risk) in the capital of the West African Development Bank (1.6 million ECU) and the Comoros Development Bank (0.2 million ECU).

This sector, which represented 9 operations (2 loans from own resources and 7 risk capital operations), accounted for some 12% of the Bank's total financing.

In 1981, 54 appropriations totalling 31.7 million were located for the various global loans granted to development banks in the ACP States and the OCT under the Lomé Convention. These appropriations were principally for small and medium-sized undertakings in the food products sector (11 appropriations: 7.8 million), tourism (6 appropriations: 1.7 million), the paper and pulp industry (5 appropriations: 4.1 million), chemicals (5 appropriations: 4 million) and engineering (5 appropriations: 2 million).

.../...

(g) Infrastructure - Transport

In addition to investments in the energy and industrial sectors, the transport sector benefited from two loans from own resources totalling 14.4 million ECU, i.e. almost 10% of ordinary loans. In Cameroon a loan of 10 million ECU was granted for reconstruction of the Edéa-Eséka section of the Douala-Yaoundé trans Cameroon railway and in Togo financing of 4.4 million ECU will contribute towards the extension of the port of Lomé.

(h) Use of risk capital for investment

In 1981 the EIB granted 17 amounts of aid totalling 49 million ECU from risk capital for industry, energy and mining. The breakdown of these operations as regards conditions of use shows a very wide utilization of the range of possible types: conditional or subordinated loans to the State, either for State acquisition of holdings in the capital of undertakings (e.g. OK Tedi in Papua New Guinea, ICS in Senegal, Verreries du Burundi) or to finance feasibility studies (bituminous sandstone); conditional loans direct to undertakings (Electricité de Djibouti, Sauniatu in Western Samoa; acquisition of holdings in the capital of a development bank (BOAD, BDC); global loans (SOFIDE IV in Zaire, DBZ).

.../...

Almost half the total of risk capital operations was granted to seven countries appearing on the list of least-developed countries in Article 155 of the Lomé Convention.

A breakdown by sectors shows that more than 32% of the total amount was granted to development banks. The energy sector and the mining and extractive industry each absorbed 25%. The rest of the amount went to the glass industry (8%), the chemical industry (8%) and the agri-food industry (1.5%).

During 1981 the Bank continued to provide finance from risk capital for studies and to help launch undertakings. Using global authorizations granted under Lomé I it financed nine such operations for a total of 1.9 million ECU (see details attached).

(i) Assistance in launching undertakings

Nine studies and operations to help launch undertakings were financed from the global commitment authorization under the first Lomé Convention.

- KENYA : Conditional loan to the Government for a study on the economic interest of the mining and production of sodium fluoride: 0.8 million KSH.
- FIJI : Conditional loan to Fiji Sugar Corporation for a study on the manufacture of ethanol from sugar cane and manioc: 0.2 million Fijian dollars.
- LESOTHO : Conditional loan to the Lesotho National Development Corporation (LNDC) for a study on the country's tourist potential and on setting up a safari park: 0.05 million Maloti (M).

LESOTHO : Conditional loan to the Lesotho National Development
(continued) Corporation (LNDC) for a study on the development of
the ceramic industry:

0.05 million Maloti (M).

MALAWI : Conditional loan to the Government of Malawi for a
geological study of a limestone deposit for cement
production:

0.4 million Kwacha.

UGANDA : Conditional loan to Kilembe Mines Ltd. for a study on
exploiting the Kilembe copper mines:

3.1 million Uganda shillings.

MALI : Conditional loan to the Republic of Mali to finance
the necessary technical assistance to start up the
Dioro rice mill, near Ségon:

126.6 million Mali francs.

SAINT LUCIA: Conditional loan to the Government of Saint Lucia for a study of the La Soufrière geothermal resources: 0.5 million East Caribbean dollars.

SENEGAL : Conditional loan to the Republic of Senegal to finance its participation in the capital of Société Petrosen which is carrying out studies prior to the exploitation of the "Dome Flore" oil deposit off Casamance: 118.8 million CFA francs.

Implementation of Annex X to the second Lomé Convention

During the negotiations for the second Lomé Convention the ACP States and the Member States acknowledged the need to mobilize additional financial resources so that substantial capital resources would be available for industrial development. This acknowledgement underlies the joint declaration on the complementary financing of industrial co-operation (Annex X to the Final Act) in which the Community and the ACP States agreed, inter alia, to carry out a detailed joint analysis of the problem.

As a first step, a high-level Group of Experts under the chairmanship of Professor ONITIRI (Nigeria) and consisting of Mr KAZADI MEMBU, Mr V. RICHARDSON and Mr S. SIWATIBAU, appointed by the ACP States, and Mr G. CARLI, Mr J. DROMER and Mr W. DUISENBERG (subsequently replaced by Mr P. LARDINOIS) appointed by the Community, was set up to study this question. At its meeting

.../...

on 9 and 10 April 1981, the ACP-EEC Council of Ministers welcomed this study and decided on an examination procedure.

In this context, the Community sent to the ACP States on 25 November 1981 a communication on the study by the high-level experts, which dealt with - after various general considerations - the essential questions concerning the complementary financing of industrial co-operation: identification and development of industrial projects, promotional measures, encouragement of investors and contributions from external financing. Thus the Community, which does not accept those of the experts' proposals which, in its view, go beyond the analysis they were asked to undertake, supported the experts' opinion on the desirability of strengthening co-operation in several fields which are important for industrial development. Also, the

Community and the Member States said they were prepared to study with their ACP partners the expert group's proposal concerning a guarantee mechanism against non-economic risks.

At its meeting in April 1981, the Council of Ministers agreed to carry out, at its next meeting, a general examination of the report on this subject from the Committee of Ambassadors, and to take appropriate measures at that time.

.../...

VI. AGRICULTURAL CO-OPERATION

Implementation of Title VI of the second Lomé Convention

At its meeting in Luxembourg on 9 and 10 April 1981 the ACP-EEC Council of Ministers held an exchange of views on the implementation of the provisions of the second Lomé Convention dealing with agricultural co-operation. This is an important innovation introduced by the Convention in an area particularly sensitive as regards the economic development and the food situation of the ACP States.

The ACP-EEC Council of Ministers noted that, acting on a proposal from the Subcommittee for Co-operation on Agricultural and Rural Development, which held its inaugural meeting in January 1981, the Committee of Ambassadors had adopted the texts (statutes and rules of operation, conditions of employment of staff, Financial Regulation) necessary for the launching of the Technical Centre for Agricultural and Rural Co-operation provided for in Article 88 of the Lomé Convention.

Talks on the siting of the headquarters of the Centre, its structure and the qualifications of the Director were actively pursued.

The actual setting up of the Centre, scheduled for 1982, was dependent on a solution to these three questions.

As regards the siting of the Centre, the Community proposed that the headquarters be in Wageningen (Netherlands) with an operational branch office in Brussels, and that, in view of its tasks and the resources available, the structure of the Centre should be lightweight. The Community also proposed that the Director - a post for which the ACP States have been asked to submit a candidate - should be assisted by a second-in-command to be proposed by the Community.

.../...

During discussions at the meeting of the Committee of Ambassadors on 30 November 1981 the ACP States said that in their view the problem of the Technical Centre for Agricultural and Rural Co-operation should be tackled as a whole, in all its various aspects. The Subcommittee for Co-operation on Agricultural and Rural Development was instructed to continue discussions with a view to setting up the Centre as soon as possible.

Also at that meeting of the Committee the Community, referring to the problem of world hunger which it had not been possible to discuss at the Luxembourg meeting of the ACP-EEC Council of Ministers, briefed the ACP States on recent developments and the projects which it intended to undertake to combat world hunger (in particular a food aid project costing 40 million ECU to help the least-developed countries).

The ACP States welcomed the Community's political commitment and its efforts to make food aid play a part in the development of agricultural production in the developing countries.

Apart from the Technical Centre for Agricultural and Rural Co-operation, the ACP States suggested the following possible means of implementing Title VI: food strategies, regional programmes, action by the EIB, food aid, discussion of available agricultural products, commitments entered into in certain international bodies. The Community agreed that under the broad terms of reference received in Luxembourg the Subcommittee for Co-operation on Agricultural and Rural Development could discuss the implementation of aspects of Title VI of the Convention other than the TCA. Work on this subject is to continue in 1982.

At the meeting of the ACP-EEC Council of Ministers on 9 and 10 April 1981 the Community tabled a draft Resolution on the evaluation of integrated agricultural development projects carried out with EDF aid in the ACP States.

However, the ACP States felt that the Resolution as proposed by the Community following the expert examination made in Lomé under the aegis of the Commission raised certain problems; they themselves would be putting forward another proposal shortly. The power to adopt the Resolution was accordingly delegated to the Committee of Ambassadors (see page 93 below).

At the request of the ACP States the Committee of Ambassadors on 30 November 1981 instructed the Subcommittee for Co-operation on Agricultural and Rural Development to discuss the question of the draft Resolution of the ACP-EEC Council of Ministers concerning agricultural development ⁽¹⁾.

.../...

⁽¹⁾ The Subcommittee discussed this matter at its meeting on 20 February 1982.

Although it cannot be claimed that the entire Title on agricultural co-operation was effectively implemented in 1981, work progressed sufficiently to justify expectations that, given the enthusiasm of both parties for this new field of co-operation, this will be effectively pursued in 1982.

VII. FINANCIAL AND TECHNICAL CO-OPERATION

1. CONTINUED APPLICATION OF LOME I

As at 1 January 1981 the bulk of the financial resources of the 4th EDF had been committed and more than half of the sum committed had been disbursed. Thus only 10% of the 3,465 million ECU of the total budget of the first Lomé Convention had still to be committed at the start of 1981.

(a) Figures for the 4th EDF and the EIB

(i) Figures for the 4th EDF

The following tables show:

- the breakdown of commitments (4th EDF) entered into as at 23 December 1981, by country and by method of financing (table IV, p. 78)
- the breakdown of commitments and payments (4th EDF) as at 23 December 1981 (table V, p. 81).

TABLE IV
BREAKDOWN OF COMMITMENTS (4TH EDF) AS AT 23.12.1981 (million ECU)

	RESOURCES ADMINISTERED BY THE COMMISSION: COMMITMENTS					EIB RESOURCES		TOTAL EDF COMMITMENTS
	PROJECTS + PROGR.	STAGEX	EXCEPTIONAL AID	DELEGATIONS EXPENSES	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	
BAHAMAS	1.782	-	-	50	1.862	-	-	1.862
BARBADOS	2.590	-	50	246	2.986	-	1.266	4.152
BENIN	33.441	20.367	20	1.875	55.633	-	-	55.633
BOTSWANA	18.435	-	2.670	1.061	22.165	1.750	1.327	25.244
BURUNDI	50.725	1.486	2.055	1.357	56.104	500	-	56.604
CAMEROON	50.993	4.065	2.300	3.610	60.788	4.600	6.676	70.060
CAPE VERDE	3.934	1.207	1.350	37	6.524	3.580	-	10.104
CENTRAL AFRICAN REPUBLIC	36.351	7.830	1.100	2.319	47.600	-	-	47.600
CONGOES	6.319	-	2.977	359	9.604	12	-	9.616
CONGO	24.994	7.362	250	2.148	34.754	2.912	-	37.666
IVORY COAST	35.732	15.000	125	3.350	54.207	925	7.547	62.679
DJIBOUTI	2.205	-	1.311	49	3.565	1.000	-	4.565
DOMINICA	540	-	3.900	180	4.620	-	-	4.620
ETHIOPIA	85.658	14.420	4.750	1.809	106.638	-	-	106.638
FIJI	9.900	2.115	3.539	433	16.137	-	4.217	20.254
GAPON	8.980	6.703	-	1.676	17.290	-	-	17.290
GAMBIA	11.287	7.515	749	752	20.303	2.397	-	22.693
GHANA	48.013	5.176	2.730	1.954	57.903	222	2.434	61.559
GRENADA	2.000	-	450	131	2.581	-	-	2.581
GUINEA-CONAKRY	62.193	-	3.035	1.673	66.991	150	549	67.589
GUINEA-BISSAU	18.469	11.288	467	1.158	31.411	-	-	31.411
EQUATORIAL GUINEA	6.755	-	300	25	7.080	-	-	7.080
GUYANA	12.721	-	-	974	13.594	3.200	-	16.594
UPPER VOLTA	62.711	7.262	-	2.723	72.994	7.924	1.636	82.262
SAINT VINCENT	-	-	-	-	-	-	-	-
JAMAICA	17.667	-	1.175	1.435	20.249	-	-	20.249

	RESOURCES ADMINISTERED BY THE COMMISSION: COMMITMENTS					EIB RESOURCES		TOTAL EDF COMMITMENTS
	PROJECTS + PROGR.	STAGEX	EXCEPTIONAL AID	DELEGATIONS EXPENSES	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	
KENYA	71.850	-	1.340	2.321	75.511	1.246	2.262	84.093
KIRIBATI	456	-	-	-	456	-	-	456
LESOTHO	18.313	-	1.230	1.004	20.547	130	-	20.677
LIBERIA	23.707	7.587	-	1.217	32.512	286	1.258	34.055
MADAGASCAR	68.607	5.748	1.700	3.072	79.127	2.297	-	81.424
MALAWI	65.558	-	4.000	1.452	71.010	1.152	2.353	74.523
MALI	69.065	9.781	1.020	2.971	82.737	6.360	-	89.097
MAURITIUS	12.332	-	4.850	855	18.747	35	2.532	20.613
MAURITANIA	31.772	37.000	1.657	2.528	72.958	-	3.537	76.595
NIGER	64.604	22.654	9.614	3.108	99.980	860	1.045	101.884
NIGERIA	9.335	-	-	1.038	9.373	-	9.774	19.151
UGANDA	61.371	20.595	3.500	1.395	86.861	350	-	87.211
PAPUA NEW GUINEA	5.465	-	-	589	6.054	1.600	1.235	8.889
RUANDA	59.637	609	5.948	1.839	67.034	3.000	-	70.034
SAINTE LUCIA	860	-	1.000	223	2.083	180	-	2.263
SOLOMON ISLANDS	6.721	-	-	-	6.721	-	-	6.721
WESTERN SOMOA	4.523	2.837	-	156	7.516	-	-	7.516
SAO TOME AND PRINCIPE	1.748	-	300	116	2.164	-	-	2.164
SENEGAL	53.810	65.106	4.685	3.730	127.331	9.475	2.305	139.111
SEYCHELLES	2.153	-	-	176	2.329	580	-	2.839
SIERRA LEONE	26.412	3.977	-	1.214	31.604	-	-	31.604
SOMALIA	55.669	1.932	13.426	2.187	73.214	250	-	73.464
SUDAN	90.310	41.776	4.916	2.918	139.920	6.500	-	146.420
SURINAM	7.562	-	-	1.159	8.721	-	-	8.721
SWAZILAND	11.760	13.225	35	566	25.586	1.150	2.025	27.766
TANZANIA	102.117	29.702	314	2.227	134.358	7.750	741	142.849

	RESOURCES ADMINISTERED BY THE COMMISSION: COMMITMENTS					EIB RESOURCES		TOTAL EDF COMMITMENTS
	PROJECTS + PROGR.	STABEX	EXCEPTIONAL AID	DELEGATIONS EXPENSES	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	
CHAD	49.608	7.336	300	2.537	59.331	7.500	-	67.331
TOGO	35.523	3.627	-	2.100	41.250	3.072	419	44.741
TONGA	2.828	1.208	165	116	4.317	-	-	4.317
TRINIDAD AND TOBAGO	5.695	-	-	917	6.612	-	1.577	9.188
TUVALU	605	-	-	-	605	-	-	605
ZAIRE	95.117	-	19.300	3.341	117.759	5.256	-	123.015
ZAMBIA	43.639	-	17.012	1.957	62.509	3.425	1.625	67.731
ALL ACP	-	-	13.300	4.020	17.300	-	-	17.300
ALL COUNTRIES AND TERRITORIES REGIONAL PROJECTS	254.911	-	-	6.875	254.911	6.140	2.572	263.623
TOTAL	2.035.705	377.496	144.856	91.565	2.649.551	96.762	65.390	2.812.504
AFRICA	1.698.879	371.335	134.557	84.936	2.289.708	95.643	55.222	2.430.573
CARIBBEAN	51.419	-	6.575	5.325	63.319	3.380	2.843	69.541
PACIFIC REGIONAL PROJECTS	30.493	6.160	3.753	1.303	41.715	1.600	5.452	48.767
TOTAL	2.035.705	377.496	144.856	91.555	2.649.551	96.762	55.390	2.812.504
OLD ACP	904.254	223.867	69.662	48.449	1.246.232	54.970	23.797	1.324.399
NEW ACP REGIONAL PROJECTS	872.541	153.629	75.223	42.716	1.144.109	15.652	31.721	1.219.432
TOTAL	2.035.705	377.496	144.856	91.555	2.649.551	96.762	55.390	2.812.504

TABLE V
SITUATION OF COMMITMENTS AND PAYMENTS (4TH EDF) AS AT 23.12.1981

	RATE OF IMPLEMENTATION	
	EDF PAYMENTS (x) (%)	PAYMENT TOTAL EDF COMMITMENT (xx) (%)
BAHAMAS	484	26.0
BARBADOS	2.911	70.1
BENIN	43.559	78.3
BOTSWANA	18.510	73.3
BURUNDI	37.098	65.5
CAMEROON	47.919	68.4
CAPE VERDE	7.566	74.9
CENTRAL AFRICAN REPUBLIC	32.623	68.5
COMOROS	4.701	65.9
CONGO	34.489	91.6
IVORY COAST	44.671	71.3
DJIBOUTI	3.702	81.1
DOMINICA	4.447	96.3
ETHIOPIA	68.447	64.2
FIJI	15.849	78.3
GABON	14.969	86.6
GAMBIA	15.297	67.4
GHANA	32.251	51.2
GRENADA	1.724	66.8
GUINEA-CONAKRY	44.886	66.4
GUINEA-BISSAU	26.292	85.7
EQUATORIAL GUINEA	1.901	28.1
GUYANA	6.832	52.3
UPPER VOLTA	54.019	65.7
SAINT VINCENT	-	100.0
JAMAICA	11.490	54.8

(x) (thousand ECU)
(xx) (%)

RATE OF IMPLEMENTATION

	EDF PAYMENTS	PAYMENT : TOTAL EDF COMMITMENT
KENYA	61.546	71.5
KIRIBATI	145	31.8
LESOTHO	13.028	63.0
LIBERIA	20.729	60.9
MADAGASCAR	43.007	52.8
MALAWI	48.749	65.4
MALI	77.598	87.1
MAURITIUS	9.354	45.4
MAURITANIA	66.637	47.0
NIGER	82.177	40.7
NIGERIA	12.888	67.3
UGANDA	43.721	50.1
PAPUA NEW GUINEA	4.555	51.2
RWANDA	52.506	75.0
SAINT LUCIA	1.933	85.4
SOLOMON ISLANDS	928	13.2
WESTERN SAMOA	6.294	85.6
SAO TOME AND PRINCIPE	1.337	61.4
SENEGAL	113.196	82.0
SEYCHELLES	1.707	60.1
SIERRA LEONE	19.749	62.5
SOMALIA	47.950	65.3
SUDAN	88.913	60.7
SURINAM	4.397	50.4
SWAZILAND	23.546	81.9
TANZANIA	78.592	53.7

	RATE OF IMPLEMENTATION	
	EDF PAYMENTS	PAYMENT : TOTAL EDF COMMITMENT
GHAD	43.054	63,9
TOGO	35.212	78,7
TONGA	3.909	93,5
TRINIDAD AND TOBAGO	4.033	69,2
TUVALU	344	56,9
ZAIRE	58.089	47,2
ZAMBIA	51.141	75,5
ALL ACP	11.440	66,1
ALL COUNTRIES AND TERRITORIES	10.042	60,7
REGIONAL PROJECTS	137.308	52,1
TOTAL	1.859.436	66,1
AFRICA	1.649.357	67,9
CARIBBEAN	40.659	58,5
PACIFIC	32.024	65,7
REGIONAL PROJECTS	137.395	52,1
TOTAL	1.859.436	66,1
OLD ACP	946.685	71,2
NEW ACP	775.356	63,6
REGIONAL PROJECTS	137.395	52,1
TOTAL	1.859.436	66,1

ii) EIB figures

As at 1 January 1981 the European Investment Bank had fully committed the sums available to it under the first Lomé Convention. Table VI shows how the Bank used the various forms of financing to take account of the level of economic development of the recipient countries, in accordance with Article 48 of the Convention, which stipulates that in the implementation of financial and technical co-operation special attention shall be paid to needs of the least-developed ACP States.

Table VI - Financing granted by the EIB under Lomé I - Breakdown by country on the basis of the classification in Article 48

	Loans from EIB resources		Risk capital operations		Number	incl. credits from global loans	Overall	
	Mio UA	%	Mio UA	%			Mio UA	%
Least-developed ACP States (Article 48)	97.7	25.0	57.49	59.2	64	18	155.19	31.3
Botswana	6.5	1.7	1.75	1.8	4		8.25	1.7
Burundi			0.50	0.5	2	1	0.50	0.1
Cape Verde			3.58	3.7	2		3.58	0.7
Comoros			0.01		1		0.01	
Djibouti			1.00	1.0	1		1.00	0.2
Gambia			2.39	2.5	2		2.39	0.5
Guinea	4.4	1.1	0.15	0.2	2		4.55	0.9
Upper Volta	8.0	2.0	7.93	8.1	4		15.93	3.3
Malawi	14.5	3.7	1.15	1.2	12	7	15.65	3.2
Mali			6.15	6.3	2		6.15	1.3
Mauritania	25.0	6.4			1		25.00	5.1
Niger	6.0	1.5	0.90	0.9	3		6.90	1.4
Rwanda			3.00	3.1	1		3.00	0.6
Seychelles			0.58	0.6	1		0.58	0.2
Somalia			0.25	0.3	1		0.25	0.1
Sudan			6.50	6.7	1		6.50	1.3
Swaziland	12.0	3.1	1.15	1.2	4		13.15	2.7
Tanzania	5.0	1.3	7.75	8.0	14	10	12.75	2.6
Chad			7.50	7.7	1		7.50	1.5
Togo	16.3	4.2	5.25	5.4	5		21.55	4.4
Other ACP States	292.3	75.0	39.79	40.8	155	78	322.09	68.2
Cameroon	32.7	8.4	4.60	4.7	8		37.30	7.6
Congo			3.15	3.2	1		3.15	0.7
Ivory Coast	47.3	12.1	2.92	3.0	14		50.22	10.3
Ghana	16.0	4.1	2.25	2.3	4		18.25	3.8
Kenya	52.4	13.4	1.17	1.2	26	16	53.57	11.0
Liberia	7.4	1.9	0.29	0.3	9	6	7.69	1.6
Madagascar			2.30	2.4	2		2.30	0.5
Mauritius	12.5	3.2	0.04		18	14	12.54	2.6
Nigeria	50.0	12.8			11	9	50.00	10.3
Senegal	12.0	3.1	8.07	8.3	6		20.07	4.1
Zaire			5.26	5.4	5		5.26	1.1
Zambia	10.5	2.7	3.43	3.5	13	8	13.93	2.9
West Africa (regional)			0.14	0.1	1		0.14	
Barbados	7.5	1.9			8	6	7.50	1.5
Guyana			3.20	3.3	2	1	3.20	0.7
Jamaica			0.07	0.1	1		0.07	
Trinidad and Tobago	10.0	2.6			18	16	10.00	2.0
Caribbean (regional)	3.0	0.8	1.00	1.0	4	2	4.00	0.8
Fiji	24.0	6.2			2		24.00	4.9
Papua New Guinea	7.0	1.8	1.90	2.0	2		8.90	1.9
Total ACP States	390.0	100.0	97.28	100.0	219	96	487.28	100.0
OCT								
New Caledonia	7.0				1		7.00	
French Polynesia			0.85		4	3	0.85	
Overall total	397.0		98.13		224	99	495.13	

(b) Review of financial and technical co-operation

Under cover of a letter of 26 November 1981 the Commission forwarded to the President of the ACP-EEC Council of Ministers the report on the administration of financial and technical co-operation in 1980, drawn up in accordance with Article 41 of the first Lomé Convention. This report, which it had not been possible to attach to the 1980 annual report of the ACP-EEC Council of Ministers, was immediately forwarded to the Consultative Assembly.

On 9 and 10 April the ACP-EEC Council of Ministers entrusted the Article 108 Committee - which is due to hold its first meeting in the first half of 1982 (see 2.1.1. below) - with the task of examining the reports on the administration of financial and technical co-operation in 1979 and 1980, together with the assessments of these reports made by the ACP States.

(c) Ex-post evaluation of projects financed with EDF aid

Further to the meeting of ACP and EEC experts in Lomé in February 1981 at which the "basic principles" of agricultural and rural development were established, the Luxembourg meeting of the ACP-EEC Council of Ministers adopted a Decision delegating to the Committee of Ambassadors powers to approve a Resolution on the evaluation of agricultural development projects carried out with EDF aid in the ACP States.

At the meeting of the ACP-EEC Committee of Ambassadors on 30 November 1981 the ACP States announced that they would soon be putting forward a counter-proposal to the Community draft Resolution, which they were unable to approve.

This question was subsequently put to the ACP-EEC Subcommittee for Co-operation on agricultural and rural development ⁽¹⁾.

⁽¹⁾ See page 75.

(d) Microprojects

In the second half of 1981 subsidiary bodies of the Council of the European Communities examined a Commission report on a comparative evaluation of projects co-financed with non-governmental organizations and of microprojects. In the course of this evaluation, carried out over the period from October 1979 to February 1980, twenty-eight microprojects - largely stemming from the 1977-1978 programmes - were visited in four countries (Cameroon, Upper Volta, Senegal, Sierra Leone).

The Council bodies agreed with the conclusions of the report, stressing in particular the need for more active local participation in the aid projects, from conception to execution, in order to increase their capacity for self-development, which in the long term was the main aim of Community aid ⁽¹⁾.

2. INTRODUCTION OF THE SECOND LOME CONVENTION

Work on the introduction of the second ACP-EEC Convention continued in 1981 both in joint proceedings and in the internal proceedings of the partners in Lomé.

On 9 and 10 April 1981 the ACP-EEC Council of Ministers held an exchange of views on the implementation of the provisions of the second ACP-EEC Convention on financial and technical co-operation.

On that occasion the ACP States stressed their interest in speeding up and streamlining the procedures and in greater use of the possibilities for co-financing.

.../...

⁽¹⁾ This report and its implications are at present under consideration in the Article 108 Committee.

(a) Joint ACP-EEC action

(i) Article 108 Committee

The ACP-EEC Committee provided for in Article 108(6) of the Convention, a new joint body responsible for studying suitable measures to improve the implementation of financial and technical co-operation,¹ is now operational.

The Luxembourg meeting of the ACP-EEC Council of Ministers adopted the Rules of Procedure of the Committee in Decision No 7/81 of 10 April 1981.

Acting on a delegation of powers from the Council of Ministers the ACP-EEC Committee of Ambassadors then adopted, on 19 June 1981, Decision No 14/81 appointing members of the Committee at ministerial level.

The first meeting of the Article 108 Committee is due to be held in the first half of 1982 (¹).

.../...

(¹) The first meeting of the Committee at representative level took place on 24.3.1982.

(ii) Subcommittee on the special problems of the least-developed, landlocked and island ACP States

At the meeting of the ACP-EEC Committee of Ambassadors on 30 November 1981 the Community said that it was prepared to hold the first meeting of the Subcommittee as soon as the ACP States wished. This meeting, which could take into account the outcome of the United Nations Conference on the Least-Developed Countries (Paris, September 1981), could be held early in 1982.

(iii) General conditions for contracts

During 1981 the ACP States forwarded their counter-proposals to the Community proposals concerning the rules governing the award and performance of public contracts (works, supplies and services) financed by the EDF.

The EEC Council's subsidiary bodies have begun examination of these counter-proposals with a view to establishing the Community's negotiating position.

(b) EEC action

(i) Internal Financing Agreements

Ratification by all the Member States of the Community having been completed, January 1981 saw the entry into force, at the same time as the second Lomé Convention, of the Internal Agreement on the financing and administration of Community aid, signed by the Member States on 20 November 1979 (1979 IFA), setting up the fifth European Development Fund (5th EDF) and laying down arrangements for the provision of funds and for contributions from the Member States.

The Internal Financing Agreement amending the 1979 IFA, signed by the Member States of the Community on 16 December 1980 in the context of the accession of Zimbabwe to the Convention ⁽¹⁾, was also ratified by most of the Member States of the Community.

In its Decision 81/558/EEC of 13 July 1981 the Council amended the sums allocated to the 5th EDF for the ACP States on the one hand and the overseas countries and territories on the other, to take account of the fact that St Vincent and the Grenadines and the Republic of Vanuatu, former OCT, had become parties to the second Lomé Convention ⁽²⁾.

⁽¹⁾ The "Zimbabwe" Internal Agreement provides for an increase of 85 million ECU in the budget of the 5th EDF.

⁽²⁾ This Decision provides for a transfer within the EDF of 10 million ECU from the sum allocated to the overseas countries and territories to the sum allocated to the ACP States.

The Council also received from the Commission a draft Decision amending the 1979 IFA consequent upon the accession of Greece to the European Communities.

(ii) Measures implementing the 1979 Internal Financing Agreement

Pursuant to the 1979 IFA the Council on 17 March 1981 adopted the Financial Regulation applicable to the 5th EDF and on 27 January and 28 April 1981 respectively the Rules of Procedure of the EDF Committee and the Rules of Procedure of the Article 22 Committee.

(iii) EAC Regulation

Lastly it should be noted that on 26 October 1981 the Council adopted Regulation (EEC) No 3245/81 setting up a European Agency for Co-operation ⁽¹⁾. This agency, constituted under Community law as a replacement for the European Association for Co-operation (a non-profit-making association under Belgian law), is responsible in particular for recruitment and personnel management for staff of the Commission delegations in the developing countries and can only serve to improve relations between the ACP States and the Community.

⁽¹⁾ OJ No L 328, 16.11.1981, page 1.

3. APPLICATION OF LOME II

1981 also saw the beginning of the implementation of the second ACP-EEC Convention in the field of financial and technical co-operation.

(a) 5th EDF and EIB figures

(i) 5th EDF figures

The tables below show:

- the breakdown of commitments under the (5th EDF) as at 23 December 1981 by country and by method of financing (table VII, pages 92-94) ;
- the situation of commitments and payments (5th EDF) as at 23 December 1981 (table VIII, pages 95-97).

.../...

BREAKDOWN OF COMMITMENTS (5th EDF) as at 23.12.1981 (thousand ECU)

	RESOURCES ADMINISTERED BY THE COMMISSION: COMMITMENTS					EIB RESOURCES		TOTAL EDF COMMITMENTS
	PROJECTS PROGR.	STABEX	'EXCEPTIONAL' AID	MINERAL PRODUCTS	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	
BAHAMAS	145	-	-	-	145	-	-	145
BARBADOS	1.575	-	-	-	1.575	-	920	2.495
BENIN	605	-	-	-	605	-	-	605
BOTSWANA	2.000	-	-	-	2.000	-	-	2.000
BURUNDI	445	11.024	-	-	11.469	4.000	-	15.469
CAMEROON	660	-	-	-	660	-	3.813	4.473
CAPI VERDE	200	215	500	-	915	-	-	915
CENTRAL AFRICAN EMPIRE	250	968	500	-	1.718	-	-	1.718
COMORES	467	1.099	200	-	1.766	170	-	1.936
CONGO	3.243	-	-	-	3.243	-	-	3.243
IVORY COAST	14.325	19.195	-	-	33.520	-	-	33.520
SIERRA LEONE	100	-	100	-	200	1.800	-	2.000
DOMINICA	228	2.528	500	-	3.256	-	-	3.256
ETHIOPIA	53.550	-	200	-	53.750	-	-	53.750
FIJI	450	842	300	-	1.572	-	3.960	5.532
GAJANA	110	-	-	-	110	-	7.159	7.269
GAMBIA	3.610	8.117	60	-	11.787	-	-	11.787
GHANA	8.125	-	100	-	8.225	6.000	-	14.225
GRENADA	143	-	-	-	143	-	-	143
GUINEE-CONAKRY	870	-	500	-	1.370	-	-	1.370
GUINEE-BISSAU	780	1.534	-	-	2.314	-	-	2.314
EQUATORIAL GUINEA	50	-	-	-	50	-	-	50
GUYANA	564	-	-	-	564	-	-	564
UPPER VOLTA	29.278	-	25	-	29.303	-	-	29.303
JAMAICA	355	3.239	-	-	3.594	-	-	3.594
KENYA	16.089	10.032	300	-	26.421	1.550	-	27.971

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	RESOURCES ADMINISTERED BY THE COMMISSION: COMMITMENTS					EIB RESOURCES		TOTAL EDF COMMITMENTS
	PROJECTS + PROGR.	STABEX	EXCEPTIONAL AID	MINERAL PRODUCTS	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	
KIRIBATI	100	498	-	-	598	-	-	598
LESOTHO	690	242	-	-	932	3.000	-	3.932
LIBERIA	100	-	-	-	100	790	-	890
MADAGASCAR	8.261	1.211	200	-	9.672	2.170	-	11.842
MALAWI	3.993	1.331	300	-	5.624	3.000	-	8.624
MALI	17.473	2.552	600	-	20.625	-	-	20.625
MAURITIUS	1.650	-	-	-	1.650	-	-	1.650
MAURITANIA	1.280	-	-	-	1.280	-	-	1.280
NIGER	20.459	-	800	-	21.259	-	3.564	24.803
NIGERIA	450	-	250	-	700	-	-	700
UGANDA	5.000	-	3.350	-	8.350	-	-	8.350
PAPUA NEW GUINEA	175	-	-	-	175	12.000	-	12.175
RWANDA	17.630	6.555	-	-	24.185	-	-	24.185
SAINT LUCIA	1.175	1.350	-	-	2.525	-	-	2.525
SAINT VINCENT	2.245	-	200	-	2.445	-	-	2.445
SOLOMON ISLANDS	-	-	-	-	-	-	-	-
WESTERN SAMOA	5.050	1.223	-	-	6.273	3.000	-	9.273
SAO TOME AND PRINCIPE	117	-	-	-	117	-	-	117
SENEGAL	3.545	38.607	200	-	42.352	2.350	2.911	47.563
SEYCHELLES	-	-	40	-	40	-	-	40
SIERRA LEONE	1.728	948	-	-	2.675	-	-	2.675
SOMALIA	11.540	1.839	10.500	-	23.879	2.560	-	26.439
SUDAN	1.495	13.416	500	-	15.411	-	-	15.411
SURIYAH	979	-	-	-	979	-	-	979
SWAZILAND	420	-	-	-	420	-	1.591	2.311
TANZANIA	5.110	6.255	100	-	11.465	7.500	-	18.965

	RESOURCES ADMINISTERED BY THE COMMISSION:				COMMITMENTS	EIB RESOURCES		
	PROJECTS + PROGR.	STABEX	EXCEP- TIONAL AID	MINERAL PRODUCTS	TOTAL	RISK CAPITAL	INTEREST RATE SUBSIDIES	TOTAL EDF COMMITMENTS
CHAD	500	2.540	1.500	-	4.540	-	-	4.540
TOGO	4.046	-	-	-	4.046	-	1.521	5.567
TONGA	-	602	-	-	602	500	-	1.102
TRINIDAD AND TOBAGO	1.190	-	-	-	1.190	-	-	1.190
TUVALU	148	14	-	-	162	-	-	162
VANUATU	-	-	-	-	-	-	-	-
ZAIRE	1.220	-	2.015	-	3.235	6.000	-	9.235
ZAMBIA	6.375	-	750	-	7.625	1.500	1.724	10.849
ZIMBABWE	-	-	-	-	-	-	-	-
ALL ACP REGIONAL PROJECTS	24.383	-	-	-	24.383	1.800	1.335	31.518
TOTAL	291.203	137.976	24.590	-	453.769	59.550	28.797	542.116
AFRICA	248.318	127.680	23.590	-	399.588	42.250	22.523	464.421
CARIBBEAN	8.599	7.116	700	-	16.415	-	720	17.335
PACIFIC	5.903	3.180	300	-	9.383	15.500	3.960	28.842
REGIONAL PROJECTS	24.383	-	-	-	24.383	1.800	1.335	31.518
TOTAL	291.203	137.976	24.590	-	453.769	59.550	28.797	542.116
OLD ACP	158.046	85.590	16.640	-	240.276	19.000	13.963	272.244
NEW ACP	124.774	52.386	7.950	-	185.110	38.750	1.494	232.354
REGIONAL PROJECTS	24.383	-	-	-	24.383	1.800	1.335	31.518
TOTAL	291.203	137.976	24.590	-	453.769	59.550	28.797	542.116

TABLE VIII

SITUATION OF COMMITMENTS AND PAYMENTS (5TH EDF) as at 23.12.1981

	RATE OF IMPLEMENTATION	
	EDF Payments *	PAYMENT: TOTAL EDF COMMITMENT**
BAHAMAS	-	0.0
BARBADOS	920	36.9
BENIN	9	1.5
BOTSWANA	-	0.0
BURUNDI	11.029	71.3
CAMEROON	3.836	85.8
CAPE VERDE	215	23.5
CENTRAL AFRICAN REPUBLIC	1.468	85.5
COMOROS	1.102	58.9
CONGO	168	5.2
IVORY COAST	19.195	57.3
DJIBOUTI	333	16.7
DOMINICA	2.909	89.4
ETHIOPIA	200	0.4
FIJI	4.802	86.8
GABON	7.193	99.0
GAMBIA	8.182	69.4
GHANA	27	0.2
GRENADA	-	0.0
GUINEA-CONAKRY	239	17.4
GUINEA-BISSAU	1.334	66.3
EQUATORIAL GUINEA	-	0.0
GUYANA	44	7.7
UPPER VOLTA	961	3.3
JAMAICA	3.239	90.1
KENYA	12.298	44.0

* (thousand ECU)

** (%)

Rate of implementation

	EDF Payments	Payments Total EDF Commitment
KIRIBATI	511	85.5
LESOTHO	242	6.2
LIBERIA	-	0.0
MADAGASCAR	2.955	25.0
MALAWI	1.333	15.5
MALI	3.141	15.2
MAURITIUS	3	0.2
MAURITANIA	3	0.3
NIGER	3.564	14.4
NIGERIA	250	35.7
UGANDA	301	3.6
PAPUA NEW GUINEA	12	0.1
RWANDA	6.635	27.4
SAINT LUCIA	1.350	53.5
SAINT VINCENT	-	0.0
SOLOMON ISLANDS	-	100.0
WESTERN SAMOA	1.223	17.2
SAO TOME AND PRINCIPE	18	15.2
SENEGAL	41.815	97.9
SEYCHELLES	-	0.0
SIERRA LEONE	1.041	38.9
SOMALIA	9.081	34.3
SUDAN	14.292	92.7
SURINAM	-	0.0
SWAZILAND	1.895	82.0
TANZANIA	6.336	33.4

RATE OF IMPLEMENTATION

	EDF PAYMENTS	PAYMENT TOTAL EDF COMMITMENT
CHAD	3.040	67.0
TOGO	1.559	29.0
TONGA	602	54.6
TRINIDAD AND TOBAGO	-	0.0
TUVALU	14	9.9
VANUATU	-	100.0
ZAIRE	1.517	16.4
ZAMBIA	2.474	22.8
ZIMBABWE	-	100.0
ALL ACP REGIONAL PROJECTS	5.548	17.6
TOTAL	190.405	35.1
AFRICA	169.232	36.4
CARIBBEAN	8.461	49.8
PACIFIC	7.165	24.8
REGIONAL PROJECTS	5.548	17.6
TOTAL	190.405	35.1
OLD ACP	118.607	42.6
NEW ACP	66.251	29.5
REGIONAL PROJECTS	5.548	17.6
TOTAL	190.405	35.1

(ii) EIB figures (1981)

Aid administered by the EIB

Financing granted by the EIB in 1981 totalled 208.8 million ECU, consisting of:

- 158.4 million ECU of loans from own resources (112.4 million with interest rate subsidies);
- 48.5 million ECU of aid in the form of risk capital;
- 1.9 million ECU for nine studies and operations to help launch undertakings, financed from the global commitment authorization under Lomé I.

Loans from own resources

During the year the Bank granted 12 loans with interest rate subsidies totalling 118.4 million ECU, to 9 ACP States and a regional project in West Africa and a first unsubsidized loan of 40.0 million ECU under Article 59 and Annex XXXI of the Convention, which authorizes the EIB to commit additional amounts on a case-by-case basis for mining and energy projects of mutual interest to the State concerned and to the Community.

The conditions on which the loans were granted were fairly uniform: duration between 12 and 20 years with a grace period of 2 to 6½ years and 8% interest rates taking account of the interest rate subsidies financed from EDF resources, which represented an updated total of 37 million ECU.

In 1981 the loans were used to finance energy, industry and infrastructure investments.

Risk capital

Seventeen risk capital operations were signed in 1981 for a total of 48.5 million ECU. Two of these operations were in conjunction with a loan from own resources. They concerned 14 ACP States, including 7 on the list of least-developed countries in Article 155 of the Lomé Convention.

A regional development bank was assisted by the acquisition of holdings in its capital.

Payments

The Bank's payments under loans from its own resources and risk capital operations under the Conventions in 1981 totalled 122.0 million ECU, an increase of almost 2/3 over 1980.

Breakdown by sectors (1)

Tables

Tables IX and X give a breakdown by country and by sector of the financing granted by the EIB in 1981 under the second Lomé Convention.

.../...

(1) See page 58 and following pages.

TABLE IX

FINANCING GRANTED BY THE EIB UNDER LOMÉ II IN 1981

- million ECU -

Geographical breakdown

COUNTRIES	ORDINARY LOANS FROM OWN RESOURCES			RISK CAPITAL FROM EIB RESOURCES			OVERALL		
	Number	Amount	%	Number	Amount	%	Number	Amount	%
Burundi	-	-	-	2	4.00	8.2	2	4.00	1.9
Cameroon	1	10.00	6.3	-	-	-	1	10.00	4.8
Comoros	-	-	-	1	0.17	0.3	1	0.17	0.1
Djibouti	-	-	-	1	1.80	3.7	1	1.80	0.9
Fiji	1	12.00	7.6	-	-	-	1	12.00	5.8
Gabon	2	22.00	13.9	-	-	-	2	22.00	10.6
Kenya	1	6.50	4.1	1	1.55	3.2	2	8.05	3.9
Lesotho	-	-	-	1	3.00	6.2	1	3.00	1.5
Liberia	-	-	-	1	0.70	1.4	1	0.70	0.3
Madagascar	-	-	-	1	2.17	4.5	1	2.17	1.1
Nigeria	1	10.00	6.3	-	-	-	1	10.00	4.8
Papua New Guinea	1	40.00*	25.2	1	12.00	24.8	2	52.00	25.1
Samoa	-	-	-	1	3.00	6.2	1	3.00	1.5
Senegal	1	10.00	6.3	1	2.30	4.7	2	12.30	6.0
Swaziland	1	7.00	4.4	-	-	-	1	7.00	3.4
Tanzania	-	-	-	1	7.50	15.5	1	7.50	3.6
Togo	1	4.40	2.8	-	-	-	1	4.40	2.6
Tonga	-	-	-	2	1.00	2.1	2	1.00	0.5
Zaire	-	-	-	1	6.00	12.4	1	6.00	2.9
Zambia	2	31.50	19.9	1	2.51	3.1	3	33.00	15.9
Regional	1	5.00	3.2	1	1.80	3.7	2	6.80	3.3
Total ACP	13	158.40	100.0	17	48.49	100.0	30	206.89	100.0

* the OK Tedi unsubsidized loan was granted under Article 59 of the second Lomé Convention and Annex XXXI, which states that the EIB may, in accordance with its statute, commit additional amounts in mining investment projects and energy investment projects of mutual interest to the State concerned and to the Community.

TABLE X

ORDINARY LOANS AND RISK CAPITAL COMMITTED BY THE EIB UNDER THE SECOND LOME CONVENTION IN 1981

- Breakdown by sector -

SECTORS	ORDINARY LOANS FROM EIB RESOURCES			RISK CAPITAL			OVERALL		
	Number	Amount MECU	%	Number	Amount MECU	%	Number	Amount MECU	%
General (including lines of credit)	2	11.5	7.3	8	15.64	32.3	10	27.14	13.1
Mines and extractive industries	2	65.0	41.0	1	12.00	24.7	3	77.00	37.2
Chemical industries	-	-	-	2	3.85	7.9	2	3.85	1.9
Manufacturing industries	2	16.5	10.4	2	4.00	8.3	4	20.50	9.9
Agri-industrial complexes	-	-	-	1	0.70	1.4	1	0.70	0.4
Projects based mainly on energy	5	51.0	32.2	3	12.30	25.4	8	63.30	30.6
Total industrialization	11	144.0	90.9	17	48.49	100.0	28	192.49	93.1
Infrastructure:									
Railways	1	10.0	6.3	-	-	-	1	10.00	4.8
Ports and waterways	1	4.4	2.8	-	-	-	1	4.40	2.1
Grand total	13	158.4	100.0	17	48.49	100.0	30	206.89	100.0

(b) Least-developed, landlocked and island ACP States

By Decisions Nos 11 and 12/81 of 10 April 1981 the ACP-EEC Council of Ministers decided to enter Kiribati on the lists of least-developed and island ACP States (Article 155(3)(a) and (c) of the second Lomé Convention) and to include Zimbabwe on the list of landlocked ACP States (Article 155(3)(b)).

Acting on a delegation of powers from the Council of Ministers, the ACP-EEC Committee of Ambassadors decided on 30 November 1981 to include St Vincent and the Grenadines and Vanuatu on the lists of least-developed and island ACP States and Equatorial Guinea on the list of least-developed ACP States.

VIII. PROVISIONS APPLICABLE TO CERTAIN SECTORS

1. Current payments and capital movements

Articles 156 and 159 of the second ACP-EEC Convention raised no special problems during the period covered by the report.

2. Establishment and services

No particular questions were raised in this connection in 1981.

IX. INSTITUTIONAL MATTERS

1. ANNUAL REPORT

Since the complex procedures involved in implementing the new Lomé Convention somewhat delayed the drafting of the annual report for the period 1 March 1980 to 28 February 1981 the ACP-EEC Council of Ministers meeting in Luxembourg on 9 and 10 April 1981 was unable formally to adopt the report, which it is obliged to publish pursuant to Article 168(5) of the second ACP-EEC Convention ⁽¹⁾. The Council therefore delegated to the Committee of Ambassadors the powers to adopt the report and order publication thereof.

The report was definitively adopted by the Committee of Ambassadors and forwarded to the Consultative Assembly on 23 July 1981. The report from the Commission to the ACP-EEC Council of Ministers on the administration of financial and technical co-operation (1980), which should have been annexed to the annual report, was not adopted by the Commission and forwarded to the ACP-EEC Council and the Consultative Assembly until late 1981.

⁽¹⁾ In view of the difficulties and delays experienced in drawing up and approving the most recent annual reports of the Council the two Co-Secretaries agreed that the report would henceforth cover the calendar year instead of the twelve months from 1 March. This will have the following advantages:

- the periods covered by the Council report and the Commission report will coincide,
- it will be possible to submit the draft report to the ACP-EEC Council of Ministers, which always meets in the first half of the year,
- the report will be available to the Consultative Assembly, and in particular to its rapporteur, in good time.

On the basis of the annual report and the report prepared on behalf of the Joint Committee by H.E. Mr INSANALLY, the Consultative Assembly on 30 September 1981 adopted a Resolution containing an analysis of the first results of the new Convention and making recommendations as to its future application.

2. ACP-EEC COUNCIL OF MINISTERS

The sixth meeting of the Council of Ministers - and the first since the entry into force of the second Lomé Convention - was held in Luxembourg on 9 and 10 April 1981 under the Chairmanship of Mr Hugh L. SHEARER, Deputy Prime Minister, Minister for Foreign Affairs and External Trade of Jamaica and President-in-Office of the Council of ACP Ministers. The participants stressed the importance of this meeting, which in particular should pave the way for implementation of the new Convention.

At general level the Council held a full exchange of views on the implementation of the new provisions in the various sectors of ACP-EEC co-operation, this being the main topic for discussion at this sixth meeting.

The Council also dealt with a number of specific matters relating to the administration of the two Lomé Conventions.

Lastly, it adopted a series of "A" items without discussion.

(a) Implementation of the second Lomé Convention

(i) As regards trade co-operation the Council was informed of the ACP States' concern that the development of ACP-EEC trade did not entirely meet their expectations as regards the preferential arrangements laid down in

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

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

The Council also discussed the Community generalized preferences scheme and the possibility of remedying any harm which it might cause to the ACP States; the latter also placed before the Council a proposal concerning the consultation procedures on the implementation of safeguard measures.

Lastly, the Council noted that all parties were prepared to sign the Protocol to the second ACP-EEC Convention resulting from the accession of the Hellenic Republic to the Community.

- (ii) The Council held an exchange of views on the implementation of the new system for mineral products (Sysmin), which is one of the principal innovations of Lomé II.

- (iii) As regards industrial co-operation, the Council noted that examination of the provisions on the Centre for Industrial Development was proceeding in a generally satisfactory manner.

The Council then heard an introductory statement by Professor ONITIRI, Chairman of the Group of high-level experts on the complementary financing of industrial co-operation. Having heard the ACP States' initial reactions, the Council expressed satisfaction that the study carried out by the high-level experts appointed for this purpose by the ACP States, the Community and its Member States had been forwarded and agreed to decide at its next meeting on the appropriate measures to be taken, in the light of a report to be prepared by the Committee of Ambassadors.

- (iv) As regards agricultural co-operation, the Council noted the readiness expressed by both parties to implement the new provisions laid down in the second Lomé Convention as soon as possible. It welcomed inter alia the adoption by the Committee of Ambassadors of the texts providing for the establishment of ACP-EEC agricultural co-operation bodies, including the Technical Centre for Co-operation on Agricultural and Rural Development.

- (v) In the field of financial and technical co-operation, the Council of Ministers delegated to the ACP-EEC Committee of Ambassadors the power to appoint the representatives of the Community and of the ACP States on the Article 108 Committee meeting at ministerial level.

The Council also instructed the Article 108 Committee to examine the Commission reports on the management of financial and technical co-operation (1979 and 1980) and the ACP States' assessments of those reports.

(vi) The Council of Ministers agreed on the arrangements for the official publication of a brochure containing the text of the second ACP-EEC Convention and related documents.

(b) Some specific questions examined by the Council

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

(ii) On the subject of Stabex, the Council noted that the amount of the resources available for transfers in respect of 1980 made it impossible, in view of the requests submitted, to remain within the annual instalment for that year of application and it decided, pursuant to Article 34 of the 2nd ACP-EEC Convention, to authorize the advance use of 20% of the instalment for 1981 and to provide for the possibility of reducing the amount of such transfers. The Council delegated power to the Committee of Ambassadors to take the necessary decisions.

The Council also decided to grant the Republic of Kiribati for 1981 and 1982 the derogation provided for in Article 46(3) of the Convention for exports irrespective of destination.

With regard to the possible inclusion of new products in the STABEX system the Council delegated to the Committee of Ambassadors the power to take decisions on the basis of technical studies which would be actively continued by the Commission. In accordance with Article 26 of the Convention, these decisions can only be taken and implemented as from 1 January 1982.

(iii) As regards sugar, the Council held a thorough exchange of views on the operation of Protocol No 7 annexed to the Convention. In this connection, the ACP States expressed their concern regarding certain questions relating to the implementation of that Protocol, such as transport costs, the closure of refineries in the Community, negotiations on the guaranteed price and the International Sugar Agreement. The Community confirmed its resolve to apply the provisions of the Protocol in full.

As regards the good offices procedure which had been initiated in the "force majeure" cases invoked by four ACP States - Congo, Kenya, Uganda and Suriname - for non-deliveries during the 1977/1978 delivery period the Council took note of the Commission statement that all ACP countries mentioned in the sugar Protocol were eligible for the redistribution of quantities provided for in Article 7 of that Protocol.

(c) Miscellaneous

Lastly, the Council adopted as "A" items, i.e. without discussion, a series of important decisions, some of which were necessary for implementation of the second ACP-EEC Convention and on which prior agreement had been reached in the Committee of Ambassadors. A complete list of the decisions adopted by the Council follows:

(i) Stabex

- Decision No 2/81 relating to the advance use of a proportion of the 1981 instalment of the resources allocated to the system for stabilizing export earnings
- Decision No 3/81 delegating to the Committee of Ambassadors powers to reduce the amount of the STABEX transfers for the 1980 year of application
- Decision No 4/81 applying the STABEX system to the exports of the Republic of Kiribati irrespective of destination

(ii) Industrial co-operation

- Decision No 5/81 on the composition of the Committee on Industrial Co-operation and its rules of operation
- Decision No 6/81 laying down the statutes and rules of operation of the Centre for Industrial Development

(iii) Financial and technical co-operation

- Decision No 7/81 laying down the rules of procedure of the ACP-EEC Committee set up under Article 108(6) of the second ACP-EEC Convention
- Decision No 8/81 delegating to the ACP-EEC Committee of Ambassadors the power to adopt the Resolution of the ACP-EEC Council of Ministers on agricultural development

(iv) Institutional matters

- Decision No 9/81 delegating to the ACP-EEC Committee of Ambassadors the power to adopt the annual report of the ACP-EEC Council of Ministers (1 March 1980 - 28 February 1981)
- Decision No 10/81 on the delegation of certain powers to the ACP-EEC Committee of Ambassadors
- Rules of procedure of the ACP-EEC Council of Ministers
- Rules of Procedure of the ACP-EEC Committee of Ambassadors

(v) Least-developed, landlocked and island ACP States

- Decision No 11/81 concerning the inclusion of Kiribati in the list of least-developed and island ACP States
- Decision No 12/81 concerning the inclusion of Zimbabwe in the list of landlocked ACP States

3. ACP-EEC COMMITTEE OF AMBASSADORS

The Committee of Ambassadors held three meetings during the period covered by this report.

The tenth meeting of the Committee of Ambassadors was held in Brussels on 30 March 1981 and was chiefly devoted to preparations for the meeting of the Council of Ministers to be held ten days later in Luxembourg.

The eleventh meeting of the Committee of Ambassadors was held in Brussels on 19 June 1981; the main topic on the agenda was the follow-up to the Council meeting, with particular reference to Stabex and financial and technical co-operation.

The twelfth meeting of the Committee of Ambassadors was held in Brussels on 30 November 1981 and was devoted to an examination of the progress made on the main issues concerning the various aspects of ACP-EEC co-operation. At that meeting the ACP States spoke of their concern regarding the working methods of the Committee, which they felt consisted in simple statements of the respective positions, with no real discussion. The operation of the ACP-EEC Subcommittees and Working Parties was also discussed (see 5 below).

4. ACP-EEC CONSULTATIVE ASSEMBLY

The meeting of the Council of Ministers on 9 and 10 April 1981 (Luxembourg) was informed of the results of the meeting of the Consultative Assembly held there in September 1980 and of the meeting of the Joint Committee in Freetown (Sierra Leone) from 23 to 27 February 1981 ; it took note of the Resolutions of the Consultative Assembly and the Joint Committee.

The annual meeting of the Consultative Assembly was held in Luxembourg on 28, 29 and 30 September 1981. The Council was represented by the two co-Presidents who, speaking of the vital work carried out by the Assembly and the Joint Committee ⁽¹⁾, stressed the need for realism and political resolve in pursuing the objectives which the instruments provided for in the second Lomé Convention, although inevitably not yet perfect, had nonetheless made more attainable.

⁽¹⁾ The Joint Committee met twice in 1981 - in Freetown (Sierra Leone) from 23 to 27 January and in Strasbourg from 23 to 25 September.

5. COMMITTEES, SUBCOMMITTEES AND JOINT EXPERT GROUPS

The following is a list of the meetings of the various bodies which assist the Committee of Ambassadors. For details of their activities see the corresponding chapters of this report.

- (a) The Customs Co-operation Committee held its 8th meeting on 26 March, its 9th meeting on 24 July and its 10th meeting on 18 December 1981;
- (b) the Committee on Industrial Co-operation held its 22nd meeting on 18 March, its 23rd on 27 November and its 24th on 30 November 1981;
- (c) the Subcommittee on Trade Co-operation held its 18th meeting on 11 March 1981 and its 19th meeting on 6 November 1981;
- (d) the Subcommittee for Co-operation on Agricultural and Rural Development held its first meeting on 30 January 1981;
- (e) the ACP-EEC Working Party on Rum held its first meeting on 27 March and its 2nd meeting on 25 November 1981.

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At its meeting on 30 November 1981 the Committee of Ambassadors discussed the progress made in the various Subcommittees and Working Parties assisting it. It agreed that the situation regarding the issues outstanding in the Subcommittees and Working Parties should be examined by the co-Secretaries with a view to identifying where a fresh contribution to the discussions should come from so that they could progress and that subsequently the parties concerned should take steps to ensure that the contributions necessary for the discussions to continue were made.

X. CONCLUSIONS

This report covers a relatively short period of only 10 months in the first year of operation of the new Convention. Due, however, to the fact that this Convention - despite its many improvements over its predecessor - essentially involves the continuation of a whole system and because most of its provisions had either been put into effect during the Interim period or had been prepared in such a way that they could become operative on the day the Convention entered into force, the process of ACP-EEC cooperation proceeded with the minimum delay.

As regards the substance, the Convention has, in measure, functioned satisfactorily. Certainly, there are a number of positive achievements as well as a number of negative features, the effects of many of which will no doubt continue to be felt in 1982 and beyond. Prime among these were, on the one hand, the significant reduction of STABEX transfers relating to 1980 and the sugar pricing difficulties and, on the other hand, the smooth functioning of the institutions and the widening of the Convention to include other countries.

The parties to the Convention look forward to 1982 with the hope for even greater achievements.

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