

ACP - EEC CONVENTION OF LOME

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

(1 April 1977 - 28 February 1978)

**Commission report to the ACP - EEC Council of Ministers on the
administration of financial and technical co-operation in 1977**

The Commission's report for 1977 has been deleted. It is available
on AEI as a separate document, <http://aei.pitt.edu/4175>.

BRUSSELS 14 March 1978

Mr E. COLOMBO
President of the European Parliament

Mr P. YACE
President of the National Assembly
of the Ivory Coast

Presidents of the ACP-EEC
Consultative Assembly

Case Postale 1601

LUXEMBOURG

(Grand Duchy of Luxembourg)

Sirs,

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We have been instructed by the ACP-EEC Council of Ministers at its third meeting on 13 and 14 March 1978 in Brussels to submit herewith, for the information of the ACP-EEC Consultative Assembly, the annual activities report which is provided for in Article 80(4) of the Lomé Convention and which was adopted by the said Council at its third meeting.

To make it easier for this report to be used and studied, it has been agreed to attach the report from the Commission to the ACP-EEC Council of Ministers on the management of financial and technical co-operation in 1977, which is provided for in Article 41 of the Convention.

The necessary copies of these reports will be put at the disposal of your departments as soon as possible.

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

KONATE

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Enclosure

C O N T E N T S

| | |
|--|----|
| INTRODUCTION | 1 |
| <u>CHAPTER I:</u> | |
| <u>TRADE CO-OPERATION</u> | 6 |
| 1. Community generalized preferences scheme | 8 |
| 2. GATT multilateral trade negotiations | 11 |
| 3. Community textiles policy | 12 |
| 4. Application by the ACP States of Articles 7, 8 and 11 of the Convention | 14 |
| 5. Beef and veal | 15 |
| 6. Arrangements for tomato imports from the ACP States | 16 |
| 7. Rum | 18 |
| 8. Bananas | 19 |
| 9. Aflatoxin | 22 |
| 10. Cotton exports from the ACP States to the Community | 23 |
| 11. Supply of surplus agricultural products to the ACP States | 24 |
| 12. Trade promotion | 25 |
| 13. Request by the ACP States for a joint ACP-EEC centre for agricultural co-operation | 26 |

.../...

CHAPTER II:CUSTOMS CO-OPERATION

| | |
|---|----|
| 1. Annual review of the application of Protocol No 1 | 27 |
| 2. Derogations from the rules of origin | 28 |
| 3. Draft decision and draft statement by the Council of Ministers on the amendment of the Customs nomenclature in lists A and B of Protocol No 1 | 29 |
| 4. Other matters | 30 |

CHAPTER III:STABILIZATION OF EXPORT EARNINGS

| | |
|---|----|
| 1. Review of the application of the relevant provisions of the Lomé Convention | 32 |
| 2. Reference years | 32 |
| 3. List of eligible products | 33 |
| 4. Resolution on commodity exports | 33 |
| 5. Inclusion of exports irrespective of destination | 34 |
| 6. Transfers for 1976 | 35 |

III

CHAPTER IV:

IMPLEMENTATION OF PROTOCOL NO 3 TO THE CONVENTION (SUGAR)

- | | |
|--|----|
| 1. Annual guaranteed price negotiations | 38 |
| 2. Application of Article 7 of Protocol No 3 (force majeure) | 41 |
| 3. Request by Zambia for accession to the sugar protocol | 46 |
| 4. International Sugar Agreement | 46 |

CHAPTER V:

INDUSTRIAL CO-OPERATION 48

- | | |
|--|----|
| 1. Decisions of the ACP-EEC Committee on Industrial Co-operation | 49 |
| 2. Activities of the ACP-EEC Centre for Industrial Development | 58 |

CHAPTER VI:

FINANCIAL AND TECHNICAL CO-OPERATION 61

- | | |
|--|----|
| 1. Draft fiscal and customs arrangements applicable in the ACP States to contracts financed by the Community | 62 |
| 2. Work on the annual review of financial and technical co-operation | 63 |
| 3. Problems of the least developed, landlocked and island countries | 66 |
| 4. Implementation of microprojects | 68 |
| 5. General provisions and conditions applicable to the placing and performance of public contracts financed by the EDF | 69 |

.../...

CHAPTER VII:

INSTITUTIONAL QUESTIONS

| | |
|---|----|
| 1. Annual report of the ACP-EEC Council of Ministers | 70 |
| 2. Working methods of the ACP-EEC Council of Ministers | 70 |
| 3. Relations with the ACP-EEC Consultative Assembly and Joint Committee | 71 |
| 4. Relations with the economic and social sectors | 73 |
| 5. Other matters | 74 |

CHAPTER VIII:

| | |
|--|----|
| <u>ACCESSIONS TO THE LOME CONVENTION</u> | 75 |
|--|----|

Article 74(5) of the Lomé Convention lays down that the ACP-EEC Council of Ministers shall publish an annual report and such other information as it considers appropriate.

Furthermore, Article 80 of the Convention lays down that each year the Council of Ministers shall submit a report on its activities to the ACP-EEC Consultative Assembly.

For the purpose of implementing those Articles the ACP-EEC Council of Ministers adopted, at its 3rd meeting on 13 and 14 March 1978 in Brussels, the present report covering the period from 1 April 1977 to 28 February 1978. This report follows on from the first report, which was published by the ACP-EEC Council of Ministers and forwarded to the ACP-EEC Consultative Assembly as an activities report covering the period from 1 April 1976 to 31 March 1977.

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The second year of application of the Lomé Convention has been characterized by the improved implementation of its provisions in most fields. The various institutions provided for by the Convention and nearly all the bodies set up under it have met, in some instances on several occasions, during this period. In particular, the ACP-EEC Council of Ministers held its 2nd meeting at Suva (Fiji) on 13 and 14 April 1977 with Ratu Sir Kamisese MARA, Prime Minister of Fiji and President-in-Office of the Council of ACP Ministers, in the Chair. The Community delegation was led by the Rt. Hon. Edmund DELL, M.P., Secretary of State for Trade of the United Kingdom and President of the Council of the European Communities.

The meeting was prepared by the ACP-EEC Committee of Ambassadors, set up under Article 69 of the Convention, which also met on 23 November 1977 and again on 28 February 1978 to prepare the ordinary meeting of the ACP-EEC Council of Ministers on 13 and 14 March 1978.

The ACP-EEC Consultative Assembly, set up under Article 80 of the Lomé Convention, held its 2nd meeting in Luxembourg from 8 to 10 June 1977. The Joint Committee, which was set up by the Consultative Assembly to carry out preparatory work and specific tasks decided upon by the latter, met in Luxembourg in the context of the annual meeting of the Consultative Assembly and again in Maseru (Lesotho) from 28 November to 2 December 1977.

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The proceedings of the Council of Ministers and the Committee of Ambassadors were prepared in the Committees and Subcommittees set up either under the Lomé Convention or the Rules of Procedure of the ACP-EEC Committee of Ambassadors. Thus the Committee on Industrial Co-operation held five meetings during this period, on 18 May, 28 July, 26 October and 14 December 1977 and on 14 February 1978. The Customs Co-operation Committee met on 17 November 1977, 31 January 1978 and 13 February 1978.

As regards the various Subcommittees, the Subcommittee on Trade Co-operation met on 19 September and 4 November 1977 and 31 January 1978, the Subcommittee on Sugar on 4 November 1977 and 27 January 1978, the Subcommittee on Stabilization of Export Earnings on 7 February 1978 and the Subcommittee on Financial and Technical Co-operation on 28 and 29 June 1977 and 15 February 1978. Lastly, the Permanent Joint Group on Bananas (set up under Protocol No 6 to the Lomé Convention) met on 24 June 1977 and 24 January 1978. Furthermore, an ACP-EEC Working Party, set up as a result of the discussions of the Council of Ministers at its meeting in Fiji, on the effects of the EEC's generalized system of preferences, held its first meeting on 17 January 1978.

As did the previous report, the second annual report examines in turn the application of the various titles of the Lomé Convention. It seems that, from a general Community viewpoint, the implementation of the Convention has led to very positive results during this period, particularly because the Convention, as was stated by the President of the Council of the European Communities at the Fiji meeting of the Council of Ministers, places emphasis on practical co-operation and specific

action. The examples are: the satisfactory functioning of the export earnings stabilization system; the completion of the introduction of the mechanisms provided for under the heading of industrial co-operation; the commitment in less than two years of an amount in excess of 1,000 million EUA under the heading of financial and technical co-operation to finance projects and action programmes;

the considerable advantage resulting from free importation into the Community of virtually all the products of the ACP States; and lastly, in the field of sugar, the Community's implementation of mutual guarantees for sugar, which over this period constituted a very substantial burden upon the Community, as it did for the ACP at an earlier period.

While recognizing the satisfactory operation of the Convention in certain sectors, the ACP States have held that further improvements should be made to the conditions of application of the Lomé Convention in certain domains, particularly as regards trade co-operation - including the action to be taken on certain major exports such as bananas and sugar - and financial and technical co-operation.

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A number of problems arising in connection with the implementation of the Lomé Convention were further examined at the meeting of the ACP-EEC Committee of Ambassadors on 28 February 1978 as part of the preparations for the 3rd meeting of the ACP-EEC Council of Ministers. With a view to these meetings the ACP States communicated, by letter dated 19 January 1978, the results of the proceedings of the Council of ACP Ministers in Lusaka in December 1977, setting out their official position on a number of points. On 28 February the Committee of Ambassadors studied the outcome of the work carried out by the Committees, Subcommittees and the Permanent Joint Group on Bananas, particularly during the most intense period of preparation in January and February 1978, and on that basis selected and classified the items to be discussed at the meeting of the Council of Ministers in Brussels on 13 and 14 March 1978.

CHAPTER I

TRADE CO-OPERATION

In accordance with Article 2 of the Lomé Convention products originating in the ACP States have been imported into the Community free of customs duties and charges having equivalent effect. Also, agricultural products originating in the ACP States and covered by the common agricultural policy have as a rule been imported into the Community under arrangements more favourable than the general arrangements applicable to the same products originating in third countries which benefit from the most-favoured-nation clause. Although the Community is facing considerable economic difficulties in certain sectors, it has not applied the safeguard clause laid down in Article 10 of the Convention to any product from the ACP States. As regards beef and veal originating in the ACP producer States, taking into account the declarations made when the Convention was signed, the special provisions which had been adopted during the previous years in order to facilitate the sale of stipulated quantities on the Community market under normal conditions have been renewed until the end of 1978 (see section 5 below).

At the meeting of the Subcommittee on Trade Co-operation on 31 January 1978 the Community gave some details of ACP-EEC trade trends during the two and a half years following the entry into force of the trade provisions of the Lomé Convention. It indicated in particular that, according to the EEC statistics, Community imports from the ACP States in 1976 had increased by approximately 20% compared with 1975, and that this trend had continued in 1977. For the first eight months of 1977 (the most recent period for which figures are available) Community imports from the ACP States had increased by 26% compared with the corresponding eight months of 1976. This rate of increase (26%) was the highest of all for Community imports from other countries or groups of countries. For example, the rate of increase for industrialized countries was only 11%, whereas the rate for other developing countries, including oil-exporting countries but excluding the ACP States, was only 8.7%. This trend had enabled the ACP States to secure a 7.5% share in Community imports, as against 6.4% in 1976. At the same time Community exports to the ACP States increased by 28% ⁽¹⁾.

While welcoming guardedly these details of the positive increase in ACP-EEC trade, the ACP States have expressed their concern regarding the economic situation of many of their members in some cases due in great measure to the fact that, for some products, other third countries have enjoyed in the EEC market more favourable import arrangements than those granted to the ACP States.

(¹) It was considered worthwhile to Annex to this report the figures compiled by the Statistical Office of the European Communities on the development of trade between the Community and the ACP States. The ACP States are yet to endorse the statistics.

As a result, at the request of the ACP States, a number of specific problems have been discussed in the relevant bodies set up under the Convention. The positions adopted by the Community and by the ACP States on these different issues are set out below. At its meeting in Fiji the Council of Ministers examined several of these issues. Likewise, the ACP-EEC Committee of Ambassadors determined which of those issues it felt should be submitted to the Council of Ministers at its 3rd meeting in Brussels, in an effort to find satisfactory solutions to the difficulties encountered in certain fields.

1. Community generalized preferences scheme

At the meeting of the Council of Ministers in Fiji the ACP States recalled that, while they supported the Community system of generalized preferences in favour of developing countries, they had emphasized the specific nature of the Group of ACP States, which embraces most of the least advanced countries, and that, moreover, the international community had, at the 7th Special Session of the United Nations General Assembly and the UNCTAD IV, recognized the need to safeguard the preferences which the ACP States already enjoyed. The ACP States therefore requested that consultations be opened with the Community with the aim of trying to introduce a joint and permanent mechanism for monitoring the ACP States' exports in certain specific sensitive areas in order to ascertain the effects of

the EEC generalized preferences scheme on the ACP States' trade and where necessary, to propose corrective measures to protect the interests of those States.

The Community has agreed to the ACP States' suggestion, on the understanding that the joint Working Party responsible for identifying and assessing the effects of generalized preferences on the ACP States' exports would be subordinate to the ACP-EEC Subcommittee on Trade Co-operation.

At its meeting on 23 November 1977 the Committee of Ambassadors signified its agreement to the name (ACP-EEC Working Party on the effects of the EEC generalized preferences system), terms of reference and composition of this Working Party, which held its inaugural meeting on 17 January 1978. This Working Party has determined its working methods, with particular regard to the forwarding of the statistical data essential to it under its terms of reference, and the choice of products whose exportation should be given more particular consideration (wood products, particularly plywood, and certain fruit and vegetables, especially tinned pineapple or products facing competition from the Mediterranean countries). The Working Party is to meet again, once it has received sufficient documentation, to give its interpretation of the situation and subsequently to report to the Subcommittee on Trade Co-operation.

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Furthermore, in accordance with Article 11 of the Lomé Convention and as in previous years, the Community informed the ACP States of its intentions regarding the generalized preferences scheme for 1978.

Consultations took place at the meeting of the Subcommittee on Trade Co-operation on 4 November 1977, at which the ACP States submitted specific comments and requests relating to the Community preferences scheme.

As regards the specific comments, the Community gave information, at the meeting of the Committee of Ambassadors on 23 November 1977, concerning progress in the discussions of the Community authorities on the scheme for 1978, with particular reference to the amendments made to the Commission proposal to accommodate the ACP States' comments. The latter, while recognizing that the Community had consulted them in good time in 1977, stressed the possible cumulative effect on the ACP States' exports of successive improvements to the Community generalized preferences scheme. They therefore called upon the Community and are awaiting its reply to their general proposals as soon as possible.

When they examined these issues at their meeting in Lusaka in December 1977, the Ministers of the ACP States assessed the recent improvement in EEC-ACP consultations, particularly as regards the proposals relating to the generalized preferences scheme for 1978. They reaffirmed the measures taken by the

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ACP-EEC Committee of Ambassadors concerning the setting up of the joint Working Party. They nevertheless reminded the Community that the economies of their States could not withstand a constant decrease in their competitive advantages, and that this was why the international community had recognized and accepted that the position of countries which have special preferences, such as the ACP States, should be protected when the preferences system is extended. The ACP Ministers pointed out that the Community had undertaken to take all necessary steps to protect their position, including, if appropriate, the withdrawal of specific concessions granted under the generalized system of preferences.

2. GATT multilateral trade negotiations

In the light of the consultations held in 1976 between the Community and the ACP States on the Community offer regarding tropical products in the context of the GATT multilateral trade negotiations, the Committee of Ambassadors gave its agreement, at its meeting on 23 November 1977, to the desirability of close consultation between the Community and the ACP States, either in Brussels or Geneva, in connection with those negotiations. In this context the Community gave information, at the meeting of the Subcommittee on Trade Co-operation on 31 January 1978, on progress achieved and problems outstanding.

3. Community textiles policy

At the meeting of the Subcommittee on Trade Co-operation on 4 November 1977 the Community informed the ACP States of the approach it was employing in the field of textile industries. The aim of this special approach was to regulate the growth of its imports of textile products so as to prevent increased unemployment in regions of the Community which were already seriously affected and to enable it to carry out an orderly restructuring of its industries.

To this end, as far as non-preferential third countries were concerned, the Community had stated that it would not be party to the renewal of the Multifibres Arrangement unless the negotiations with some thirty supplier countries enabled it to obtain, by virtue of a reasonable departure from the usual rules of the Arrangement, some degree of stabilization in its imports of products it regards as ultra-sensitive and sensitive ⁽¹⁾. Where countries linked with the Community through preferential agreements are significant suppliers of sensitive products, the Community consider that these countries contributed to cumulative disruption of the market and should therefore be subject to restrictions similar to those imposed on third countries, taking account as far as possible, however, of the export potential already acquired and in accordance with a realistic view of the absorption capacity of the market.

⁽¹⁾ Having concluded the bilateral negotiations with the countries concerned, the Community has renewed its participation in the Multifibres Arrangement for four years from 1 January 1978.

Lastly, the Community apprised the ACP States, which are not, moreover, at present significant suppliers of these products, in a spirit of co-operation and frankness, of the list of products which would create serious disruption if there were too sudden and large an increase in imports. The Community stated that it was prepared, if necessary, to undertake with any ACP States concerned which so requested an examination of the real marketing possibilities for textile products, bearing in mind that pre-emptive consultation might avoid the Community's being forced to take protective measures and ensure that textile producers and exporters in the ACP States did not encounter marketing difficulties in the Community in future.

At the meeting of the Committee of Ambassadors on 23 November 1977 the ACP States stated that they were going to commit this information to study. They then informed the Community that the Council of ACP Ministers, at its meeting in Lusaka at the beginning of December 1977, had expressed a strong hope that the Community and its Member States would avoid taking any measures in this field which might adversely affect the present or potential growth of ACP textile production or textile exports to Community markets, bearing in mind the objectives of the industrial co-operation provisions of the Lomé Convention and the degree of industrialization of the ACP States.

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At the meeting of the ACP-EEC Subcommittee on Trade Co-operation on 31 January 1978 the ACP States reiterated the position adopted by the Ministers regarding the Community communication on textile products. For its part the Community drew the ACP States' attention to the information supplied by the Commission on the matter, clearly identifying the most sensitive products.

4. Application by the ACP States of Articles 7, 8 and 11 of the Convention

At the Fiji meeting of the Council of Ministers the Community quoted instances in which ACP States appeared not to have met the obligations devolving upon them under Articles 7, 8 and 11 of the Lomé Convention (non-discrimination, most-favoured-nation treatment, communication of customs tariffs, information and consultation on commercial policy). It emphasized in particular that some ACP States had not yet supplied information on their tariff arrangements and, moreover, that each of the two parties to the Convention was bound to inform the other of any intention on its part of adopting commercial policy measures likely to have an adverse effect on the interests of that other party.

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5. Beef and veal

Acting on a proposal from the Commission, which had, moreover, been communicated to the ACP States, the Council of the Communities adopted on 21 November 1977 a Regulation renewing for a further period of one year (until 31 December 1978) the special provisions which it had agreed to adopt for the previous years. Under these provisions beef and veal originating in the ACP States benefits, on importation into the Community, from a 90% reduction in the normal import charges, within the limit of predetermined quantities. This reduction is in addition to the complete exemption from customs duties which was provided for when the Lomé Convention was signed.

When those measures were being adopted a letter from the Government of Botswana was also placed before the Council, requesting that the quantity of beef and veal eligible for those special provisions be increased by 7%, which was the rate of growth provided for in the context of the Lomé Convention for those quantities in respect of which exemption from customs duties alone had been granted.

The ACP States noted that the concession granted by the Council of the Communities in November 1977 was applicable only until December 1978, and that it did not, as regards the 90% reduction in import charges, provide for an increase in the quantities which, from the point of view of the ACP States, had been provided for in the Convention. The ACP States indicated that they considered that there was

an urgent need for a longer-term solution, which should also cover the small increase in quantities which they had requested. The ACP States hoped that such a solution would be approved by the ACP-EEC Council of Ministers at its meeting in March 1978.

6. Arrangements for tomato imports from the ACP States

At the Fiji meeting of the Council of Ministers the ACP States, referring to the work of the Committee of ACP Ambassadors and the documentation submitted by the Commission concerning tomatoes and melons, called upon the Council to affirm that, under the arrangements laid down in the Lomé Convention, these products from the ACP States should not receive less favourable treatment, as was currently the case, than that given to third countries since this ran counter to certain provisions of the Convention and the declaration on agricultural products.

In reply the Community stated that it had always, as far as agricultural products from the ACP States were concerned, fulfilled its obligations under Article 2(2) of the Convention, taking into account the declaration in the minutes of the negotiations, and that it could agree to open consultations on the granting of favourable import arrangements for tomatoes originating in the ACP States (melons were already exempt from customs duties). Furthermore, the Commission observed that consultations were

provided for where new exports came into being, as in the case of tomatoes from Senegal, but that the Lomé Convention gave the ACP States no guarantee as to the level of the preference compared with that granted under other preferential agreements, whose geographical scope was, moreover, limited. It confirmed that if the tariff arrangements were modified in favour of Senegal for the exportation of its tomatoes the new arrangements would apply to all ACP States in respect of that product.

In the light of a Commission proposal submitted on 20 December 1977 the Community decided that, starting on 1 March 1978, tomatoes originating in the ACP States would be imported from 15 November to 15 April at customs duties equal to 40% of Common Customs Tariff duties within the limit of a Community tariff quota of 1,000 tonnes, with a minimum levy of 2 units of account per 100 kg.

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7. Rum

At the meeting of the Council of Ministers in Fiji the ACP States mentioned certain difficulties encountered by importers with regard to the approval of import licences. They also expressed their concern regarding the proposal for a Regulation on the common organization of the market in ethyl alcohol of agricultural origin, which was being examined in the Council of the Communities. They held that this proposal, which suggested the adoption of a new definition of rum, based on the level of distillation, would be likely, if adopted, to exclude the ACP States from the Community market. Furthermore, the ACP States, while noting the Community's agreement that appropriate consultations should be opened with them on the matter, stressed that such consultations should take place before the Community adopted any decision.

The Community emphasized that it had fulfilled its obligations under Protocol No 7 on rum. It observed that the problems encountered by the ACP States were to a great extent due to excess supply of spirits on the Community markets. As regards the future regulation of the market in ethyl alcohol of agricultural origin, it felt that the unofficial talks with the Commission should continue, and that consultation of the ACP States should take place when the Community had adopted a position and before a final decision. It stated

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that there would probably be a separate regulation for rum produced by the ACP States. If it seemed that the authorities of the Member States, which had jurisdiction on the matter, were imposing preconditions for the issue of licences a technical meeting on the matter should be held at the earliest opportunity.

8. Bananas

In March 1977 the ACP States submitted to the Community a first memorandum setting out their views on the application of Protocol No 6 (bananas) to the Convention, whereupon the Community stated at the meeting of the Council of Ministers in Fiji that it had committed the memorandum to study and that it would give its reactions in the Permanent Joint Group on Bananas. The Commission had nevertheless given a first reaction on several points, while mentioning the difficulties involved in market reorganization and the need for trade promotion by the ACP States, as the Commission had considerable power in the struggle against monopolies and dominant positions. It also pointed out that there was nothing to prevent the Permanent Joint Group on Bananas from meeting at expert level in certain cases, as the ACP States wished; as to the consultation of trade circles, since it was impossible to consult them all it was agreed that the Permanent Joint Group on Bananas could examine this question further.

The Community gave a more detailed reply to the ACP States' memorandum at the meeting of the Permanent Joint Group on Bananas in June 1977.

The Ministers of the banana-exporting ACP States met in Douala (Cameroon) from 9 to 17 July 1977. Following that meeting, at a meeting on 24 November 1977 between Mr NAAH (Minister - Cameroon), for the producer ACP States, and the President of the Council of the European Communities, the ACP States submitted to the Community a letter setting out their point of view on the implementation of Protocol No 6. The Community adopted a position on this document at a further meeting of the Permanent Joint Group on Bananas on 24 January 1978. However, in the meantime the ACP States submitted to the Community a memorandum adopted by the Ministers of the banana-producing ACP States at their meeting in Douala, giving their reply to the points of view expressed by the Community in June 1977.

In this memorandum the ACP States expressed the reasons for their view that the Community was not fulfilling its commitments under Protocol No 6, particularly because it refused to take the measures necessary for the satisfactory implementation of that Protocol. The ACP States therefore reaffirmed their opinion that, under the Protocol, aid should be granted to the banana-producing ACP States in addition to the aid provided for by other provisions of the Convention. They accordingly submitted proposals on:

- the conclusion between the Community and the ACP States of a prior agreement on the organization of the Community banana market to guarantee the ACP States, and Somalia in particular, market access facilities on their traditional markets and preferential treatment compared with all other imported bananas;
- the establishment, under that prior agreement, of firm arrangements whereby a minimum share of new Community markets should be earmarked for the ACP States on terms profitable for those suppliers;
- the setting up of an ACP-EEC banana experts working party to supervise the implementation of the arrangements in question.

Lastly, while recognizing that the solution of trade problems is a prerequisite for the development of the ACP States' banana industry, the ACP States considered that investment aid in the banana sector was implicit in Protocol No 6 which commits the Community to adopt "appropriate measures particularly with respect to investment", and would thus ensure the producer ACP States of special resources in addition to those provided for in other provisions of the Convention. These resources should be used not only for the individual producer States in particular but also for certain projects of common ACP interest in the sphere of bananas.

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9. Aflatoxin

At the Fiji meeting of the Council of Ministers the ACP States recalled that the Council of the European Communities had, in December 1973, adopted a Directive laying down an excessively low level of aflatoxin as the maximum content in groundnut oilcakes imported by the Member States, without having consulted the ACP States. As the experts of both parties had identified two fields of action in the aflatoxin problem, one relating to the method of sampling, the other the method of analysis, the ACP States requested that a study be conducted by a group of experts from the ACP States, the EEC, the WHO and the FAO. The ACP States had requested that the application of the new Directive on the permissible level of aflatoxin be suspended until the findings of that study were available.

The Community stated that it could not suspend the 1973 Directive, which had, moreover, been adopted before the negotiations on the Lomé Convention and protected human health, especially child health. However, in order to meet the ACP States' concern it had decided to finance, as it had intimated in Fiji, a research programme to bolster the ACP States' efforts to eliminate aflatoxin from groundnut oilcakes. 3,000,000 units of account had been allocated from the first instalment of regional projects to the programme in question in the light of the proposals of the African Groundnut Council.

The Community also recorded its view that the Community rules had not to date constituted a handicap for the ACP States' exports of groundnut oilcakes.

On a proposal from the ACP States it was agreed that a study would be made concerning a method of analysis of the products in question.

10. Cotton exports from the ACP States to the Community

At the meeting of the Subcommittee on Trade Co-operation on 4 November 1977 the ACP States expressed their concern at the fall-off in their exports of cotton to the Community and stated their intention of asking the Community for financial aid to finance trade promotion measures to encourage consumption of cotton and cotton products on the Community market, if possible through action to be undertaken by the International Cotton Institute.

At their meeting in Lusaka in December 1977 the ACP Ministers showed profound concern over the serious threat resulting, for the standard of living of farmers and workers in the cotton-producing ACP States, from the continuous relative decline in Community consumption of cotton and cotton products. The ACP Ministers felt that only major trade promotion measures could reverse this trend and instructed their Ambassadors to undertake, in conjunction with the Community, the necessary action to secure financial aid or measures to stimulate the consumption of cotton and manufactured cotton products on the Community market.

At the meeting of the Subcommittee on Trade Co-operation on 31 January 1978 the ACP States announced their intention of submitting a memorandum on the matter to the Community. At the same meeting the Community stated that the statistics in its possession did not show a drop in the exportation of cotton or cotton products to the Community market.

11. Supply of surplus agricultural products to the ACP States

At the meeting of the Council of Ministers in Fiji the ACP States asked the Community, as they had done at a meeting of the two Presidents in October 1976, to examine possible arrangements whereby surpluses of certain foodstuffs in the Community could be made available to the ACP States on favourable terms. They also hoped that the ACP and EEC experts would meet, on the basis of the proposals made by the ACP States, to finalize a programme for adoption. The Council of Ministers instructed the Committee of Ambassadors to examine the ACP States' suggestions.

Subsequently, the ACP States asked the Community, in the ACP-EEC Committee of Ambassadors, if it could state its position on that request. The Community stated, in the Subcommittee on Trade Co-operation, that the issue was currently being studied, and that it was possible that details of the Community position would be given at the meeting of the Council of Ministers in March 1978.

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12. Trade promotion

At the Fiji meeting of the Council of Ministers the ACP States appealed for the trade promotion possibilities afforded by the Convention to be exploited. They emphasized that much remained to be done to go beyond the limited sphere of trade fairs so that action could be taken to improve the ACP States' internal and external structures by paying attention to the training of staff engaged in the external trade of those countries.

After stressing the importance of the Community market for the ACP States' exports, the Commission observed that the opening of the market was not enough, as experience showed that those States which already had better export structures and better means of informing their salesmen benefited most. For this reason a systematic trade promotion operation should be conducted in this new field, which was linked with industrial co-operation. According to the Commission a particular effort should be made to improve external trade structures and introduce co-ordinated measures in training men and marketing products.

The Commission and the representatives of the ACP States met on 6 and 7 February 1978.

It should be recalled that the ACP States had at the Fiji meeting of the Council of Ministers expressed concern at the Commission proposal for the setting up of a European agency for trade co-operation with developing countries. It would be difficult to establish the future repercussions of such an agency on ACP-EEC relations. The Council of Ministers had agreed that if such a body were to be set up its operation should in no way jeopardize the ACP States' interests.

13. Request by the ACP States for a joint ACP-EEC centre for agricultural co-operation

At the Fiji meeting of the Council of Ministers the ACP States asked the Community to give sympathetic consideration to a proposal for the setting up of an ACP-EEC centre for agricultural co-operation. The Council of Ministers had instructed the Committee of Ambassadors to study the possibility of such a centre. The Commission has not yet been able to adopt a position on the matter, owing in particular to the lack of information on the precise substance of the ACP States' request.

The ACP have indicated that it will soon be in a position to provide the Community with their basic ideas on the subject.

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CHAPTER II

CUSTOMS CO-OPERATION

1. Annual review of the application of Protocol No 1

Article 27 of Protocol No 1 stipulates that the Council of Ministers shall examine annually the application of the provisions of this Protocol (concerning the definition of the concept of "originating products" and methods of administrative co-operation) and their economic effects with a view to making any necessary changes, and that this examination may be carried out at more frequent intervals, notably when the development of existing industries or the creation of new industries necessitates derogations from the Protocol. The Customs Co-operation Committee is, moreover, responsible under the aforementioned Article 27 for preparing the decisions of the Council of Ministers.

At its Fiji meeting the Council of Ministers noted the Customs Co-operation Committee's report, which emphasized the generally satisfactory situation as regards the application of Protocol No 1.

The Customs Co-operation Committee has also drawn up a summary of its discussions at its meetings on 17 November 1977 and 31 January 1978 (see below).

2. Derogations from the rules of origin

At its meeting in Fiji the Council of Ministers adopted two Decisions, at the request of the ACP States, derogating from the rules of origin in favour of Malawi (Decision No 1/77) and Kenya (Decision No 2/77) in respect of artificial fly for fishing. The Community stated that the request for a derogation in favour of Mauritius was still undergoing detailed study.

At its meeting on 23 November 1977 the Committee of Ambassadors, acting on the basis of a report by the Customs Co-operation Committee, examined the requests for derogations from the rules of origin submitted by the ACP States to take into account the special situation of Mauritius with regard to certain products of the textile industry and its production of tuna. In the context of the powers delegated to the Committee of Ambassadors by the Council of Ministers, two other Decisions were adopted, concerning:

- 400 tonnes of unbleached cloth falling within tariff heading ex 55.09 imported into the Community between 25 November 1977 and 31 July 1978 (Decision No 11/77);
- 1,600 tonnes of canned tuna falling within tariff heading ex 16.04 imported into the Community between 25 November 1977 and 24 November 1978 (Decision No 12/77).

The Community subsequently adopted the Regulations implementing these Decisions.

The Customs Co-operation Committee also examined a Community proposal on the adoption by the Council of Ministers of a new Decision whereby, in the Community spirit, powers would be delegated to the Committee of Ambassadors to take decisions on requests for derogations. As the ACP States felt that such powers had already been delegated to the Committee of Ambassadors under Decision No 11/76, adopted by the ACP-EEC Council of Ministers on 15 July 1976, the Community agreed under the circumstances not to pursue the matter further.

3. Draft Decision and draft statement by the Council of Ministers on the amendment of the customs nomenclature in lists A and B of Protocol No 1

As a result of the amendments made to international nomenclature by the Customs Co-operation Council, it has become necessary to make similar amendments to lists A and B of Protocol No 1 to the Lomé Convention. Furthermore, provision has had to be made for the amendment of certificates EUR 1 and EUR 2 in order to harmonize them with those used under other preferential agreements. The ACP-EEC Customs Co-operation Committee has, after recording that these amendments should in no way change the economic effects of the present provisions of Protocol No 1, submitted for approval by the Council of Ministers at its meeting on 13 and 14 March 1978:

- a draft Decision amending Protocol No 1 to the Lomé Convention concerning the definition of the concept of "originating products" and methods of administrative co-operation;
- a draft statement by the Council of Ministers concerning the re-examination of the changes made to lists A and B in the light of the amendments to customs nomenclature.

This joint statement provides that, if these new lists were to modify the substance of one of the rules which existed prior to the new Decision:

- the Community would take any steps necessary to maintain the preferential arrangements laid down in Protocol No 1 to the Lomé Convention by referring to the former lists A and B;
- the Customs Co-operation Committee will give urgent examination at the request of one of the Contracting Parties before 31 December 1979, in accordance with the procedure laid down in Article 28 of Protocol No 1, to the need to restore the substance of the rule or rules adopted prior to the new Decision in question.

4. Other matters

As is shown in the reports submitted to the Council of Ministers, the Customs Co-operation Committee has held exchanges of views on certain technical problems relating to administrative co-operation, with a view to the proper and uniform application of Protocol No 1 (transit of products originating in landlocked countries, drawing up of certificates EUR 1, explanatory notes, forwarding of customs tariffs, communication of customs seals, information seminars, requirement of certificates EUR 1 in the absence of preferential treatment in the ACP States).

CHAPTER III

STABILIZATION OF EXPORT EARNINGS

1. Review of the application of the relevant provisions of the Lomé Convention

At its meeting in Fiji, the Council of Ministers took note of a Commission report on the application of the system of stabilization of export earnings. The Council of Ministers emphasized the satisfactory results obtained in the practical application of the system, in particular the adoption - only a few months after the entry into force of the Convention - of the initial decisions on transfers covering the financial year 1975, and the announcement of a second series of transfers covering the financial year 1976.

At the same meeting the Council of Ministers acted on several requests submitted by the ACP States (see points 2 to 5 below).

2. Reference years

With regard to the reference years for the application of the system, the Council of Ministers took note of the following Community statement:

"For the purposes of applying the provisions relating to the reference period, where an ACP State reports difficulties due to a year characterized by exceptional events, the seriousness of which has been recognized by the international community, the Community declares itself ready to seek on a case-by-case basis, in conjunction with the ACP State concerned, a solution to these difficulties through as favourable as possible an interpretation of the existing provisions."

3. List of eligible products

The Council of Ministers decided to add the following new products to the list of products covered by the stabilization system (ACP-EEC Council of Ministers Decision No 3/77 of 14 April 1977):

- vanilla;
- cloves;
- pyrethrum;
- wool;
- mohair;
- gum arabic;
- ilang-ilang.

4. Resolution on commodity exports

Following the request by the ACP States for certain minerals (copper, phosphates) and rubber to be included in the STABEX system, the Council of Ministers adopted a Resolution on the attainment of common objectives regarding commodity exports. This Resolution, which referred to world-wide commodity agreements or arrangements to be concluded between the industrialized countries and the developing countries, stated in particular that the contracting parties to the Lomé Convention would take account of their mutual interests at international level, would ensure that the necessary collaboration took place between them and would afford each other all possible assistance. The chief aim of these consultations would be to try to identify, by mutual agreement at international level, possible solutions to the problems presented on the one hand by the supply of commodities and on the other hand by the disposal and marketing of those commodities.

.../...

In this connection the Community made a statement to the effect that, in view of the requests made by the ACP States, the consultations referred to in the Resolution would cover rubber, copper and phosphates.

The Government of Liberia subsequently asked for rubber to be included in the list of products covered by the stabilization system, but the Community stated that, in view of the current discussions at international level, it would seem preferable not to go beyond the implementation of the above-mentioned Council of Ministers Resolution, while ensuring that the necessary collaboration took place between the ACP States and the Community in international discussions on rubber.

5. Inclusion of exports irrespective of destination

At the request of the ACP States, the Council of Ministers extended the derogation laid down in Article 17(4) of the Lomé Convention, which states that for certain special cases exports irrespective of destination may be taken into account for the calculation of transfers to the following ACP States: the Comoro State, Western Samoa, Tonga, Seychelles and Lesotho (ACP-EEC Council of Ministers Decision No 4/77 of 14 April 1977). This decision was taken in view of the special geographical and economic situations of these countries and the particular structure of their trade. The Council agreed that a similar decision would be taken for Cape Verde when that country's accession to the Convention became fully effective.

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6. Transfers for 1976

In accordance with the Lomé Convention and in view of the fall in export earnings during 1976 in the countries concerned, the Community made transfers totalling 36,287,356 EUA to twelve ACP States during 1977. In accordance with Decision No 3/77 of the Council of Ministers, the amounts transferred took account of the addition of new products. In the case of two ACP States, the amounts were revised following Decision No 4/77 of the Council of Ministers (inclusion of exports irrespective of destination). The list below shows the transfers for each ACP State and each product.

.../...

TRANSFERS FOR THE FINANCIAL YEAR 1976

| <u>Beneficiary ACP State</u> | <u>Product</u> | <u>Amount of the transfer in EUA</u> |
|-------------------------------|---------------------------------|--|
| Benin (1) | Cotton, not carded or combed | 2,750,347 |
| | Palm oil | 765,576 |
| Cameroon | Cocoa paste | 463,558 |
| Central African Empire (1) | Sawn wood | 549,807 |
| Fiji | Coconut oil | 1,499,834 |
| Guinea-Bissau (1) | Groundnuts | 4,442,347 |
| | Palm nuts and kernels | 626,966 |
| Madagascar | Sisal | 1,762,943 |
| | Cloves | 1,139,516 |
| Niger (1) | Groundnut oil | 6,755,991 |
| | Groundnut oilcakes | 153,269 |
| Uganda (1) | Tea | 1,399,953 |
| | Cotton, not carded or combed | 2,249,791 |
| Sierra Leone | Iron ore | 3,977,274 |
| Western Samoa (1) | Copra | 1,331,544 (2) |
| | Wood in the rough | 348,993 |
| Tanzania (1) | Sisal | 5,165,208 |
| Tonga (1) | Copra | 831,720 (2) |
| | Bananas | 72,719 |
| TOTAL | | 36,287,356 |

(1) Least-developed ACP States, which receive non-refundable transfers

(2) Transfer revised following ACP-EEC Council of Ministers Decision No 4/77 of 14 April 1977

The Commission pointed out that the trend in export earnings in 1976 of the ACP States which had received transfers for 1975 would not enable those States, where they are under such an obligation, to contribute in 1977 towards the reconstitution of the resources made available for the system by the Community (Article 21 of the Convention).

At their meeting in Lusaka in December 1977, the Ministers of the ACP States noted the difficulties being encountered by Gabon in respect of tropical timber and Kenya in respect of sisal, in obtaining certain financial transfers to which they were entitled. They consequently instructed their Ambassadors to take the necessary steps with the Commission with a view to finding a satisfactory solution before the next Meeting of the ACP-EEC Council of Ministers in March 1978.

These difficulties, and similar difficulties encountered by Mali, were discussed by the Subcommittee on the Stabilization of Export Earnings (meeting on 7 February 1978) and subsequently by the Committee of Ambassadors (meeting on 28 February 1978). The ACP States announced that they would raise the matter at the ACP-EEC Council of Ministers on 13 and 14 March 1978.

CHAPTER IV

IMPLEMENTATION OF PROTOCOL No 3 TO THE CONVENTION (SUGAR)

1. Annual guaranteed price negotiations

Under the terms of Protocol No 3 to the Lomé Convention, the Community undertakes to purchase and import, at guaranteed prices, specific quantities of sugar which originate in the ACP States and which these States undertake to deliver to it. Article 5 provides that the guaranteed prices are to be negotiated annually, within the price range obtaining in the Community, taking into account all relevant economic factors, and shall be decided at the latest by 1 May immediately preceding the delivery period to which they will apply.

At the meeting of the Council of Ministers in Fiji the ACP States reaffirmed their view that the guaranteed prices should be negotiated within the range of Community prices. They also insisted that these prices should have retroactive effect. Finally, they opposed the application of the storage charge decided on by the Community, to ACP sugar.

(a) 1977-1978 prices

Referring to the negotiations on the guaranteed prices for sugar for the 1977-1978 marketing year, the Council of Ministers noted at its meeting in Fiji on 14 April 1977 that these prices should be fixed before May 1977 but that the Community was not at that time in a position to open negotiations since it had

not yet taken a decision on internal prices. It was, however, agreed that the negotiations should begin at the end of April 1977 in Brussels.

The results of these negotiations between the representatives of the sugar-exporting ACP States and the Commission, acting on behalf of the Community, were as follows.

The guaranteed prices referred to in Article 5(4) of Protocol No 3 were fixed as follows for the period from 1 May 1977 to 30 June 1978:

(a) for raw sugar : 27.25 EUA/100 kg

(b) for white sugar: 33.83 EUA/100 kg.

These prices refer to sugar of standard quality as defined in Community rules, unpacked, and cif European ports of the Community.

Having regard to the change in the definition of the Community's intervention prices and other relevant factors, the Community expected that the guaranteed price for ACP raw sugar and the adoption of the special self-balancing storage levy system for preferential sugar would enable the ACP States to secure on the Community market during the 1977/1978 delivery period a price of not less than 28.20 units of account per 100 kilograms.

In respect of ACP white sugar the Community expected that the guaranteed price would result in a market price of 35.60 units of account per 100 kilograms.

The Community took this opportunity to inform the ACP States that the Community had just adopted amending legislation to bring a special self-balancing storage levy system applicable to imported preferential sugar into effect from 1 July 1977.

The above agreement was the subject of exchanges of letters between the Community and each of the 14 sugar-producing ACP States listed in Protocol No 3.

At the conclusions of the negotiations, the ACP States indicated their dissatisfaction through the spokesman who said "the ACP cannot accept that the Protocol empowers the Community to unilaterally change the structure of the price range, redefines its intervention price, deduct whatever changes it deems fit and then place the resulting figure before the ACP as its firm and final guaranteed price offer to the ACP. This is not by any interpretation honoring the letter of the protocol that there should be annual negotiations to determine the ACP guaranteed prices."

(b) 1978-1979 prices

The ACP States informed the Community of their position on the negotiations on the guaranteed prices for sugar for the 1978/1979 marketing year in a document sent to the Commission under the consultation procedure agreed during the negotiation of the Lomé Convention.

Since work on the establishment of Community sugar prices for the coming marketing year is now in progress in the Council of the Communities, the ACP-EEC Subcommittee on Sugar held an exchange of views, at its meeting on 27 January 1978, on the provisions and procedures for the negotiations on the guaranteed prices for ACP sugar for 1978/1979.

2. Application of Article 7 of Protocol No 3 (force majeure)

Article 7 of Protocol No 3 contains provisions on the measures to be taken if, during any delivery period, the sugar-exporting ACP States fail to deliver the agreed quantity in full, and these measures vary according to whether the failure to deliver is due to force majeure or not. If, during any delivery period, a sugar-exporting ACP State fails to deliver its agreed quantity in full for reasons other than force majeure, that quantity is reduced, in respect of each subsequent delivery period, by the undelivered quantity.

At the meeting of the Council of Ministers in Fiji the ACP States raised the question of the decision taken by the Commission and the consequent reduction of the agreed export quantities for some ACP States (Congo, Surinam, Uganda and Kenya) which had failed to deliver their quotas for the 1975/1976 delivery period.

The Community, thought its spokesman pointed out that "the results of this year's negotiations are a compromise that has been obtained through difficulty and with sacrifices. Nonetheless, the Community believed that it was an equitable compromise that will help us in later negotiations."

After the ACP States had emphasized the gravity of the effect of these decisions on the countries in question, the Commission explained the basic reasons why these decisions had been taken. The Community then announced that it would reinstate for those countries their original export entitlement. The Community indicated that it was taking this action as an autonomous political gesture which would not be retroactive and which would not call into question the validity of the Commission's original decision. The Community, it was added, considered that in taking this step it was allowing for such difficulties as the ACP States might have had in applying the provisions of the sugar Protocol in the first year of application. Finally, it stated that this particularly important concession could not be invoked as a precedent.

The reinstatement of the "agreed quantities" was subsequently confirmed in an agreement signed on 29 June 1977 by the Community and by all the ACP States referred to in Protocol No 3.

With a view to avoiding any difficulty in the application by the Commission of the provisions of Article 7 of Protocol No 3, the Community and the ACP States agreed, at the meeting of the Committee of Ambassadors, on a text concerning the definition of the concept of "force majeure", including a consultation procedure. The Ministers of the ACP States confirmed the arrangements which had been agreed on by the Committee of Ambassadors for the application of the force majeure provisions of Protocol No 3. The provisions are as follows:

I. Definition of the concept of force majeure

For the purposes of Article 7 of Protocol No 3 on ACP sugar annexed to the ACP-EEC Convention of Lomé, the following definition of the concept of force majeure shall be adopted:

It must not have been possible for the ACP sugar exporting State concerned to have fulfilled its delivery obligations due to circumstances which:

- were unavoidable and unforeseen, or foreseen but inevitable or irresistible and
- arose from causes outside the control of the State concerned and were not the result of its own actions in reducing production or withdrawing or diverting its sugar supplies.

For illustrative purposes, the following might, after examination in the light of the above definition, be regarded as examples of such circumstances:

- (a) natural calamity such as earthquake, flood, drought and cyclone;
- (b) war or riot;
- (c) shipwreck;
- (d) strike leading to a reduction in production or to transport delays;
- (e) crop failure caused by plant disease and attack by pests;
- (f) fire.

II. Consultation procedure

1. In April each year the Commission and the sugar-exporting ACP States shall make a joint examination of the state of deliveries for the current marketing year and of the prospects up to 30 June.
2. The ACP States likely to be unable to deliver shall communicate the following information to the Commission in writing as soon as possible and in any case before 15 July:
 - sugar production during the delivery period concerned;
 - stocks;
 - internal consumption during the period concerned;
 - exports to the Community and other destinations;
 - the reasons for the failure to deliver.

An ACP State concerned which wishes the circumstances which led to its inability to fulfil its delivery obligation to be considered as "force majeure" shall present a formal request to this effect with this information.

3. The Commission shall examine such communication within 20 days of its receipt.
4. The ACP State concerned and the Commission shall examine the situation jointly; the Commission may request additional information during this examination. If necessary, a second joint examination shall be held.
5. Only when this procedure has been completed shall the Commission take its decision, this of course being done in conformity with the jointly defined criteria. This decision, together with the grounds on which it is based, shall be notified to the ACP State concerned.
6. This procedure shall be without prejudice to the right of the ACP State concerned to request consultations under Article 8 of the Protocol.

At the meeting of the Committee of Ambassadors on 23 November 1977, the Community made a statement drawing the attention of the ACP States to the fact that, if the four ACP States which had been granted an additional period until 31 December 1977 to supply sugar in respect of the 1976/1977 delivery period did not, for reasons other than "force majeure", fulfil their delivery obligations, the provisions of Article 7(3) of the Protocol on Sugar would apply.

The Committee of Ambassadors also took note of a statement by the ACP States on the situation regarding deliveries of sugar by these four countries. The ACP-EEC Subcommittee on Sugar then considered the delivery situation for the 1976-1977 delivery period.

3. Request by Zambia for accession to the Sugar protocol

At its meeting in Fiji, the Council of Ministers took note of the application by two ACP States (Zambia and Liberia) for accession to the Protocol on Sugar. The Council agreed that these two applications should be examined in accordance with the statement in Annex XIII to the Final Act of the Convention.

After Zambia had confirmed its application for accession to the Protocol on Sugar, the Committee of Ambassadors was informed on 23 November 1977 of the progress made by the Community in its examination of this application. A progress report on this examination was made to the ACP-EEC Subcommittee on Sugar at the end of January 1978 and to the meeting of the ACP-EEC Committee of Ambassadors (28 February 1978).

4. International Sugar Agreement

Contacts have been maintained between the Community and the ACP States in the context of the International Sugar Agreement, to which the ACP sugar-producing States are parties.

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The ACP States informed the Community that, when reviewing sugar problems at their meeting in Lusaka, their Ministers had expressed their deep concern over the various problems which had arisen between the Community and the ACP States in past sugar price negotiations. The Ministers had recalled the importance to the ACP sugar-exporting States of obtaining a guaranteed price adequate to ensure the stability, profitability and sustained growth of their economies. The ACP Ministers had also endorsed the arrangements on force majeure and had appealed to the Community to expedite its consideration of Zambia's application for a quota under Protocol No 3, they had also urged the Community to take early steps to accede to the new international sugar agreement.

.../...

CHAPTER V

INDUSTRIAL CO-OPERATION

As regards Title III of the Lomé Convention on Industrial Co-operation, the period covered by this Report was characterized by the completion of the setting up of the specific bodies for this new type of co-operation (Committee on Industrial Co-operation and ACP-EEC Centre for Industrial Development) and by their first achievements.

Article 35 of the Lomé Convention and Article 2 of Decision No 1/76 of the ACP-EEC Council of Ministers of 14 July 1976 on the composition of the Committee on Industrial Co-operation and its Rules of Operation define this Committee's tasks. They provide, inter alia, that the Committee is to "guide, supervise and control the activities of the Centre for Industrial Development referred to in Article 36 of the Convention" and "report to the Committee of Ambassadors and, through it, to the Council of Ministers". Under these provisions the Committee on Industrial Co-operation is also required to submit from time to time reports and recommendations which it considers appropriate to the Committee of Ambassadors. Accordingly a detailed report was submitted to the Committee of Ambassadors by the Committee on Industrial Co-operation on 28 February 1978 with a view to the meeting of the ACP-EEC Council of Ministers on 13 and 14 March 1978. An outline of the report is given hereinafter.

.../...

Between March 1977 and February 1978 the Committee on Industrial Co-operation held six meetings at which it took important decisions as regards its internal organization and that of the Centre for Industrial Development. Thus thanks to the Committee's work the Centre was able to begin activities at the end of 1976 while finalization of its structures was completed in July 1977.

1. Decisions of the ACP-EEC Committee on Industrial Co-operation

(a) Organization of the Committee

In Decision No 1/76 of 14 July 1976 the ACP-EEC Council of Ministers laid down the composition and Rules of Operation of the Committee on Industrial Co-operation. In Decision No 5/77 of 14 April 1977 it increased the number of representatives of the ACP States on this Committee from 15 to 17 in order to ensure more appropriate representation of the ACP States.

Pursuant to Article 7 of Decision No 1/76 the Committee adopted on 21 March 1977 its rules of procedure which lay down in particular the rules concerning the Chairmanship (held alternately, for periods of six months, by the ACP States and the Community), venues of meetings, quorum, participation of the Centre for Industrial Development in the proceedings of the Committee, etc...

.../...

(b) Decisions regarding the Centre for Industrial Development

(i) General structure of the Centre

The statutes and rules of operation of the Centre for Industrial Development were laid down in Decision No 2/75 of the ACP-EEC Council of Ministers of 14 July 1976 adopted on a proposal from the Committee of Ambassadors.

The Centre, whose activities are guided, supervised and controlled by the Committee on Industrial Co-operation, carries out the functions defined in Article 36 of the Convention. According to Article 1 of Decision No 2/76, it enjoys in each of the States which are Parties to the Convention the most extensive legal capacity accorded to legal persons and is non-profit-making. Its seat is in Brussels. It is headed by a Director who is assisted by a Deputy Director both appointed by the Committee. On a proposal by the Community the Committee on Industrial Co-operation appointed Mr Roger THEISEN as Director of the Centre and, on a proposal from the ACP States, Dr Isaac Adedayo AKINRELE deputy Director.

(ii) Advisory Council

An Advisory Council consisting of 12 members and increased to 14 by Decision No 7/77 of the ACP-EEC Council of Ministers of 14 April 1977 to ensure more appropriate representation of the ACP States following

the accessions to the Convention, advises the Director, assists him and is consulted by him on all matters of major importance deriving from the work programme of the Centre.

The members of the Advisory Council, who are to have industrial experience, are chosen on an individual basis from nationals of the States which are parties to the Convention on the grounds of their qualifications and experience. They are appointed for a period of two years and select from among their number a Chairman to hold office for one year. The Advisory Council adopts its own rules of procedure and submits them to the Committee for approval. The Community has appointed its eight members, and the ACP States its six members. The Advisory Council held two formal meetings on 27 April and 21 September 1977 at which it examined the work programmes and preliminary draft budgets prepared by the Director of the Centre for 1977 and 1978 giving a favourable opinion. A third formal meeting of the Advisory Committee was held on 22 February 1978.

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(iii) Conditions of employment of the staff of the Centre

Article 5(5) of Decision No 2/76 of the ACP-EEC Council of Ministers provides that the Committee on Industrial Co-operation shall adopt the staff regulations.

On this basis the Committee adopted on 28 July 1977 Decision No 2/77/CIC laying down the conditions of employment of the staff of the Centre.

This Decision, which applies to the Director, the Deputy Director, the staff and the local staff, contains provisions covering

- recruitment of staff,
- grading of staff into categories for which the basic posts and remuneration are shown in a table adopted by the Committee,
- rights and obligations of staff, conditions of engagement, working conditions, remunerations, etc. ...

In adopting the Decision on the conditions of employment the Committee made the following statement:

"It is understood that when laying down the detailed rules for the implementation of these conditions the Director will have to refer where necessary to similar provisions in Community rules, making the necessary adjustments."

.../...

A separate Decision of the ACP-EEC Council of Ministers (Decision No 6/77 of 14 April 1977) lays down the arrangements applicable to the staff of the Centre as regards taxation, social security and jurisdiction, given the particular legal nature of these questions in view of the legislation of the States which are signatories to the Convention.

Protocol No 5 to the Lomé Convention on privileges and immunities provides that the staff of the Centre for Industrial Development shall enjoy the customary privileges, immunities and facilities particularly while carrying out their duties. Since these must be assessed by comparison with those of similar institutions operating under like conditions, the Council of Ministers provided that:

- as regards social security schemes, the law of the State in whose territory the Centre has its headquarters applies although it is possible to opt for application of the law of the member of staff's own State in certain cases,
- a tax on salaries, wages and emoluments paid by the Centre, the proceeds of which is entered as revenue in the budget of the Centre, the Director, Deputy Director and the staff of the Centre thus being exempt from national tax on their salaries; an Annex to the Decision lays down in detail the conditions and procedure for applying the tax for the benefit of the Centre,
- a procedure for resolving disputes (examination by the Committee and, if no acceptable solution is found, arbitration proceedings).

.../...

Since the ACP States, the Member States and the Community are required each for its own part to take the necessary steps to implement the Decision, Belgium, as the State where the Headquarters of the Centre are situated, has proposed to the Centre that a Headquarters Agreement be concluded.

Furthermore, the ACP States have on several occasions drawn the Community's attention to the exceptional costs borne by expatriate staff of the Centre. As the management of the Centre has stressed the need for the Centre to have highly qualified staff on a long-term basis, which presupposes satisfactory conditions, in particular for expatriate staff, the Committee on Industrial Co-operation has examined this question, for which it has not yet been possible to find a solution acceptable to all parties.

(iv) Financial regulation of the Centre

Paragraph 7 of Article 6 concerning financial arrangements for the Centre in Decision No 2/76 of the ACP-EEC Council of Ministers of 14 July 1976 laying down the statutes and rules of operation of the Centre for Industrial Development, stipulates that the expenditure of the Centre is to be effected in accordance with the provisions of the Financial Regulations adopted by the Committee.

On this basis the Committee adopted the Financial Regulation of the Centre in Decision No 3/77/CIC of 15 February 1977.

Since Article 8 of Decision No 2/76 and Article 20 of the Financial Regulation of the Centre provide that an auditor is to be appointed, the Community has drawn attention to the fact that the European Court of Auditors has been notified of the problem and has instructed one of its members, Mr MART, to examine what the procedures for auditing the Centre's accounts might be. The ACP States have submitted its nominee, and the Community is taking steps to do the same.

(v) Budgets of the Centre for 1977 and 1978

Pursuant to Article 6(3) of Decision No 2/76 of the ACP-EEC Council of Ministers and to Articles 1 to 7 of the Financial Regulation, the Director of the Centre is required to submit to the Committee on Industrial Co-operation both the annual work programme and the preliminary draft annual budget of the Centre together with the opinion of the Advisory Council.

Once it has been finalized by the Committee, the draft budget is forwarded to the Commission of the European Communities which initiates the Community procedures in force as regards the contribution requested from the European Development Fund. The budget is finally adopted by the Committee in the light of the decisions taken on the contribution from the Fund.

Having examined the preliminary draft submitted by the Director of the Centre, the budget of the Centre for the financial year 1977 was finally approved by Decision No 4/77/CIC of the Committee on Industrial Co-operation of 28 July 1977. This relatively late date can be accounted for by the fact that, time was needed during that first year of the Centre's existence to adopt and implement the procedures and financial provisions regarding the Centre (including the EDF procedures) and to compile and discuss the Centre's first annual work programme.

The 1977 budget covers, in expenditure and revenue, a total of 1,300,000 EUA, 740,000 EUA of which is current expenditure (staff, office expenditure, transport, travel and representation, office furniture and equipment) and 560,000 EUA capital expenditure (promotional contacts and meetings, information and press relations, pre-feasibility studies, short-term expertises, assistance to existing industries, training programme).

The 1978 budget which, unlike its predecessor, covers an actual 12 month period of normal running of the Centre provides for, in revenue and expenditure, a total of 2,360,000 EUA. The revenue includes the contribution from the European Development Fund (2,252,000 EUA) and the tax on salaries and wages (estimated at 108,000 EUA). The current expenditure amounts to 1,331,655 EUA (Title 1, staff expenditure, 1,123,479 EUA; Title 2, buildings, equipment and miscellaneous current expenditure, 208,176 EUA). The capital expenditure totals 1,028,345 EUA (promotional contacts and meetings, information and press relations, studies, short-term expertises, training, data services).

.../...

It should be noted that the relatively low figure for annual current expenditure of the Centre is due to the fact that, as agreed between the Community and the ACP States, the Centre pays only a nominal rent for the premises it occupies at ACP House, 451 avenue Georges Henri, in Brussels.

(c) Consultation of the economic and social sectors

Article 10 of Decision No 1/76 of the ACP-EEC Council of Ministers of 14 July 1976 provides that the Committee on Industrial Co-operation is to lay down detailed arrangements for the regular consultation of the economic and social sectors of the ACP States and of the Community.

In this statement, the ACP expressed the view that contacts with economic and social sectors should not be confined to industrial co-operation, but embrace all aspects of the Convention. They also pointed out that the ACP-EEC Joint Committee, when examining this question at its meeting in Maseru (28 November to 1 December 1977), had appointed Ambassador MATHE (Botswana) rapporteur for the examination of arrangements for closer co-operation with representatives of these sectors. This question ought therefore not to be discussed any further for the time being.

The Community, while appreciative of the ACP States' efforts to find an all-embracing solution to this problem, and persuaded that the Joint Committee would complete its task successfully, emphasized the need to advance quite fast in this area, bearing in mind its importance in the eyes of public opinion.

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2. Activities of the ACP-EEC Centre for Industrial Development ⁽¹⁾

At several meetings of the Committee on Industrial Co-operation, the Director of the Centre submitted work programmes and provided information on the Centre's activities.

Once the Committee on Industrial Co-operation had given its agreement on a first work programme, to be reviewed in the light of experience, the Director of the Centre submitted activity reports to the Committee on Industrial Co-operation at regular intervals. These reports, the most important of these being that on the first 7 months of activities which was submitted together with the priorities and plans for future activities of the Centre, the draft annual work programme and the preliminary draft annual budget for 1978, were examined in detail by the Committee.

Following a report from the Director of the Centre on the activities and internal organization of the Centre, the Committee on Industrial Co-operation commenced an in-depth discussion at its meeting on 26 October 1977.

⁽¹⁾ These questions are dealt with in detail in the report submitted by the Committee on Industrial Co-operation to the Committee of Ambassadors.

The Centre also gave the Committee its views on future activities. It indicated, inter alia, the criteria on which the Centre's work programme for 1978 would be based.

The Committee held only a preliminary exchange of views in the course of which the Community expressed the hope that the programme submitted to the Committee constituted merely a form of commentary to the draft budget rather than a true work programme for the Committee to approve. Bearing the above factors in mind, the Committee recorded its agreement on the draft budget for 1978 (above). However, stressing the fundamental importance of these questions for the success of the Centre, the Community proposed that at a later stage a dialogue should begin within the Committee, on the direction in which the Centre's activities should develop.

The Community submitted certain proposals at the meeting of the Committee on Industrial Co-operation on 14 February 1978, whereupon the ACP States and the Director of the Centre gave their initial reactions. The ACP States are further examining these proposals with a view to full participation in this discussion.

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At the end of the running-in period of industrial co-operation between the ACP States and the Community Member States, it became clear that a large number of the possibilities offered by Articles 26 to 39 of the Convention had been implemented. For its part, the Committee on Industrial Co-operation intends to continue and intensify its activities so as to enable all ACP States to avail themselves fully of this new type of co-operation, in accordance with their aspirations and development objectives and also taking into account the interest of economic operators in participating in such industrial development work. The Centre for Industrial Development will be one of the **key instruments in this co-operation.** There is no doubt that experience in all these fields will be invaluable when the time comes to examine the provisions to govern relations between the Community and the Member States on the one hand and the ACP States on the other after expiry of the Lomé Convention.

CHAPTER VI

FINANCIAL AND TECHNICAL CO-OPERATION

In the field of financial and technical co-operation work has progressed apace. The commitment situation at the end of February 1978 is as follows: 1,089.3 MEUA from the resources of the 4th EDF managed by the Commission, 59.1 MEUA from the resources of the 4th EDF managed by the EIB and 123.4 MEUA from the EIB's own resources, amounting to a total of 1,271.8 MEUA of the 3,390 MEUA provided for in the Lomé Convention. ⁽¹⁾

The 1977 annual report on the management of financial and technical co-operation drawn up by the Commission in collaboration with the European Investment Bank has just been sent to the ACP-EEC Council of Ministers. It is annexed to this report and the reader may refer to it for details of the various measures and decisions taken by the Commission and the Bank as regards financial and technical co-operation during the financial year 1977.

Since the meeting of the ACP-EEC Council of Ministers in Fiji on 13 and 14 April 1977 work has also continued in the joint institutions, both in the ACP-EEC Committee of Ambassadors and in the ACP-EEC Subcommittee on Financial and Technical Co-operation.

The work covered the following subjects in particular:

⁽¹⁾ This amount is now to be increased to 3,444.1 MEUA, because of the new accessions to the Lomé Convention, subject however to ratification by the Member States of the accession agreements reached on 28 March 1977, and consequently of the Agreement, modifying the Internal Agreement, signed on 11 July 1975, relating to the financing and management of Community aid to ACP States.

1. Draft fiscal and customs arrangements applicable in the ACP States to contracts financed by the Community

In accordance with Article 60 of the Convention the Fiscal and customs arrangements applicable in the ACP States to contracts financed by the Community must be adopted by the Council of Ministers at its first meeting following the entry into force of the Convention. At its meeting in Fiji (13 and 14 April 1977) the Council of Ministers noted that the ACP-EEC Subcommittee on Financial and Technical Co-operation, set up under the aegis of the ACP-EEC Committee of Ambassadors, had not been able to solve all the problems connected with this question and confirmed the mandate given to the Committee of Ambassadors to adopt a decision to this end as soon as possible. In accordance with that decision further intensive discussions were held in the ACP-EEC Subcommittee on Financial and Technical Co-operation, following which however a number of points remained unresolved.

At its meeting on 23 November 1977 the Committee of Ambassadors noted the progress made.

The ACP States having tackled this matter at Ministerial level, at the meeting in Lusaka in December 1977, the Committee of Ambassadors agreed at its meeting on 28 February 1978 to submit the outstanding points at issue to the Council of Ministers at its meeting in March 1978.

2. Work on the annual review of financial and technical co-operation

In the Resolution on financial and technical co-operation which it adopted in Fiji (13 and 14 April 1977) the ACP-EEC Council of Ministers recommended that every step be taken to ensure that the annual review of financial and technical co-operation be as complete as possible.

Accordingly, the Community informed the ACP States in November 1977 that it would appreciate receiving any communications which the ACP States wished to present on the problems relating to the implementation of economic, financial and technical co-operation in their respective countries, and the general problems of such co-operation.

At the meeting of the ACP-EEC Subcommittee on Financial and Technical Co-operation on 15 February 1978 the ACP States said that they were preparing to forward their comments on the financial year 1976 in the near future.

However, given the lateness of the Commission's report on 1977, the Council of Ministers will not be able to make a thorough examination of this report at its meeting in March 1978, they have proposed that these comments should also cover the financial year 1977 and that a meeting be held for the specific purpose of examining all the problems concerning these two financial years.

The Community agreed to this procedure.

At its meeting on 28 February 1978 the Committee of Ambassadors ratified the proposed procedure and agreed to recommend the Council of Ministers to arrange to have the necessary powers delegated to the Committee.

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- Appraisal of the effects and results of completed investments financed under the Lomé Convention

Pursuant to the Resolution on financial and technical co-operation adopted in Fiji the Community, sharing the opinion of the ACP States that the recommendations on the assessment of completed schemes were of great value, again stressed the importance of applying in full the provisions of the Convention, and in particular Articles 50 and 57.

The Community pointed out, however, that these assessments could not be carried out until the first investments financed under the Convention had actually been made and the relevant projects and programmes had been completed. It proposed holding exchanges of views with the ACP States, pursuant to Article 41 of the Convention, on the lessons to be drawn from what had been done.

- Implementation of regional co-operation

At the meeting of the ACP-EEC Subcommittee on Financial and Technical Co-operation on 15 February 1978 the Community, in response to a request from the ACP States, gave them the first information available on the implementation of regional co-operation and, in particular, the progress made in the projects covered by the first instalment of 207 MEUA.

In this connection, one of the Resolutions adopted at the second meeting of the ACP-EEC Consultative Assembly in June 1977 recommends that the Community provide for the second instalment of the Regional Fund to be used to establish a better balance in favour of certain parts of Africa which had received a comparatively low share when the first instalment was allocated.

At the meeting in Lusaka in December 1977 the Council of ACP Ministers established that the regions concerned were central, eastern and southern Africa.

The Community stated that it was prepared to take the ACP States' requests concerning the allocation of the resources available for regional co-operation into consideration.

3. Problems of the least developed, landlocked and island countries

At the meeting of the Committee of Ambassadors on 23 November 1977 the ACP States informed the Community that the ACP were preparing proposals on this question for later consideration at the ACP-EEC Council of Ministers.

In this connection it should first be recalled that at its Fiji meeting the Council of Ministers took certain decisions concerning amendments to the list in Article 48 of the Convention (list of least developed ACP States) as a result of the accession of new states to the Convention. In Decision No 10/77 amending the list of least developed States, the Council of Ministers decided, at the request of the ACP States, to add Comoro State and Seychelles to the list. It also adopted a declaration of intent to the effect that, as soon as they acceded to the Convention, Sao Tomé and Principe and Cape Verde would also be added to the list.

Furthermore, the Resolution adopted in Fiji on financial and technical co-operation recommended that the financial commitments for the countries listed in Article 48 of the Convention be intensified and that appropriate schemes be put in hand in order to remove specific barriers to the development of the least developed, landlocked and island countries. To this end, it recommended that an ACP-EEC Subcommittee be set up to study the specific development problems confronting these countries.

The questions concerning the least developed, landlocked and island countries were also discussed at the meeting of the Council of ACP Ministers in Lusaka in December 1977.

At the meeting of the ACP-EEC Subcommittee on Financial and Technical Co-operation on 15 February 1978 the Community said that for its part it was prepared to examine the communication promised by the ACP States and to set up the Subcommittee created by the Fiji Resolution for studying the specific development problems confronting the ACP States concerned.

On 28 February 1978 the Committee of Ambassadors confirmed the agreements reached by the Subcommittee.

At the same meeting the ACP States requested the Community and its Member States to contribute to the setting up of the United Nations Special Fund for Landlocked Countries.

The Community announced that it would in due course consider this request and that the Member States' position on it would be determined in the United Nations context.

4. Implementation of microprojects

At its meeting on 28 and 29 June 1977 the ACP-EEC Subcommittee on Financial and Technical Co-operation finalized, on the basis of proposals from the Community and the ACP States, the arrangements to be applied for appraising, financing and implementing microprojects.

In order to permit the EDF appropriations allocated to microprojects to be mobilized as rapidly as possible, the Council of the Communities on 21 November 1977 approved the introduction of a simplified procedure for approval of microproject programmes.

The Community and the ACP States also continued discussion in the ACP-EEC Subcommittee on Financial and Technical Co-operation on certain difficulties of interpretation concerning the provisions of Article 14 of Protocol No 2 to the Convention.

In conclusion, it was noted that these provisions could in fact give rise to conflicting interpretations as to whether a separate budget for the financing of microprojects, should be established, apart from the national indicative programmes.

The Community stated that under the present Convention microproject programmes could only be financed if they appeared in the national indicative programmes of the ACP States. It proposed clarifying the matter in the text of any future Convention.

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At the meeting of the Committee of Ambassadors on 28 February 1978 the ACP States requested receipt of a written communication from the Community in reply to theirs concerning the legal interpretation to be given to Article 14 of Protocol No 2 to the Convention.

The Community declared its readiness to send a written reply of this kind to the ACP.

5. General provisions and conditions applicable to the placing and performance of public contracts financed by the EDF

At its meeting in Fiji the Council of Ministers adopted Decisions Nos 8/77 and 9/77 delegating to the Committee of Ambassadors the authority to adopt:

- the general provisions and conditions applicable to the placing and performance of public works contracts financed by the EDF (Article 22 of Protocol No 2);
- the rules for settlement of any dispute arising between the authorities of an ACP State and a contractor or supplier in the course of execution of a contract financed by the EDF (Article 23 of Protocol No 2).

It has not yet been possible to begin discussion of these issues since the Community, not having completed its own work on the matter, has been unable to make any proposals.

CHAPTER VII

INSTITUTIONAL QUESTIONS

1. Annual report of the ACP-EEC Council of Ministers

This annual report will be placed before the Council of Ministers for adoption at its meeting on 13 and 14 March 1978, at which the Council is required to examine the functioning of the Institutions provided for under the Lomé Convention.

2. Working methods of the ACP-EEC Council of Ministers

Following the meeting of the Council of Ministers in Fiji, the Community forwarded to the ACP States a communication embodying certain suggestions for improving the working methods of the Council of Ministers and in particular for facilitating preparation of the agenda for Council meetings. The ACP States have been asked to indicate their reactions to the Community's suggestions on this point at the Council meeting on 13 and 14 March 1978.

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3. Relations with the ACP-EEC Consultative Assembly and Joint Committee

The first annual report of the ACP-EEC Council of Ministers covering the period from 1 April 1976 to 31 March 1977 as adopted at the Council meeting in Fiji served as a basis for the proceedings of the ACP-EEC Consultative Assembly, which held its annual session from 8 to 10 June 1977 in Luxembourg, the session being preceded by a meeting of the Joint Committee on 6 and 7 June.

The ACP-EEC Council of Ministers delegated its President, Mr MATOKA (Zambia), to attend the discussions on the annual report of the Council of Ministers and current problems in connection with the Lomé Convention. Mr BRINKHORST (State Secretary, Netherlands), in his capacity as President of the Council of the European Communities, and Mr CHEYSSON, Member of the Commission also took part in this meeting, at the close of which the Consultative Assembly adopted a Resolution which was forwarded, together with Lord REAY's parliamentary report on these problems, to the ACP-EEC Council of Ministers and the Commission of the European Communities.

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Similarly, Mr OUTERS (Belgium), in his dual capacity as President of the ACP-EEC Council of Ministers and President of the Council of the European Communities, represented these Institutions at the meeting of the ACP-EEC Joint Committee in Maseru from 28 November to 1 December 1977. Mr MATOKA, the President of the Council of Ministers of the ACP States, and Mr CHEYSSON, Member of the Commission, also took part in this meeting at which, following an account by the Prime Minister of Lesotho of the grave difficulties faced by Lesotho as a result of the situation prevailing in Southern Africa, the Joint Committee addressed itself more specifically to current problems in connection with the Lomé Convention and the preparation of negotiations to determine ACP-EEC relations as from 1 March 1980, and also to the situation in Southern Africa.

At the close of the Maseru meeting the Joint Committee adopted a Final Declaration, a Resolution on the political situation in Southern Africa, a Resolution on peace in the Middle East and a statement on the situation of students, trainees and migrant workers from the ACP States.

Relations between the Council of Ministers and the Consultative Assembly will be examined by the Council at its meeting on 13 and 14 March 1978.

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4. Relations with the economic and social sectors

During the annual session of the ACP-EEC Consultative Assembly a meeting was organized on 9 June 1977 in Luxembourg between members of the Joint Committee and representatives of the economic and social sectors.

Furthermore, in response to the Community's earlier suggestions concerning contacts with the economic and social sectors, at the meeting of the Committee of Ambassadors on 23 November 1977 the ACP States said that they were able to agree to these suggestions provided that the contacts were not institutionalized. The contacts were, moreover, not to be confined to industrial co-operation but were to cover the entire range of subjects dealt with in the Lomé Convention, with each State being at liberty to organize the consultations at national level in the most appropriate manner. In the opinion of the ACP States, the representatives of ACP social and professional sectors could meet their Community counterparts without the position of the ACP representatives of necessity having to correspond to the views of the Community delegates.

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For its part, at its meeting in Maseru the ACP-EEC Joint Committee appointed Mrs MATHE (Ambassador of Botswana) as Rapporteur with a view to examining procedures for closer co-operation with the representatives of the economic and social sectors.

5. Other matters

At the meeting of the Council of Ministers in Fiji the ACP States dwelt on their difficulties - due in the main to their large number of members - in examining all the various topics relating to the implementation of the Lomé Convention and on the need to equip their General Secretariat with adequate resources. As the Council acknowledged the importance of this question for the smooth functioning of the Convention, the Community took the necessary measures to contribute by means of the resources from the European Development Fund, to the financing of experts to strengthen the Secretariat. This should prove of particular value in view of the increase in the number of ACP States and the prospect of the forthcoming negotiations.

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CHAPTER VIII

ACCESSIONS TO THE LOME CONVENTION

Articles 89 and 90 make provision for accession to the Convention by countries or territories to which Part four of the Treaty applies, and which become independent, or by States whose economic structure and production are comparable with those of the ACP States. The procedures for and rules governing such accessions are laid down in those Articles.

As stated in the previous annual report, on 28 March 1977 Cape Verde, Sao Tomé and Príncipe and Papua New Guinea signed three Agreements with the Community on their accession to the Lomé Convention. As the ratification of the three Agreements by the Community and the countries concerned is currently under way, these three States will be able to benefit from all the provisions of the Lomé Convention under the conditions laid down in the Agreements as from their entry into force. Thus, interim arrangements have been adopted for the advance application of the Lomé Convention to the new States in certain areas including trade. The first stage of these interim arrangements was scheduled to apply until 31 December 1977 and was extended until 31 December 1978 by an exchange of letters between the Community and the ACP States concerned.

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Furthermore, following the request by the Republic of Djibouti to accede to the Lomé Convention under Article 89 of the Convention, the Council of the Communities and the Council of ACP Ministers respectively signified their agreement to Djibouti's accession to the Convention. This took effect on 2 February 1978 by the lodging of an instrument of accession with the Secretariat of the Council of the EEC.

This brings the total number of ACP States signatory to the Lomé Convention to 53.

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Thus, at the close of the second year of implementation of the Lomé Convention, the net result of the activities of the ACP-EEC Council of Ministers and its dependent bodies is clearly positive. Thanks to the concerted action of the Community and the ACP States at all levels (Council of Ministers, Committees of Ambassadors, Committees and specialist subcommittees), these activities have contributed to a strengthening of co-operation in most areas coming under the Lomé Convention. The Lomé Convention is fulfilling a lot of the hopes placed in it.

STATISTICAL DATA

ACP-EEC Trade

Imports and exports of the European Communities
from and to the ACP States ⁽¹⁾

⁽¹⁾ Sources:

1972 to 1976: RS/PE 51.100 Nov. 77
51.110 Nov. 77

1977 (January to August): Eurostat, Monthly Bulletin
on External Trade, [12-1977]

These statistics have yet to be endorsed by the ACP States.

.../...

| ACP STATE | IMPORTS BY THE EUROPEAN COMMUNITIES | | | | | |
|------------------------|-------------------------------------|-------------|-------------|-------------|-------------|--------------------------|
| | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 (First 8 months) |
| 1. BAHAMAS | 16,065 | 43,718 | 34,525 | 85,164 | 147,449 | 93,583 |
| 2. BARBADOS | 16,867 | 17,443 | 17,447 | 27,326 | 14,798 | 14,798 |
| 3. BENIN (DAHOMEY) | 29,939 | 33,100 | 38,000 | 24,949 | 24,822 | 18,051 |
| 4. BOTSWANA | 9,092 | 25,804 | 6,190 | 21,643 | 41,283 | 51,290 |
| 5. BURUNDI | 7,075 | 9,255 | 11,133 | 18,701 | 25,151 | 28,341 |
| 6. CAMEROON | 168,853 | 218,034 | 351,921 | 297,641 | 367,237 | 329,564 |
| 7. CENTRALAFRICAN EMP. | 24,739 | 25,507 | 32,607 | 29,316 | 51,052 | 37,724 |
| 8. CONGO | 62,457 | 82,013 | 169,941 | 114,631 | 103,915 | 82,794 |
| 9. IVORY COAST | 417,926 | 553,855 | 740,660 | 693,630 | 1,006,241 | 1,075,248 |
| 10. ETHIOPIA | 39,299 | 62,159 | 79,515 | 52,634 | 87,710 | 54,968 |
| 11. FIJI | 25,288 | 23,253 | 42,941 | 91,795 | 41,260 | 28,973 |
| 12. GABON | 161,619 | 211,821 | 493,704 | 373,964 | 378,108 | 306,758 |
| 13. GAMBIA | 14,855 | 16,429 | 35,657 | 24,276 | 18,488 | 22,282 |
| 14. GHANA | 155,877 | 212,951 | 261,311 | 246,483 | 324,469 | 325,086 |
| 15. GRENADA | - | - | - | - | 10,128 | 8,020 |
| 16. GUINEA | 9,770 | 6,934 | 25,355 | 29,133 | 81,412 | 58,057 |
| 17. GUINEA BISSAU | 711 | 803 | 709 | 915 | 1,063 | 3,521 |
| 18. EQUATOR. GUINEA | 574 | 3,418 | 1,517 | 5,060 | 8,422 | 6,845 |
| 19. GUYANA | 62,550 | 47,846 | 81,116 | 108,518 | 99,841 | 52,319 |
| 20. UPPER VOLTA | 7,723 | 11,653 | 22,476 | 14,980 | 34,560 | 25,538 |
| 21. JAMAICA | 92,158 | 93,197 | 99,544 | 149,749 | 113,437 | 89,347 |
| 22. KENYA | 125,164 | 158,742 | 200,845 | 177,641 | 270,832 | 337,170 |
| 23. LESOTHO | 93 | 40 | 1,438 | 1,501 | 2,730 | 1,651 |
| 24. LIBERIA | 224,103 | 270,103 | 318,976 | 260,645 | 337,338 | 260,260 |
| 25. MADAGASCAR | 76,896 | 87,687 | 108,648 | 121,737 | 134,542 | 115,704 |
| 26. MALAWI | 41,941 | 48,642 | 45,701 | 73,993 | 86,183 | 78,591 |
| 27. MALI | 17,628 | 16,961 | 25,644 | 13,852 | 43,522 | 41,936 |
| 28. MAURITIUS | 65,069 | 62,853 | 106,818 | 207,649 | 193,438 | 119,735 |
| 29. MAURITANIA | 94,678 | 91,981 | 120,075 | 123,056 | 134,464 | 95,806 |
| 30. NIGER | 31,340 | 47,158 | 40,809 | 59,440 | 73,926 | 65,104 |
| 31. NIGERIA | 1,323,474 | 1,490,953 | 3,829,891 | 2,840,411 | 3,228,634 | 2,376,331 |
| 32. UGANDA | 75,550 | 82,161 | 99,408 | 80,169 | 128,985 | 154,852 |
| 33. RWANDA | 8,859 | 8,479 | 16,940 | 21,440 | 32,241 | 34,874 |
| 34. WESTERN SAMOA | 2,016 | 1,631 | 4,619 | 3,072 | 2,364 | 2,781 |
| 35. SENEGAL | 148,143 | 127,267 | 255,057 | 261,502 | 326,467 | 235,438 |
| 36. SIERRA LEONE | 89,309 | 104,685 | 110,005 | 81,422 | 78,892 | 45,566 |
| 37. SOMALIA | 14,029 | 11,973 | 15,235 | 11,268 | 18,228 | 10,851 |
| 38. SUDAN | 98,774 | 133,603 | 144,957 | 168,930 | 221,819 | 159,334 |
| 39. SWAZILAND | 24,779 | 28,193 | 40,181 | 59,602 | 81,967 | 41,867 |
| 40. TANZANIA | 102,624 | 126,197 | 150,951 | 141,152 | 195,841 | 154,583 |
| 41. CHAD | 19,771 | 18,630 | 32,222 | 19,477 | 33,588 | 26,414 |
| 42. TOGO | 50,640 | 57,474 | 164,518 | 115,692 | 116,549 | 87,380 |
| 43. TONGA | 664 | 239 | 2,028 | 2,399 | 3,403 | 3,152 |
| 44. TRINIDAD/TOBAGO | 64,779 | 50,423 | 84,449 | 104,265 | 137,734 | 68,205 |
| 45. ZAIRE | 505,087 | 805,073 | 1,135,260 | 693,733 | 911,487 | 740,483 |
| 46. ZAMBIA | 352,577 | 430,294 | 660,013 | 408,787 | 404,338 | 335,583 |
| 47. COMOROS | 2,532 | 4,500 | 5,903 | 3,938 | 9,470 | 3,231 |
| 48. SEYCHELLES | 369 | 303 | 1,475 | 341 | 514 | 370 |
| 49. SURINAM | 56,222 | 75,462 | 74,537 | 80,359 | 107,938 | 63,121 |
| 50. CAPE VERDE | - | 8 | 89 | 32 | 139 | 80 |
| 51. SAO TOME/PRINCI. | 2,094 | 4,478 | 6,667 | 2,827 | 2,466 | 5,545 |
| 52. PAPUA N. G. | 60,302 | 113,638 | 141,740 | 153,035 | 165,251 | 138,981 |
| 53. DJIBOUTI | 859 | 1,441 | 3,238 | 7,026 | 1,064 | 26,772 |
| ACP TOTAL | 4,995,948 | 6,158,512 | 10,491,368 | 8,703,875 | 10,467,136 | 8,518,086 |
| % ACP | 7.4% | 7.3% | 8.0% | 6.9% | 6.6% | 7.5% |
| ESTRA EEC | 67,187,155 | 84,207,895 | 130,877,122 | 185,450,991 | 150,353,965 | 114,013,669 |
| WORLD | 140,639,731 | 174,445,375 | 246,644,817 | ,717,118 | 308,064,817 | 223,549,479 |

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| EXPORTS FROM THE EUROPEAN COMMUNITIES | | | | | | | (1,000 ECU) |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------------|-------------|
| ACP STATE | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 (first 8 months) | |
| 1. BAHAMAS | 98,931 | 71,188 | 55,619 | 46,744 | 71,333 | 22,863 | |
| 2. BARBADOS | 39,356 | 38,114 | 40,694 | 40,335 | 41,803 | 31,016 | |
| 3. BENIN (DAHOMEY) | 48,482 | 50,461 | 62,783 | 81,831 | 99,579 | 73,964 | |
| 4. BOTSWANA | 2,635 | 2,141 | 4,197 | 3,325 | 3,241 | 3,134 | |
| 5. BURUNDI | 11,713 | 12,648 | 19,309 | 18,972 | 23,050 | 16,018 | |
| 6. CAMEROON | 164,802 | 173,415 | 238,278 | 286,092 | 330,215 | 266,488 | |
| 7. CENTRAL AFRICAN REP. | 23,200 | 27,981 | 35,244 | 31,954 | 27,279 | 26,235 | |
| 8. CONGO | 74,135 | 84,384 | 110,112 | 140,872 | 219,375 | 104,657 | |
| 9. COTE D'IVOIRE | 296,679 | 358,332 | 445,483 | 484,760 | 655,995 | 536,920 | |
| 10. ETHIOPIA | 65,638 | 74,800 | 107,492 | 87,603 | 104,686 | 94,370 | |
| 11. FIJI | 25,252 | 23,529 | 25,348 | 26,435 | 27,486 | 14,656 | |
| 12. GABON | 92,479 | 120,119 | 208,564 | 326,718 | 448,260 | 352,083 | |
| 13. GAMBIA | 10,164 | 10,456 | 15,446 | 20,351 | 29,118 | 21,689 | |
| 14. GHANA | 96,082 | 146,786 | 278,169 | 241,026 | 329,044 | 230,140 | |
| 15. GRENADA | - | - | - | - | 5,305 | 5,046 | |
| 16. GUINEA | 43,754 | 25,650 | 36,152 | 57,959 | 53,315 | 52,447 | |
| 17. GUINEA BISSAU | 9,022 | 11,212 | 4,815 | 5,724 | 5,534 | 5,046 | |
| 18. EQUATOR GUINEA | 3,314 | 1,752 | 4,846 | 4,692 | 2,396 | 1,218 | |
| 19. GUYANA | 41,097 | 43,105 | 54,879 | 73,146 | 78,232 | 53,122 | |
| 20. UPPER VOLTA | 26,242 | 39,760 | 59,323 | 60,824 | 73,847 | 60,299 | |
| 21. JAMAICA | 135,378 | 128,123 | 148,110 | 154,079 | 116,156 | 55,466 | |
| 22. KENYA | 219,475 | 221,992 | 327,526 | 273,305 | 311,100 | 269,909 | |
| 23. LESOTHO | 1,775 | 1,022 | 2,917 | 1,599 | 6,390 | 2,988 | |
| 24. LIBERIA | 325,937 | 359,155 | 337,228 | 607,375 | 660,679 | 488,041 | |
| 25. MADAGASCAR | 105,934 | 100,864 | 122,714 | 137,629 | 134,530 | 100,168 | |
| 26. MALAWI | 32,787 | 23,780 | 35,392 | 44,048 | 44,176 | 29,425 | |
| 27. MALI | 34,343 | 43,540 | 50,365 | 72,041 | 78,730 | 59,841 | |
| 28. MAURITIUS | 33,689 | 44,837 | 77,415 | 83,903 | 99,369 | 76,411 | |
| 29. MAURITANIA | 40,651 | 48,298 | 69,021 | 106,725 | 109,158 | 89,053 | |
| 30. NIGER | 34,120 | 41,431 | 63,032 | 67,379 | 77,612 | 67,331 | |
| 31. NIGERIA | 711,204 | 771,190 | 1,148,547 | 2,404,512 | 3,314,189 | 2,965,662 | |
| 32. UGANDA | 40,144 | 27,794 | 41,364 | 32,286 | 42,660 | 63,758 | |
| 33. RWANDA | 9,840 | 10,222 | 19,495 | 26,320 | 30,706 | 20,397 | |
| 34. WESTERN SAMOA | 3,299 | 2,905 | 1,430 | 1,577 | 1,181 | 866 | |
| 35. SENEGAL | 168,786 | 188,948 | 252,330 | 274,808 | 356,769 | 265,808 | |
| 36. SIERRA LEONE | 49,975 | 53,922 | 70,473 | 71,591 | 63,058 | 34,563 | |
| 37. SOMALIA | 33,782 | 46,523 | 56,445 | 59,709 | 52,709 | 73,338 | |
| 38. SUDAN | 102,398 | 122,389 | 183,862 | 298,774 | 411,567 | 321,634 | |
| 39. SWAZILAND | 2,027 | 1,708 | 2,134 | 2,020 | 2,183 | 1,619 | |
| 40. TANZANIA | 100,556 | 108,355 | 156,598 | 173,465 | 184,970 | 170,590 | |
| 41. CHAD | 25,339 | 30,260 | 41,194 | 43,714 | 51,979 | 38,464 | |
| 42. TOGO | 49,604 | 51,957 | 67,531 | 115,259 | 129,427 | 99,923 | |
| 43. TONGA | 263 | 108 | 826 | 1,080 | 1,221 | 479 | |
| 44. TRINIDAD TOBAGO | 108,409 | 92,772 | 102,722 | 128,368 | 153,156 | 123,541 | |
| 45. ZAIRE | 316,729 | 353,901 | 509,910 | 475,081 | 405,739 | 294,195 | |
| 46. ZAMBIA | 184,855 | 172,282 | 275,125 | 281,046 | 253,261 | 164,197 | |
| 47. COMOROS | 4,610 | 5,786 | 9,182 | 6,980 | 5,439 | 7,486 | |
| 48. SEYCHELLES | 10,489 | 7,943 | 8,416 | 8,285 | 12,595 | 8,956 | |
| 49. SURINAM | 38,722 | 39,378 | 48,246 | 52,873 | 61,166 | 62,488 | |
| 50. CAPE VERDE | 3,233 | 5,318 | 12,124 | 10,344 | 13,859 | 14,676 | |
| 51. SAO TOME/PRINCIPE | 774 | 1,332 | 2,014 | 997 | 3,113 | 3,229 | |
| 52. PAPUA/N.G. | 10,111 | 88,649 | 14,812 | 19,318 | 19,898 | 17,015 | |
| 53. DJIBOUTI | 18,855 | 22,733 | 53,920 | 42,267 | 35,805 | 26,772 | |
| ACP TOTAL | 4,112,245 | 4,432,517 | 6,065,253 | 8,075,873 | 9,837,778 | 7,964,921 | |
| % ACP | 6.1% | 5.5% | 5.3% | 6.7% | 7.0% | 7.5% | |
| EXTRA EEC | 67,356,994 | 80,636,412 | 114,339,547 | 121,212,178 | 141,085,863 | 106,048,290 | |
| WORLD | 140,961,514 | 170,617,478 | 231,480,630 | 239,571,430 | 292,212,798 | 215,146,346 | |

**COMMISSION REPORT TO THE ACP-EEC
COUNCIL OF MINISTERS
ON THE ADMINISTRATION OF FINANCIAL
AND TECHNICAL COOPERATION IN 1977
UNDER THE LOME CONVENTION**

