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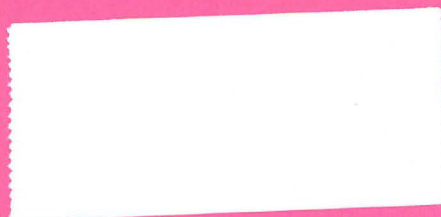
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Information

COOPERATION-DEVELOPMENT

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THE CONVENTION OF IOMÉ
EUROPE/AFRICA - CARIBBEAN - PACIFIC

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MAIN ABBREVIATIONS USED:

- ACP (ACP STATES) : The African, Caribbean and Pacific States which are signatories to the ACP-EEC Convention of Lomé
- Art. : Article (of the ACP-EEC Convention of Lomé)
- EIB : European Investment Bank
- EEC : European Economic Community
- EEC States : Member States of the European Community
- EDF : European Development Fund
- CCT : Common Customs Tariff

1. CONVENTION OF LOME : MAIN PROVISIONS

A. TRADE COOPERATION

A.1. TRADE SYSTEM ON ENTRY INTO THE EEC (1)

- (Art.2)

" 1. Products originating in the ACP States shall be imported into the Community free of customs duties and charges having equivalent effect, but the treatment applied to these products may not be more favourable than that applied by the Member States among themselves."

- This system is applicable as of 1 July 1975 until 1 March 1980 (2)
- This system concerns all products originating in the ACP States with the exception of certain products covered by the common agricultural policy (CAP) and of rum (see A.3. and A.4.).
- The origin of the products has to be proved by certificates of origin (see A.5.). Special rules apply to the definition of origin of products not wholly obtained in an ACP State (see A.5.).
- Other restrictions to the customs free rule are those justified on grounds of public morality, public policy or public security, the protection of health and life of humans and plants, the protection of national treasures possessing artistic, historic or archaeological value or the protection of industrial and commercial property.
- Consultation and information procedures are provided for in cases where the commercial interests of one or more parties are affected by new measures (regulations, international agreements, etc) or by safeguard measures (see A.2.).

(1) For the customs system product by product , see Annex A at the end of this volume

(2) The regulation of application is Regulation (EEC) No 1598/75 of the Council of 24 June 1975, published in the E.C.O.J. No L 166 of June 1975.

A.2. SAFEGUARD CLAUSE ON ENTRY INTO THE EEC

Articles 10 and 11 of the Convention define the implementation of safeguard clauses by the EEC.

When can the safeguard clause come into play? Three hypotheses :

- if serious disturbances occur in an economic sector of the Community or in one or more of its Member States;
- if their external financial stability is threatened;
- if difficulties arise which may result in a deterioration of a sector of the economy of a region of the Community.

Safeguard measures are taken by the Community or by one or more of the Member States on the authorisation of the Community.

Safeguard measures (which the Convention does not enumerate) should be strictly limited to what is necessary to solve the difficulties which have arisen and the Community must choose those which are the least likely to disturb trade with the ACP.

Safeguard measures (nature and means of application) have to be notified without delay to the EEC-ACP Council of Ministers, at which level consultations can take place at the request of the interested parties (Art.11.paragraph 3).

A.3. SYSTEM OF IMPORT INTO THE EEC OF ACP AGRICULTURAL PRODUCTS

Imports into the Community of agricultural products, raw or processed, originating in the ACP States are subject to a special regime where these products come directly or indirectly under the common agricultural policy (of the EEC) (1).

Article 2 of the Convention of Lomé fixes the broad lines of this special regime:

- for products only subject to the application of customs duties on import into the Community, the special regime provides that they be imported free of customs duties.
- for all other products originating in the ACP States, the Community fixes a system more favourable than that generally applied to third countries .

In line with the implementation of Article 2, the Council of Ministers of the European Community passed the practical means for implementing the special regime in its Regulation (EEC) No 1599/75 of the Council of 24 June 1975 (2).

This regulation concerns the following products: beef and veal, fishery products, dairy products, cereals and rice, products processed from cereals and rice, fruit and vegetables, products processed from fruit and vegetables, raw tobacco, merchandise under Regulation (EEC) No 1059/69 (chocolates, food for children, biscuits, ...) other products including cut flowers and foliage.

-
- (1). This special regime thus does not concern raw tropical agricultural products: coffee, cocoa, tea, palm nuts and kernels etc. It nevertheless does concern some processed tropical agricultural products (for example cocoa powder, sugar).
 - (2). Published in the E.C.O.J. NoL 166 of 28.6.1975. For purchase of the E.C.O.J. see sheet E.8.

For a complete account of these measures, it is advisable to consult:

- the EEC common customs tariff (CCT) (1).
- Regulation (EEC) No 1599/75 (2).

The reader will nevertheless find a simplified account of these measures at the end of this document, in :

- Annex A: the customs regime applicable to ACP products on entry into the EEC.
- Annex B: the trade system applicable to ACP agricultural products, raw or processed on entry into the EEC.

In the case of products subject to the application of "variable components" (such as levies), which are fixed daily by the Commission of the European Communities, it is advisable in order to know the trade system applicable to such and such a product on such and such a date, to ascertain beforehand what the amount of the Community levy is, and then apply any possible reduction or adjustment described in Annex B of this document (3).

(1) Published every year in the E.C.O.J. For example E.C.O.J. No L 295 of 1 November 1974. For purchase of E.C.O.J. see sheet E.8.

(2) Published in the E.C.O.J. No L 166 of 28 June 1975. For purchase of E.C.O.J. see sheet E.8

(3) Published daily by the E.C.O.J. Distribution takes place daily by telex to commercial operators.

A.4. SPECIAL PROTOCOLS ON BANANAS AND RUM

The Convention of Lomé contains in its annex, two protocols concerning the export of bananas and rum by the ACP States to the EEC.

1. Protocol No 6 on bananas

Provisions :

- maintain access to the markets and the advantages acquired by each ACP State for its exports of bananas to the EEC;
- joint EEC-ACP endeavour to enable the ACP States (and notably Somalia) to increase their exports of bananas to their traditional Community markets, through investment at all the stages (from production to consumption);
- joint EEC-ACP endeavour to enable the ACP States to establish themselves in new markets in the Community.

"Ad hoc" body

- An EEC-ACP " permanent joint group" is established with the mission of examining the progress achieved in the field of banana exports by the ACP States to the EEC and formulating recommendations which it judges appropriate.

2. Protocol No 7 on rum

Products under subheading No 22.09 C.1. of the common customs tariff (rum, arrack, tafia) are admitted into the Community exempt of customs duties and within the limits of an annual quota fixed by the Community.

The quota for the period 1.7.75 - 31.12.75. is fixed at 109,200 hectolitres of pure alcohol divided up as follows, in line with Regulation (EEC) No 1600/75 of the Council of 24.6.1975.(1) :

- | | | | | |
|-----------------|----------|-------------|-----------|---------|
| - Great Britain | : 83,200 | hectolitres | | |
| - Benelux (2) | : 2,275 | " | - France | : 3,900 |
| - Denmark | : 1,885 | " | - Ireland | : 650 |
| - Germany | : 16,900 | " | - Italy | : 390 |

Method of calculating the quota:

The annual quota is fixed by the Community on the basis of the largest annual quantities imported from the ACP States into the Community in the last three years for which statistics are available, increased by an annual growth rate of 40% on the United Kingdom market and 13% on the other markets.

Imports outside the quota :

If the quantity fixed by the tariff quota is exceeded imports of rum, arrack and tafia from the ACP States into the Community are liable to a customs duty calculated as follows :

- containers of 2 litres or less : 1 u.a. per hectolitre by degree of alcohol + 5 u.a. per hectolitre .
- containers of over 2 litres : 1 u.a. per hectolitre by degree of alcohol.

(1) Published in the E.C.O.J. No L 166/80 of 28.6.75. For purchase of E.C.O.J. see sheet E 8

(2) Belgium - Netherlands - Luxembourg

A.5. RULES OF ORIGIN APPLICABLE TO PRODUCTS FROM ACP STATES

General rule

The Convention of Lomé provides (Art.2) for the duty free import into the Community of products originating from the ACP States..... (see sheet A.1.). This rule allows for certain developments taken in respect of the development of trade and the nature of the product concerned (see sheets A.2.,A.3. and A.4.).

Definition of the concept of originating products (Protocol No 1 annexed to the Convention of Lomé).

Protocol No 1 relative to the definition of the concept of originating products and methods of administrative cooperation is composed of 31 articles (1 to 31) and 9 annexes (I to IX).

The main provisions are as follows (1) :

1. Products wholly obtained in one or more of the ACP States are considered as originating :

The products wholly obtained are :

- a) minerals extracted from the soil and from the seabed of the ACP States
- b) vegetable products harvested in the ACP States
- c) animals born and raised in the ACP States
- d) products from livestock
- e) products obtained by hunting or fishing
- f) products of sea fishing taken from the sea by their vessels (subject to reservations on the definition of the expression "their vessels" given in Annex 1 of Protocol No 1).
- g) products made aboard their factory ships from products mentioned above (f) (with the definition of "their factory ships")
- h) used articles serving only for the recovery of raw materials received in the ACP States

(1) For all these provisions , the reader is referred to the "Convention of Lomé - Complete Text", available in all the languages of the European Community

- i) waste and scrap resulting from manufacturing operations conducted in the ACP States
- j) goods exclusively produced from products mentioned above (a to i).

2. Case of products not wholly obtained

This covers products obtained in one or more ACP States, in the manufacturing of which are added products other than products "wholly obtained" (that is to say products originating in third countries).

Such products are not considered as originating in an ACP State unless the products (originating in third countries) added in the manufacturing process are subject to sufficient working or processing (that is to say incorporating a sufficient amount of national value added).

Considered as sufficient are:

- working or processing as a result of which there is a change in tariff heading, except those specified in List A : list of working or processing which results in a change of tariff heading but do not confer the status of "originating products" on products which are subject to, or do not conform with certain conditions (1).
- working or processing specified in List B : list of working or processing not resulting in a change of tariff heading, but which nevertheless confer the status of "originating products" on products which have gone through the processing (2).

Moreover some working and processing are considered, in all cases, to be insufficient to confer the status of originating.

This concerns (Art. 3 paragraph 3 a) to h)) (2):

- a) operations to ensure the preservation of merchandise in good condition (by for example chilling).
- b) simple operations consisting of screening, sorting, classifying (including the making up of sets of articles), washing, painting, cutting up.
- c) changes of packing, placing in bottles, simple packing operations.

(1) These lists are included in the complete text of the Convention of Lomé.

(2) Refer to Protocol No 1 (Art. 3 Paragraph 3).

- d) fixing marks, labels etc on products or their packaging
- e) simple mixing of products if one of the components is not originating
- f) simple assembly of parts of articles to constitute a complete article
- g) a combination of two or more operations mentioned above (a to f)
- h) slaughtering of animals

Other important provisions

- For the purpose of implementing the definition of origin, the ACP States are considered as being one territory.
- Products wholly obtained in the EEC and in the OCT, if they have been subject to processing or working, are considered as originating in the ACP States, under certain conditions of transport (specified in Article 5 of Protocol No. 1). (1).
- working or processing carried out in the EEC or in the OCT will not prevent the attribution of the status of originating if they are followed by working or processing in one or more of the ACP States, under certain conditions of transport (specified in Article 5 of Protocol No 1).
- products obtained in two or more ACP States are considered as originating in the ACP State where the last working or processing took place on condition that all the conditions of the definition of origin have been fulfilled.
- certain products are temporarily excluded from the application of Protocol No 1. They are specified in List C (Annex IV of the Protocol). It concerns mainly mineral oils, hydrocarbons, and lubricants (headings No "ex 27.07", "27.09" to "27.16", "ex 29.01", "ex 34.03", "ex 34.04" and " ex38.16" of the common customs tariff of the EEC.).

Administrative cooperation

Protocol No 1, Title 11, defines the methods of administrative cooperation suitable to facilitate the implementation of the rules of origin.

(1). Working or processing occurring in one or more ACP States.

Certificates of origin

- the proof of the status of originating for ACP products is provided by a "movement certificate EUR 1", a specimen of which appears in Annex V of Protocol No 1.
- for postal consignments (including parcel post) of originating products whose value does not exceed 1000 units of account (see sheet E.1.), the proof of the originating status is supplied by "form EUR 2", a specimen of which is given in Annex VI of Protocol No 1.

A.6. TRADE SYSTEM ON ENTRY INTO THE ACP STATES

Generalities

The Convention of Lomé (Article 7) states that in view of their present development needs, the ACP States are not required to allow products originating in the Community to enter their countries free of customs duties or taxes with equivalent effect.

This signifies that each ACP State is free to apply its own customs tariffs to products originating in the Community, subject to two conditions :

1. The ACP State should not exercise any discrimination between the Member States of the EEC
2. The ACP State grants the Community the most favoured nation treatment

Rules of origin applicable to products from the EEC on entry into the ACP

The Convention of Lomé does not include any provisions relative to the rules of origin applicable to EEC products on entry into the ACP States.

Inter-ACP trade and ACP trade with developing countries

The most favoured nation clause which each ACP State has agreed to apply to the Community does not apply:

- to economic and trade relations between the ACP States, nor
- to economic and trade relations between one or more of the ACP States with other developing countries.

A.7. TRADE PROMOTION ACTIVITIES

Field of application

Trade promotion activities are included in the objectives of the Convention of Lomé concerning trade cooperation and industrial cooperation : they aim at helping the ACP States to get the maximum benefit out of the provisions concerning the trade regime and industrial cooperation and to participate under the most favourable conditions in the markets of the Community and in the regional and international markets.

Trade promotion activities could concern the marketing of ACP products of all types (notably agricultural, industrial and handicraft products, as well as tourism and services) on all markets (EEC, other ACP and third countries).

Financing

Trade promotion activities will be financed by the EDF and will be presented by one or more of the ACP States (see sheets E.1 to E.13). They could concern, in particular, public and para-public services, public or private organisations as well as public or private productive firms subject to the presentation of a request for finance (see sheets E.5 and E.7).

Types of trade promotion activities

The Convention of Lomé (Article 13) gives a list (not exhaustive) of these activities. It concerns notably:

- " a) *improving the structure and working methods of organisations, departments or firms contributing to the development of the foreign trade of the ACP States, or setting up such organisations, departments or firms;*
- " b) *basic training or advanced vocational training of staff in trade promotion;*

- " c) participation by the ACP States in fairs, exhibitions, specialised international shows and the organisation of trade events;
- " d) improving cooperation between economic operators in the Member States and establishing links to promote such cooperation;
- " e) carrying out and making use of market research and marketing studies;
- " f) producing and distributing trade information in various forms within the Community and the ACP States with a view to developing trade."

B. STABILISATION OF EXPORT EARNINGS

B.1. SYSTEM FOR THE STABILISATION OF EXPORT EARNINGS OF ACP PRODUCTS:

"STABEX"

Principle

The Community shall implement a system for guaranteeing the stabilisation of earnings from exports by the ACP States to the Community of certain products on which their economies are dependent and which are affected by fluctuations in price and/or quantity (Art.16 of the Convention).

Products covered

The list figuring in the Convention covers 29 commodities (Art.17, paragraph 1) but other commodities can be included on the basis of a decision by the EEC-ACP Council of Ministers (Art.17,paragraph 3), at the earliest 12 months after the entry into force of the Convention.

List of products

a. Groundnut products

- aa) groundnuts, shelled or not
- ab) groundnut oil
- ac) groundnut oilcake

b. Cocoa products

- ba) cocoa beans
- bb) cocoa paste
- bc) cocoa butter

c. Coffee products

- ca) raw or roasted coffee
- cb) extracts, essences or concentrates of coffee

d. Cotton products

- da) cotton, not carded or combed
- db) cotton linters

e. Coconut products

- ea) coconuts
- eb) copra
- ec) coconut oil
- ed) coconut oilcake

f. Palm, palm nut and kernel products

- fa) palm oil
- fb) palm nut and kernel oil
- fc) palm nut and kernel oilcake
- fd) palm nuts and kernels

g. Raw hides, skins and leather

- ga) raw hides and skins
- gb) bovine cattle leather
- gc) sheep and lamb skin leather
- gd) goat and kid skin leather

h. Wood products

ha) wood in the rough

hb) wood roughly squared or half squared, but not further manufactured

hc) wood sawn lengthwise but not further prepared

i. Fresh bananas

k. Tea

l. Raw sisal

m. Iron ore

Iron ores and concentrates and roasted iron pyrites

Exports concerned

It concerns the export of the above-mentioned products originating in the ACP States (the origin must be certified) and which are either consumed in the Community or are processed or further manufactured there.

In general, this system therefore only applies to ACP exports to the Community; It can be applied, in certain cases, to exports to other destinations : this currently concerns the exports of Burundi, Ethiopia, Guinea Bissau, Rwanda and Swaziland. This list of derogations can be modified.

Dependence threshold of exports

This system of stabilisation applies as from a certain "dependence threshold". For the product or products concerned (figuring in the list), the total exports (to all destinations) during the year preceding the year under consideration, should have obtained earnings representing at least 7.5% of the total value of merchandise exports.

Exception: - for sisal the dependence threshold is 5% of earnings

- for the least developed, landlocked or island ACP States, the dependence threshold is 2.5% (1) (see list further on)

(1) including sisal exported by these countries

Statistics considered

The statistics used for the implementation of the Stabex system are those resulting from a cross-checking of Community statistics with those of the ACP States, taking into account fob values.

Trigger threshold for financial transfers

A reference level is calculated for each product and for each ACP State: it is equal to the average export earnings obtained during the four years preceding the year of application.

If in a calendar year, the actual earnings from exports to the Community (general case) or to all other countries (special case) of each of the products considered individually, are at least 7.5% below the reference level, the ACP State can request a financial transfer.

Exception : the trigger threshold is reduced to 2.5% for the least developed, landlocked or island ACP States (see list further on)

Calculation of financial transfers

The difference between the reference level and the actual earnings constitutes the basis of a transfer.

The request of an ACP State is examined by the Commission of the European Community in the light of the volume of resources available (375 million ua of the 4th EDF have been set aside for Stabex expenditure).

Restrictive clauses:

- the request for a transfer is not valid if the fall in export earnings is due to a trade policy measure in the sense that it adversely affects exports to the Community;
- in the case where significant changes have occurred in the total exports of the requesting ACP State, consultations shall take place between the ACP State and the Commission in order to determine its effect on the amount of the transfer.

Measures involved in financial transfers

The Commission establishes in liaison with the requesting ACP State, a draft transfer decision. A "transfer agreement" is concluded between the Commission and the ACP State concerned.

Advances (in principle at six-monthly intervals) are possible so as to ensure an immediate synchronisation between the drop in earnings and the financial transfer.

The ACP State decides alone on the use of the financial transfer and informs the Commission once a year.

The amounts transferred do not carry an interest rate.

List of the least developed, landlocked and island ACP States

34 countries benefit from a lower "dependence threshold" (2.5% instead of 7.5%) and a "special trigger threshold" (2.5% instead of 7.5%) :

- | | | |
|----------------------------|-----------------|-----------------------|
| - the Bahamas | - Guinea | - Sudan |
| - Barbados | - Guinea Bissau | - Swaziland |
| - Bénin | - Jamaica | - Tanzania |
| - Botswana | - Lesotho | - Togo |
| - Burundi | - Madagascar | - Tonga |
| - Central African Republic | - Malawi | - Trinidad and Tobago |
| - Chad | - Mali | - Uganda |
| - Equatorial Guinea | - Mauritania | - Upper Volta |
| - Ethiopia | - Mauritius | - Western Samoa |
| - Fiji | - Niger | - Zambia |
| - the Gambia | - Rwanda | |
| - Grenada | - Somalia | |

Reimbursement of transfers

An ACP State receiving a transfer should contribute to the reconstitution of the resources of the Stabex system within five years. Transfers from the Stabex scheme are thus reimbursable (general case)

Reimbursements are made if two conditions are simultaneously fulfilled :
for each year and each product:

- the unit value of the exports should be higher than the reference unit value
- the quantity actually exported to the Community should be at least equal to the quantity of reference.

If these two conditions are met at the same time, the recipient ACP State shall pay back to the Stabex system an amount equal to: quantity of reference multiplied by the actual reference value.

Reimbursements are made within the limits of the amount transferred.

In the case where the fund has not been totally reconstituted within the five years following the transfer, the EEC-ACP Council of Ministers can decide, after examining the economic situation of the country concerned , either on a partial or total, immediate or phased reconstitution of the outstanding amount.

Exemption from reimbursement

The less advanced ACP States (in the sense of Article 48 paragraph 2 of the Convention) are totally exempted from reimbursement of the Stabex financial transfers.

24 ACP States are concerned and the list can be revised by a decision of the EEC-ACP Council of Ministers :

- | | | | |
|----------------------------|------------------------|---------------------|------------------------|
| - Bénin | - <i>the Gambia</i> | - <i>Mauritania</i> | - <i>Tanzania</i> |
| - Botswana | - <i>Guinea</i> | - <i>Niger</i> | - <i>Togo</i> |
| - Burundi | - <i>Guinea Bissau</i> | - <i>Rwanda</i> | - <i>Tonga</i> |
| - Central African Republic | - <i>Lesotho</i> | - <i>Somalia</i> | - <i>Uganda</i> |
| - Chad | - <i>Malawi</i> | - <i>Sudan</i> | - <i>Upper Volta</i> |
| - <i>Ethiopia</i> | - <i>Mali</i> | - <i>Swaziland</i> | - <i>Western Samoa</i> |

B.2. LIST OF ACP STATES AND THEIR PRODUCTS WHICH ARE COVERED BY THE STABEX SYSTEM

The list which is supplied later on, was established on the basis of export statistics of the ACP States to all destinations for the last year in which they were available.

The export products retained are those which figure in the list of the Stabex system (Art.17) and which represent a sufficient proportion of total exports (2.5%,5%, or 7.5% according to the case concerned. See sheet B.1.: "Dependence threshold").

The ACP States which do not export the products covered by the system in sufficient proportions, do not figure in the following list. These are : the Bahamas, Barbados, Guyana, Lesotho, Nigeria, Mauritius, Trinidad and Tobago, Zambia and Zaire, which according to the most recent statistics do not respond to the criteria of the Stabex system.

Note : for the application of the Stabex system and when EEC-ACP cooperation in customs statistics has been established, only the export statistics of the year prior to the application of the Stabex system will be taken into consideration. The following list is thus purely indicative .

Sufficient statistics were not available for Grenada and Equatorial Guinea.

LIST OF ACP STATES AND THEIR PRODUCTS WHICH ARE COVERED BY THE STABEX SYSTEM (1)

ACP States	Stabex dependence threshold	Proportion of Stabex products in total exports	Global % of exports covered by Stabex
<u>Bénin</u>	2,5%	palm products (34 %)	34%
<u>Botswana</u>	2.5%	leather and hides (9%)	9%
<u>Burundi</u>	2.5%	coffee (86%), cotton (3%), leather and hides(6%)	95%
<u>Cameroon</u>	7.5%	cocoa(23%), coffee(26%), timber(12%)	65%
<u>Central Af. Rep</u>	2.5%	coffee(23%), timber(21%), cotton(18%)	62%
<u>Chad</u>	2.5%	cotton(69%)	69%
<u>P.R.Congo</u>	7.5%	timber (42%)	42%
<u>Ethiopia</u>	2.5%	coffee(38%), leather and hides(13%)	51%
<u>Fiji</u>	2.5%	coconut oil (5%)	5%
<u>Gabon</u>	7.5%	timber (32%)	32%
<u>Gambia</u>	2.5%	groundnuts, including oil and cattle cakes(94%)	94%
<u>Ghana</u>	7.5%	cocoa(61%), timber (19%)	80%
<u>Guinea</u>	2.5%	coffee(11%), palm nuts and kernels(6%), bananas(3%)	20%
<u>Guinea Bissau</u>	2.5%	groundnuts(69%), timber(5%), oil cakes(3%)	77%
<u>Ivory Coast</u>	7.5%	cocoa(15%), coffee(23%), timber(29%)	67%
<u>Jamaica</u>	2.5%	bananas(4%)	4%
<u>Kenya</u>	7.5%	coffee(22%), tea(11%)	33%
<u>Liberia</u>	7.5%	iron ore(71%)	71%
<u>Madagascar</u>	2.5%	coffee(30%), sisal(3%)	33%
<u>Malawi</u>	2.5%	tea(17%), groundnuts(7%)	24%
<u>Mali</u>	2.5%	cotton(39%), groundnuts (7%)	46%
<u>Mauritania</u>	2.5%	iron ore(73%)	73%
<u>Niger</u>	2.5%	groundnuts(15%), groundnut oil(9%)	24%
<u>Rwanda</u>	2.5%	coffee (61%), raw hides(4%)	65%
<u>Senegal</u>	7.5%	groundnuts and groundnut oil(35%)	35%
<u>Sierra Leone</u>	7.5%	iron ore(10%), palm kernel oil(5%)	15%
<u>Somalia</u>	2.5%	bananas(26%), copra(45%)	26%
<u>Sudan</u>	2.5%	cotton(56%), groundnuts(9%)	65%
<u>Swaziland</u>	2.5%	cotton(3%)	3%
<u>Tanzania</u>	2.5%	coffee(19%), cotton(13%), sisal(9%)	41%
<u>Togo</u>	2.5%	cocoa beans(26%), coffee(13%)	39%
<u>Tonga</u>	2.5%	copra(50%)	50%
<u>Uganda</u>	2.5%	coffee(66%), cotton(15%), tea(5%)	86%
<u>Upper Volta</u>	2.5%	groundnuts and groundnut oil(8%), cotton(22%)	30%
<u>Western Samoa</u>	2.5%	cocoa(28%) , copra (45 %)	73%

(1) For the last year where statistics are available.
The least developed ACP States are underlined.

C. ARRANGEMENTS FOR SUGAR

C.1. PROTOCOL No 3 on ACP SUGAR

Article 25 of the Convention of Lomé covers a reciprocal commitment to supply and purchase an agreed quantity of ACP sugar at a guaranteed price. Protocol No 3 annexed to the Convention specifies the terms of the commitment which concerns 13 ACP States on the one hand and the Community on the other.

Duration of the commitment

The agreement to supply and purchase ACP sugar was concluded for an unlimited period of time and for a minimum period from 1 March 1975 to 1 March 1982. The agreement can be denounced only after the expiry of the Convention of Lomé (1 March 1980) and after the completion of an average 2 years notice.

Quantities covered

They are expressed in terms of metric tons of white sugar cane for each delivery period which runs from 1 July to 30 June inclusive (as of 1 July 1975). The quantities are :

- Barbados	49,300	- Malawi	20,000
- Fiji	163,600	- Mauritius	487,200
- Guyana	157,700	- P.R.Congo	10,000
- Jamaica	118,300	- Swaziland	116,400
- Kenya	5,000	- Tanzania	10,000
- Madagascar	10,000	- Trinidad and Tobago	69,000
		- Uganda	5,000

Procedures for implementation

The price for white or raw sugar can be freely negotiated between buyers and sellers. If the agreed quantities of ACP sugar cannot be marketed in the Community at a price equivalent to or higher than the guaranteed price, the Community will fulfill its commitment to purchase this sugar through the medium of the intervention agencies or other appointed agencies.

The guaranteed price is expressed in European units of account(ua) (see E.1) and refers to sugar of standard quality ,unpacked and cif at European ports in the Community.

The guaranteed price is negotiated annually and is fixed each year at the latest by 1 May prior to the beginning of the delivery period on 1 July.

Guaranteed prices 1975/1976

For the period 1 July 1975 - 30 June 1976, the guaranteed price has been fixed at

- 25.53 EUA per 100 kg for raw sugar (=£14.74 on 3.7.75.)
- 31.72 EUA per 100 kg for white sugar(= £18.32 on 3.7.75)

Force majeure case

If, for reasons of force majeure, an ACP State fails to deliver the agreed quantity during the delivery period, the Community can grant the State, at its request an additional period of delivery.

If the ACP State does not want to benefit from an additional delivery period, the quantity not delivered can be distributed between the other ACP States supplying sugar.

Other cases of failure to meet the supply commitment

If an ACP State fails to supply the whole of the agreed quantity during the delivery period, the agreed quantity will be reduced for the subsequent period by the undelivered quantity. The undelivered quantity can be re-allocated between the sugar-exporting ACP States.

Consultation clause

The application of the sugar protocol will be subject to consultations within the appropriate institutional framework (to be established).

C.2 STATISTICS ON THE ACP SUGAR PRODUCING STATES (1972)

Below are given statistics on production and total exports of the 13 ACP sugar producing states, as well as the "agreed quantities" figuring in Protocol No 3 annexed to the Convention of Lomé (see sheet C.1.).

ACP States	Production of raw sugar (1972 metric tons)	Total exports of raw sugar (1972 metric tons)	Agreed quantities metric tons
Barbados	116,500	102,073	49,300
Fiji	320,639	290,293	163,600
Guyana	335,338	319,632	157,700
Mauritius	727,410	650,409	487,200
Jamaica	387,441	286,143	118,300
Kenya	99,707	0 (1)	5,000
Madagascar	110,162	39,327	10,000
Malawi	34,416	3,762 (1)	20,000
P.R.of Congo	39,957	39,718	10,000
Swaziland	191,633	179,378	116,400
Tanzania	88,483	235 (1)	10,000
Trinidad & Tobago	237,898	182,767	69,000
Uganda	131,207	0 (2)	5,000

Notes (1) : State net importer in 1972

(2) : Production entirely absorbed by local consumption in 1972

D. INDUSTRIAL COOPERATION

D.1. INDUSTRIAL COOPERATION

General view

The Convention of Lomé (Chapter 111, Articles 26 to 39), anticipates that, in line with the aim of effectively implementing industrial cooperation, the EEC will contribute through all the means provided in the Convention (especially: financial and technical cooperation, trade cooperation) to the implementation of programmes, projects and activities in the industrial field.

The general objectives of industrial cooperation are:

- to promote the development and diversification of industry in the ACP States and help to bring about a better distribution of industry both within these States and between them;
- to promote new relations between industries in the EEC and those in the ACP;
- to increase the links between industry and the other sectors notably agriculture (inside each ACP State);
- to facilitate the transfer and adaptation of technology to the ACP States;
- to promote the marketing of industrial products of the ACP States in foreign markets;
- encourage the participation of small and medium sized firms of the ACP States in industrial development;
- encourage the participation of European industries in the industrial development of the ACP States, if the latter so wish.

The financing of activities in the industrial cooperation field will be carried out in conformance with the provisions of the Convention on financial and technical cooperation (see sheets E.1. to E.13.).

IMPORTANT NOTE : The Convention of Lomé does not make provision for a proportion of finance under the 4th EDF to be reserved for activities in the industrial cooperation field. The implementation of these activities will rest on the initiative of the ACP States in relation to their

development priorities. The provisions of the Convention simply establish a favourable framework for industrial cooperation activities.

Three important points

It is advisable to emphasise certain provisions enumerated below, by way of general objectives.

- the transfer and adaptation of technology are largely emphasised in the text of the Convention (Art.31). The EEC declares itself ready notably to:
 - facilitate through information, the choice of technologies which are the most appropriate for the needs of the ACP States;
 - to facilitate the contacts of the ACP States with those in possession of technological know-how;
 - facilitate the acquisition on favourable conditions of patents, through financing (EDF) and/or through other arrangements with others in possession of technological know-how;
- contribute to industrial research in the ACP States, especially in view of the adaptation of technology to the conditions and needs of these States.

- The promotion of industrial products from the ACP States on foreign markets is provided for by the Convention (Art. 26,e) without special provisions being dedicated under the title industrial cooperation. In fact, the general provisions concerning trade promotion (see sheet A.8) concern promotion activities for all the products from the ACP States.

- The development of small and medium sized industrial firms in the ACP States is particularly well emphasised and could be accomplished by:
 - the financing of firms
 - the creation of appropriate infrastructure and industrial estates
 - vocational and advanced training
 - the setting up of specialised advisory services and credit facilities.

The Committee on Industrial Cooperation, placed under the supervision of the Ambassadors (see sheet G.1.), is charged with implementing the provisions concerning industrial cooperation. It aims notably at supervising and controlling the activities of the Centre for Industrial Development.

The composition and the rules of procedure of the Committee on Industrial Cooperation are to be fixed by the EEC-ACP Council of Ministers.

The Centre for Industrial Development

The Centre should be established on entry into force of the Convention (thus after ratification by all the Member States of the Community and 2/3 of the ACP States).

The EEC-ACP Council of Ministers will decide on the statute and rules of procedure of this Centre.

Functions of the Centre for Industrial Development (Art.36):

- " a) to gather and disseminate in the Community and the ACP States all
" relevant information on the conditions of and opportunities for
" industrial cooperation;
- " b) to have, at the request of all the Community and the ACP States, studies
" carried out on possibilities and potential for industrial development
" of the ACP States, bearing in mind the necessity for adaptation of
" technology to their needs and requirements, and to ensure their
" follow-up;
- " c) to organise and facilitate contacts and meetings of all kinds between
" Community and ACP States' industrial policy-makers, promoters, and firms
" and financial institutions;
- " d) to provide specific industrial information and support services;
- " e) help identify, on the basis of needs indicated by ACP States, the
" opportunities for industrial training and applied research in the
" Community and in the ACP States, and to provide relevant information
" and recommendations."

Note : The Centre for Industrial Development will be financed from the resources of the FED.

E. FINANCIAL AND TECHNICAL COOPERATION

E.1. EUROPEAN UNIT OF ACCOUNT

The European unit of account (abbreviated EUA), used in the text of the Convention of Lomé to express the amount of financial aid, is defined as a "type of basket" of all the 9 European currencies.

This "type of basket" is an amount balanced from the 9 currencies of the Community and is expressed in each of these currencies. The calculation of the value of the unit of account in each of the 9 currencies is carried out daily by the services of the European Commission in Brussels.

Method of calculating the value of the EUA

The services of the European Community first of all calculate the value of the EUA in Belgian francs (1) on the basis of exchange rates for the Community currencies on the official market in Brussels, and then on the basis of this amount they calculate its value in each of the other currencies.

The formula of the balance is as follows:

1 EUA = 0.828 DM + £ 0.0885 sterling + 1.15 French francs + 109 It.lira
+ 0.286 Dutch guilders + 3.66 Belgian francs + 0.14 Luxembourg
francs + 0.217 Danish kroner + £0.00759 Irish.

In concrete terms the calculation involves adding up the "equivalence in Belgian francs of 0.828 DM" + "the equivalence in Belgian francs of £ sterling 0.0885" + etc etc in relation to daily prices on the Brussels market. Thus 1 EUA = x Belgian francs. For the other Community currencies, the calculation is made on the basis of the price on their markets of the national currency vis à vis the Belgian franc from which is derived the value of the national currency in EUA.

In the same way the EUA -"basket" is calculated daily in U.S.\$ and vis à vis all the other important currencies on the basis of their exchange rates in Brussels or failing that in London and failing that in Frankfurt.

(1) this does not confer any special statute on the Belgian franc

Publication of the value of the EUA.

The value of the EUA in each of the Community currencies and in the other important currencies is published every day at the end of the afternoon (Brussels time) by telex to financial agencies and press agencies. Apart from this they are also published regularly in the European Communities Official Journal (for subscriptions to the E.C.O.J. see sheet E.8.).

The value of the EUA in each of the national currencies of the ACP States is not calculated, as the Convention provides that for payments relative to financial aid, financial transfers will be made in the currency of one of the Member States of the EEC to the account opened in this currency with an institution of the ACP State which is exercising the function of paying agent. This amount shall be converted into the currency of the ACP State when payment falls due.

Amount of financial aid from the Community

For the period covered by the Convention of Lomé, financial aid from the European Community to the ACP States has been fixed at 3,390 million EUA (EDF + EIB). The contributions of the Member States have been calculated on the basis of the value of the "basket unit of account" on 28 June 1974 , thus 1 EUA = 1 SDR (1) (see sheet E.2.).

Value of the unit of account : on 25.5.76 1 EUA was equivalent to:

- 48,5096 FB/FLux (Belgium and Luxembourg)	- 0,616720 Irish pounds (Ireland)
- 2,84727 DM (Federal Germany)	
- 3,02174 H.F1 (Netherlands)	- 1,10430 US dollar
- 0,616895 £sterling (United Kingdom)	- 330,871 Yen (Japan)
- 6,71353 Dkr (Denmark)	- 2,72659 FS (Switzerland)
- 5,22050 FF (France)	- 261,025 FcFA (according to value in FF)
- 926,047 Lit (Italy)	- 33,4689 Escudos (Portugal)

(1) Special Drawing Rights - IMF

£.2. FINANCIAL AID FROM THE COMMUNITY (EDF + EIB) : GENERALITIES

Global amount

The table below gives the apportionment of financial aid from the Community by groups of beneficiaries and by types of finance.

In million <u>£UA</u>	ACP STATES	O.C.T. (3)	TOTAL
<u>EDF : TOTAL</u>	<u>3,000</u>	<u>150</u>	<u>3,150</u>
Grants (1)	2,100	65	2,165
Special loans	430	40	470
Risk capital	95	5	100
Stabex	375	20	395
		(+ 20 reserve)	(+20)
<u>EIB : TOTAL (2)</u>	<u>390</u>	<u>10</u>	<u>400</u>
<u>TOTAL</u>	<u>3,390</u>	<u>160</u>	<u>3,550</u>

Remarks

A number of "drawers" have been reserved in the amount of aid destined for the ACP States:

- projects concerning regional cooperation between the ACP States will benefit from a maximum of 339 million £UA (10% of the total EDF+EIB) during the life of the Convention.
- a maximum of 150 million u.a. will be allocated to exceptional aid under the 4th EDF (5% of the total EDF) (see sheet E.4.).
- a first allocation of 20 million £UA is reserved to finance micro-projects over a period of 2 years(see sheet E.4.).
- a maximum of 100 million £UA for interest rate subsidies on loans from the EIB (provision of the Internal Financial Agreement).

(1) Non reimbursable aid . Includes interest rate subsidies.

(2) Normal loans from the EIB (see sheet E.6.).

(3) Overseas Countries and Territories of the Member States of the EEC.

Period of commitment of financial aid

Financial aid from the Community to the ACP States will run from entry into force of the Convention (after its ratification) until 1 March 1980. Taking into account the habitual delays involved in ratification, which generally takes a year after the signature (28 February 1975 at Lomé, Togo), one can expect that the global amount of aid (3,390 million EUA) will be pledged for a period of about 4 years from 1 March 1976 to 1 March 1980.

Contribution of the 9 Member States of the EEC to the 4th EDF

	% of the contribution	Amounts in million EUA	Rate of conversion (1)(2)	Amounts in national currencies (millions) (2)
Belgium	6.25	196.875	45.8564	9,028 FB
Germany	25.95	817.425	3.08222	2,519 DM
France	25.95	817.425	5.81762	4,755 FF
Italy	12.00	378.000	781.262	295.317 Lit
Luxembourg	0.20	6.300	45.8564	289 F Lux
Netherlands	7.95	250.425	3.19864	801 H Fl
United Kingd.	18.70	589.050	0.505066	298 £sterling
Denmark	2.40	75.600	7.2381	547 D.Kr.
Ireland	0.60	18.900	0.505066	9.5 £ Irish
	100.00	3,150.000	-	-

Note (1):Value of the SDR on 28 June 1974 =1 EUA.

Note (2):Amounts purely indicative.In practise the Member States will progressively make their contributions to the EDF according to a schedule worked out by the Commission;these contributions in national currencies are converted into units of account according to the rate of exchange on the date due.The exact contribution of each Member State in its national currency will thus not be known until after the closure of the funds operations.

Modifications to the amount of financial aid

Two incidents can occur:

1. An Overseas Country or Territory (OCT) may become independent between 28 February 1975 and 1 March 1980. If it adheres to the Convention of Lomé (1) it thus becomes an ACP State and as a result benefits from financial and technical cooperation, provided for in this Convention. This involves a simple transfer from the total endowment for the OCT (160 million EUA to that of the ACP (3,390 million EUA).

At 1 July 1975, this case was of interest to the following OCT:

- Seychelles : independence in 1976
- Surinam : independence in November 1975
- Comoro Islands: independence on 6 July 1975

2. An independent State may adhere to the Convention of Lomé between 28 February and 1 March 1980.

Article 90 of the Convention opens this possibility to States whose economic structure and production is comparable to those of the ACP States and on condition that the EEC - ACP Council of Ministers approves.

This possibility interested the following countries at 1 July 1975:

- Angola : independence 11 November 1975
- Mozambique : independence 25 June 1975
- Sao Tomé and Príncipe: independence 12 July 1975
- Cape Verde Islands : independence 5 July 1975

(1) Possibility opened by Article 89 of the Convention and by Annex VI of the final Act .

E.3 THE SHARE OF EACH ACP STATE IN THE GLOBAL AMOUNT OF FINANCIAL AID FROM THE COMMUNITY

Provisions of the Convention concerning the programming of aid

Article 51, paragraph 2 of the Convention of Lomé provides that :

" At the beginning of the period covered by the Convention, Community aid shall be programmed, in conjunction with each recipient State in such a way that the latter can obtain as clear an idea as possible of the aid, in particular as regards the amount and terms, it can expect during that period and especially of specific objectives which this aid may meet. This programme shall be drawn up on the basis of proposals made by each ACP State, in which it has fixed its objectives and priorities. Projects or programmes already identified on an indicative basis may be the subject of a provisional timetable as regards preparation."

Article 51 paragraphs 3 to 5, provides that :

- the indicative programme is to be established by common agreement between the Community and the ACP State concerned in relation to the development objectives fixed by this State;
- the indicative programme is to be sufficiently flexible to enable account to be taken of possible modifications in the economic situation or in the development policy of each ACP State;
- the programming of aid covers neither exceptional aid nor transfers under the "Stabex" system.

Commentary

The total amount of financial aid from the Community will thus be, in fact, divided into an amount of "programmable" aid and "non programmable" aid.

Amount "programmable" : 2,865 million EUA	{	- EDF projects : 2,475 m. EUA
	{	- EIB loans : 390 m. EUA
Amount "non programmable": 525 million EUA	{	- Stabex (EDF) : 375 m. EUA
	{	- Exceptional : 150 m. EUA aid

Total amount under the
Convention of Lomé : 3,390 million EUA

Distribution of financial aid between the ACP States

By the end of the period of execution of the Convention of Lomé, each ACP State will have received financial aid which will have been composed of three distinct elements:

- the amount of aid programmed at the beginning of the Convention,
- the amount of exceptional aid granted due to natural disasters,
- the amount of transfers under the Stabex system.

The amount of aid programmed will cover for each ACP State:

- the financing of programmes and development projects realised in this State,
- the financing of technical cooperation activities executed in this State,
- the financing of the expenses involved in controlling the projects executed in this State.

In addition, joint projects or programmes in all the ACP States(1), as well as administrative and financial expenses resulting from the management of the EDF will be financed from the part of the EDF not programmed, that is to say "in common" by all of the ACP States.

(1) For example, the Centre for Industrial Development.

The Convention of Lomé provides that the indicative programme of aid can be revised in the light of changes in national priorities of the ACP States concerned and in the light of the development of its economic situation (1).

Programming of Community aid

Programming is subject to concertation between the Community and each of the ACP States. This concertation shall take place, in practice, during 1975 and part of 1976, thus before the entry into force of the Convention of Lomé, after which time EDF and EIB financings can take place.

E.4. TYPES OF PROJECTS FINANCED

Article 46 of the Convention gives a list (not exhaustive) of the types of projects which could be financed by Community aid. This list has been taken below and developed.

1. Indicative list of types of projects

- investments in - rural development (agriculture, stock-breeding fishing, forestry)
- industrialisation
- energy
- mining sector
- tourism
- economic and social infrastructure (roads, macadamised roads, ports and waterways, schools and universities, hospitals and dispensaries, wells and water supply for rural, urban and housing needs).

- schemes for the structural improvement of agriculture
- technical cooperation schemes (notably training and technological adaptation and innovation).
- marketing and sales promotion schemes(for agricultural and industrial products)
- specific schemes to help small and medium sized firms of the ACP States
- micro-projects for grassroots development (notably at the rural level).

2. Elements financed

Financial aid could cover the import costs and local expenditure necessary for the execution of the projects and programmes.

For example for a given project, the expenses concerned could cover

general studies of the projects or programmes, technical studies, supplies and the work involved, the materials and equipment required for the project, supervision and technical supervision of work, technical assistance before and during the execution of the project, training of personnel, the marketing of products and the promotion of their sales on foreign markets.

3. Elements not financed

Not financed by financial aid from the Community (Art. 46 paragraph 2):

- current administrative expenses
- current maintenance expenses
- current operating expenses

The expenses of management and maintenance of the work financed by Community aid shall be met by the ACP States or other possible beneficiaries (Art. 58 paragraph 1).

Derogation (Art. 58 paragraph 2): Exceptionally and especially in the case of the least developed ACP States (see sheet E.5.), supplementary aid can take on the burden of expenses of maintenance, operations or repairs. The conditions of applying this derogation are :

- the investment is of special importance for the economic and social development of the ACP State concerned;
- the running of this investment constitutes temporarily a truly excessive burden for the beneficiary;
- full use cannot be made of this investment;
- supplementary aid can only be temporary and diminishing in scale.

4. Special types of projects financed

- Financing of projects common to a number of ACP States

In certain cases, Community aid can apply to projects, programmes or activities of interest to two or more ACP States or even all the ACP States. This could cover the following fields:

- regional cooperation activities (financing the share of each ACP State even if third countries are involved) (1);
 - investments common to two or more ACP States;
 - trade promotion, industrial promotion or general information activities;
 - technical assistance activities for the supervision of projects;
 - administrative and financial costs resulting from the management of the EDF.
- Specific activities in favour of small and medium sized ACP firms
(see also sheet E.5.)

Beneficiaries : small and medium sized firms, local authorities or cooperatives of the ACP States.

Methods of financing : financing will as a general rule be made through the financing body (of public interest or public participation) specialised in matters of development, such as development banks.

The Community shall open, according to the appropriate financing methods, a line of credit for the approved financing body up to a maximum amount of 2 million ECU for a maximum period of three years (renewable).

The financing body shall then grant credit to small and medium sized firms in the ACP State concerned, according to a certain number of rules - within the framework of an agreement between the financing body and the European Community. These rules - covering a scale of operations (limited to 200,000 ECU per project), sectors eligible for aid, criteria for choosing the final beneficiaries, the criteria and methods

(1) Regional cooperation activities will benefit from a maximum sum of 339 million u.a., thus 10% of the total financial aid to be given by the Community during the application of the Convention of Lomé.

of project appraisal, the financial terms of final loans.

Intermediary financing bodies : the ACP States concerned shall supply information to the Community on the capacity, the trend of and the prospects for their activities and the guarantees offered by the financing bodies (for example the development banks).

Programme for the promotion of small and medium sized firms : the ACP States concerned shall present to the Community a programme for the promotion of small firms, indicating in particular the scope and nature of the projects, the financing requirements, the existence of possible promoters and the possible needs of technical assistance to these firms.

• Micro-projects

The Convention of Lomé anticipates financing micro-projects for an experimental period of 2 years and covers a maximum amount of 20 million EUA. The financing of each project should not exceed 75,000 EUA.

Micro-projects are in principle, for rural areas but can be situated in urban areas. Micro-projects must emanate from an initiative taken by the local community.

The financing shall in principle come from three sources: the community benefitting (contribution of money or in kind), the ACP State and the EDF. The Community shall grant aid to micro-projects on the basis of an annual programme of micro-projects planned by the ACP State concerned.

E.5 WHO CAN BE THE BENEFICIARIES OF EDF AND EIB FINANCE?

General rule

All the ACP States can be beneficiaries of finance granted from the resources of the EDF and the EIB in the framework of the Convention of Lomé.

Nevertheless special attention is given to the needs of the least developed ACP States (Art.48). On the date of signature of the Convention of Lomé (28 February 1975), the list was composed of 24 ACP States.

This list can be increased or decreased according to :

- an improvement in the situation of a least developed ACP State,
- a deterioration in the situation of an ACP State,
- or if a third state in a comparable situation to that of the least developed ACP States, accedes to the Convention of Lomé .

The list may be modified by a decision of the EEC-ACP Council of Ministers. On 28 February 1975, the 24 least developed ACP States were:

- | | |
|----------------------------|-----------------|
| - Bénin | - Mauritania |
| - Botswana | - Niger |
| - Burundi | - Rwanda |
| - Central African Republic | - Somalia |
| - Chad | - Sudan |
| - Ethiopia | - Swaziland |
| - the Gambia | - Tanzania |
| - Guinea | - Togo |
| - Guinea Bissau | - Tonga |
| - Lesotho | - Uganda |
| - Malawi | - Upper Volta |
| - Mali | - Western Samoa |

The categories of "automatic" recipients (Art. 49 paragraph 1)

- the ACP States
- regional or interstate bodies to which the ACP States belong and which are authorised by them (for example Caricom)
- joint bodies set up by the Community and by the ACP States and authorised by them, notably organisations for trade and industrial cooperation (for example the Centre for Industrial Development).

The other categories of recipients (Art.49 paragraph 2)

Subject to the agreement of the ACP States concerned and so long as their programmes and projects are approved by these ACP States and that they are presented in conformance with the rules established by the Convention (Art.52 paragraph 2, see sheet E.7.), the recipients can also be:

- " a) local authorities and public or semi-public development agencies of
" the ACP States, in particular their development banks;
- " b) private bodies working in the countries concerned for the economic
" and social development of the population of those ACP States;
- " c) firms carrying out their activities, in accordance with industrial
" and business management methods, which are set up as companies or
" firms of an ACP State within the meaning of Article 63;
- " d) groups of producers that are nationals of the ACP States or like
" bodies and where no such groups or bodies exist, the producers
" themselves;
- " e) for training purposes, scholarship holders and trainees."

Financing "at two stages" (Art. 45) : notably small and medium sized firms

The Convention provides that the Community can grant financial aid to public or semi-public organisations (such as the development banks) which

will in turn grant financial aid to the final beneficiary.

Procedure to follow:

Where the grants and special loans are on-lent through the ACP State concerned to the final beneficiary, other than the ACP State itself, the terms and procedure for the onlending by the intermediate recipient to the final borrower shall be laid down by common agreement between the Community and the ACP State concerned in an "intermediate financing agreement".

In the case where the intermediate beneficiary should accord the final borrower, terms less favourable than those which it had benefitted from itself (grant or special loan from the EDF), the benefit thus created must be used by the intermediary recipient for the purposes and on the terms laid down by the "intermediate financing agreement".

Special rules on initial financing:

Where financial aid is attributed by the Community to a 'relaying body' of the "development bank" type, the Community will rely on a certain amount of information supplied by the ACP State concerned notably:

- information on the activities, capacity and the guarantees which the 'relaying body' (intermediate recipient) provides;
- a programme for the promotion of small and medium sized firms: in particular the scope and nature of the projects, financing requirements, the existence of possible promoters, technical assistance required for the preparation and management of the projects.

When the Community has approved, a line of credit will be opened to the financing body, according to the appropriate financing methods and subject to the following conditions:

- maximum amount : 2 million ECU (renewable)
- maximum period : 3 years

Special rules on final financing:

The final financing or financings are attributed by the relaying body to the small and medium sized firms or other beneficiaries in accordance with the outline rules specified in the "intermediate financing agreement". Among these outline rules, there is a limitation on the scale of each operation which is situated at around 200,000 EUA per project (Protocol No 2 Art. 13 paragraph 4).

Definition of the concept of "companies or firms of an ACP State".

This definition is fixed by Article 63 of the Convention : see sheet F.1.

E.6. METHODS OF FINANCING COMMUNITY AID

General view

It is necessary to distinguish three cases:

1. Exceptional aid: this is always financed by non reimbursable aid.
2. Transfers under the "Stabex" system : these can be reimbursable or non reimbursable depending on the case concerned (see sheet B.1.).
3. Economic and social investments :there is a range of methods of financing available (see following table).

Criteria for choosing the methods of financing for economic and social investments

Methods of financing are chosen by mutual agreement between the Community and one or more of the ACP States concerned in the light of:

- the best use of available resources
- the level of development of the ACP State concerned
- the economic and financial situation of the ACP State concerned
- the agents who guarantee the service of reimbursable aid

Other provisions concerning economic and social investments

A number of methods of financing figuring in the previous list can be combined for the same project.

Co-financing with other sources of aid is also possible.

Financing "in two stages"(i.e. the Community accords a grant or a loan on special conditions to an ACP State which it then re-lends to an institution, firm or organisation on less favourable terms) is also possible under certain conditions (see sheet E.5.).

RANGE OF METHODS OF FINANCING USED FOR ECONOMIC AND SOCIAL INVESTMENTS

Type of financial aid	Origin of finance	Methods of financing		Special conditions	Types of projects financed	Financial management assured by
Non reimbursable aid	EDF	- Grants		- non reimbursable	All projects especially in the least developed ACP States See EIB normal loans	EDF
	EDF	- Interest rate subsidies	- reduce the rate of an EIB loan by 13%	- not applicable to an EIB loan in the petroleum sector and in certain conditions in the mining sector		EIB
Other aid	EDF	- Special loans	- duration: 40 yrs with repayment after 10 yrs rate of interest 1% per year		All or part of projects of general interest to all ACP States)- industrial, mining and tourist firms)- institutions for development financing where possible)- the ACP States with a view to acquisition of holdings	EDF
	EDF	- Risk capital	- acquisition of holdings in capital	- always of a minority and temporary nature, yielded as early as possible and in preference to nationals or institutions of the ACP States		EIB
			- second priority loans - conditional loans	- reimbursement after settlement of other normal bank credits - reimbursable only after completion of conditions laid down at the outset		EIB
	EIB	- Normal loans	- max. duration 25 yrs. rate at time of loan contract	- interest rate subsidy (-3%) with final rate between 5 & 8%. - no interest subsidy	- all sectors except petroleum - mining sector in certain ACP - petroleum sector of all ACP - mining sector of certain ACP	EIB

E.7. PRESENTATION AND APPRAISAL OF PROJECTS

1. Presentation of projects

Who can present a project?

Projects to be submitted to the European Community for possible financing (EDF or EIB) can be presented by different categories of recipients in line with Article 49 of the Convention (see sheet E. 5). This covers:

- the ACP States, that is to say a ministry or through the intermediary of its diplomatic representative to the Community;
- regional and interstate organisations which are in the ACP States and which are authorised by them ;
- trade and industrial cooperation organisations or other joint EEC-ACP organisations authorised by the ACP to present projects.

It concerns also other categories of recipients in the sense of Article 49 paragraph 2 (cf sheet E.5.) for which the ACP State concerned has expressed its agreement (1) :

- local authorities and development organisations, development banks, public or semi-public
- private development organisations
- national industrial and trade firms
- groupings of producers and individual producers.

(1) The Convention of Lomé does not specify the exact form in which the expressed agreement of the ACP State concerned should be framed. It seems that in practise it would involve a simple letter, authorised by the government of the ACP State concerned (Ministry of the Plan) to the firm or organisation wishing to present a project. The letter should contain the agreement of this authority on the project itself and authorise the firm or organisation to present the project on its own.

Present a project to whom?

All projects submitted to the European Community for possible financing under the Convention of Lomé should be addressed to:

1. For the projects in the fields of industry, mining and tourism to :

European Investment Bank
2, place de Metz, B.P. 2005
Luxemburg

2. For other projects :

The Director-General of Development
Commission of the European Communities
200 rue de la Loi
B-1049 Brussels

In which form should the project be presented?

Without taking account of the fact that collaboration can take place between the entity which is presenting the project and the European Commission at the preparation stage of the project, all development projects submitted to the European Community should include a dossier enabling a complete appraisal of all the aspects of the project and notably:

- the insertion of the project and its final objective in the development objectives of the country,
- the validity of the project as a means of attaining this objective,
- the validity of the solution chosen in the technical, social, economic, commercial and financial fields and in terms of organisation and management,
- the availability of material and human resources necessary for the execution of the project,
- the existence of sufficient accompanying measures (for example fiscal measures).

Such a list is clearly not exhaustive and varies according to the nature of the project.

The Commission of the European Communities has announced its intention of facilitating to the maximum cooperation between its services and the ACP State so as to assure, in the shortest possible time and at the least possible cost, that in each case the dossiers on the projects will correspond correctly to the questions which will be posed during the appraisal of the projects by the services of the Commission

2. Appraisal of projects

Who appraises the projects? on what basis?

Article 53 paragraph 1 of the Convention gives the general rule:

" The Community shall appraise projects and programmes in close
" collaboration with the ACP States and any other beneficiaries.
" The technical, social, economic, trade, financial, organizational
" and management aspects of such projects or programmes shall be
" reviewed systematically."

The methods of application of this general rule appear in the

" Internal Agreement on the Financing and Administration of
Community Aid" of 27 June 1975, which provides that :

- the projects to be financed possibly by grants (EDF) or special loans (EDF), will be appraised by the Commission
- projects to be financed possibly by risk capital (EDF) or loans from the EIB (with or without interest rate subsidies) will be appraised by the EIB
- projects in the mining, tourism, and industrial sectors will be presented to the EIB which will see if it can receive one of the forms of aid it manages.
- if during the course of the appraisal of projects by the Commission or the EIB, it looks as if it will not be possible for it to be financed by one of the forms of aid they respectively manage, each of them will send the request on to the other, after the possible recipient has agreed.

Criteria for appraising projects (Article 53 paragraph 2)

- " 2. The aim of appraisal is:
- " a) to ensure that the projects and programmes stem from economic
" or social development plans or programmes of the ACP States;
 - " b) to assess, as far as possible by means of economic evaluation,
" the effectiveness of each project or programme by setting the
" effects it is expected to produce against the resources to be
" invested in it. In each project the expected effects shall be the
" practical expression of a number of specific development
" objectives of the ACP State or the ACP States concerned.
" On this basis, appraisal shall ensure that, as far as possible, the
" measures selected constitute the most effective and profitable
" method of attaining these objectives, taking into account the
" various constraints on each ACP State;

" c) to verify that the conditions guaranteeing the successful conclusion
" and the viability of the projects and programmes are met, which
" involves:
" - verifying that the projects as conceived are suitable for bringing
" about the effects sought and that the means to be used commensurate
" with the circumstances and resources of the ACP State or region
" concerned;
" - and furthermore guaranteeing that the staff and other means,
" particularly financial, necessary for operating and maintaining the
" investments and for covering incidental project costs are actually
" available. Particular attention shall be paid here to the possibility
" of the project being managed by national personnel."

3. Decision making process on financing by the Community

31. Case of grants (EDF) and special loans (EDF)

- financing proposals relating to these projects explain the relevance of the project to the development prospects of the ACP State concerned. These proposals are worked out by the services of the European Commission and are submitted to the EDF Committee for its opinion.
- the EDF Committee will be composed of representatives of the governments of the EEC Member States and chaired by a representative of the Commission. A representative of the EIB will participate in this work. The EDF Committee will act by a qualified majority of 69 votes out of 100.
- consultations between the Commission and the ACP State concerned will take place if the EDF Committee requests substantial changes to the financing proposal, or if the opinion of the EDF Committee is unfavourable (the financing proposal will then be submitted again to the EDF Committee: If the opinion is again unfavourable there will be fresh consultations between the Commission and the ACP State).
- if the 1st opinion of the EDF Committee is favourable, or after its 2nd opinion (if required), the proposal will be submitted for a decision by the European Commission.
 - Decision of the Commission:
 - . Decision on financing: a " financing agreement" is then established between the Commission and the ACP State or beneficiary.
 - . Decision not to finance the project or the case of an unfavourable opinion from the EDF Committee: the Commission can decide to withdraw the project or send it on to the Council (of the EEC) for a decision.

32. Case of risk capital (EDF) and loans from the EIB

- financing proposals for risk capital and requests for interest rate subsidies explain the relevance of the project to the development prospects of the ACP State concerned. These proposals are worked out by the services of the EIB and are submitted to the "Article 22 Committee" for its opinion. This committee is set up under the auspices of the EIB.
- the Article 22 Committee is composed of representatives of the governments of the Member States of the EEC and is chaired by the representative of the Member States currently assuming the Presidency of the Board of Governors of the EIB. A representative of the Commission will take part in its work. The committee shall act by a qualified majority of 69 votes out of 100.
- consultations shall take place between the EIB and the ACP State concerned, if the opinion of the Article 22 Committee is unfavourable.
- Opinion of the Article 22 Committee of an interest rate subsidy:
 - . Favourable opinion: the Board of Directors of the EIB shall take a decision in conformance with the provisions of the EIB Statute. If the decision is favourable, a " financing agreement" will be established between the EIB and the State or beneficiary.
 - . Unfavourable opinion: the EIB can either withdraw the project or uphold it and ask the State which is presiding over the Article 22 Committee to submit the financing proposal to the Council (of the EEC) for a decision.

33. Case of loans without interest rate subsidies

- the EIB shall inform the Article 22 Committee of requests for loans without interest rate subsidies, submitted to it.
- the EIB shall decide on financing these requests in accordance with the provisions of its Statutes.

E.8. CONDITIONS OF ACCESS FOR FIRMS INTO MARKETS FINANCED BY COMMUNITY AID

Who can participate in the markets financed by Community aid?

- They are :
- natural and legal persons of the EEC,
 - natural and legal persons of the ACP States (with certain advantages (see sheet E.9.),
 - natural and legal persons of third countries (in certain exceptional cases).

General rule (Art. 56 paragraph 1):

*" As regards operations financed by the Community, participation in
" tendering procedures and other procedures for the award of contracts
" shall be open on equal terms to all natural and legal persons of
" the Member States and ACP States ."*

The participation of the ACP States is subject to certain special advantages (see sheet E.9.).

The participation of third countries is possible in certain exceptional cases:

- if they will enable the avoidance of excessive increases in the cost of the project, attributable either to the distances involved, or to transport difficulties, or to delays in delivery,
- if the Community is contributing to financing regional and interregional cooperation schemes involving third countries,
- if the financing by the Community is being carried out jointly with other sources of finance.

In these three exceptional cases, a derogation of the Community is required for each financing.

Procedure for access to markets

General rule:

The participation of natural and legal persons in the markets financed by the Community is generally done by international tendering.

Derogations:

In certain cases, the competent authorities of the ACP States, in agreement with the European Commission can exceptionally authorise:

- the placing of contracts after restricted invitations to tender,
- the conclusion of contracts by direct agreement,
- the performance of contracts through public works departments.

The derogations apply in the following cases:

- operations relating to exceptional aid,
- other operations where the urgency of the situation is recognised(1),
- other operations where the nature, minor importance or particular characteristics of certain works or supplies so warrant(1).

Note: the conclusion of contracts by mutual agreement will, in principle, be the formula retained for technical cooperation contracts (Art.24 of Protocol No 2). This procedure is to be followed under certain conditions (see sheet E.11). The procedure for tendering will nevertheless be retained in certain cases for important studies (see sheet E.11.).

International invitations to tender

General rules

- invitations to tender must benefit in reasonable time from advance publication in the official journal of the European Communities and the official journals of the ACP States;

(1) For authorisation of these derogations competence rests with the ACP States in agreement with the European Commission. The derogation must be anticipated as early as the financing proposal stage.

- there cannot be, in the case of competitive tendering, discriminatory practise or technical specification of a nature liable to stand in the way of the equality of terms of the participants;
- cooperation between firms (of the Member States and/or the ACP States) will be encouraged notably by preselection procedures and groupings of firms, in the case of important work or of a special nature. The recourse to these procedures remains nevertheless facultative.

Preparation of invitations to tender

The dossiers of invitations to tender shall be prepared for each ACP State by the National Authorising Officer designated by this State (and who represents the national authorities in all operations relating to projects financed by the resources of the EDF), in close cooperation with the Commission's Delegate. The dossier of the invitation to tender shall be submitted to the European Commission for agreement before it is issued.

Launching and examination of invitations to tender

The National Authorising Officer of each ACP State, in cooperation with the Delegate of the Commission, issues invitations to tender, receives the tenderers, presides over their examination and decides on the results of the invitation to tender.

The National Authorising Officer of each ACP State shall send to the Chief Authorising Officer of the EDF in Brussels, for agreement, the results of the examination of the tenders and a proposal for placing the contract(1). Derogation: in the case of accelerated invitation to tender the decisions of the National Authorising Officer are deemed approved by the European Commission within a month of their notification.

Publication of invitations to tender

International invitations to tender, relating to contracts financed by the European Community are published in the Official Journals of the ACP States and in the Official Journal of the European Communities (E.C.O.J.)

(1) Commission of the European Communities, Brussels

The E.C.O.J. comes out every day. Subscriptions and sales of issues can be obtained from the following addresses:

BELGIUM

Subscriptions to the OJ can be taken out and paid for at post offices

Sales by issue:

Moniteur Belge - 40-42, rue de Louvain - Bruxelles

DENMARK

Subscriptions (1)

Sales by issue:

J.H.Schultz - Boghandel - Mørtergade 19
DK 1116 København K

FRANCE

Service de vente en France des Publications des Communautés Européennes - Journal Officiel
26, rue Desaix - 75732 Paris
Cedex 15

GERMANY

Bundesanzeiger - 5 Köln 1 - Breite Strasse
- Postfach 108 006

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Piazza G. Verdi, 10, Rome

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5, rue du Commerce

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Christoffel Plantijnstraat - The Hague

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Criteria for choosing attributees for markets

The criteria for determining the economically most advantageous tender are notably (list not exhaustive):

- the qualifications and guarantees offered by the tenderers,
- the nature and conditions of execution of the works or supplies
- the utilization costs
- the technical value of the works or supplies.

In the case where two tenderers are acknowledged as being equivalent, preference shall be given to the one which permits the greatest possible utilization of the physical and human resources of the ACP States.

Publication of the results of tenders

The results will be published in:

- the Official Journal of the European Communities (E.C.O.J.)
(Protocol No 2, Article 21)
- the Official Journals of the ACP States (1),
- in the main agencies of the specialised press (notably those dealing with public works (1).

(1) Provision does not figure in the official texts but constitutes a practise already in force for the 3rd EDF (Convention of Yaoundé) which will be maintained.

E.9. ADVANTAGES ACCORDED TO NATIONAL ADMINISTRATIONS AND FIRMS OF THE ACP STATES

1. Advantages accorded to ACP administrations : the performance of contracts by public works departments

The performance of contracts, financed by the European Community, by the public works departments is possible in four cases:

- for all interventions of less than 2 million units of account, and if the ACP State has substantial equipment and qualified staff available in its national departments.
- for operations relating to exceptional aid ,
- for other operations where the urgency of the situation is recognised (1),
- for other operations where the nature, minor importance or particular characteristics of certain works and supplies so justify (1).

2. Advantages accorded to ACP firms : accelerated procedure

The accelerated procedure for issuing invitations to tender covers a shorter time period for the submission of tenders; this is of advantage to national firms of the ACP States and is possible for works contracts worth less than 2 million units of account.

The decision for recourse to accelerated procedure lies with the ACP States in agreement with the European Commission but without the obligation of a previous agreement from the EDF Committee.

However in the case of specialised work, recourse to the classical invitation to international tender can be proposed by the European Commission to the authorities of the ACP State concerned.

(1) For the authorisation of derogations, competence lies with the ACP States in agreement with the European Commission. The derogation must be foreseen, in principle, at the stage of the financing proposal.

3. Advantages accorded to ACP firms : the choice of allottee

When choosing the allottee of a market financed by the European Community, an indirect advantage is accorded to the national firms of the ACP States, by a provision concerning the case of equivalent tenderers, preference shall be accorded to the tender which permits the greatest possible utilisation of the physical and human resources of the ACP States.

There are also direct advantages in the form of price preferences.

Price preferences for the delivery of supplies :

Where tenderers of equivalent technical and economic quality are compared manufacturing firms of the ACP States will benefit from a 15% price preference.

This preference is not accorded to firms of the ACP States which do not provide a sufficient margin of value added. For the appraisal of this sufficient margin, the rules of reference are those retained in the Convention of Lomé covering originating products (Protocol No 2 List A and List B) (see sheet A.5.)

Price preference for the execution of work :

In the comparison of tenders of equivalent technical and economic quality, firms of the ACP States will benefit from a 10% preference for the execution of work whose value is less than 2 million units of account.

This preference is only accorded to firms which are really connected to an ACP State, this "connection" is determined by the national laws of the States subject to two conditions :

- the firms should have their residence for tax purposes and their main business established in an ACP State,
- a significant share of the capital and management of the firm must be supplied by one or more ACP States. The appraisal of this sufficient share, will be made on a case by case basis by the European Commission and the ACP State or States concerned.

E.10 GENERAL ARTICLES AND CONDITIONS

In order to ensure the uniform application of the rules for the drawing up and execution of the markets financed by the European Community, the EEC - ACP Council of Ministers shall adopt common rules to this effect (Protocol No 2, Art. 22).

During the 2nd Convention of Yaoundé, the general articles and conditions entered into force in 1972, enabling firms and national administrations to have a unique instrument for drawing up and executing the contracts.

Nevertheless a significant amount of time is required to finalise such a document (it necessitates taking into consideration the very different rules of the ACP States) and so it looks as if the entry into force of the general articles and conditions, in the framework of the Convention of Lomé could not take place before 1977.

In the meantime, temporary provisions have been adopted:

- in the old A.A.S.M. (Associated African and Malagasy States and Mauritius, associated to the EEC under the Convention of Yaoundé 2), the general articles and conditions in force since 1972 will continue to be used.

- in the other ACP States, national legislation or practises established in the field of international contracts will be applied.

E.11. TECHNICAL COOPERATION CONTRACTS

As a general rule, technical cooperation contracts are arranged by a mutual agreement procedure (Protocol No 2, Art. 24). Nevertheless if economic, technical or financial reasons so justify, important studies, complicated and technically difficult can be arranged following competitive tendering.

1. Elaboration of technical cooperation contracts

- Case of mutual agreement procedure

The European Commission shall compile a selected list of candidates from the Member States of the EEC and/or the ACP States. The candidates (consultants, or experts) are selected according to criteria guaranteeing their qualifications, experience, independence, and their availability for the proposed undertaking.

Possible candidates from the ACP States to be taken into consideration will be selected by mutual agreement between the Commission and the ACP States concerned.

The ACP State shall choose freely from all the candidates the one which it intends to contract.

- Case of international tendering

The list of candidates shall be drawn up in close collaboration between the Commission and the ACP State concerned, according to the same criteria mentioned above. The candidates of the ACP States shall be selected by mutual agreement between the Commission and the ACP States concerned.

It always concerns selected invitations to tender, taken from the established list of candidates.

The different ways of putting out to tender could cover the following according to the case:

- consultations covering exclusively services and the conception of the study, the payment being negotiated later on;
- consultations covering exclusively payments, the services being defined earlier on in the tendering dossier;
- consultations covering services, the conception of the study and payments.

2. Negotiation of technical cooperation contracts

Technical cooperation contracts will be prepared, negotiated and concluded by the competent authorities of the ACP State concerned, in agreement and with the collaboration of the European Commission's Delegate.

- General articles and conditions : the common rules (general articles and conditions) agreed by the EEC - ACP Council of Ministers (see sheet E.10.) will be used for the preparation ,negotiation and conclusion of technical cooperation contracts.
- General conditions of payment :the Community and the ACP States have agreed that the European Commission shall establish and submit for the agreement of the ACP States, the general conditions of payment for the determination of fees expected in the contracts.

3. Participation of the ACP States in technical cooperation contracts

- Case of ACP consultants : the European Commission shall as far as possible, encourage cooperation between consultants and experts in the EEC States and ACP States, temporary partnerships, sub-contracting and the use of national experts in the teams belonging to consultants in the EEC States (Protocol No 2 Art. 27).

- Case of ACP administrations : if an ACP State possesses a sufficient number of national technical and administrative staff for a substantial part of a technical cooperation activity to be executed by the public works department, the Community could, in exceptional cases, finance the costs of providing certain additional apparatus or additional staff necessary for the execution of the activity concerned (Protocol No 2 Art. 28).

E.12 EXECUTION OF MARKETS AND CONTRACTS

Powers relating to the execution of the markets and contracts financed by the European Community are divided between :

- the Chief Authorising Officer of the EDF, designated by the Commission,
- the National Authorising Officer of the ACP State concerned, designated by the government of that State.

The Chief Authorising Officer of the EDF shall ensure that financing decisions are carried out; he shall manage the credits and shall commit, clear and authorise expenditure and keep the accounts of commitments and authorisations (Protocol No 2 Art. 29).

The National Authorising Officer of the ACP State concerned shall clear and authorise expenditure within the limits of the funds delegated to him. He shall remain financially liable until the European Commission clears the operations for the execution of which he is financially responsible (Protocol No 2 Article 30 paragraph 5).

The following operations are decided on by the National Authorising Officer, subject to his informing the Delegate of the Commission as soon as possible (Protocol No 2 Art. 30 paragraph 6):

- " a) *technical adjustments and alterations on matters of detail, so long as they respect the general framework of the project and contract, are an indispensable element for the performance of the contract, do not affect the technical solutions adopted and remain within the limit of the provision for minor adjustments;*
- " b) *minor alterations to estimates during execution;*
- " c) *transfers from item to item within estimates;*
- " d) *changes of site for multiple-unit projects where justified on technical or economic grounds;*
- " e) *applications or remission of penalties for delay;*
- " f) *acts discharging guarantors;*
- " g) *purchase of goods, irrespective of their origin, on the local market;*
- " h) *use of construction equipment and machinery not originating in the Member States or ACP States provided there is no production of comparable goods in the Member States or ACP States;*

- " i) sub-contracting;
- " j) final acceptances; however, the Delegate must be present at
- " provisional acceptances and endorse the corresponding minutes and,
- " where appropriate, he must be present at final acceptances, in
- " particular where the extent of the reservations recorded at the
- " provisional acceptance necessitates major additional work;"

Rules of litigation: rulings on disputes arising from the execution of markets and contracts will be carried out by means of arbitration, according to the rules of procedure agreed by the EEC - ACP Council of Ministers.

E.13. PAYMENT OF MARKETS AND CONTRACTS FINANCED BY THE EDF

General rule

Services provided in connection with the execution of projects financed by the EDF (non reimbursable aid) shall be paid for on instructions from the European Commission by drawing on the accounts of the EDF.

Paying Agents

In each ACP State a financial institution, chosen by mutual agreement between the ACP State concerned and the Commission shall exercise the function of paying agent, for the payments to be made in the national currency of that State.

The paying agent can be the central bank or any other national public or semi-public financial institution of the ACP State concerned.

Methods of payment

For payments in connection with financings assured by non reimbursable aid from the EDF, an account shall be opened in each ACP State on behalf of the European Commission by the "paying agent".

This account shall be denominated in the national currency of an EEC State.

The account shall be replenished by the Commission in the light of actual cash requirements. These sums will correspond to the equivalent amount in the chosen currency of an EEC State of the amount of European units of account required (1).

Then as exigible, payments of these amounts in the currency of an EEC State will be converted into the national currency of the ACP State concerned.

(1) According to the value of the u.a. in this currency at the time of transfer. See also sheet E.1.

F. ESTABLISHMENT, SERVICES, PAYMENTS, CAPITAL MOVEMENTS

F.1. PROVISIONS RELATING TO ESTABLISHMENT, SERVICES, PAYMENTS AND CAPITAL MOVEMENTS.

(Title V of the Convention of Lomé, articles 62 to 68).

System applicable to the establishment and provision of services.

- The ACP States shall treat nationals and companies of the EEC States on a non-discriminatory basis. If one of the ACP States is unable to provide such treatment for a given activity, the EEC States are not bound to grant such treatment for this activity to nationals and companies of the ACP State in question.
- The EEC States shall treat nationals and companies of the ACP States on a non-discriminatory basis. If one EEC State is unable to provide such treatment for a given activity, the ACP States are not bound to grant such treatment for this activity to nationals and companies of the EEC State in question.

Definition of companies (Art. 63).

" For the purpose of this Convention "companies or firms" means
" companies or firms constituted under civil or commercial law,
" including co-operative societies and other legal persons governed
" by public or private law, save for those which are non-profit-making.
"

" Companies or firms of a Member State or of an ACP State means
" companies or firms formed in accordance with the law of a
" Member State or ACP State and whose registered office, central
" administration or principal place of business is in a Member State
" or ACP State; however, a company or firm having only its registered
" office in a Member State or ACP State must be engaged in an activity
" which has an effective and continuous link with the economy of
" that Member State or ACP State".

Provisions relating to current payments and capital movements

The ACP States and the EEC States shall refrain from taking action in the field of foreign exchange transactions, which would be incompatible with their obligations under this Convention relating to trade in goods, services, establishment and industrial cooperation. This provision concerns movements of capital linked to investments and current payments. The ACP States and the EEC States can however take the necessary safeguard measures in the case of serious economic difficulties or severe balance of payments problems.

In respect of foreign exchange transactions relating to investments and current payments, the EEC States shall refrain from taking discriminatory measures with respect of the ACP States (and vice versa) or according more favourable treatment to third states (and vice versa).

Availability of currency

Throughout the duration of loans or risk capital operations, each ACP State undertakes :

- to place at the disposal of the recipients of Community financing, (see sheet E.5.), the currency necessary for the payment of interest and commission and the amortization of loans and quasi-capital aid granted for the implementation of aid measures on their territory;
- to make available to the EIB the foreign exchange necessary for the transfer of all sums received by it in national currency (of the ACP) and representing the net revenue and proceeds by the Community of holdings in the capital of firms.

G. INSTITUTIONS OF THE CONVENTION OF LOME

G.1. THE INSTITUTIONS OF THE CONVENTION OF LOME

1. The EEC - ACP Council of Ministers

Composition : - the members of the Council of the European Communities,
- a member of government of each ACP State,
- (a certain number) of members of the Commission of the European Communities.

Validity of proceedings : the proceedings of the EEC - ACP Council of Ministers are only valid in the presence of:

- half the members of the Council of the European Communities
- two-thirds of the representatives of the governments of the ACP
- a member of the Commission of the European Communities

Rules of procedure

The EEC - ACP Council of Ministers:

- lays down its rules of procedure
- is chaired alternately by a member of the Council of the European Communities and by a member of government of an ACP State, designated by the ACP States
- will meet once a year on the initiative of its chairman or in case of necessity in accordance with the conditions laid down in its rules of procedure
- will decide by mutual agreement between the Community on the one hand, and the ACP States on the other.

Powers and missions

The EEC - ACP Council of Ministers :

- defines the broad outlines of the work to be undertaken in the context of the application of the Convention of Lomé,
- examines periodically the results of the execution of the objectives fixed in the Convention and takes such measures as necessary for the attainment of these objectives,
- where provided for in the Convention, takes decisions which are binding on the contracting parties.

- formulate resolutions, recommendations or opinions on the attainment of the objectives of the Convention,
- publish an annual report and all other information which it judges useful,
- make arrangements to ensure the maintenance of contacts, consultations and cooperation between the economic and social sectors of the EEC and ACP,
- deal with problems raised by the Community or the ACP States which result from the application of the Convention,
- hold consultations at the request of the Community or ACP States where provided for by the Convention,
- can set up committees, groups, or ad hoc working groups to undertake work which it judges necessary,
- to exchange views on questions having direct repercussions on matters covered by the Convention, at the request of one of the contracting parties or by mutual agreement on other economic or technical questions of mutual interest,
- present each year a report on its activities to the Consultative Assembly.
- can, where necessary delegate its competences to the Committee of Ambassadors.

2. The Committee of Ambassadors

- Composition :
- a representative of each EEC State,
 - a representative of the European Commission
 - a representative of each ACP State.

Missions

- assist the EEC - ACP Council of Ministers and carry out any mandate entrusted to it by the Council,
- exercise other competences and assume duties which are assigned to it by the Council,
- examine the functioning of the Convention and the realisation of its objectives,

- account for its actions to the Council by presenting proposals for resolutions, recommendations or opinions which it deems necessary or opportune,
- supervise the work of all the committees or bodies established or provided for by, or under the Convention and submit reports to the Council.

Rules of procedure

- the chairmanship of the Committee of Ambassadors shall be held alternately by a representative of an ACP State, designated by the ACP States and by a representative of an EEC State, designated by the Community.
- the Committee of Ambassadors agrees on its own rules of procedure and submits these to the Council for its approval.

3. The Consultative Assembly (Article 80)

Composition :

- " 1. *The Consultative Assembly shall be composed on a basis of parity of members of the Assembly on the side of the Community and of the representatives designated by the ACP States on the other.*"

Rules of procedure :

- " 2. *The Consultative Assembly shall appoint its Bureau and shall adopt its own rules of procedure.*
- " 3. *The Consultative Assembly shall meet at least once a year.*"

Missions :

- " 4. *Each year, the Council of Ministers shall submit a report on its activities to the Consultative Assembly.*
- " 5. *The Consultative Assembly may set up ad hoc consultative committees to undertake such specific activities as it may determine.*
- " 6. *The Consultative Assembly may adopt resolutions on matters concerning or covered by this Convention.*"

- A. Customs system applicable to ACP products on entry into the EEC.
- B. Trade system applicable to ACP agricultural products, whether processed or not, on entry into the EEC.

ANNEX A: CUSTOMS ARRANGEMENTS APPLICABLE TO ACP PRODUCTS ON ENTRY INTO
INTO THE EEC

On the following pages are given the arrangements applicable, as of 1.7.1975, to products originating in the ACP States and OCT falling under all common customs tariff headings, on entry into the EEC.

Note: the "Heading No" refers to the numbers used in the common customs tariff of the EEC. The complete text of this tariff has been published in the Official Journal of the European Communities No L 295 of 1 November 1974 and is re-edited every year (1).

Abbreviations used in Annex A and B :

CCT	: common customs tariff of the EEC
0	: zero duty
(L)	: levy
(L) red.	: reduced levy. (for details consult sheet A3 and A4 and Annex B page 86).
(L) red°	: see note 2, page 85
vc	: variable component
with a max. of	: with a maximum of.....
ads	: additional duty on sugar
daf	: additional duty on starch
OCT	: overseas countries and territories

(1) For purchase or subscription to the Official Journal of the European Communities see sheet E.8.

Arrangements applicable to products originating in
the ACP States and the OCT

Heading N°	Rate of duty	Heading N°	Rate of duty
<u>CHAPTER 1</u>		02.06 A	0
01.01	0	02.06 B	CCT
01.02 A I	0	02.06 C I a	0 + (L)
01.02 A II	0 + (L)	02.06 C I b	0
01.02 B	0	02.06 C II	0
01.03 A I	0	<u>CHAPTER 3</u>	0
01.03 A II	CCT	<u>CHAPTER 4</u>	
01.03 B	0	04.01	CCT
01.04	0	04.02	CCT
01.05	CCT	04.03	CCT
01.06	0	04.04	CCT
<u>CHAPTER 2</u>		04.05 A I	CCT
02.01 A I	0	04.05 A II	0
02.01 A II a	0 + (L) (a)	04.05 B I	CCT
02.01 A II b	0	04.05 B II	0
02.01 A III a	CCT	04.06	0
		04.07	0
02.01 A III b	0	<u>CHAPTER 5</u>	0
02.01 A IV	0	<u>CHAPTER 6</u>	
02.01 B I	0	06.01	0
02.01 B II a	0	06.02	0
02.01 B II b	0	06.03	CCT
02.01 B II c	CCT	06.04	CCT
02.01 B II d	0		
02.02	CCT		
02.03	CCT		
02.04	0		
02.05	CCT		

(a) The customs duty can be partially or totally reimposed under certain conditions.

Heading N°	Rate of duty	Heading N°	Rate of duty
<u>CHAPTER 7</u>		07.03 E	0
07.01 A	0	07.03 F	0
07.01 B	CCT	07.04 A	0
07.01 C	CCT	07.04 B :	
07.01 D	CCT	- Olives	CCT
07.01 E	CCT	- Others	0
07.01 F	0	07.05	0
07.01 G I	CCT	07.06 A :	
07.01 G II	CCT	- Arrow-root	
07.01 G III	CCT	- ACP States	(L) red.°
07.01 G IV :		- OCT	0°
- Radish (Raphanus sativus), called "Mooli"	0	- Others	(P) red.°
- others	CCT	07.06 B	0
07.01 H	CCT	<u>CHAPTER 8</u>	
07.01 IJ	CCT	08.01	0
07.01 K	CCT	08.02 A I a	2,6
07.01 L	CCT	08.02 A I b	1,2
07.01 M	CCT	08.02 A I c	0,8
07.01 N	CCT	08.02 A I d	4
07.01 O	CCT	08.02 A II a	3
07.01 P	CCT	08.02 A II b	4
07.01 Q	CCT	08.02 B	4
07.01 R	CCT	08.02 C	CCT
07.01 S	0	08.02 D	0
07.01 T	0	08.02 E	0
07.02 A	CCT	08.03	CCT
07.02 B	0	08.04	CCT
07.03 A	CCT	08.05 A	CCT
07.03 B	0	08.05 B	CCT
07.03 C	0	08.05 C	CCT
07.03 D	0	08.05 D	CCT
		08.05 E	CCT

Heading N°	Rate of duty	Heading N°	Rate of duty
08.05 F	0	10.07 B	(L) red.°
08.05 G	CCT	10.07 C	(L) red.°
08.06	CCT	10.07 D	CCT
08.07	CCT		
08.08 A	CCT	<u>CHAPTER 11</u>	
08.08 B	CCT	11.01 A	CCT
08.08 C	CCT	11.01 B	CCT
08.08 D	CCT	11.01 C	(L) red.°
08.08 E	0	11.01 D	(L) red.°
08.08 F :		11.01 E	(L) red.°
- Passion fruit		11.01 F	(L) red.°
(granadillas)	0	11.01 G	(L) red.°
- Others	CCT	11.01 H	(L) red.°
08.09	0	11.01 IJ	(L) red.°
08.10	0	11.01 K	(L) red.°
08.11	0	11.01 L	(L) red.°
08.12	0	11.02 A I	CCT
08.13	0	11.02 A II	(L) red.°
<u>CHAPTER 9</u>	0	11.02 A III	(L) red.°
		11.02 A IV	(L) red.°
<u>CHAPTER 10</u>		11.02 A V	(L) red.°
10.01	CCT	11.02 A VI	(L) red.°
10.02	CCT	11.02 A VII	(L) red.°
10.03	CCT	11.02 A VIII	(L) red.°
10.04	CCT	11.02 A IX	(L) red.°
10.05 A	0	11.02 A X	(L) red.°
10.05 B	(L) red.°	11.02 B	(L) red.°
10.06 A I	(L) red.°	11.02 C	(L) red.°
10.06 A II	(L) red.°	11.02 D	(L) red.°
10.06 B I	(L) red.°	11.02 E	(L) red.°
10.06 B II	(L) red.°	11.02 F	(L) red.°
10.06 C	(L) red.°	11.02 G	(L) red.°
10.07 A	CCT	11.03	0

Heading N°	Rate of duty	Heading N°	Rate of duty
11.04	0	<u>CHAPTER 12</u>	
11.05	0	12.01 A	0
11.06 A :		12.01 B	0
- Flour and meal		12.02	0
of arrow-root :		12.03	0
- ACP States	(L) red.°	12.04	CCT
- OCT	0°	12.05	0
- Others	(L) red.°	12.06	0
11.06 B I :		12.07	0
- Flour and meal		12.08	0
of arrow root :		12.09	0
- ACP States	(L) red.°	12.10	0
- OCT	0°	<u>CHAPTER 13</u>	0
- Others	(L) red.°	<u>CHAPTER 14</u>	0
11.06 B II :		<u>CHAPTER 15</u>	
- Flour and meal		15.01	CCT
of arrow root :		15.02	0
- ACP States	(L) red.°	15.03	0
- OCT	0°	15.04	0
- Others	(L) red.°	15.05	0
11.07	(L) red.°	15.06	0
11.08 A I	(L) red.°	15.07 A	CCT
11.08 A II	(L) red.°	15.07 B	0
11.08 A III	(L) red.°	15.07 C	0
11.08 A IV	(L) red.°	15.07 D	0
11.08 A V :		15.08	0
- Arrow root		15.09	0
starch :		15.10	0
- ACP States	(L) red.°		
- OCT	0°		
- Others	(L) red.°		
11.08 B	0		
11.09	(L) red.°		

Heading N°	Rate of duty	Heading N°	Rate of duty
15.11	0	17.02 A	CCT
15.12	0	17.02 B	(L) red.°
15.13	0	17.02 C	CCT
15.14	0	17.02 D	CCT
15.15	0	17.02 E	CCT
15.16	0	17.02 F	CCT
15.17 A	CCT	17.03	CCT
15.17 B	0	17.04 A	0
<u>CHAPTER 16</u>		17.04 B	vc with a max. of 23
16.01	CCT	17.04 C	0°
16.02 A I	0	17.04 D	vc with a max. of 27 + ads
16.02 A II	CCT	17.05 A	CCT
16.02 B I	CCT	17.05 B	(L) red.°
16.02 B II	0	17.05 C	CCT
16.02 B III a	CCT	<u>CHAPTER 18</u>	
16.02 B III b	0	18.01	0
16.03	0	18.02	0
16.04	0	18.03	0
16.05	0	18.04	0
<u>CHAPTER 17</u>		18.05	0
17.01 A	CCT	18.06 A	vc
17.01 B I	0	18.06 B	vc with max. of 27 + ads
17.01 B II a :		18.06 C	0°
- Beneficiary			
States (a) :			
. in a refinery	0 (b)		
. others	(L) red.		
- Other States	CCT		
17.01 B II b :			
- Beneficiary			
States (a) :			
. under customs	0		
or adm. control.	0		
. others	(L) red.		
- Other States	CCT		

(a) See note 1.

(b) Subject to arrangements in regulation EEC N° 824/75 of the Commission of 24 March 1975.

Heading N°	Rate of duty	Heading N°	Rate of duty
18.06 D I a	vc with a max. of 27 + ads	<u>CHAPTER 19</u> 19.01	vc
18.06 D I b	vc	19.02 A	vc
18.06 D II a 1	vc with a max. of 27 + ads	19.02 B I a	vc
18.06 D II a 2	vc	19.02 B I b	vc
18.06 D II b 1	vc	19.02 B I c	vc
18.06 D II b 2 aa	vc with a max. of 27 + ads	19.02 B I d	0°
18.06 D II b 2 bb	vc	19.02 B I e	vc
18.06 D II c	vc	19.02 B I f	vc
		19.02 B I g	vc
		19.02 B II	vc
		19.03	vc
		19.04	0°
		19.05	vc
		19.06	vc
		19.07 A	vc with a max. of 24 + daf
		19.07 B	vc with a max. of 20 + daf
		19.07 C	vc
		19.07 D I	vc
		19.07 D II :	
		- Ships biscuits	vc
		- Others	0°
		19.08 A	vc
		19.08 B I	vc with a max. of 35 + ads

Heading N°	Rate of duty	Heading N°	Rate of duty
19.08 B II a	vc with a max. of 30 + daf	19.08 B IV a 2	vc with a max. of 30 + daf
19.08 B II b	vc with a max. of 35 + ads	19.08 B IV b	vc with a max. of 35 + ads
19.08 B II c	vc with a max. of 35 + ads	19.08 B V a :	
19.08 B II d	vc with a max. of 35 + ads	- Biscuits	0°
19.08 B III a	vc with a max. of 30 + daf	- Others	vc with a max. of 30 + daf
19.08 B III b	vc with a max. of 35 + ads	19.08 B V b :	
19.08 B III c	vc with a max. of 35 + ads	- Biscuits	0°
19.08 B IV a 1 :		- Others	vc with a max. of 35 + ads
- Biscuits	0°		
- Others	vc with a max. of 30 + daf	<u>CHAPTER 20</u>	
		20.01	0
		20.02	0
		20.03 A	0 + (L)
		20.03 B	0
		20.04 A	0
		20.04 B I	0 + (L)
		20.04 B II	0
		20.05 A I	0 + (L)
		20.05 A II	0
		20.05 B I	0 + (L)
		20.05 B II	0 + (L)
		20.05 B III	0

Heading N°	Rate of duty	Heading N°	Rate of duty
20.05 C I a	0	20.06 B II a9 bb :	
20.05 C I b	0 + (L)	- Mixture of pin-	
20.05 C II	0 + (L)	eapples, paw	
20.05 C III	0	paws and grana-	
20.06 A	0	dillas	0°
20.06 B I a	0	- Others	0 + (L)
20.06 B I b1 aa	0°	20.06 B II b1	0
20.06 B I b1 bb	0	20.06 B II b2	0°
20.06 B I b2 aa	0°	20.06 B II b3	0 + (L)
20.06 B I b2 bb	0	20.06 B II b4	0 + (L)
20.06 B I c1	0 + (L)	20.06 B II b5 aa	0°
20.06 B I c2	0	20.06 B II b5 bb	0
20.06 B I d1 aa	0 + (L)	20.06 B II b6 aa	0 + (L)
20.06 B I d1 bb	0	20.06 B II b6 bb	0
20.06 B I d2 aa	0 + (L)	20.06 B II b7 aa	0 + (L)
20.06 B I d2 bb	0	20.06 B II b7 bb	0
20.06 B I e1 :		20.06 B II b8	0 + (L)
- Grape fruit		20.06 B II b9 aa :	
segments	0°	- Mixture of pin-	
- Others	0 + (L)	eapples, paw	
20.06 B I e2	0	paws and grana-	
20.06 B I f1	0 + (L)	dillas	0°
20.06 B I f2	0	- Others	0 + (L)
20.06 B II a1	0	20.06 B II b9 bb :	
20.06 B II a2	0°	- Mixture of pin-	
20.06 B II a3	0 + (L)	eapples, paw	
20.06 B II a4	0 + (L)	paws and grana-	
20.06 B II a5 aa	0°	dillas	0°
20.06 B II a5 bb	0	- Others	0 + (L)
20.06 B II a6 aa	0 + (L)	20.06 B II c	0
20.06 B II a6 bb	0	20.07 A I a1	0
20.06 B II a7 aa	0 + (L)	20.07 A I a2	CCT
20.06 B II a7 bb	0	20.07 A I b1	0 + (L)
20.06 B II a8	0 + (L)	20.07 A I b2	CCT
20.06 B II a9 aa :		20.07 A II a	0
- Mixture of pin-		20.07 A II b1	0 + (L)
eapples, paw		20.07 A II b2	0
paws and grana-		20.07 A III a	0
dillas	0°	20.07 A III b1	0 + (L)
- Others	0 + (L)	20.07 A III b2	0

Heading N°	Rate of duty	Heading N°	Rate of duty
20.07 B I a1 aa	0	20.07 B II b6 cc	0
20.07 B I a1 bb	CCT	20.07 B II b7 aa	0 + (L)
20.07 B I a2	0	20.07 B II b7 bb	0
20.07 B I a3	0	20.07 B II b7 cc	0
20.07 B I b1 aa	0 + (L)	20.07 B II b8 aa11	0 + (L)
20.07 B I b1 bb	CCT	20.07 B II b8 aa22	0
20.07 B I b2 aa	0 + (L)	20.07 B II b8 aa33	0
20.07 B I b2 bb	0	20.07 B II b8 bb11:	
20.07 B I b2 cc	0	- pineapples, paw	
20.07 B I b3 aa	0 + (L)	paws and grana-	
20.07 B I b3 bb	0	dillas	0°
20.07 B I b3 cc	0	- Others	0 + (L)
20.07 B I b4 aa	0 + (L)	20.07 B II b8 bb22	0
20.07 B I b4 bb	0	20.07 B II b8 bb33	0
20.07 B II a1	0	<u>CHAPTER 21</u>	
20.07 B II a2	0	21.01 A I	0
20.07 B II a3	0	21.01 A II	vc
20.07 B II a4	0	21.01 B I	0
20.07 B II a5	0	21.01 B II	vc
20.07 B II a6	0	21.02	0
20.07 B II a7	0	21.03	0
20.07 B II b1 aa	0 + (L)	21.04	0
20.07 B II b1 bb	0	21.05	0
20.07 B II b2 aa	0 + (L)	21.06 A I	0
20.07 B II b2 bb	0	21.06 A II	vc
20.07 B II b3 aa	0 + (L)	21.06 A III	0
20.07 B II b3 bb	0	21.06 B	0
20.07 B II b3 cc	0	21.06 C	0
20.07 B II b4 aa	0 + (L)	21.07 A	vc
20.07 B II b4 bb	0	21.07 B	vc
20.07 B II b4 cc	0	21.07 C	vc
20.07 B II b5 aa	0°	21.07 D	vc
20.07 B II b5 bb	0		
20.07 B II b5 cc	0		
20.07 B II b6 aa	0 + (L)		
20.07 B II b6 bb	0		

Heading N°	Rate of duty	Heading N°	Rate of duty
21.07 E	vc with a max. of 35 UA per 100 kg net weight	22.09 C II	0
21.07 F I a 1	0	22.09 C III	0
21.07 F I a 2	vc	22.09 C IV	0
21.07 F I b	vc	22.09 C V	0
21.07 F I c	vc	22.10 A	CCT
21.07 F I d	vc	22.10 B	0
21.07 F I e	vc	<u>CHAPTER 23</u>	
21.07 F I f	vc	23.01	0
21.07 F II	vc	23.02 A	(L) red.°
21.07 F III	vc	23.02 B	0
21.07 F IV	vc	23.03 A I	(L) red.°
21.07 F V	vc	23.03 A II	0
21.07 F VI	vc	23.03 B	0
21.07 F VII	vc	23.04 A	CCT
21.07 F VIII	vc	23.04 B	0
21.07 F IX	vc	23.05	CCT
<u>CHAPTER 22</u>		23.06 A I	CCT
22.01	0	23.06 A II	0
22.02 A	0	23.06 B	0
22.02 B	vc	23.07 A	0
22.03	0	23.07 B I a)1	(L) red.°
22.04	CCT	23.07 B I a)2	(L) red.°
22.05	CCT	23.07 B I a)3	CCT
22.06	0	23.07 B I a)4	CCT
22.07 A	CCT	23.07 B I b)1	(L) red.°
22.07 B	0	23.07 B I b)2	(L) red.°
22.08	0	23.07 B I b)3	CCT
22.09 A	0	23.07 B I c)1	(L) red.°
22.09 B	0	23.07 B I c)2	(L) red.°
22.09 C I :		23.07 B I c)3	CCT
- tariff quota	0	23.07 B II	CCT
- Others	CCT	23.07 C	0

Heading N°	Rate of duty	Heading N°	Rate of duty
<u>CHAPTER 24</u>		35.03	0
to		35.04	0
<u>CHAPTER 28</u>	0	35.05 A	vc
		35.05 B	vc with a max. of 18
<u>CHAPTER 29</u>		35.06	0
29.01	0	<u>CHAPTER 36</u>	
29.02	0	to	
29.03	0	<u>CHAPTER 37</u>	0
29.04 A	0	<u>CHAPTER 38</u>	
29.04 B	0	38.01	
29.04 C I	0	to	
29.04 C II	vc	38.11	0
29.04 C III	vc	38.12 A I	vc with a max. of 20
29.04 C IV	0		
29.04 C V	0	38.12 A II	0
to		38.12 B	0
29.45	0	38.13	
<u>CHAPTER 30</u>		to	
to		38.19	0
<u>CHAPTER 34</u>	0	<u>CHAPTER 39</u>	
<u>CHAPTER 35</u>		to	
35.01	0	<u>CHAPTER 99</u>	0
35.02 A I	0		
35.02 A II a	CCT		
35.02 A II b	0		
35.02 B	0		

NOTE 1 : LIST OF BENEFICIARY STATES

Barbados	Malawi
Belize	Mauritius
Congo People's Republic	St.Kitts - Nevis - Anguilla
Fiji	Surinam
Guyana	Swaziland
Jamaica	Tanzania
Kenya	Trinidad and Tobago
Madagascar	Uganda

NOTE 2

During the transitional period, the levy or the variable component, depending on the case, effectively applicable on headings and sub-headings marked with an asterisk, cannot be less than the highest effectively applicable "accession-compensatory amount" used, if required, in the trade between the Member States, and applicable on the day of import (Article 22 of regulation).

ANNEX B : TRADE SYSTEM APPLICABLE TO ACP AGRICULTURAL PRODUCTS, WHETHER PROCESSED OR NOT, ON ENTRY INTO THE EEC

Notes:

- concerns the main products currently exported by the ACP States.
- see also Annex B of this document and the Common Customs Tariff (CCT) of the EEC (published in the E.C.O.J. No L 295 on 1 November 1974)
- the general safeguard clause of the Convention of Lomé applies to products listed below (see sheet A.2.).

"Domestic" beef and veal (Chapter 2 of CCT):

- exemption from the customs duties of the CCT.
- arrangements fixed for the period 1.7.75 - 31.12.75 : the levy on import into the EEC for beef and veal originating in the ACP producer states (Botswana, Kenya, Madagascar, Swaziland) has been reduced by 90%, but these ACP States must apply on their deliveries an export tax of an amount equivalent to 90% of the Community levy. This provision has a two-fold effect : it means in fact that the real price of ACP beef and veal on entry into the EEC remains identical to what the price would have been if the levy had been maintained at 100%. It also means that it creates additional customs receipts for the four ACP States which in view of the current market conditions, reaches about 18-20 million European units of account for the four ACP States.

Fish products (Chapter 3 of the CCT)

- exemption of customs duties under the CCT

Live plants and flowers (Chapter 6 of the CCT)

- exemption of customs duties under the CCT for 06.01 and 06.02 of the CCT.
- application of customs duties under the CCT for 06.03 and 06.04 of the CCT.

Vegetables (Chapter 7 of the CCT)

- exemption of customs duties of the CCT for : potatoes, leguminous plants (peas and haricots), "Mooli", ground sweet peppers, frozen vegetables (except olives), vegetables preserved in water (onions, cucumbers, gherkinsexcept olives).
- exemption of customs duties of the CCT and a levy reduced by 0.15 ua per 100kg for "arrow-root".

Fruit (Chapter 8 of CCT):

- total exemption of customs duties of the CCT :grapefruit,pawpaw,passion fruit (passiflores).
- reduction by 80% of the customs duties of the CCT for:oranges,mandarines, (08.02 A and 08.02 B of CCT).

Cereals (Chapter 10 of CCT):

- exemption of customs duties of the CCT .Moreover:
- 10.05 B : maize : levy reduced by 1.50 ua per ton.
- 10.07 B : millet : levy reduced by 50%.
- 10.07 C : sorghum : levy reduced by 50%.

Rice (Chapter 10 of CCT) :

- exemption of customs duties of the CCT and reduction of the levies:
- 10.06 A 1 : paddy rice : levy reduced by 50% and by 0.03 ua (1).
- 10.06 A 11: husked rice :levy reduced by 50% and by 0.30 ua (1).
- 10.06 B 1 : semi-bleached rice :levy reduced for the protective element for industry, 50% of the amount thus obtained and 0.45 ua (1).
- 10.06 B 11: bleached rice : levy reduced for the protective element for industry, 50% of the amount thus obtained and 0.45 ua (1).
- 10.06 C : broken rice : levy reduced by 50% and by 0.25 ua (1).

Note : (1) : measures applicable under certain conditions of price

Products of the milling industry (Chapter 11 of the CCT):

- exemption of customs duties and reduction of the levies:
- 11.06 A and B : flour and meal of arrow-root: levy reduced by 0.03 ua per 100kg.
- 11.08 A V : starch of arrow-root : levy reduced by 50%.

Oil seeds (Chapter 12 of the CCT):

- exemption of customs duties of CCT.

Prepared or preserved meat and fish (Chapter 16 of CCT) :

- exemption of customs duties of the CCT for: preserved liver of goose or duck,preserved meat of game or rabbit,preserved beef and veal,ovine or others,meat extracts and juices,fish extracts,prepared and preserved fish,shell-fish and molluscs.

Sugar industry (Chapter 17 of CCT):

- "white chocolates" (without cocoa): entry into the EEC completely free of customs duties.

Products prepared from cocoa (Chapter 18 of CCT):

- general rule : the fixed component of the customs duty of the CCT is not levied.
- moreover the variable component is not levied (ie entry into the EEC completely free of duties) for: beans, broken, waste, in bulk, and cocoa paste, cocoa butter and cocoa oil, cocoa powder unsweetened, chocolates and chocolate articles.
- variable component is levied for: cocoa powder sweetened, ice cream.

Preparation of cereals, flour.....(Chapter 19 of CCT)

- no levy of fixed and variable components for : childrens foods (19.02 B 1 d), tapioca (19.04), bread and biscuits (19.07 D 11), bakery products (19.08 B 1V a 1 and 19.08 B V a and b): ie entry into the EEC completely free of duties.

Products processed from fruit and vegetables (Chapter 20 of CCT):

- general rule " exemption of customs duties of CCT except for jams and grape juice.
- suppression of levy for tinned pineapples, grapefruit, mixtures of pineapples, granadillas, pineapple juice, mixtures of pineapple, paw-paw and granadillas juice.

Raw tobacco (Chapter 24 of CCT):

- exemption of customs duties of CCT.
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