LOMÉ DOSSIER

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EUROPEAN COMMUNITY – AFRICA-CARIBBEAN-PACIFIC

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- MALI
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- MAURITIUS
- NIGER
- NIGERIA
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- SOMALIA
- SUDAN
- SWAZILAND
- TANZANIA
- TOGO
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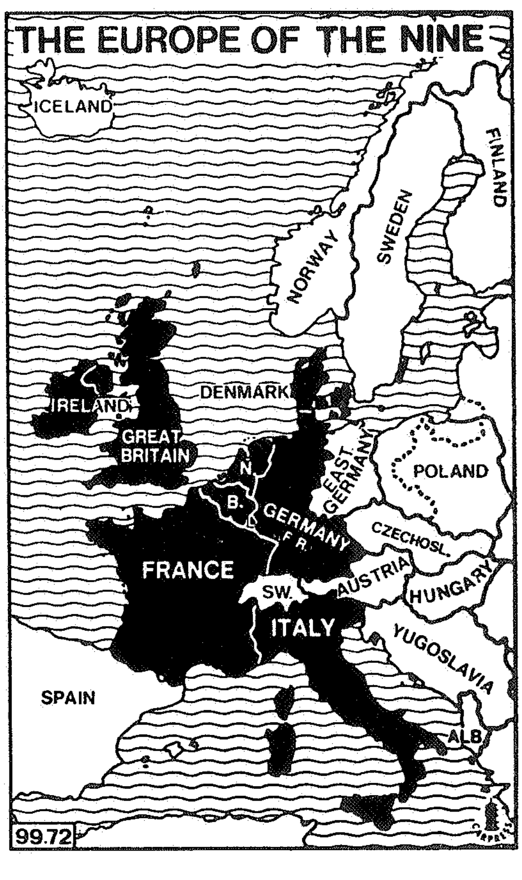
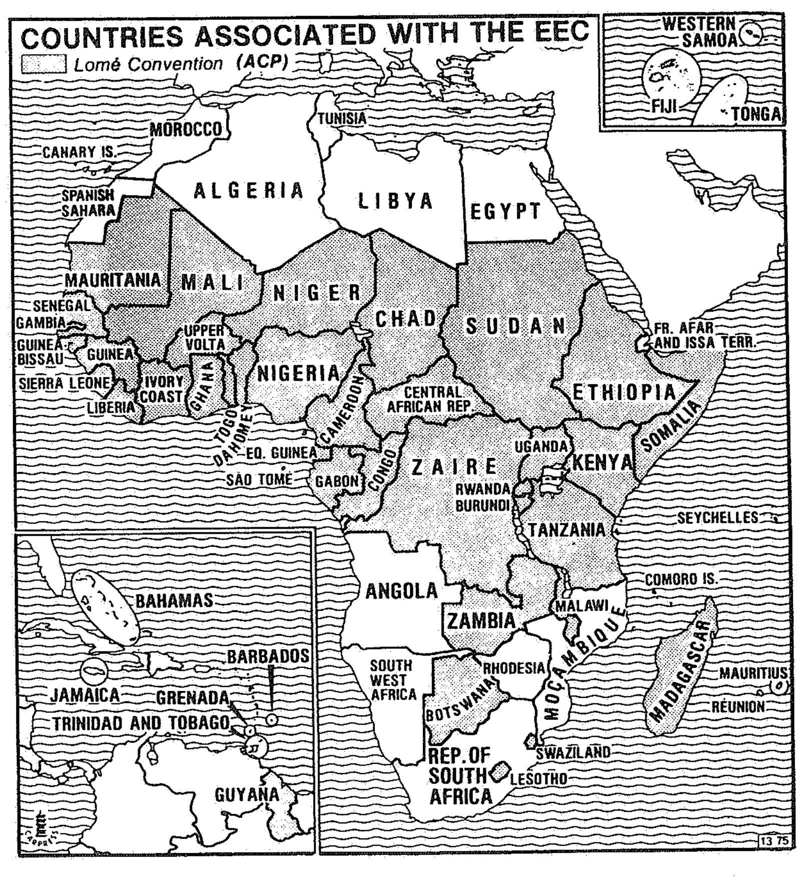
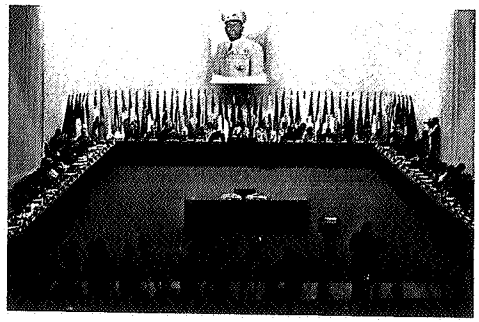


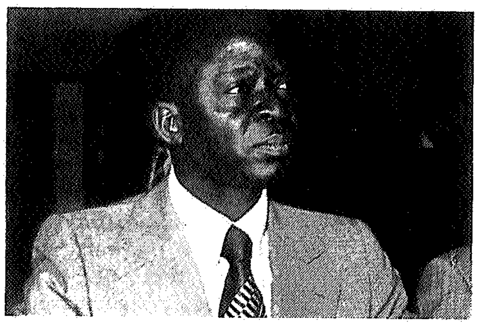


Lomé — The new convention between the European Community and the 46 ACP countries was signed in this hall in the Togolese People's Building. The flags of the 55 partner countries made a solemn setting as journalists came from all over the world to cover the event. Outside, the town of Lomé, the people of Togo and a blazing sun gave a frenetic tropical welcome. The highly colourful spectacle witnessed in its own way to the capital importance of the occasion. **Pages 14 to 18**



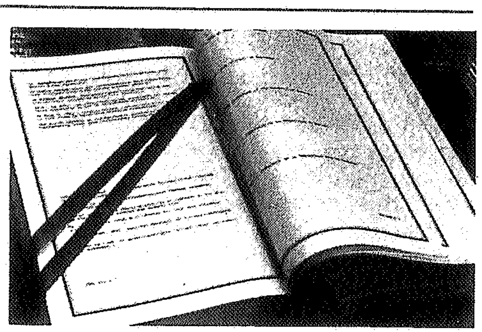
Garret FitzGerald — Ireland had the privilege of presiding over the Council of Ministers of the Community when the Lomé agreement was finally settled. The chairman of the Council and Irish Foreign Minister described his feelings about this convention, considering that "Europe now has a very close relationship with these (ACP) countries, which should stand to the advantage both of Europe and these partners in the future." **Page 6**

Babacar Ba — The Senegalese Minister of Finance and Economic Affairs was nominated chairman of the ACP Council of Ministers in July, 1973. Mr. Babacar Ba conducted the eighteen months of negotiations with efficiency and address, the more so for Senegal's having been a signatory to the first and second Yaoundé conventions. Considering the range of the Lomé agreement, he said: "For me, the new cooperation with Europe has something of a revolutionary character". **Page 6**



François-Xavier Ortoli — The Commission of the European Communities played a central part from the beginning in the Europe-ACP negotiations that produced the Lomé Convention, notably with the Deniau memorandum. Commission President François-Xavier Ortoli was naturally present at Lomé, and expressing his satisfaction during the signature ceremonies he gave credit to "the efforts and the talent of the negotiators from our different countries". He paid them a warm tribute in the name of the Commission, "a tribute to match the exception results that have been achieved". **Page 18**

The Convention — The official documents of the Lomé Convention signed in the Togolese capital will regulate economic relations between the Community and the ACP countries for the next five years. It has seven titles, the main ones being trade cooperation, export receipts from basic products, industrial cooperation, financial and technical cooperation and the institutions; ninety-four articles; seven protocols; a final act; and an agreement on European Coal and Steel Community products. **Cream pages**



THE COURIER

EUROPEAN COMMUNITY — AFRICA - CARIBBEAN - PACIFIC

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CONTENTS

EDITORIAL

Towards new economic relations

Forty-six States—practically the whole of independent Africa south of the Sahara, six Caribbean countries and three groups of Pacific islands—have established a cooperation scheme with the European Community aimed at speeding up their development. In all, then, 55 States, comprising the 46 African, Caribbean and Pacific States (ACP) and the nine member States of the European Community, have reached an agreement which most observers agree marks the beginning of new economic relations between industrial and non-industrial countries, based on partnership and equality.

On both sides, the negotiations which finished at the end of January and paved the way for the signature of the new convention at Lomé, Togo, on February 28, 1975, were carried out with the intention of getting to the bottom of the issues. For its part, the Commission made a thorough analysis of the efficiency of the system of cooperation set up under the two Yaoundé conventions in the light of the problems the developing countries are currently facing. The new complications posed by the Commonwealth countries, to which the Community had extended its offer of association after the accession of the United Kingdom, Ireland and Denmark, were also taken into consideration. The Commission was able to give the conclusions of this analysis to the Council of the European Communities as from April, 1973. Most of them were translated step by step into the Community proposals to the ACP States before ending up as the concrete provisions of the Lomé Convention.

It is particularly striking on the ACP side that their united front should have held together throughout the 18 months of negotiations. It is altogether remarkable, and unprecedented, that so many countries should have shown such awareness of their negotiating power if they stayed together despite the diversity of their problems and interests. The enaction of the Lomé Convention should make it possible further to extend and strengthen this solidarity between the ACP States, especially in the framework of the joint institutions.

It should also be said that almost the whole of the African continent is now defining new relations with the Community; Angola and Mozambique will be able to join the Lomé Convention, while the Community is hoping for a rapid conclusion to the current negotiations with the Maghreb countries.

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A new organization of economic and trade relations between industrial and non-industrial countries can be seen in the main provisions of the Lomé Convention, which are explained in this issue. In establishing complementary economic ties between two groups of countries, the new agreement aims at solidarity without dependence. Robert Schuman, one of the European founding fathers, spoke in different circumstances and at another time of "de facto solidarity". Creation and development suppose its existence. The convention offers a flexible and open-ended framework for it. The will of the new partners must determine whether the texts are to be applied in future in a restrictive manner, in which case the convention will only be a good cooperation agreement, or in a wider sense, setting new precedents for the development of economic complementarity between two groups of countries at different levels of development.

The experience and the results gained from the previous conventions were certainly useful to the negotiation. The European Development Fund, for instance, will continue to carry out essential activities which need no further proof of their usefulness in view of the fundamental needs for financial and technical aid. In this context it should be emphasized that particular importance has been attached to the beneficiaires' increased responsibility for planning and carrying out aid schemes, as well as to aid programming, regional cooperation, the development of small and middle-sized firms, carrying out "mini-projects" in rural areas and the preferences granted to the poorest countries in the allocation of financial and technical development aid. These provisions are all important and most often are revisions, improvements and amplifications, under a renewed and enlarged E.D.F., of provisions already familiar to the beneficiaires of the preceding conventions.

Yet the Lomé Convention differs from the previous conventions in a number of ways, either in its new provisions or by the greater importance given to particular fields. The most important differences are the non-reciprocity of the trade advantages granted by the Community to the ACP States, the establishment under the E.D.F. of financial aid in the form of the stabilization of export receipts and industrial cooperation, which is the subject of a special section of the new convention.

Stabilising export receipts is an entirely new principle in the history of relations between industrial and non-industrial countries. Basically, the ACP States have been accorded the right to compensation if there is a sudden fall in their export earnings, for instance through unstable world prices or production set-backs. The deterioration of rates of exchange should finally be halted in this way. Covering a dozen categories of products, these new provisions are clearly of particular interest for countries dependent on one or two products for their export receipts; but equally for all the ACP States, they constitute a favourable element for more certain economic programming and the maintenance and increase of import capacity, which are conditions of their development, particularly in the industrial field.

Industrial cooperation is another important side to the new convention. It should make it possible to add to the diversification of the ACP economies and to transfer suitable technology to these countries. An Industrial Cooperation Committee, assisted by an Industrial

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Development Centre, will develop contacts between economic agents and orientate this industrial cooperation. The importance of these provisions will naturally depend on the energy of everyone concerned, but considerable possibilities for cooperation between the two groups of countries are now open.

The particular case of sugar should not be left out; it was a major difficulty of the negotiation until the last minute. The solution agreed was a form of indexing that, for the first time, links prices paid to distant tropical producers to those paid by the industrial countries to their own farmers.

This special issue devoted to the new agreements, published as soon as possible after the signature at Lomé, contains the full text of the convention plus the protocols and annexes. It also includes analytical commentaries. But what really matters, beyond the actual texts, is the spirit and the overall economic conception of the Lomé Convention. It is conceived in the interests both of the ACP and of the European countries: "as, by giving the former the means of developing their infrastructure, improving their production and safeguarding the value of their work, it allows the latter to increase their trade with a group of partners who are increasingly aware of their own possibilities and of the benefits of an economic unity equally profitable to both sides." Mr. François-Xavier Ortoli, President of the Commission of the European Communities, summed up this hope by saying: "The Community must commit itself wherever possible to cooperation based on the search for long-term economic interdependence, which is a better guarantee of progress and unity than any treaty. What we want, while respecting our partners' options, is to bring into one joint scheme our know-how and technological capacity, our markets and in some instances our capital and our products, especially from agriculture, together with the resources at the disposal of our partners and their desire to use this new situation to build up their own development... Drawing up this convention proves it is possible to ensure the difficult birth of a new world order through cooperation, not confrontation". ■

Dr. E. WIRSING
Publisher

A negotiation and a convention

by Charles SCHIFFMANN (*)

The political and historical significance of the new EEC-ACP Convention can only be appreciated in perspective. Agence France-Presse correspondant Charles Schiffmann sketches the process leading from 1957 to the Lomé Convention.

In the small hours of February 1, 1975, the negotiators who had drawn up the texts for the new convention between the EEC and the ACP found it was at last possible for them to tie up their files and go home. They needed a long piece of string: they had been negotiating for 18 months, had just concluded with a 24-hour session and during this process they had drawn up 350 joint documents, held 183 negotiating sessions between the EEC and the ACP and no less than 493 coordination meetings of the ACP delegations. One day, perhaps, a student with a monastic habit of mind will see what he can do to distil from the mountain of paper the history of this "drawing together of the peoples of several continents". It will be a work of history which will have to include such matters as customs duties on cut flowers and arrow-root. Precisely what the latter product of Africa is, only the initiated know, and, so far as we are concerned, there is no reason why their secret should not remain intact.

This is a convention which brings together around the EEC the whole of Black Africa, the Caribbean and three groups of islands in the Pacific. Its origins date back long before the beginnings of this gigantic negotiation. The chromosomes of the new agreement were in fact bred from the Treaty of Rome which set up the Common Market. It is one of the features of the European Community that everything it does owes its inspiration to this Treaty, signed in Rome on March 25, 1957. Indeed it contains a provision (Article 235) which makes it possible to do anything which has not been specifically included on any of the other pages.

In Part IV, the Six original EEC members (Federal Germany, Belgium, France, Italy, Luxembourg and the Netherlands) agreed that countries "maintaining special relationships with them" should become associated with the EEC These "special relationships", of course, were the links of colonialism, which everybody knew would soon disappear. The important thing at this point was to clarify the legal position by extending to these countries outside Europe the free trade system which had been brought into operation inside the European Community.

Between 1958 and 1962 the E.E.C. progressively unified its trade relations with a large part of Africa, giving it at the same time financial aid to promote its development. This was the period of the first European Development Fund, which had resources for the five-year period of 580 million units of account. At this time the American dollar was still of the same value as the European unit of account (U.A.).

In 1960-62 most of the African countries became independent and it therefore fell to them to decide whether they wanted to continue as associates of the EEC. Eighteen of them opted for association, and on July 20, 1963 they signed the first Association Convention of Yaoundé. This was the beginning of the A.A.S.M.—the Associated African States and Madagascar. They were not at any time associated with one another, but the habit of dealing together in their business with the Community was to bring a gradual complicity of approach to the big world economic problems. This was to snowball in future years and its effect was considerable.

By the Yaoundé I Convention (1963-68), trade relations between the A.A.S.M. and the EEC were governed by a system of mutual preferences. The financial aid for the five-year period was to be U.A. 730 million; and for the first time joint institutions were set up to administer the Association.

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(*) French journalist specialising in European and Eur.-ACP affairs, has covered Yaoudé I and II and Lomé negotations.

Great Britain at the door

Before the negotiations for Yaoundé I had been completed, the European Community embarked on an adventure of which the consequences are still being appraised. On January 29, 1963 the six founder countries of the EEC broke off their negotiations with Great Britain, which had been seeking entry into the Common Market on terms which France—General de Gaulle was in power at this time—would not accept. The underdeveloped countries of the Commonwealth were not responsible for the Franco-British incident and there was no reason for refusing them what they had been allowed to expect—privileged links with the enlarged Community and a market of 240 million consumers.

Some of the European countries which had no colonial past saw in this the extinction of their hope of getting rid of the unduly "post-colonial" aspects of the Yaoundé Association. People began to talk about "mondialism", and to condemn "spheres of influence"; and the wider ideas of some of the EEC members led to the drawing-up of a counterpart to the Yaoundé Convention. This was the famous 1963 Declaration of Intent. In this the EEC declared itself willing to extend the Yaoundé Association agreement, or other similar instrument, to other countries having an "economic structure and production" comparable with the A.A.S.M.

Nigeria replies

The countries of the Commonwealth had been frustrated by the termination of the British negotiations in Brussels, but this declaration did not send them galloping there. Nigeria entered into laborious negotiations, which continued for three years. An Association Agreement with the EEC was signed in July 1966, but it was never brought into force. Kenya, Uganda and Tanzania signed a similar agreement in 1968, but they let this fall into oblivion before negotiating another which was in fact in force from 1971 until January 1975.

The Yaoundé II Convention

This period coincided with the second Yaoundé Convention, which was signed in July 1969 by the same A.A.S.M. which had been signatories in 1963. There were few differences between the first and the second convention, though one matter which came to the surface was to be the subject of much subsequent discussion. This was the problem of the erosion of customs preferences. The 18 A.A.S.M. now found they had to contend with competitors who were also enjoying customs preferences and duty reductions. The East African countries were the first; then came the 91 underdeveloped countries to which the EEC granted generalised tariff preferences for their manufactured or semi-manufactured goods with effect from July 1, 1975. In addition, there were the G.A.T.T. duty reductions, beginning with the Dillon round and followed by the Kennedy round in 1964.

Moreover, as the trade statistics came in, there were indications that the elimination of customs duties was not having any exceptional influence on the flow of trade, and brought practically no solution to the fluctuations in raw material prices, the instability of which was a constant threat to the development plans of the exporting countries.

The first tentative attempts to deal with these two points was contained in Yaoundé II (1969). This convention provided for aid to trade promotion (i.e. participation in fairs and exhibitions) for A.A.S.M. products and "emergency aid", of which Senegal in particular received the benefit with the sudden collapse in the receipts from the groundnut crop, which constitute 90% of the country's wealth.

These different forms of aid were part of the assignment for the 3rd European Development Fund. Its resources for the five years were fixed at U.A. 900 million, and an additional U.A. 5 million was added later, when Mauritius became an Associate.

The British come in

The second Yaoundé Convention was not yet ratified when the Six in the summit meeting at the Hague on December 2, 1969 gave the green light for resuming the negotiations for British accession to the EEC. It was then clear that Yaoundé II would be the last convention of this type and that the whole question of the Commonwealth countries would have to be reconsidered. The British Treaty of Accession was signed on January 22, 1972 and four months later the 19 Associated countries held a meeting at Nouakchott (April 1972) and decided to take part with the Commonwealth in the forthcoming negotiations for the enlargement of the Association. At this time the attitude of the Commonwealth countries themselves was more hesitant. They were ill-acquainted with the nature of this Association, which had often been criticised in the Third World. The uncertainties continued for more than a year.

In May, 1973 the trade ministers of the African countries held a meeting at Abidjan where, for the first time, they gave voice to their interest in having a "bloc-to-bloc" negotiation with the EEC. A fortnight later this was confirmed by the O.A.U. Summit meeting at Addis Ababa.

Abandonment of reciprocity

One of the points which had led to hesitations among the "Associable" English-speaking countries was that the EEC had stipulated that the trade advantages should be "reciprocal". The Europeans considered this indispensable under the G.A.T.T. rules, and thought it would maintain the contractual character of the agreement, which would ensure its durability. Some of the European countries, however, and most of the English-speaking Africans, no longer regarded this reciprocity as being justified. They called attention to the generalised preferences, which had their origin in U.N.C.T.A.D. and in which no reciprocity is stipulated or given. In all the international bodies it was reiterated with growing frequency that underdeveloped countries were not required to give trade advantages to the countries aiding them. G.A.T.T. itself was accused of being a junta of wealthy countries in control before decolonisation.

For a long time the Community was to be brought to a standstill by the unwillingness of some of the European countries to accept this new interpretation of international modes and morals. It took more than a year for the ministers of the Nine to put to the ACP countries a draft Association Agreement which had been compiled in Brussels by the Commission in April, 1973. This owed a good deal to the Yaoundé formula, but its provisions included not only access to the European market and →

finance aid on a scale providing as much support as hitherto to the former Associates, but also an entirely new system for the stabilisation of export receipts for basic products.

Conference in the Egmont Palace

The Nine were still not clear about the arrangements for this offer on July 25, 1973, when delegations from the 43 African, Caribbean and Pacific countries (now 46) came to Brussels. The ACP nominated three spokesmen, one for each geographical region, to express their views of the links to be set up with the Communities. These were to include access without reciprocity to the European market; improved terms of trade and systems of payment for basic products; industrial cooperation and financial aid.

This conference was a formal one and for a long time after it was over the Europeans were wondering about the real intentions of some of the English-speaking countries which had been rather circumspect in their approaches. More than one had said that it had only come to Brussels to avoid a split in African unity. There were many European doubts about the attitude of Nigeria, which had been ranked as one of the most hostile to the Yaoundé Convention and which has a population of 60 million, or almost as many as all the A.A.S.M. countries put together.

The Brussels negotiations started in October 1973; and in February, 1974 a further conference of African trade ministers was held at Addis Ababa which proved that African unity was no mere façade. The negotiators in Brussels were among the first to recognise this. The European delegations had an enormous number of discussions at expert and ambassadorial level, and were able to see for themselves how true it was that the ACP knew what they wanted. Some of the contentious points were to remain on the negotiating table until the day when the final bargain was struck. These were:

— agricultural produce. The ACP were irritated by the experience of the A.A.S.M. to whom the EEC had, in 1972, refused tariff concessions for early fruit and vegetables. From the beginning of the discussions the ACP demanded total and unrestricted access to the European market for all their agricultural produce. Though the E.E.C. agreed to relax its agricultural protection to a considerable extent by granting reductions in customs duties and agricultural levies, it nevertheless maintained throughout that its agricultural policy was not negotiable.

— non-tariff obstacles. The ACP wanted the EEC to eliminate regulations such as health rules, standardisation and non-customs duties affecting tropical produce which they regarded as impediments to their sales in EEC countries.

The Nine replied on this point that the obstacles in question arose through national regulations outside EEC competence.

This was a point which caused irritation among some of the African delegates. In one case, they complained, their requests were rejected because of a Community policy; and in another they were rejected because they did not relate to a Community policy.

As the talks went on, it had to be admitted that the European Community could not claim any power to set up paradise on earth. It was indeed offering to stabilise export receipts for basic products; but the much bigger problem of raising the prices for these products calls for agreement between producers and consumers at world level. The EEC was offering industrial cooperation, calculated to promote the processing of A.A.S.M. resources in their countries of origin, but in negotiating this at expert level the EEC delegate had to admit that the Community countries live under a liberal and capitalist régime in which it is not possible for governments to force private firms to set up in an Associated country.

The limitations which apply to the EEC came to the surface again in the sugar discussions, and remained a problem till the very end of the negotiations. The EEC had undertaken to buy 1.4 million tons of sugar from the ACP each year, and to pay a price equivalent to the price guaranteed to beet producers in Europe. They could not, however, offer more to the ACP planters of sugar cane than to the European beet farmers without running serious political risks. The Nine had to convince their prospective partners that, if they wanted to get the benefit of the high world market price for sugar, it must be with the consumers that the commercial negotiations should be put in hand.

The Kingston Conference

The differences of view were many, and their scope considerable, so that solutions were outside the scope of the Brussels negotiators. There had to be further reference to the politicians; and this time it was the ACP who took the initiative, inviting the EEC to a conference at ministerial level to be held at the end of July, 1974 at Kingston, Jamaica.

This conference opened in an atmosphere of gloom with the Caribbean delegates convinced no agreement could be reached before the end of the year. Yet it was in fact destined to give a real impetus to the Brussels negotiations. The Nine finally abandoned any reciprocity requirement on the trade side; they recorded their definite agreement on the system for export receipts stabilisation as proposed by the Brussels Commission; they agreed also that industrialisation should be given a place of priority in the future cooperation. On the last point it was the ACP memorandum, handed in at the Kingston Conference which, for practical purposes, served as a draft for the Lomé Convention provisions.

It was now July, 1974 and the Yaoundé Convention was to expire in six months time. There had, as yet, been no talk about the amount of the financial aid to be provided. It was only in the lobbies that the figures began to circulate. The chairman of the nine-nation ministerial conference, M. Jean Sauvagnargues (France) said the EEC was willing to treble the resources of the E.D.F. to make it about U.A. 3 000 million, but the chairman of the ACP, M. Babacar Ba, Senegal, was demanding total aid of U.A. 8 000 million.

After the Kingston discussions, negotiations were to be resumed in Brussels; and the tempo was at first slow enough to cause a certain anxiety, both on the African and on the European side. It became necessary to think in terms of transitional measures to prevent the Associated countries finding they had left in the air when the Yaoundé Convention expired on January 31, 1975. Day after day experts and ambassadors put finishing touches to drafts, but at no point was it possible to get down to the things which mattered.

It thus became necessary to call on the ministers to hold two further meet- →

ings, on January 13 and January 30, to deal with the difficulties set aside for last minute decision during the previous 18 months.

When the final conference opened on January 30, it was still not known whether the Convention would define the lines of an "Association" or a simple "Cooperation". Both expressions had been rejected in turn. It was expected there would be tough bargaining in the best Brussels tradition before the amount of the financial aid could be settled; but it was in fact decided almost without discussion, since the ACP had recognised that with economic conditions as they are, the effort the EEC was making was on a really remarkable scale.

The final conference on January 30 was a marathon and the negotiators were harrassed with a multitude of details, discussing such problems as Jamaica rum, Somali bananas, the amount of the financial aid and the ACP customs treatment of goods from the EEC as compared with goods from other world powers, such as the United States, the USSR or China (most favoured nation clause).

At midnight on January 31 the Yaoundé Convention quietly became a thing of the past and the new agreement was in sight. Another nine hours were needed for settling the final version of the voluminous texts which, for the next five years, will constitute the "Convention of Lomé between the EEC and the ACP". It was at nine o'clock in the morning, after 24 hours of almost uninterrupted discussion, that the two chairmen—Dr. Garret FitzGerald (Ireland) for the EEC and M. Babacar Ba (Senegal) for the ACP—exchanged letters of assent, agreeing to these texts.

Six hours later, at the end of a sunny Saturday afternoon other negotiators—in some cases the same ones in a different capacity—came back to finish off the drafting of the Sugar Protocol, providing for the Community to buy 1.4 million tons of sugar from the ACP countries. This negotiation, too, continued far into the night, but it led to a result unanimously considered satisfactory. In the end, a satisfaction worthy of the hopes placed by the European Community and the ACP countries in this agreement, which may be a decisive approach towards a different system of international relations. ■ Ch. S.

C.E.C. — J. L. Debaize

AFTER A SLEEPLES

GARRET FITZGERALI
satisfying and sat

Brussels — The final session of negotiations to hammer out the EEC-ACP agreement meant a sleepless night for the negotiators and journalists present in the Charlemagne building, headquarters of the EEC Council of Ministers, on February 1. But it paved the way for the signature of the Convention at Lomé on February 28. "The Courier" asked leading European and ACP personalities how they felt when the talks were finally over.

Dr. Garret FitzGerald, Irish Foreign Minister and chairman in office of the Council of Ministers, considered that its contents and wider area of operation gave the new convention "fundamental importance" for the future of the "two partners".

C.E.C. — J. L. Debaize

"A revolutionary agreement"

BABACAR BA
ACP Chairman

After the European and ACP negotiators had stayed in session through the whole of Friday night without intermission, it was at 10 o'clock on Saturday morning, February 1 that the news broke of the new cooperation agreement between the EEC and the 46 countries of Africa, the Caribbean and the Pacific (ACP): the "Lomé Convention between the EEC and the ACP".

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\ very close, ctory relationship"

▶ *Dr. FitzGerald, what were your immediate reactions when the ACP negotiations were concluded, and what are they now?*

— Well, my immediate reaction was one of relief that we had succeeded in getting agreement. Reflecting on it some time later, I must say I am even happier with it now than then, because then we were too close to it to see the wood for the trees. In fact it seems to me now, looking back at it, that it is a very good agreement indeed. It is one which we reached with the full consent of all our partners, and which in its overall impact is very favourable to the ACP countries. I certainly think they got a remarkable number of concessions from the Community during the negotiations; I think they have reason to be satisfied with it. And on our side, I don't think anybody feels that we gave too much, or that there is any dissatisfaction—I think the European countries are very satisfied too.

▶ *What do you think will be the essential political significance of the Convention in the long run?*

— I think that it establishes a new relationship between the countries of Europe and a large part of Africa, plus most of the Caribbean and some of the Pacific Islands, which is much broader geographically than the relationships existing previously, and which is in much greater depth, because it goes into areas like stabilisation of export receipts and industrial cooperation which were not previously covered; it is a relationship very much based on equal terms between the two partners. In these respects, I think it is of fundamental importance and it means that Europe now has a very close, satisfying and satisfactory relationship with these countries, which I think should stand to the advantage both of Europe and these countries in the future. These countries are major suppliers of raw materials and this close link must be to Europe's advantage: and I am certain that it is to their advantage because of the terms we managed to settle in these negotiations.

▶ *You became chairman of the Council of Ministers at a difficult time fot rhe Community. The conclusion of the ACP negotiations must have seemed like a ray of sunshine in the Council building...*

— It did indeed!

▶ *Can you explain why the sector of development cooperation has been so dynamic recently compared with some other fields of Community activity?*

— Really, I think that since we got to the Paris Summit last December and achieved some measure of success, the Community has developed a certain new momentum which is to be found in every area. We have now had two Council sessions in January and February, quite apart from the two sets of ACP negotiations, and almost without exception the policies which came before these Councils have been adopted. So I think there is at present a certain general momentum in the Community ■

Interview by
BARNEY TRENCH

The two chairmen held a joint press conference. Europe was represented by Dr. Garret FitzGerald, Irish Minister for Foreign Affairs and chairman in office of the Nine-nation Council of Ministers; the ACP by Mr. Babacar Ba, Senegalese Minister for Finance and Economic Affairs, chairman of the ACP Council of Ministers. Both of them expressed their keen pleasure and deep satisfaction at the agreement which had been reached after 18 months of discussions, 11 of which had been spent on the negotiations proper.

Dr. FitzGerald spoke of the importance and the unique character of the relations between the European and ACP partners embodied in the new Agreement. He described the finance arrangements as "impressive".

Mr. Babacar Ba, in the name of the ACP, declared in substance that the new Convention is "a document which breaks new ground, for it takes no account of the necessities of the moment. Moreover, having regard to the international economic difficulties, the financial effort the Nine are making is indeed impressive". He went on to pay "tribute to our partners in the European Economic Community who, despite the current economic background, are making a considerable effort to deal with the development requirements which concern the life of our peoples".

Mr. Babacar Ba continued: "We have just set up a new type of relationship between underdeveloped and developed countries. I regard this as very important. In my view the cooperation we are about to establish with Europe has a certain revolutionary character, in the sense that between ourselves and the developed continent of Europe, all our relationships will be falling into a new pattern".

The new agreement is a bold one, the Senegalese minister said. "The Yaoundé Convention was certainly a complete arrangement, quite satisfactory to the A.A.S.M.; but the Convention which has just been agreed upon marks material progress over its predecessor because it contains two provisions of paramount importance. These are the export receipts stabilisation fund and industrial cooperation. "I think, that these two provisions are enough in themselves to mark the new Convention as revolutionary", he added.

Asked about the title of the Convention, and why the description "Association" had not remained in it, the Senegalese minister replied that the trade, industrial, financial and technical provisions of the Convention were much more important than any question of names. "The Lomé Convention may well imply the Lomé Association Convention. After all, the Yaoundé Convention was itself a convention of Association, but everybody referred to it simply as the Yaoundé Convention. In any case", he concluded, "the Lomé Convention is a great achievement and an absolutely new and unique fact in the relations of the Third World with industrial countries". ■

LUCIEN PAGNI

P.J. PATTERSON:

"A new system of relationships"

in the perspective of development

From the start of the Europe-ACP negotiations in July, 1973 in Brussels, one man caught the attention both of the other negotiators and of the press — Percival James Patterson, Jamaican Minister for Industry, Commerce and Tourism and spokesman for the Caribbean group. The 18 months of talks between the ACP and the Nine showed Mr. Patterson to be a tough, intelligent and effective negotiator, whose speeches raised enthusiasm on the one side and " anxiety " on the other. One of the main proponents of the agreement, he gives his first impressions of the convention below.

▶ *Is the new convention finally just a package deal of specific items?*

— No, I think it is something wider than the mere specific items which it contains. What we have been trying to establish is a new trading relationship, which will characterize the development of countries in Africa, the Caribbean and Pacific in partnership with the nine countries in Europe.

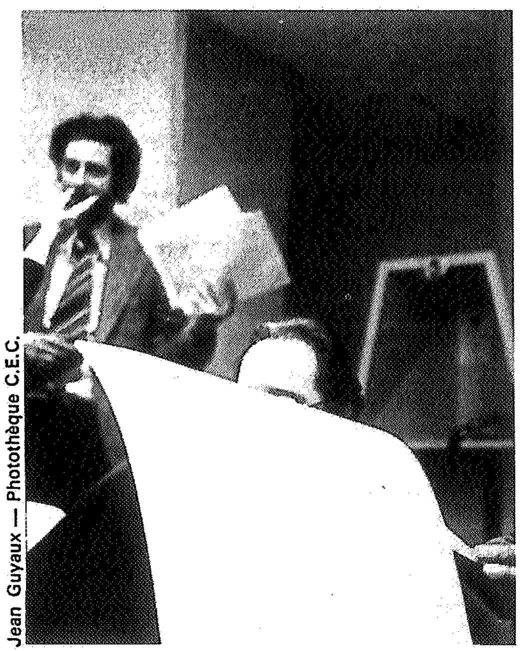
▶ *Referring to the ACP, you used the word "Associated". Is the new convention a Convention of "Association" for cooperation?*

— It is going to be called "the ACP-EEC Convention of Lomé", because we signed the Treaty in Lomé on February 28, 1975 according to the recommendations and decisions made by the ACP Bureau of Ministers when they met at Accra, in Ghana.

Percival J. Patterson

A tough and intelligent negotiator. Above, during the ministerial conference in Kingston, Jamaica. Right, in Brussels.

«The problem of sugar does not only concern Jamaica, or the Caribbean, or the ACP producers. The sugar problem is a political question concerning the whole of the 46 ACP».



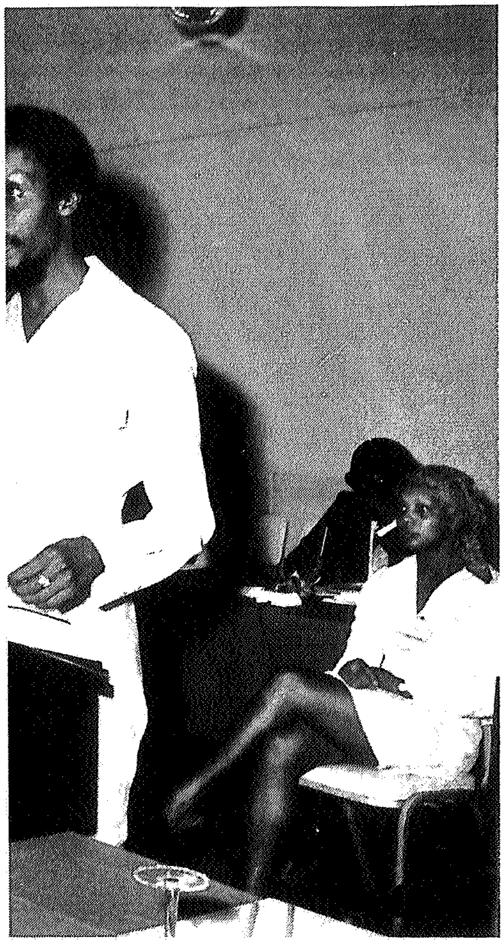
Jean Guyaux — Photothèque C.E.C.

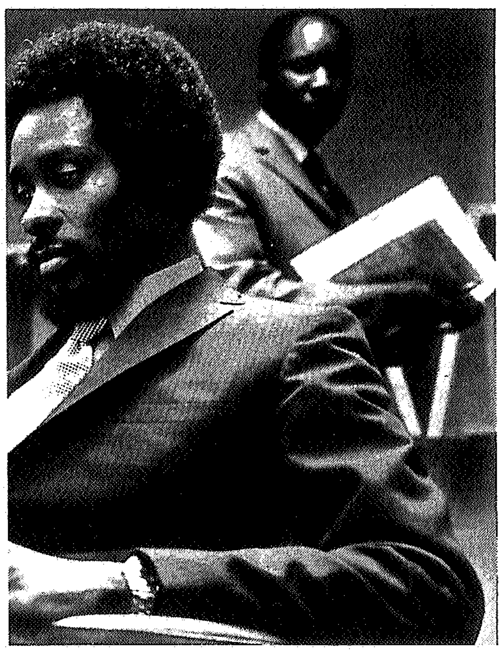
▶ *Sugar seems to have been one of the most difficult problems of the talks. Could you explain briefly what trade mechanism has finally been decided for sugar?*

— Yes - the EEC has agreed to import 1.4 million tons of sugar from several countries, and we are contractually obliged to supply them. There will be a two-tiered price mechanism: one which includes a basic guarantee element which will be continuous, and one which includes a supplement which will bear a relationship to prevailing prices in the world market and will be as a result of a free negotiation between buyers and sellers.

▶ *The negotiations have been characterized especially by the solidarity of the ACP group. Do you think this solidarity can be maintained and will find further expression, for instance in the creation of new regional links between ACP countries?*

— I'm sure it can be maintained and I'm sure it will provide new dimensions.





I regard the new relationship which has been created between the ACP countries, their affinity, the knowledge of each other, the solidarity which they have developed, as being among the most important features that have emerged from these negotiations. And we for our part are determined to preserve them. ■

Interview by
L.P.

EDWARD OLUSOLA SANU :

"We are particularly pleased that Europe recognizes the importance of regional cooperation"

Nigeria has played a major role in the Europe-ACP negotiations. Eighteen months ago, that might not have seemed likely. The contribution of Mr. Edward Olusola Sanu, Nigerian ambassador and chairman of the ACP Council of Plenipotentiaries, to ACP unity has been widely appreciated. In his opinion, the new agreement is satisfactory and the new convention could help bring the ACP together, particularly in the field of regional cooperation.

▶ *Mr. Sanu, what were your feelings when the negotiations were finally concluded?*

— Naturally, I was quite relieved that after 18 months of negotiations we were able finally to conclude an agreement which seemed to us to be a distinct improvement of the old Yaoundé agreement. I was so happy that at this difficult stage the forty-six ACP countries remained united till the very end of the negotiations. Of course, we have had our programmes, different points of view on the major issues of the negotiations, but we managed throughout to overcome these difficulties and to present a fairly united front to the very end. As you know, even towards the end, we had some fairly difficult issues such as, rum, sugar, and bananas which are of particular interest to the Caribbean countries, and it was a test of the unity of the ACP that we stood by the Caribbean countries so that they would get a fair agreement on these major products. So on the whole I think I feel quite pleased that we have succeeded in creating a form of relationship among ourselves which is to us just as important as relationships between the ACP and the EEC.

▶ *In an earlier interview with "The Courier", you said financial aid was not the most important aspect of the negotiation for Nigeria. With the agreement now concluded, what principle sections of the new Europe-ACP Convention seem to you of capital importance to the development of your country?*

— Well, I think probably I can single out two: the trade aspect is quite important in the sense that it offers a lot of free access for most of our products to the EEC markets, both in the agricultural and industrial fields; and the industrial cooperation aspect, which gives us the hope of assistance in training, in transferring technology during this very crucial time in our development. As you know, we are going to have another five-year development plan, from April next year, and we will settle in it all the facilities which we can have in Europe during this period. I don't think I want to give the impression that the aid part is so unimportant to us. I think we are particularly pleased that for the first time Europe recognizes the importance of regional cooperation and the new agreement set aside 10 % of the European →

Development Fund to assist regional projects. This is of particular importance to us, because in our own part of the world, we belong to some regional organizations that cut across the barriers. We have the River Niger Commission which includes Nigeria, Niger, Chad, Dahomey and a few of our neighbours. And we have also the Chad Basin Commission which groups us with Cameroon again and a few other African countries who are both English and French-speaking. So, we hope that we will be able to use some of the EDF to strengthen these regional organizations. I don't think it would be correct to say that we are not **at all** interested in this aspect of regional cooperation, no.

▶ *So the agricultural, commercial and industrial aspects of the agreement are of particular importance to Nigeria compared with financial cooperation, although the latter is still important. Do you think it is also a good agreement where rules of origin and non-tariff barriers are concerned?*

— Those two areas presented to us the most difficult part of our negotiations. While in some areas of the rules of origin we have succeeded particularly as regards the collective origin which for the first time accepted the whole ACP as one market for the purpose of rules of origin, as we were not particularly satisfied with the part that we did not get through: our own basic stand that rules of origin should be limited to 25% value added. As you know, the Common Market said the equivalent couldn't go below 50%, but there was a proviso that for products we may have in the future, or for products that were not taken account of, we should within the first six months of the agreement try to work out an acceptable solution to this problem. The non-tariff barriers which we face again stem from the basic rules of the Community itself, which is going to be a very difficult thing to tackle as non-tariff barriers have not been harmonized between the Member States of the Nine and some of these barriers have been instituted by each of the countries concerned. So for those aspects that have been harmonized, it is easy for us to try to find a way to get the Community to recognize our interests, but it is not so easy with those that have not yet been harmonized. The result is that we have had to content ourselves with a basic position whereby when we have barriers particularly disadvantageous to us, we ask for a certain amount of consultation on how this can be arranged so as not to affect us too adversely. I'm afraid this is the only thing we were able to do in respect.

E. Olu Sanu

«...We hope that we will be able to use some of the EDF to strengthen these regional organizations».

▶ *Mr. Sanu, the role played by Nigeria and by yourself in these negotiations has been particularly appreciated. Nigeria is a big country, and big countries have important roles to play. Beyond the convention, how does Nigeria see the development of relations between the EEC and the ACP?*

— The relationship between the EEC and the ACP will not really evolve. It will depend to a great extent on how the EEC implements the agreement. If they do so with the same sincerity as they've shown during the negotiations, then I think that this relationship would develop. We compare it with the way they have dealt with the Yaoundé group and see whether it has been a substantial improvement. But I think that, more than anything else, the EEC will probably help in a way to force our cooperation among the ACP countries. We will start the West African Economic Community, I'm sure, within the lifetime of this agreement, in which, I hope, they will play a part. We hope that they will play a part in trying to foster trade among ACP countries; and all this will mean that in the lifetime of this agreement the EEC will have a substantial role to play and we shall judge the whole agreement by the manner, the spirit in which this cooperation is carried out by the Community.

▶ *What do you think about Mozambique and Angola joining the new convention?*

— Of course, the whole of this African participation stems naturally from a basic resolution of the O.A.U. And the O.A.U. has a definite stand on decolonisation. So to us, naturally, it is going to be a very happy thing if we get these countries to accept the resolution of the O.A.U. which states that Africa should negotiate together with the EEC. So just as we welcomed Guinea Bissau very warmly during the negotiations, we would hope that soon after independence, Mozambique will be able to join us and later, Angola. I think this will strengthen our hand very considerably; it will also assist in the process of regional integration in that part of Africa and we are looking forward very much to it; I think this is about the only thing I can say at this time. Our stand is basically that any process of decolonization should be welcomed. Any help that these countries can have in the initial stage of their own growth will be very much cherished by the forty-six countries that have already negotiated with the EEC. So we are looking forward to these two countries. I hope they will join us very soon. ■

Interview by
LUCIEN PAGNI

Fiji: J.R. RABUKAWAQA

"A sense of achievement"

Fiji, the furthest from Brussels of all the ACP States, takes the credit for unblocking the negotiations at a critical point on the final day. Fiji Ambassador J.R. Rabukawaqa says he felt:

"... Relief, satisfaction and a sense of achievement. Relief because I do not have to continue to commute between London and Brussels; satisfaction because that is how I feel on behalf of my country — Fiji's main concern is sugar and we have already achieved a fair deal in this commodity; and a sense of achievement because quite apart from achieving what we have been striving to get, we, the 46 ACP countries, have come to know a little more of one another, understand one another better and respect one another's differences during these months of negotiation.

▶ *The Pacific group has negotiated jointly with the ACP from the start, yet your geographical position does set you apart to some extent. Do you feel the convention has a different significance for you from what it represents for the African and Caribbean countries?*

— In the past, when any non-self-governing territory like Fiji acquired full autonomy over external commercial relations, Britain automatically ceased to be responsible for ensuring the observance of the terms of agreement by the former colonies. In the circumstances, the rights and obligations under the trade agreements between the former colonies and the other Commonwealth countries concerned should be regarded as legally terminated.

The entry of Britain to the EEC has a major impact on the Commonwealth preferential system. As a member of the EEC, Britain would have to adopt the Common External Tariff of the Community and preference in the British markets to imports from the Commonwealth would cease.

The trade of other Commonwealth countries which, over a period of years has been patterned on the availability of duty free preferential entry to the British market, will be adversely affected by Britain's entry to the EEC. This I consider is the most significant fact affecting all Commonwealth countries.

It is true that geographically the ACP countries are separated, but separated only in the sense of location. The eighteen months of negotiations have, as I mentioned earlier, made us understand one another better; we are more unified now; we have some differences, but we have many common areas and common problems associated with newly independent developing countries—problems of finance, markets, transport costs, education, health, living standards to mention but a few. So you see the vast oceans which separate us have not really affected our understanding of one another to the extent that some people would expect; and the solidarity of the ACP group in its negotiation with the EEC over the last weeks proves this.

▶ *Is the new convention entirely satisfactory to you as far as it concerns the specially Pacific products?*

— My answer to this question is yes. It is satisfactory as regards our sugar. Copra products, an important item to all Pacific countries, are now catered for under STABEX; the list of products now includes coconut, copra, coconut oil and coconut oil cake. Also cocoa, coffee and tea. These are commodities that are of interest to the Pacific region.

In the fields of aid, though, we did not get as much as we bargained for; but being a new-comer to this convention I cannot truly say whether this is enough or not; all I can say at the moment is that we are satisfied.

As far as trade is concerned, we in Fiji produce annually approximately 400 000 long tons of raw sugar. We consume and sell locally to Pacific Islands about 20 000 tons, the remainder is sold outside the Pacific.

▶ *This raises the question of sugar. What happened when Ratu Sir Kamisese Mara went to London on the last day of the negotiations? Was it thanks to Fiji that the question was "unblocked"?*

— As regards this question I am very glad and proud that my Prime Minister, the Rt. Hon. Ratu Sir Kamisese Mara, was able to break the deadlock, one on which the whole negotiation seemed to be hanging. Messages of appreciation accorded to him from other Ministers of sugar producing countries were almost embarrassing and we are very proud that he was able to intervene successfully.

▶ *A long term sugar agreement has been of primary importance to Fiji. What are the other particularly important aspects of the convention as far as the Pacific is concerned?*

— As far as the Pacific is concerned, the other important aspects of the convention lie in the various facets of STABEX and in the various aspects of technical and financial cooperation. Tonga and Western Samoa are listed as most favoured nations under the aid scheme. Furthermore, during these negotiations we have established our links not only with Europe but also with the other rich countries of this side of the world.

▶ *How do you think your relations with Europe will develop from now on? Will there be a permanent Pacific representation in Brussels?*

— I sincerely hope and believe that our relations with Europe from now on will progress for our mutual benefit. My Prime Minister has already announced that our present Mission in Brussels would be made permanent. I myself have been accredited to the EEC since 1971.

Some people have already asked why we are not aligned with ECAFE (*). We have considered this, and so far, we have come across two main obstacles: Firstly, the isolation of Fiji from most of the EEC countries due to distance and inadequate shipping, and secondly, the strict foreign exchange and import control maintained in most ECAFE developing countries. Britain has been our traditional trade partner. Even though we are 12 000 miles away as the crow flies, the system of trade established for nearly 100 years now made Britain part and parcel of our trading, so when Britain joined the EEC it is only of interest to us to extend and develop the trade association for our mutual benefit. ■

(*) UN Economic Commission for Asia and the Far East.

An agreement unique in history

by Claude CHEYSSON

Mr Claude Cheysson, member of the Commission of the European Communities responsible for development and cooperation and the leading European figure in the negotiations, explains the ideas behind the new convention and outlines its place in the overall development policy of the Community.

The Lomé Convention was duly signed on February 28. It is now the moment, in this special issue of "The Courier", to consider why it was possible to conclude it and what is its importance for the future of the ACP and of Europe.

The negotiations began in July, 1973. They thus took about 18 months sustained effort, with many meetings at all levels, the outstanding occasion being the meeting at Kingston, Jamaica in July 1974. The outcome has been that 55 countries of Africa, the Caribbean, the Pacific and Europe, representing a total population of 510 million, have reached the agreement embodied in the Lomé Convention.

I have been given some amusing figures. During the many months of work, there were 183 sessions of the ACP and the Community; the ACP themselves held 493 meetings among themselves; there were 350 joint EEC-ACP documents etc. This enormous mass of work calls for a tribute to all those responsible for the day-by-day effort of the negotiation. A very remarkable task was accomplished at the plenipotentiaries' level, both on the ACP side and on the Community side.

All this work has produced an agreement which, I say it with some pride, is unique in the world and in history. Never before has there been any attempt to do anything of this kind. It is the first time in history that an entire continent has undertaken a collective commitment after discussing matters with the industrialised countries through only a single spokesman. We should be impressed indeed if we were to hear that Latin America had come to Washington and spoken through a single spokesman. But if we were to hear that an agreement had been reached between the United States and the whole of Latin America, we should regard it as an historic event. In the same way, what has just happened between the European Community and the ACP is indeed an historic event, and there are three comments I should like to make.

To begin with, the new relations thus defined through the Lomé Convention are founded on equality between the partners. The importance of this is capital, for there can be no cooperation where there is no equality.

Secondly, this is a very important moment in the history of developing countries, for an entire region—several regions as a matter of fact—have carried out a collective negotiation on extremely complex matters. Attitudes have often been difficult to conciliate. For example, when at the last moment the Community agreed that iron ore should be included among the products covered by the stabilisation arrangements, the countries to benefit were those such as Liberia and Mauritania,

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which produce iron ore. On the other hand, other countries have had to give way when some point of great interest to the ACP was in the end turned down. It is in such cases as these that conciliation was difficult, because it was not the same countries which did or did not receive advantages in the package deals. So negotiating with a whole continent or with whole regions is especially difficult. In my view, the very scope of the agreement makes it historic, for this is the first time in the history of the Third World that such a thing has taken place in an agreement on such a scale.

My third point is, that never before has there been a discussion between industrial and non-industrial countries embracing problems so well defined and so varied in character: financial aid, access to markets, the possibility of developing local production by guaranteed access to markets, the stabilisation of receipts, special treatment for a number of products, industrial cooperation and access to an organised system of cooperation through meetings with executives, with parliaments, with trade unions, with industrialists and others. The agreement covers it all; and it is just because it is an all-inclusive agreement with an entire continent—in which all political tendencies are represented—that I call it an agreement unique in history and unique in the world.

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* *

I should like to put the new convention in the general context of Community development policy. This policy is beginning to come along very well. One of the facts to note about recent months was the decision to make a very considerable increase in the value of our 1975 food aid, so that the quantities supplied may be slightly bigger. In the 1975 budget we have about U.A. 291 million of food aid, to which unspent balances from previous years will be added.

Secondly, we should note the decision on emergency action. The Community had undertaken to provide $ 500 million for countries most affected by the crisis. Many thought this commitment fantastic, but it has been possible to confirm it. There will indeed be $ 500 million coming from the Community and its member countries. We have also initiated the elements of a world policy, what we might call a kind of fresco. These elements will be defined in relation to the finance programmes within the next few weeks, so that they can be brought into application after the emergency action, i.e. from 1976 on. In a few weeks, I hope, we shall have our agreements with the Maghreb countries, to mention only a few.

> "I think this agreement has come at a significant moment; for the great effort which Europe is making does not come at a time of great prosperity, but at a time of major difficulty. This proves how important it is to Europe, for without it she might well have drawn in on herself. It is at a time when too many countries and too many people, in the industrial countries and in the Third World, are talking in terms of confrontation, that we have firmly committed ourselves to the dynamic of cooperation".

This is the Community's development policy. As anybody can see, it is a policy on a very large scale. It seems to me very striking that a development policy unique in the world can emerge from this Europe which people say is in such a bad way, which is having so many difficulties in making progress in so many fields, and which has even—let's be frank—had to go into reverse on some of its present plans.

It seems to me this is worth thinking about. I think that both sides have instinctively recognised that the Europe of tomorrow cannot have its independence, its prosperity and its growth unless it establishes with the countries of the Third World relations much closer and much more integrated than before; and that it follows that this Europe must have an overall policy towards the Third World.

This policy is additional to what the individual member countries are doing. But in the field of foreign policy, I think it is in matters of development that Europe can have a policy distinct from that of its members, additional to it and conceived on individual lines. When it comes to our relations with the great powers, it is clear there is no such thing as a Community foreign policy—in the first instance the texts preclude this—but it is equally clear that the foreign policy of the Nine is the juxtaposition, with the beginnings of coordination, of the policies of each of the Nine. In relation to the Third World we can indeed have an integrated Community policy, which differs from that of member countries, more complete, bolder and less linked with the past. This seems to me to be a very fundamental aspect of the construction of Europe. It is an aspect which seems to me to put the Community well in advance of the rest of the world in this field.

In conclusion, I think this agreement has come at a significant moment; for the great effort which Europe is making does not come at a time of great prosperity, but at a time of major difficulty. This proves how important it is to Europe, for without it she might well have drawn in on herself. It is at a time when too many countries and too many people, in the industrial countries and in the Third World, are talking in terms of confrontation, that we have firmly committed ourselves to the dynamic of cooperation. At the beginning of 1975, this is not without its usefulness, and I am very proud that this is what the ACP and the Community are doing. ■

C. CHEYSSON

THE NEGOTIATIONS THROUGH THE CAMERA

Scenes from the previous and the latest negotiations between the European Community and the African, Caribbean and Pacific countries.

Milestones

This page, top left to bottom right:

— *Signatures to the first Yaoundé Convention;*

— *Negotiating the Arusha agreement;*

— *Signing an EEC-ACP agreement;*

— *Brussels: the EEC-ACP negotiations for the Lomé Convention;*

— *(above) Cameroon signs the second Yaoundé Convention;*

— *(right) Jamaican Prime Minister Michael Manley at the ACP-EEC ministerial meeting, Kingston, Jamaica.*

The reality of the negotiations

This page, left:

— Messrs. Sanu, Cheysson, Babacar Ba and Sylla;
— Garret FitzGerald, chairman of the Community Council of Ministers;
— Hans-Broder Krohn, EEC Director General of Development and Cooperation;

right:

— Vasco Cabral of Guinea-Bissau with Garret FitzGerald;
— Babacar Ba, chairman of the ACP Council of Ministers;
— Outside the conference room in the Charlemagne building: a sleepless night.

"...One of the European Community's greatest achievements"

The new convention between Europe and the ACP, drawn up in Brussels on February 1 and signed at Lomé (Togo) on February 28, 1975, was widely commented on by the press in Europe and the ACP countries, and on radio and television.

What the papers said: In *LA CROIX* (Paris), Jacques Docquier noted that the new convention marks *"the end of an epoch for the Common Market and the 19 African countries which had woven special links of cooperation with one another under the Yaoundé Convention"*. The new agreement, the La Croix correspondent believes, *"is an up-to-date version of the original cooperation, which is now extended to the developing countries of the Commonwealth"*, and there is *"a remarkable innovation—the stabilisation of ACP export receipts, as well as a laborious compromise on sugar"*.

LE QUOTIDIEN (Paris), under the title *"An historic agreement"*, writes that *"the guarantees are better for the 46 than they were for the former A.A.S.M."*, adding that the financial aid will be *"even more consistent"* and noting with satisfaction that *"an international cooperation agreement designed to promote the international division of labour"* will round off the new convention for the benefit of the ACP. Le Quotidien also emphasises the institutions of the Lomé Convention.

LE MONDE (Paris) considers the main points of the agreement consist of trade cooperation, ACP export earnings and financial aid. Philippe Lemaître notes that in addition to the UA 3 390 million of aid, there is provision for *"additional financial aid for overseas territories and departments"*.

LE FIGARO (Paris) puts the accent principally on the *"equality, dignity and pride"* which are the foundation stones of the new Europe-ACP co operation. It quotes an interview by its correspondent, Yann de l'Ecotais, with Mr. Claude Cheysson, who considers that *"Europe must go on with its work in finding its place in the sun with the ACP, but also, of course, with the countries on the southern shores of the Mediterranean —Algeria, Morocco, Tunisia, Egypt and Syria"*. All this, Mr. Cheysson adds, *"should lead us a long way forward, and bring us into a real fabric of interdependence"*. On the international level, the export receipts guarantee for the ACP for important products, such as coffee, cocoa, cotton and iron ore, constitutes *"a sort of right to unemployment benefit"*. *"We are tackling these raw material problems"*, Mr. Cheysson suggests, *"at right angles to the economic liberal approach; and this accounts for the opposition of the United States, who believe in the virtues of automatic balances reached by the play of the market. In my opinion"* he adds, *"this should lead us and our Associates to joint attitudes in international bodies in which these problems, the most important ones of our decade, come up for discussion. This is a major fact"*. Industrial cooperation, the stabilisation of export receipts for the ACP, the guaranteed market given for their sugar output at a minimum price based on Community prices, are described by Mr. Cheysson as a *"kind of price indexing"*. He continued, *"the essence of the whole question is political. The cooperation was formerly concerned with a limited number of countries taken from a much larger group; now it includes the whole of independent Black Africa. It is therefore necessarily a regional group, clearly distinct from the outside world, and thus acceding to a state of equality"*. Mr. Cheysson concluded by saying: *"We have contributed to the dynamic of African unity"*.

LE SOIR (Brussels) also makes approving comment on the *"new relations between Europe and the Third World"*. It believes that the Nine can find in their development aid an opportunity for self-assertion; and it reproduces a further quotation from Mr. Cheysson, that *"development is the field in which the EEC can have a foreign policy of its own, which can be more complete and bolder than that of its individual members"*. *LA CITÉ* (Catholic—Brussels) notes the importance of the effort which is to be made *"in favour of the poorest"* among the ACP countries.

The British press, with its cohort of Brussels correspondents, devoted column upon column of front page copy to the event. This was not only because of the importance of Europe-ACP cooperation, but also for reasons of British internal policy. The new agreement between the Nine and the ACP could have a positive effect in keeping Great Britain inside the Community, which is to be decided by the British people itself through a referendum a few months after the *"renogetiation"*. The *DAILY MIRROR* writes, *"the British housewife can feel just as pleased as Fred Peart, the Agriculture Minister, about the sugar agreement"* which will make it possible to *"guarantee enough sugar in the shops this year without further price rises"*. The newspaper wonders whether Mr. Peart would have been able to get the British market supplied without Great Britain's membership of the Community and replies in the negative. *"Certainly, the Market's co-operation helped. And certainly, the price would go up if some of the sugar did not carry a Market subsidy"*.

This is much the same as the opinion of the *DAILY TELEGRAPH*, which regards the Convention as an *"EEC victory for Britain"*. In other words, the

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C.E.C. Photothèque

(R. to l.) Claude Cheysson, Maurice Foley (Deputy Director-General) and Philippe Soubestre (Deputy Head of Mr. Cheysson's Cabinet): reading all about it.

British government obtained, through these negotiations, what it had been seeking to obtain from the Nine. The *SUNDAY TIMES* was of the same opinion, under the headline *"Brussels agrees to Mr. Wilson's point 4."* Point 4, *"a satisfactory deal for the developing Commonwealth countries"*, is one of the requirements specified by the British Prime Minister for continued membership of the Common Market.

THE GUARDIAN refers to the *"sweet reasons"*, which led the European negotiators to find a satisfactory solution for the sugar producers.

The German newspapers were also enthusiastic in welcoming the Lomé Convention. *SÜDDEUTSCHE ZEITUNG* writes under the headline *"The European Community and 46 developing countries unite for economic cooperation"*. It recapitulates the various headings in the agreement, with special mention of the EDF and the financial section, and its correspondent Hans-Joseph Strick notes the *"new character"* of the prospective relationships between the EEC and the ACP which *"are no longer based on the old colonial links"*. On the other hand, *DIE WELT*, after giving a detailed account of the negotiations, is particularly concerned about the attitude of the USSR to the agreement, basing on remarks in the Russian press an opinion that *"the convention between the European Community and the Third World leaves Moscow in an uncomfortable position"* in regard to the latter.

In *DIE ZEIT*, Von Dieter Buhl writes: *"The agreement between the Nine and the 46 ACP countries is one of the greatest achievements of the Commission in Brussels. ... It is a pattern for helping the ACP countries to help themselves, a reasonable approach to the problem of reducing the gap between the north and the south, an unequal agreement weighted this time to the advantage of the weaker". FRANKFURTER ALLGEMEINE ZEITUNG* welcomes *"the important customs franchise offered by the Community to the 46 developing countries"*.

The Italian newspapers are the only ones which probe further into the different phases of cooperation between Europe and the Third World. Recalling the dictum of Louis XIV that *"on this empire the sun never set"*, Ferdinando Riccardi wonders in *IL GIORNO "what one should say today about the new convention between the Nine and the ACP"*. Noting with satisfaction that the English-speaking countries had moved from attitudes of distrust towards confidence in Europe, he takes the view that *"the new style of relationship between Europe and the Third World is based upon equality and respect for reciprocal interests". CORRIERE DELLA SERA* mentions the *"leading political axis in the world"*, which now exists between the European Community and the 46 ACP countries. It confines: *"the important place assigned in the convention to industrial cooperation will make for technological transfers and the rapid economic development of the 46"*.

The Dutch economic paper, *N.R.C.-HANDELSBLAD*, emphasises the *"united front"* of the ACP during the negotiations, and acclaims the *"new agreement, no longer based on the links between former colonial powers and former colonies."* For this reason, F.W.A. Visser concludes, *"the Commonwealth countries are not likely to change their attitude if Great Britain should withdraw from the Common Market"*.

The Lomé Convention was also a matter for wide comment in the press of the ACP countries and also on the radio, which is the main channel of news and information. We are unable to report these comments on the new convention, because the newspapers from ACP countries had not reached us at the time of going to press. We hope to be able to include such a survey in the next number of *"The Courier"*. An example of the press reaction in the ACP countries comes to us in the form of a commentary from the *DAILY TIMES* of Malawi, which considers the convention as *"a new pattern for friendship"* between the 55 partners of the Lomé Convention. On the cooperation side, the Malawi paper considers the industrial section *"will help the ACP countries to promote their own industries for processing their own raw materials"*. It also takes the view that the ACP countries, in accepting an EDF amounting to UA 3 390 million were making *"a concession to the European Community"*. ■

LUCIEN PAGNI

The signature at Lomé

The EEC-ACP Convention was signed at Lomé, the capital of Togo, on February 28, 1975. More than 500 political figures and journalists from Europe, Africa, the Caribbean and the Pacific were present at the official ceremonies, which naturally found an enthusiastic echo in the Togolese press and on the radio. Under the heading " The end of the Tower of Babel ", the editorialist of the monthly " Togo-Dialogue " wrote: " Lomé has seen the birth of a new economic order... For the first time, a group of industrial countries has granted to a third of the members of U.N.O. complete exception from customs duty on their basic export products, and has offered a guarantee for the receipts from these products ".

If this produced speeches in New York at the U.N., it did so all the more in the Togo capital. Speakers included the mayor of Lomé; Mr. Schridath Ramphal, Guyana's Minister of Foreign Affairs and Industry; Fiji Prime Minister Ratu Sir Kamisese Mara; Dr. Garret FitzGerald, Irish Foreign Minister and chairman in office of the Council of Ministers of the European Community; Mr. Babacar Ba, Senegalese Minister of Finance and Foreign Affairs, chairman in office of the ACP Council of Ministers; Mr. François-Xavier Ortoli, President of the Commission of the European Communities; and General Gnassingbé Eyadéma. President of the Republic of Togo. In a speech characterised by its warmth of feeling, the Togolese president said: " Building up progressively and in stages, nine-nation Europe shows us today what solidarity, political will, union and understanding can achieve. Europe is giving the ACP countries the chance of thinking more clearly about their real development problems, in order to organise themselves better within the new dimensions of the united ACP group ".

Mr. Babacar Ba earlier emphasised the considerable progress made in the Lomé Convention by comparison with the Yaoundé agreement. He insisted, nonetheless, on the importance of the Yaoundé Convention in shortening the road to Lomé, and said the Yaoundé signatories had by no means " taken a wrong turning " despite the claims of " so many useless theories ".

Mr. François-Xavier Ortoli gave credit, in the name of the Commission, to all the Community and ACP negotiators, saying essentially that: "The event in which we participate today constitutes a major turning point in the history of international economic relations during the second half of the 20th century — in fact, in history itself ". The complete text of Mr Ortoli's speech is given below.

During the signature of the convention: Mr Gnassingbé Eyadéma, President of the Republic of Togo, leans over to have a word with the Prime Minister of Mauritius, Sir Seewoosagur Ramgoolam, and Dr. Garret FitzGerald of Ireland, chairman in office of the Council of the European Communities.

President ORTOLI:

"A turning point in history"

François-Xavier Ortoli

"A decisive stage in the history of the human community".

" So the moment has come to sign the Lomé Convention and to put an official end to the long and difficult negotiations which opened more than 20 months ago between the governments of the African, Caribbean and Pacific countries on one side, and the European Community on the other.

The first thing I would like to do, as I think is clearly called for, is to pay tribute to the efforts and the talent of the negotiators from our different countries. The Commission means to give them due credit for the exceptional results that have been obtained.

Beyond the requisite optimism and the usual expressions of satisfaction employed in these circumstances, we really are all aware that the event in which we are taking part today constitutes a major turning point in the history of international economic relations in the second half of the 20th century—in fact, in history itself.

The mere fact that an international agreement could be drawn up between nearly 50 developing countries and the nine European countries grouped together in the Community represents something quite unique.

It seems all the more remarkable in view of the fact that the new convention has not been negotiated by isolated countries but by organized groups of States.

A whole region of developing countries —several regions—have been able →

successfully to carry out lengthy and difficult dealings through a single spokesman. Despite the diversity in the situations of the different States, this unity was unfailingly maintained to the end, and we must recognise this reality of today, and of tomorrow, as a factor of fundamental importance.

So it has been proved—and it is one of the first big lessons to be learned from the Lomé Convention—that regional groups allow a more effective, better-balanced and fairer international collaboration than can be achieved by States acting alone, which may be equal in law but often have difficulty in achieving equality in practice.

A moment's relaxation between the ceremonies at Lomé. Left, Mr. R. Van Elslande, Belgian Minister of Foreign Affairs and Cooperation.

It is also worth emphasising that the progress made in these conditions has not, all the same, given rise to closed international blocs. In no way have the negotiations we are concluding today led the ACP countries to isolate themselves from other developing countries. And further, these negotiations have brought out, in a particularly effective way, new ideas, which we can hope will progressively spread their advantages to all relations between industrial and developing countries.

In Europe's case also, this negotiation has meant cohesion and unity. By forging links of association with the peoples of Africa, the Caribbean and the Pacific, the Community as a whole is proving capable of undertaking an overall policy of effective contribution to the development of the non-industrial countries. For it goes without saying that the European Community sees the Lomé Convention not only as an instrument of cooperation with the ACP States, but as a fundamental element of cooperation with all the developing countries.

At a time when Europe is hard hit by the world crisis and the basis of her prosperity and economic expansion is threatened, such an attitude—and especially the financial effort it involves—demonstrates convincingly how much the Lomé Convention resides in conscious political will and a deep and lasting commitment by the Community.

The importance and the originality of the Lomé Convention derive not only from the particular conditions in which it has been negotiated but also, perhaps especially, from its contents.

Relations between industrial and developing countries have never—I say it without emphasis, it is a plain fact—have never before been defined by so comprehensive an agreement, intended to offer an overall approach to the solution of so many and such complex problems. Let us consider what it puts at our disposal: provisions for financial aid, access to markets, stabilisation of export receipts; for sugar, mutual commitments on guaranteed deliveries and guaranteed minimum prices, fixed to the prices offered to producers in the Community; the organization of systematic cooperation aimed at the industrialization of the developing countries; the establishment of an institutional framework to ensure regular contacts and meetings, not only at public and government level but also between unions and industrialists. The Lomé Convention, bringing together this armoury of means and provisions, is, in the present field of international cooperation, the most comprehensive and accomplished form of "attack force" on poverty and underdevelopment.

This is not to say that the convention is the last word in the great debate on relations between developed and developing countries. But we can at least be satisfied with having created a very wide range of cooperation instruments. Some of them are tried and tested: the convention we are going to sign is based in part on the experience acquired from the previous agreements between the Community and a certain number of African States. But some are entirely new, taking into account the needs raised by the international economic developments of recent years as well as of the choices clearly expressed by the developing countries.

Although financial aid remains necessary, and even fundamental, for a certain number of particularly poor countries, it cannot remain the only method of development cooperation. That is why we wanted to open the European market to products from the ACP States and give them access to our know-how and technology in a framework of intensive industrial cooperation.

It is also the reason why we have designed a mechanism for the stabilisation of export receipts, establishing the principle of compensation for States who fall victim of the problems and disorders characteristic of the commodity markets. It is an original mechanism of immense significance, in that it reflects our concern to find an immediate and →

concrete answer to a major and very real problem.

At all events, such innovations give factual rather than merely verbal emphasis to Europe's sincere wish to contribute to the establishment of a new type of relationship, based on equality and respect for the independence and individuality of the partners. In doing so, these innovations demonstrate beyond any possible argument—and that is certainly what matters most—that Europe wants to establish long-term links with the developing countries, based on economic interdependence, which is better able than any treaty to ensure progress and complementary development.

The departure from Lomé airport

Wrapped up in a heavy-looking cardboard box, the signed convention is brought home by a smiling Léon Cools, head of the conferences service for the Council. Right, Mr. François-Xavier Ortoli; behind left (with briefcase) Dr. Erich Wirsing, Director of EDF Programmes and Projects and publisher of "The Courier".

Photothèque C.E.C.

This choice, this fundamental, conscious and deliberate option for solidarity, will, I am sure, have a considerable impact on the world. The chief problem of our time is the redefinition of relations between rich and poor countries, between the producers and the consumers of raw materials, between industrial societies and those that produce primary goods. The achievement of the Lomé Convention proves it is possible—possible because on both sides we have had the will, the imagination and I will say the courage—to ensure the difficult birth of a new world order through cooperation instead of confrontation. From this point of view, today's agreement has the value of serving as an example; at a time when the strategy of confrontation seems to be the order of the day in too many international circles, the Lomé Convention takes another way, bringing together the long-term preoccupations and objectives common to all the peoples of our planet into the same vision of their future: that of a community not only of self-interest, but of civilisation.

Yet the Lomé Convention countries have not only opted for a strategy based on cooperation instead of confrontation, they have launched into another fundamental debate on the future of relations between developing and industrial countries: the debate between the doctrinaire theoreticians and those who believe in progress they can see with their own eyes. And I think they have got hold of this question in the right way by choosing concrete, tangible achievements as part of an overall idea—hence, financial aid, which will in some cases, no doubt, still be considered too limited, but which is in fact very considerable. Hence, also, an export receipts stabilisation mechanism, imperfect no doubt, but a real step forward nonetheless.

So let the spirit of friendship and the ideal of justice that have reunited us here today at Lomé continue increasingly to inspire the relations between industrial and developing countries, and give the new convention the value of a decisive stage in the history of the human community". ■

THE MAIN PROVISIONS OF THE CONVENTION

At midnight on January 31, 1975 the Yaoundé Convention and the Arusha Agreement expired. A few hours later the European Community had arrived at a new agreement with 46 countries in Africa, the Caribbean and the Pacific, now commonly known as the ACP. The signature ceremony took place on February 28, 1975 at Lomé, the capital of Togo, and the convention is accordingly referred to as the Lomé Convention.

Since July, 1973, therefore, it has taken 18 months of negotiation, including the ministerial conference at Kingston, Jamaica in July, 1974, which is regarded as the decisive phase in securing this unprecedented result. Parties to the new convention are no less than 55 countries, including the 46 ACP and the nine members of the European Community. They are nearly half the countries of U.N.O. and they cover a population of nearly 510 million. They include almost the whole of Africa south of the Sahara; much of the Caribbean archipelago; and three groups of Pacific islands belonging to the Commonwealth. All of them have entered into an agreement on original lines with the European Community, primarily designed to speed up their development.

This agreement is mainly based on:

— Free access without reciprocity to the European market for goods exported from the ACP;

— A stabilisation fund to compensate the ACP in the event of reductions in the receipts they derive from the export of their principal basic products;

— Financial aid for the ACP, including U.A. 3 000 million from the European Development Fund (E.D.F.) and U.A. 390 million from the European Investment Bank (E.I.B.);

— Industrial and technological cooperation, aimed to promote a better international division of labour on lines advantageous to the ACP;

— Joint institutions to supervise observance of the agreement and promote discussion between the groups of countries.

The agreement also provides that the European Community shall undertake to buy 1.4 million tons of sugar from the ACP countries every year and to guarantee for it a minimum price, by reference to Community prices and the various economic factors concerned, which shall be at least equal to the price guaranteed to European producers. This is the first time that industrial countries have agreed to submit the price of a food item bought from the tropics to price indices based on their own price changes.

The new convention is for five years, beginning after ratification and dating from March 1, 1975. The entry into force of this convention requires the completion of ratification procedures by the high contracting parties. Transitional arrangements are provided, dating from the expiration of the Yaoundé Convention and the Arusha agreement, and including the system defined in the Treaty of Accession in regard to the countries referred to in Protocol 22, for the relations between the countries in question to be governed by the *status quo ante* during an initial phase dating from February 1, 1975. In a second phase, beginning July 1, 1975, there is expected to be a transitional arrangement with the ACP countries as a whole, based on the EEC-ACP Convention and bringing its provisions into effect in advance. This refers in particular to the trading arrangements.

The various main chapters of the Lomé Convention are as follows:

Title I : Trade cooperation
Title II : Export earnings from commodities
Title III : Industrial cooperation
Title IV : Financial and technical cooperation
Title V : Provisions relating to establishment, services, payments and capital movements
Title VI : Institutions
Title VII: General and final provisions

In this special issue of "The Courier", readers will find articles on the history of the negotiations (p.3), the opinions of leading African and European personalities on the agreement (p. 6), a press review (p. 16), a report on the signature ceremony at Lomé (p. 18), commentaries on the main provisions of the convention (p. 22), a résumé of the convention (p. 38), some statistics on the ACP and the Community (p. 41), and finally the complete text of the convention (cream pages). *(See page 23)*

Trade cooperation

Title I of the Lomé Convention, which deals with trade cooperation between the EEC and the ACP countries, contains only 15 articles, most of which are quite short. This section, nevertheless, raised the toughest problems during the discussions and some of them were not resolved till the very final stage of the negotiation.

It was no simple task to settle the trade relationships between a Community of nine industrial countries and 46 developing countries and bring the whole of them into a single legal framework. Both on the Community side and on the ACP side there was a great diversity of situations, traditions and attitudes among the various partners, and this seemed from the start to preclude uniform organisation. In the end, however, the negotiators succeeded after all in getting the better of their difficulties, and in giving their future trade relations a fair and positive basis, with all the flexibility needed for making sure the convention is applied without ambiguity.

Rather than analyse every one of the provisions, it is proposed to concentrate here on the solutions found for the principal problems. These are:

— the principle of non-reciprocity in trade commitments;
— access for ACP goods to Community markets;
— access for Community products to the ACP markets;
— other problems of commercial policy;
— trade promotion.

1. The principle of non-reciprocity

Both sides agreed on the principle of non-reciprocity in commercial undertakings, which is one of the main features of the new convention. It results in a deliberate imbalance between the obligations undertaken by the Community and those undertaken by the ACP. Such an imbalance is clearly justified by the very different development levels of the partners.

Nevertheless, though the arrangement made was fair and justified, it could not avoid raising various problems connected with other international obligations of the contracting parties.

The Community and its partners are well aware of this, but they decided to act concertedly, so as to avoid prejudice to the security and permanence of their arrangements.

2. Access for ACP products to the Community market

The convention specifies that goods originating from ACP countries shall have access to the Community market free of customs duty and taxes of equivalent effect, and without being subject to quotas or other quantitative restrictions.

By this arrangement the Community is assuring the ACP countries that they will be treated in the same way as the EEC member countries treat one another.

There is, however, one area of exception to the rule of free and unlimited access. This is concerned with European imports of certain agricultural produce coming directly or indirectly under the joint agriculture policy. The Community has undertaken to import such products from the ACP countries on more favourable terms than are applicable to imports from other countries.

Any assessment of the Community offer needs the support of a few figures. In 1973 the imports into the Community of goods originating from the ACP countries were valued at about $7 600 million. Of these, only about $1 000 million, or 13.4 % of the total, consisted of goods coming under the joint agriculture policy (including sugar). In its implementation arrangements, indeed, the Community has gone a great deal further. Its offer amounts to allowing free access to the Community market for 71.9 % of the imports of the agricultural products under consideration. For sugar, which accounts for 22.3 % of the imports in question, special arrangements were agreed (see below). For the remaining 5.8 % the Community will in fact apply more favourable terms than are granted to outside countries. Setting these percentages against the total value of imports originating from the ACP countries, we see that 99.2 % of these imports are covered by the free access rule, and the small residue is admitted on preferential terms.

The figures show the outstandingly favourable character of the Community's offer, which certainly goes far beyond any it has yet made to an outside country, despite various internal pressures regarding specific agricultural items.

Another factor affecting ACP access to Community markets was the question of the rules of origin. These rules are intended to enable the customs administration in the Community to identify exactly which products it can regard as having originated in the ACP countries and eligible as such for free access.

These rules led to laborious negotiations, but the solution finally reached satisfied both sides. The Community was anxious to keep as much uniformity as possible in the rules of origin it applies to goods from outside sources; and the ACP countries were anxious that various special situations should be allowed for. The Community made two major concessions. In the first place it agreed to consider the ACP countries as a single customs area, which has the optimum effect in regard to successive processings or partial manufactures in different ACP countries. Secondly, it is prepared to consider requests for temporary derogations required for purposes of industrial development in the countries concerned.

In return the ACP countries have accepted lists of exceptions put forward by the Community.

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3. Access for Community goods to ACP markets

The convention provides that the ACP countries, having regard to their current development needs, will not be required during the period of the convention to give undertakings in regard to imported goods of Community origin corresponding to those given by the Community in respect of ACP goods. This formally gives effect to the principle of non-reciprocity mentioned above.

The ACP countries, on the other hand, have undertaken that in their trade with the Community they will not discriminate against any member country to the advantage of other member countries, and they will grant the Community treatment no less favourable than that granted to the most-favoured-nation. This means that the ACP countries will have the greatest possible freedom and the least possible restriction in choosing the instruments of their own trading policies with the Community and with other countries, provided only that these policies are not discriminatory. Finally, the Community has agreed that the ACP countries shall not be required to apply the most-favoured-nation clause by reference to their trade with one another, or with other developing countries.

4. Other commercial policy problems

In addition to the rules governing the access of goods to different markets, the negotiators were anxious to provide for possible changes in the commercial policies of individual partners. For this purpose they set up a mutual information and consultation procedure, which will enable those concerned to discuss any matter which may affect their trade cooperation. The contracting parties are thus equipped with an institutional framework, in which they can state their case or express their concern and set in motion discussions as far-reaching as may be necessary, whether on tariff or non-tariff measures, or more generally on safeguarding any international interest they may have in common.

The same concerted approach is to be found in the provisions regarding any application of safeguard measures. In these cases the Community is to seek solutions which, by their nature and duration, will cause the least possible disturbance to the normal channels of trade.

5. Trade promotion

The commercial cooperation title is logically rounded off by provisions regarding trade promotion campaigns under Community sponsorship. The negotiators here reproduce the provisions in the Yaoundé Convention, but give them greater precision. They put special emphasis on improving the cooperation between those concerned in the Community and in the ACP countries, and for this purpose they look to the formation of liaison bodies suitable for promoting this cooperation. An effort has certainly got to be made to see that contacts are current and closer and that there is better understanding between the importers and the exporters. Experiments in this field during the last few years, though still limited in scope, have nevertheless been of sufficient interest to demonstrate the need for extending them.

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This brief review of the provisions in the convention covering cooperation in the trade field makes it clear that each of the ACP countries will have advantages outside the field of its traditional trade. Each will now be trading in a new market of 250 million people; and within this market it will be able to offer its goods on appreciably better terms than those which apply to its competitors. It is now for these countries to make the most of the opportunity, and in the practical task of promoting their export, the Community resolved to help them. ■

Stabilisation of export receipts

The benefits of a price rise seldom seem to offset the disadvantages of a fall in prices on the same scale.

Effect of unstable export receipts

There are various forms of disturbance caused by fluctuations in export receipts.

1. Investment planning is thrown out of gear. For many developing countries, rigid economic structures do not permit taking full advantage of an unexpected increase in export receipts; and when they shrink suddenly, current investment projects may have to be abandoned or suspended without it being immediately possible to substitute alternative projects based on a smaller import content.

For developing countries depending on basic products for which markets are very unstable, the tendency is therefore for a sudden rise in export receipts to lead to increased imports of consumer goods, while a fall usually results in the country getting into debt.

2. The internal balance of public finances is apt to be upset. When prices are rising, governments will often increase the public consumption expenditure; and when the price trend goes into reverse, they find this expenditure difficult to cut back. The loss of fiscal receipts thus has to be offset either by higher rates of taxation on the incomes of the producers or by recourse to internal borrowing with the implied danger of inflation. In either case, the decline in the real income of the producers may lead to their abandoning export production which may cause or accentuate a fall in export receipts.

3. There is a deterioration in the balance of payments. If prices fall, the effect may be made worse by anticipatory movements such as a flight of capital, payments in advance for imports, exceptional delays in bringing home export proceeds, etc.

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An export receipts stabilisation policy should not only affect the general economic structure of the exporting country but also mitigate the difficulties of producers and the government so as to avoid structural imbalances being made worse by unexpected fluctuations.

It is essential that measures designed for stabilisation should avoid the ill-effects inherent in all systems which have the effect of insulating producers and exporters from market forces.

Both the economic aspect and a number of political pressures dictate that the system chosen should:

— avoid interfering with the free play of the markets;

— avoid creating obstacles to international trade;

— be compatible with world agreements, if any, and not obstruct the making of new ones.

This analysis led to the Commission's proposal on April 4, 1973 of a system of export receipts stabilisation as the best way of implementing the third part of Protocal 22 to the Act of Accession (1).

This proposal was the subject of long and laboured negotiations. It had come to be called the "Deniau Plan" after the member of the EEC Commission then responsible for development and co-operation.

It would be interesting to trace the ups and downs of ideas and opinions over the 22 months between the original proposal and the final text agreed in the negotiations. At the outset its reception was anything but enthusiastic, whether among the industrial countries (including at times even the Community itself) or among non-associated developing countries; and in its final form, it may not fulfil all the hopes put upon it by the ACP. This, however, would be a long analysis, which space does not permit. The reader is accordingly asked to be content with the following comments on "STABEX" the code name given to the system, as defined under the Convention.

The stabilisation system in the Convention

The aim of Stabex is defined as "to provide a remedy for the adverse effects of unstable export receipts and thus help the ACP countries to secure economic stability, profitability and steady growth". The aspects dealt with here will be successively the products covered, the machinery, the financial provisions and the other aspects of the system.

The products covered

1. In compiling a list of products, two classes of criteria were taken into consideration:

— those agreed at Kingston, namely, the importance of the product to employment in the exporting country, deterioration in the terms of trade between the Community and the ACP country concerned, and the different levels of development in the individual ACP countries;

— the fact that receipts derived from any product are by tradition unstable owing to fluctuations in prices and/or quantities, and the dependence upon these products of the economies of the ACP countries (2).

The latter criterion is expressed by fixing a "dependence threshold". In normal conditions the export receipts from the product in question must in the preceding year have been at least 7.5 % of the total value of exports of goods. For sisal the proportion is reduced to 5 %; and for the less developed insular or land-locked ACP, it is reduced to 2.5 %. The principle underlying the dependence threshold calls for two remarks:

— the fact that these thresholds are recalculated each year is one of the factors giving the system its dynamic character, keeping it close to economic reality. The annual calculation of the thresholds is a "photograph" of the position of the product concerned in the general economic development of each country;

— the fixing of a lower threshold for the less developed land-locked or insular ACP countries denotes the desire of the negotiators to give these countries special treatment.

Some of the criteria mentioned above are applicable as long as the system is in operation. If, a year or more after the convention has come into force, it appears that one or more products not yet included are liable to grow considerably in importance for one or more of the ACP countries and to be subject to big fluctuations, the Council of Ministers is empowered to decide that these products should be included forthwith among those covered by the scheme.

2. The application of the criteria above led to the compilation of a list covering several groups of products:

— a number of basic tropical products, more or less corresponding to the 7 products originally proposed by the Commission. These are: groundnuts, cocoa, coffee, cotton, coconut products, bananas;

— a number of products in various ways similar to those in the first group: leather and hides, timber, tea, raw sisal, palm products;

— certain initially-processed products obtained from basic products: groundnut oil and cattle cake, cocoa-butter and paste, coffee extracts and essences and various similar products.

— iron ore. The Community agreed to the inclusion of this product only for the sake of securing a general agreement and remains firmly opposed to mineral products being included under the system.

There are two ways of looking at the list. Taking the products by family, the number is 12. Counting the number of members in the different families—which is what really has to be done, since the "insurance" is for each individual item—the number is 29.

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(1) The third part of Protocol 22 declares that: "the Community will make it its business to safeguard the interests of all the countries (A.A.S.M. and Commonwealth countries in Africa, the Indian and Pacific Oceans and the Caribbean) the economy of which depends to a large extent on the export of basic products, especially sugar. The case of sugar shall be dealt with in this light, and bearing in mind the importance of sugar exports to a number of these countries, more especially Commonwealth countries".

(2) See appendix for statistical outlines on this question (pages 41 to 44).

3. The system applies to products originating from ACP countries and exported by them to the Community—i.e. which are consumed inside the Community or processed or further manufactured there.

In a number of special cases the system covers all the exports whatever their destination. At the time of signature, this derogation covered the exports from Burundi, Ethiopia, Guinea-Bissau, Rwanda and Swaziland. There is provision for this list of countries to be revised if necessary.

The machinery

1. At the centre of the machinery is the use of export statistics from the ACP countries and import statistics into the Community. For various reasons these statistics may not exactly tally, maybe because of the time lag between departure from the exporting country and clearance through the Community customs, or because cargoes are diverted from their original destination. There will therefore have to be cross-checking to arrive at definite figures. The values to be considered are fob. Normally fob values are those used for export statistics; but import statistics are shown cif, and there will therefore have to be a further cross-check or a suitable fob/cif coefficient applied.

To facilitate the cross-checks and generally get the system working fast and well, there will be statistical and customs cooperation between the Commission and the ACP countries. Both parties will take any practical measure needed to facilitate the exchange of information and the submission of requests for transfers.

2. The statistics will serve in the first place for calculating a reference level for each ACP country and for each product. This reference level is the moving average for the four years preceding the year of each application, of each ACP country's receipts from exports to the Community of the product concerned. Thus, the reference level for 1975 will be calculated from the results of the trade in 1971-74; and for 1976 the basis will be the results of 1972-75 and so on.

3. Secondly, the statistics make it possible to determine the actual results in the year of application. The first condition for an application under the system is that the actual receipts in the given year should be below the reference level. This is a necessary but not a sufficient condition. The other is, that the difference shall go beyond another threshold known as the "trigger" or "fluctuation threshold". The normal gap is 7.5%; but for the less developed land-locked or insular countries it is 2.5%.

4. Once it is established that the fluctuation threshold has been passed and the scheme triggered into operation, the difference between the level of reference and the actual receipts becomes the basis for the transfer.

Each ACP country is required to apply to the Commission for the transfer. The Commission is to examine the application and draft a transfer decision in consultation with the applicant State.

If, however, the examination shows that the fall in receipts from exports to the Community is the consequence of measures of commercial policy which are restrictive or discriminatory against the Community, the application cannot be considered.

Apart from price and production fluctuations and the possible influence of a restrictive commercial policy, there are many other reasons which may lead to a fall in export receipts. Even if total exports are unchanged in quantity, the proportion going to different destinations may vary; exports of raw products may fall because local processing or local consumption has increased; the receipts may also fall as the result of a natural calamity or the fall may be an outcome of a decline in demand.

This is far from being an exhaustive list, and in some conditions there might be a risk of the system coming into application when economic conditions did not justify it. This risk is to be dealt with by the Commission ascertaining whether the total growth in exports from the ACP applicant shows any important changes. If so, there are to be consultations between the Commission and the country concerned to determine whether and how far the amount of the transfer should be affected.

5. When the application has been examined on these lines, any necessary consultations have taken place and the transfer decision drafted in consultation with the applicant government, the next stage is for the Commission to make the decision itself and it is then given form and substance in a "transfer convention" between the Commission and the applicant State.

6. As will appear from the foregoing, it is important that there should be arrangements for payments on account. This is largely because these transfers can only have a stabilising effect if they are made more or less at the same time as the fall in receipts is being felt. If there were too long an interval the eventual payments might not stabilise receipts, but rather the reverse.

This need is foreseen in the convention and there is specific reference to "advances at intervals of about 6 months". This is not difficult to implement since the annual export picture does not vary greatly and the month-by-month swings can be allowed for by a seasonal coefficient.

A factor which does change, however, is the quantity of the exports each month. The amount of the advances will therefore be determined by the use of seasonal coefficients and the variations in the quantities exported.

These are all comparatively easy tasks, calling for well-established statistical techniques; but the amount of work involved is quite considerable. The effort, however, will not be in vain, nor is it dictated by an over-perfectionist spirit. It is part of the logic of the system.

Financial arrangements

1. The stabilisation system has at its disposal a fund of not more than U.A. 375

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million for the five-year period of the convention. It is divided into five annual instalments of U.A. 75 million (1). The surplus remaining at the end of each year is automatically carried forward to the next. If the transfers to be made in any year should exceed the amount of the annual instalment, the Council of Ministers may authorise (except of course in the final year) an advance drawing on up to 20 % of the next year's instalment.

The above is a summary of the provisions in the convention. In practice they mean:

— that everything has been done to see that the system can play its part throughout the life of the convention, so that there is no justification for the fears sometimes expressed that it will have run out of funds in a very short time;

— that as from the second year, assuming the first instalment has not been wholly distributed, the resources available will be as follows:

- the surpluses carried forward from preceding years;
- the annual instalment of U.A. 75 million;
- up to U.A. 15 million which can be drawn if needed from the following year's instalment;
- resources put at the disposal of the fund under the principle by which the ACP countries will, under certain conditions, contribute to the reconstitution of the fund.

In the worst event—if no money has been brought forward, if no contribution has been made to reconstitute the fund and if it has already been necessary to draw 20 % from the following year's instalment—the amount available might be no more than U.A. 90 million for the first year, U.A. 75 million for the second, third and fourth years and U.A. 60 million for the final year. Though present economic conditions are far from brilliant, there is little real fear that things will be as bad as this.

Nevertheless the negotiators insisted on preparing for the worst, and had a stipulation put in the convention that the Council of Ministers may reduce the amount of the transfers to be made under the systems on the basis of a report made to them by the Commission.

If, at the end of the five years, there still exists a surplus, it will be for the Council of Ministers to decide what shall be done with it.

2. The States which have received transfers (which, it should be noted, are interest-free) are to contribute to the reconstitution of the fund if the Commission notes for any year and for any product that the unit value of exports (2) exceeds the unit value of reference, and the quantity actually exported to the Community is at least equal to the quantity of reference. In this case the beneficiary country is required to pay back to the fund an amount equal to the quantity of reference multiplied by the difference between the unit value of reference and the actual unit value, but not exceeding the amount of the transfers it has received.

To take an example, let us suppose the value of reference is 10 000, obtained by multiplying a unit value of reference of 100 by a quantity of reference of 100. It will be supposed that the country in question received during the previous year a transfer of 1 000.

Case 1: The actual unit value is 120 and the actual quantity is 80, so that the actual receipts are 9 600. Though the unit values have risen, the country not only does not need to pay anything back to the fund but is in a position to ask for a transfer.

Case 2: The unit value is 105, the actual quantity 100. In this case the actual receipts amount to 10 500 and the country pays back 500.

Case 3: The unit value is 120, the actual quantities 100. In this case the actual receipts amount to 12 000; but since the country concerned only received a transfer of 1 000, this is the limit of what it is required to repay.

Case 4: The unit value is 100, the actual quantity 110. The effective receipts are therefore 11 000; but the country in question is not required to repay anything because the actual unit value does not exceed the reference unit value.

3. If after the five year period mentioned in paragraph 2, the fund has not been wholly reconstituted, the Council of Ministers may decide on the immediate reconstitution—in whole or in part and immediately or over a period—of the outstanding amounts to be recovered, or to abandon the credit altogether. In reaching this decision, it is required to consider the position and prospects of the balance of payments of the ACP countries concerned, their foreign exchange reserves and their external debt.

4. Countries which are regarded as being the least developed, as defined in the chapter on financial and technical cooperation, are exempted from having to make any contribution to the reconstitution of the fund.

Other aspects of the system

1. It will be noted that countries receiving transfers will be free to decide for themselves how the funds shall be applied. They will, nevertheless, be required to inform the Commission each year of the uses which have been made of the funds transferred.

2. The period of application of this system will be the same as that laid down for financial and technical cooperation. →

(1) If this is regarded as an insurance premium and set against the "risk" to be covered, (i.e. the annual total shown in the second part of the appendix) it will be seen to be approximately 4 %.

(2) The level of reference is the product of the quantity of reference and the unit value of reference. The same applies to the actual receipts. Decisions on transfers depend on the level of reference and the actual receipts; but for the implementation of the provisions for reconstituting the fund each factor has to be taken separately.

3. It will be noted that the stabilisation system has two lists of less developed countries. These are "the less developed countries which are land-locked or insular", which have the advantage of special thresholds of dependence and fluctuation; and the "less developed countries" for purposes of the arrangements for financial and technical co-operation. The latter are the only ones which are not required to contribute to the reconstitution of the fund.

4. It will be recalled that under Article 118 of the Treaty of Accession, the measures taken under Protocol 22 are extended also to the overseas countries and territories. This means that these countries and territories may also have the benefit of the stabilisation machinery in virtue of a decision to be made by the Community Council of Ministers. This will be in close conformity with chapter I of part 2, but will take into consideration any special features resulting from the status of the countries and territories concerned.

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In setting up a system of export receipts stabilisation, the convention brings a major innovation into international economic relations. Apart from the IMF system of compensatory finance —which is very substantially different from the newly-negotiated EEC-ACP system, both in its methods and in its results—this is the first time that industrial countries and developing countries which export basic products have agreed in setting up a system designed to shelter the developing countries from the fluctuations to which they are normally exposed through market influences and the hasards of production, and thus to guarantee them a definite level of export receipts.

The political significance of this innovation cannot be overestimated. It is the first practical response, incomplete though it be, to a number of anxieties which have for decades past obstructed the development of smooth and well-balanced relations between those who produce raw materials and those who use them.

Summary statement of principal exports which may be covered by STABEX

1. *Proportion of STABEX products in total exports*

Botswana	leather and hides (9 %)
Burundi	coffee (86 %), cotton (3 %), leather and hides (6 %)
Cameroon	cocoa (23 %), coffee (26 %), timber (12 %)
Central African Republic	coffee (23 %), timber (21 %), cotton (18 %)
Chad	cotton (69 %)
Congo Peoples' Republic	timber (42 %)
Dahomey	palm products (34 %)
Ethiopia	coffee (38 %), leather and hides (13 %)
Fiji	coconut oil (5 %)
Gabon	timber (32 %).
Gambia	groundnuts, including oil and cattle-cake (94 %)
Ghana	cocoa (61 %), timber (19 %)
Ivory Coast	cocoa (15 %), coffee (23 %), timber (29 %)
Jamaica	bananas (4 %)
Kenya	coffee (22 %), tea (11 %)
Liberia	iron ore (71 %)
Madagascar	coffee (30 %), sisal (3 %)
Malawi	tea (17 %), groundnuts (7 %)
Mali	cotton (39 %), groundnuts (7 %)
Mauritania	iron ore (73 %)
Niger	groundnuts (15 %), groundnut oil (9 %)
Rwanda	coffee (61 %), raw hides (4 %)
Senegal	groundnuts and groundnut oil (35 %)
Sierre Leone	iron ore (10 %), palm kernel oil (5 %)
Somalia	bananas (26 %), copra (45 %)
Sudan	cotton (56 %), groundnuts (9 %)
Swaziland	cotton (3 %)
Tanzania	coffee (19 %), cotton (13 %), sisal (9 %)
Togo	cocoa beans (26 %), coffee (13 %)
Tonga	copra (50 %)
Uganda	coffee (66 %), cotton (15 %), tea (5 %)
Upper Volta	groundnuts and groundnut oil (8 %), cotton (22 %)
Western Samoa	cocoa (28 %)

Sources: International Financial Statistics, Nov., 1974 and national statistics.

2. *Imports to the EEC (EUR 9) from ACP countries (1973)*

	1 000 **U.A.**
Groundnuts (husked)	102 169
Groundnut oil	83 085
Cocoa beans	288 418
Cocoa butter	39 189
Cocoa paste	12 391
Green coffee	350 271
Raw cotton	126 855
Copra	763
Coconut oil	6 716
Palm oil	27 027
Palm kernel oil	20 685
Palm nuts and kernels	32 029
Ox and cow hides	20 512
Tropical timber (round)	440 111
Tropical timber (sawn)	73 920
Fresh bananas	56 721
Sisal	27 926
Iron ore	275 890
Total	1 984 678

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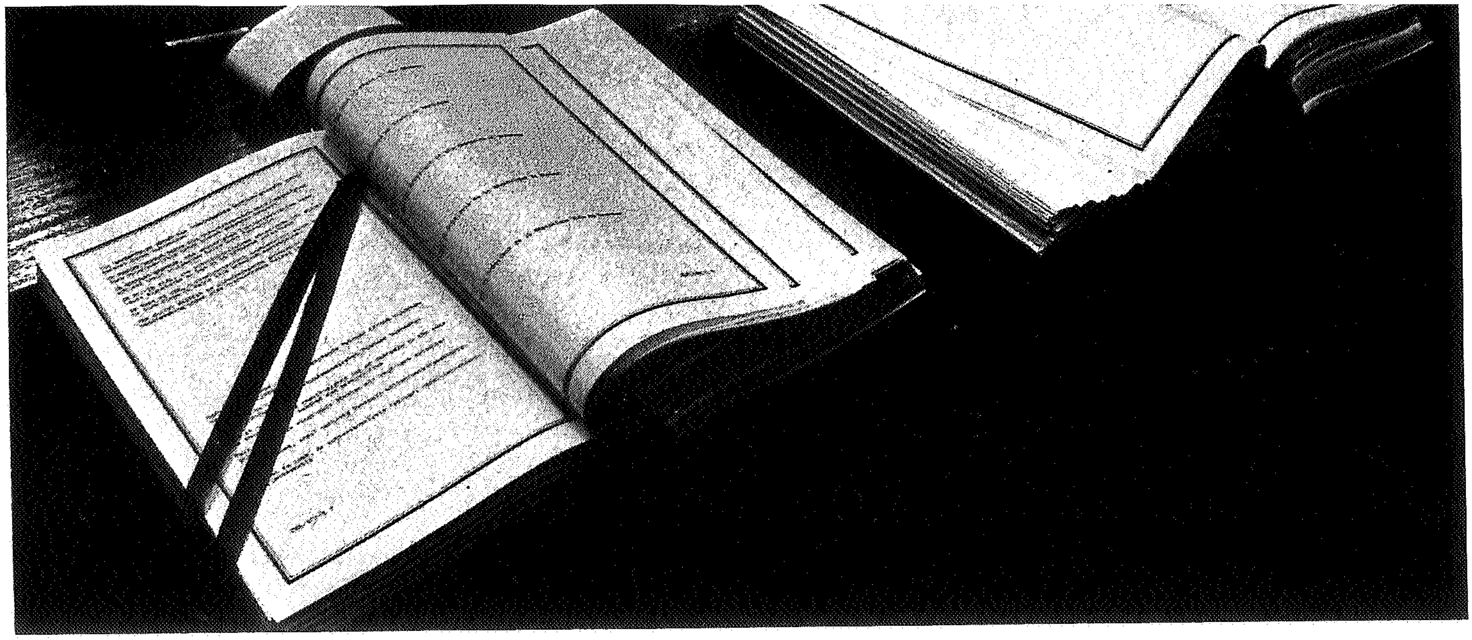

The Lomé Convention document.

Special arrangements for sugar

Protocol 17 annexed to the Act on the terms of accession to the Communities and the adaptations to treaties specified that the United Kingdom should, subject to certain conditions, be authorised to import up to February 28, 1975, quantities of sugar from exporting countries and territories included in the Commonwealth Sugar Agreement corresponding to the quotas therein specified and at the agreed prices. Protocol 22 under its heading III stated that the Community would make it its business to safeguard the interests of the countries concerned, the economies of which depend to a large extent on the export of basic products, especially sugar.

The arrangements laid down in this framework regarding the export of sugar were to take into account its importance to the economy of several Commonwealth and other countries.

The special arrangements implementing these intentions now figure under chapter 2, heading II of the Lomé Convention. They are the result of long negotiations between the ACP countries and the EEC, and the arrangements for the application of this article are laid down in a protocol annexed to the convention and accompanied by declarations relating to them.

The agreement provides for the ACP exporting countries to supply, and the Community to purchase and import, certain specified quantities of sugar with the guarantee of a minimum price. These undertakings are given for an indefinite period, but there is a legal possibility of withdrawal after five years and subject to notice of two years.

The price to be guaranteed, expressed in EEC units of account cif European port for unbagged sugar of standard quality, is to be negotiated each year inside the range of prices operative in the Community. This guarantee concerns sugar which it was not possible to market on satisfactory terms at prices freely negotiated between seller and buyer.

The guaranteed price for the next 18 months is fixed at U.A. 255.30 per metric ton, corresponding on February 1, 1975 to a British price of £ 151.15 per long ton; but in practice an agreement has been reached between the ACP countries and Great Britain on a price of £ 260 per long ton. For the next six months the total quantity agreed is 310 000 long tons white sugar equivalent; and for each 12-month period from July 1 to June 30 following, the total of the same quantities will be around 1 200 000 metric tons for sugar shipped in 1975, and could not in any case exceed 1 400 000 metric tons.

As an instrument of raw materials policy, it is satisfactory to note that this agreement breaks new ground and sets a remarkable precedent from several standpoints:

— institutionally it sets up a special link between a group of various developing countries and the European Economic Community, in token of which the text which settles the joint organisation of the market for the product in question will include a special section V relating to the imports concerned. Moreover, the duration of the commitments and undertakings is indefinite and is not linked with the duration of the convention, though they are an integral part of it.

— as an instrument of price policy it virtually links a price with a general price index, since the guarantee given is fixed inside a range of Community crop prices, which are subject to Commission proposals at an annual price review made in the light of conditions prevailing at the time. Moreover, the Commission is to consult the exporting countries of the ACP before putting forward to the Council its proposals for the Community prices.

— as an instrument of commercial policy it provides a quantity guarantee of particular value for the regular development of the exporting ACP countries and a guarantee of delivery to the Community without impairing free trade in its own markets.

— as an instrument of international relations, it is an instance of a balanced reciprocal undertaking, embodying the aspirations of partners who are aware of the importance of the issues at stake and see in this agreement the fulfilment, in a specific sector, of their hope of securing an economic order with a higher degree of justice and stability. ■

Industrial cooperation

The importance attached to the idea of industrial cooperation is one of the most striking features of the Lomé Convention. It has now become an entirely separate aspect of cooperation, and it is dealt with as a separate heading (Title III) in the convention.

Many things are changing in international economic relationships, and one effect is that developing countries are preparing to play a bigger part in industrial production and the trade in manufactured goods. The place which industrial cooperation now occupies in EEC-ACP cooperation is a reflexion of this. It is a fundamental aspect of the "new pattern of relations between developed and developing countries" which the contracting parties to the Lomé Convention have, as they state in the preamble, resolved to promote.

All the ACP countries look forward to some form and some extent of industrialisation; for some of them it is essentially for this, and as a matter of priority, that they look for Community support. These are primarily the countries which, owing to the rise in the relative values of some of their raw materials, will in future have financial resources of their own on a far from negligible scale, so that financial cooperation in the old pattern is much less important to them than before.

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Quite early in the negotiation it came to the surface that the Community's partners attached great importance to industrial cooperation being made an essential element of this "economic cooperation, changing existing structures and promoting a real partnership" which they hoped to see founded by the convention. Though they found the Community's attitude was responsive to their request, it was not until the ministerial conference at Kingston (July, 1974) that the first definite steps were taken. The ACP ministers tabled a "memorandum on industrial cooperation" and secured Community agreement that this aspect of cooperation should have a separate chapter in the future agreement. The general approach of their memorandum was accepted and it was on this basis that the negotiations continued.

The ACP memorandum thus played a key role in the negotiation of the industrial section of the convention.

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The industrial cooperation section is not really on the same basis as the other parts of the convention, and this raises various problems. The other sections adopt an "instrumental" approach—development and cooperation, using commercial and financial instruments, coupled with technical assistance, training schemes and similar instruments. Industrial cooperation looks to the development of a whole **sector** in the economy of ACP countries. It was accordingly necessary, even though it meant repeating provisions which figure elsewhere in the convention, that industrial cooperation should call upon a whole range of instruments of cooperation, defined in various parts of the convention, adapted to these special purposes and mostly figuring under the heading "financial and technical cooperation".

Naturally the industrial cooperation provisions are not limited to a re-hash of instruments and arrangements laid down elsewhere and served up afresh for the needs of a specific sector (though such a re-hash would in itself add some dynamism). They go in fact beyond this, developing a number of new themes such as information and industrial promotion, which is quite a new subject, and the transfer and adaption of technology. Moreover, Title III provides for the formation of an industrial cooperation committee and an industrial development centre, and thus gives industrial cooperation an institutional background.

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Title III of the convention begins with an introductory article defining the aims of the contracting parties in this aspect of cooperation. It proceeds to sketch out the various fields and forms of this cooperation and the provisions which follow cover all the forms which normally come to mind. These include the development of infrastructures connected with industrialisation (transport, energy, research, training schemes etc.); contributions to the setting-up of manufacturing industries and especially the processing of local raw materials; industrial training schemes in Europe and the ACP countries; definite measures for providing access to technology and their adaptation to local needs; a special effort on behalf of small and medium-size firms; industrial information, promotion and study schemes; accompanying trade promotion measures.

Every one of these themes deserves a separate commentary, but the reader would probably do better to turn to the text of the convention, which is quite

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explicit and more so in relation to the new themes. The provisions, of course, tell us nothing about the great efforts of negotiation, explanation and compromise which were required before these results could be reached. There was, for example, a wide gap between the ACP request for free access to European technology and the drafting of an operative article in the convention, which combined compatibility with the industrial property system in EEC countries with the provision of real help for the ACP partners to make the choice of technology and the connected problems easier to tackle, facilitate contacts with those who possess technological know-how and the acquisition on favourable terms of patent rights and other forms of industrial property.

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The convention does not specify any sum of money for financing the industrialisation campaigns. On the other hand, a number of the techniques and methods of finance provided for under "financial and technical cooperation" and its corresponding protocol, including some of the newly introduced techniques, are well adapted for intervention in this sector.

For example, the financing of productive investment projects in the industrial sector will be made, as a matter of priority, by loans from the European Investment Bank (usually with a rebate of the standard rate of interest) or by risk capital including the new forms of quasi-capital financed from the European Development Fund. Another example is concerned with the specific arrangements provided for small and medium-size firms. In future the Community will be willing to finance projects for the benefit of firms in this class, usually through finance intermediaries in ACP countries for which it will be opening a line of credit.

In so far as the implementation of the industrial cooperation heading calls for Community finance, it follows the rules and procedures laid down for financial and technical cooperation. In practice this means that the amount which has to be definitely spent on industrial development will mainly depend on the priority given to this aspect by the different ACP countries themselves.

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In practice the industrial cooperation chapter is most remarkable for the promotion, or "animation", arrangements which are its special feature. The convention has run ahead of the provisions enabling the Council of Ministers to set up groups and committees on special subjects. It has itself set up an **Industrial Cooperation Committee**, the task of which will be to follow the implementation of chapter III, note the problems arising, suggest solutions and report to the Committee of Ambassadors. The Industrial Cooperation Committee will be in a position to impart a decisive drive to the underlying policy.

Another of its tasks will be to guide and supervise the **Industrial Development Centre**, a new and strictly operational instrument which will be managed jointly by the ACP countries and the Community. Its job will be concerned mainly with industrial information, contact-making and other functions connected with industrial promotion. It is principally through the centre that it is hoped to arouse the interest of business circles in Community countries in industrial cooperation with the ACP, and to persuade them to take positive action.

This centre is a unique experiment. The partners to the negotiation have of course taken a certain risk in launching out into this adventure. If it should succeed it will be valuable as an example, even if only as a new pattern for joint management.

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The convention has set up a framework for industrial cooperation which opens the way to new and interesting developments. Much will depend on the way the partners succeed in attracting business firms and securing their cooperation, for in the last resort it is they who carry out the industrial projects, transfer the technological and management know-how and look after the marketing of the products. Hence arises the importance of creating an atmosphere conducive to participation by European professionals in industrial cooperation with the partner countries.

There were various difficulties during the negotiations in the drafting of a general clause which would ensure suitable reception and working conditions for Community businessmen. Some of the ACP countries apparently saw in this signs of interference with their sovereign right to determine their own development policies. In actual fact the Community had made it clear from the start that it intended to leave a completely free hand to the wishes of the ACP; and that it was well aware that in industrial matters, more than in other fields, it was a question of helping the ACP countries to fulfil their own choices, and not of persuading them to accept European patterns as such.

Once this had been said, the Community drew the attention of its partners who might desire the help of European businessmen to the desirability of creating a good atmosphere for this participation, provided of course that it must always be in strict conformity to the development priorities of the host country.

The negotiators finally agreed on an article which, though it somewhat watered down the original concept, provides that the ACP countries shall take the necessary measures to promote effective cooperation with businessmen from the EEC countries who respect the development plans and priorities of the host countries. In practice it is obvious that initial advantages provided for foreign firms by the host countries, even if substantial, are not the most important factor. The attitude of the Europeans is much more likely to be determined by considerations of stability and security.

Under the same article, the Community is to take steps to persuade firms to participate in the industrial development of the ACP countries.

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Probably no other agreement goes so far as the Lomé Convention in dealing with industrial cooperation with such completeness, in such detail and in so operational a manner. A word of caution, however, is not out of place. None of the provisions in question operates automatically. The way in which the framework is filled in must therefore depend principally on the political goodwill, imagination and perseverance of those now responsible for industrial cooperation. It is a formidable challenge, but it is not unattainable. ■

Financial and technical cooperation

At the end of long and sometimes difficult negotiations, an agreement, variously described as historic, unique and revolutionary, has at last emerged between the EEC and the 46 countries of Africa, the Caribbean and the Pacific.

These epithets apply not only to the nature of the agreement and the manner of its fashioning, but also to its content. It is a new convention marked by fundamental additions and occasionally radical changes in the idea of aid as it has been applied up to now. This is certainly the case for one of the most essential elements in the Community's development policy—financial and technical cooperation.

As the years have passed, financial and technical cooperation has of course been adapted to the needs of the Associated countries. There had therefore to be a certain continuity in the conception and development of financial and technical cooperation and an attempt to consolidate the positive results already achieved.

This, however, did not rule out improvements, adaptations and reforms. These were necessary because of the enlargement of the Association and the new relationships between industrial countries and developing countries. The negotiators have in fact given the Community the instruments for a policy; they have arranged for the aided countries to take an active hand both in the administration and in the management of the aid; and they have given Community aid a new angle. In doing this they have provided a face-lift for financial and technical cooperation, enabling it to deal forthrightly with the new development requirements of the ACP countries.

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INSTRUMENTS FOR A POLICY

The aim of technical and financial cooperation is to correct structural imbalances in various economic branches in the ACP countries, by providing additional action beyond what is provided by the countries themselves.

To this end the new convention applies additional resources and methods of financing adapted to the needs of the beneficiary countries.

The financial means

Protocol 22 of the Act of Accession had been confirmed by the negotiatory mandate given to the Commission by the EEC Council in October, 1973. The two principles for determining the amount of Community aid in the new convention were to be:

— maintenance for the AASM of advantages already acquired;

— equivalent treatment for other equivalent cases.

In the Community/ACP negotiations, however, it was mutually agreed from the outset that decisions on the amount of the aid should be made in the concluding stage of the negotiations.

In practice it was only in the early morning of February 1, after a long night of negotiation, that a decision was in fact reached on the amount of Community aid.

The total in the pay envelope for the ACP countries was fixed at 3 390 units of account (1); to this must be added an amount of UA 160 million for the overseas countries, territories and departments.

The total in the pay packet is made up as follows:

	ACP	OCT	Total
Non-repayable grants	2 100	120	2 650
Loans on special terms	430		
Risk capital	95	5	100
Stabex	375	25	400
Total from E.D.F.	3 000	150	3 150
E.I.B. loans on normal terms (2)	390	10	u400
Total	3 390	160	3 550

These figures, of course, fall a long way short of the UA 8 000 million proposed by the ACP countries at the Kingston ministerial conference. There are, however, two factors which have a bearing on the scale of the Community effort:

— First, this is a particularly difficult phase in the Community's own development and it comes at the time of the worst economic crisis since the second world war. Nevertheless, the Community has increased the amount of the aid to its convention partners by more than 250 % compared with the second Yaoundé Convention.

— Secondly, the Community has accepted an ACP proposal by which the convention, which is scheduled for a five-year period, shall run from the date of signature and not from the date of

(1) The unit of account is defined in a declaration by the Community to the effect that the amount of Community aid shall be the equivalent, in a European unit of account to be defined, of 3 390 million Special Drawng Rights valued as of June, 28, 1974. The declaration, however, invites the Council to decide before the Convention comes into force whether this unit of account shall be defined by reference to Special Drawing Rights or to a "shopping basket" of currencies of countries which are members of the Community. In January, 1975 the unit of account was the equivalent of $ U.S. 1.24.

(2) It is, however, specified in a Community declaration that in the course of implementing the convention, additional E.I.B. interventions from its own resources may be considered, within the terms of Article 18 of the Bank's constitutive articles and depending on its available resources, the amount of loans already provided, the interest attaching to the projects to be financed and the guarantees which can be given in connexion with such loans.

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entry into force. Allowing for the delays incidental to ratification, which can be estimated at about a year, the funds contributed by the Community for the ACP countries will have to be brought into operation in four years instead of five.

As in the past, the UA 3 150 million to be found by the E.D.F. will be financed by contributions from the member countries.

This is a matter on which the Community had two possible ways of proceeding:

— either it could bring the E.D.F. into the Community budget, so that it was financed from the Community's own resources. This was the solution advocated by the Commission; or

— it could set up the E.D.F. outside the budget, so that it is fed by national contributions from the member countries in proportions specified in advance for the purpose.

After long discussion the latter was the solution finally chosen. The decision was based on political and economic grounds and a specific contributions schedule was laid down as follows:

Belgium	6.25 %	Netherlands	7.95 %
Germany	25.95 %	Great Britain	18.70 %
France	25.95 %	Denmark	2.40 %
Italy	12.00 %	Ireland	0.60 %
Luxembourg	0.20 %		

Methods and terms of finance

The Community has a very wide choice of ways by which it can finance the aid. They run from the straightforward subsidy or non-repayable grant to normal loans at market rates. They include the loan on special terms, subscription of risk capital and loans with interest rate subsidies. These have proved in the past sufficient to deal adequately with a great variety of situations. The negotiators of the new convention, though they did not seek to change the principles, thought it necessary to adapt the terms on which aid is given to the postulates of the ACP countries by allowing for a two-fold requirement:

— the need for giving practical recognition to the economic backwardness of most ACP countries by using the state of a country's social and economic development as one of the criteria in adjusting and modulating the terms of Community aid.

— the need for more frequent recourse to specific forms of intervention, the conditions attaching to which under the second Yaoundé Convention had limited the extent to which they were used.

The stipulations in the new convention about the methods and terms of financing were laid down with these two considerations in mind.

Because of the low level of development in most of the ACP countries, the proportion of non-repayable grants (80 %) is still the dominant feature by comparison with loans on special terms and risk capital (20 %); but the proportion is nevertheless, somewhat smaller than hitherto.

The terms for the special loans fall, for the most part, into a standard and very favourable pattern, comprising total periods of 40 years with repayment not beginning till after 10 years and a rate of interest of only 1 %. This is much more advantageous than under the previous convention, in which these terms were specified only as maximum concessions which in practice were by no means general.

When the ultimate beneficiary is not a State but an individual or a firm, the financing (whether grant or loan) may be in two stages, and there is a distinction between the terms made to a State borrower and those made to the ultimate beneficiary.

In addition, the Community may help towards the execution of industrial, mining or tourist projects of general interest to an ACP country's economy, by subscribing part of the risk capital and thus buttressing the funds of local firms. The convention seeks to promote the wider use of this type of intervention and specifies new and more flexible methods of operation, which will be better adapted to the requirements of industrialisation. It may be provided in a subscription of capital in the ordinary pattern, or in various types of quasi-capital. The latter may be:

— second-priority loans, the repayment and interest obligation in regard to which rank for payment after the settlement of other bank obligations on market terms;

— conditional loans, the interest and redemption of which are subject to specific conditions laid down in the loan contract, indicating that the project has surmounted the special risks to which it was exposed and reached a specified level of profitability (3).

The normal loans granted by the Bank are usually accompanied by an interest rate subsidy, lowering the effective rate paid by the borrower by 3 %. No interest subsidy will be given, however, if the loans are for investment in the oil industry, wherever it is located, or in the mining industry, unless it be located in one of the least developed countries specified in the convention.

As in the past, the cost of these interest subsidies is charged against the provision for non-repayable grants. Out of the total provided under this head, a credit of U.A. 100 million is specifically earmarked for aid in this form.

These improvements in the methods and terms of financing are associated with a new system of sharing the responsibilities and competences between the Commission and the Bank in managing the different financial instruments to be used for financial and technical cooperation. The former division by sector had not given full satisfaction, and the need was felt for a clear line of division based on the nature of the financial operation concerned.

The new system was agreed with the ACP countries and, with their cooperation, it will now be for:

— th eCommission to investigate applications for subsidies and loans on special terms and to manage them;

— the Bank to handle corresponding responsibility regarding normal loans, interest rate subsidies and risk capital.

(3) For example, these conditions may consist of a statement that the undertaking has reached a certain finance ratio, a certain volume of sales or distributed dividends up to a specific level, etc.

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ACP STATES TO PARTICIPATE IN AID ADMINISTRATION AND MANAGEMENT

An outstanding innovation in the new Convention is the increase in the responsibility to be borne by the ACP countries in the administration and management of the aid. Not only will they be playing their part in defining the general orientation of the aid; but it is also contemplated that they shall take an active part at each successive stage in the life of a project—the aid programme; preparation and investigation of projects; preparation of financing decisions; execution of the projects and final evaluation of the results.

Aid programming, project study and preparation and the preparation of financing decisions

Community aid is provided as part of the development plans and programmes for each ACP country, and from the beginning of the period covered by the convention, it is to be programmed with each of the countries in such a way that the latter have the clearest possible idea of the aid they can expect during the convention period. This programme is drawn up jointly by agreement between the Community and each ACP government; and it will consist of items based on proposals by each of the countries and subject to the national government's own list of priorities.

In these aid programmes the ACP States will be fully responsible for drawing up their requests for finance.

In addition, the assessment of each project will be carried out by the Community in cooperation with the ACP country concerned, and will be based on general criteria agreed upon and incorporated in the convention.

It has also been agreed that the finance proposals, which recapitulate the conclusions of the project investigation and are submitted to the Community organs of decision, shall be drawn up in close cooperation between the competent Community departments and those of the ACP countries concerned. In the same way the final version of these finance proposals will be passed by the competent Community institutional departments to the ACP governments at the same time as to the member governments of the Community.

All projects which have been officially submitted by the ACP governments are to be brought to the knowledge of the Community organ responsible for making finance decisions, whether or not they were approved by the competent departments of Community institutions.

These changes are not matters of pure form, but they did not at any point call for difficult negotiation. On the other hand the participation of the ACP countries in the financing decision, and their right to be present at meetings of the Community organ passing a verdict on their projects (4) was one of the toughest problems in the negotiation on the finance and technical cooperation side.

It was only in the last phase of the negotiation that a compromise solution was found. This covers the requirements of the ACP countries without running into institutional difficulties. It consists of two parts :

— After the programming work, each national aid programme will be subject to an exchange of views between representatives of the ACP country and of the Community. This will enable the ACP country to give the Community representatives an account of its development policy and priorities, and indicate what contribution it expects from Community aid in carrying out this policy. Such a procedure will facilitate the subsequent examination of each project as part of the national programme.

— For projects which do not receive the assent of the EDF Committee or the Article 19 Committee, the competent departments of Community institutions will consult representatives of the ACP countries concerned on what shall be done with the application, and whether it could with advantage be amended and submitted again to the Committee. Before a final verdict is reached, representatives of the ACP countries concerned will have the right to ask to be heard by Community representatives in order to put forward justificatory arguments.

When the Committee's verdict is definitely against the project, the competent departments of the Community institutions will again consult the representatives of the ACP countries concerned to decide whether the project should be submitted as it is to the Community organs of decision, or whether it should be withdrawn or amended.

Project execution

The provisions of the new Convention have made important changes to strengthen the principle that beneficiary countries should share in the responsibility for the execution of projects.

In the first place the ACP countries have complete responsibility for negotiating and placing contracts for work and supplies and for technical assistance (5).

A number of measures are also included to promote the use, in the execution of aid projects, of national firms and technicians from the beneficiary countries.

Special arrangements under this head include:

— the raising from U.A. 500 000 to U.A. 2 million of the limit below which works tenders may be handled by the accelerated procedure. This procedure is of special interest for national firms in the ACP countries, because calls for tenders are advertised mainly in the countries

(4) The financing proposals have to be submitted for the opinion of the E.D.F. Committee, if the projects are to be financed by grants or special loans; and to the so-called "Article 19 Committee" if they are to be financed by loans with an interest rate subsidy, or by risk capital.

(5) As in the past, the invitation to tender for contracts is open on the same terms to all individuals or companies in EEC countries or ACP countries. In the desire, however to avoid work becoming unduly costly because of distances and transport difficulties or delivery delays, specific outside countries may, in exceptional circumstances, be permitted to tender. Such participation may also be authorised when the Community is providing finance for regional cooperation with outside countries or projects financed jointly with other lenders.

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themselves; and since only short intervals are available for submission, the local firms are well placed to secure the contracts.

— a price preference of 10% is allowed to national firms in the ACP countries for works estimated to cost less than U.A. 2 million. This is a further concession, for no such provision was in practice under the second Yaoundé Convention.

— a price preference of 15%, without limitation of the size of the contract, is allowed to national firms in the ACP country tendering for supply contracts. Under the second Yaoundé Convention, a similar preference was granted on a case-by-case basis and might be anywhere between zero and 15%. Under the new convention it is automatic and always amounts to 15%.

— provision is made for increased resort to the execution of projects under public control. In the past, resort to the administration could be authorised in cases of acknowledged urgency or if such action was justified by the nature, the comparatively small importance, or other special features any contract for works or supplies. The same criteria remain, but resort to the administration may now be authorised for contracts of less than U.A. 2 million when the public services in the ACP country concerned have at their disposal an important supply of adequate equipment or an important reserve of qualified manpower.

— national authorities are given new responsibility for choosing engineering and survey offices and negotiating contracts with them, and in promoting the handling of technical cooperation by national survey or engineering bureaux.

Two other important reforms should also be mentioned:

— in line with a proposal made by the ACP countries, the Community has agreed that, for payments made in the ACP national currencies, the function of paymaster delegate for the E.D.F. (currently handled by European banks and finance bodies) shall be transferred to the central banks or other public or quasi-public finance institutions in the ACP countries.

It is not possible to include here a detailed account of this transfer. The importance of the reform is, however, worth emphasising. It is an important field of further participation for the beneficiary countries in the management of the aid provided.

— the Community has gone ahead of the ACP countries in amending the assignments of the Commission delegations in each ACP country.

From the beginning of the negotiations the ACP countries had asked that the functions of the Commission delegates should be drastically changed.

The Community, though still finding it necessary to maintain delegates on the spot to follow the financial and technical execution of projects, had indicated to its partners that delegations of this kind did not exclude improvements in the share of the ACP countries in the execution of financial and technical cooperation.

A satisfactory compromise was found between these two standpoints. This has been reflected in a far-reaching form in the delegates' assignments. It falls into three parts:

— the powers of national authorities are increased and the administrative assignments of the delegates correspondingly lightened on the technical and financial side. (A considerable number of visas are now no longer needed, nor are various preliminary assents or authorisations which featured in the previous practice.)

— execution procedures have been speeded up and made more flexible, by transferring to the delegates a number of tasks previously handled by the Commission.

— a new task is given to the delegates if the ACP countries so request. This relates to general information, preparation, study and utilisation of the projects.

Final evaluation of results

The participation of the beneficiary countries in carrying out financial and technical cooperation also extends to the evaluation of the effects and results of completed projects. It is agreed that the evaluation—which may also relate to projects still in course of execution—shall be regularly carried out on a joint basis by the competent departments of the Community and those of the ACP countries concerned.

In the light of the evaluation work, the competent Community organs, and the ACP countries concerned, will each put in hand such measures as may be required. The competent joint body will be kept informed by the Commission and each of the ACP countries.

NEW ORIENTATIONS FOR COMMUNITY AID

The negotiators of the new convention thought it desirable to maintain the sectoral priorities which have stood the test of experience.

This implies that the emphasis will still be on economic and social infrastructure projects, rural development and training schemes.

It implies that the direct action in favour of industrialisation, marketing and sales promotion will be carried on and intensified.

It also implies that, as in the past, emergency aid will be granted to ACP countries facing serious difficulties as the result of natural catastrophes or comparable events. For this purpose a special provision will be set aside from the grant section of the E.D.F. It is initially fixed at U.A. 50 million, but is to be reconstituted at that figure each year, provided the total appropriations during the duration of the convention do not exceed U.A. 150 million.

In answer to anxieties expressed by the ACP States, it has been agreed that if the whole of the special fund should be exhausted before the Convention expires, the Community and the ACP will decide upon suitable measures for dealing with natural catastrophes and comparable situations (6).

(6) This is completed by a Community declaration to the effect that it will, as in the past, deal with emergency situations as they arise; and the ACP countries will be entitled in the same way as others to have the benefit of any Community intervention under this head, apart from the aspects covered by the convention itself and therefore additional to it.

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This maintenance of the sectoral priorities is associated with a number of innovations under various heads, which have resulted in new orientations for Community aid. This applies particularly to regional cooperation, aid to the least developed countries, specific schemes to help small and medium-size firms and small-scale projects for basic development.

Increased support for regional and inter-regional cooperation

Under the second Yaoundé Convention the accent had already been put on the potential uses of Community aid for regional cooperation schemes. With the renewal of the convention and the enlargement of its scope, the problem of regional cooperation arises on a different scale. On the initiative of the ACP countries themselves, the objectives of this cooperation and its field of application have been defined and arrangements made for its financing.

Among the objectives to which Community aid should contribute, the negotiators of the convention mention:

— the speeding-up of economic cooperation and development inside and between regions of ACP countries;

— faster diversification of the economies of ACP countries;

— reduction of the economic dependence of ACP countries on imports;

— setting up sufficiently extensive markets inside the ACP countries and neighbouring developing countries;

— maximum use of resources and services in the ACP countries.

For the sake of securing these objectives, Community aid has been given a very wide field of application. It will cover the location of industries, including the formation of regional and inter-regional firms; transport and communications; joint exploitation of natural resources; research and technology applied to the intensification of this type of cooperation; technical assistance for the formation or development of regional organisations; cooperation in the development of the tourist trade.

In the past, one of the main obstacles to regional cooperation lay in the financing of regional projects. The aided countries were hesitant about supporting regional projects involving funds allotted to them for their own national schemes.

In order to avoid obstacles of this kind, the Community and the ACP countries have agreed that part of the Community funds should be earmarked exclusively for financing regional projects. The Convention accordingly provides that about 10% of the total Community finance, or about U.A. 340 million, shall be set aside for such schemes.

Increased cooperation with the least developed countries

The specific needs of the least developed countries are now recognised in all international bodies. The Community itself has in the past endeavoured to deal with the special problems of these countries as part of its development policy. The international economic position of the past two years has made it necessary to strengthen this tendency in the operation of financial and technical cooperation policy and to give particular attention to the requirements of the less developed ACP countries.

For this purpose the negotiators of the convention drew up a list, subject to amendment, of 24 countries (7) which should have the benefit of special treatment, and indicated measures to be applied to reduce the specific obstacles in the way of these countries getting the full benefit of the opportunities arising through financial and technical cooperation.

In the first instance these countries are to be given finance on particularly favourable terms, taking into account the economic position of each country.

More generally these countries will have the benefit of special treatment in a number of other fields. The necessary technical assistance will be at their disposal to help identify, prepare and carry out their development projects, personnel training and administrative training schemes. They will have support in undertaking research angled on solving some of the specific development problems. They will have help in developing their small and medium-size firms; they will enjoy priority treatment in promotion schemes for regional cooperation; and they will be relieved on a temporary and degressive basis of the functioning and major repair costs of investments previously financed by the Community.

(7) The countries concerned are as follows: Botswana, Burundi, Dahomey, Ethiopia, Gambia, Guinea, Guinea-Bissau, Upper Volta, Lesotho, Malawi, Mali, Mauritania, Niger, Uganda, Central African Republic, Rwanda, Western Samoa, Somalia, Sudan, Swaziland, Tanzania, Chad, Togo and Tonga.

Specific aid for small and medium-size firms

It was envisaged in the second Yaoundé Convention that specialised development institutions might be used as intermediaries for financial assistance purposes, such as providing financial support for small and medium-size firms in the ACP countries. No special procedures, however, were laid down for the purpose; and for lack of them this form of intervention was never used.

The new convention seeks to remedy this by a number of provisions enabling the Community to make use of public bodies concerned with development finance as intermediaries in providing funds to be used for the benefit of small and medium-size firms in the ACP countries.

It is laid down that the Community, after going into the question of the capacity of the intermediary organisation and its need for aid, may approve an action programme put forward by the country concerned and open a line of credit for the finance organisation for an amount not to exceed U.A. 2 million and for a period of not more than 3 years. At the end of this period, the line of credit will be renewable.

The terms and conditions for the utilisation of this aid will be embodied in each case in a convention between the Community and the finance intermediary laying down the general rules guiding it in the deployment of the funds. This will cover the size of operations which are not to exceed U.A. 200 000 for any project; eligible industries and business sectors; criteria for selection of eligible applicants; criteria of projects and method

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of investigation; the conditions and arrangements regarding loans granted.

The intermediate finance organisation will finance under its own responsibility the loans which it is prepared to make, drawing on the line of credit as may be required. The Community action will be limited to checking that the loans in question are in conformity with the convention with the finance intermediary.

Finally, the convention lays down that the organisation will be responsible to the Community for repayment of such part of the line of credit as has been effectively drawn. It will make an annual report to the Community on the execution of approved action programmes and the finance arrangements relating to them.

Small-scale basic development schemes

Up to the present, community development policy has been mainly concentrated on medium and big operations. Experience has in fact shown that quite small projects may prove very important for development purposes. It is one of the objectives to deal in definite terms with the special requirements of simple communities and to enable them to play their part in the development process. With this in view, the new convention enables the E.D.F., in addition to its normal interventions, to provide finance for small, basic development schemes, especially in rural areas.

For this purpose a credit of U.A. 20 million has been earmarked from the grant fund and is scheduled to cover this work for the first two years.

The finance for these micro-schemes will normally come from three sources. These will include the E.D.F.; the national government (contribution of funds or use of public equipment); and the local community which is the beneficiary, in the form of a contribution in cash or in kind within its capacity.

This is a new form of aid, which has to be flexible in administration and applied effectively to schemes scattered in many areas. The finance decision on these schemes will be based on annual programmes submitted to the Commission by each ACP country, showing the main lines of the action contemplated. The individual finance decisions for each micro-project will come within the wider plan for increased participation by the beneficiary countries in the administration and management of the aid. The decisions will be made by the national authorities in the ACP country in conformity with the annual programmes and subject to the agreement of the Commission. This agreement will be considered to have been cleared if no objection is raised within a month after notification of these decisions.

On the one hand these projects will incorporate a maximum element of local labour, goods and services; and on the other, they will be small in the amounts involved and therefore not of a nature to attract international competition. All exceptions to the normal rules of competition will accordingly be permissible. ■

The Institutions

The institutional framework is appropriate and solid; here too there are new features. These institutions are on a joint basis, and they are formed in conformity with convention requirements and the importance the contracting parties attach to their cooperation.

The Council of Ministers is the supreme organ of the convention. It consists, on the one side, of the members of the Council of the European Communities and members of the EEC Commission; and on the other, of one member of the government from each of the ACP countries. The chair is occupied alternately by the Community and the ACP countries. The first task of the Council is to administer the convention and it has the necessary powers of decision and consultation for this purpose. It is also enabled to discuss questions with a direct impact on matters dealt with in the convention. Subject to general agreement, it may discuss other economic and technical questions of mutual interest but beyond the scope of the convention.

The Council of Ministers expects to work on a definite and realistic basis, and hopes to secure cooperation in circles directly concerned. For this purpose it may make contacts and enter into consultation in economic and social circles in EEC and ACP countries.

The Committee of Ambassadors assists the Council of Ministers in the accomplishment of its tasks, and carries out mainly the assignments given it by the Council. It has a supervisory task in relation to the work of other organs and working groups, whether permanent or ad hoc.

The Secretariat of the Council of Ministers, of the Committee of Ambassadors and of the other joint organs, is recruited on a joint basis. Its operating conditions are determined by an internal regulation of the Concil of Ministers.

The Consultative Assembly consists on the one hand of members of the European Parliament, and on the other of representatives appointed by the ACP States, both parties appointing the same number of representatives. For purposes of an activities report by the Council of Ministers, the Assembly may adopt resolutions on matters germane to the Convention, or specified therein.

Differences which cannot be settled by other machinery can be dealt with by a **good offices procedure**, or by an **ad hoc arbitration**. The latter procedure is similar to that established under the Arusha agreement and it does not call for the formation of a permanent Court of Arbitration, such as that provided in the Yaoundé Convention and which was never called upon to give a ruling. ■

Résumé of the Lomé Convention

GENERAL FORM OF THE CONVENTION

The ACP-EEC Convention which was signed at Lomé, 19 months after the official opening of negotiations in Brussels on 25 and 26 July 1973, embodies a new kind of relationship between the Community and its nine Member States and 46 African, Caribbean and Pacific States. An agreement of this magnitude is unprecedented in the history of relations between industrialized and developing countries.

The outstanding events in the negotiations were the ministerial conferences of 17 and 18 October, 1973 in Brussels, at which the framework and mutual objectives were defined, and 25 and 26 July, 1974 in Kingston, at which the discussion went to the core of the problems, and finally, the meetings from 13 to 15 January and those on 30 and 31 January and 1 February, 1975, which constituted the final round of an undertaking characterized both by the complexity of the problems to be solved and by the large number of States involved, each with naturally differing economic traditions and situations.

Despite all this, the negotiations highlighted the determination of the ACP countries to achieve solidarity, which was demonstrated by their common positions. The negotiations were thus based throughout on complete equality between partners.

Attention should also be drawn to another aspect of the negotiations —perhaps less spectacular but no less vital to the final outcome. This was the work carried on with patience and determination over several months between the ACP plenipotentiaries and the Commission which led to agreement at that level on considerable sections of the convention.

As well as being a successor to the Yaoundé and Arusha Conventions, the new convention opens up and extends the kind of special relationship established by these conventions to countless other African countries and to the Caribbean and Pacific countries, in accordance with the provisions adopted when the Community was being enlarged. This geographical enlargement was matched by a willingness to break new ground which resulted principally in the improvement of the trade arrangements, the setting-up of a system for stabilizing export earnings, the introduction of industrial co-operation and the provision, made in various chapters of the convention, for the least-favoured countries.

MAIN FEATURES OF THE CONVENTION

Trade arrangements

The main feature of the trade arrangements is that the Community has opened up its market to ACP products.

This means that the EEC-ACP area can be considered as a preferential trading area in which one partner, the EEC, because of its different level of development, has foregone the right of free access to the market of its trading partners.

The ACP states, however, have committed themselves to granting the EEC most-favoured-nation treatment and have undertaken not to discriminate between Member States of the EEC.

The principle of free access to the Community market has also been implemented for most exports of agricultural products from the ACP States (94.2 %). The principle provides that agricultural products and processed agricultural products will be exempt from customs duties. Since this is the only form of protection in this case, access to the Community market is thus completely free. However, in view of the structures of the EEC's common agricultural policy, certain restrictions have had to be imposed on the application of the principle of free access for certain products. The Community has nevertheless given an undertaking that in these cases it will, as a general rule, grant the ACP treatment more favourable than the treatment generally applicable to third countries. In order to implement this principle it will adopt measures, by internal procedures, to give preference to ACP products over those from third countries.

Provision has therefore been made for special measures to allow the ACP to export a certain amount of beef and veal to the Community. The "third country" levy on maize, rice, millet and sorghum and processed rice and cereal products will be reduced, while some fruit and vegetables may be imported duty-free or at a very reduced duty without the need to observe a marketing timetable.

Finally, the Community declared its willingness to examine, under the consultation procedure provided for in the Convention, the ACP requests for special arrangements for other agricultural products.

To ensure that they are effectively implemented, the provisions on trade co-operation also include rules for reciprocal information and consultation. The Protocol on rules of origin and the Protocol on methods of administrative co-operation relating to those rules are also important parts of this Title. The rules of origin have, moreover, been specially adapted to facilitate co-operation, both among the ACP States themselves (for the purposes of the definition "originating products", the ACP States are considered as a single territory) and between ACP States and other developing countries.

The section on trade is supplemented by Protocols on sugar, rum and bananas.

The first of these, which played a decisive role in the negotiations because of the important interests at stake on both sides and the existing situation on the world and Community markets, contains a Community undertaking for an indefinite period to buy up to 1 375 000 metric tons of sugar from the ACP at guaranteed prices (1). In view of the supply commitments entered into by the ACP States, the provisions of the Chapter on sugar and of the Protocol relating to this will apply, in practice, to an amount of around 1 275 000 metric tons.

(1) There is provision for a similar undertaking to buy 25 000 metric tons from India.

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This sugar will first be offered on the Community market at prices freely negotiable between sellers and purchasers. The Community will intervene to purchase at the guaranteed price only where this cannot be reached on the market. The guaranteed price will be fixed each year between the Contracting Parties on the basis of the prices applicable to the Community's sugar production. Special measures have been adopted for the initial stage of implementing these provisions.

The Protocol on rum lays down the conditions of access to the Community market for rum from the Caribbean countries among the ACP, while at the same time protecting the rum production of certain of the French Overseas Departments. The Protocol thus provides for duty-free entry to the Community market for certain quantities of rum from the Caribbean countries to be fixed each year on the basis of the highest annual level of exports over the previous three years. This basic figure will be increased by an annual growth rate of 40% on the United Kingdom market and 13% on the other markets of the Community.

The Protocol on bananas aims to ensure that none of the ACP countries is placed in a less favourable position than before with regard to access to the Community market and to the advantages offered by this market.

In addition, a joint effort will be made to encourage investment at all stages, from production to consumption, with a view to enabling the ACP—and in particular Somalia—to increase their banana exports to their traditional markets and to gain a foothold in new Community markets.

Finally, in a declaration on fishing activities annexed to the Convention, the Community declares its willingness to encourage the development of fishing and related industries in the ACP within the framework of the industrial, financial and technical co-operation projects, while the ACP state their readiness to negotiate agreements on fishing in their waters with the Member States of the Community, avoiding all discrimination between and towards the Member States of the Community.

Stabilization of export earnings

This Chapter of the new convention in particular has rightly been hailed in public comment as a bold and exemplary innovation.

This system will be applicable to 12 basic products (or groups of products)—i.e. products made from groundnuts, cocoa, coffee, cotton, coconut, palm, palm nuts and kernels, raw hides and skins and leather, wood products, fresh bananas, tea, raw sisal, and iron ore. Nevertheless, the Community stressed that the latter product was being included by way of exception, as in principle it was opposed to the inclusion of ores. It is also provided that, after 12 months, other products upon which the economies of one or more ACP States depend to a considerable extent may be included if they are affected by sharp fluctuations.

The main characteristics of the system are the following: where an ACP State's earnings from the export of one of these products represent at least 7.5% (5% for sisal) of its total earnings, that State is entitled to request a financial transfer if its earnings from the export of one of these products to the Community are at least 7.5% below the reference level calculated on the basis of the average of the 4 preceding years.

For the 34 least developed, land-locked or island ACP States, the dependence and trigger thresholds are reduced to 2.5%. Because of the economic situation of some of these countries—Burundi, Ethiopia, Guinea Bissau, Rwanda and Swaziland—the system will apply to exports of the products in question irrespective of destination.

The Community will allocate 375 MUA of financial aid to the stabilization system; this amount will be divided into annual instalments allowing, however, for a certain degree of flexibility (20% advance utilization) between the various instalments.

The Convention lays down the principle that the ACP States which have received transfers should contribute—where certain conditions have been met in the five years following the allocation of the transfers—towards the reconstitution of the resources of the system. The 24 least-favoured nations (Botswana, Burundi, Dahomey, Ethiopia, the Gambia, Guinea Bissau, Upper Volta, Lesotho, Malawi, Mali, Mauritania, Niger, Uganda, the Central African Republic, Rwanda, Western Samoa, Somalia, Sudan, Swaziland, Tanzania, Chad, Togo and Tonga) are exempted from this obligation.

Industrial co-operation

The practical objections of this new form of co-operation are intended to promote the industrial development of the ACP States, which is acknowledged as a pressing need.

These objectives include: bringing about a better distribution of industry both within these countries and between them, establishing new industrial relations between the partners and their commercial operators, improving the transfer of technology and the adaptation of such technology to the specific conditions and needs of the ACP States, promoting the marketing of the ACP's industrial products, encouraging the participation in the industrial development of the ACP States of, on the one hand, nationals of the ACP States, in particular small and medium-sized firms and on the other hand, of Community firms, where the ACP States so desired.

In this respect, provision has been made for the ACP States to take the necessary steps to promote effective co-operation with the Community and its Member States or with their commercial operators and nationals who respect the development plans and priorities of the host ACP States.

In order to attain these objectives, the Community will help to set up programmes and projects as regards infrastructures, industrial undertakings, training, technology and research, small and medium-sized firms, industrial information and promotion and trade co-operation.

Generally speaking, financial and technical co-operation will provide the means for implementing industrial co-operation. The more specifically new instruments for its implementation will be the Committee on Industrial Co-operation, supervised by the Committee of Ambassadors and generally responsible for seeing to the implementation of co-operation—and the Centre for Industrial Development—which will have the task of gathering and disseminating information, carrying out project studies, organizing and facilitating contacts between commercial operators, etc.

Financial and technical co-operation

The basic purpose of economic, financial and technical co-operation is to correct structural imbalances in the various economic sectors of the ACP and thus to contribute to their economic and social development.

To this end, the Community will allocate a total amount of 3 390 MUA, of which 3 000 MUA will constitute the new European Development Fund, while the remaining 390 MUA will be furnished by the European Investment Bank.

The greater part of this aid—2 100 MUA—will take the form of subsidies. 430 MUA will be provided in the form of →

special loans, granted as a general rule for a period of 40 years at an interest rate of 1 % per annum. 95 MUA may be used in the form of risk capital, mainly for the purpose of strengthening the funds of undertakings in the ACP States.

The 390 MUA provided in the form of EIB loans and granted on terms governed by the Bank's statutes may, apart from a number of exceptions relating mainly to the petroleum and mining sectors, be accompanied by interest rebates the effect of which will be to keep the real interest payable on each loan within a bracket of between 5% and 8%. In a unilateral declaration, the Community stated that during the implementation of the convention, further EIB aid might be considered on behalf of the ACP States under certain conditions.

In accordance with the general aims of the convention, special attention will be paid to the needs of the least-developed ACP States, with a view to lessening the specific obstacles which hamper their development and which prevent them enjoying the full benefit of the opportunities afforded by financial and technical co-operation.

Similarly, a proportion of about 10% of the financial resources will be set aside for financing projects likely to promote regional and inter-regional co-operation.

A special allocation of 150 MUA has been provided for under the heading of exceptional aid to ACP States having to cope with serious difficulties brought about by natural disasters or the like.

In addition, provision has been made for specific projects for the benefit of small and medium undertakings in the ACP States, to be achieved via national or regional development banks. Within this same framework, an appropriation of 20 MUA has been set aside for financing very small-scale schemes so as to respond effectively to the real needs of local communities. It should be noted that these various forms of aid may be used for the financing of the whole range of investments, technical co-operation and of the specific projects provided for in the Convention, with the exception however of all current administrative expenditure and of upkeep and running costs.

The management and administration of aid will be a matter for close co-operation between the Community and the ACP States. The convention and the financial protocol specify the relevant administrative arrangements and procedures for this co-operation.

In this connection, special attention has been paid to the planning of aid to ensure that it fits in with the development plans and programmes of each of the ACP States. These States will, moreover, participate actively in each of the various stages of the projects up to and including the final evaluation of their results.

A certain number of other provisions of both the convention and the financial protocol are designed to guarantee the good management of financial aid and the optimum use of the funds placed at the disposal of the ACP States by the Community. Certain provisions govern the rules applicable to EDF authorizing officers and paying officers.

It has furthermore been laid down that, for the purposes of the mobilization of EDF resources for which it holds management responsibility, the Commission will be represented in each ACP States by a delegate appointed with the consent of the State concerned, whose particular responsibility will be to see to the correct financial and technical implementation of projects and programmes financed from the resources of the Fund.

In order to encourage participation by ACP contractors and supply undertakings in carrying out contracts financed from the EDF, provision has been made for considerable derogations from the principle of equality of the terms of competition.

Establishment, services, payments and movements of capital

These provisions, rather wide in their practical scope but essentially technical in character, are, generally speaking, based on the principle of non-discrimination and the commitment by the partners to refrain from resorting to any measures such as would render impossible the fulfilment of obligations undertaken in pursuance of other provisions of the Convention.

The institutions

The institutions of the convention are the Council of Ministers, assisted by the Committee of Ambassadors, and the Consultative Assembly.

The Council of Ministers is composed of the members of the Council of the European Communities and members of the Commission of the European Communities on the one hand, and a member of the Government of each ACP State, on the other hand.

The office of President of the Council of Ministers is held in turn by a member of the Council of the European Communities and a member of the Government of an ACP State, the latter being appointed by the ACP States.

The Council of Ministers meets once a year at the initiative of its President. It also meets whenever the necessity arises, in accordance with the provisions of its rules of procedure. These rules may provide for sectoral or regional meetings.

The decisions of the Council of Ministers are adopted by the common accord of the Community, on the one hand and the ACP States on the other hand.

The Council of Ministers lays down general guidelines for the work to be undertaken in order to give effect to the convention, and assesses the results obtained. It has the power to take decisions. Such decisions are binding on the Contracting Parties who must take measures to implement them.

The Council of Ministers may delegate certain powers to the Committee of Ambassadors which is the body generally responsible for assisting it in the performance of its duties.

The Consultative Assembly is made up, on a joint and equal basis, of members of the European Parliament representing the Community and of representatives appointed by the ACP States. It expresses its opinions in the form of resolutions on matters covered by the convention.

The new convention also includes an arbitration procedure for settling disputes regarding the interpretation or implementation of the convention.

DURATION OF THE CONVENTION

The present convention will expire after a period of five years as from the date of its signing, i.e. on 1 March 1980.

This was agreed during the final stage of negotiations in order to give maximum impact to the Community's financial offer. As a result, the ACP will receive financial aid far sooner after ratification than if the five years were calculated with effect from the actual entry into force of the convention.

Eighteen months before the end of this period, the Contracting Parties will enter into negotiations with a view to examining the arrangements subsequently to govern relations between the Community and the Member States on the one hand, and the ACP States on the other.

The Council of Ministers will adopt any transitional measures required up to the entry into force of the new convention. ■

Some statistics on the ACP and the Community

A list of the 46 countries of Africa, the Caribbean and the Pacific, a few vital statistics and two maps of the ACP and the Community are given below to give a brief outline of the 55 Lomé Convention partners.

For the G.N.P. the figures are for 1971, at market prices rounded up to the nearest 10 million U.S. dollars. The percentages in brackets represent an evaluation of each product's share in value of the total exports.

The rapidity of change in the ACP often leaves statistics behind, and we apologise for the differences there may be between the following figures and more recent but unavailable information, especially on population and G.N.P. Rough estimates are marked by an asterisk.

For the recently independent State of Guinea-Bissau, trade figures were not available at the time of going to press.

THE FORTY-SIX ACP

WEST AFRICA

DAHOMEY

Area: 112 622 km^2
Population: 2 869 000
Capital: Porto-Novo
G.N.P.: $ 280 million
Main products: Manioc, yams, maize, palm oil
Principal exports: Palm products (34 %), cotton, groundnuts

THE GAMBIA

Area: 11 295 km^2
Population: 494 279
Capital: Banjul
G.N.P.: $ 50 million
Main products: Groundnuts, bananas, rice
Principal exports: Groundnuts and groundnut products (94 %)

GHANA

Area: 238 537 km^2
Population: 9 600 000
Capital: Accra
G.N.P.: $ 2 250 million
Main products: Yams, manioc, cocoa, timber, diamonds
Principal exports: Cocoa (61 %), timber (19 %), diamonds

GUINEA

Area: 246 000 km^2
Population: 4 070 000
Capital: Conakry
G.N.P.: $ 380 million
Main products: Rice, manioc, bauxite, alumina, iron ore
Principal exports: Iron ore (90 %), alumina

GUINEA-BISSAU

Area: 36 125 km^2
Population: 800 000
Capital: Madina do Boe
Main resources: Rice, cola nut, palm oil, palm kernels, groundnuts, timber, fish
Potential: Fruit and vegetables, bauxite, oil, zircon, phosphates

IVORY COAST

Area: 322 463 km^2
Population: 5 410 000
Capital: Abidjan
G.N.P.: $ 1 730 million
Main products: Yams, timber, coffee, cocoa
Principal exports: Timber (29 %), coffe (23 %), cocoa (15 %)

LIBERIA

Area: 111 369 km^2
Population: 1 496 000
Capital: Monrovia
G.N.P.: $ 330 million
Main products: Manioc, rice, rubber, iron ore
Principal exports: Iron ore (71 %), rubber (16 %), ind. diamonds

MALI

Area: 1 240 000 km^2
Population: 5 257 000
Capital: Bamako
G.N.P.: $ 370 million
Main products: Millet, rice, groundnuts, livestock, cotton
Principal exports: Cotton (39 %), livestock (33 %), fish (14 %), groundnuts (7 %)

MAURITANIA

Area: 1 032 455 km^2
Population: 1 200 000
Capital: Nouakchott
G.N.P.: $ 200 million
Main products: Millet, sorgo, livestock, iron ore
Principal exports: Iron ore (73 %), fish, livestock, gum arabic

NIGER

Area: 1 267 000 km^2
Population: 4 243 000
Capital: Niamey
G.N.P.: $ 400 million
Main products: Groundnuts, livestock, millet, sorgo
Principal exports: Groundnuts and prod.s (24 %), livestock (12 %), groundnut oil (9 %)

NIGERIA

Area: 923 768 km^2
Population: 79 778 960
Capital: Lagos
G.N.P.: $ 7 840 million
Main products: Yams, sweet potatoes, manioc, oil, cocoa, timber
Principal exports: (1973) Oil (80 %), cocoa (10 %), groundnuts

→

SENEGAL

Area: 197 161 km^2
Population: 4 080 000
Capital: Dakar
G.N.P.: $ 1 020 million
Main products: Groundnuts, phosphates, livestock, millet, sorgo
Principal exports: Groundnuts and prod.s (35 %), phosphates

SIERRA LEONE

Area: 72 326 km^2
Population: 2 627 000
Capital: Freetown
G.N.P.: $ 540 million
Main products: Rice, palm nuts, iron ore, diamonds
Principal exports: Diamonds (63 %), iron ore (10 %), palm nuts

TOGO

Area: 56 000 km^2
Population: 2 092 000
Capital: Lomé
G.N.P.: $ 300 million
Main products: Yams, manioc, cocoa, phosphates
Principal exports: Phosphates (62 %), cocoa, (26 %), coffee (13 %)

UPPER VOLTA

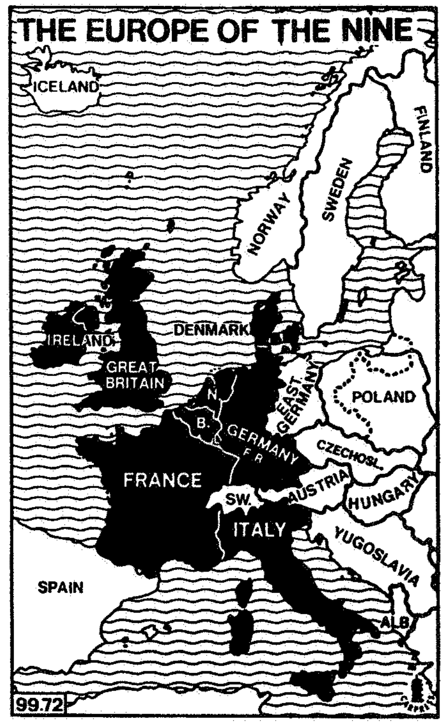
Area: 274 122 km^2
Population: 5 620 000
Capital: Ouagadougou
G.N.P.: $ 390 million
Main products: Livestock, cotton, groundnuts, karité
Principal exports: Livestock (48 %), cotton (22 %), groundnuts and oil (8 %)

THE EUROPEAN COMMUNITY

BELGIUM
DENMARK
FRANCE
GERMANY (Fed. Rep.)
IRELAND
ITALY
LUXEMBOURG
NETHERLANDS
UNITED KINGDOM

Area: 1 528 000 km^2
Population: 256 625 000
G.N.P. (total for 1973): U.A. 850 000 million (*)
Commerce (1973):
Imports: U.A. 89 506 300 000 (leading world importer)
Exports: U.A. 89 573 200 000

(*) 1 Unit of Account was equivalent in value to U.S. $ 1 in 1971. (See p. 32, (1)).



CENTRAL AFRICA

BURUNDI

Area: 27 800 km^2
Population: 3 700 000
Capital: Bujumbura
G.N.P.: $ 220 million (*)
Main products: Maize, sorgo, manioc, coffee
Principal exports: Coffee (86 %), leather and hides (6 %), cotton (3 %)

CAMEROON

Area: 475 442 km^2
Population: 6 200 000
Capital: Yaoundé
G.N.P.: $ 1 160 million
Main products: Cocoa, coffee, timber, bananas
Principal exports: Coffee (26 %), cocoa (23 %), timber (12 %), alumina

CENT. AFR. REP.

Area: 622 984 km^2
Population: 1 660 000
Capital: Bangui
G.N.P.: $ 240 million
Main products: Rice, manioc, millet, bananas
Principal exports: Diamonds (40 %), coffee (23 %), timber (21 %), cotton

CHAD

Area: 1 284 000 km^2
Population: 3 850 000
Capital: N'Djaména
G.N.P.: $ 310 million
Main products: Millet, sorgo, cotton, livestock
Principal exports: Cotton (69 %), meat

CONGO

Area: 342 000 km^2
Population: 1 300 120
Capital: Brazzaville
G.N.P.: $ 300 million
Main products: Bananas, groundnuts, coffee, rice, timber
Principal exports: Timber (42 %), diamonds (20 %)

EQUATORIAL GUINEA

Area: 73 000 km^2
Population: 310 000
Capital: Santa Isabel
G.N.P.: $ 60 million
Main products: Cocoa, coffee, bananas, palm kernels, timber
Principal exports: Cocoa (46 %)

GABON

Area: 267 667 km^2
Population: 950 000
Capital: Libreville
G.N.P.: $ 340 million
Main products: Manioc, bananas, timber, cocoa, minerals
Principal exports: Oil (36 %), timber (32 %), manganese (17 %)

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RWANDA

Area: 26 338 km^2
Population: 4 000 000
Capital: Kigali
G.N.P.: $ 230 million
Main products: Bananas, sweet potatoes, beans, coffee
Principal exports: Coffee (61 %), tin (23 %), tungsten (10 %), hides (4 %)

ZAÏRE

Area: 2 345 000 km^2
Population: 22 800 000
Capital: Kinshasa
G.N.P.: $ 1 750 million
Main products: Copper, zinc, manganese, palm oil, coffee
Principal exports: Copper (61 %), diamonds, coffee

EAST AFRICA

BOTSWANA

Area: 600 372 km^2
Population: 690 000
Capital: Gaberones
G.N.P.: $ 100 million (*)
Main products: Livestock, hides, diamonds
Principal exports: Livestock (+carcasses) (80 %), hides (9 %)

ETHIOPIA

Area: 1 221 900 km^2
Population: 26 100 000
Capital: Addis-Ababa
G.N.P.: $ 1 990 million
Main products: Millet, sorgo, barley, wheat, livestock, coffee, maize
Principal exports: Coffee (38 %), hides (13 %), vegetables (9 %)

KENYA

Area: 582 646 km^2
Population: 11 850 000
Capital: Nairobi
G.N.P.: $ 1 850 million
Main products: Sugar, wheat, maize, coffee, drinks, soap
Principal exports: Coffee (22%), oil products (12%), tea (11 %)

LESOTHO

Area: 30 000 km^2
Population: 980 000
Capital: Maseru
G.N.P.: $ 100 million (*)
Main products: Wool, livestock, maize, wheat
Principal exports: Mohair wool (32 %), livestock (22 %), diamonds (19 %)

MADAGASCAR

Area: 587 000 km^2
Population: 7 655 134
Capital: Tananarive
G.N.P.: $ 1 020 million
Main products: Rice, sugar, coffee, groundnuts, spices
Principal exports: Coffee (29 %), vanilla (9 %), rice (9 %), sisal (3 %)

MALAWI

Area: 118 000 km^2
Population: 4 950 000
Capital: Zomba (future: Lilongwe)
G.N.P.: $ 500 million
Main products: Tea, tobacco, tung (oil), cotton, groundnuts
Principal exports: Tobacco (30 %), tea (17 %), groundnuts (7 %)

MAURITIUS

Area: 1 843 km^2
Population: 850 000
Capital: Port-Louis
G.N.P.: $ 230 million
Main products: Sugar, tea
Principal exports: Sugar (93 %)

SOMALIA

Area: 637 657 km^2
Population: 3 000 000
Capital: Mogadishu
G.N.P.: $ 210 million
Main products: Livestock, sugar, bananas
Principal exports: Livestock, coprah (45 %), bananas (26 %)

SUDAN

Area: 2 505 813 km^2
Population: 16 420 000
Capital :Khartoum
G.N.P.: $ 1 900 million (*)
Main products: Sugar, sorgo, cotton, chrome, gum arabic
Principal exports: Cotton (56 %), gum arabic (9 %), groundnuts (9 %)

SWAZILAND

Area: 17 000 km^2
Population: 420 000
Capital: Mbabane
G.N.P.: $ 80 million
Main products: Sugar, livestock, timber, asbestos, coal, iron ore
Principal exports: Iron ore (26 %), sugar (23 %), timber (19 %), cotton, asbestos

TANZANIA

Area: 940 000 km^2
Population: 13 980 000
Capital: Dar-es-Salaam
G.N.P.: $ 1 470 million
Main products: Sisal, cashew nuts, cotton, coffee, diamonds
Principal exports: Coffee (19 %), cotton (13 %), sisal (9 %), diamonds

UGANDA

Area: 236 000 km^2
Population: 10 330 000
Capital: Kampala
G.N.P.: $ 1 340 million
Main products: Manioc, sugar, beer, phosphates, copper, coffee
Principal exports: Coffee (66 %), cotton (15 %), copper (10 %), tea (5 %)

ZAMBIA

Area: 753 000 km^2
Population: 4 515 000
Capital: Lusaka
G.N.P.: 1 620 million
Main products: Maize, copper, coal, zinc
Principal exports: Copper (95 %)

THE CARIBBEAN

BAHAMAS

Area: 14 000 km^2
Population: 190 000
Capital: Nassau
G.N.P.: $ 430 million
Main products: (Tourism), sugar products, pharmaceuticals
Principal exports: Oil products (32 %) cement (12 %), sugar

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The 46 ACP's location

The following is a list of the 46 independent countries in Africa, the Caribbean and the Pacific which have entered into the new agreement with the European Community:

● Nineteen states hitherto associated with the Common Market until January 31, 1975 by the Yaoundé Convention: Burundi, Cameroon, Central African Republic, Chad, Congo, Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta and Zaïre.

● Twenty-one Commonwealth States, to which the EEC had offered special agreements on Great Britain's adhesion to the Common Market:
— In Africa: Botswana, Gambia, Ghana, Kenya, Lesotho, Malawi, Nigeria, Sierra Leone, Swaziland, Tanzania, Uganda, Zambia.
— In the Caribbean: Bahamas, Barbados, Guyana, Grenada, Jamaica, Trinidad and Tobago
— In the Pacific: Fiji, Western Samoa, Tonga.

● Six countries of Africa with no special relationship with the countries of the EEC which had been invited to join the above-mentioned because their economies are "comparable": Ethiopia, Liberia, Sudan, Guinea, Equatorial Guinea and Guinea-Bissau.

BARBADOS

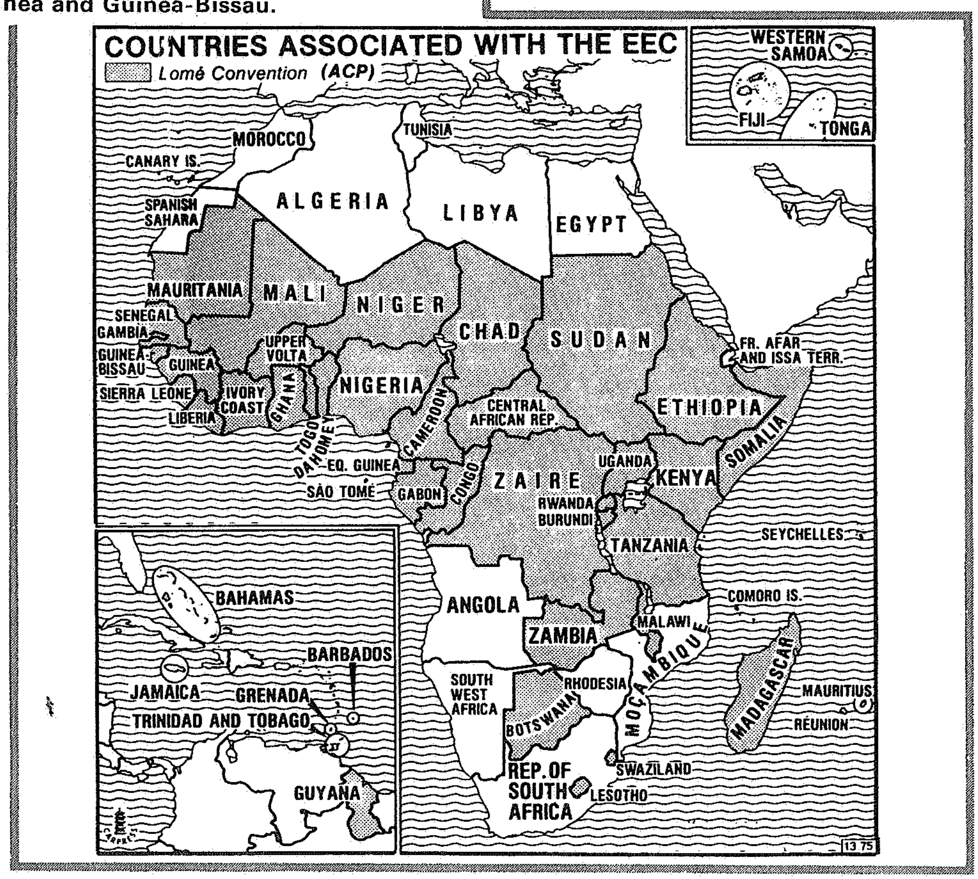
Area: 430 km²
Population: 249 000
Capital: Bridgetown
G.N.P.: $ 160 million
Main products: Sugar, transport machinery and equipment, vegetables
Principal exports: Sugar (45 %), oil products (13 %), transport equipment

GRENADA

Area: 300 km²
Population: 96 000
Capital: St. George
G.N.P.: $ 40 million
Main products: Cocoa, bananas, nutmeg
Principal exports: Cocoa (40 %), nutmeg (30 %), bananas (24 %)

GUYANA

Area: 214 970 km²
Population: 775 000
Capital: Georgetown
G.N.P.: $ 300 million
Main products: Sugar, rice, bauxite, alumina
Principal exports: Bauxite and alumina (48 %), sugar (34 %), rice



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