

# INFORMATION

**DEVELOPMENT AND COOPERATION**

## THE EEC/ACP MINISTERIAL MEETING IN KINGSTON AND THE COMPLETION OF THE FOURTH PHASE OF THE NEGOTIATIONS

---

A joint ministerial meeting between the nine countries of the European Economic Community and 44 countries of Africa, the Caribbean and the Pacific (ACP) was held in Kingston, Jamaica, on July 25-26. This meeting came after the conclusion of the fourth phase of negotiations between the EEC and the ACP in Brussels, which lasted from June 28 to July 17. It was the first ministerial meeting since the official opening of the negotiations in October last year. There had been a previous contact in Brussels at ministerial level in July last year.

Previous phases of the negotiations, between the group of ACP ambassadors and plenipotentiaries and the European Commission, negotiating on behalf of the Nine, were from November 21 to December 14, from January 23 to February 6, and from March 23 to May 25.

An overall trade and cooperation agreement is the aim of the talks, to come into force on February 1, 1975. This is the date on which the existing agreements - the Yaoundé and Arusha Conventions, affecting half of the 44 states - expire.

The 44 countries of the ACP group are:-

- The nineteen countries of the Yaoundé Convention: Mauritania, Mali, Senegal, Upper Volta, Ivory Coast, Togo, Dahomey, Niger, Chad, Cameroon, Gabon, Central African Republic, Congo, Zaïre, Rwanda, Burundi, Somalia, Mauritius and Madagascar.

- The three countries of the Arusha Convention: Kenya, Uganda and Tanzania.
- Nine other Commonwealth African countries: Nigeria, Ghana, Sierra Leone, the Gambia, Zambia, Malawi, Botswana, Lesotho and Swaziland.
- Four other African countries: Ethiopia, Sudan, Liberia and Guinea.
- Five Commonwealth countries of the Caribbean: Jamaica, Trinidad and Tobago, Guyana, Barbados, Grenada and the Bahamas.
- Three Commonwealth countries of the Pacific: Fiji, Tonga and Western Samoa.

The Republic of Equatorial Guinea has indicated that it would be willing to be associated with whatever agreement is eventually signed.

During the four phases it has been possible to arrive at agreement on a number of questions, especially in the field of financial and technical cooperation, but in mid July there were still a number of important outstanding questions. The purpose of the Kingston conference was to take stock of progress in the negotiations and to give them a new momentum. As stated by Mr. Michael Manley, the Prime Minister of Jamaica in his opening address, the conference provided the possibility of opening the way to a new world economic order. It was intended to define the principles of a new model for relations between the industrialised and developing countries on the basis of international social justice.

The general guidelines which the ministers produced after two days of intensive discussions offer the opportunity to assess the state of play in the negotiations as a whole.

## 1. Trade

### (a) General trade arrangements

The ministers recognised that the keynote should be stability and recognition of the fact that the developing countries are in an unequal position vis à vis their partners. The main feature of these arrangements will be free access for the ACP

states to the Community market with no corresponding commitments being required of the ACP states, but in such a way as not to risk being challenged by third countries within the framework of GATT. The significance of this agreement on the principles governing trade arrangements is that it finally lays to rest the controversy about reverse preferences which marked the period prior to the start of the negotiations.

(b) Agricultural products

The Community has always said that in accepting the principle of free access exception should be made for certain products which are similar to and competitive with those affected by Europe's Common Agricultural Policy (CAP). This affects 12.22 per cent of the ACP's total agricultural exports to Europe of \$ 4,600 m. p.a., although for some countries the percentage is more. The major offer of concessions made by the Community in June 1974, in the field of fisheries, oils and fats, fresh fruit and vegetables (including citrus), tobacco and beef, reduces the percentage of products not benefitting from total free access to 1.5 per cent of the total ACP export to Europe. Even the 1.5 per cent includes products (maize, rice, millet, sorghum, veal) which will receive some preferential treatment. These figures exclude sugar, which is dealt with separately in the negotiations.

However, during the fourth phase of the negotiations, ACP countries made certain points as to where they felt the offer could be further improved. At Kingston, one of the jointly approved resolutions said that the ACP countries, while acknowledging that the Community offer was an improvement, drew attention to the case of products exported by countries which previously enjoyed special conditions of access to the United Kingdom market (which represent a large part of the exports of the countries in question), and to products for which there would be real possibilities for export to the Community during the period in which the future convention will apply. The Community noted this request for improvement and is prepared to examine it with the ACP countries during the negotiations. The possibility of new products not yet mentioned being considered for preferential treatment during the life of the new agreement marks a concession on the Community's part.

(c) Rules of origin

Another guideline approved in Kingston concerns the highly technical question of the Community's rules of origin governing imported products. This has been a vexed subject at expert level in the negotiations for some time, and it is a matter to which ACP countries attach considerable importance. As Mr. Manley said at the opening session "the principle of cumulative treatment within the origin rules applicable to the Third World countries is both one of the pre-conditions of their capacity to compete internationally and a vital inducement to the process by which regional economic integration can be promoted."

The resolution establishes that "the principal for determining origin is that of a change in tariff heading" (for example, if you import cotton and it is processed to become material, that is a change of tariff heading. The printing of material, however, does not change the heading, but the manufacture of clothes does). The conference asked the negotiators to examine the exceptions which exist in the present Community system with a view to permit the freest possible access to the Community market for ACP products. This examination will also deal with the protective element of the exceptions. "It is also understood that where the required change in tariff heading does not take place the product concerned must nevertheless be accepted as an originating product if the value added in the exporting country reaches a certain minimum percentage. It is understood that the appropriate minimal solution may vary to some extent, depending on the industrial sector concerned. It is noted that the ACP countries have proposed that the percentage be 25 per cent."

The agreement on the principle of change of tariff heading, and on the need to examine exceptions mean that new progress can be made in this **sensitive sector**.

(d) Non-tariff barriers

At Kingston the ACP countries reaffirmed the point they have made on several occasions in the course of the negotiations, that non-tariff barriers constitute a **hindrance** to the access

of their products to the Community market. The Community acknowledged that the existence of health, plant health and administrative provisions represent a restriction on free access to its market. However, these rules apply to all, and it would thus be difficult to derogate from them,

but there would be provisions for consultation procedure in the future agreement, in cases of practical difficulty.

## 2. Export Earnings

Since it was originally suggested in the Deniau Memorandum of April 1973, the idea of a scheme for the stabilisation of earnings from exports from the ACP to the Communities has been on the table at the negotiations. The original scheme provided for an arrangement whereby if export earnings from a particular product fell below a particular level, there should be a financial guarantee. As M. Claude Cheysson, European Development Commissioner said in a speech in Bruges last year, the reason for the scheme was so that a bad harvest should not mean the collapse of a country's development plan or a speculation on the other side of the world bringing a brutal fall in world prices should not bring to an African or Caribbean country, which has no responsibility at all in the speculation, a collapse of its export earnings. The Community scheme was for eight products (sugar, ground nuts, ground nut oil, cotton, cocoa, coffee, bananas, copper). After long consideration of the subject, the ACP produced their own scheme, which was much more comprehensive, and at Kingston, despite the apparent wide gulf between the two sides it was possible to agree, first of all, on the principle of the scheme, and the joint drawing up of a list of products to which the provisions envisaged may apply.

It was also agreed that the eligibility criteria for products should not be defined in too restrictive a fashion and should take account of factors such as employment, decreases in export earnings, fluctuations on world markets affecting exports to third countries, the deterioration of the terms of trade, the level of development of the country concerned and its particular difficulties resulting from geographical situation.

In the event of there being a decrease in export earnings for one year due to fluctuations in prices or quantities, the country concerned will be entitled to ask for a financial transfer.

The Commission will undertake the examination of this request and apply these measures in the light of criteria to be defined during the negotiations. It was agreed that no special conditions will be imposed as regards use of these funds, but the Commission will be informed each year of the way they have been used.

The details and conditions for implementing these provisions (including a joint procedure for application) will be worked out in the present negotiations. The progress made in this field reflected Mr. Manley's words in the opening session, that the principle of the stabilisation of real export earnings must form a part of any new arrangements between ACP and EEC. "There must be full commitment on all sides to an acceptance of the principle that the adverse movement of the terms of trade against the countries of the Third World must be brought to a stop".

The Jamaican Premier also spoke of sugar, a product which has been recognised as meriting special discussion since the Treaty of Accession of Great Britain in 1972.

"How could we in conscience, Mr. Manley asked, weigh in the same scales the interests of those nations who produce sugar as part of the total fabric of powerful and wealthy economies against the interests of those nations for whom sugar exports are a life-line upon which their very national existence depends. Surely any accommodation here needs only to be marginal. And from whom should that margin be exacted?"

The sugar issue had been discussed at the Council of Ministers' in Brussels immediately prior to Kingston and again at a special Council in Kingston, at which a formula was reached to enable discussion of the general stabilisation scheme.

This formula stated that the EEC recognised the importance of sugar imports to a number of ACP countries, particularly in the Caribbean, and the existence of the Commonwealth Sugar Agreement which guarantees them a fixed price on the British market until the end of 1974. The EEC also noted for the record that Britain and Britain alone is committed to importing 1.4 million tons of sugar from the Commonwealth per year,

and that other EEC members cannot commit themselves before the Community's own sugar production policy for 1975 is determined. The Commission is mandated to discuss with interested ACP countries what undertakings they expect from the Community.

### 3. Financial and Technical Cooperation

This is an area in which substantial progress was made in second and third phases of the negotiations, so it scarcely figured in the fourth phase. There is already agreement on general guidelines, on aspects of the programming of aid and participation in administration and management notably on the submission of projects, appraisal and execution. Agreement still needs to be completed in fields such as regional cooperation, the duties of the EDF representatives, and exceptional aid. The matters still to be discussed are notably the amount of the aid and the recipients. In Kingston there was an initial discussion on the amount, as had been requested by the ACP. The Community's commitments that the advantages of the existing associates should not be diminished and the new signatories should be treated on an equal footing, but no precise figure has been arrived at. The Chairman of the ACP Council of Ministers Mr. Babacar Ba proposed that, on the basis of a number of parameters, the overall volume of aid should be of the order of 8 billion units of account.

### 4. Industrial Cooperation

Following the presentation of the ACP memorandum replying to the EEC on the question of industrial cooperation, both groups in Kingston recognised the importance which should be placed on the question in the future agreement; it was agreed that a special chapter of the agreement should be devoted to this subject. The EEC confirmed its agreement on the general aims of the ACP memorandum, and both groups will, on the basis of the memorandum continue the examination of this subject in Brussels immediately on the resumption of the negotiations

The ACP memorandum set out a number of general aims for industrial cooperation such as to improve the general environment for industrial development and to create the conditions for a wider dispersal of industry within as well as between countries; to increase the linkages between industry and other sectors of the national economy, most particularly the agricultural sector; to accelerate the transfer of technology to ACP countries; to promote the marketing of ACP industrial products in world markets; and to expand ACP domestic facilities for industrial research.

The ACP memorandum also made specific proposals, in the hope of evoking some specific commitments from the Community. These included

- a) the expansion of infrastructure, especially in the field of transport, energy development, communications and research
- b) the free unimpeded access by ACP countries to European technology, through the establishment of appropriate arrangements with private European industries, such as the use of patents and other industrial properties on a preferential system.
- c) training in industrial and managerial skills.  
The aim would be to open up European industries on a large scale for the training of ACP personal at shopfloor, supervising and managerial levels.
- d) to mobilise European scientific and technical institutions for the adaptation of technology to the special needs and problems of ACP countries. The ACP countries intend to make a comprehensive survey of the major technological problems in various sectors of their economies for the solution of which existing research facilities in the EEC countries can be mobilised.
- e) the expansion of training and research facilities in ACP countries so that they become less dependent on foreign institutions.
- f) the establishment of new industrial and commercial links between industries in Europe and those in ACP countries, to bring about a new international division of labour. Legislation



and institutions should be set up to assist enterprises in ACP countries in cooperation with European industries through international sub-contracting, licensing agreements and other forms of cooperation; also to encourage a reduction of domestic activities in the European industrial sector for which ACP countries are better endowed, and to promote special measures to deal with problems that may result from this process of adjustment in European industries.

- g) the establishment of specific targets in particular industries such as processing of raw materials for export, import substitution, and heavy industries involving multi-national arrangements on both sides
- h) special measures for small and medium sized industries
- i) special arrangements for financing industrial projects using EEC institutions (FED and EIB) as well as financial institutions in member countries.

The ACP memorandum also envisages the creation of special institutions, such as a Committee of Industrial Cooperation with membership from ACP and EEC countries, to "generate specific ideas and proposals"; an information centre on Industrial Development to "strengthen the capability of the ACP countries to obtain, select and utilise industrial information that is a prerequisite to effective industrial cooperation with the developed countries".